

ALASKA STATE LEGISLATURE
SENATE JUDICIARY STANDING COMMITTEE

February 20, 2017

1:36 p.m.

MEMBERS PRESENT

Senator John Coghill, Chair
Senator Kevin Meyer
Senator Pete Kelly
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Mia Costello

COMMITTEE CALENDAR

SENATE BILL NO. 20

"An Act classifying U-47700 as a schedule IA controlled substance; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 6

"An Act relating to industrial hemp; and relating to controlled substances."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 20

SHORT TITLE: LIST U-47700 AS A CONTROLLED SUBSTANCE

SPONSOR(s): SENATOR(s) MEYER

01/18/17	(S)	READ THE FIRST TIME - REFERRALS
01/18/17	(S)	HSS, JUD
02/08/17	(S)	HSS AT 1:30 PM BUTROVICH 205
02/08/17	(S)	Heard & Held
02/08/17	(S)	MINUTE(HSS)
02/10/17	(S)	HSS AT 1:30 PM BUTROVICH 205
02/10/17	(S)	Moved CSSB 20(HSS) Out of Committee
02/10/17	(S)	MINUTE(HSS)
02/13/17	(S)	HSS RPT CS 5DP NEW TITLE

02/13/17 (S) DP: WILSON, BEGICH, VON IMHOF,
MICCICHE, GIESSEL
02/20/17 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 6

SHORT TITLE: INDUSTRIAL HEMP PRODUCTION

SPONSOR(S): SENATOR(S) HUGHES

01/09/17 (S) PREFILE RELEASED 1/9/17
01/18/17 (S) READ THE FIRST TIME - REFERRALS
01/18/17 (S) RES, JUD
02/08/17 (S) RES AT 3:30 PM BUTROVICH 205
02/08/17 (S) Heard & Held
02/08/17 (S) MINUTE(RES)
02/13/17 (S) RES AT 3:30 PM BUTROVICH 205
02/13/17 (S) Heard & Held
02/13/17 (S) MINUTE(RES)
02/15/17 (S) RES AT 3:30 PM BUTROVICH 205
02/15/17 (S) Moved CSSB 6(RES) Out of Committee
02/15/17 (S) MINUTE(RES)
02/17/17 (S) RES RPT CS 5DP 1NR NEW TITLE
02/17/17 (S) DP: GIESSEL, HUGHES, COGHILL, VON
IMHOF, MEYER
02/17/17 (S) NR: STEDMAN
02/17/17 (S) FIN REFERRAL ADDED AFTER JUD
02/20/17 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CHRISTINE MARASIGAN, Staff
Senator Kevin Meyer
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 20 on behalf of the sponsor.

CAPTAIN MICHAEL DUXBURY
Support Services
Alaska State Troopers
Department of Public Safety (DPS)
Anchorage, Alaska

POSITION STATEMENT: Provided information related to SB 20.

CAPTAIN DAN LOWDEN, Deputy Commander
Central Office
Department of Public Safety (DPS)
Anchorage, Alaska

POSITION STATEMENT: Provided information related to SB 20.

KACI SCHROEDER, Assistant Attorney General
Criminal Division
Department of Law

POSITION STATEMENT: Answered questions related to SB 20.

JAY BUTLER, Chief Medical Officer
Division of Public Health
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Described the outreach related to SB 20.

ORIN DYM, Manager
Scientific Crime Detection Laboratory
Department of Public Safety (DPS)
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 20.

SENATOR SHELLY HUGHES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 6.

BUDDY WHITT, Staff
Senator Shelly Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions and provided a sectional analysis for SB 6.

ROB CARTER, Manager
Plant Materials Center
Division of Agriculture
Department of Natural Resources (DNR)
Palmer, Alaska

POSITION STATEMENT: Answered questions about industrial hemp in the context of SB 6.

ACTION NARRATIVE

[1:36:17 PM](#)

CHAIR JOHN COGHILL called the Senate Judiciary Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Wielechowski, Meyer, and Chair Coghill. Senator Kelly arrived soon thereafter.

SB 20-LIST U-47700 AS A CONTROLLED SUBSTANCE

[1:36:57 PM](#)

CHAIR COGHILL announced the consideration of SB 20. [This is the first hearing and CSSB 20(HSS) is before the committee.]

[1:37:27 PM](#)

SENATOR KEVIN MEYER, sponsor of SB 20, introduced the bill speaking to the following sponsor statement:

SB 20 would update the State of Alaska controlled substance list by adding two drugs. First, SB 20 would classify U-47700, a synthetic opioid commonly known as pink or U4, as a schedule IA controlled substance. Secondly, SB 20 would add Tramadol, an opioid pain medication available through prescription as a schedule IVA controlled substance.

U-47700 was a research chemical created and patented in the United States in the 1970s. It was never tested on humans and was not manufactured for public consumption. Drug labs in China now produce this drug and sell it online to people who purchase it as an inexpensive alternative to other drugs. This synthetic opioid is eight times more potent than morphine and according to the Drug Enforcement Administration (DEA) it is the cause of 46 overdose deaths from 2015 to 2016. The State of Alaska Epidemiology Bulletin has attributed U-47700 to three drug overdose deaths in Alaska.

Tramadol was created by a German drug company in 1962. Tested for over 15 years, it was approved for the foreign market in 1977. Tramadol is widely prescribed for pain relief and became available in the United States in 1995. Because of its low dosage—approximately one tenth the strength of morphine—Tramadol was thought to be a benign pain reliever. However, as prescriptions have risen in the United States there are more and more reports of Tramadol dependency, abuse, withdrawal, and stealing of this prescription medication.

The DEA [Drug Enforcement Agency] temporarily scheduled U-47700 as a schedule I controlled substance in 2016. Tramadol was classified as a schedule IV controlled substance in August of 2014. Should SB 20

pass, Alaska State Statutes will be up-to-date with the federal scheduling of these two substances. This bill will allow drug enforcement agencies to limit the unlawful sale, use, purchase, possession, manufacture, transport or delivery either drug in the State of Alaska.

SENATOR MEYER related that Senator Giessel amended the bill in the Senate Health and Social Services Committee, adding Tramadol to the controlled substance list. He highlighted that the bill is in keeping with the Governor's recent disaster declaration on the opioid epidemic in Alaska.

CHAIR COGHILL listed the individuals available to answer questions and then recognized Ms. Marasigan.

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CHRISTINE MARASIGAN, Staff, Senator Kevin Meyer, said the Senator outlined that SB 20 adds the opioid U-47700, also known as pink, and Tramadol to the controlled substances list. She noted additional people available to answer questions.

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SENATOR KELLY joined the committee.

SENATOR WIELECHOWSKI asked if Tramadol would still be available by prescription if the bill were to pass.

MS. MARISIGAN answered yes.

SENATOR WIELECHOWSKI asked if it would be a class C felony to unlawfully possess Tramadol, if the bill were to pass.

MS. MARISIGAN answered yes.

SENATOR WIELECHOWSKI asked how that compares to other opioids the legislature acted on in Senate Bill 91.

MS. MARISIGAN replied the classification for U-47700 would be like other opioids, whereas Tramadol would have a lower classification.

SENATOR WIELECHOWSKI expressed interest in receiving more specific information on how these drugs would be ranked compared to those addressed in Senate Bill 91.

CHAIR COGHILL asked if the penalty for unlawful possession of controlled substances listed in AS 11.71.140(c) would be based on dosage.

MS. MARISIGAN said that's her understanding but she would defer to Kaci Schroder from the Department of Law.

CHAIR COGHILL asked if other states have added both U-47700 and Tramadol to their controlled substance lists.

MS. MARISIGAN explained that, because it is so lethal, several states placed U-47700 on emergency schedule before the Drug Enforcement Agency placed it on a temporary schedule for 18 months. Once that time is up, the DEA will need to decide to either extend the temporary schedule or pass the law to make it a controlled substance. The Drug Enforcement Agency listed Tramadol in 2014 on the recommendation of the Opioid Task Force. When Tramadol was first introduced in the U.S. it didn't appear to present a problem because the opioid dosage was so small. However, as recently as 2010 some pharmacy reports indicate that up to 16,000 people are adversely affected by this drug, and other experts have said that the drug is being diverted.

CHAIR COGHILL asked to hear from the Alaska State Troopers on that point.

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CAPTAIN MICHAEL DUXBURY, Support Services, Alaska State Troopers, Department of Public Safety (DPS), Anchorage, Alaska, stated that he is the supervisor for the Alaska Statewide Drug Enforcement Agency. He reported that a significant amount of Tramadol and other drugs are being sent to Western Alaska for illegal use. A significant concern is that while the DEA has scheduled the drug, it is at a dosage that makes it difficult to impossible for local law enforcement to a federal case. Adding the drug to the state schedule will give some ability to stem the tide of abuse and diversion to Western Alaska and other locations throughout the state.

SENATOR WIELECHOWSKI asked what the current penalty is for illegally possessing Tramadol and if it would become a class A misdemeanor if SB 20 were to pass.

CAPTAIN DUXBURY said he believes that is correct. Under current law, possession without a prescription falls into a diverted situation and there is little enforcement. Placing it on the schedule will provide opportunity for some enforcement.

CHAIR COGHILL asked what the usual dose is for prescription use as opposed to the dose for diversionary use.

CAPTAIN DUXBURY explained that when the drug is used for diversionary purposes it is sold in bulk, not in a labeled prescription bottle. He deferred the question about the dose of an individual prescription to a medical professional.

CHAIR COGHILL asked Captain Lowden if he could answer.

[1:52:05 PM](#)

CAPTAIN DAN LOWDEN, Deputy Commander, Central Office, Department of Public Safety (DPS), Anchorage, Alaska, said Captain Duxbury is the expert and he has been deferring to him.

CHAIR COGHILL asked if increasing the penalty for illegal sale of these two drugs based on volume would make it easier for law enforcement.

CAPTAIN DUXBURY confirmed it would be easier.

CHAIR COGHILL said he'd ask the Department of Law to opine on that, and noted that his staff had directed attention to the appropriate statute.

SENATOR WIELECHOWSKI questioned why the fiscal notes from the Department of Public Safety (DPS) and the Department of Corrections (DOC) were zero instead of indeterminate. "Is the assumption that we will not arrest anyone because of this?"

MS. MARASIGAN said the individual departments could address the fiscal notes. Addressing the question about penalties based on volume or quantity, she explained that distribution of more than a gram or more than 25 tablets of a schedule IA drug is a class C felony. Possession of any amount of a schedule IA controlled substance is a class A misdemeanor.

SENATOR WIELECHOWSKI asked if it was her understanding that the federal government would pick up the cost if somebody was imprisoned under federal law.

MS. MARASIGAN deferred the question to the Department of Law.

CHAIR COGHILL suggested the Department of Law respond to the last two questions.

[1:55:15 PM](#)

KACI SCHROEDER, Assistant Attorney General, Criminal Division, Department of Law, introduced herself.

SENATOR WIELECHOWSKI asked why the fiscal notes from DPS and DOC are zero rather than indeterminate; and if the federal government would pay the costs of imprisonment if this were left as a federal violation.

MS. SCHROEDER confirmed that if the federal government were to decide to prosecute either substance, they would be responsible for the costs of the prosecution and imprisonment. The issue with putting these drugs on an Alaska schedule is that the state must dedicate resources to control the substances. The advantage is that the state would have control over enforcement.

CHAIR COGHILL asked if the state penalty is commensurate to the federal penalty.

MS. SCHROEDER offered her understanding that federal penalties have a broader range and are harsher than state penalties. "But the state is closer to the ground and it has better enforcement capabilities."

CHAIR COGHILL asked what insight she has about the fiscal note.

MS. SCHROEDER said the Department of Law submitted a zero fiscal note because it doesn't anticipate asking for any additional positions to prosecute these offenses.

CHAIR COGHILL asked Senator Wielechowski if he wanted more specifics.

SENATOR WIELECHOWSKI asked for someone to explain what would happen under existing law if someone was caught with Tramadol. He assumed that the local police or a Trooper could arrest the person and it would be up to the federal government to prosecute using federal judicial resources and federal correction facilities.

MS. SCHROEDER deferred to DPS to talk about the extent to which they can enforce federal law but under current law the state absolutely could not prosecute those offenses.

CHAIR COGHILL asked either Captain Duxbury or Captain Lowden to talk about working with and taking on the responsibility of both state and federal law.

CAPTAIN DUXBURY said the Department of Public Safety has a solid relationship with the Drug Enforcement Agency, but these drugs need to be placed on the state schedule of controlled substances. The amount of the drug needed to make a federal case is large compared to the small amount that can devastate the lives of people in these small Alaskan villages. He noted that they regularly use state statute to enforce drug laws and deter folks from making money out of other people's misery and weakness. He also discussed the problem that Alaska is a poly-drug-use area.

CHAIR COGHILL said he hadn't really thought about how many drugs will be added to each other, but if it's possible to identify one drug more clearly than another it makes enforcement easier.

CAPTAIN DUXBURY said he agrees with the statement.

CHAIR COGHILL asked if law enforcement is alert to U-47700 and if it can be readily identified.

CAPTAIN DUXBURY said it is readily available for purchase on the internet and from several smoke shops. To date three deaths have been attributed to U-4770. The Troopers and those they collaborate with are working to keep children from experimenting with pink and other drugs because they take away the ability for youth to become productive members of society.

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CHAIR COGHILL said he understands that enforcement is more difficult if the drug isn't specifically named.

CAPTAIN DUXBURY said pink is being marketed toward youth and people with little money and he believes that the only way to get a handle on the drug epidemic is through collaboration, education, and legislation. He noted that pink doesn't have as much potential for chemical change as Spice, but still "there are several people that don't mind making their profit off of other people's misery."

CHAIR COGHILL asked DR. Butler if he had anything to add regarding communication.

JAY BUTLER, Chief Medical Officer, Division of Public Health, Department of Health and Social Services (DHSS), stated that part of the outreach has been to the clinical community to ensure that people are aware that what may look like a

prescription opioid or heroin overdose may be something different altogether. Also, some of the traditional drug tests may not identify some of the newer agents. He mentioned the deaths attributed to U-47700 statewide and nationally and opined that the comparatively high number in Alaska is due to the fact that Alaska has been more aggressive than other states in its toxicologic testing through the state medical examiner's office.

Another factor is that users sometimes aren't aware that what looks like a prescription opioid may be counterfeit. He provided an example and said his office will continue to work with colleagues in public safety and the Department of Law.

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CHAIR COGHILL asked Mr. Dym if there is a way for the police to identify U-47700 without going through a long testing process.

ORIN DYM, Manager, Scientific Crime Detection Laboratory, Department of Public Safety (DPS) said there is no field instrument to test for U-47700, but the lab can turn controlled substance analyses around in about 7 days. He added that the lab can test for both U-47700 and Tramadol.

CHAIR COGHILL asked Captain Duxbury if law enforcement can readily identify the drug.

MR. DYM replied a full analysis is necessary. In the only instance that the lab analyzed U-4770 it was a counterfeit tablet. The markings indicated it was oxycodone and the analysis showed it was U-4770.

CHAIR COGHILL said he brought it up as a warning to the public. "If they are willing to destroy your life, they're also willing to take your money by foolery."

CAPTION DUXBURY said the other concern is that the mixture of more powerful opioids with counterfeit drugs can be more potent and potentially deadly.

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CHAIR COGHILL commented on the need for appropriate tools in state law.

SENATOR MEYER opined that progress is being made on illegal drug use but as long as there is demand there will be people willing to make the product. He concluded that public education is imperative in helping stop the demand and having laws in place

will keep some people from going into the business of supplying opioids illegally.

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CHAIR COGHILL held SB 20 in committee for further consideration.

SB 6-INDUSTRIAL HEMP PRODUCTION

[2:17:34 PM](#)

CHAIR COGHILL announced the consideration of SB 6. [This is the first hearing and CSSB 6(RES) is before the committee.] He stated his intention is to hear the introduction, take questions and hold the bill for further consideration to ensure that some of the penalty provisions have been clarified.

[2:18:37 PM](#)

SENATOR SHELLY HUGHES, Alaska State Legislature, sponsor of SB 6, related that last spring several farmers in the Mat-Su area contacted her office to express interest in legislation that former Senator Johnny Ellis championed to define industrial hemp as an agricultural product. This bill is a little different due to new federal statutes. She noted that one of the parties who expressed interest was former Matanuska-Susitna Borough Mayor Larry DeVilbiss. The matter continued to be brought to her attention at town hall meetings and when she had meetings with constituents.

She explained that the legislation is a little different than the bill former Senator Ellis introduced because some new federal statutes and regulations now apply. She deferred questions about that to her staff. She discussed the use of hemp throughout the history of the U.S. and noted that some farmers in Alaska are particularly interested in using hemp as feed for livestock.

SENATOR HUGHES related that she typically works on innovative technology such as unmanned aircraft and issues that look forward, but in the case of industrial hemp it's a matter of playing catch up because the U.S. halted growth in 1937. She said the product that has been around for centuries and is currently used in over 25,000 products. Some farmers in Alaska are particularly interested in using industrial hemp for livestock feed.

She described industrial hemp as one more economic opportunity the state should allow for the agricultural community to try. Many people believe it would grow well in Alaska.

SENATOR HUGHES said she found it reassuring to hear from the Division of Agriculture that hemp is not planted the same way as marijuana. The spacing between plants and rows is very different for the two products so it would be quite easy for law enforcement to tell if someone were growing the product for purposes other than industrial hemp.

She summarized that SB 6 would remove hemp from the criminal statutes and place it under the jurisdiction of the Division of Agriculture. The bill is longer than the bill introduced last year because it includes the new federal requirements for registration. She deferred further introduction to her staff.

CHAIR COGHILL listed the individuals available to answer questions.

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SENATOR MEYER asked if someone could grow a crop of industrial hemp but sell it as marijuana.

SENATOR HUGHES opined there wouldn't be much recreational value for industrial hemp because the THC content is below 0.3 percent and the cutoff for hallucinogenic effects is 1 percent. She deferred further explanation to Mr. Whitt.

CHAIR COGHILL asked Mr. Whitt to supplement the answer and then take the committee through the bill in order of sections.

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BUDDY WHITT, Staff, Senator Shelly Hughes, sponsor of SB 6, stated that the research he has shows that the USDA recognizes industrial hemp as cannabis with no more than 1 percent THC. At some point between 1 percent and 3 percent THC there is potential for the unwanted side effects found in marijuana. Federal law specifically defines hemp as having no more than 0.3 percent THC to clearly differentiate between the two products.

SENATOR MEYER summarized that hemp could be sold for recreational purposes, but it would not give the desired buzz or high.

MR. WHITT pointed out that, should the bill pass, registration is required to grow hemp. Growing without registration would be a violation and would bring penalties under Title 3. Also, if a hemp crop tests higher than 0.3 percent THC, it is classified as

marijuana and the grower would be guilty of having an illegal marijuana crop.

SENATOR MEYER asked the basis for the statement that hemp would grow well in Alaska. "Is it based on the fact that it's a lot like barley or ... have we actually done some testing?"

MR. WHITT related that a constituent sent the sponsor a clipping from 1918 that reported that in the span of a few month hemp planted in Palmer, Alaska grew more than four tall. He deferred further explanation to Rob Carter.

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ROB CARTER, Manager of the Plant Materials Center, Division of Agriculture, Department of Natural Resources (DNR), Palmer, Alaska, informed the committee that industrial hemp was successfully grown in an area north of the Mat-Su Valley in 1916. The long hours of sunlight and 100 plus growing days make it likely that hemp would be successful in Alaska as a biomass. From an agronomics standpoint it has a lot of potential, especially for use as a forage crop to feed livestock.

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SENATOR MEYER asked if industrial hemp would be harvested like barley or wheat.

MR. CARTER replied there are many ways to harvest hemp and the harvest method would depend on the scale of the operation. Large scale production in Canada is highly mechanized, but if an individual is growing for the fiber industry they might cut the plant with a sickle mower.

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SENATOR WIELECHOWSKI read the language on page 1, line 12, and asked if there is some contemplation that an application can be denied.

MR. WHITT answered yes; the Division of Agriculture would be able to choose up to 15 growers to start in the pilot program. He deferred to the division to explain how that number was derived, but his belief is that would be a manageable number. The program could be expanded in subsequent years.

CHAIR COGHILL asked Mr. Whitt to go through the sectional analysis.

MR. WHITT read the following sectional analysis for SB 6:

Sec. 1 AS 03.05.078

(a) Industrial Hemp will be classified as an agricultural crop in the state of Alaska.

(b) An individual who is registered with the state of Alaska may produce industrial hemp.

(c) Those wishing to produce industrial hemp must register with the Division of Agriculture with information that must include but is not limited to: name, address, and global positioning coordinates of the area to be used for production.

MR. Whitt noted that provision is specifically included to address the 2014 federal Farm Act.

(d) Registration is valid for one year and registrants may renew on an annual basis.

(e) The Division of Agriculture shall assign application, registration, or renewal fees necessary to regulate the industrial hemp industry and shall review those fee structures annually to ensure those fees collected cover regulatory costs.

(f) The Division of Agriculture may issue a stop sale order or issue a violation notice if someone is producing industrial hemp without a current registration.

(g)A person registered with the Division of Agriculture may use any propagation method needed to produce industrial hemp.

(h)The Division of Agriculture, a registered producer, or any institution of higher education may import and/or sell industrial hemp seeds.

(i)A person with a registration may retain hemp seeds for the purpose of growing hemp in the future.

(j)A person registered with the Division of Agriculture to produce industrial hemp may retain and recondition hemp that tests between .3 percent and 1 percent THC on a dry weight basis, but industrial hemp

intended for consumption in any form cannot exceed a .3 percent THC level.

(k) Division of Agriculture may create regulations for approved shipping documentation for transporting industrial hemp.

(l) Registered producers of industrial hemp must retain record of sale for three years, including the name and address of the person who received the industrial hemp and the amount sold.

(m) Records in section (l) are to be made available to the department during normal business hours and the department must give three days' notice of inspection.

Sec. 2 AS 03.05.079

In keeping with federal law, this section adds language regarding a pilot program for industrial hemp, that the Division of Agriculture, institute of higher education or a registered grower may participate in the pilot program and the Division of Agriculture may adopt regulations for this section.

Sec. 3 AS 03.05.100

The definition of industrial hemp, which meets the definition is federal statute, is the plant Cannabis Sativa L containing less than 0.3 percent delta-9 tetrahydrocannabinol (THC).

Sec. 4 AS 11.71.900

Amendment in statute to remove industrial hemp as defined in AS 03.05.100 from the list of controlled substances.

Sec. 5 AS 17.20.020

Food containing industrial hemp as defined in AS 03.05.100 is not considered adulterated.

Sec. 6 AS 17.38.900

Amendment in statute to further remove industrial hemp as defined in AS 03.05.100 from marijuana definitions.

CHAIR COGHILL said the committee will be asking what activity should have a criminal sanction and what activity is appropriately sanctioned with a fine.

MR. WHITT read the existing AS 03.05.090(a) and (b) that talk about penalties for violations under the Division of Agriculture. He described potential changes to the bill: 1) adding that the Division of Agriculture has regulatory authority for the pilot program; 2) refine the language in subsection (j) on page 2, lines 18-21, to protect a farmer from having to destroy an entire crop.

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CHAIR COGHILL asked if the THC level is based on the genetic strain or soil and water quality.

MR. CARTER explained that strains have been developed and selected to maintain THC below 0.3 percent, but there hasn't been much research in the past 70 years so it's unclear whether environmental conditions may push a crop above that level. If a crop did test higher than 0.3 percent, it could be blended with a crop that was significantly below the threshold to ensure the entire lot was in compliance.

CHAIR COGHILL asked if marijuana and hemp look and dry the same and if this could open a new industry.

MR. CARTER replied hemp leaves are phenotypically like what is grown in the recreational cannabis industry. He discounted the idea that this could open a new industry because there are plenty of legal products that could in turn be adulterated with some other product. The hope and intent of the division is to support the agricultural industry and he believes the farmers are of a similar mindset.

SENATOR WIELECHOWSKI asked if there would be a tax on hemp other than a corporate income tax.

SENATOR HUGHES said the bill removes hemp from the marijuana statutes, so the tax does not apply. She said she isn't sure about corporate taxes.

CHAIR COGHILL said it would depend on how the farmer organized the business.

SENATOR WIELECHOWSKI suggested removing subsection (e) on page 2, lines 5-9, relating to fees since the fiscal notes are zero.

MR. WHITT said the language would allow the Division of Agriculture to limit the number of growers, should there be

limited funds to keep the program going. The idea is to keep from relying on unrestricted general funds.

SENATOR WIELECHOWSKI reviewed the fiscal note and pointed out it anticipates 25 farms with 10 percent growth each year. He emphasized that, despite the zero fiscal note, this program is clearly going to cost money and the committee should know about that. He also pointed out that if there are only 15 farms and the state hires one person at a range 22 or 24 the fees will jump astronomically and potentially put the industry out of business.

SENATOR HUGHES said she appreciates the concern and would entertain the idea of striking that provision if that is the committee's will. The division is committed to this industry and she believes it will do what it can to keep the costs down.

CHAIR COGHILL suggested the committee hear from the division before making a decision and emphasized the need for truth in implementation.

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CHAIR COGHILL held SB 6 in committee for further consideration.

[2:56:10 PM](#)

There being no further business to come before the committee, Chair Coghill adjourned the Senate Judiciary Standing Committee meeting at 2:56 p.m.