Chairman Kerschen and Committee Members,

Our associations are cautiously withholding opposition to SB263. We have concerns with several points we consider important to assure minimizing unintended consequences. While the bill appears to allow the Department of Agriculture to address these in regulation, there is no requirement to do so. We believe the bill should require these things to be addressed while leaving the latitude to the Department to work with law enforcement and proponents on how to adequately address them with minimal imposition on program intent and program participants. These concerns include:

1. The KBI will be recommending a technical amendment to the definition of THC. We support those amendments.
2. We believe there should be a statutory requirement that direct program participants and anyone with a financial interest in the program be subjected to a criminal record check and, at a minimum, those with felony drug convictions be prohibited from participation.
3. We also believe program participants should in some manner be licensed or given a permit; that a method be available for law enforcement to have access to a list of authorized participants; and documentation should be provided to all participants that is required to be in their possession while engaged in any activity where the hemp or other THC containing matter is being possessed or transported in public.
4. We believe the provision on page 2, lines 23-24, should be amended at the end of the sentence to read “violate any state or federal law.”
5. We also believe the provisions on page 2, line 20 should be amended by striking “have the authority to” so that the Department is required to put such regulations in place.

Items 2, 3 and 4 will help assure the integrity of the legislative intent of this bill, and assist law enforcement in identifying persons who may try to hide among the envisioned legitimate operations for the purpose of growing, processing, and distributing higher THC content cannabis. We recognize these bad actors could jeopardize the success of the research program without adequate measures included in the bill.

Our decision to withhold opposition could change in future legislative action if these changes are not adopted or if it is not in compliance with the Federal Farm Act. We are willing to work with the Department of Agriculture, the revisors, proponents and others to establish acceptable amendments to the bill to achieve this.

As a reminder, the 2014 Farm Bill has specific limitations on industrial hemp (Source: National Council of State Legislatures, [http://www.ncsl.org/research/agriculture-and-rural-development/state-industrial-hemp-statutes.aspx](http://www.ncsl.org/research/agriculture-and-rural-development/state-industrial-hemp-statutes.aspx)). We oppose any program that is not operated within the Farm Act.

President Obama signed the Agricultural Act of 2014, or the 2014 Farm Bill, which featured Section 7606 allowing universities and state departments of agriculture to begin cultivating industrial hemp for limited purposes. Specifically, the law allows universities and state departments of agriculture to grow or cultivate industrial hemp if:

“(1) the industrial hemp is grown or cultivated for purposes of research conducted under an agricultural pilot program or other agricultural or academic research; and
(2) the growing or cultivating of industrial hemp is allowed under the laws of the state in which such institution of higher education or state department of agriculture is located and such research occurs.”

This appears to be consistent with the Statement of Principles On Industrial Hemp, published 8/12/16 by the USDA, DEA, and FDA, [https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19146.pdf](https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19146.pdf).

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