

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 50

PRINTER NO. 1420

AMOUNT

\$403,750

FUND

General Fund (Restricted Account)

DATE INTRODUCED

February 12, 2015

PRIME SPONSOR

Senator Schwank

DESCRIPTION

Senate Bill 50 establishes the Industrial Hemp Act to provide for an agricultural pilot program to research the growth, cultivation and marketing of industrial hemp through the Department of Agriculture or the Commonwealth's institutions of higher education.

Provides that the Department of Agriculture or a permitted institution of higher education may grow or cultivate industrial hemp for research purposes notwithstanding the following laws: (1) The Controlled Substance Act (Public Law 910-513, 84 Stat. 1263); (2) The Safe and Drug Free Schools Act (Public law 107-110, 20 U.S.C. §7101 et seq.); (3) 41 U.S.C. Ch. 81 (relating to drug-free workplace) or any other federal law; (4) The act of April 14, 1972 (P.L. 233, No 64), known as the Controlled Substance, Drug, Device and Cosmetic Act; and, (5) 18 Pa.C.S. §7508(a)(1) (relating to drug trafficking sentencing and penalties).

Recognizes industrial hemp as an oilseed in the Commonwealth.

Provides for the Department to do the following: (1) develop and implement regulations and permitting requirements; (2) issue, renew, deny, revoke or refuse to renew permits to conduct research on the cultivation, growth or marketing of industrial hemp; (3) develop an application for permits; (4) create and maintain a database of permitted institutions of higher education and sites, entities or individual growers whom the institutions have utilized; (5) inspect the facilities, sites, seeds, plants, individual growers or other items utilized by each permitted institution of higher education to ensure compliance with the act; (6) establish permit requirements for the use or reuse of seeds, crops or products as the end result of any approved research program; (7) establish and set forth reasonable permitting and inspection fees that may not exceed the cost of administering the act; (8) regulate labeling and testing industrial hemp and industrial hemp seeds; and, (9) establish guidelines for research.

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Requires the Department to submit an annual report to the majority and minority chairpersons of the Agriculture and Rural Affairs Committee of the Senate and the majority and minority chairpersons of the Agriculture and Rural Affairs Committee of the House of Representatives detailing the following: (1) the number of institutions of higher education, sites, entities, and individual growers that are permitted; (2) a description of the regulations and permit requirements implemented since the previous report; (3) any suspensions, revocations, refusals to renew or deny and the reasons for the dispositions; (4) a financial accounting of fees taken in and expenditures made to carry out the act; (5) a summary of the research; and, (6) any other information requested by the General Assembly.

Allows the Department to promulgate temporary regulations which are not subject to the Commonwealth Documents Law, Commonwealth Attorney's Act or the Regulatory Review Act to implement the provisions of the act. Requires the Department to begin publishing temporary regulations in the Pennsylvania Bulletin three (3) months following the effective date of the act. Provides for the Department's authority to issue temporary regulations to expire two (2) years following the effective date of the act.

Allows institutions of higher education that are permitted to contract with individual growers to the extent necessary to carry out the program and requires the growers to be subject to the terms and requirements of the permit.

Exempts activities allowed under the law from violation of the Controlled Substance, Drug, Device and Cosmetic Act and 18 Pa.C.S. § 7508(a)(1) (relating to drug trafficking sentencing and penalties) or any other law of the Commonwealth regulating the growth or cultivation of industrial hemp.

Provides that any person that violates any provisions of the act commits a summary offense, and shall upon conviction be sentenced to pay a fine of not less than \$100 nor more than \$300 for the first violation and not less than \$500 nor more than \$1,000 for a second and subsequent violation that occurs within one (1) year of the first conviction. Provides that the Department of Agriculture may assess civil penalties of not more than \$5,000, plus cost of remediation, containment or eradication, upon a person in violation of the act. Provides that the Attorney General, at the request of the Secretary of Education, may initiate an action in equity for an injunction to restrain any violations of the act.

Provides for funds from licensing, permitting fees, fines and penalties to be deposited into a special restricted account in the General Fund known as the Plant Pest Management Account and provides for the money in the account to be appropriated to the Department. Provides that the Plant Pest Management Account may be supplemented by money received from appropriations made by the General Assembly, Federal Funds and gifts and other contributions.

Provides for all acts and parts of acts to be repealed insofar as they are inconsistent with this act. Provides that this act shall expire 60 days after the United States Department of Agriculture has been authorized to regulate industrial hemp. Provides for the act to become effective in 60 days.

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FISCAL IMPACT:

Senate Bill 50 provides for the Department to establish reasonable permitting fees that may not exceed the actual cost of administration to offset its costs.

In addition, the Department of Agriculture has estimated that Senate Bill 50 will require the expenditure of up to \$403,750 annually for the staff and equipment necessary to administer the act. This estimate includes funding for a seed analyst, seasonal staff, vehicles, a germination chamber, gas chromatography and computer software.