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Proposed

Department of Agriculture, Plant Protection and Weed Control Program
Notice of Hearing on Proposed
Administrative Regulations, Statewide

A public hearing will be conducted at 10:00 a.m., Wednesday, January 9, 2019, in the 1st floor meeting room 124 of the Kansas Department of Agriculture, 1320 Research Park Dr., Manhattan, Kansas, to consider the adoption of proposed regulations.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Secretary of Agriculture, 1320 Research Park Dr., Manhattan, Kansas 66502, or by e-mail to ronda.hutton@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulations during the hearing. In order to give all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes. These regulations are proposed for adoption on a permanent basis. A summary of the proposed regulations and their economic impact follows:

Due to the passage of SB 263 by the 2018 Kansas Legislature, the Kansas Department of Agriculture is proposing the promulgation of new rules and regulations relating to the creation of the Industrial Hemp Research Program as authorized by the Alternative Crop Research Act, K.S.A. 2018 Supp. 2-3901 *et seq.*

K.A.R. 4-34-1 – This regulation contains terminology and definitions relevant to and used throughout the proposed regulations.

K.A.R. 4-34-2 – This regulation sets forth requirements relating to certification of industrial hemp seed.

K.A.R. 4-34-3 – This regulation explains the approval processes for individuals seeking to obtain any license to conduct research pursuant to the Industrial Hemp Research Program. The regulation sets out the stages of the approval process at which applicable fees must be paid and specifies the process for completing the required fingerprint-based state and national criminal history record check.

K.A.R. 4-34-4 – This regulation contains the requirements of the research license applications. The regulation identifies information required on each research license application, including listing all individuals required by the application, specifies requirements for each research proposal, establishes application deadlines, and specifies when the department may deny or decline to consider a research license application.

K.A.R. 4-34-5 – This regulation establishes requirements for all licenses and contains general requirements for licensees. This regulation specifies that a license must be issued prior to an individual conducting any industrial hemp-related activity pursuant to the Industrial Hemp Research Program and also specifies that licensees must have any required license in their possession when conducting such industrial hemp-related activities. It also sets forth certain events that a licensee is required to notify the department of. Additionally, the regulation identifies varieties of industrial hemp that can be utilized; authorizes inspections, sample collection and access by the department to a licensee's industrial hemp; permits the agency to release information; and authorizes educational

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opportunities.

K.A.R. 4-34-6 – This regulation contains additional license requirements for individuals issued a research grower license, specifies acreage limitations under one license, and requires a primary licensee to have a primary Kansas residence.

K.A.R. 4-34-7 – This regulation contains additional license requirements for individuals issued a research distributor license and requires a primary licensee to have a primary Kansas residence.

K.A.R. 4-34-8 – This regulation contains additional license requirements for individuals issued a research processor license and specifies additional requirements for a licensee utilizing a mobile processing facility.

K.A.R. 4-34-9 – This regulation contains additional license requirements for individuals that are issued a state educational institution license. The regulation requires that state educational institutions authorizing participation in the Industrial Hemp Research Program be responsible for those individuals that are issued licenses. With some exceptions, the regulation authorizes state educational institution licensees to conduct the same activities as licensed research growers, licensed research distributors, and licensed research processors and requires state educational institution licensees to comply with the same licensing requirements as those licensees. The regulation further specifies that no application fees or license fees shall be imposed for state educational institution licenses but the fees for fingerprinting and the state and national criminal history record check are applicable.

K.A.R. 4-34-10 – This regulation contains license requirements for individuals that are issued an administrative license. The regulation specifies that administrative licenses may be issued to members of the State Advisory Board, employees of the designated certifying agency, and employees of the department that require licensure as a result of their employment responsibilities. The regulation further specifies that no application fees or license fees shall be imposed for administrative licenses.

K.A.R. 4-34-11 – This regulation contains requirements relating to the State Advisory Board. The regulation establishes the requirements for the composition of the board's membership and terms of the board members, enumerates the assigned duties of the board, and clarifies the administrative license requirement for members of the board.

K.A.R. 4-34-12 – This regulation establishes the fees associated with the Industrial Hemp Research Program. The regulation specifies the application fees, license fees, sampling fees, testing fees, and fees for modification of a license.

K.A.R. 4-34-13 – This regulation establishes the requirements for modification of a license previously issued by the department and addresses the procedure for modification of a license in the event of a primary licensee's death.

K.A.R. 4-34-14 – This regulation includes the land-use restrictions for licensees and establishes signage requirements for research areas.

K.A.R. 4-34-15 – This regulation addresses the movement, sale, or transfer of industrial

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It sets out that such activities are at the risk of the licensee and must comply with applicable local, state, and federal laws and regulations.

K.A.R. 4-34-16 – This regulation authorizes licensees to voluntarily withdraw from the Industrial Hemp Research Program. Additionally, the regulation sets forth the process for a licensed research grower to conduct a voluntary partial destruction of their industrial hemp.

K.A.R. 4-34-17 – This regulation contains requirements for licensed research growers prior to harvest, establishes certain harvest requirements, and identifies the information required for the department to issue a harvest certificate.

K.A.R. 4-34-18 – This regulation contains requirements relating to the department's collection of pre-harvest samples and testing. The regulation states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or less will result in the issuance of a passing report of analysis. It also states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or higher will result in the issuance of a failing report of analysis. This regulation also sets out that a passing report of analysis is required before a licensee can complete the harvest and requires that, if a failing report of analysis is issued, the primary licensee destroy all plants in the research areas that were sampled unless the primary licensee requests a subsequent sample and re-test.

K.A.R. 4-34-19 – This regulation contains requirements relating to the department's collection of post-harvest samples and testing. The regulation states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or less will result in the issuance of a passing report of analysis. It also states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or higher will result in the issuance of a failing report of analysis. This regulation also sets out that a passing report of analysis is required before a licensee can complete the harvest and requires that, if a failing report of analysis is issued, the primary licensee destroy all plants in the research areas that were sampled unless the primary licensee requests a subsequent sample and re-test.

K.A.R. 4-34-20 – This regulation contains the reporting requirements for licensees and requires the following reports to be completed by the established deadlines: the field planting report, the voluntary withdrawal report, the pre-harvest report, the production report, the distribution report, the processing report, and the research report.

K.A.R. 4-34-21 – This regulation details actions and situations that warrant disciplinary action by the department and specifies the penalties for such actions.

Economic Impact Statement:

These proposed rules and regulations are authorized by 7 U.S.C. 5940, the 2014 Farm Bill, which allows state departments of agriculture to implement industrial hemp pilot programs for research purposes. While the 2014 Farm Bill does not explicitly require state departments of agriculture to implement rules and regulations for the administration of an industrial hemp pilot program, the federal law does require that the departments of agriculture of states wishing to implement an industrial hemp pilot program be authorized to promulgate such rules and regulations.

These proposed rules and regulations differ from those of contiguous states for several reasons. Most notably, Colorado's industrial hemp pilot program differs substantially from the one contemplated for Kansas because Colorado has legalized both medicinal and recreational marijuana

by state law and allows the commercial sale of industrial hemp. Both medicinal and recreational marijuana remain illegal in Kansas, and the Kansas Industrial Hemp Research Program is research-focused; commercial production is not yet allowed. Thus, Colorado's rules and regulations do not need to contemplate the same administrative testing burdens, restrictions on sale, or law enforcement issues that the Kansas rules and regulations do.

Secondly, these proposed rules and regulations differ from those of other contiguous states because Kansas has taken a broader approach to who is allowed to participate in the department's program than those states have. Kansas will allow individual farmers, as well as the department and state educational institutions, to be licensed to grow industrial hemp for research purposes. By contrast, Nebraska only allows persons affiliated with its state department of agriculture or post-secondary institutions to be licensed growers. Similarly, Oklahoma's pilot program is limited so as to allow postsecondary institutions to either grow industrial hemp for research purposes or to subcontract with individuals or businesses to do so. Missouri allows no more than two non-profit entities to grow, process, and possess industrial hemp or industrial hemp extracts. These differences all necessitate the Kansas rules and regulations being quite extensive and detailed when compared to those of contiguous states. In administering the Industrial Hemp Research Program in Kansas, the department will be required to ensure that numerous individual growers operate in compliance with Kansas law. Doing so will unavoidably entail a significant administrative burden as long as the substance with which those individual growers are dealing occupies a gray area between a research project, an agricultural commodity, and a controlled substance.

The proposed rules and regulations will likely have a limited impact on business activities and growth within the state at this time. The authorizing statute is research-focused, and the commercial production of industrial hemp is currently not allowed in Kansas. However, significant long-term enhancement of business activity is possible as an indirect result of these rules and regulations, as a successful research-based pilot program may lead to the eventual legalization of commercial industrial hemp in Kansas. These rules and regulations do allow for the sale and purchase of industrial hemp seeds or plants among licensees, so there is some potential for increased economic activity in that regard. Additionally, industrial hemp requires inputs similar to those required for other crops, so licensees building growing or storage facilities and purchasing fertilizer, pesticide, herbicide, and equipment may account for some increased economic activity. It should be noted, though, that many inputs such as the ones mentioned are not yet authorized or proven to work well for use on industrial hemp. For example, in states that have already implemented pilot programs, farmers have had difficulty keeping weeds out of their fields, and industrial hemp has proven particularly difficult to harvest using traditional means. This uncertainty as to the effectiveness of traditional inputs for use on industrial hemp means that it is difficult to predict how much economic activity may result from the purchase of such inputs. The impact could be moderately significant, or could be negligible, depending on whether licensees are willing to gamble on unproven inputs. The rules and regulations will likely not restrict existing business activities in Kansas in any way.

The annual fees expected to be levied by the department under the Industrial Hemp Research Program are as follows:

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Category	Proposed Fee
Application Fee	\$ 200.00
Research Grower License	\$ 1,000.00
Research Distributor License	\$ 2,000.00
Research Processor License - fiber or grain	\$ 3,000.00
Research Processor License - floral material	\$ 6,000.00
Sampling Fee (per hour)	\$ 45.00
Laboratory Testing Fee	\$ 250.00
License Modification Fee	\$ 750.00

In determining the total implementation and compliance costs expected to be incurred by other governmental agencies, letters of request were sent to the Kansas County and District Attorneys Association, Kansas Peace Officers Association, Kansas Sheriffs Association, Kansas Highway Patrol, Kansas Bureau of Investigation, Johnson County Sheriff's Office Criminalistics' Laboratory, Sedgwick County Forensic Science Center, Kansas Association of Chiefs of Police, Kansas Association of School Boards and the Kansas Association of Counties. Responses were received from the Kansas Bureau of Investigation and the Sedgwick County Forensic Science Center. The Kansas Bureau of Investigation estimated in their reply that their annual costs, in the first year of implementation will be \$255,845 "to build an internal base capacity to perform THC quantitation analysis on a limited number of samples per year", or \$990,200 "if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to our laboratory." The Sedgwick County Forensic Science Center responded that they did not believe the regulations would have any economic impact on them.

These proposed regulations will likely not have any restrictive effect on existing businesses in Kansas, as the Industrial Hemp Research Program is not commercialized at this time. Businesses that sell agricultural inputs or greenhouse materials or equipment could see some increase in activity as a result of these rules and regulations.

These proposed regulations have the potential to provide significant long-term economic benefit to the state of Kansas, as a successful pilot program would likely lay the groundwork for the introduction of commercial industrial hemp in Kansas. If industrial hemp crops under the pilot program grow well and are shown to have the potential to be profitable, many Kansas farmers may begin growing the crop within the next several years. Those potential benefits are difficult to quantify, but could be significant. As discussed above, the regulations as written also provide the potential for economic benefits to agricultural input providers and to licensees, who will be allowed to sell various aspects of their industrial hemp crop.

The regulations will also, however, impose a significant burden on the department, laboratory testing facilities, and law enforcement, especially while the pilot program is in its infancy. It will likely take the department and law enforcement some time to determine the most efficient ways to administer the department's program. Because of this, it is admittedly likely that the administrative costs of these regulations will outweigh any direct economic benefit in the short-term. However, these regulations are a necessary step in moving toward the commercialization of industrial hemp in Kansas in compliance with federal law and the wishes of the legislature, and the potential economic benefits of commercialization far outweigh short-term administrative costs.

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These proposed regulations do not present substantial costs or impacts to existing business activity within the state. The vast majority of the costs presented by these proposed regulations will be borne by governmental agencies and by the individuals participating in the program as licensees—business entities are not at this time allowed to hold a license in the name of a corporate entity or partnership. Some people eventually may leave jobs at existing businesses in hopes of making a living growing industrial hemp, but the economic impact of such to overall business activity in Kansas would likely be negligible, particularly short-term when the growth of industrial hemp in Kansas is still research-based. The majority of people wishing to grow industrial hemp will be people who already make their living as farmers and are simply adding industrial hemp to the crops they already grow.

The estimated total annual implementation and compliance cost reasonably expected to be incurred by or passed along to businesses, local governments, or members of the public is \$1,117,000.00.

In determining anticipated implementation and compliance costs, letters of request were sent to the Kansas County and District Attorneys Association, Kansas Peace Officers Association, Kansas Sheriffs Association, Kansas Highway Patrol, Kansas Bureau of Investigation, Johnson County Sheriff's Office Criminalistics' Laboratory, Sedgwick County Forensic Science Center, Kansas Association of Chiefs of Police, Kansas Association of School Boards and the Kansas Association of Counties. Responses were received from the Kansas Bureau of Investigation and the Sedgwick County Forensic Science Center. The majority of the implementation and compliance costs associated with these regulations outside of the Kansas Department of Agriculture lie with the Kansas Bureau of Investigation. The Kansas Bureau of Investigation estimates that their costs in the first year of implementation will be \$255,845 "to build an internal base capacity to perform THC quantitation analysis on a limited number of samples per year," or \$990,200 "if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to our laboratory." We selected the larger of the two numbers provided in our analysis. The Sedgwick County Forensic Science Center responded that they did not believe the regulations would have any economic impact on them. The estimate of KDA's total implementation and compliance costs upon business, local governments, or members of the public of \$1,117,000 are based on the attached table.

The proposed regulations will not significantly increase or decrease revenues of cities, counties, or school districts, as most of the costs of the Industrial Hemp Research Program will be borne by the department and the Kansas Bureau of Investigation. Counties and municipalities could see some expenditures as a result of costs to local law enforcement, though most law enforcement costs will be at the state level. Letters of request were sent to the League of Kansas Municipalities, the Kansas Association of School Boards and the Kansas Association of Counties. No responses were received from those entities.

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Letters were sent to the League of Kansas Municipalities, the Kansas Association of Counties, the Kansas Association of School Boards, the Kansas Bureau of Investigation, the Kansas Highway Patrol, the Kansas Sheriff's Association, the Kansas Peace Officers' Association, the Kansas County and District Attorneys' Association, the Kansas Association of Chiefs of Police, the Sedgwick County Regional Forensic Science Center and the Johnson County Sheriff's Office Criminalistics Laboratory inquiring whether the draft regulations will have an economic effect on those organizations. These letters requested a statement of quantified costs associated with implementation and compliance, an estimate of the total annual implementation and compliance costs, a statement of whether implementation and compliance costs will exceed \$3,000,000 over any two-year period, a statement of whether the draft regulations will increase or decrease the organizations' revenue, and a statement of whether the draft regulations will impose functions or responsibilities on the organizations that will increase their fiscal expenditures or fiscal liability. Furthermore, draft regulations were shared with the public via the Kansas Department of Agriculture's website and the public was able to submit comments or concerns to the department.

The department does not anticipate any costs accruing if the proposed regulations are not adopted.

The following table is the department's detailed estimate of total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

Category	Proposed Cost	# Expected	Estimated Total Cost
<i>Implementation and compliance costs of the department</i>			
Application Fee	\$ 200.00	50	\$ 10,000.00
Research Grower License	\$ 1,000.00	30	\$ 30,000.00
Research Distributor License	\$ 2,000.00	10	\$ 20,000.00
Research Processor License – fiber and grain	\$ 3,000.00	3	\$ 9,000.00
Research Processor License - floral material	\$ 6,000.00	7	\$ 42,000.00
Sampling Fee (per hour)	\$ 45.00	40	\$ 1,800.00
Laboratory Testing Fee	\$ 250.00	50	\$ 12,500.00
License Modification Fee	\$ 750.00	2	\$ 1,500.00
<i>Other implementation and compliance costs</i>			
Kansas Bureau of Investigation	\$ 990,200.00	1	\$ 990,200.00 ¹
TOTAL			\$1,117,000.00

¹ This costs represents a scenario if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to the KBI laboratory.

Any individual with a disability may request accommodations in order to participate in the public hearing and may request the proposed regulations and impact statement in an accessible format. Requests for accommodations should be made at least five working days in advance of the hearing by contacting Ronda Hutton at (785) 564-6715 or fax (785) 564-6777. Handicapped is located on the west side of the building at 1320 Research Park Drive, Manhattan, and the west

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entrance to the building is accessible to individuals with disabilities.

Copies of the regulations and their economic impact statement may be obtained by contacting the Department of Agriculture, Ronda M. Hutton, 1320 Research Park Drive, Manhattan, KS 66502 or (785) 564-6715 or by accessing the department's Web site at agriculture.ks.gov. Comments may also be made through our website under the proposed regulation.

Jackie McClaskey
Secretary
Kansas Department of Agriculture

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K.A.R. 4-34-1. Definitions. Each of the following terms, as used in this article of the department's regulations, shall have the meaning specified in this regulation:

- (a) "Act" means the alternative crop research act, K.S.A. 2018 Supp. 2-3901 et seq. and amendments thereto.
- (b) "Administrative license" means a license issued to any of the following:
- (1) An individual appointed as a member of the state advisory board;
 - (2) an individual employed by the designated certifying agency who requires licensure as a result of the individual's assigned employment duties and is involved in the administration of the designated certifying agency's responsibilities pursuant to the pilot program; or
 - (3) an individual employed by the department who is involved in the administration, regulation, or oversight of the pilot program or an individual employed by the department who requires licensure as a result of the individual's assigned employment duties.
- (c) "Approved variety of industrial hemp" means a variety or strain of industrial hemp authorized for use in the pilot program.
- (d) "Certifying agency" has the meaning specified in K.S.A. 2-1415, and amendments thereto.
- (e) "Condition," as used in this article of the department's regulations, means to clean or to clean and blend seed within a licensed research section, in order to meet the requirements of agricultural seed for the purpose of being planted or seeded. Seed that has undergone this process is known as "conditioned."

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(f) "Destroy" means to make incapable of being harvested or processed by means of being incinerated, tilled under the soil, or made into compost or by using another manner approved by the secretary. This process is known as "destruction."

(g) "Devitalize" means to render incapable of germinating.

(h) "Grain," as used in this article of the department's regulations, means an industrial hemp plant's unit of sexual reproduction intended to be consumed or processed into hemp products.

(i) "Handle" means to cause any movement of industrial hemp on or within a licensed research section.

(j) "Harvest" means to remove industrial hemp plants, plant parts, grain, or seeds from the research area where the industrial hemp plants, plant parts, grain, or seeds were cultivated, planted, or grown.

(k) "Harvest certificate" means a document issued by the department to the primary licensee, after the industrial hemp plants, plant parts, grain, or seeds are harvested, that includes information to assist in identifying the industrial hemp plants, plant parts, grain, or seeds that were harvested.

(l) "Individual" means a natural person.

(m) "Licensed research distributor" means an individual licensed by the department to handle, condition, store, distribute, or transport raw, harvested industrial hemp plants, plant parts, grain, or seeds in Kansas.

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(n) "Licensed research grower" means an individual licensed by the department to cultivate, plant, grow, handle, harvest, condition, store, distribute, or transport industrial hemp plants, plant parts, grain, or seeds in Kansas.

(o) "Licensed research processor" means an individual licensed by the department to handle, store, or process industrial hemp plants, plant parts, or grain and take part in any aspect of turning raw, harvested industrial hemp into a hemp product in Kansas.

(p) "Licensed research section" means a section legally designated by the public land survey system that is identified in the license issued by the department establishing where a licensee may cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds. A licensed research section may include land, structures, and buildings that are not used to cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds.

(q) "Licensee" means any individual who possesses a valid license issued by the department pursuant to the act.

(r) "Pilot program" means the industrial hemp research program administered by the department pursuant to the act.

(s) "Plant part" means any portion of an industrial hemp plant, including any of the following:

(1) Whole or partial unprocessed plants, including stalk, leaf, seed, floral, and root materials;

(2) raw roots;

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(3) fresh, unprocessed, dried, or ground leaves or floral material; or

(4) rooted plants, cuttings, propagules, or clones.

(t) "Primary licensee" means an individual at least 18 years of age who was issued a research license by the department and who shall be responsible for ensuring that all licensees listed on the research license application submitted by that individual comply with the requirements of the act and the implementing regulations.

(u) "Research area" means a location within a licensed research section used for the cultivation, planting, growth, handling, harvesting, conditioning, storage, distribution, transporting, or processing of industrial hemp plants, plant parts, grain, or seeds.

(v) "Secretary" means secretary of the Kansas department of agriculture or the secretary's designated representative.

(w) "Seed," as used in this article of the department's regulations, means an industrial hemp plant's unit of sexual reproduction intended to be planted for germination.

(x) "Variety" means a subdivision of a species that meets the following conditions:

(1) Is uniform, in the sense that the variations in essential and distinctive characteristics are describable;

(2) is stable, in the sense that the variety will remain unchanged in its essential and distinctive characteristics and its uniformity if reproduced or reconstituted as required by the different categories of varieties; and

(3) is distinct, in that the variety can be differentiated by one or more identifiable morphological, physiological, or other characteristics from all other publicly known varieties.

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(y) "Volunteer plant" means any plant of the genus cannabis that grows of its own accord from seeds or roots and is not intentionally planted. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-2. Certified seed. (a) All certified seed shall be considered "agricultural seed" subject to the Kansas agricultural seed act, K.S.A. 2-1415 et seq. and amendments thereto, and the implementing regulations.

(b) No certification of seed shall be made unless by or on the authority of the designated certifying agency. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-
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K.A.R. 4-34-3. License approval process. (a) Each individual wanting to conduct research pursuant to the pilot program shall submit or be listed on a completed, accurate, and legible research license application. Each research license application shall be submitted on a form provided by the department and shall designate the individual wanting to be the primary licensee and all proposed licensees. Each research license application shall include a research proposal and all required state and national criminal history record check and application fees, except that an individual wanting to be a primary licensee on a state educational institution license shall not be required to submit an application fee.

(b) Each individual issued an administrative license, each individual wanting to be a primary licensee, and each individual listed on a research license application shall meet the following requirements:

(1) Be fingerprinted and submit to a state and national criminal history record check, which shall be performed by the Kansas bureau of investigation;

(2) submit payment for the fingerprint-based criminal history record check to the Kansas bureau of investigation; and

(3) submit payment for the costs of fingerprinting to the law enforcement agency that provided the fingerprinting services.

(c) Each individual wanting to be a primary licensee and each individual listed on a research license application shall submit that individual's fingerprints and a state and national criminal history record check no more than 30 days before submitting the research license application to the department.

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(d) Following the department's receipt of the completed research license application, verification that all individuals passed the state and national criminal history record check, and the application fees, the research license application shall be reviewed by the state advisory board and either rejected or recommended for approval and forwarded to the secretary.

(e) Following the secretary's review, each research license application shall be denied or conditionally approved. The individual wanting to be the primary licensee shall be notified by the department of the denial or conditional approval in writing. Each research license application for a state educational institution license shall be reviewed solely by the secretary and shall be denied or approved. If approved, each state educational institution license shall be issued by the department and the licensee may begin the approved research.

(f) Upon conditional approval of a research license application, the individual wanting to be the primary licensee shall remit the applicable license fees for each approved license category within 15 days of receipt of the department's written notice of conditional approval. Once the department receives the applicable license fees, the research license application shall be officially approved and each appropriate license shall be issued by the department. Upon receipt of the research license, the licensee may begin the approved research. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-4. Research license applications. (a) Each individual wanting to be a primary licensee shall identify the following on the research license application:

(1) Each owner of all land, structures, and buildings where any proposed research will be conducted;

(2) each owner of all motor vehicles that will be used to distribute or transport industrial hemp plants, plant parts, grain, or seeds;

(3) each individual that will own 10 percent or more of the industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, or grown; and

(4) each individual that will otherwise be involved in the research proposal, including those individuals that will be engaged in the purchasing, researching, cultivating, planting, growing, handling, harvesting, conditioning, storing, distributing, transporting, processing, studying, analyzing, or selling of industrial hemp plants, plant parts, grain, or seeds.

(b) Each research license application shall include the following:

(1) A research proposal submitted on a form provided by the department that includes the following, at a minimum:

(A) A statement of the type of research to be conducted;

(B) the purpose of the research;

(C) the data that will be collected;

(D) the location where the research will occur;

(E) the number of acres or square feet that will be used to conduct the research;

(F) the methods to be used in conducting the research;

(G) the intended duration of the research;

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(H) the anticipated results of the research; and

(I) any other relevant information that the secretary requests;

(2) legal descriptions and maps depicting each location where industrial hemp plants, plant parts, grain, or seeds will be cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or processed, including appropriate designations for field identifications and boundaries and the global positioning system coordinates;

(3) a description of each vehicle that will be used for transporting or distributing industrial hemp plants, plant parts, grain, or seeds, including the make, model, license plate number, and color; and

(4) a list of each individual who will transport any industrial hemp plants, plant parts, grain, or seeds, along with a copy of the individual's current driver's license.

(c) Each research license application shall be submitted to the department on an annual basis, on a form provided by the department. Each research license application shall be submitted to the department no later than March 1 for the 2019 growing season and no later than November 30 for each subsequent growing season.

(d) Incomplete or illegible research license applications shall not be accepted, and the application fees shall not be refunded.

(1) Any individual wanting to be a primary licensee may complete or resubmit a previously incomplete or illegible research license application no later than November 30.

(2) For the 2019 growing season, any individual wanting to be a primary licensee may complete or resubmit a previously incomplete or illegible research license application no later than March 1.

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(e) Any individual may apply for multiple licenses in a single license category or multiple license categories. Each individual shall provide the department with all required information for each license being sought along with payment of separate application fees and license fees.

(f) A research license application may be denied and the application fees shall not be refunded if at least one of the following conditions is met:

- (1) The research license application is not submitted by the established deadline.
- (2) The research license application does not include the application fees.
- (3) Any individual identified on the research license application fails to submit to the state and national criminal history record check as required.
- (4) Any criminal history records check reveals that an individual identified on the license application has been convicted of any crime specified in K.S.A. 2018 Supp. 2-3902, and amendments thereto, or a violation of any law of another jurisdiction that is in substantial conformity with the offenses listed in that statute.
- (5) The research license application does not include a research proposal.
- (6) The research license application includes a home or residence as a location to cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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**Approved Varieties of Industrial Hemp for Planting
October 15, 2018**

The following table includes the approved industrial hemp varieties that may be cultivated, planted, grown, handled, harvested, stored, distributed, transported, or processed in this state in accordance with the Industrial Hemp Research Program administered by the Kansas Department of Agriculture ("KDA") pursuant to K.S.A. 2018 Supp. 2-3901 *et seq.*, and amendments thereto, and rules and regulations adopted thereunder.

Variety	Variety
Alyssa	Joey
Beniko	Katani
Canda	KCC13
Carmagnola	Martha
CC	Maui's Cherry
CFX-1	Maui's Cherry 2
CFX-2	MS77
Cherry Wine	MS77-CHG
Cobbler #8	OT
CRS-I	Otto II: Endurance
Delores	Otto II: Franklin
Eletta Campana	Otto II: Stout
Elite	Piccolo
Endurance LF 2/14	PR13
Fedora 17	Santhica 27
Felina 32	Seagull IH 1
Fibrol	Stout LF 2/14
Fibronova	Sweetened LF 2/14
Finola	T1
Franklin LF 2/14	Trump
Futura 75	Tygra
Georgina	USO 31
Grandi	Victoria
H2 Cherry 1-6	Wojko
HK05	Workhorse
HK08	X-59
Helena	Zolotonosha15

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K.A.R. 4-34-5. Licenses issued by the department; general requirements for licensees. (a)

Each license issued by the department shall establish the requirements governing each licensee's participation in the pilot program. Any violation of the terms and conditions specified in a license may result in the revocation of any license held by the licensee and denial of future applications. Each licensee shall comply with all instructions from representatives of the department and local, state, and federal law enforcement agencies pertaining to the licensee's involvement in the pilot program.

(b) Before cultivating, planting, growing, handling, harvesting, conditioning, storing, distributing, transporting, processing, researching, overseeing, studying, or analyzing industrial hemp plants, plant parts, grain, or seeds for research purposes at any location in Kansas, each individual shall obtain a license issued by the department.

(c) Before a license is issued by the department, license fees shall be paid as required by K.A.R. 4-34-12. Failure by the individual wanting to be the primary licensee to pay the license fees within 15 days of receipt of notice of conditional approval shall terminate the approval process of the research license application, and the requested licenses shall not be issued by the department.

(d) Except in the case of the death of the primary licensee, a license issued by the department shall not be sold or transferred. If the primary licensee dies, any individual listed on the research license application that has also been issued a license may request that the department modify the license as required by K.A.R. 4-34-13.

(e)(1) Each licensee shall use or allow to be used as part of the pilot program only industrial hemp plants, plant parts, grain, or seeds from varieties currently designated by the

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department as approved varieties of industrial hemp. The department's document titled "approved varieties of industrial hemp for planting," dated October 15, 2018, is hereby adopted by reference.

(2) Upon request of the individual wanting to be the primary licensee, any licensees listed on that individual's research license application may be authorized by the secretary to cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process varieties of industrial hemp other than those varieties identified under paragraph (e)(1), if doing so is appropriate and consistent with the individual's research proposal.

(f) At all times while a licensee is engaged in cultivating, planting, growing, handling, harvesting, conditioning, storing, distributing, transporting, processing, researching, overseeing, studying, or analyzing industrial hemp plants, plant parts, grain or seeds pursuant to the pilot program, the licensee shall have that individual's current license authorizing the activity in possession.

(g) Each license issued by the department shall be valid from the date of issuance until the expiration date unless the license is revoked by the department. Each license shall expire on January 31, following the date of issuance. An individual may apply for a license in successive years by completing a research license application, state and national criminal history records check, fingerprinting, and paying the application and license fees. Issuance of a license in one year shall not guarantee issuance of a license in any subsequent year.

(h) A license shall not be issued by the department to an individual if the individual's research license application includes a location approved by the department as a research area in a license previously issued by the department in the same license year. Any individual may

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request that the department approve multiple licensed research sections. However, each request shall require a separate research license application, application fees, and license fees.

(i) Any primary licensee may be approved by the department to cultivate, plant, or grow industrial hemp plants, plant parts, grain, or seeds on an acreage or square footage that is equal to or less than the acreage or square footage stated in the research license application. Industrial hemp plants, plant parts, grain, or seeds may be cultivated, planted, or grown on an acreage or square footage that is equal to or less than the approved acreage or square footage. Completion of a modification request form shall not be required if a primary licensee elects to cultivate, plant, or grow industrial hemp plants, plant parts, grain, or seeds on an acreage or square footage that is less than the acreage or square footage authorized in the license.

(j) Licensees shall use only approved varieties of industrial hemp when engaged in cultivating, planting, growing, handling, harvesting, conditioning, storing, distributing, transporting, or processing industrial hemp plants, plant parts, grain, or seeds, except that any primary licensee may request that the secretary approve varieties of industrial hemp pursuant to paragraph (e)(2).

(k) Each licensee growing seed for seed certification shall meet the requirements specified in the Kansas agricultural seed act, K.S.A. 2-1415 et seq. amendments thereto, and the implementing regulations.

(l)(l) Each licensee shall consent to the department's providing information to law enforcement, fire, and rescue agencies and the public regarding each research area. Additionally, each licensee shall consent to the department's providing information about any licensed research section or research area, including global positioning system coordinates, to

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representatives of the Kansas bureau of investigation, United States drug enforcement agency, and other law enforcement agencies if representatives of any of these agencies request the information.

(2) Each licensee shall consent to the department's providing appropriate law enforcement agencies in each county with copies of the licensee's license.

(m) Each research area shall be subject to inspection by the department. Each representative of the department shall have complete, unrestricted, and immediate access to all industrial hemp plants, plant parts, grain, and seeds, whether growing or not, including access to all land, buildings, facilities, motor vehicles, and other structures listed on the license issued by the department. Access shall be granted whether the licensee is present or not, at reasonable times, without interference or obstruction, with or without cause, and with or without advance notice. The right of access shall include the unrestricted right to inspect or take samples of any industrial hemp plants, plant parts, grain, or seeds present at the location being accessed, as well as the right to inspect any reports or records pertaining to the licensee's research.

(n) Each licensee shall permit the department to perform any inspections and to collect any samples of any industrial hemp plants, plant parts, grain, or seeds at any time.

(o) Each licensee shall submit all reports required by the department on or before the specified deadlines.

(p) Each primary licensee shall retain, for at least five years, all records created as a result of the primary licensee's participation in the pilot program unless otherwise ordered by the secretary. The records shall be made available for inspection by the department, the Kansas bureau of investigation, and any other law enforcement agencies upon request.

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(q) Each licensee shall ensure that any individual applying pesticides to industrial hemp plants or plant parts complies with the Kansas pesticide act, K.S.A. 2-2438a et seq. amendments thereto, and the implementing regulations.

(r) Each licensee shall be solely responsible for that licensee's risk of financial or other loss as a result of participating in the pilot program.

(s) A licensee shall not allow industrial hemp plants, plant parts, grain, or seeds to be cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or processed at any location other than the locations included on the license issued by the department.

(t)(1) Each licensee shall immediately notify the department of any interaction with law enforcement related to the licensee's participation in the pilot program, as well as any contact with law enforcement related to criminal charges or a criminal investigation involving any crime specified in K.S.A. 2018 Supp. 2-3902, and amendments thereto, or a violation of any law of another jurisdiction that is in substantial conformity with the offenses listed in that statute. The licensee shall provide a written follow-up summarizing the interaction and its outcome to the department within three calendar days of the interaction.

(2) Each primary licensee shall notify the department and appropriate law enforcement agencies of the theft of any industrial hemp plants, plant parts, grain, or seeds within three calendar days of the theft.

(u) A primary licensee shall not permit any individual to participate in the pilot program pursuant to the primary licensee's research license application if that individual's license was revoked by the department or that individual was denied admission to participate in the pilot

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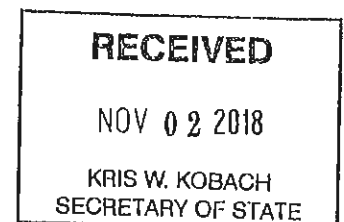
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program. Except when conducting educational activities, a licensee shall not allow access to any research area listed on the license, industrial hemp plants, plant parts, grain, or seeds by an individual whose license was revoked by the department or who was denied admission to participate in the pilot program.

(v) A primary licensee shall not rent or lease land, buildings, facilities, motor vehicles, or other structures that will be used to conduct research as part of the pilot program from any individual whose license was revoked by the department or who was denied admission to participate in the pilot program.

(w) Any licensee may host or engage in educational activities as authorized by the license issued by the department. Any licensee hosting or engaging in educational activities may allow members of the public access to each research area for the sole purpose of participating in educational activities. Any licensee may set up a public display booth showcasing the individual's research relating to industrial hemp plants, plant parts, grain, or seeds at trade shows, county fairs, or other similar events. Licensees shall not allow any members of the public to have physical contact with or possess any industrial hemp plants, plant parts, grain, or seeds and shall not transfer, distribute, trade, sell, give away, barter, or exchange for value any industrial hemp plants, plant parts, grain, or seeds to any member of the public.

(x) A licensee shall not conduct activities that involve industrial hemp plants, plant parts, grain, or seeds that are unrelated to the licensee's approved research proposal, license, or educational activities at any location listed on the license, including industrial hemp-related activities involving an industrial hemp maze.

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(y) A licensee shall not distribute industrial hemp plants, plant parts, grain, or seeds at any location that is not identified on the license, including trade shows, county fairs, educational or other events, and any other address not listed on the license. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-6. Research grower license. (a) In addition to the requirements of K.A.R. 4-34-5, each individual who is issued a research grower license by the department shall meet the following requirements:

- (1) Obtain industrial hemp plants or certified seeds from a licensed research distributor or from legally imported sources of industrial hemp;
- (2) obtain and retain a copy of each seed label for all certified seed planted, cultivated, or grown;
- (3) obtain and retain a copy of the following documents, if applicable:
 - (A) The research grower license of the primary licensee that cultivated, planted, grew, handled, harvested, conditioned, stored, distributed, or transported the industrial hemp plants or seeds being received;
 - (B) the research distributor license of the primary licensee that handled, conditioned, stored, distributed, or transported the industrial hemp plants or seeds being received; and
 - (C) the harvest certificate pertaining to the industrial hemp plants or seeds being received by the licensee or a bill of lading or other documentation identifying the source of the industrial hemp plants or seeds being received;
- (4) ensure that industrial hemp plants, plant parts, grain, or seeds are not interplanted with any other crop in any research area;
- (5) ensure that a copy of the harvest certificate pertaining to the industrial hemp plants, plant parts, grain, or seeds that were harvested or a bill of lading or other documentation identifying the source of the industrial hemp plants, plant parts, grain, or seeds accompanies the industrial hemp plants, plant parts, grain, or seeds being transported;

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(6) ensure that industrial hemp plants, plant parts, grain, or seeds are not commingled with any other commodity or other items being transported; and

(7) survey and monitor any unlicensed growing areas, whether inactive or previously licensed as part of any research area, or never been licensed, including any ditches, fence lines, and other unmanaged land areas adjacent to the research areas, for volunteer plants and destroy any volunteer plants during the current license year and for at least three years after the last date of planting reported to the department.

(b) The primary licensee on each research grower license shall have a primary residence in Kansas.

(c) Any licensed research grower may cultivate, plant, grow, handle, harvest, condition, store, distribute, or transport industrial hemp plants, plant parts, grain, or seeds pursuant to the license issued by the department.

(d) A licensed research grower shall not handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds cultivated, planted, or grown by another licensee without first obtaining any required license issued by the department.

(e) A licensed research grower shall not cultivate, plant, grow, handle, or harvest more than 80 acres in a licensed research section under one license in calendar year 2019 and shall not cultivate, plant, grow, handle, or harvest more than 320 acres in a licensed research section under one license in calendar year 2020. Each primary licensee on a research grower license who wants to cultivate, plant, grow, handle, or harvest more than the authorized acres in a licensed research section in any calendar year shall obtain an additional research grower license and pay all required application fees and license fees for the additional acreage.

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(f) Each licensed research grower that cultivates, plants, grows, handles, harvests, conditions, stores, or transports industrial hemp plants or seeds that were obtained from outside Kansas shall maintain a bill of lading or other documentation that identifies the source of the industrial hemp plants or seeds to demonstrate that the industrial hemp plants or seeds were legally imported into Kansas. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-7. Research distributor license. (a) In addition to the requirements of K.A.R. 4-34-5, each individual who is issued a research distributor license by the department shall meet the following requirements:

(1) Obtain industrial hemp plants, plant parts, grain, or seeds from a licensed research grower, licensed research distributor, or licensed research processor or from legally imported sources of industrial hemp;

(2) obtain and retain a copy of the following documents, if applicable:

(A) The research grower license of the primary licensee that cultivated, planted, grew, handled, harvested, conditioned, stored, distributed, or transported the industrial hemp plants, plant parts, grain, or seeds being received;

(B) the research distributor license of the primary licensee that handled, conditioned, stored, distributed, or transported the industrial hemp plants, plant parts, grain, or seeds being received;

(C) the research processor license of the primary licensee that handled or stored the industrial hemp plants, plant parts, or grain being received; and

(D) the harvest certificate pertaining to the industrial hemp plants, plant parts, grain, or seeds being received by the licensee or a bill of lading or other documentation identifying the source of the industrial hemp plants, plant parts, grain, or seed being received by the licensee;

(3) ensure that a copy of the harvest certificate pertaining to the industrial hemp plants, plant parts, grain, or seeds that were harvested or a bill of lading or other documentation identifying the source of the industrial hemp plants, plant parts, grain, or seeds accompanies the industrial hemp plants, plant parts, grain, or seeds being distributed or transported; and

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(4) ensure that industrial hemp plants, plant parts, grain, or seeds are not commingled with any other commodity or other items being distributed or transported.

(b) The primary licensee on a research distributor license shall have a primary residence in Kansas.

(c) Any licensed research distributor may handle, condition, store, distribute, or transport industrial hemp plants, plant parts, grain, or seeds pursuant to the license issued by the department.

(d) A licensed research distributor shall not harvest or process industrial hemp plants, plant parts, grain, or seeds cultivated or grown by another licensee without first obtaining any required license issued by the department.

(e) Each individual exchanging, distributing, selling, or reselling certified seed in Kansas shall be licensed pursuant to the Kansas agricultural seed act, K.S.A. 2-1415 et seq. amendments thereto, and the implementing regulations.

(f) A licensed research distributor that handles, conditions, stores, distributes, or transports industrial hemp plants, plant parts, grain, or seeds that were obtained from outside Kansas shall maintain a bill of lading or other documentation that identifies the source of the industrial hemp plants, plant parts, grain, or seeds to demonstrate that the industrial hemp plants, plant parts, grain, or seeds were legally imported into Kansas. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-8. Research processor license. (a) In addition to the requirements of K.A.R. 4-34-5, each individual who is issued a research processor license by the department shall meet the following requirements:

(1) Obtain industrial hemp plants, plant parts, or grain from a licensed research grower or licensed research distributor or from legally imported sources of industrial hemp;

(2) devitalize any industrial hemp grain within 10 days of receipt and take appropriate security measures to ensure that the industrial hemp grain cannot be stolen before it is devitalized;

(3) obtain and retain a copy of the following documents, if applicable:

(A) The research grower license of the primary licensee that cultivated, planted, grew, handled, harvested, conditioned, stored, distributed, or transported the industrial hemp plants, plant parts, or grain being received;

(B) the research distributor license of the primary licensee that handled, conditioned, stored, distributed, or transported the industrial hemp plants, plant parts, or grain being received; and

(C) the harvest certificate pertaining to the industrial hemp plants, plant parts, or grain being received by the licensee or a bill of lading or other documentation identifying the source of the industrial hemp plants, plant parts, or grain being received; and

(4) ensure that a copy of the harvest certificate pertaining to the industrial hemp plants, plant parts, or grain that was harvested or a bill of lading or other documentation identifying the source of the industrial hemp plants, plant parts, or grain accompanies the industrial hemp plants, plant parts, or grain being processed.

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(b) Any licensed research processor may handle, store, or process industrial hemp plants, plant parts, or grain pursuant to the license issued by the department. A licensed research processor shall not handle, store, or process seeds.

(c)(1) The primary licensee on a research processor license who processes industrial hemp plants, plant parts, or grain into hemp products in a mobile processing facility shall meet the following requirements:

(A) Notify the department of the mobile processing facility's planned processing locations no more than five days in advance of the first day of processing in each location. The primary licensee shall immediately notify the department of any changes to a submitted schedule; and

(B) at all times, operate in compliance with all state, county, and local laws, regulations, and ordinances.

(2) The primary licensee shall be present at each mobile processing facility's planned processing locations at all times while each mobile processing facility is operating.

(d) A licensed research processor shall not cultivate, plant, grow, harvest, condition, distribute, or transport industrial hemp plants, plant parts, grain, or seeds cultivated, planted, or grown by another licensee without first obtaining any required license issued by the department.

(e) A licensed research processor that processes industrial hemp plants, plant parts, or grain that were obtained from outside Kansas shall maintain a bill of lading or other documentation demonstrating that the industrial hemp plants, plant parts, or grain was legally imported into Kansas.

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(f) Possession of a current research processor license shall not guarantee a licensee access to the premises of any private landowner. Permission for a licensee to enter the premises of any landowner shall be established contractually or otherwise by agreement of the licensee and the landowner. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-9. State educational institution research license. (a) Each state educational institution wanting to allow individuals to conduct research pursuant to the pilot program shall authorize this participation and shall be directly responsible for any volunteer, student, employee, or research and extension employee conducting the research.

(b) Each volunteer, student, employee, or research and extension employee of a state educational institution that wants to conduct research pursuant to the pilot program shall submit a completed, accurate, and legible research license application for a state educational institution research license. Each research license application shall designate the individual wanting to be a primary licensee and list all proposed licensees. Each research license application shall include a research proposal and the required state and national criminal history record check.

No application fees or license fees shall be assessed to any individuals wanting a state educational institution research license. However, the costs associated with fingerprinting and the state and national criminal history record check shall be the responsibility of any individual wanting a state educational institution research license.

(c) Volunteers, students, employees, and research and extension employees of a state educational institution shall not apply for a license or conduct research without first obtaining written approval from the head of any applicable department stating that the individual wanting to be a primary licensee and the proposed licensees are part of a sanctioned state educational institution research proposal, which shall be submitted with the research license application. Each individual wanting to be the primary licensee on a state educational institution research license shall apply for and obtain that license before conducting research or having industrial hemp plants, plant parts, grain, or seeds at any location in Kansas.

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(d) Each individual wanting to be the primary licensee on a state educational institution research license shall identify the following on the research license application:

(1) Each owner of all land, structures, and buildings where any proposed research will be conducted;

(2) each owner of any motor vehicle that will be used to distribute or transport industrial hemp plants, plant parts, grain, or seeds;

(3) each individual that will own 10 percent or more of the industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, or grown;

(4) each individual that will otherwise be involved in the research proposal, including volunteers, students, employees, research and extension employees, and any other individuals that will be engaged in the purchasing, researching, cultivating, planting, growing, handling, harvesting, conditioning, storing, distributing, transporting, processing, studying, analyzing, or selling of industrial hemp plants, plant parts, grain, or seeds; and

(5) all individuals that will have access to any proposed research area.

(e) Any state educational institution licensee may cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds pursuant to the license.

(f)(1) The requirements for research license applications specified in K.A.R. 4-34-4 (b) through (f) and the requirements for the state and national criminal history record check specified in K.A.R. 4-34-3 shall apply to state educational institution licensees. Each state educational institution licensee shall comply with the requirements of K.A.R. 4-34-5, the requirements for a research grower license pursuant to K.A.R. 4-34-6, the requirements for a research distributor

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license pursuant to K.A.R. 4-34-7, and the requirements for a research processor license pursuant to K.A.R. 4-34-8, except that a state educational institution licensee shall not be required to pay any application fees, license fees, modification fees, sampling fees, or testing fees.

(2) Any individual wanting to be primary licensee on a state educational institution license may include a location on the individual's research license application that has previously been approved by the department as a research area in the same license year.

(3) A state educational institutional licensee shall be prohibited from the following:

(A) Storing or distributing industrial hemp plants, plant parts, grain, or seeds cultivated or grown under another's license, except with the secretary's written permission; and

(B) operating a mobile processing facility.

(g) A state educational institution licensee shall not conduct research as part of the pilot program on any research area not owned by the state educational institution. A state educational institution licensee shall not enter into any agreement or otherwise subcontract with an individual or business entity to permit the licensee to conduct research on any land, structures, or buildings not owned by the state educational institution.

(h) A primary licensee on a state educational institution license shall not permit any individual to participate in the pilot program pursuant to the primary licensee's research license application or otherwise have access to the licensee's research area, industrial hemp plants, plant parts, grain, or seeds if that individual's license was revoked by the department or that individual was denied admission to participate in the pilot program.

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(i) Any individual wanting to be a primary licensee on a state educational institution licensee may request that the department authorize the licensee to interplant industrial hemp plants, plant parts, grain, or seeds with other crops in a research area.

(j) Each state educational institution licensee that is no longer affiliated with the state educational institution shall notify the department and withdraw from the pilot program pursuant to K.A.R. 4-34-16. (Authorized by K.S.A. 2018 Supp. 2-3902; implementing K.S.A. 2018 Supp. 2-3902 and 2-3903; effective P-_____.)

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K.A.R. 4-34-10. Administrative license. (a) An administrative license may be issued to any individual specified in K.A.R. 4-34-1(b).

(b) Before being issued an administrative license, each individual shall be required to undergo and pass the state and national criminal history record check as specified in K.A.R. 4-34-3.

(c) Each administrative license shall identify the activities that the licensee is authorized to undertake, including handling, inspecting, sampling, testing, and transporting industrial hemp plants, plant parts, grain, or seeds.

(d) No application fee or license fee shall be assessed for any administrative license issued pursuant to this regulation. (Authorized by K.S.A. 2018 Supp. 2-3902; implementing K.S.A. 2018 Supp. 2-3902 and 2-3903; effective P-_____.)

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K.A.R. 4-34-11. State advisory board. (a) The board established by the secretary pursuant to K.S.A. 2018 Supp. 2-3902, and amendments thereto, shall be recognized as the state advisory board. Members shall be appointed by the secretary. The state advisory board shall consist of at least five and no more than nine members. Membership shall reflect the different geographic areas of the state equally, to the greatest extent possible. Members of the state advisory board shall receive no compensation for serving on the board, but may be paid subsistence allowances, mileage, and other expenses as provided in K.S.A. 75-3223, and amendments thereto. Each member appointed to the state advisory board shall be recognized for knowledge and leadership in at least one of the following sectors: crop research, industrial hemp production or processing, law enforcement, seed certification, or any other sector deemed relevant by the secretary. The secretary shall appoint one member from the Kansas legislature to the state advisory board.

(b) Of the members first appointed to the state advisory board, four members whose terms shall expire on June 30, 2021 shall be designated by the secretary. The remaining members' terms shall expire on June 30, 2023. After the expiration of the initial terms, each member shall be appointed by the secretary to serve for a term of four years until a successor is appointed. Each member shall be limited to serving a total of two full terms and shall hold office until the expiration of the term for which the member is appointed or until a successor has been qualified and appointed. A member may be appointed by the secretary to fill an unexpired term of any member due to a vacancy on the state advisory board.

(c) Before being qualified and appointed as a member of the state advisory board, each individual shall undergo and be required to pass the state and national criminal history record check as specified in K.A.R. 4-34-3. Upon determination that an individual is qualified, that

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individual may be appointed by the secretary as a member of the state advisory board and shall be issued an administrative license by the department. No application or license fees shall be assessed for an administrative license issued to a member of the state advisory board pursuant to this regulation.

(d) A quorum of the state advisory board shall be a majority of the members appointed to the state advisory board. A quorum of the state advisory board shall organize by election of a chairperson, vice-chairperson, and other officers as the state advisory board deems appropriate.

(e) In addition to the duties specified in K.S.A. 2018 Supp. 2-3902 and amendments thereto, the state advisory board shall perform other duties, which may include the review of regulations and recommendation of potential changes. The state advisory board shall make recommendations to the secretary only if the recommendations are approved by a majority vote of the state advisory board members.

(f) Any member of the state advisory board may be removed by the secretary for misconduct, incompetence, or neglect of duty. (Authorized by K.S.A. 2018 Supp. 2-3902; implementing K.S.A. 2018 Supp. 2-3902 and 2-3903; effective P-_____.)

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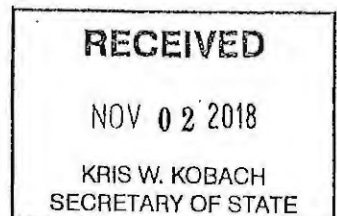
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K.A.R. 4-34-12. Fees. (a) The application fee shall be \$200 for each license sought, with the exception of state educational institution licenses and administrative licenses, for which no application fee shall be charged.

(b) Upon conditional approval of a research grower license, each individual wanting to be the primary licensee shall pay a license fee of \$1,000.

(c) Upon conditional approval of a research distributor license, each individual wanting to be the primary licensee shall pay a license fee of \$2,000 for each licensed research section approved by the department.

(d)(1) Upon conditional approval of a research processor license for processing fiber or grain, each individual wanting to be the primary licensee shall pay a license fee of \$3,000 for each processing facility in a licensed research section and for each mobile processing facility.

(2) Upon conditional approval of a research processor license for processing floral material, each individual wanting to be the primary licensee shall pay a license fee of \$6,000 for each processing facility in a licensed research section and for each mobile processing facility.

(e) Each license fee shall include the cost for the department's initial sample collection and initial laboratory test. Each primary licensee shall pay a subsequent sampling fee of \$45 per hour, plus transportation time and mileage for representatives of the department, for each of the following:

(1) The department collects a subsequent sample.

(2) The primary licensee requests that the department collect a subsequent pre-harvest sample.

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(3) The primary licensee requests that the department collect a subsequent post-harvest sample.

(4) More than one harvest occurs in the same research area in a license year.

(f) Each primary licensee shall pay a testing fee of \$250 for every laboratory test determining the delta-9 tetrahydrocannabinol concentration for each of the following:

(1) The department collects a subsequent sample.

(2) The primary licensee requests that the department collect a subsequent pre-harvest sample.

(3) The primary licensee requests that the department collect a subsequent post-harvest sample.

(4) The department collects more than one sample because more than one harvest occurs in the same research area in a license year.

(g) Each primary licensee shall pay a modification fee of \$750 for each requested change to a license that was previously issued by the department. (Authorized by K.S.A. 2018 Supp. 2-3902; implementing K.S.A. 2018 Supp. 2-3902 and 2-3903; effective P-_____.)

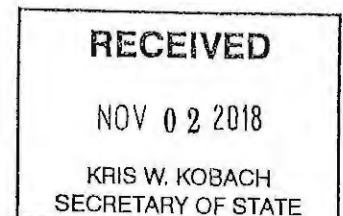
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K.A.R. 4-34-13. Modification of license. (a) Each primary licensee who wants to modify that individual's license or the license of any individual listed on the research license application shall submit a modification request form and the required fee, except as specified in paragraph (d)(2), to the department.

(b) Each licensee shall comply with the requirements of the original license, unless the department modifies the license in writing.

(c) Any primary licensee may request multiple license modifications by submitting one modification request form, but separate fees shall be required for each requested change.

(d)(1) If a primary licensee dies, any licensee who was listed on the research license application and was issued a license may request that the department modify the license to name the requesting individual as the primary licensee. This request may be granted by the department if the requesting individual performs the following:

(A) Notifies the department of the primary licensee's death within 15 business days;

(B) submits a license modification request form to the department within 45 days of the primary licensee's death;

(C) submits a copy of the primary licensee's death certificate to the department within 45 days of that individual's death; and

(D) meets the requirements in K.A.R. 4-34-5 and, if applicable, the requirements of K.A.R. 4-34-6, K.A.R. 4-34-7, K.A.R. 4-34-8, and K.A.R. 4-34-9.

(2) A modification fee to name the requesting individual as the new primary licensee shall not be charged by the department, except for modification requests received more than 45

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days after the death of the primary licensee, which shall require a modification request form and modification fee unless the department extends the 45-day time period in writing.

If any other modification request is included, that modification request shall be subject to the modification fee specified in K.A.R. 4-34-12.

(e) A license modification shall be approved by the secretary if the request is appropriate and consistent with the licensee's approved research proposal and meets the requirements of this regulation. If the secretary denies the requested modification, no refund of the modification fee shall be provided, and the licensee shall comply with the terms and conditions of the existing license. (Authorized by K.S.A. 2018 Supp. 2-3902; implementing K.S.A. 2018 Supp. 2-3902 and 2-3903; effective P-_____.)

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K.A.R. 4-34-14. Land-use restrictions. (a) A licensee shall not cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process any plants, plant parts, grain, or seeds of the genus cannabis that are not industrial hemp.

(b) A licensee shall not cultivate, plant, grow, handle, harvest, condition, store, distribute, or process industrial hemp plants, plant parts, grain, or seeds at any location not included on the licensee's license.

(c)(1) A licensee shall not cultivate, plant, grow, handle, harvest, condition, store, distribute, or process industrial hemp plants, plant parts, grain, or seeds as follows, except with the secretary's written permission:

(A) In or within 50 feet of a residential structure; or

(B) within one-quarter mile of any public or private K-12 school or public recreational area.

(2) For licensed research sections consisting of any outdoor locations, one-quarter mile shall be calculated from any field boundary of any research area, and for licensed research sections consisting of any indoor locations or a greenhouse, one-quarter mile shall be calculated from any exterior wall.

(d) A licensee shall not interplant, cultivate, plant, or grow any crop other than industrial hemp plants, plant parts, grain, or seeds in any research area, except that any state educational institution licensee may do so upon authorization by the secretary. A licensee shall not cultivate, plant, grow, harvest, or condition more than one approved variety of industrial hemp in a research area without the secretary's written approval.

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(e) A licensee shall not cultivate, plant, grow, handle, harvest, condition, store, distribute, transport, or process industrial hemp plants, plant parts, grain, or seeds on property owned by any individual whose license was revoked by the department or who was denied admission to participate in the pilot program.

(f) Each primary licensee shall post and maintain at least one sign at each research area listed on the license. A sign shall be posted along each research area boundary adjacent to a public road, except that if the research area is adjacent to an intersection of two or more public roads, a sign shall be posted at the intersection. If a research area is not adjacent to any public road, a sign shall be posted at the point of access to the research area. Each sign shall measure at least 36 inches per side, shall be clearly visible and legible from the adjacent public road, intersection of public roads or access point, and shall include the following information:

(1) The following text: "Kansas Department of Agriculture Industrial Hemp Research Program";

(2) the primary licensee's name;

(3) the primary licensee's license number; and

(4) the department's telephone number.

(g) Each licensee shall allow the department to inspect unlicensed growing areas for volunteer plants. The primary licensee or a licensee listed on the primary licensee's research license application shall destroy any volunteer plants for at least three years after the last reported date of planting. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-15. Movement of industrial hemp; restrictions on sale or transfer of industrial hemp; compliance with applicable law. (a) The movement of all industrial hemp plants, plant parts, grain, or seeds into, out of, or within Kansas shall be at the licensee's expense and risk.

(b) A licensee shall not sell or transfer industrial hemp plants, plant parts, grain, or seeds to any individual or business entity outside Kansas who is not authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of that state. A licensee shall not purchase or receive industrial hemp plants, plant parts, grain, or seeds from an individual or business entity or permit any transfer of industrial hemp plants, plant parts, grain, or seeds to or from any individual or business entity outside Kansas who is not authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of that state. Each licensee shall ensure that any sale or transfer of industrial hemp plants, plant parts, grain, or seeds is lawful in the state in which the transaction is undertaken.

(c) Each licensee shall comply with all local, state, and federal laws and regulations related to industrial hemp and with the act and the implementing regulations.

(d) Each licensee shall be responsible for any loss or obligation that the licensee incurs as a result of the licensee's involvement in the pilot program. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-16. Voluntary withdrawal; voluntary partial destruction. (a) Any licensee may voluntarily withdraw from the pilot program after providing the department with written notice of the intent to do so. Notice shall be provided at least 30 days before the intended withdrawal date, except with prior written approval from the department. If a licensee listed on a primary licensee's research license application withdraws from the pilot program, the primary licensee shall modify each license as specified in K.A.R. 4-34-13.

(b) If a primary licensee voluntarily withdraws from the pilot program, all industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or processed pursuant to the licensee's license shall be destroyed and all licenses issued pursuant to the research license application shall be surrendered. Each primary licensee who voluntarily withdraws from the pilot program shall provide the department at least 15 days' notice of the date and time the primary licensee intends to destroy the industrial hemp plants, plant parts, grain, or seeds pursuant to that individual's license and shall notify the department of any change in the destruction date or time.

(c) If a primary licensee notifies the department of the intent to withdraw from the pilot program but fails to destroy all industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or processed pursuant to that individual's license within 15 days of the intended destruction date, the license of the primary licensee and each license issued pursuant to the research license application may be revoked and all industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or

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processed as part of the primary licensee's research shall be destroyed at the primary licensee's expense.

(d) Any primary licensee conducting research pursuant to a research grower license may voluntarily destroy any industrial hemp plants being cultivated, planted, or grown in a portion of any research area without withdrawing from the pilot program. Each primary licensee conducting research pursuant to a research grower license who intends to destroy the industrial hemp plants being cultivated, planted, or grown in any research area listed on that individual's license shall provide the department at least 15 days' notice of the date and time of destruction and shall notify the department of any change in the destruction date or time.

(e) Each primary licensee that has been issued a failing report of analysis shall comply with the destruction requirements in K.A.R. 4-34-18 and K.A.R. 4-34-19, as applicable.

(f) Representatives of the department or law enforcement may be present during any destruction of industrial hemp plants, plant parts, grain, or seeds, or proof of the destruction may be required by the department.

(g) Each primary licensee who destroys any industrial hemp plants being cultivated, planted, grown, handled, harvested, conditioned, stored, distributed, transported, or processed pursuant to that individual's license shall, within 15 days after the destruction, notify the department in writing of the number of acres of industrial hemp plants, plant parts, grain, or seeds that were planted in each research area and the number of acres destroyed in each research area.

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(h) Upon destruction of any industrial hemp plants, plant parts, grain, or seeds, all volunteer plants shall also be destroyed during the current license year and for at least three years after the last date of planting reported to the department.

(i) Voluntary destruction of industrial hemp plants, plant parts, grain, or seeds shall be performed by a licensee listed on the research license application of the primary licensee and shall be at the primary licensee's expense. If the destruction of industrial hemp plants, plant parts, grain, or seeds occurs, the licensee shall not be eligible for a refund of any fees paid by a primary licensee. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-17. Pre-harvest and harvest requirements; harvest certificates. (a) Each primary licensee shall notify the department of every intended harvest date in a pre-harvest report at least 30 days before each intended harvest date. Each primary licensee shall immediately notify the department regarding a change to any date previously reported to the department if the change to the harvest date is five or more days. Additional sampling and testing may be required by the department as a result of any change to the harvest date of five or more days.

(b) If two or more harvests will be conducted from the same research area within a license year, the primary licensee shall notify the department of each intended harvest date at least 30 days before each intended harvest date. The primary licensee shall pay a subsequent sampling fee and testing fee for each harvest conducted after the initial harvest of a research area.

(c) No more than 15 days before any industrial hemp plants, plant parts, grain, or seeds are cut, picked, collected, or otherwise harvested, each licensee shall allow a sample to be collected by the department for testing as specified in K.A.R. 4-34-18. The initial pre-harvest sample shall not require an additional sampling fee or testing fee.

(d) Before harvesting any industrial hemp plants, plant parts, grain, or seeds, the licensee shall be required to receive a passing report of analysis from the department. After issuance of a passing report of analysis from the department, the licensee shall have 10 days to fully harvest the industrial hemp plants, plant parts, grain, or seeds, unless otherwise authorized in writing by the secretary.

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(e) If a licensee fails to fully harvest the industrial hemp plants, plant parts, grain, or seeds within 10 days after issuance of the passing report of analysis, the primary licensee shall perform one of the following:

(1) Notify the department within seven days after the expiration of the 10-day harvest period of the intended second harvest date, request that the department collect a subsequent pre-harvest sample, and pay the required sampling and testing fees; or

(2) notify the department within seven days after the expiration of the 10-day harvest period of the intended date by which the licensee shall destroy the industrial hemp plants, plant parts, grain, or seeds. The primary licensee shall notify the department of any change in the destruction date.

Destruction of industrial hemp plants, plant parts, grain, or seeds shall occur by an individual listed on the primary licensee's research license application and at the primary licensee's expense. All volunteer plants shall be destroyed during the current license year and for at least three years after the last reported date of planting. If destruction of industrial hemp plants, plant parts, grain, or seeds occurs, no refund shall be issued for any fees paid by a primary licensee.

(f) No more than five days after the harvest of industrial hemp plants, plant parts, grain, or seeds is completed, the primary licensee shall notify the department that the harvest has been completed and request issuance of a harvest certificate. A harvest certificate shall not be issued by the department until the following information is provided for inclusion in the harvest certificate:

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- (1) The official name of the industrial hemp variety that was cultivated, planted, or grown;
- (2) each date on which the licensee harvested the industrial hemp plants, plant parts, grain, or seeds;
- (3) the global positioning system coordinates for each research area where the industrial hemp plants, plant parts, grain, or seeds were harvested; and
- (4) a statement of intended end-use for all industrial hemp plants, plant parts, grain, or seeds that were harvested. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-18. Pre-harvest inspection; sample collection; testing and post-testing actions.

(a) A licensee, whether present or not, shall permit representatives of the department complete, unrestricted, and immediate access to all industrial hemp plants, plant parts, grain, and seeds and all locations, buildings, and motor vehicles listed on the license. Access shall be granted at reasonable times, without interference or obstruction, with or without cause, and with or without advance notice.

(b) Any primary licensee may request collection of a sample from each research area listed on the license. Each sample collected shall be subject to the sampling and testing fees required by K.A.R. 4-34-12.

(c) Based on the results of the testing, one of the following shall apply:

(1) A sample containing a delta-9 tetrahydrocannabinol concentration of 0.3 percent or less on a dry-weight basis shall result in the issuance of a passing report of analysis and shall list each research area from which the sample was taken.

(2) A sample containing a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight basis shall result in the issuance of a failing report of analysis and shall list each research area from which the sample was taken.

(A) Within seven days of issuance of a failing report of analysis, the primary licensee may request that the department either collect a subsequent pre-harvest sample or destroy all plants, plant parts, grain, or seeds located in each research area sampled and identified on the failing report of analysis.

(B) A subsequent pre-harvest sample requested by the primary licensee and found to contain a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight

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basis shall result in the issuance of a failing report of analysis. Within seven days of issuance of the failing report of analysis, a licensee listed on the primary licensee's research license application shall destroy all plants, plant parts, grain, or seeds that are located in each research area that was sampled and identified in the failing report of analysis.

(C) If any sample is found to contain a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight basis, the testing results and the location of each sampled research area may be referred to the Kansas bureau of investigation and other appropriate law enforcement agencies for further investigation.

(D) If any sample is found to contain a delta-9 tetrahydrocannabinol concentration of 2.0 percent or higher on a dry-weight basis, the testing results and the location of each sampled research area shall be referred to the Kansas bureau of investigation and other appropriate law enforcement agencies for further investigation.

(d) Destruction of industrial hemp plants, plant parts, grain, or seeds shall occur by a licensee listed on the primary licensee's research license application and at the primary licensee's expense. All volunteer plants shall be destroyed during the current license year and for at least three years after the last reported date of planting. Each licensee shall allow representatives of the department or law enforcement to be present during the destruction of industrial hemp plants, plant parts, grain, or seeds, or proof of destruction may be required by the department. If the destruction of industrial hemp plants, plant parts, grain, or seeds is required, the primary licensee shall not be eligible for a refund of any fees paid.

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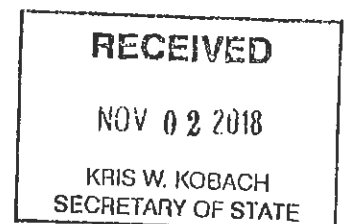
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(e) All samples collected by the department shall become the property of the department, and no compensation shall be owed to the licensee. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-19. Post-harvest inspection; sample collection; testing and post-testing actions.

(a) Each licensee shall allow the department to inspect and sample industrial hemp plants, plant parts, grain, or seeds any time after the industrial hemp plants, plant parts, grain, or seeds have been harvested. The initial post-harvest sample shall not require an additional sampling fee or testing fee.

(b) A licensee, whether present or not, shall permit representatives of the department complete, unrestricted, and immediate access to all industrial hemp plants, plant parts, grain, and seeds and all locations, buildings, and motor vehicles listed on the license. Access shall be granted at reasonable times, without interference or obstruction, with or without cause, and with or without advance notice.

(c) Any primary licensee may request collection of a sample from each research area listed on the license. Each sample collected shall be subject to the sampling and testing fees required by K.A.R. 4-34-12.

(d) Based on the results of the testing, one of the following shall apply:

(1) A sample containing a delta-9 tetrahydrocannabinol concentration of 0.3 percent or less on a dry-weight basis shall result in the issuance of a passing report of analysis and shall list each research area from which the sample was taken. Each passing report of analysis shall identify the harvest certificate or bill of lading that accompanied the industrial hemp plants, plant parts, grain, or seeds sampled.

(2) A sample containing a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight basis shall result in the issuance of a failing report of analysis and shall list each research area from which the sample was taken.

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(A) Within seven days of issuance of a failing report of analysis, the primary licensee may request that the department either collect a subsequent post-harvest sample or destroy all plants, plant parts, grain, or seeds located in each research area that was sampled and identified on the failing report of analysis.

(B) A subsequent post-harvest sample requested by the primary licensee and found to contain a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight basis shall result in the issuance of a failing report of analysis. Within seven days of issuance of the failing report of analysis, a licensee listed on the primary licensee's research license application licensee shall destroy all plants, plant parts, grain, or seeds that are located in each research area that was sampled and identified in the failing report of analysis.

(C) If any sample is found to contain a delta-9 tetrahydrocannabinol concentration of higher than 0.3 percent on a dry-weight basis, the testing results and the location of each sampled research area may be referred to the Kansas bureau of investigation and other appropriate law enforcement agencies for further investigation.

(D) If any sample is found to contain a delta-9 tetrahydrocannabinol concentration of 2.0 percent or higher on a dry-weight basis, the testing results and the location of each sampled research area shall be referred to the Kansas bureau of investigation and other appropriate law enforcement agencies for further investigation.

(e) After the collection of a sample, no licensee shall handle, condition, distribute, transport, or process the sampled industrial hemp plants, plant parts, grain, or seeds until the primary licensee is issued a passing report of analysis. The sampled industrial hemp plants, plant parts, grain, or seeds shall not be processed, exchanged for value, or otherwise allowed to come

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into the possession of anyone other than a licensee listed on the primary licensee's research license application until a passing report of analysis is issued.

(f) Destruction of industrial hemp plants, plant parts, grain, or seeds shall occur by a licensee listed on the primary licensee's research license application at the primary licensee's expense. All volunteer plants shall be destroyed during the current license year and for at least three years after the last reported date of planting. Each licensee shall allow representatives of the department or law enforcement to be present during the destruction of industrial hemp plants, plant parts, grain, or seeds, or proof of the destruction may be required by the department. If the destruction of industrial hemp plants, plant parts, grain, or seeds occurs, the primary licensee shall not be eligible for a refund of any fees paid.

(g) All samples collected by the department shall become the property of the department, and no compensation shall be owed to the licensee. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-20. Reports. (a) Each report required by the department shall be submitted on a form provided by the department. Each licensee shall submit the complete, accurate, and legible reports on or before the date required.

(b) A primary licensee on a research grower license shall submit a field planting report to the department within 15 days after every planting, including replanting seeds or propagules or establishing plants. Each field planting report shall identify the following for each research area:

- (1) The official name of the industrial hemp variety that was cultivated, planted, or grown;
- (2) the global positioning system coordinates for each research area where industrial hemp plants, plant parts, grain, or seeds are being cultivated, planted, or grown; and
- (3) a statement of intended end-use for all industrial hemp plants, plant parts, grain, or seeds being cultivated, planted, or grown in each research area.

(c) Each primary licensee on a research grower license shall submit a voluntary withdrawal report if either of the following conditions is met:

- (1) Industrial hemp plants, plant parts, grain, or seeds are not cultivated, planted, or grown in a research area. The report shall be due no later than June 1.
- (2) Industrial hemp plants being grown in a portion of any research area are voluntarily destroyed as specified in K.A.R. 4-34-16. The report shall be due no later than 15 days after the industrial hemp plants are destroyed.

(d) Each primary licensee on a research grower license shall submit a pre-harvest report to the department at least 30 days before every intended harvest date, for each licensed research section. The pre-harvest report shall include the following:

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- (1) The number of acres planted in each research area;
- (2) the intended harvest date for each research area; and
- (3) a statement of intended end-use for all industrial hemp plants, plant parts, grain, or seeds that will be harvested from each research area.

(e) Each primary licensee on a research grower license shall submit a production report to the department within 30 days after the last harvest date for every harvest. Each production report shall include the following, at a minimum:

- (1) The amount of industrial hemp plants, plant parts, grain, or seeds harvested from each research area, which shall be provided as follows:

- (A) If the industrial hemp crop was cultivated, planted, or grown for the production of fiber, the number of bales and the size and shape of the bales;

- (B) if the industrial hemp crop was cultivated, planted, or grown for the production of grain or seed, the quantity by weight;

- (C) if the industrial hemp crop was cultivated, planted, or grown for the production of floral material, the quantity by weight; and

- (D) if the industrial hemp crop was cultivated, planted, or grown for the production of more than one end-use, the information for each end-use as required by this regulation;

- (2) the name, address, and, if applicable, the license number of the primary licensee on the research distributor license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of the state that transported any industrial hemp plants, plant parts, grain, or seeds that were harvested; and

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(3) the name, address, and, if applicable, the license number of the primary licensee on the research processor license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of the state that received the industrial hemp plants, plant parts, or grain for processing.

(f) Each primary licensee on a research distributor license shall annually submit a completed distribution report to the department no later than November 30. Each distribution report shall include the following, at a minimum:

(1) The amount of industrial hemp plants, plant parts, grain, or seeds distributed in each load, which shall be provided as follows:

(A) If the industrial hemp crop was cultivated, planted, or grown for the production of fiber and was distributed, the number of bales and the size and shape of the bales;

(B) if the industrial hemp crop was cultivated, planted, or grown for the production of grain or seed and was distributed, the quantity by weight;

(C) if the industrial hemp crop was cultivated, planted, or grown for the production of floral material and was distributed, the quantity by weight; and

(D) if the industrial hemp crop was cultivated, planted, or grown for the production of more than one end-use and was distributed, the information for each end-use as required by this regulation;

(2) the name, address, and, if applicable, the license number of the primary licensee on the research grower license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as

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amended, and the laws of the state that cultivated, planted, grew, handled, harvested, conditioned, stored, distributed, or transported any industrial hemp plants, plant parts, grain, or seeds that the licensee distributed or transported;

(3) the name, address, and, if applicable, the license number of the primary licensee on the research processor license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of the state that processed each load of industrial hemp plants, plant parts, or grain that the licensee distributed or transported; and

(4) the amount of industrial hemp plants, plant parts, grain, or seeds that was sold during the current license year.

(g) Each primary licensee on a research processor license shall annually submit a completed processing report no later than November 30. Each processing report shall include the following, at a minimum:

(1) The amount of industrial hemp plants, plant parts, or grain processed by the licensee, which shall be provided as follows:

(A) If the industrial hemp crop was cultivated, planted, or grown for the production of fiber and was processed, the number of bales and the size and shape of the bales;

(B) if the industrial hemp crop was cultivated, planted, or grown for the production of grain or seed and was processed, the quantity by weight;

(C) if the industrial hemp crop was cultivated, planted, or grown for the production of floral material and was processed, the quantity by weight; and

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(D) if the industrial hemp crop was cultivated, planted, or grown for the production of more than one end-use and was processed, the information for each end-use as required by this regulation;

(2) the name, address, and, if applicable, the license number of the primary licensee on the research grower license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of the state that cultivated, planted, grew, handled, harvested, conditioned, stored, distributed, or transported any industrial hemp plants, plant parts, or grain that the licensee processed; and

(3) the name, address, and, if applicable, the license number of the primary licensee on the research distributor license or an out-of-state individual or business entity that is authorized by an institution of higher education or a state department of agriculture under 7 U.S.C. 5940, as amended, and the laws of the state that distributed or transported any of industrial hemp plants, plant parts, or grain that the licensee processed.

(h) On and after January 1, 2019, each primary licensee shall prepare and submit a research report to the department no later than November 30 each year. Each research report shall include the following, at a minimum:

- (1) A summary of the research conducted;
- (2) a description of the methods and materials used in conducting the research;
- (3) the results of the research; and
- (4) an analysis of the results.

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(i) All research conducted and all reports submitted to the department as part of the pilot program shall become the property of the department, and no compensation shall be due from the department to any licensee. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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K.A.R. 4-34-21. Violations; disciplinary sanctions. (a) Each of the following acts and omissions shall constitute a violation for which disciplinary sanctions, including revocation of any license and denial of future applications, may be imposed by the department:

- (1) Failure to cooperate with the department and law enforcement agencies in administration and enforcement of the act, and amendments thereto, and the implementing regulations;
- (2) failure to provide any information relating to the administration of the pilot program that the department requests;
- (3) providing false, misleading, or incorrect information relating to the licensee's participation in the pilot program to the department;
- (4) failure to submit any forms or reports as required;
- (5) cultivating, planting, growing, or otherwise possessing plants of the genus cannabis with a delta-9 tetrahydrocannabinol concentration greater than 0.3 percent on a dry-weight basis;
- (6) failure to pay any fees assessed by the department;
- (7) submitting a pre-harvest report or destruction report and harvesting or destroying industrial hemp plants, plant parts, grain, or seeds before sampling by the department;
- (8) harvesting any industrial hemp plants, plant parts, grain, seeds without being issued a passing report of analysis;
- (9) failure to destroy any industrial hemp plants, plant parts, grain, seeds, volunteer plants, or plants of the genus cannabis with a delta-9 tetrahydrocannabinol concentration greater than 0.3 percent on a dry-weight basis as required by this article of the department's regulations;

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(10) harvesting any industrial hemp plants, plant parts, grain, or seeds after being issued a failing report of analysis; and

(11) any other violation of the act, and amendments thereto, or the implementing regulations.

(b) If a licensee cultivates, plants, grows, handles, harvests, conditions, stores, distributes, transports, or processes any industrial hemp plants, plant parts, grain, or seeds as part of the pilot program at any location not listed on the license, the industrial hemp plants, plant parts, grain, or seeds at that location shall be destroyed by any licensee that received a license issued pursuant to the primary licensee's research license application. The destruction shall be at the primary licensee's expense, and any license may be revoked.

(c)(1) Each licensee whose license is revoked shall destroy any industrial hemp plants, plant parts, grain, or seeds in that individual's possession at that individual's own expense, no more than 15 business days after the department directs the individual to do so. The licensee shall not be eligible to reapply or otherwise participate in the pilot program for at least five years from the date of revocation. If a primary licensee's research license is revoked, all industrial hemp plants, plant parts, grain, or seeds that are subject to the primary licensee's license shall be destroyed by a licensee listed on the research license application and at the primary licensee's expense.

(2) Each licensee that will destroy industrial hemp plants, plant parts, grain, or seeds pursuant to paragraph (c)(1) shall notify the department of the date and time of destruction within five days of issuance of the notification that destruction is required. Each licensee shall notify the department of any change in the destruction date or time. Additional sampling and

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testing may be required by the department for a change of five or more days. Representatives of the department or law enforcement may be present during the destruction, or proof of the destruction may be required by the department.

(3) All volunteer plants shall be destroyed during the current license year and for at least three years after the last reported date of planting.

(4) No refund shall be issued for any fees paid by the primary licensee.

(d) If a licensee violates any provision of the act, and amendments thereto, or the implementing regulations, any license may be revoked, in whole or in part, by the secretary, as deemed appropriate.

(e) Any prior violations of the act, and amendments thereto, the implementing regulations or previous revocations of a license may be considered when reviewing new research license applications. (Authorized by and implementing K.S.A. 2018 Supp. 2-3902; effective P-_____.)

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**Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget**

Proposed

Kansas Department of Agriculture
Agency

Ronda Hutton
Agency Contact

785-564-6715
Contact Phone Number

K.A.R. 4-34-1 to K.A.R. 4-34-21
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).

Due to the passage of SB 263 by the 2018 Kansas Legislature, the Kansas Department of Agriculture is proposing the promulgation of new rules and regulations relating to the creation of the Industrial Hemp Research Program as authorized by the Alternative Crop Research Act, K.S.A. 2018 Supp. 2-3901 *et seq.*

K.A.R. 4-34-1 – This regulation contains terminology and definitions relevant to and used throughout the proposed regulations.

K.A.R. 4-34-2 – This regulation sets forth requirements relating to certification of industrial hemp seed.

K.A.R. 4-34-3 – This regulation explains the approval processes for individuals seeking to obtain any license to conduct research pursuant to the Industrial Hemp Research Program. The regulation sets out the stages of the approval process at which applicable fees must be paid and specifies the process for completing the required fingerprint-based state and national criminal history record check.

K.A.R. 4-34-4 – This regulation contains the requirements of the research license applications. The regulation identifies information required on each research license application, including listing all individuals required by the application, specifies requirements for each research proposal, establishes application deadlines, and specifies when the department may deny or decline to consider a research license application.

K.A.R. 4-34-5 – This regulation establishes requirements for all licenses and contains general requirements for licensees. This regulation specifies that a license must be issued prior to an individual conducting any industrial hemp-related activity pursuant to the Industrial Hemp Research Program and also specifies that licensees must have any required license in their possession when conducting such industrial hemp-related activities. It also sets forth certain events that a licensee is required to notify the department of. Additionally, the regulation identifies varieties of industrial hemp that can be utilized; authorizes inspections, sample collection and access by the department to a licensee's industrial hemp; permits the agency to release information; and authorizes educational opportunities.

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K.A.R. 4-34-6 – This regulation contains additional license requirements for individuals issued a research grower license, specifies acreage limitations under one license, and requires a primary licensee to have a primary Kansas residence.

K.A.R. 4-34-7 – This regulation contains additional license requirements for individuals issued a research distributor license and requires a primary licensee to have a primary Kansas residence.

K.A.R. 4-34-8 – This regulation contains additional license requirements for individuals issued a research processor license and specifies additional requirements for a licensee utilizing a mobile processing facility.

K.A.R. 4-34-9 – This regulation contains additional license requirements for individuals that are issued a state educational institution license. The regulation requires that state educational institutions authorizing participation in the Industrial Hemp Research Program be responsible for those individuals that are issued licenses. With some exceptions, the regulation authorizes state educational institution licensees to conduct the same activities as licensed research growers, licensed research distributors, and licensed research processors and requires state educational institution licensees to comply with the same licensing requirements as those licensees. The regulation further specifies that no application fees or license fees shall be imposed for state educational institution licenses but the fees for fingerprinting and the state and national criminal history record check are applicable.

K.A.R. 4-34-10 – This regulation contains license requirements for individuals that are issued an administrative license. The regulation specifies that administrative licenses may be issued to members of the State Advisory Board, employees of the designated certifying agency, and employees of the department that require licensure as a result of their employment responsibilities. The regulation further specifies that no application fees or license fees shall be imposed for administrative licenses.

K.A.R. 4-34-11 – This regulation contains requirements relating to the State Advisory Board. The regulation establishes the requirements for the composition of the board's membership and terms of the board members, enumerates the assigned duties of the board, and clarifies the administrative license requirement for members of the board.

K.A.R. 4-34-12 – This regulation establishes the fees associated with the Industrial Hemp Research Program. The regulation specifies the application fees, license fees, sampling fees, testing fees, and fees for modification of a license.

K.A.R. 4-34-13 – This regulation establishes the requirements for modification of a license previously issued by the department and addresses the procedure for modification of a license in the event of a primary licensee's death.

K.A.R. 4-34-14 – This regulation includes the land-use restrictions for licensees and establishes signage requirements for research areas.

K.A.R. 4-34-15 – This regulation addresses the movement, sale, or transfer of industrial hemp. It sets out that such activities are at the risk of the licensee and must comply with applicable local, state, and federal laws and regulations.

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K.A.R. 4-34-16 – This regulation authorizes licensees to voluntarily withdraw from the Industrial Hemp Research Program. Additionally, the regulation sets forth the process for a licensed research grower to conduct a voluntary partial destruction of their industrial hemp.

K.A.R. 4-34-17 – This regulation contains requirements for licensed research growers prior to harvest, establishes certain harvest requirements, and identifies the information required for the department to issue a harvest certificate.

K.A.R. 4-34-18 – This regulation contains requirements relating to the department's collection of pre-harvest samples and testing. The regulation states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or less will result in the issuance of a passing report of analysis. It also states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or higher will result in the issuance of a failing report of analysis. This regulation also sets out that a passing report of analysis is required before a licensee can complete the harvest and requires that, if a failing report of analysis is issued, the primary licensee destroy all plants in the research areas that were sampled unless the primary licensee requests a subsequent sample and re-test.

K.A.R. 4-34-19 – This regulation contains requirements relating to the department's collection of post-harvest samples and testing. The regulation states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or less will result in the issuance of a passing report of analysis. It also states that test results with a delta-9 tetrahydrocannabinol concentration of 0.3% or higher will result in the issuance of a failing report of analysis. This regulation also sets out that a passing report of analysis is required before a licensee can complete the harvest and requires that, if a failing report of analysis is issued, the primary licensee destroy all plants in the research areas that were sampled unless the primary licensee requests a subsequent sample and re-test.

K.A.R. 4-34-20 – This regulation contains the reporting requirements for licensees and requires the following reports to be completed by the established deadlines: the field planting report, the voluntary withdrawal report, the pre-harvest report, the production report, the distribution report, the processing report, and the research report.

K.A.R. 4-34-21 – This regulation details actions and situations that warrant disciplinary action by the department and specifies the penalties for such actions.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

These proposed rules and regulations are authorized by 7 U.S.C. 5940, the 2014 Farm Bill, which allows state departments of agriculture to implement industrial hemp pilot programs for research purposes. While the 2014 Farm Bill does not explicitly require state departments of agriculture to implement rules and regulations for the administration of an industrial hemp pilot program, the federal law does require that the departments of agriculture of states wishing to implement an industrial hemp pilot program be authorized to promulgate such rules and regulations.

These proposed rules and regulations differ from those of contiguous states for several reasons. Most notably, Colorado's industrial hemp pilot program differs substantially from the one contemplated for Kansas

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because Colorado has legalized both medicinal and recreational marijuana by state law and allows the commercial sale of industrial hemp. Both medicinal and recreational marijuana remain illegal in Kansas, and the Kansas Industrial Hemp Research Program is research-focused; commercial production is not yet allowed. Thus, Colorado's rules and regulations do not need to contemplate the same administrative testing burdens, restrictions on sale, or law enforcement issues that the Kansas rules and regulations do.

Secondly, these proposed rules and regulations differ from those of other contiguous states because Kansas has taken a broader approach to who is allowed to participate in the department's program than those states have. Kansas will allow individual farmers, as well as the department and state educational institutions, to be licensed to grow industrial hemp for research purposes. By contrast, Nebraska only allows persons affiliated with its state department of agriculture or post-secondary institutions to be licensed growers. Similarly, Oklahoma's pilot program is limited so as to allow postsecondary institutions to either grow industrial hemp for research purposes or to subcontract with individuals or businesses to do so. Missouri allows no more than two non-profit entities to grow, process, and possess industrial hemp or industrial hemp extracts. These differences all necessitate the Kansas rules and regulations being quite extensive and detailed when compared to those of contiguous states. In administering the Industrial Hemp Research Program in Kansas, the department will be required to ensure that numerous individual growers operate in compliance with Kansas law. Doing so will unavoidably entail a significant administrative burden as long as the substance with which those individual growers are dealing occupies a gray area between a research project, an agricultural commodity, and a controlled substance.

III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The proposed rules and regulations will likely have a limited impact on business activities and growth within the state at this time. The authorizing statute is research-focused, and the commercial production of industrial hemp is currently not allowed in Kansas. However, significant long-term enhancement of business activity is possible as an indirect result of these rules and regulations, as a successful research-based pilot program may lead to the eventual legalization of commercial industrial hemp in Kansas. These rules and regulations do allow for the sale and purchase of industrial hemp seeds or plants among licensees, so there is some potential for increased economic activity in that regard. Additionally, industrial hemp requires inputs similar to those required for other crops, so licensees building growing or storage facilities and purchasing fertilizer, pesticide, herbicide, and equipment may account for some increased economic activity. It should be noted, though, that many inputs such as the ones mentioned are not yet authorized or proven to work well for use on industrial hemp. For example, in states that have already implemented pilot programs, farmers have had difficulty keeping weeds out of their fields, and industrial hemp has proven particularly difficult to harvest using traditional means. This uncertainty as to the effectiveness of traditional inputs for use on industrial hemp means that it is difficult to predict how much economic activity may result from the purchase of such inputs. The impact could be moderately significant, or could be negligible, depending on whether licensees are willing to gamble on unproven inputs. The rules and regulations will likely not restrict existing business activities in Kansas in any way.

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- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

The annual fees expected to be levied by the department under the Industrial Hemp Research Program are as follows:

Category	Proposed Fee
Application Fee	\$ 200.00
Research Grower License	\$ 1,000.00
Research Distributor License	\$ 2,000.00
Research Processor License - fiber or grain	\$ 3,000.00
Research Processor License - floral material	\$ 6,000.00
Sampling Fee (per hour)	\$ 45.00
Laboratory Testing Fee	\$ 250.00
License Modification Fee	\$ 750.00

In determining the total implementation and compliance costs expected to be incurred by other governmental agencies, letters of request were sent to the Kansas County and District Attorneys Association, Kansas Peace Officers Association, Kansas Sheriffs Association, Kansas Highway Patrol, Kansas Bureau of Investigation, Johnson County Sheriff's Office Criminalistics' Laboratory, Sedgwick County Forensic Science Center, Kansas Association of Chiefs of Police, Kansas Association of School Boards and the Kansas Association of Counties. Responses were received from the Kansas Bureau of Investigation and the Sedgwick County Forensic Science Center. The Kansas Bureau of Investigation estimated in their reply that their annual costs, in the first year of implementation will be \$255,845 "to build an internal base capacity to perform THC quantitation analysis on a limited number of samples per year", or \$990,200 "if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to our laboratory." The Sedgwick County Forensic Science Center responded that they did not believe the regulations would have any economic impact on them.

- C. Businesses that would be directly affected by the proposed rule and regulation;

These proposed regulations will likely not have any restrictive effect on existing businesses in Kansas, as the Industrial Hemp Research Program is not commercialized at this time. Businesses that sell agricultural inputs or greenhouse materials or equipment could see some increase in activity as a result of these rules and regulations.

- D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

These proposed regulations have the potential to provide significant long-term economic benefit to the state of Kansas, as a successful pilot program would likely lay the groundwork for

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the introduction of commercial industrial hemp in Kansas. If industrial hemp crops under the pilot program grow well and are shown to have the potential to be profitable, many Kansas farmers may begin growing the crop within the next several years. Those potential benefits are difficult to quantify, but could be significant. As discussed above, the regulations as written also provide the potential for economic benefits to agricultural input providers and to licensees, who will be allowed to sell various aspects of their industrial hemp crop.

The regulations will also, however, impose a significant burden on the department, laboratory testing facilities, and law enforcement, especially while the pilot program is in its infancy. It will likely take the department and law enforcement some time to determine the most efficient ways to administer the department's program. Because of this, it is admittedly likely that the administrative costs of these regulations will outweigh any direct economic benefit in the short-term. However, these regulations are a necessary step in moving toward the commercialization of industrial hemp in Kansas in compliance with federal law and the wishes of the legislature, and the potential economic benefits of commercialization far outweigh short-term administrative costs.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

These proposed regulations do not present substantial costs or impacts to existing business activity within the state. The vast majority of the costs presented by these proposed regulations will be borne by governmental agencies and by the individuals participating in the program as licensees—business entities are not at this time allowed to hold a license in the name of a corporate entity or partnership. Some people eventually may leave jobs at existing businesses in hopes of making a living growing industrial hemp, but the economic impact of such to overall business activity in Kansas would likely be negligible, particularly short-term when the growth of industrial hemp in Kansas is still research-based. The majority of people wishing to grow industrial hemp will be people who already make their living as farmers and are simply adding industrial hemp to the crops they already grow.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

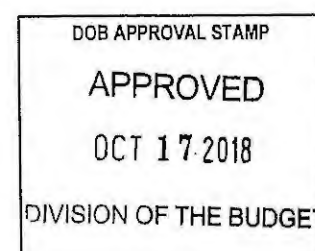
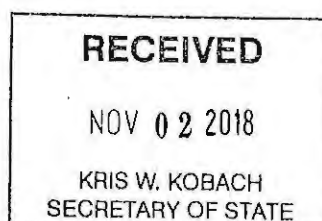
\$1,117,000

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$1,117,000

Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒



Give a detailed statement of the data and methodology used in estimating the above cost estimate.

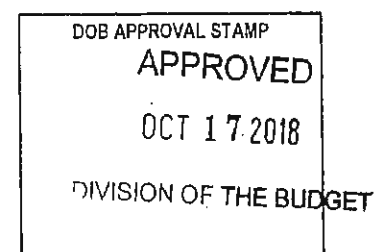
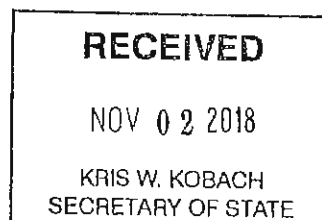
In determining anticipated implementation and compliance costs, letters of request were sent to the Kansas County and District Attorneys Association, Kansas Peace Officers Association, Kansas Sheriffs Association, Kansas Highway Patrol, Kansas Bureau of Investigation, Johnson County Sheriff's Office Criminalistics' Laboratory, Sedgwick County Forensic Science Center, Kansas Association of Chiefs of Police, Kansas Association of School Boards and the Kansas Association of Counties. Responses were received from the Kansas Bureau of Investigation and the Sedgwick County Forensic Science Center. The majority of the implementation and compliance costs associated with these regulations outside of the Kansas Department of Agriculture lie with the Kansas Bureau of Investigation. The Kansas Bureau of Investigation estimates that their costs in the first year of implementation will be \$255,845 "to build an internal base capacity to perform THC quantitation analysis on a limited number of samples per year," or \$990,200 "if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to our laboratory." We selected the larger of the two numbers provided in our analysis. The Sedgwick County Forensic Science Center responded that they did not believe the regulations would have any economic impact on them. The estimate of KDA's total implementation and compliance costs upon business, local governments, or members of the public of \$1,117,000 are based on the attached table.

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

The proposed regulations will not significantly increase or decrease revenues of cities, counties, or school districts, as most of the costs of the Industrial Hemp Research Program will be borne by the department and the Kansas Bureau of Investigation. Counties and municipalities could see some expenditures as a result of costs to local law enforcement, though most law enforcement costs will be at the state level. Letters of request were sent to the League of Kansas Municipalities, the Kansas Association of School Boards and the Kansas Association of Counties. No responses were received from those entities.



Proposed

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

Letters were sent to the League of Kansas Municipalities, the Kansas Association of Counties, the Kansas Association of School Boards, the Kansas Bureau of Investigation, the Kansas Highway Patrol, the Kansas Sheriff's Association, the Kansas Peace Officers' Association, the Kansas County and District Attorneys' Association, the Kansas Association of Chiefs of Police, the Sedgwick County Regional Forensic Science Center and the Johnson County Sheriff's Office Criminalistics Laboratory inquiring whether the draft regulations will have an economic effect on those organizations. These letters requested a statement of quantified costs associated with implementation and compliance, an estimate of the total annual implementation and compliance costs, a statement of whether implementation and compliance costs will exceed \$3,000,000 over any two-year period, a statement of whether the draft regulations will increase or decrease the organizations' revenue, and a statement of whether the draft regulations will impose functions or responsibilities on the organizations that will increase their fiscal expenditures or fiscal liability. Furthermore, draft regulations were shared with the public via the Kansas Department of Agriculture's website and the public was able to submit comments or concerns to the department.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

The department does not anticipate any costs accruing if the proposed regulations are not adopted.

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Proposed

The following table is the department's detailed estimate of total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

Category	Proposed Cost	# Expected	Estimated Total Cost
<i>Implementation and compliance costs of the department</i>			
Application Fee	\$ 200.00	50	\$ 10,000.00
Research Grower License	\$ 1,000.00	30	\$ 30,000.00
Research Distributor License	\$ 2,000.00	10	\$ 20,000.00
Research Processor License – fiber and grain	\$ 3,000.00	3	\$ 9,000.00
Research Processor License - floral material	\$ 6,000.00	7	\$ 42,000.00
Sampling Fee (per hour)	\$ 45.00	40	\$ 1,800.00
Laboratory Testing Fee	\$ 250.00	50	\$ 12,500.00
License Modification Fee	\$ 750.00	2	\$ 1,500.00
<i>Other implementation and compliance costs</i>			
Kansas Bureau of Investigation	\$ 990,200.00	1	\$ 990,200.00 ¹
TOTAL			\$1,117,000.00

¹ This costs represents a scenario if the program expands to the point where the ability to establish probable cause of a criminal violation is dependent on a THC quantitation analysis and the KBI were required to such analyses on all vegetative samples submitted to the KBI laboratory.

