

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

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|--|---|
| LRB Number 17-2273/1 | Introduction Number SB-119 |
| Description growing and processing industrial hemp, granting rule-making authority, and making an appropriation | |
| Fiscal Effect | |
| State: | |
| <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate | |
| <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs |
| Local: | |
| <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate | |
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts | |
| Fund Sources Affected | |
| <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 410 | |
| Affected Ch. 20 Appropriations | |
| Agency/Prepared By DOC/ Jokisch Jacob (608) 240-5415 | Authorized Signature Donald Friske (608) 240-5056 |
| Date 3/31/2017 | |

Fiscal Estimate Narratives

DOC 3/31/2017

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|---|-----------|---------------------|--------|---------------|----------|
| LRB Number | 17-2273/1 | Introduction Number | SB-119 | Estimate Type | Original |
| Description growing and processing industrial hemp, granting rule-making authority, and making an appropriation | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Agriculture, Trade and Consumer Protection (DATCP) to issue licenses that authorize the growing and processing of industrial hemp. Industrial hemp is defined as the plant *Cannabis sativa* with no more than 0.3 percent THC on a dry weight basis. The bill requires an applicant for a license to provide the GPS coordinates of the land on which industrial hemp will be grown or processed and to pay a fee for the license. It also requires DATCP to obtain a criminal history search from the state Department of Justice for each applicant and prohibits DATCP from issuing a license to a person if the criminal history search shows the person has been convicted of violating the controlled substances law. The bill provides that a person may possess, transport, sell, distribute, or buy industrial hemp without a license if the industrial hemp was planted, grown, cultivated, and processed by a person licensed by DATCP or by a person in another state or country who planted, grew, cultivated, or processed the industrial hemp in accordance with the laws of that state or country. The bill requires reporting by a person with an industrial hemp license, including reporting all sales of industrial hemp.

This bill also creates an exemption from the controlled substances law for growing, processing, or possessing industrial hemp in conformity with a license issued by DATCP. Under the bill, if a plant being grown for industrial hemp tests at a higher concentration of tetrahydrocannabinol than 1.0 percent, the entire crop is to be seized and destroyed. The bill also provides that a licensed grower of industrial hemp is not subject to criminal penalties if a crop is found to have a tetrahydrocannabinol concentration of 1.5 percent or less or if the grower planted certified seed. Additionally, the bill creates an exemption for possessing, transporting, delivering, selling, distributing, and buying industrial hemp if the industrial hemp was planted, grown, cultivated, and processed by a person licensed by DATCP or by a person in another state or country in accordance with the laws of that state or country.

This bill does not change federal law. Growing and possessing the plant *Cannabis* is generally prohibited by federal law. The 2014 federal farm bill, 7 USC 5940, authorizes a state agriculture department or an institution of higher education to grow industrial hemp for research purposes, if the state's laws allow the growing of industrial hemp by a state agricultural agency or institute of higher education.

This bill would have an indeterminate effect on the DOC inmate and offender population as the DOC cannot predict how many fewer inmates would be sentenced to prison or probation if this legislation were enacted. As of December 31st, 2016, there were 806 inmates incarcerated at DOC institutions who were convicted for any THC offense as part of their overall sentence. The DOC had 5,550 offenders on community supervision who were convicted for any THC offense as part of their overall sentence.

The average FY16 annual cost for an inmate in a DOC institution is approximately \$32,300. However, when there is excess capacity in DOC facilities, the incremental costs (i.e. food, health care and clothing) of housing a small number of inmates is approximately \$5,700 based on FY16 costs. Should the Department use contract beds, the rate would be approximately \$18,800 annually per person.

State costs could also change if a decreased number of offenders are convicted of any THC crime and placed on probation. The average FY16 annual cost to supervise one offender is approximately \$3,000.

Long-Range Fiscal Implications