



# Senate

General Assembly

**File No. 268**

January Session, 2017

Senate Bill No. 603

*Senate, March 28, 2017*

The Committee on Environment reported through SEN. KENNEDY of the 12th Dist. and SEN. MINER of the 30th Dist., Chairpersons of the Committee on the part of the Senate, that the bill ought to pass.

## ***AN ACT CONCERNING THE STATE'S INDUSTRIAL HEMP INDUSTRY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) Not later than July 1, 2018,  
2 the Commissioner of Agriculture shall adopt regulations, in  
3 accordance with the provisions of chapter 54 of the general statutes, to  
4 establish an agricultural pilot program for the purpose of growing or  
5 cultivating industrial hemp in accordance with the provisions of  
6 section 7 USC 5940, as amended from time to time. Such pilot program  
7 shall be established for the purpose of studying the growth, cultivation  
8 and marketing of industrial hemp in a manner that ensures that only  
9 such department grows or cultivates such industrial hemp through the  
10 use of sites that are certified by, and registered with, the Department of  
11 Agriculture. In developing the regulations required by this section, the  
12 commissioner shall review and incorporate the provisions of the  
13 Kentucky Department of Agriculture Industrial Hemp Research Pilot  
14 Program 2017 Policy Guide, as the commissioner deems appropriate

15 and consistent with the provisions of 7 USC 5940, as amended from  
16 time to time. For the purposes of this section, "industrial hemp" means  
17 the plant *Cannabis sativa* L. and any part of such plant, whether  
18 growing or not, with a delta-9 tetrahydrocannabinol concentration of  
19 not more than 0.3 per cent on a dry weight basis.

|   |                     |             |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                     |             |
| Section 1   | <i>from passage</i> | New section |

**ENV**      *Joint Favorable*

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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:**

| <b>Agency Affected</b>                           | <b>Fund-Effect</b> | <b>FY 18 \$</b> | <b>FY 19 \$</b> |
|--|--------------------|-----------------|-----------------|
| Department of Agriculture                        | GF - Cost          | 68,250          | 136,500         |
| State Comptroller - Fringe Benefits <sup>1</sup> | GF - Cost          | 25,990          | 51,979          |

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the Department of Agriculture (DoAg) to adopt regulations establishing a pilot program for growing industrial hemp. This new pilot program must study the growth, cultivation, and marketing of industrial hemp.

This would result in costs to DoAg of \$68,250 in FY 18 and \$136,500 in FY 19 (plus fringe benefits of \$25,990 in FY 18 and \$51,979 in FY 19) for DoAg to hire two positions, as DoAg does not currently have expertise in this area.<sup>2</sup>

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.08% of payroll in FY 18 and FY 19.

<sup>2</sup> assumes a December 1, 2017 start date for one Staff Attorney and an Agricultural Marketing and Inspection Representative I

**OLR Bill Analysis****SB 603*****AN ACT CONCERNING THE STATE'S INDUSTRIAL HEMP INDUSTRY.*****SUMMARY**

This bill requires the agriculture commissioner, by July 1, 2018, to adopt regulations establishing a pilot program for growing or cultivating industrial hemp in accordance with federal law (see BACKGROUND). The pilot program must study the growth, cultivation, and marketing of industrial hemp through sites certified by, and registered with, the Department of Agriculture.

In developing the regulations, the commissioner must review and incorporate the Kentucky Department of Agriculture's (KDA) *Industrial Hemp Research Pilot Program 2017 Policy Guide* as appropriate and consistent with federal law. The policy guide, which KDA issued on October 11, 2016, outlines policies and procedures for hemp growers, processors, and handlers under Kentucky's industrial hemp research program.

Under the bill, "industrial hemp" is any part of the *Cannabis sativa L.* plant, whether growing or not, with a delta-9 tetrahydrocannabinol (THC) concentration of no more than 0.3% on a dry weight basis. This is the same definition as is used in federal law. (THC is the principal psychoactive ingredient in cannabis. Generally, 1% THC is considered the threshold for inducing intoxication or psychotropic effects.)

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Related Federal Law***

The 2014 Agricultural Act (also known as the U.S. Farm Bill) allows

a higher education institution or state agriculture department to grow or cultivate industrial hemp under a pilot program or other research program that meets certain conditions, if allowed by state law (7 U.S.C. § 5940).

Also, the federal Controlled Substances Act defines marijuana to include all parts of the *Cannabis sativa L.* plant regardless of THC level (21 U.S.C. § 802(16)). Hemp is a variety of *Cannabis sativa*, and therefore is regulated by the U.S. Drug Enforcement Agency.

**Related State Law**

PA 15-202 legalized industrial hemp under state law, allowing it to be grown, used, and sold in Connecticut. It did so by removing industrial hemp from the definitions of marijuana and cannabis-type substances (CGS § 21a-240).

**COMMITTEE ACTION**

Environment Committee

Joint Favorable

Yea 29    Nay 0    (03/10/2017)