

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6251

BILL NUMBER: SB 357

NOTE PREPARED: Dec 19, 2013

BILL AMENDED:

SUBJECT: Industrial Hemp.

FIRST AUTHOR: Sen. Young R

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill subject to federal approval, authorizes the Department of Agriculture (ISDA) to license the cultivation and production of industrial hemp. It establishes requirements to obtain a license. It authorizes inspections by the State Police and audits by the ISDA. It provides that in addition to any other liability or penalty, the ISDA may revoke or refuse to renew a license and may impose a civil penalty. It requires the ISDA to apply for necessary permissions, waivers, or other form of legal status by the United States Drug Enforcement Agency or other appropriate federal agency that is necessary to implement the law. The bill also makes a conforming amendment to the definition of "marijuana".

Effective Date: July 1, 2014.

Explanation of State Expenditures: Summary- The fiscal impact of this bill will depend upon federal action, administrative actions at the state level if permission is granted by the federal government to establish a licensing program, and the development of the hemp industry. The impact is indeterminable.

Additional Information-

Indiana State Department of Agriculture (ISDA): This bill requires the ISDA to apply for any necessary permissions, waivers, or other form of legal status by the United States Drug Enforcement Agency or other appropriate federal agency before January 1, 2015, in order to implement the bill's provisions. If approval is received from the federal government, the ISDA would be required by this bill to license the cultivation and production of industrial hemp. The bill allows the ISDA to audit the records of growers or handlers to ensure compliance, and to inspect any crop during the crop's growth phase for testing. The bill requires the

ISDA to adopt rules to implement and administer the bill's provisions.

The bill provides that a nonrefundable application fee is to accompany the application for industrial hemp, and the fee must be sufficient to cover the costs of a state or national criminal history background check to be conducted by the Indiana State Police. The bill also specifies that the amount of fees charged by the ISDA must be sufficient to cover the cost of administration, including conducting audits and testing.

Indiana State Police (ISP): The bill requires the ISDA to forward copies of applications for industrial hemp to the ISP. The ISP would then conduct a state or national criminal background check of the applicant, and provide a copy of the background check to the ISDA. The cost of the background check would be paid by the applicant.

Conforming Amendment: The bill specifies that hemp is not considered to be marijuana for the purposes of Indiana criminal law. Possession of marijuana is a crime punishable by six months in jail for a possession of less than 30 grams (1.06 ounces) to 30 months in prison for possession of more than 30 grams if the person has no prior drug offense.

Explanation of State Revenues: *Civil Penalties:* The bill provides that the ISDA may impose civil penalties for violations of license requirements, license terms or conditions, or rules relating to growing or handling industrial hemp. The civil penalty cannot exceed \$2,500.

Background Checks: The bill requires a licensure applicant to consent to a state or national criminal history background check which could increase state revenue. The costs of this background check are to be financed by the applicant. It is not known if a state or a national criminal history background check will be requested. If a state background check is requested, the General Fund will receive \$7 and the Indiana Office of Technology Portal Fund will receive either \$8 or \$9.32 (depending on AccessIndiana membership) per request. For a national criminal history background check, the General Fund would receive \$15 per request.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISDA; ISP.

Local Agencies Affected:

Information Sources:

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