

Senate Agriculture & Natural Resources Committee

HB Sub 2168 Hearing

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Proponent Testimony

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Good morning and thank you for holding hearings on House Bill 2168 in the Agriculture and Natural Resources Committee. My name is Sarah Stephens and I'm here today as President of the KS Hemp Consortium and CEO of Midwest Hemp Technology, both Kansas based companies focused on production and processing of agricultural hemp—that is hemp grown for fiber and grain.

I join you today in support of the proposed update to HB 2168 and believe it is absolutely essential to scale agricultural hemp production and processing in Kansas. For six seasons, or since the crop's reintroduction in Kansas, I have been conducting and overseeing research on industrial hemp, including two seasons as a grant-funded hemp researcher for Sustainable Agriculture Research and Education, a USDA funded research project administered through the University of Minnesota.

Also, as a 6th year producer, I know there is a lot to learn about this crop and a lot of confusion when it comes to the differences among hemp varieties and their end uses. Please take note of this distinction and ensure that you fully understand the unique properties of agricultural hemp for the purposes of this discussion.

The agricultural hemp that we grow and process is for grain and fiber production. We do not harvest any floral material, which is where all cannabinoids, like CBD and THC, develop. Agricultural hemp grows on traditional, row crop farms on large acreages and is well suited for the KS environment. It is dioecious, meaning it includes male and female plants that pollinate and put their energy into high-protein grain production.

Conversely, cannabinoid dominant hemp is a horticulture crop. It is grown in a greenhouse or other managed environment with supplemental lighting, a germination chamber and container planting. When growers are seeking cannabinoid outcomes, they only grow female plants that put their energy into floral production. This requires a man-made environment that alters the plant's chemistry to produce a high cannabinoid outcome. The process literally could not be more different than the direct seeding of industrial hemp with a planter or drill on 80 acres to be harvested with a combine and baled with a baler.

I invited each of you to Midwest Hemp Technology in Augusta, KS at your convenience. We founded this company in 2021 and buy directly from Kansas farmers who grow hemp fiber and grain varieties. At Midwest Hemp Technology, we take 1000 pound bales of hemp stalks, that look very much like hay bales, and break them down into hurd, fiber and micronized hemp. We clean and separate hemp grains that we buy directly from farmers and turn them into high protein food and omega rich oil for human consumption.

I brought examples of these products with me here today. This is Hempy's Heart protein powder and seed oil. It is available for sale at local health food stores and perfectly safe for you to add to your kid's smoothie in the morning.

Today, you and I can go to any Dillons, Kroger, Hyvee, Whole Food, Natural Grocers or other health food store and buy hemp hearts, hemp protein powder and hemp seed oil. It almost all comes from Canada who dominates the hemp grain food market today. The United States imported about \$55 million in hemp grain food from Canada last year. Hemp grains are high in protein, fiber, iron, calcium, copper, manganese and omegas 3 and 6. The federal approval process for authorizing these ingredients in food for animals is progressing. AAFCO, or the Association of American Feed Control Officials, approved hemp seed meal for laying hens this year and it will be published in their record this August,

The benefits of industrial hemp are long and varied. In order for Kansas to realize the environmental and economic advantages of industrial hemp, we need to remove barriers for farmers. Today, the licensing fee to grow industrial hemp is easily more than \$1500 per season and involves a series of requirements that are burdensome and time consuming. Instead of adding to the stigma that stifled the production of hemp for nearly 80 years, the Kansas Department of Agriculture can lower fees and encourage the development of this industry.

Proposed language for adoption in 2168 lowers growers license fees to a maximum of \$500. This progress is incremental but still an important step forward for hemp producers in Kansas.

Today, there are four licensed agricultural hemp processing facilities in Kansas - online, up and operating. This means that Kansas processors could easily support more than 7,000 acres of agricultural hemp crops purchased directly from Kansas farmers this season. With the current fee structure and regulatory environment, that is very unlikely. As you know, in 2023, there were only 680 acres of hemp harvested in the whole state of Kansas.

Combined, I estimate that the four processing facilities operating currently represent four to five million dollars worth of infrastructure investment. At Midwest Hemp Technology, we have spent

the last two years funding, equipping and staffing our processing company. We've made investments of time, money, sweat and a few tears in our Augusta facility. We purchase available agricultural hemp from Kansas farmers but are also forced to source from Missouri and Oklahoma farmers where many of the changes we're asking for today have already been implemented.

Thanks for your time and thoughtful consideration. Thank you for finding solutions that encourage agricultural hemp production to flourish. I'm available for follow up questions and also, as I mentioned previously, would be happy to show you around Midwest Hemp Technology any time. We are committed to Kansas farmers, healthy soil, clean air and sustainable water supplies—agricultural hemp helps all Kansans in each of those regards. Thank you for affirming these updates and passing them through this committee.