

SENATE BILL REPORT

SB 5954

As of March 3, 2014

Title: An act relating to industrial hemp.

Brief Description: Regarding industrial hemp.

Sponsors: Senators Hasegawa and Chase.

Brief History:

Committee Activity: Agriculture, Water & Rural Economic Development: 1/30/14.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Staff: Diane Smith (786-7410)

Background: Industrial hemp production is not pursued in Washington to any significant extent at this time. The fact that hemp contains tetrahydrocannabinol (THC), which is a controlled substance on the federal level and a regulated substance on the state level, complicates its feasibility as a farm product. Under state law, I-502 legalized the possession of marijuana and authorized the state Liquor Control Board to regulate and tax marijuana for persons 21 years of age and older. The definition of marijuana falling under I-502 requires a THC percentage of 0.3 percent or more by weight.

Products made from hemp can include cloth, fuel, plastics, seed meal, and seed oil for consumption, among other things. Besides being grown as a raw material, hemp can also be used directly for erosion control and as a cover crop.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): A licensing program is established in the Washington State Department of Agriculture (WSDA) for growers of industrial hemp. WSDA has explicit rulemaking authority to establish and administer this program. Industrial hemp is defined as all parts of the plant, cannabis sativa, that have a THC concentration of 1 percent or less by weight.

The license is valid for 24 months and may be renewed. Eligibility requires that the applicant intends to and is capable of growing industrial hemp with methods ensuring its safe

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production. This includes, among other requirements, that the applicant furnish WSDA with an irrevocable letter of credit or a surety bond of at least \$2,000. Residents of Washington have a cause of action against the licensee for harmful acts of the licensee. The recovery is against the bond for damages but the aggregate liability of the surety to all residents may not exceed the principal amount of the bond. Another requirement is that the licensee must destroy or recycle any plants not entering the stream of commerce where the industrial hemp is grown.

WSDA is the sole source of industrial hemp seed. WSDA must determine the price of seed by rule, and no grower may use seed from any other source. WSDA also has a right of access to all of the growing operation and records of the licensee to ensure compliance with the program. Provisions are made for denial, suspension, revocation, and refusal to renew a license.

The licensing fee is \$10 per acre for the first growing season. Thereafter, WSDA must recommend a fee to the Legislature. Licensing fees and proceeds from hemp seed sales are deposited into the Washington publically owned trust, if established. If the trust is not established by July 1, 2014, the account is created in the state treasury.

Washington State University (WSU) is authorized to research industrial hemp production after receiving a license from WSDA. WSDA oversees the research which must include test plots, minimum THC levels, and market conditions. Funding of this research is from public and private funds obtained cooperatively by WSDA and WSU.

Both WSDA and WSU must report to the Legislature by January 15, 2015, and annually thereafter.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The WSU study comes first and then if feasible, licensing takes effect. The delinquent child support issue is covered. Hemp has been grown and extensively used in the U.S. since even before the Revolution. It has numerous industrial uses, some of which are just being developed. Because of its light weight, it is a valuable component of composites and it is being used this way by Boeing, Tesla, and BMW. It provides a healthy oil and seed for human consumption and topical application. The cost to derive ethanol from hemp is about half of that for corn or switch grass. It needs minimal inputs of pesticides and herbicides. It is particularly successful as an eco-thermal insulator. Other countries continue to grow hemp, with Canada, Germany, England, and France as world leaders. It is valuable in crop rotation with corn and wheat and as a ground stabilizer. Seed sources should include heirloom strains. This bill will generate tax money for the state. The United Nations Treaty excludes industrial hemp, so this bill is

acceptable in that context. Studying is not necessary since there is a 5000 year human history to draw upon. These plants are already known to grow extremely well here, and reach 15 to 20 feet tall in Okanogan county. These are not pot plants. For the recreational drug they are planted four feet apart and are short and bushy. Industrial hemp is planted close together and grows very tall. They are two different cultivars. There is no psychoactive effect from 1 percent THC content. Crop testing is unnecessary, because seed certified at less than 0.3 percent THC cannot produce any more than that when it grows into a plant. No one should have to give up their constitutional rights to get a license. The consent to search without a warrant provisions should be deleted. Each farmer and the conditions of the farmer's land should determine the proper seed to be used and genetic diversity should be encouraged. Studying is not necessary since no other crop is banned from being planted because it is unprofitable. WSU would not jeopardize federal funding by breaking federal laws; however, if passed into law, the new farm bill will allow research. It is expensive to start a new licensing program, and with so many unknown variables, it is not possible to know whether licensing fees will meet the costs. One of WSDA's duties is to help Washington products move interstate and internationally. Licensing fees inhibit hemp's use as a rotational crop. Being similar to prairie grass, it is doubtful it would become a noxious weed. Hemp's usefulness as a pharmaceutical must be considered. Certainly the noncommercial parts should not have to be destroyed in the field. It is these leaf and flower parts that have pharmaceutical value. There will need to be buffers between pot crops and industrial hemp because the hemp's huge pollen production will destroy the pot crop.

CON: Industrial hemp has been a ready-to-grow crop in the Pe Ell area for 20 years. The bill should give it interstate and international commercial viability. A crop we can only sell inside Washington is far from the potential.

OTHER: The definitions would benefit from simplification and consistency.

Persons Testifying: PRO: Senator Hasegawa, prime sponsor; Poppy Sidhu, John Novak, Cannabis Action Coalition; Joy Beckerman Maher, Hemp Industries Assn.; Chris Mulick, WSU; Aimee Warner, Hemp Industry Assn.; Mark Streuli, WSDA; Michael West, Assn. of Cannabis Growers and Breeders, Rocky Mountain Hemp, Inc.

CON: Ed Saukkooja, Hemp Lobby.

OTHER: Rob Huss, WA State Patrol.