

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	CSSB 27(RES)
Fiscal Note Number:	2
(S) Publish Date:	5/10/2021

Identifier: SB27-DNR-AG-05-09-21
Title: INDUSTRIAL HEMP
PROGRAM;MANUFACTURING
Sponsor: HUGHES
Requester: SFIN

Department: Department of Natural Resources
Appropriation: Agriculture
Allocation: Agricultural Development
OMB Component Number: 455

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services	466.6		466.6	466.6	466.6	466.6	466.6
Travel	106.9		106.9	106.9	106.9	106.9	106.9
Services	84.1		84.1	84.1	84.1	84.1	84.1
Commodities	78.8		78.8	78.8	78.8	78.8	78.8
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	736.4	0.0	736.4	736.4	736.4	736.4	736.4

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	736.4		736.4	736.4	736.4	736.4	736.4
Total	736.4	0.0	736.4	736.4	736.4	736.4	736.4

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

Change in Revenues

1005 GF/Prgm (DGF)	750.0		750.0	750.0	750.0	750.0	750.0
Total	750.0	0.0	750.0	750.0	750.0	750.0	750.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed? 10/31/21

Why this fiscal note differs from previous version/comments:

Corrected revenue fund code to general funds/program receipts (1005).

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REPORTED OUT OF
SFC 05/10/2021

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

Analysis

This bill will build on the existing industrial hemp pilot program to create a permanent program in the Department of Natural Resources Division of Agriculture. The Industrial Hemp (IH) Program regulates the growing, manufacturing and sales of industrial hemp and industrial hemp product. Regulations are currently in affect that have established the program, and all fees associated with participation in the program. AS 03.05.010 requires for the program be self-funded by the fees it generates.

The IH Program has the potential to have participants in nearly every town and village across Alaska which will be a significant workload for the division. It is projected that 2,000 to 3,000 applications to be processed and monitored on a yearly basis. Currently there are two PCNs for the pilot program, one was hired in 2021 with additional staff report from outside the program as funding receipts have been limited. These positions expire under federal law on October 31, 2021, but do not expire under state law. Additional PCNs will allow the program to be fully operational.

Staff are required to have the knowledge and ability to sample and supervise crops all around the state including indoor operations year-round. The lack of IH program enforcement has caused several participants to ignore the requirements of registration now in place. Enforcement actions have now started, resulting in an increase of applications. The additional staff will be for program management, enforcement, and inspections. The administrative assistant will provide administrative support to the IH program, the natural resource manager, and its inspectors.

The revenue change reflects fees collected through program receipts from the industrial hemp program. Program participation in grow operations and retail applications are expected increase significantly with an estimated increase revenue of \$750,000 annually.

The division projects will require an additional five positions to manage a successful industrial hemp program, as outlined below:

Program Support:**PERSONAL SERVICES COST** - \$466.6 total annually

Natural Resource Manager I, Range 18 (\$112.3)

Agricultural Inspector, Range 16 (\$93.0) x 3 positions = (\$279.0)

Administrative Assistant I, Range 12 (\$75.3)

Total Personal Services Costs = \$466.6

TRAVEL - \$106.9 total

SERVICES - \$84.1 total

COMMODITIES – \$78.8 total