



# Senate

General Assembly

**File No. 220**

January Session, 2019

Substitute Senate Bill No. 598

*Senate, March 28, 2019*

The Committee on Environment reported through SEN. COHEN of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING THE SUBMISSION OF A PLAN FOR THE PRODUCTION OF HEMP IN CONNECTICUT.***

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

1 Section 1. (NEW) (*Effective from passage*) The Commissioner of  
2 Agriculture shall: (1) Submit a plan to the United States Department of  
3 Agriculture for approval pursuant to the Agriculture Improvement  
4 Act of 2018 and any regulations promulgated in accordance with such  
5 act for the production of hemp in the state, and (2) upon approval of  
6 such plan, adopt regulations in accordance with chapter 54 of the  
7 general statutes to establish a licensing program for the growing,  
8 cultivation, production and processing of industrial hemp in the state.  
9 Such licensing program shall be consistent with such approved plan.  
10 Such regulations shall establish fees for any such license and provide,  
11 at a minimum, for the tracking and inspection of property used for any  
12 such growing, cultivation, production or processing, the testing of  
13 plants and products and processes for the disposal of plants and  
14 products that exceed requisite levels of tetrahydrocannabinol.

15 Additionally, such regulations shall provide for the renewal,  
16 suspension and revocation of such licenses and include provision for a  
17 hearing upon any such action to suspend or revoke such a license by  
18 the commissioner.

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

**ENV**      *Joint Favorable Subst.*

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.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Department of Agriculture	GF - Revenue Gain	100,000	300,000
Department of Agriculture	GF - Cost	188,108	200,868
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	96,040	102,409
Ag. Experiment Station	GF - Cost	45,055	47,748

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill requires the state Department of Agriculture (DoAg) to submit a hemp production plan to the U.S. Department of Agriculture (USDA) for approval under the federal 2018 farm bill. Additionally, the bill requires DoAg to submit an associated framework for related regulations, including establishment of license fees, license renewal, suspension, and revocation.

Once the USDA approves the state's plan, the bill requires DoAg to adopt regulations establishing a licensing program for growing, cultivating, producing, and processing industrial hemp.

These requirements result in costs to DoAg of \$188,108 in FY 20 and \$200,868 in FY 21 to hire two Agricultural Marketing and Inspection Representatives positions and one Fiscal/Administrative Assistant position. It also results in costs of \$45,055 in FY 20 and \$47,758 in FY

<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 41.19% of payroll in FY 20 and FY 21.

21 to the Agricultural Experiment Station to hire a Laboratory Technician position to perform the testing required under the bill's provisions. There are additional costs of \$96,040 in FY 20 and \$102,409 in FY 21 for associated fringe benefits for the four new positions required to implement the bill's provisions.

The licensing program required by the bill is anticipated to have the following categories:

<b>Fee Type</b>	<b>Amount \$</b>
License Application Fee	\$100
Annual License Fee: One plot of ten acres or less	\$450
Annual License Fee: Each additional plot, not more than 10 acres	\$450
Resampling inspection fee	\$300

Hemp licenses and inspection fees are anticipated to generate approximately \$100,000 in FY 20 and \$300,000 in FY 21, partially offsetting costs for hemp program staff.

**The Out Years**

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

**OLR Bill Analysis****sSB 598*****AN ACT CONCERNING THE SUBMISSION OF A PLAN FOR THE PRODUCTION OF HEMP IN CONNECTICUT.*****SUMMARY**

This bill requires the state Department of Agriculture (DoAg) commissioner to submit a hemp production plan to the U.S. Department of Agriculture (USDA) for approval under the federal 2018 Agriculture Improvement Act, known as the 2018 farm bill, and any related regulations.

Once the USDA approves the state's plan, the bill requires the DoAg commissioner to adopt regulations establishing a licensing program for growing, cultivating, producing, and processing industrial hemp in Connecticut. The program must be consistent with the approved plan.

Under the bill, the state regulations must allow for (1) tracking and inspecting property used for growing, cultivating, producing, or processing industrial hemp, (2) testing plants and products, and (3) disposal methods for plants and products exceeding the required tetrahydrocannabinol (THC) level. The regulations must also establish license fees and provide for license renewal, suspension, and revocation. Any license suspension or revocation action by the commissioner must allow a hearing for the licensee.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****2018 Farm Bill***

On December 20, 2018, the president signed into law the 2018 Agriculture Improvement Act (P.L. 115-334), known as the 2018 farm bill. Among other things, the farm bill removes hemp from the

definition of marijuana under the federal Controlled Substances Act (§ 12619). It also allows states to regulate hemp production, but only under an enforcement plan the state agriculture department submits to USDA for approval (§ 10113). States without a USDA-approved plan must follow federal hemp production laws and associated USDA regulations.

The farm bill requires a state hemp production plan to include, among other things, information on (1) hemp production locations, (2) procedures for inspecting producers, (3) testing procedures for THC levels, and (4) disposing of plants or products with excessive THC concentrations.

***Related Bill***

sSB 893, reported favorably by the Environment Committee, requires the DoAg commissioner to adopt regulations by July 1, 2020, establishing a pilot program for growing or cultivating industrial hemp in Connecticut in accordance with federal law.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 28 Nay 0 (03/08/2019)