

SESSION OF 2024

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2168**

As Amended by Senate Committee on
Agriculture and Natural Resources

Brief*

Sub. for HB 2168 would amend law pertaining to industrial hemp to:

- Place a \$800 cap on hemp license and registration fee amounts under the Kansas Department of Agriculture (KDA) Industrial Hemp program; and

[*Note:* Currently, there is no cap on hemp license fees, and hemp registration fees are capped at \$1,000. The KDA only licenses commercial industrial hemp producers in Kansas. Industrial hemp processors are regulated by the Office of the State Fire Marshal.]

- Require any hemp producer who negligently violates state law concerning industrial hemp or any rules and regulations to correct the negligent violation by a reasonable date of not more than 90 days after such violation.

[*Note:* Current law states a hemp producer would be required to correct a negligent violation by a reasonable date after such violation.]

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced by Representatives Blew and K. Williams.

House Committee on Agriculture and Natural Resources

2023 Legislative Session

[*Note:* The bill was referred to the House Committee on Agriculture and Natural Resources (House Committee) on January 25, 2023, withdrawn from the House Committee and referred to the House Committee on Appropriations on February 16, 2023, and re-referred to the House Committee on March 1, 2023.]

In the House Committee hearing on March 15, 2023, **proponent** testimony was provided by Representative K. Williams; a representative of the Kansas Hemp Consortium and Midwest Hemp Technology; and representatives of Kansans for Hemp. The proponents stated current KDA fee amounts are a hindrance to joining the industrial hemp industry.

Written-only proponent testimony was provided by Representative Blew and a private citizen.

Opponent testimony was provided by the Deputy Secretary of Agriculture, who stated reducing the fee cap to \$500 would require the agency to seek additional funding to cover an operating deficit in future years. In addition, the Deputy Secretary expressed concerns regarding the provisions of the bill that would allow for hemp in animal feed. Concerns were also expressed by the State Fire Marshal and the Executive Officer of the Kansas Bureau of Investigation regarding provisions that would remove fingerprinting and background check requirements. [*Note:* The provisions regarding hemp in animal feed, fingerprinting, and background checks were not retained in the substitute bill.]

Written-only opponent testimony was provided by a representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and Kansas Sheriffs Association; a representative of the Kansas Agribusiness Retailers Association and Kansas Grain and Feed Association; and a representative of the Kansas Cooperative Council.

Neutral testimony was provided by a private citizen who discussed individual freedom and the reserved powers of the State of Kansas.

No other testimony was provided.

2024 Legislative Session

The House Committee held an informational hearing concerning the bill on January 24, 2024.

Representatives of Kansans for Hemp and the Kansas Hemp Consortium provided information on the state of the industrial hemp industry in the United States and in Kansas. The representatives also discussed industrial hemp licensee numbers, the outlook for the hemp-based products market, federally run programs and licenses, hemp seed meal as a feed ingredient, hemp feed research, and local, state, and federal incentives for hemp.

The House Committee adopted an amendment to remove the contents of the bill and insert two provisions of the bill as introduced regarding license and registration fee caps and recommended a substitute bill be passed.

Senate Committee on Agriculture and Natural Resources

In the Senate Committee hearing on March 14, 2024, **proponent** testimony was provided by Representative Blew, a representative of the Kansas Hemp Consortium and Midwest Hemp Technology, and a representative of Kansans

for Hemp and Planted Association of Kansas. The proponents stated that lowering the fee cap would help grow the industrial hemp industry. Written-only proponent testimony was provided by a private citizen.

Neutral testimony was provided by a representative of the KDA and a private citizen. The representative of KDA stated the number of licensees has decreased and expenses for the Industrial Hemp Program outpace revenue from fees. Lowering the fee would result in the carryover revenue from the first two years of the program being used more quickly and require funding from other sources or increased fees. The private citizen stated there should no required fees for hemp producers.

Written-only neutral testimony was provided by a private citizen.

The Senate Committee amended the bill to:

- Increase the fee cap from \$500 to \$800; and
- Specify that a hemp producer would be required to correct a negligent violation by a reasonable date of not more than 90 days after such violation.

Fiscal Information

A revised fiscal note on the substitute bill was not immediately available.

Industrial hemp; fees; fee caps; Kansas Department of Agriculture