

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 637 (Delegate C. Davis)

Environmental Matters

Industrial Hemp - Department of Agriculture - Study and Report

This bill requires the Maryland Department of Agriculture (MDA) to conduct a study on the feasibility of growing industrial hemp in the State and marketing industrial hemp grown in the State. On or before December 1, 2000, MDA must report to the Governor and the General Assembly on: (1) the feasibility of growing industrial hemp in the State; (2) the potential economic viability of growing industrial hemp as an agricultural practice in the State; (3) the procedures that a person must follow to become authorized to grow industrial hemp; and (4) the potential market for industrial hemp grown in the State and for industrial hemp products processed in the State.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: General fund expenditure increase of \$19,000 in FY 2001 to conduct the study. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: No such study is required. It is illegal to grow or manufacture industrial hemp in the State. The definition of marijuana includes industrial hemp.

Background: The components of industrial hemp are used to produce textiles, ropes,

cellulose plastics, resins, particle board, paper products and oil. Both industrial hemp and marijuana are derived from the cannabis sativa plant, but marijuana contains levels of 3-15% tetrahydrocannabinol, the chemical responsible for its psychoactive properties, while cannabis plants grown for industrial hemp contain less than 1% of this chemical.

According to industry analysts, several recent developments, including faltering state agricultural economies, have led to increasing interest in growing industrial hemp. There are several agricultural advantages linked with the growth of industrial hemp including:

- the plant serves as a good rotation crop;
- the mature plant's strength makes it impervious to storm damage;
- all parts of hemp are economically important; and
- hemp can be grown in many climates and under many conditions.

However, interpretation of federal law regarding marijuana has raised barriers to legislation allowing growth of industrial hemp. The United States Drug Enforcement Agency opposed industrial hemp production in Colorado because it argues that it is difficult to distinguish a field of legitimate hemp from a field of illicit cannabis. Vermont, however, adopted a law that authorizes research and includes analysis of market economics, soils and growing conditions in the state, and law enforcement aspects. It does not authorize cultivation. Hawaii's legislature passed a resolution in 1996 to study the economic potential and problems with growing non-psychoactive industrial hemp. In 1999, Hawaii passed legislation authorizing the study, research, and potential production of the crop, and as of December 1999, test fields had been planted in that state.

Eight other states passed legislation in 1999 providing for research, study, and potential production of the crop: Arkansas, California, Illinois, Minnesota, Montana, New Mexico, North Dakota, and Virginia.

According to a recent report by the U.S. Department of Agriculture, however, demand for hemp products is limited. Hemp supporters argue that new uses and markets for the crop will develop once supply is available.

State Expenditures: General fund expenditures could increase by an estimated \$18,000 in fiscal 2001. This estimate reflects the cost of hiring one contractual agronomist for six months to research, study, and prepare the report on industrial hemp. It includes salary, fringe benefits, and ongoing operating expenses. It assumes that the agronomist would travel approximately 5,000 miles during fiscal 2001 to study the feasibility and marketing of industrial hemp in the State.

Salaries and Fringe Benefits

\$17,200

Operating Expenses	<u>1,800</u>
Total FY 2001 State Expenditures	\$19,000

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Legislative Services

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