



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 967

PRINTERS NO. 3087

PRIME SPONSOR: Diamond

COST / (SAVINGS)

| FUND | FY 2015/16 | FY 2016/17 |
|---|-------------------|-------------------|
| General Fund - Plant Pest Management Acct | See Fiscal Impact | See Fiscal Impact |

SUMMARY: House Bill 967, Printer's Number 3087, establishes authority, in conformance with federal law, for an agricultural pilot program to research industrial hemp.

ANALYSIS: This legislation adds a new Chapter 7 to Title 3 (Agriculture) to establish an agricultural pilot program for industrial hemp research. The bill allows industrial hemp to be grown, cultivated, and researched by the Pennsylvania Department of Agriculture and institutions of higher education at sites that are registered with and certified by the department. It also removes "Cannabis sativa" from the Noxious Weed Control List in the Noxious Weed Control Law (Act 74 of 1982) and the attendant regulation. If a federal agency becomes authorized to regulate industrial hemp, Chapter 7 will expire.

The department is authorized to establish, through permits, a certification and registration program relating to the growth and cultivation of industrial hemp to the extent funds are available. When the program is operative the department shall transmit notice of this fact to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

The bill also outlines parameters and conditions for contracted growers - with either the Department of Agriculture or an institution of higher learning - to grow or cultivate industrial hemp. A person with a contract under this subsection is subject to a grant of necessary permissions, waivers or other form of valid legal status by the US Drug Enforcement Administration (DEA) or other appropriate Federal agency pursuant to Federal laws relating to industrial hemp. The department may seek all-inclusive permissions, waivers or other forms of valid legal status from the DEA or other appropriate Federal agency pursuant to Federal laws relating to industrial hemp for all persons with a contract to grow or cultivate industrial hemp.

The department also has the authority to issue control orders relating to the growth of industrial hemp. A control order is a "written order issued by the department to a person establishing required treatment measures, including destruction, for a violation of a provision of this chapter or a regulation, permit or order issued under this chapter." It also outlines the department's authority related to issuance, procedures, contents and expenses and costs of control orders. The bill states that the department may recover any costs incurred in enforcing and carrying out

the measures established in the control order from the person that was subject of the order. Criminal and civil penalties are also established for violations.

The program will be supported by fees from permits, fines and penalties paid into a special restricted account in the General Fund known as the Plant Pest Management Account. All funds deposited in the Plant Pest Management Account are appropriated to the department for this program and the Plant Pest Act (Act 162 of 1992). The account may also receive supplemental revenues in the form of appropriations from the General Assembly, federal funds and gifts and other contributions from public or private sources.

This legislation will take effect immediately upon enactment, while the remaining registration and pilot program become effective upon the publication in the Pennsylvania Bulletin.

FISCAL IMPACT: Despite establishing a new industrial hemp pilot growing program and additional administrative and enforcement duties for department staff, this bill is expected to have no adverse fiscal impact upon Commonwealth funds.

As outlined in the bill, the program will be supported by fees from permits, fines and penalties paid into the Plant Pest Management Account. This is in addition to any other supplemental funds, such as appropriations from the General Assembly, federal funds and gifts and other contributions from public or private sources. The department is also authorized to recover any costs or expenses related to the issuance and enforcement of a control order, which would be deposited into the account.

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House Appropriations Committee (R)

DATE: April 6, 2016

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.