

# SENATE BILL REPORT

## SB 6214

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As of February 2, 2014

**Title:** An act relating to industrial hemp.

**Brief Description:** Concerning industrial hemp production.

**Sponsors:** Senators Kohl-Welles, Hatfield, Hasegawa, Hewitt and Chase.

**Brief History:**

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

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### 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):** Industrial hemp is defined as the plant, cannabis sativa, with a THC level at or below 0.3 percent by weight with an exception for licensed seed research.

Washington State University (WSU) must study the feasibility and desirability of industrial hemp production in Washington State. The study's sources of information are prescribed and specific analyses are required. WSU must report its findings to the Legislature by January 14, 2015. The report must include a determination of whether the economic benefits of

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establishing an industrial hemp industry are net-positive to the state. If the economic benefits are found to be net-positive, then the Department of Agriculture (WSDA) must implement a licensing program by June 1, 2015, to allow persons to grow industrial hemp in this state.

The licensing program excludes persons convicted of a drug felony within ten years of application from eligibility for a license. Otherwise, the program must allow any person or business entity to produce industrial hemp for any purpose.

WSDA establishes both a nonrefundable application and an annual renewal fee by rule and deposits these funds into an industrial hemp account created in the state treasury. The application must include written consent for WSDA to enter the premises of the applicant where the hemp is grown in order to make inspections and to ensure compliance with the licensing program. No more than 0.1 percent of the crop may be taken for testing, at the grower's expense. No more than two physical inspections per year are allowed under the authority of the licensing program.

The licensee must file reports with WSDA so that WSDA may monitor and verify full compliance with the program. Among other things, the reporting includes the names and addresses of the persons to whom the industrial hemp was sold. Upon licensure, the licensee must allow, besides WSDA, the Washington State Patrol and other law enforcement officers to inspect its growing operation and its records.

WSDA must assist growers in complying with the requirements for licensees. WSDA has explicit rulemaking authority.

Provisions for denial, suspension, revocation, or non-renewal of a license are provided.

Beginning in 2016, WSDA must report to the Legislature every January 15th regarding its implementation of the program in Washington, the commercialization of industrial hemp in other countries, and any changes it deems appropriate for the program.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains several effective dates. Please refer to the bill.

**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 Kohl-Welles, prime sponsor; Poppy Sidhu, John Novak, Cannabis Action Coalition; Joy Beckerman Maher, Hemp Industries Assn., WA Farm Bureau; 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.