

## **Department of Planning and Budget**

### **2016 Fiscal Impact Statement**

**1. Bill Number:** SB691

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Chafin

**3. Committee:** Agriculture, Conservation and Natural Resources

**4. Title:** Production of industrial hemp.

**5. Summary:** The 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. The bill requires the Board to adopt regulations as necessary to license persons to grow and process industrial hemp for any lawful purpose and requires the Commissioner of Agriculture and Consumer Services to establish a licensure and renewal program, with a maximum license fee of \$250. The bill also specifies that all records and information filed in support of a license application shall be excluded from the Virginia Freedom of Information Act.

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

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

**8. Fiscal Implications:** Given the current parameters of federal law, which has not expanded the lawful purposes for which industrial hemp may be grown, this bill will have no immediate fiscal impact on the Department of Agriculture and Consumer Services (VDACS). Any costs associated with the development of regulations can be absorbed. It is also anticipated that the bill will not have a fiscal impact on the Department of Forensic Science.

The bill may have a fiscal impact on VDACS if state law enforcement requests that the department be responsible for testing and inspecting industrial hemp grown outside of an industrial hemp research program. 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. VDACS is not able to estimate the number of individuals who may elect to grow industrial hemp once it is permissible under federal law, so the expenditure and revenue impact is indeterminate at this time.

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:** This bill is similar to HB699 as passed by the House.