

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB2078

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

2. Patron: Marshall

3. Committee: Agriculture, Conservation and Natural Resources.

4. Title: Industrial hemp; federal hemp producer license; emergency.

5. Summary: Updates Virginia's industrial hemp laws to address the new hemp producer license issued by the U.S. Department of Agriculture. The bill changes drug laws to exclude the industrial hemp possessed by a federally licensed hemp producer from the definition of "marijuana" and to exclude certain amounts of tetrahydrocannabinol (THC) in such industrial hemp from the prohibition on THC. The bill exempts federally licensed hemp producers from state industrial hemp registration requirements and adds such producers to the list of those eligible to receive funds from the Tobacco Indemnification and Community Revitalization Fund.

The bill provides that no grower, agent of such grower, or federally licensed producer shall be prosecuted for possession of industrial hemp or Cannabis sativa with a THC concentration that does not exceed the concentration established in certain federal regulations and prohibits the Commissioner of Agriculture and Consumer Services from deeming a grower negligent if the grower makes reasonable efforts to grow industrial hemp but grows Cannabis sativa with a THC concentration that does not exceed the concentration established in federal regulations.

The bill makes other changes to industrial hemp laws, including (i) limiting the application fee for registration of growers, dealers, and producers to \$250; (ii) excluding from the definition of "dealer" any retail establishment that sells a completed product containing industrial hemp; (iii) making optional the monitoring and random testing of industrial hemp by the Commissioner and authorizing the random sampling of such hemp; (iv) removing the requirement that the Attorney General of the United States be notified when a Virginia grower, dealer, or processor exceeds the federal THC limit; and (v) directing the Commissioner to adopt regulations establishing a fee structure for registration.

Finally, the bill exempts employees of the Virginia Department of Agriculture and Consumer Services from prosecution for possession or distribution of industrial hemp when possession is necessary in the performance of their duties. The bill contains an emergency clause.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

- 8. Fiscal Implications:** It is anticipated that this bill will not have a fiscal impact on the Department of Agriculture and Consumer Services (VDACS). The agency is unable to calculate the potential decrease in revenue that may result from the exemption from the Industrial Hemp Grower Registration requirement for federally-licensed hemp producers because it is unknown the extent to which hemp growers will elect to obtain the federal license. VDACS is unable to calculate the potential revenue from the proposed registration amendment fee because it is unknown the extent to which the fee will impact the volume of registration amendments the agency currently receives.

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

- 9. Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.