

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB2028

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

2. Patron: Freitas

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Industrial hemp production; authorization.

5. Summary: Industrial hemp production; authorization. Removes all restrictions on the production of industrial hemp, including licensing and regulations.

6. Budget Amendment Necessary: Yes, to Item 410 of HB1500/SB900.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	\$2,812,528	22	General Fund
2019	\$2,452,528	22	General Fund
2020	\$2,452,528	22	General Fund
2021	\$2,452,528	22	General Fund
2022	\$2,452,528	22	General Fund
2023	\$2,452,528	22	General Fund

7b. Revenue Impact: None.

8. Fiscal Implications: This bill removes all restrictions on the production of industrial hemp, including industrial hemp that is possessed, cultivated or manufactured by a licensed grower. According to the Department of Forensic Science (DFS), the agency may be requested by law enforcement agencies to conduct qualitative analysis of the plant material to establish that the concentration of tetrahydrocannabinol is above the concentration specified for industrial hemp, and therefore, meets the definition of marijuana. This quantitative analysis is not required under current law and is not currently performed by DFS.

To perform this analysis, which is resource intensive, DFS estimates that it will require a budget amendment of \$2.8 million in FY 2018 and \$2.4 million in the out-years and 22 positions. In calendar year 2015, DFS analyzed 6,544 marijuana cases. Based on this figure and the provisions of this bill, the department estimates that it will experience a 20 percent increase in case load. To accommodate this additional case load, DFS has calculated the need for 22 new controlled substance examiner positions. The total cost related to these positions is estimated at \$2.35 million based on the current average cost per examiner, including benefits. DFS also estimates the need for annual supplies, including reference samples,

calibrations standards and glassware, for a total ongoing cost of \$78,528. In FY 2018, the agency will incur one-time costs of \$380,000 for equipment purchases of additional gas chromatography/mass spectrometry instruments required to complete the analysis. Ongoing equipment maintenance is estimated at \$20,000 annually.

It is anticipated that this bill will not result in a fiscal impact to the Department of Agriculture and Consumer Services, the Department of General Services' Division of Consolidated Laboratory Services, or the Department of State Police.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Forensic Science; Department of Agriculture and Consumer Services; Department of State Police; Local law Enforcement Agencies, Courts, Commonwealth's Attorneys, and the Department of General Services' Division of Consolidated Laboratory Services.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.