

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB699

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

2. Patron: Pogge

3. Committee: Engrossed by the House

4. Title: Production of industrial hemp.

5. Summary: This substitute bill clarifies that it is lawful for a person with a license to manufacture industrial hemp products or engage in scientific, agricultural, or other research involving the applications of industrial hemp and that no person shall be prosecuted for the possession, cultivation, or manufacture of industrial hemp plant material or products. The current law authorizes the Board of Agriculture and Consumer Services to adopt regulations necessary to license persons to grow industrial hemp or administer a research program. This bill requires the Board to adopt regulations as necessary to license persons to grow and process industrial hemp for any purpose and requires the Commissioner of Agriculture and Consumer Services to establish a licensure program, with a maximum license fee of \$250.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See below.

8. Fiscal Implications: It is anticipated that this bill will not result in a fiscal impact to the Department of Agriculture and Consumer Services. Any costs associated with the development of regulations can be absorbed. Any potential license fee revenue resulting from this bill is indeterminate at this time. It is also anticipated that the bill will not have a fiscal impact on the Department of Forensic Science.

This bill does not address which Executive Branch Agency will be responsible for monitoring and inspecting of lawful hemp production outside the scope of research programs currently authorized to be licensed by the Board of Agriculture and Consumer Services. Should the program require scientific testing of hemp by the Department of General Services, Division of Consolidated Laboratory Services (DCLS), there likely would be an increased cost to DCLS for the purchase of materials, supplies, equipment, and staff to conduct the required testing. At this time it is unknown what volume of testing would be required. If the Department of State Police is delegated this responsibility, a financial impact to the operations of agency is expected; however, the extent of the impact cannot be determined since there are numerous unknown variables associated with hemp productions such as the number of licensees that would be approved, the necessary frequency and number of inspections, amount of material to be tested, and number of personnel required to effectively monitor the production of hemp products. The actual number of hemp production locations

is unknown. In addition, the bill does not identify the agency responsible to mitigate instances when the tetrahydrocannabinol (THC) was not in compliance with the limitations of THC levels for hemp production. If such mitigation is to fall to the Department of State Police, the department anticipates the need of additional personnel, equipment, and training resources to administer the program. Again, the total impact cannot be determined.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of State Police; Department of Forensic Science; Department of General Services, Division of Consolidated Laboratory Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.