

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB532

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

2. Patron: Freitas

3. Committee: Appropriations

4. Title: Industrial hemp research programs.

5. Summary: This substitute bill authorizes the Commissioner of Agriculture and Consumer Services to undertake research through the establishment of (i) a higher education industrial hemp research program, to be managed by institutions of higher education, and (ii) a Virginia industrial hemp research program. The bill classifies all participants in any research program as either growers or processors and replaces the current licensing requirement, which requires a police background check, with a registration requirement.

6. Budget Amendment Necessary: No. HB30/SB30 includes \$156,395 and two positions in FY 2019 and FY 2020 under Item 90 to expand the industrial hemp research program.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	n/a	n/a	n/a
2019	\$156,395	2	GF
2020	\$156,395	2	GF
2021	\$156,395	2	GF
2022	\$156,395	2	GF
2023	\$156,395	2	GF
2024	\$156,395	2	GF

8. Fiscal Implications: It is anticipated that this bill will have an expenditure impact on the Department of Agriculture and Consumer Services (VDACS). The agency does not have staff dedicated solely to the current industrial hemp program. To expand the program as a result of this bill, the agency will need one position, at an estimated annual cost of \$73,327, who is responsible for general oversight of the proposed research program and for collecting, analyzing, and synthesizing data on the industrial hemp grown as part of the proposed program. VDACS will also need one position, at an estimated annual cost of \$63,157, to register participants in the current and proposed research programs and liaise with law enforcement authorities responsible for marijuana eradication in order to prevent the eradication of industrial hemp grown as part of the current and proposed research programs.

Annual operating costs are estimated at \$20,000. The introduced budget bill, HB30/SB30, includes a general fund appropriation of \$156,395 and two positions in both years to support the program provided for in this bill.

It is anticipated that the bill will not have a fiscal impact on the State Police or the Department of Forensic Science.

The bill provides for a registration fee, not to exceed \$50, to be set by the Commissioner of VDACS; however, the number of registrations that will be issued under the provisions of this bill and the corresponding revenue collected cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of Forensic Science; Department of State Police; higher education institutions.

10. Technical Amendment Necessary: No.

11. Other Comments: SB247, as passed by the Senate, also expands the industrial hemp research program.