



Senate Fiscal Agency
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Senate Bill 850 (Substitute S-5 as reported)
Sponsor: Senator Dan Lauwers
Committee: Agriculture

CONTENT

The bill would create the "Industrial Hemp Growers Act" to do the following:

- Require the Michigan Department of Agriculture and Rural Development to establish, operate, and administer an industrial hemp program.
- Create the "Industrial Hemp Fund" and provide for the disposition of money from Fund.
- Prohibit a person from growing industrial hemp in Michigan unless the person was a grower.
- Require a person applying for registration as a grower to do so on an application to the Department and prescribe the information that would have to be included with the application.
- Require the Department to approve or deny an application for a registration within 120 days after it was submitted.
- Prescribe reporting, signage, and recordkeeping requirements for growers.
- Prohibit a grower from engaging in certain conduct, including growing industrial hemp that did not comply with the grower's registration or in a location that was not disclosed on the grower's application.
- Require a grower who intended to harvest or destroy an industrial hemp crop to contact the Department at least 20 days before harvest or destruction to collect a representative sample of each variety of industrial hemp.
- Prescribe the process and procedures to be used for testing industrial hemp.
- Specify that if the results of a test indicated a total delta-9-tetrahydrocannabinol (THC) concentration that was greater than 0.3% on a dry weight basis, the testing facility would have to provide a certified report stating the results of the test and require the grower to destroy the industrial hemp crop.
- Allow the Department to promulgate rules to implement the Act.
- Provide that a grower who engaged in certain conduct would be in violation of the Act and prescribe penalties for violations.
- Specify that, for a grower registered under the Industrial Hemp Research and Development Act, beginning August 15, 2020, and until October 31, 2020, certain conditions and requirements would apply to the sampling, testing, and disposal of industrial hemp.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have a fiscal impact on the Department of Agriculture and Rural Development, with an estimated annual cost of \$1.0 million and 6.0 FTEs, which would be needed to fulfill the bill's provisions. The bill would include a \$1,250 application fee for growers, which would be deposited in the proposed Industrial Hemp Fund, to offset some of the Department's costs.

If one assumes that a projected 600 growers participate in the registration process, contributions of about \$750,000 would be available annually to support the regulatory program. The remainder of the program's expenses, approximately \$250,000, would have to be supported from general purpose funds or another fund source. The bill also would allow the Department to assess a \$50 site modification fee, as well as fees for the Department's reasonable costs for sampling and testing of crops. The bill also provides for administrative fines to be deposited in the Fund, which would not be subject to a lapse to the General Fund.

Date Completed: 6-18-20

Fiscal Analyst: Bruce Baker