



February 13, 2023

The Honorable Ken Rahjes, Chairperson
House Committee on Agriculture and Natural Resources
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Rahjes:

SUBJECT: Fiscal Note for HB 2168 by Representatives Blew and K. Williams

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2168 is respectfully submitted to your committee.

HB 2168 would allow the fiber, grain, and seeds of industrial hemp to be used as food for livestock, poultry, and pets. The bill would authorize the Secretary of Agriculture to utilize performance-based sampling when conducting inspections of industrial hemp. The bill would also relax a number of regulations relating to industrial hemp, including reducing the license and registration fee, extending the license and registration period, and exempting certain providers from fingerprinting and background check requirements.

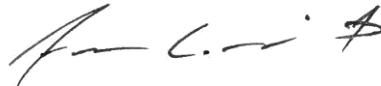
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	--	\$600
Expenditure	--	--	--	\$366,837
FTE Pos.	--	--	--	4.50

The Kansas Department of Agriculture indicates that enactment of HB 2168 would necessitate the hiring of 4.50 FTE positions and result in \$367,837 of additional fee fund expenditures in FY 2024 and all subsequent fiscal years. This estimate includes \$270,433 for 4.50 new FTE positions in the agency's Feed Safety Program to register and review 3,750 new hemp products, \$86,250 to administer 288 additional Tetrahydrocannabinol tests at a cost of \$300 per sample, and \$11,154 for administration and overhead expenses. The agency estimates that the bill

would generate \$2,100 of new fee revenue. While HB 2168 would significantly increase revenue for the agency's Feed Safety Program, the agency assumes that this would be offset by a nearly equivalent decline in revenue for the Plant Protection Program which currently regulates hemp products.

According to the Kansas Fire Marshal, enactment of HB 2168 would lead to a \$1,000 reduction of agency expenditures and a \$1,500 reduction of agency revenues in FY 2024 and all subsequent fiscal years. These reductions would be attributable to fewer background checks and fewer license renewals. The Kansas Bureau of Investigation indicates that enactment of HB 2168 would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2168 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Kellen Liebsch, Department of Agriculture
Paul Weisgerber, Kansas Bureau of Investigation
Jill McCarthy, Office of the State Fire Marshal