

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 8
Fiscal Note Number:	1
(S) Publish Date:	3/30/2015

Identifier: SB08-DNR-PMC-03-16-15
Title: INDUSTRIAL HEMP PRODUCTION LICENSES
Sponsor: ELLIS
Requester: Senator Ellis

Department: Department of Natural Resources
Appropriation: Agriculture
Allocation: North Latitude Plant Material Center
OMB Component Number: 2204

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES								
Personal Services	97.0		***	***	***	***	***	***
Travel								
Services	15.5							
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	112.5	0.0	***	***	***	***	***	***

Fund Source (Operating Only)

1004 Gen Fund	112.5							
Total	112.5	0.0	***	***	***	***	***	***

Positions

Full-time	1.0							
Part-time								
Temporary								

Change in Revenues			***	***	***	***	***	***
---------------------------	--	--	------------	------------	------------	------------	------------	------------

Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/16

Why this fiscal note differs from previous version:

Not applicable, initial version

Prepared By: Franci Havemeister, Director
Division: Agriculture
Approved By: Mark Myers, Commissioner
Agency: Natural Resources

Phone: (907)761-3867
Date: 03/16/2015 03:00 PM
Date: 03/16/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION**Analysis**

This bill recognizes industrial hemp as an agricultural crop in Alaska. The Department of Natural Resources (DNR), Division of Agriculture will need to write regulations on licensing, production requirements, testing, sale and agency oversight of hemp production.

DNR will need to hire a Natural Resource Specialist III to develop the regulations and oversee the production of hemp. The additional cost of \$15.5 includes new employee cost of \$5.5 and \$10.0 for RSA's with the Department of Law and public notice/meeting costs associated with writing regulations.

After regulations are adopted, staff will be responsible for receiving and processing license applications, assuring hemp producers have appropriate documentation showing all hemp seed planted has no than 0.3 percent tetrahydrocannabinol (THC), reviewing all grower contracts of license holders, receive and maintain records on the sale or distribution of industrial hemp, establishing methods and standards for testing THC levels in industrial hemp, provide general oversight of the industry and assess and receive regulatory fees commensurate with the costs of regulating hemp production.

An indeterminate fiscal note is included in the following years as the work load is unknown and will depend on the number of licenses issued and the amount of hemp in production.

Future revenue is unknown at this time. Section 1 requires the department assess regulatory or licensing fees commensurate with the costs of the department's activities in regulating industrial hemp production.