

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** HB1277

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Yost

3. **Committee:** Passed Both Houses.

4. **Title:** Industrial hemp; production and manufacturing.

5. **Summary:** The bill allows the licensed cultivation of industrial hemp and defines industrial hemp as the plant *Cannabis sativa* with a concentration of Tetrahydrocannabinol (THC) no greater than that allowed by federal law. The bill directs the Commissioner of Agriculture and Consumer Services to establish a program for licensing growers of industrial hemp as part of the industrial hemp research program. The bill further directs the Board of Agriculture and Consumer Services (Board) to adopt regulations pursuant to this new chapter as necessary to license persons to grow industrial hemp and administer the industrial hemp research program.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Final. Indeterminate. See item 8.

8. **Fiscal Implications:** The bill authorizes the Commissioner of Agriculture and Consumer Services to issue licenses to allow a person to grow industrial hemp as part of the industrial hemp research program. The Commissioner will establish the fee amount and the fees will be deposited to general fund. At this time, the revenue to general fund cannot be estimated, although it is anticipated to be minimal as the research projects are to be conducted under a written agreement with a public institution of higher education.

The Department of Agriculture and Consumer Services (VDACS) estimates that costs associated with promulgating regulations, establishment of the research program, and initial licensing may be absorbed within existing general fund appropriation. In the future, changes in federal legislation or increased program interest and participation may necessitate additional resources.

The bill provides that VDACS shall randomly test the hemp for compliance with THC levels. The Department of General Services, Division of Consolidated Laboratory Services, estimates an analysis cost of \$175-\$200 per sample. The license holder is responsible for the testing costs.

In addition to the impact to VDACS, the bill may also have an impact on the Department of State Police (DSP). A provision of the bill specifies that the Commissioner of VDACS shall

require a background check by DSP on any person applying for licensure. DSP is authorized to charge a fee for each background check to be paid by the applicant. The bill also states that licensees shall allow DSP officers to inspect the industrial hemp crops being cultivated. According to DSP, the impact of these requirements on the department is indeterminate as the number of industrialized hemp operations is unknown.

The Department of Forensic Science has stated that the bill, as substituted, will not impact agency operations.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of General Services; Department of State Police; Department of Forensic Science; Tobacco Indemnification and Community Revitalization Commission; public institutions of higher education; localities; courts.

10. Technical Amendment Necessary: None.

11. Other Comments: This bill is the companion to SB955.