

# OFFICE OF FISCAL ANALYSIS

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SB-893

AN ACT CONCERNING A PILOT PROGRAM FOR HEMP  
PRODUCTION.

## AMENDMENT

LCO No.: 7520

File Copy No.: 230

Senate Calendar No.: 120

### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Department of Agriculture	GF - Revenue Gain	Up to 500,000	Up to 500,000
Department of Agriculture	GF - Cost	256,000	271,000
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	106,000	112,000

Note: GF=General Fund

***Municipal Impact:*** None

#### ***Explanation***

The amendment strikes the underlying bill and its associated fiscal impact.

**Section 1** of the amendment requires the Department of Agriculture (DoAg) to establish and operate an agricultural pilot program for industrial hemp research. The study's purpose is to determine methods of cultivating, processing and marketing hemp to ensure that DoAg grows hemp on sites that are certified by and

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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 41.19% of payroll in FY 20 and FY 21.

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registered by DoAg. It requires anyone growing hemp to pay for all testing and resampling costs of the hemp to ensure its levels of delta-9-tetrahydrocannabinol (THC) is compliant with the strike-all amendment. These provisions are expected to result in costs to the State of approximately \$256,000 in FY 20 and \$271,000 in FY 21 (plus fringe benefits of \$106,000 in FY 20 and \$112,000 in FY 21) to hire four staff for DoAg to conduct the pilot program. Additional staff include two Agricultural Marketing and Inspection Representatives, one Fiscal/Administrative Assistant, and one Administrative Hearings Specialist.

Additionally, **Section 1** of the amendment also establishes: (1) a graduated fee schedule for the licensure, inspection, and transport of hemp, and (2) a \$50 fee for Connecticut edible hemp manufacturers, and \$500 for out-of-state manufacturers. Additionally, the amendment allows for an administrative hearing at DoAg before any license is revoked. Civil penalties, not to exceed \$2,500 per violation, and \$250 per day, may be enforced.

**Section 2** requires manufactures of industrial hemp to have a license issued by the Department of Consumer Protection (DCP). It also establishes a graduated fee schedule for this purpose. This provision, in conjunction with the fees established in **Section 1**, and fines for violations, are anticipated to generate up to \$500,000 annually. This section also requires DCP to inspect manufacturers. This is not anticipated to have a fiscal impact, as DCP currently has staff for this purpose.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.*