

HB

172

<TARGET><BILL>HB 172</BILL><SUBJECT>HB
172</SUBJECT><COMM>HJUD30</COMM></TARGET>



Representative Harriet Drummond
Sponsor Statement

House Bill 172 "Cultivation of Industrial Hemp"

House Bill 172 is an act to define hemp as an agricultural product in the State of Alaska and allow for the commercial farming of hemp through a pilot program. The definition of industrial hemp will be changed from a controlled substance to an agricultural product. The Department of Resources Division of Agriculture will administer the farming operations for the pilot program.

A new crop in Alaska will create a new demand for jobs in agriculture, transportation, and processing industry that will be accessible without the need for a post-secondary degree making a large pool for blue collar job seekers. Alaska has demand for many vocational and technical careers which are popular for young adults leaving high school. Allowing cultivation of industrial hemp would add to the pool of large vocational demand giving Alaskan high school graduates more opportunity for a vocational career.

The crop of hemp has been approved by state legislatures for cultivation in over half of the United States and has the capability to benefit nine different markets. Hemp products are used in textiles, farming, nutrition, furniture, paper products and construction materials. Hemp has had success in cultivation in Canada which makes it an attractive prospect for Alaska because of the similar climate. Hemp is an untapped market in the state and has the potential to have a positive economic impact on Alaska.

Industrial hemp is defined in section 7606 of the 2014 Farming Bill as the plant *Cannabis Sativa* L, the same plant which is commonly known as marijuana. The distinction between marijuana and hemp is the level of tetrahydrocannabinol (THC) which is the psychoactive chemical in the plant is 0.3% or lower in hemp making impossible to have any psychoactive euphoria if consumed. Studies have shown intoxication from THC required a consumption threshold of 1% THC content, making the 0.3% well below the limit of inebriation.

As more and more states eliminate the prohibition on cannabis and Alaska being one of the early members of states that allow recreational marijuana use, the prospect of adding a crop to Alaska's agricultural industry will benefit the state's economy. Over half the United States are incorporating the pilot program outlined in the 2014 Farming Bill, and Alaska should be included as one of those states.



Representative Harriet Drummond
Sectional Analysis

House Bill 172 "Cultivation of Industrial Hemp"

"An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; and clarifying that adding industrial hemp to food does not create an adulterated food product."

Sec. 1 – AS 03.05.078 Page 1-2, lines 6-31

Title 3, Chapter 5 is amended by adding a new section. This section establishes that:

- (a) Industrial Hemp will be classified as an agricultural crop in the state of Alaska.
- (b) 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.
- (c) An individual who is registered with the state of Alaska may produce industrial hemp.
- (d) Registration is valid for one year and registrants may renew on an annual basis.
- (e) The Division of Agriculture shall assign application, registration, and 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 0.3% and 1% THC on a dry weight basis, but industrial hemp intended for consumption in any form cannot exceed a 0.3% 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 03.05.100 Page 3, lines 9-11

This section is amended to add a new paragraph (5) to define "Industrial hemp" as all parts and varieties of the plant *Cannabis sativa* L containing no more than 0.3% of Delta-9 Tetrahydrocannabinol.

Sec. 3 – AS 11.71.900 (14) Page 3, lines 12-21

Section 3 explains the definition of marijuana and specified that the definition does not include industrial hemp as defined in AS 03.05.100.

Sec. 4 AS 17.20.020 Page 3, lines 22-24

Section 4 is amended by adding (e) Food is not contaminated if it contains industrial hemp as defined in section 2.

Sec. 5 – AS 17.38.900 (10) Page 3-4, lines 25-2

Defines marijuana as all derivatives from the plant of the genus *cannabis*. Also indicates members of the plant *cannabis* that are not classified as marijuana now includes industrial hemp.

1 **SEC. 7606. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH.**

2 (a) IN GENERAL.—Notwithstanding the Controlled
3 Substances Act (21 U.S.C. 801 et seq.), the Safe and
4 Drug-Free Schools and Communities Act (20 U.S.C. 7101
5 et seq.), chapter 81 of title 41, United States Code, or
6 any other Federal law, an institution of higher education
7 (as defined in section 101 of the Higher Education Act
8 of 1965 (20 U.S.C. 1001)) or a State department of agri-
9 culture may grow or cultivate industrial hemp if—

10 (1) the industrial hemp is grown or cultivated
11 for purposes of research conducted under an agricul-
12 tural pilot program or other agricultural or academic
13 research; and

14 (2) the growing or cultivating of industrial
15 hemp is allowed under the laws of the State in which
16 such institution of higher education or State depart-
17 ment of agriculture is located and such research oc-
18 curs.

19 (b) DEFINITIONS.—In this section:

20 (1) AGRICULTURAL PILOT PROGRAM.—The
21 term “agricultural pilot program” means a pilot pro-
22 gram to study the growth, cultivation, or marketing
23 of industrial hemp—

24 (A) in States that permit the growth or
25 cultivation of industrial hemp under the laws of
26 the State; and

1 (B) in a manner that—

2 (i) ensures that only institutions of
3 higher education and State departments of
4 agriculture are used to grow or cultivate
5 industrial hemp;

6 (ii) requires that sites used for grow-
7 ing or cultivating industrial hemp in a
8 State be certified by, and registered with,
9 the State department of agriculture; and

10 (iii) authorizes State departments of
11 agriculture to promulgate regulations to
12 carry out the pilot program in the States
13 in accordance with the purposes of this
14 section.

15 (2) INDUSTRIAL HEMP.—The term “industrial
16 hemp” means the plant *Cannabis sativa L.* and any
17 part of such plant, whether growing or not, with a
18 delta-9 tetrahydrocannabinol concentration of not
19 more than 0.3 percent on a dry weight basis.

20 (3) STATE DEPARTMENT OF AGRICULTURE.—
21 The term “State department of agriculture” means
22 the agency, commission, or department of a State
23 government responsible for agriculture within the
24 State.

**THE ALASKA AGRICULTURAL
EXPERIMENT STATIONS.**

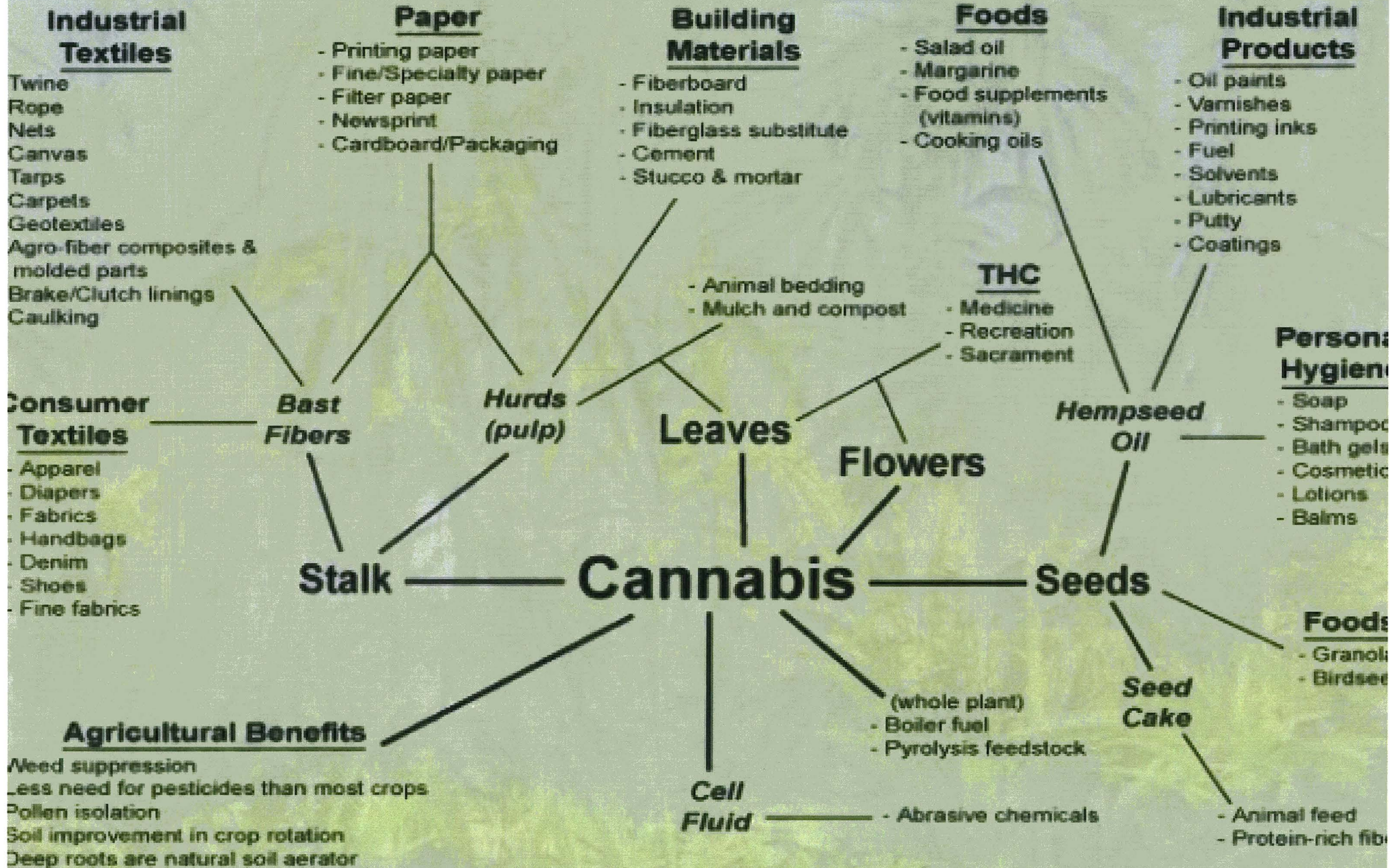
1916.

**UNDER THE SUPERVISION OF
STATES RELATIONS SERVICE,
Office of Experiment Stations,
U. S. DEPARTMENT OF AGRICULTURE.**

HEMP.

Plat No. 179, hemp No. 307-2.—A small plat of 4 drill rows seeded May 21 began to bloom June 30 and was harvested September 14. The best plants were 40 inches tall, the poorest 12 inches. The plants fruited abundantly, about 75 per cent of the crop ripening.

Modern Uses for the Cannabis Plant





KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520
Toll-free within the Borough: 1-800-478-4441 Ext. 2150
PHONE: (907) 714-2150 • **FAX:** (907) 714-2377
www.mayor.kenai.ak.us

Mike Navarre
Borough Mayor

March 13, 2017

Representative Harriet Drummond
State Capital Room 108
Juneau, AK 99801

RE: House Bill 172 Cultivation of Industrial Hemp

Dear Representative Drummond:

As Mayor of the Kenai Peninsula Borough, I am writing to express my support for Alaska House Bill 172, an act to define industrial hemp (IH) as an agricultural product in the State of Alaska and allowing for the commercial farming of IH through a pilot program. Adopting legislation authorizing IH is consistent with the actions of the majority of state governments in the US. At least sixteen states have legalized commercial IH production, with 20 having authorized research and pilot programs. IH presents many potential benefits for the state of Alaska and I believe allowing its commercialization is in the best interests of the state and its residents.

The prospect of adding a crop of IH to Alaska's agricultural industry may prove beneficial to the state's economy. Commercial farming of IH in Alaska presents an opportunity for job growth in the agriculture, transportation, and processing industries, and has the potential to create new demand for blue collar jobs that do not require a post-secondary degree.

Industrial Hemp insulation may also help address problems with both affordable housing and the rising cost of energy in Alaska, particularly in rural areas. The use of IH in home construction and insulation has the potential to significantly mitigate waste related energy consumption, lower heating costs substantially due to its high insulation value, and serve as a construction alternative for drywall, OSB plywood, house wrap, and fiberglass insulation. IH products are now used in textiles, farming, nutrition, furniture, paper products and construction materials. Additionally, these plant fiber technologies may be a viable alternative to polypropylene products and chemical dispersants used in oil spills and other bioremediation efforts.

I support HB 172 to define IH as an agricultural product in the State of Alaska and allow for the commercial farming of IH through a pilot program.

Thank you for sponsoring HB 172.

Sincerely,

A handwritten signature in cursive script that reads "Mike Navarre". The signature is written in black ink and is positioned above the printed name and title.

Mike Navarre
Mayor

My name is Constance Fredenberg and I am writing in support of HB 172 Commercialization of Industrial Hemp, (IH).

I have lived in and/or worked for rural Alaskan villages for the past 39 years. I know firsthand about the high cost of inappropriate housing in villages with extreme weather as the norm. There is a dire shortage of housing and an even greater need for more affordable and appropriate construction.

My home base is now in the heart of Alaska's farmland in the Mat-Su Borough. Jack Bennett recently shared some information with me that is very encouraging for both Rural AK and Alaska's farmers. A year ago, I didn't know what IH was. I thought it was rope. I didn't realize it had 25,000 industry applications. It appears that Hemp is a crop that can be grown in Alaska. 2½ acres of IH can be harvested in 100 days and supplies enough building material for a 1000sq.ft. shell for a house.

55% of the world energy consumption is construction waste related. IH as a construction material has a zero footprint. The high insulation value lowers heating costs up to 70%, annually. Europe has been building VOC FREE homes for the last 20 years with hemp insulation. Lime-based hemp insulation replaces drywall, OSB plywood, house wrap, and fiberglass insulation that releases flame-retardants impacting people and planet. The lifecycle of these homes is over a hundred years, and are fire, mildew, moisture, and termite resistant. Worldwide marketing data estimates green building as a 200 billion-dollar industry.

All of the plant's output has value added products from cosmetics to clothes, to biomass, medicine, foods, construction material, and bio composites. IH in the US is a 600 million-dollar industry, and an estimated 1 billion by 2020. Last year was America's first commercial hemp harvest along with the 30 states that passed their own rules and regulations on IH. Last year eliminated importing costs by 30%-40%. The IH food industry is a \$280 million dollar industry in the US. Hemp plastics are stronger than fiberglass on a boat and more flexible and lighter than an Indy 500 racecar. At the end of the car's life cycle the ingredients are 100% biodegradable. Tesla is working on the next super capacitor to double the life of the car's battery using hemp thermal resins known as graphene. The age of graphene is the future of energy storage powered by hemp, replacing microchip boards and silicone.

Give Alaskan farmers the freedom to grow hemp and help turn the fiscal crisis around. I support the passage of HB 172 commercialization of Industrial Hemp for the future of Alaska!

Sincerely,
Constance Fredenberg
Utility Management Assistance
PO Box 3513
Palmer, AK 99645
conniefredenberg@mtaonline.net

My name is Jack Bennett originally from Fairbanks, Alaska and I am writing in support of HB172 commercialization of Industrial Hemp, (IH). I am building a model home using IH insulation material to present to rural Alaska as a solution to affordable housing and solving the rising cost of energy living in the bush.

55% of the world energy consumption is construction waste related. IH as a construction material has a zero footprint. Sustainability really does save. The high insulation value lowers heating costs up to 70%, annually. Europe has been building VOC FREE homes for the last 20 years with hemp insulation. Lime-based hemp insulation replaces drywall, OSB plywood, house wrap, and fiberglass insulation that releases flame-retardants impacting people and planet. The lifecycle of these homes is over a hundred years, and are fire, mildew, moisture, and termite resistant. Worldwide marketing data estimates green building as a 200 billion dollar industry. There is a shortage of 6000 units in rural AK. My team and I will work to start a pilot home in rural AK educating communities on how to build with this material. 2½ acres of IH can be harvested in 100 days and supplies enough building material for a 1000sqft shell in 8 days.

A year ago, I didn't know what IH was. I thought it was rope. I didn't realize it had 25,000 industry applications. As a homeowner, I was looking at doing my part to lower my carbon footprint and build affordably. I studied the problems in rural AK and developed rapport with IH industries from all over the world to bring ecological and economical solutions to my state of Alaska. I have presented IH as a solution to affordable housing to 200 tribes represented at the Alaska Rural Energy Conference. I have presented all over the state of Alaska to venues such as, Prince William Sound Citizens Advisory in Cordova, Alaska Regional Response Team in Nome as a green response technology used in oil spills and bioremediation. These plant fiber technologies replace polypropylene products and chemical dispersants used in oil spills. I was able to present IH agriculture as an alternative cash crop to Governor Walker who invited me to meet with his senior advisor about specific business models for AK. US Senator Lisa Murkowski helped me set up the first workshop with the Oil Response Teams that was held at Kenai Economic Development Center.

98% percent of the produce is shipped to rural AK from the Port of Anchorage. On soil-less hemp growing mediums, a community can grow 80 varieties of produce under energy efficient LEDs. As a service to community and passionate about bringing solutions, I am working with rural AK to start their own green house and farm in a container with aquaponics for food security.

I am currently setting up a factory to supply green response technology to oil and chemical up teams throughout AK. My company has the ability to process 40 million pounds of IH annually using machinery called a decorticator. It strips the fiber from the woody core of the plant. All of the plant's output has value added products, from cosmetics, to clothes, to biomass, medicine, foods, construction material, and bio composites. I will work to bring a decorticator to AK once HB172 passes. I will work with the Alaska farmer to collect the material, enabling jobs in AK. IH in the US

is a 600 million dollar industry, and an estimated 1 billion by 2020. Last year was America's first commercial hemp harvest along with the 30 states that passed their own rules and regulations on IH. Last year eliminated importing costs by 30%-40%. The IH food industry is a \$280 million dollar industry in the US. All of our company's fiber is sold out to its automotive partner, using bio composites. Hemp plastics are stronger than fiberglass on a boat and more flexible and lighter than an Indy 500 racecar. At the end of the car's life cycle the ingredients are 100% biodegradable. Tesla is working on the next super capacitor to double the life of the car's battery using hemp thermal resins known as graphene. The age of graphene is the future of energy storage powered by hemp. Replacing microchip boards and silicone. Lastly, give Alaskan farmers the freedom to grow and help turn the fiscal crisis around. I support the passage of HB172 commercialization of Industrial Hemp for the future of Alaska.

My Hand,
Jack Bennett, Homer, AK
Google: Jack Bennett Hemp

Dear Rep. Kawasaki (Scott),

I wanted to write in support of HB 172 for the purposes of industrial hemp production in Alaska. It creates the potential for a market in the state, especially since it would first allow UAF to apply for a pilot study for growing industrial hemp, possibly through USDA NIFA. This in turn would allow for the market framework to be developed and implemented in coordination with industry. With the need to diversify Alaska's revenue stream, this is exactly the direction we should be moving. You may have heard since we reached out to your office today, but Kathryn Dodge and I will be pursuing efforts from the UAF side to seek funding for a pilot study if this is ultimately passed for the state. With our FNSB Assembly hats on, we will also be sending a new resolution through in support of HB 172.

I know you recognize all the potential benefits to industrial hemp, from clothing and textiles to food products, potential livestock feed, bio-fuel, plastics, and many other goods. A market to sell raw materials for processing would be a good short-term solution to help our economy, especially if it allows for sale to entities outside the state that might have the preexisting processing infrastructure. In the long term, we should also look to develop our processing infrastructure in state.

Thank you for co-sponsoring this bill, I think it has real potential for our future viability. We can surely lead the way! Please let me know if there is anything I can do, and I hope you are well in Juneau.

Sincerely yours,

Andrew Gray

HB 172- Industrial Hemp

- HB 172 allows Alaska to host a pilot program giving Alaskans the opportunity to grow, cultivate, transport, process and market industrial hemp.
- The bill also changes the definition of industrial hemp from a controlled substance under the Marijuana Control Board to a industrial crop under the Division of Agriculture.
- HB 172 will allow Alaska join over half of the United States in the production of industrial hemp expanding the market for at least seven industries in the state.
- HB 172 allows the pilot program outlined in section 7606 of the 2014 Farm Bill.

- Industrial hemp is a crop made of the plant *cannabis sativa* L.
- Hemp and marijuana are both produced by the plant *cannabis sativa* L however they are different cultivars/strains of the plant.
- The distinction between the two strains are in the planting, habitat, cultivation, processing, and use of product.
- The hemp is used for industrial purpose in textiles, farming, furniture, livestock feed, and many other industries.
- The cropping of hemp that HB 172 will allow is strictly for industrial purpose and has **absolutely no intention** to produce marijuana to be sold for recreational consumption.

Hemp

- Very low THC concentration
- Versatile to growing conditions
- Product is mostly from stock fibers



Marijuana

- High THC concentration
- Requires specific growing conditions
- Product extracted from the flowering of Cannabis plant

Hemp

Marijuana

**Agricultural
Production**

**Pharmacological
Production**

Fiber

Oil

Food/Feed

THC

**Cannabinoids
(CBDs)**

Key Points of HB172

- Any hemp crop above 0.3% Delta-9 THC (Tetrahydrocannabinol) will not be valid for production.
- Farmers must register global positioning coordinates of crop location with Division of Agriculture.
- Licensing must be renewed annually.
- Three years of record of sold or transferred products must be kept by registrant.

Benefits of Industrial Hemp

- Introduction of another industrial crop to Alaska's economy has potential to create jobs, spur revenue, and incorporate an industry that is growing across the country.
- Hemp products can be produced from every part of the cannabis plant.
- The rapid growth of cannabis can yield production of paper, textiles, and various other products are more efficient than timber and leaves a smaller footprint after harvesting.

The **MANY** USES of Hemp

Hemp is the strongest natural fibre in the world, known to have over 50,000 different uses!

TEXTILES

- Clothing
- Diapers
- Handbags
- Denim
- Shoes
- Fine fabrics

→ sunglasses

INDUSTRIAL TEXTILES

- Rope
- Canvas
- Tarps
- Carpeting
- Netting
- Caulking
- Moulded parts

PAPER

- Printing
- Newsprint
- Cardboard
- Packaging

Stalk

BUILDING MATERIALS

- Fibreboard
- Insulation
- Acrylics
- Fibreglass substitute

Roots

- Organic compost and nutrients
- Remedy for conditions such as arthritis or joint pain, fibromyalgia, and eczema.

Seeds

INDUSTRIAL PRODUCTS

- Oil paints
- Varnishes
- Printing inks
- Fuel
- Solvents
- Coatings

FOODS

- Hemp Seed Hearts
- Hemp Seed Oil
- Hemp Protein Powder
- EFA Food Supplements

BODY CARE

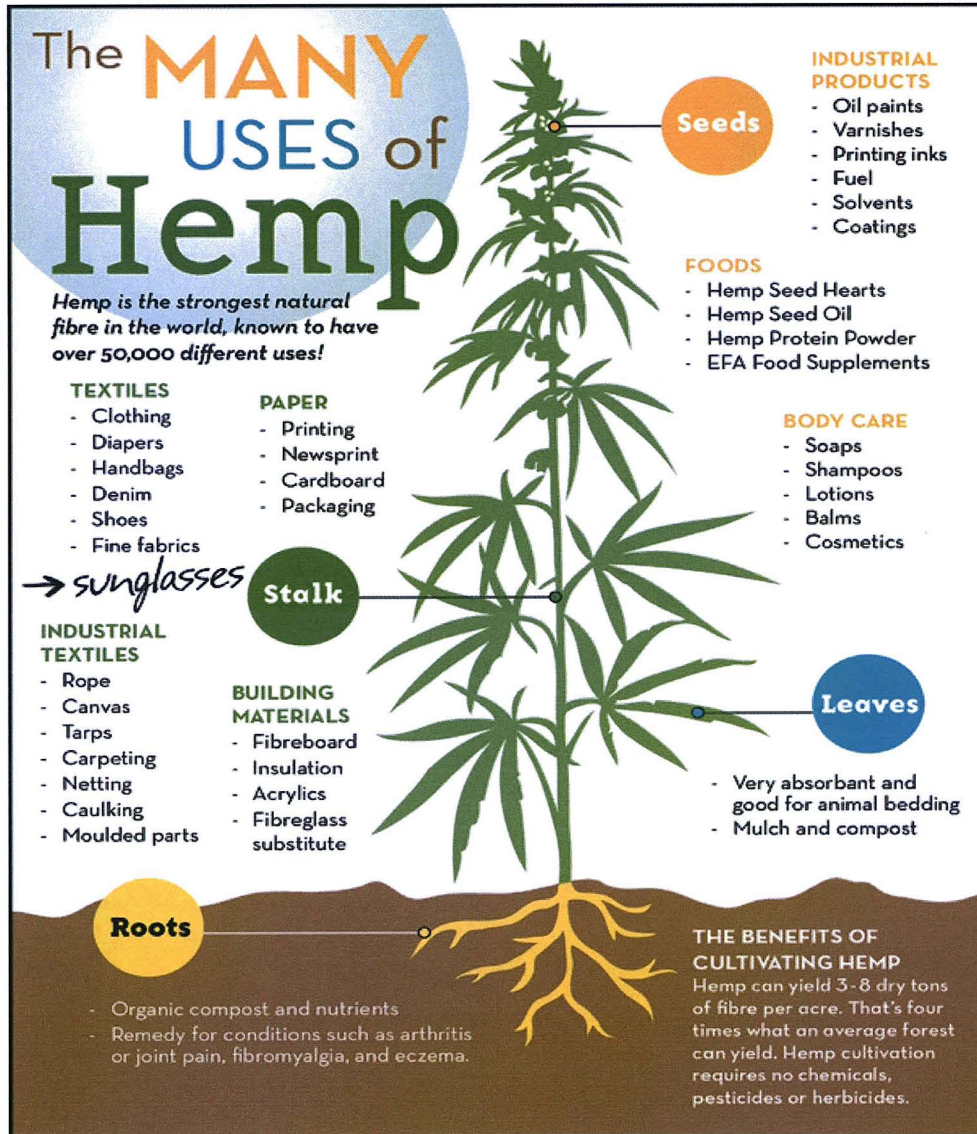
- Soaps
- Shampoos
- Lotions
- Balms
- Cosmetics

Leaves

- Very absorbant and good for animal bedding
- Mulch and compost

THE BENEFITS OF CULTIVATING HEMP

Hemp can yield 3-8 dry tons of fibre per acre. That's four times what an average forest can yield. Hemp cultivation requires no chemicals, pesticides or herbicides.



- History of hemp successfully growing in Alaska dates back to the early 1900's, and has proven resilience through Alaskan climate.
- By allowing HB 172 to move industrial hemp from a controlled substance to a crop under the Division of Agriculture the State of Alaska will benefit with economic expansion and career opportunities.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 172
Fiscal Note Number:	1
(H) Publish Date:	3/24/2017

Identifier: HB172-DCCED-CBPL-03-17-17
 Title: INDUSTRIAL HEMP PRODUCTION LICENSES
 Sponsor: DRUMMOND
 Requester: (H) Resources

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Alcohol and Marijuana Control Office
 Allocation: Alcohol and Marijuana Control Office
 OMB Component Number: 3119

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? 12/31/17

Why this fiscal note differs from previous version:

Updated to reflect correct Department in analysis.
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Prepared By:	Sara Chambers, Director	Phone:	(907)465-2114
Division:	Alcohol and Marijuana Control Office	Date:	03/17/2017 12:02 PM
Approved By:	Catherine Reardon, Director	Date:	03/17/17
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This legislation regulates the cultivation and possession of industrial hemp within the Department of Natural Resources, and removes industrial hemp from the definition of marijuana as regulated under AS 17.38. Regulation updates related to this legislation will be included in existing regulations projects.

The Alcohol and Marijuana Control Office does not anticipate fiscal impact from this legislation.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 172
Fiscal Note Number:	2
(H) Publish Date:	3/24/2017

Identifier: HB172-LAW-CRIM-03-10-17
 Title: INDUSTRIAL HEMP PRODUCTION LICENSES
 Sponsor: DRUMMOND
 Requester: House Resources

Department: Department of Law
 Appropriation: Criminal Division
 Allocation: Criminal Justice Litigation
 OMB Component Number: 2202

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Valerie Rose, Budget Analyst	Phone:	(907)465-3674
Division:	Administrative Services	Date:	03/10/2017 02:44 PM
Approved By:	Jahna Lindemuth, Attorney General	Date:	03/10/17
Agency:	Department of Law		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This legislation establishes industrial hemp as an agricultural crop regulated by the Department of Natural Resources. Industrial hemp is defined as all parts of the *Cannabis sativa* L. plant which contains not more than .3 percent delta-9 tetrahydrocannabinol. Under this legislation, industrial hemp is not marijuana and is not a controlled substance.

The Department of Law does not anticipate a fiscal impact at this time.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 172
Fiscal Note Number:	3
(H) Publish Date:	3/24/2017

Identifier: HB172-DPS-SDAEU-03-10-17
 Title: INDUSTRIAL HEMP PRODUCTION LICENSES
 Sponsor: DRUMMOND
 Requester: (H) RES

Department: Department of Public Safety
 Appropriation: Alaska State Troopers
 Allocation: Statewide Drug and Alcohol Enforcement Unit
 OMB Component Number: 3052

Expenditures/Revenues

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Kelly Howell	Phone:	(907)465-4336
Division:	Administrative Services	Date:	03/10/2017 07:30 PM
Approved By:	Walt Monegan	Date:	03/10/17
Agency:	Public Safety		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This legislation amends statutes under AS 03 relating to agriculture, animals, and food by adding new sections relating to the regulation and production of industrial hemp, adding a new paragraph defining "industrial hemp" and amending the definition of "marijuana" under AS 11.71.900(14) to specifically exclude industrial hemp.

The Alaska State Troopers' Statewide Drug and Alcohol Enforcement Unit (SDAEU) is responsible to interdict and seize alcohol and controlled substances that are illegally distributed throughout Alaska, including illegal marijuana grow operations.

Passage of this legislation would have no fiscal impact to the SDAEU. Therefore, a zero fiscal note is being submitted.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 172
Fiscal Note Number:	4
(H) Publish Date:	3/24/2017

Identifier: HB172-DNR-PMC-03-10-17
 Title: INDUSTRIAL HEMP PRODUCTION LICENSES
 Sponsor: DRUMMOND
 Requester: House Resources

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)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? 06/30/18

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By:	Arthur Keyes, Director	Phone:	(907)745-7200
Division:	Division of Agriculture	Date:	03/10/2017 03:00 PM
Approved By:	Andrew T. Mack, Commissioner	Date:	03/10/17
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This bill allows for the regulation and production of industrial hemp in Alaska.

The Department of Natural Resources (DNR), Division of Agriculture will adopt regulations and manage associated registrations through existing staff. The registration fee structure will be created that approximately equals the regulatory costs incurred by DNR.

The cost of administering the registration program will be determined after regulations are drafted. Those costs will be recovered by approximately 25 farms the department anticipates to register in the first year. Additionally, the department anticipates a 10 percent growth of interest from the Agricultural community each year after.