

February 7, 2017

The Honorable Kyle Hoffman, Chairperson
House Committee on Agriculture
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Hoffman:

SUBJECT: Fiscal Note for HB 2209 by House Committee on Agriculture

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2209 is respectfully submitted to your committee.

HB 2209 would create the Alternative Crop Research Act which would authorize the Kansas Department of Agriculture (KDA), alone or in coordination with a state educational institution, to promote the research and development of industrial hemp. The bill gives the Secretary of the KDA authority to establish rules and regulations necessary to carry out the provisions of the Act. The bill also amends existing law concerning crimes involving controlled substances to include an exemption for conduct authorized by the Alternative Crop Research Act.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	\$816,153	\$816,153	\$628,168	\$628,168
FTE Pos.	--	7.50	--	7.50

The Kansas Bureau of Investigation (KBI) estimates that HB 2209 would result in additional State General Fund expenditures of \$816,153 in FY 2018 and \$628,168 in FY 2019. Currently, possession of any product containing tetrahydrocannabinol (THC) is illegal under Kansas law. According to the agency, passage of the bill would create a situation where possession of a product containing THC would be legal under the provisions of the Act if it was cultivated by the KDA or an authorized educational institution. The agency indicates that, from a practical standpoint, there is no way, scientifically or otherwise, to prove or disprove that a

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product containing THC was cultivated by an entity authorized to do so under the Act. In addition, because industrial hemp and marijuana have the same taxonomy, the only way to determine under which definition a product would fall would be through plant DNA testing. To carry out this testing, the agency estimates that HB 2209 could require the KBI forensic science laboratory to perform additional examinations on approximately 5,000 items per year. Each examination is estimated to take three hours to perform. Based on these assumptions, the agency would require an additional 7.50 Forensic Scientist I FTE positions to perform examinations. In FY 2018, the salaries, benefits, purchase of basic computer equipment, software, and necessary personnel supplies would cost approximately \$69,487 per FTE position, resulting in a total cost for all positions of \$521,153. In FY 2019, the FTE positions would advance to Forensic Scientist II status. The salaries and benefits, as well as necessary personnel supplies are expected to cost approximately \$77,089 per FTE position, resulting in a total cost for all positions of \$578,168.

The agency does not currently have validated methods for THC quantitation or plant DNA testing. Therefore, new methods would need to be developed and special startup equipment and supplies purchased. Analytical instrumentation is estimated to cost at least \$245,000 in FY 2018, and related supplies are estimated at \$50,000 per year in FY 2018 and each year thereafter.

According to the KDA, HB 2209 could increase its fee fund revenues somewhat because of the \$500 fee for each research license. Because the agency cannot determine how many licenses it might issue, it is unable to estimate what the fiscal effect might be. Any fiscal effect associated with HB 2209 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Justin Law, Agriculture
Shelia Sawyer-Tyler, KBI