



ANALYSIS

Telephone: (517) 373-5383

Fax: (517) 373-1986

House Bill 6330 (Substitute H-2 as passed by the House) House Bill 6331 (Substitute H-1 as passed by the House) House Bill 6380 (Substitute H-2 as passed by the House) Sponsor: Representative Dan Lauwers (H.B. 6330 & 6380)

Representative Steven Johnson (H.B. 6331)

House Committee: Agriculture Senate Committee: Judiciary

Date Completed: 12-4-18

CONTENT

<u>House Bill 6330 (H-2)</u> would amend the Industrial Hemp Research Act to do the following:

- -- Require the Department of Agriculture and Rural Development (MDARD) to establish, operate, and administer an industrial hemp licensing and registration program.
- -- Revise the definition of "industrial hemp".
- -- Prohibit a person from growing industrial hemp in the State unless he or she was registered as a grower.
- -- Require a person, other than a Michigan college or university that wished to grow industrial hemp in the State to submit to MDARD an application containing certain information and a \$100 registration fee.
- -- Prohibit a person from processing, handling, brokering, or marketing industrial hemp in the State unless the person was licensed as a processor-handler.
- -- Require a person, other than a Michigan college or university that wished to process, handle, broker, or market industrial hemp in the State to submit to MDARD an application containing certain information and a \$1,350 application fee.
- -- Require MDARD to approve or deny a registration or license application in a timely manner.
- -- Require MDARD to deny an application if it were incomplete, or under certain other circumstances.
- -- Require a grower or processor-handler to consent to inspections of its premises, collection by MDARD of samples of cannabis material, certain financial losses, and certain forfeitures of material.
- -- Require MDARD to suspend a registration or license if certain allegations were made concerning a registered grower or licensed processor-handler, and require the Department to notify the grower or processor-handler in writing if a registration or license had been suspended.
- -- Require MDARD to schedule a registration or license revocation hearing not more than 60 days after the date of a notification of registration or license suspension.
- -- Require a grower who intended to harvest or destroy an industrial hemp crop to submit a sample of the crop to a testing facility, which would have to measure the tetrahydrocannabinol (THC) concentration.

Page 1 of 12 hb6330/1718

- -- Require a grower to submit a site modification form and a fee before implementing an alteration to a site listed on its registration.
- -- Impose certain administrative fines against a person who violated the Act or a promulgated rule.
- -- Rename the Industrial Hemp Research Fund as the Industrial Hemp Research and Development Fund.
- -- Create the Industrial Hemp Licensing and Registration Fund within the State Treasury, and require the State Treasurer to direct investment of the Fund.
- -- Require MDARD to promulgate rules for implementing the Act.

House Bill 6331 (H-1) would amend the Public Health Code to revise the definitions of "marihuana" and "industrial hemp".

<u>House Bill 6380 (H-2)</u> would amend the Medical Marihuana Facilities Licensing Act to do the following:

- -- Require the Department of Licensing and Regulatory Affairs, in consultation with the Medical Marihuana Licensing Board, to promulgate rules to establish standards, procedures, and requirements for the sale of industrial hemp from a provisioning center to a registered qualified patient, and require the rules to be promulgated by March 1, 2019.
- -- Exclude industrial hemp from the definition of "marihuana plant".
- -- Specify that the Act would not prohibit a processor from handling, processing, marketing, or brokering industrial hemp.
- -- Specify that the Act would not prohibit a safety compliance facility from taking or receiving industrial hemp for testing purposes, and testing the industrial hemp pursuant to the Industrial Hemp Research and Development Act.

Each bill would take 90 days after its enactment. House Bills 6331 (H-1) and 6380 (H-2) are tie-barred to House Bill 6330.

House Bill 6330 (H-2)

Industrial Hemp Licensing and Registration Program

The bill would require MDARD to establish, operate, and administer an industrial hemp licensing and registration program.

The Act defines "industrial hemp" as the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, with a delta-9-THC concentration of not more than 0.3% on a dry weight basis. Under the bill, the term would mean the plant *Cannabis sativa* L. and any part of that plant, including the viable seeds of that plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9-THC concentration of not more than 0.3% on a dry weight basis. The term also would include industrial hemp commodities and products and topical or ingestible animal and consumer products derived from the plant *Cannabis sativa* L. with a delta-9-THC concentration of not more than 0.3% on a dry weight basis.

Industrial Hemp Grower Registration

Page 2 of 12 hb6330/1718

Under the bill, except as otherwise provided in the Act for a Michigan college or university, a person could not grow industrial hemp in the State unless he or she was registered as a grower. A person other than a Michigan college or university that wished to grow industrial hemp in the State would have to submit a registration application fee and register with MDARD on a form prescribed by the Department that included the applicant's full name, birth date, mailing address, telephone number, and valid and monitored electronic mail address. If the applicant was a person that was not an individual, the form would have to include the full name of each officer and director, and partner, member, or owner owning more than 35% of equity or stock, including his or her birth date, title, and valid and monitored electronical mail address. "Person" would mean an individual, partnership, corporation, association, or other legal entity.

The form also would have to include the following:

- -- The proposed acreage and greenhouse or other indoor square footage to be planted.
- -- The street address, location ID, and GPS coordinates for each field, greenhouse, building, or other site where industrial hemp would be grown, handled, or stored.
- -- Maps depicting each field, greenhouse, building, or other site where industrial hemp would be grown, handled, or stored, with appropriate indications for entrances, field boundaries, and specific locations corresponding to the GPS coordinates for each site.
- -- If applicable, a request by the applicant that a grower registration issued to the applicant include a designation authorizing the applicant to sell harvested industrial hemp to a processor licensed under the Medical Marihuana Facilities Licensing Act.

"Grow" would mean to plant, propagate, cultivate, or harvest live plants or viable seeds. "Viable seeds" would mean seed that has a germination rate of greater than 0.0%. "Handle" would mean to possess, store, or transport industrial hemp on premises owned, operated, or controlled by a registered grower or licensed processor-handler.

"Location ID" would mean the unique identifier established by an applicant for each unique set of GPS coordinates where industrial hemp will be grown, handled, stored, processed, or brokered. "GPS coordinates" would mean latitude and longitude coordinates derived from a global positioning system.

An initial grower registration application could be submitted at any time. A registration issued by MDARD would expire at midnight on November 30 in the year in which it was issued. Other than an initial registration, a registration would be valid for one year beginning on December 1 and expiring at midnight on the following November 30 each year. An application to renew an existing registration would have to be postmarked on or before November 30. An application submitted after November 30 would be subject to a \$250 late fee.

An application and supporting documents submitted to MDARD would be exempt from disclosure under the Freedom of Information Act.

Processor-Handler License

Under the bill, except as otherwise provided in the Industrial Hemp Research Act for a Michigan college or university, and except for a processor licensed under the Medical Marihuana Facilities Licensing Act, or a testing facility, a person could not process, handle, broker, or market industrial hemp in the State unless the person was licensed as a processor-handler.

"Process" would mean to convert raw industrial hemp into marketable form. "Broker" would mean to engage or participate in the marketing of industrial hemp by acting as an

Page 3 of 12 hb6330/1718

intermediary or negotiator between prospective buyers and sellers. "Market" would mean to promote or sell industrial hemp or an industrial hemp commodity or product. The term would include efforts to advertise and gather information about needs or preferences of potential consumers or suppliers.

A person other than a Michigan college or university that wished to process, handle, broker, or market industrial hemp in the State would have to submit a license application fee and apply to MDARD for a processor-handler license on a form prescribed by MDARD that included the applicant's full name, birth date, mailing address, telephone number, and valid and monitored electronic mail address. If the applicant were a person that was not an individual, the application would have to include the full name of each officer and director, and partner, member, or owner owning more than 35% of equity or stock, including his or her birth date, title, and valid and monitored electronical mail address.

The form also would have to include the following:

- -- The street address, location ID, and GPS coordinates for each field building or site where industrial hemp would be processed, handled, stored, or brokered.
- -- Maps depicting each building site where industrial hemp would be processed, handled stored, or brokered, with appropriate indications for entrances, field boundaries, and specific locations corresponding to the GPS coordinates.

An initial license application could be submitted at any time. An initial license issued by MDARD would expire at midnight on November 30 in the year it was issued. Other than an initial license, a license would be valid for one year beginning on December 1 and expiring at midnight on the following November 30 each year. An application to renew an existing license would have to be postmarked on or before November 30. An application submitted after November 30 would be subject to a \$250 late fee.

An application and supporting documents submitted to MDARD would be exempt from disclosure under the Freedom of Information Act.

Application Approval or Denial

The bill would require MDARD to approve or deny a registration or license application in a timely manner. It would have to deny an application if it were incomplete or if any of the following applied:

- -- The applicant was under the age of 18.
- -- The applicant's growing, handling, storage, processing, or brokering sites were not located in Michigan.
- -- The applicant had not demonstrated, as determined by the MDARD Director, a willingness to comply with MDARD's rules or instructions, or instructions from a law enforcement agency.
- -- The applicant had unpaid fees, fines, or civil penalties owed to MDARD under the Industrial Hemp Research Act.
- -- The applicant had made false statements or representations, as determined by the Director, to MDARD or a law enforcement agency.
- -- The applicant had a grower registration or processor-handler license revoked in the five years preceding the date of the application.

If an application were denied because it was incomplete, MDARD would have to notify the applicant in writing within a timely manner after it received the application describing the deficiency and requesting additional information.

Page 4 of 12 hb6330/1718

If the Department denied a registration or license application, it would have to notify the applicant of the denial in writing or by electronic mail. An applicant could appeal a denial of his or her registration or license application by submitting to MDARD within 15 days after the date of a denial a written request for a hearing.

The Department would have to conduct a hearing in accordance with the Administrative Procedures Act.

Grower Requirements

Under the bill, an industrial hemp grower would consent to all of the following:

- -- Entry onto, and inspection of, all premises by MDARD or law enforcement agencies, with or without cause, and with or without advance notice, where industrial hemp or industrial hemp cultivation equipment or materials were located, or to be located.
- -- Collection by MDARD of samples of cannabis material in grower's possession at any time.
- -- The risk of financial or other loss under the Industrial Hemp Research Act that was borne solely by the grower.

"Cannabis" would mean the plant *Cannabis sativa* L. and any part of that plant, whether growing or not.

A grower also would consent to the forfeiture and destruction of any of the following without compensation:

- -- Cannabis found to have a measured delta-9-THC content greater than 0.3% on a dry weight basis.
- -- Industrial hemp present at a location that was not included in the grower's registration.
- -- Industrial hemp that was grown, handled, or stored in a manner that violated the Act.

A grower could not do any of the following:

- -- Grow, handle, or store industrial hemp for purposes other than research into the growing of industrial hemp.
- -- Handle or store industrial hemp not grown under the authority or his or her grower registration unless licensed as a processor-handler.
- -- Grow, handle, or store industrial hemp in a location other than a location listed in his or her grower registration.
- -- Grow, handle, or store industrial hemp on land or within a structure that was not owned or completely controlled by the grower.
- -- Sell or transport, or permit the sale or transport of, living industrial hemp plants, viable industrial hemp leaf material, or industrial hemp floral material to a location not listed in his or her registration, or to a person in the State who was not a registered grower or licensed-processor-handler.
- -- Interplant industrial hemp with any other crop without express written permission from MDARD.

"Interplant" would mean to plant a crop of industrial hemp together with a crop that was not industrial hemp on a single plot of land. "Plot" would mean a contiguous area in a field, greenhouse, or indoor growing structure containing the same variety of industrial hemp throughout the area. "Variety" would mean a subdivision of a species that has the following characteristics:

Page 5 of 12 hb6330/1718

- -- Is uniform, in the sense that variations between the subdivision and other subdivisions is essential and distinctive characteristics are describable.
- -- Is distinct, in the sense that the subdivision can be differentiated by one or more identifiable morphological, physiological, or other characteristics from all other known subdivisions.
- -- Is stable, in the sense that the subdivision will remain uniform and distinct if reproduced.

A grower would have to post signage in at least one conspicuous location at each growing location. The signage would have to include the following:

- -- The statement, "Industrial hemp registered with the Michigan Department of Agriculture and Rural Development".
- -- The registered grower's name.
- -- The registered grower's registration number.

Upon request from MDARD or a law enforcement agency, a grower would have to produce a copy of his or her registration.

A grower could transfer up to one pound of industrial hemp per transfer to a testing facility for the purpose of measuring THC, cannabidiol, or other phytocannabinoid levels.

"Testing facility" would mean a safety compliance facility licensed under the Medical Marihuana Facilities Licensing Act, or a MDARD-approved testing facility.

A grower could sell harvested industrial hemp to a processor licensed under the Medical Marihuana Facilities Licensing Act. If a grower intended to sell harvested industrial hemp to a processor, the grower would have to apply for that designation on his or her grower registration application. Before selling harvested industrial hemp to a processor-handler, the grower would have to enter the sale in to the seed-to-sale tracking system established under Section 3 the Marihuana Tracking Act. (That section requires the Department of Licensing and Regulatory Affairs to establish a statewide monitoring system for use as an integrated marihuana tracking, inventory, and verification system.)

Processor-Handler Requirements

The bill would require a processor-handler to consent to all of the following:

- -- Entry onto, and inspection of, all premises by MDARD or law enforcement agencies, with or without cause, and with or without advance notice, where industrial hemp or industrial hemp processing equipment or material were located or to be located.
- -- Collection by MDARD of sample of cannabis material in the processor-handler's possession at any time.
- -- The risk of financial or other loss borne solely by the processor-handler.

Also, a processor-handler would have to consent to forfeiture and destruction of any of the following, without compensation:

- -- Cannabis found to have a measured delta-9-THC content greater than 0.3% on a dry weight basis.
- -- Industrial hemp that was processed, handled, stored, and brokered in a manner that violated the Industrial Hemp Research Act.
- -- Live industrial hemp plants, unless the processor-handler was also registered as a grower.

Page 6 of 12 hb6330/1718

A processor-handler could not sell or transport, or permit the sale or transport of, viable industrial hemp seeds, industrial hemp leaf material, or industrial hemp floral material to a location not listed in his or her current license or to a person in Michigan who was not a registered grower or licensed processor-handler.

Upon request from MDARD or a law enforcement agency, a processor-handler would have to immediately produce a copy of his or her license for inspection.

A processor-handler could transfer up to one pound of industrial hemp per transfer to a testing laboratory for the purpose of measuring THC, cannabidiol, or other phytocannabinoid levels.

Registration, License Suspension

If any of the following allegations were made concerning a registered grower or licensed processor-handler, MDARD would have to suspend his or her registration or license for not more than 60 days:

- -- The registered grower or licensed processor-handler intentionally grew or was in possession of cannabis with a delta-9-THC content greater than 0.3% on a dry weight basis.
- -- The registered grower or licensed processor-handler violated a provision of the Act.
- -- The registered grower or licensed processor-handler made a false statement, as determined by MDARD, to the Department or a law enforcement agency.
- -- The registered grower or licensed processor-handler failed to comply with an instruction or order from MDARD or a law enforcement agency.

If MDARD suspended a registration or license, it would have to notify the registered grower or licensed processor-handler in writing that his or her registration or license had been suspended.

A person whose grower registration had been suspended could not harvest or remove industrial hemp from the premises where industrial hemp was located at the time MDARD issued its notice of suspension, except as authorized in writing by the Department. A person whose processor-handler license had been suspended could not process or remove industrial hemp from the premises where industrial hemp was located at the time MDARD issued its notice of suspension, except as authorized in writing by the Department.

Registration, License Revocation

Under the bill, the Department could not permanently revoke a suspended registration or license unless MDARD had notified the grower or processor-handler of the allegation against him or her and given the grower or processor-handler an opportunity for a hearing to appeal the revocation.

The Department would have to schedule a registration or license revocation hearing for a date as soon as practicable that was not more than 60 days after the date of notification of a registration or license suspension. The Department would have to conduct a revocation hearing in accordance with the Administrative Procedures Act.

If the Director found by a preponderance of the evidence that an allegation concerning the person subject to the registration or license revocation hearing were true, the Director would have to revoke the registration or license effective immediately and MDARD or a law enforcement agency would have to order destroyed, or confiscated, all cannabis that was in the person's possession.

Page 7 of 12 hb6330/1718

The Department or a law enforcement agency would not owe compensation or indemnity for the value of the cannabis that was destroyed or confiscated.

A person whose registration or license had been revoked would be barred from participation in the program in any capacity for a minimum of five years from the date on which the registration or a license was revoked.

If the Director did not find by a preponderance of the evidence that an allegation concerning the person subject to a registration or license revocation hearing were true, MDARD would have to lift the suspension within 24 hours.

Industrial Hemp Crop Testing

The bill would require a grower who intended to harvest or destroy an industrial hemp crop to submit a sample of the crop to a testing facility. The grower would have to submit the sample at least 15 days before the intended harvest or destruction date.

A grower who harvested or destroyed a crop before receiving the results of testing would be subject to suspension and revocation of his or her registration.

The testing facility would have to measure the THC concentration of each submitted sample. The following would apply to the THC test results:

- -- If the result of the test indicated a delta-9-THC concentration of less than 0.3% on a dry weight basis, the testing facility would have to provide to the grower and to MDARD a certified report stating that result.
- -- If the results of the test indicated a delta-9-THC concentration that was equal to or greater than 0.3% on a dry weight basis, the grower could destroy the crop or repeat the testing an additional two times, and the testing facility would have to provide to the grower and to MDARD a certified report stating the result of each test performed.
- -- If a third test indicated a delta-9-THC concentration that was equal to or greater than 0.3%, the testing facility would have to provide to the grower and to MDARD a certified report stating that result and the Department or a law enforcement agency would have to order destroyed, or confiscated, all cannabis that was in the grower's possession.

The Department would have to establish rules for testing in according with the Administrative Procedures Act.

An individual who submitting a falsified sample of an industrial hemp product to a testing facility would be guilty of a felony punishable by at least one, but less than two years' imprisonment and a \$5,000 fine.

Site Modification

Before implementing an alteration to a site listed in a grower's registration, the grower would have to submit a site modification request form, as prescribed by MDARD, and the required fee, based on the number of requested alterations and obtained written approval from the Department.

The Department could not approve a site modification request unless the grower had paid the site modification fee in full. Fees

Page 8 of 12 hb6330/1718

An applicant for a grower registration or processor-handler license, or a registered grower or processor-handler, would be subject to the following fees, as applicable:

- -- A \$100 grower registration fee.
- -- A \$1,350 processor-handler license application fee.
- -- A \$50 per alteration site modification fee.

All fees would have to be paid with a check or money order payable to the Department within 15 days of invoice. A fee would be nonrefundable.

Administrative Fines

A person who individually, or by the action of his or her agent or employee, or as an agent or employee of another, violated the Industrial Hemp Research Act or a promulgated rule would be subject to an administrative fine. Upon the request of a person to whom an administrative fine was issued, the Director would have to conduct a hearing in accordance with the Administrative Procedures Act. The Department would have to impose a fine as follows:

- -- For a first violation, at least \$100 but not more than \$500, plus actual costs of the investigation and double the amount of any economic benefit associated with the violation.
- -- For a second violation within five years after the first violation, at least \$500, but not more than \$1,000, plus actual costs of the investigation and double the amount of any economic benefit associated with the violation.
- -- For a third or subsequent violation within five years after the date of the first violation, at least \$1,000, but not more than \$2,000, plus actual costs of the investigation and double the amount of any economic benefit associated with the violation.

The Director would have to advise the Attorney General of the failure of any person to pay an administrative fine described above. The Attorney General would have to bring an action in a court of competent jurisdiction to recover the fine.

Any administrative fine, investigation costs, or recovery of economic benefit associated with a violation that was collected would have to be paid to the State Treasury and deposited into the Licensing and Registration Fund.

A decision of the Director would be subject to judicial review as provided by law.

Industrial Hemp Licensing and Registration Fund

The bill would create the Industrial Hemp Licensing and Registration Fund within the State Treasury. The State Treasurer could receive license and registration fees, administrative fines, and money or other assets from any other source for deposit into the Fund. The State Treasurer would have to credit to the Fund interest and earning from Fund investments. Money in the Fund at the close of a fiscal year would have to remain in the Fund and could not lapse to the General Fund. The Department would be the administrator of the Fund for auditing purposes.

The Department would have to spend money from the Fund to establish, operate, and enforce the industrial hemp licensing and registration program.

Other Provisions

Page 9 of 12 hb6330/1718

The Department would have to promulgate rules for the implementation of the Act in accordance with the Administrative Procedures Act.

A political subdivision of the State could not adopt any rule, regulation, code, or ordinance to restrict or limit any requirements under the Act relating to industrial hemp. The Act would supersede and preempt any rule, regulation, code, or ordinance of any political subdivision of the State relating to industrial hemp.

House Bill 6331 (H-1)

Under the Public Health Code, "marihuana" means all part of the plant *Cannabis sativa* L., growing or not; the seeds of that plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds or resin.

The term does not include industrial hemp grown or cultivated, or both, for research purposes under the Industrial Hemp Research Act. The bill would refer *only* to industrial hemp.

Section 7106 of the Code defines "industrial hemp" as the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, with a delta-9-tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis. Under the bill, the term would mean the plant *Cannabis sativa* L. and any part of that plant, including the viable seeds of that plant and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9-tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis. The term also would include industrial hemp commodities and products and topical or ingestible animal and consumer products derived from the plant *Cannabis sativa* L. with a delta-9-tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis.

House Bill 6380 (H-2)

Rule Promulgation

The Medical Marihuana Facilities Licensing Act requires the Department of Licensing and Regulatory, in consultation with the Medical Marihuana Licensing Board, to promulgate rules and emergency rules as necessary to implement, administer, and enforce the Act. The rules must ensure the safety, security, and integrity of the operation of marihuana facilities, and must include certain rules prescribed in the Act.

Under the bill, promulgated rules also would have to include a rule to establish standards, procedures, and requirements for the sale of industrial hemp from a provisioning center to a registered qualified patient. These rules would have to be promulgated before March 1, 2019.

"Industrial hemp" would mean that as defined in Section 7106 of the Public Health Code (which House Bill 6331 (S-1) would amend).

Processor

The Act defines "processor" as a licensee that is a commercial entity located in the State the purchases marihuana from a grower, and that extracts resin from the marihuana or creates a marihuana-infused product for sale and transfer in packaged form to a provisioning center or another processor.

Page 10 of 12 hb6330/1718

Under the bill, the Act would not prohibit a processor from handling, processing, marketing or brokering, as those terms are defined in the Industrial Hemp Research and Development Act, industrial hemp.

Safety Compliance Facility

Under the Act, "safety compliance facility" means a licensee that is a commercial entity that takes marihuana from a marihuana facility or receives marihuana from a registered primary caregiver, tests the marihuana for contaminants and for THC and other cannabinoids, returns the test results, and may return the marihuana to the marihuana facility.

The bill would specify that the Act would not prohibit a safety compliance facility from taking or receiving industrial hemp for testing purposes and testing the industrial hemp pursuant to the Industrial Hemp Research and Development Act.

Legislative Analyst: Stephen Jackson

MCL 286.841 et al. (H.B. 6330) 333.7106 (H.B. 6331) 333.27102 et al. (H.B. 6380)

FISCAL IMPACT

House Bill 6330 (H-2)

The bill would require the MDARD to establish, operate, and administer an industrial hemp licensing and registration program at an estimated annual cost of \$500,000, which would include the funding of 3.0 FTE positions. Additional funds for travel costs could also be necessary at a cost that cannot be determined at this time.

The bill also would create the Industrial Hemp Licensing and Registration Fund within the State Treasury. The fund could receive revenue from annual fees established under the bill, including a grower application fee of \$100 (including a potential late fee of \$250 or a site modification fee of \$50), a processor-handler license application of \$1,350 (including a potential late fee of \$250), and fine revenue from proposed fines for violations of the bill's provisions (or subsequent promulgated rule violations), which would include fines of \$100 to \$500 for a first violation, \$500 to \$1,000 for a second violation, and \$1,000 to \$2,000 for a third or subsequent violation. The Fund also could receive funds from any source. The MDARD would have to spend money from the Fund to establish, operate and enforce the licensing and regulations under the bill. Money in the Fund would have to remain in the Fund at the close of a fiscal year and not lapse to the General fund.

While the MDARD predicts that there likely is a market for the growing and processing of industrial hemp in the State, it is not possible at this time to estimate how large this market may be, or how much revenue might be generated by the fees established under the bill, which are designated to fund the MDARD's required regulatory activities. To the extent that this potential revenue source fell short of fully funding those activities, General Fund money likely would be required to support any shortfall.

Page 11 of 12 hb6330/1718

House Bill 6331 (H-1)

The bill would have no fiscal impact on State or local government.

House Bill 6380 (H-2)

The bill would have no fiscal impact on State or local government. The Department of Licensing and Regulatory Affairs would have to promulgate additional rules regarding industrial hemp, but this activity would be sufficiently funded by existing appropriations.

Fiscal Analyst: Bruce Baker Abbey Frazier Elizabeth Raczkowski

SAS\S1718\s6330sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.