

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 902

INTRODUCER: Senator Clemens

SUBJECT: Hemp Production

DATE: April 2, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Becker</u>	<u>Becker</u>	<u>AG</u>	Favorable
2.	<u>Cannon</u>	<u>Cannon</u>	<u>CJ</u>	Favorable
3.	<u>Oxamendi</u>	<u>Imhof</u>	<u>RI</u>	Pre-meeting
4.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 902 creates the Hemp Industry Development Act, which proposes a means whereby hemp can be legally grown as an agricultural crop in Florida. The bill defines “hemp,” as all parts of any plant of the genus *Cannabis* containing no more than 0.3 percent delta-9 tetrahydrocannabinol. It provides findings and legislative intent for the use of hemp as an agricultural crop, and provides that, upon meeting specified requirements, an individual in this state may plant, grow, or harvest hemp.

The bill requires an individual who intends to grow hemp to register with the Department of Agriculture and Consumer Services (department) and establishes the requirements and procedures for registration. The bill requires the department to adopt rules for the testing and inspection of hemp and for the assessment of a fee commensurate with the department’s costs for testing and inspection. The bill also provides affirmative defenses to cannabis-related criminal charges or prosecutions.

II. Present Situation:

It is estimated that hemp has been grown for at least 12,000 years for textiles, paper, and food.¹ Industrial hemp and marijuana are both classified as *Cannabis sativa*, but industrial hemp is a different variety or cultivar that is bred to maximize fiber and seed/oil, while marijuana is bred to maximize delta-9 tetrahydrocannabinol (THC). Industrial hemp has a THC content of between 0.05-1 percent and marijuana has a THC content of 3-20 percent.²

¹ North American Industrial Hemp Council, Inc., available at: *Hemp Facts*, http://naihc.org/hemp_information/hemp_facts.html (last viewed on April 2, 2015).

² *Id.*

Chapter 893, F.S., designates cannabis plants and THC as Schedule I substances.³ These are illegal to possess in Florida.⁴ However, Florida law does permit the product, sale, possession and use of low-THC strain for medical use⁵ with low-THC cannabis defined as having 0.8 percent or less of THC.⁶

The 2014 federal Farm Bill permits institutions of higher education and state departments of agriculture to grow or cultivate industrial hemp.⁷ As of March 26, 2015, thirteen states have established commercial industrial hemp programs, and seven states have passed laws establishing industrial hemp programs that are limited to agricultural or academic research purposes.⁸

There is pending legislation in the U.S. Congress to provide that the scheduling of marijuana in Schedule I of the federal Controlled Substance Act (CSA) does not apply to industrial hemp. “The Industrial Hemp Farming Act of 2015 (H.R. 525; S. 134) would amend the CSA to specify that the term ‘marijuana’ does not include industrial hemp, thus excluding hemp from the CSA as a controlled substance subject to Drug Enforcement Administration regulation.”⁹ If this legislation were to become law, the DOR analysis relevant to federal Schedule I substances would not be relevant to industrial hemp.

III. Effect of Proposed Changes:

Section 1 cites this act as the “Hemp Industry Development Act.”

Section 2 creates s. 581.301, F.S., to define “hemp” as all parts of any plant of the genus *Cannabis* containing no more than 0.3 percent delta-9 tetrahydrocannabinol. The bill states that hemp is considered an agricultural crop in Florida and that hemp produces a viable, environmentally sound crop. The bill further states the Legislature intends to promote economic development and job growth through the cultivation, processing, distribution, manufacturing, and sale of hemp.

The bill requires that individuals intending to grow hemp register with the Department of Agriculture and Consumer Services (department). The individual must submit a form to the department with the name and address of the individual, a statement that the seeds obtained for planting meet the requirements set forth in the bill, and the location and acreage of all parcels sown with hemp. An individual registered with the department must allow hemp crops to be inspected and tested by department at its discretion at all stages of hemp production and distribution. The bill authorizes the department to assess an annual registration fee of up to \$100 for the performance of its duties under the bill.

³ Section 893.03(1)(c)7., F.S.

⁴ See ss. 893.13 and 893.135, F.S.

⁵ See ss. 381.986, 381.987, and 893.02(3), F.S.

⁶ Section 381.986(1)(e), F.S.

⁷ National Conference of State Legislatures, “State Industrial Hemp Statutes,” March 26, 2015, <http://www.ncsl.org/research/agriculture-and-rural-development/state-industrial-hemp-statutes.aspx> (last visited on March 24, 2015).

⁸ *Id.*

⁹ Johnson, Renée. “Hemp as an Agricultural Commodity,” (February 2, 2015) (Summary). Congressional Research Service. A copy is available at: <https://fas.org/sgp/crs/misc/RL32725.pdf> (last visited April 3, 2015).

The bill exempts from the registration requirement employees of the Experiment Station of the University of Florida, Extension Service of the University of Florida, or the State University System involved in research or extension-related activities.

The bill gives the department rulemaking authority including, but not limited to:

- Testing of the hemp during growth to determine delta-9 tetrahydrocannabinol levels;
- Inspection of hemp during the sowing, growing season, harvest, storage, processing, manufacturing, and distribution; and
- Assessment of a fee to offset the costs of the department's activities in the testing and inspection of hemp production.

The bill prohibits the department from adopting a rule that prohibits an individual from growing, processing, distributing, manufacturing, or selling hemp based on its legal status under federal law.

The bill provides that it is an affirmative defense¹⁰ to a charge or prosecution for the possession, cultivation, manufacturing, delivery, distribution or sale of *Cannabis* under ch. 893, F.S., that:

- The defendant was growing, processing, distributing, manufacturing, or selling hemp pursuant to this section; or
- The defendant had valid applicable controlled substances registrations from the United States Drug Enforcement Administration.

The bill states that it is not a violation of state or local law for an individual to grow, possess, distribute, move, manufacture, dispose of, sell, purchase, or possess hemp.

Section 3 provides the bill takes effect on July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

¹⁰ An "affirmative defense" is "[a] defense in which the defendant introduces evidence, which, if found to be credible, will negate criminal or civil liability, even if it is proven that the defendant committed the alleged acts." Legal Information Institute, Cornell University Law School, https://www.law.cornell.edu/wex/affirmative_defense (last viewed on April 3, 2015).

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The bill provides for an annual registration fee of \$100 for growers.

According to the Department of Revenue (DOR), federal law prohibits financial institutions from accepting funds from the sale of Schedule I controlled substances. Taxpayers would be unable to submit any applicable sales tax to the DOR using electronic methods, given these banking restrictions. In addition, it is unclear whether accepting cash payments of sales tax on these federally restricted items, and then processing and distributing the funds, would cause the DOR to be in violation of federal law.¹¹

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B. Private Sector Impact:

Persons who register with the Department of Agriculture and Consumer Services plant, grow, or harvest hemp would have to pay an annual registration fee of up to \$100.

C. Government Sector Impact:

The bill would require the Department of Agriculture and Consumer Services to regulate the growth and distribution of hemp and assess a fee of up to \$100.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Department of Agriculture and Consumer Services raises a number of questions, including:

- Would large plantings of industrial grade *Cannabis* pose an invasive plant threat?
- What are the standards that should apply to cultivation and cultivation containment?
- What will the scope of interest in production be, which in-turn will determine the level of resources needed to oversee it?¹³

¹¹ Analysis of SB 902 (February 19, 2015), Florida Department of Revenue (on file with the Senate Regulated Industries Committee).

¹² Johnson, Renée. “Hemp as an Agricultural Commodity,” (February 2, 2015) (Summary). Congressional Research Service. A copy is available at: <https://fas.org/sgp/crs/misc/RL32725.pdf> (last visited April 3, 2015).

¹³ Analysis of SB 902 (February 24, 2015), Department of Agriculture and Consumer Services (on file with the Senate Regulated Industries Committee).

The department suggests the need for more research to determine the true impact of hemp as an agricultural crop.¹⁴

VIII. Statutes Affected:

This bill creates section 581.301 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

¹⁴ *Id.*