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Proposed

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

A public hearing will be conducted at 10:00 a.m., January 20, 2021, in the 1st floor meeting room 124 of the Kansas Department of Agriculture, 1320 Research Park Drive, Manhattan, Kansas to consider the adoption of a proposed regulation. Due to the public health concerns posed by the COVID-19 pandemic, the hearing proceedings will also be available via video conferencing system. Anyone desiring to participate in the public hearing via video conference must pre-register at: <https://kansasag.zoom.us/meeting/register/tJEoc-CpqTMjGtc3iD-lqAjzao9bJOGGgbJE>. Individuals planning to attend in person, please contact Ronda Hutton via email at ronda.hutton@ks.gov or telephone at (785) 564-6715. Due to social distancing restrictions, seating for those attending the hearing in person will be limited and will be provided on a first come, first serve basis.

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 regulation. 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 regulation 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. This regulation is proposed for adoption on a permanent basis. A summary of the proposed regulation and the economic impact follows:

The Kansas Department of Agriculture is proposing amendments to K.A.R. 4-34-1, previously implemented pursuant to the Alternative Crop Research Act, K.S.A. 2019 Supp. 2-3901 *et seq.*, which authorized the production of industrial hemp in Kansas for research purposes. These amendments are proposed in order to make the existing rule and regulation align with the 2018 Farm Bill and the Commercial Industrial Hemp Act, which together allow commercial hemp production in Kansas.

K.A.R. 4-34-1 – This regulation contains terminology and definitions relevant to and used throughout the rules and regulations that will implement the Commercial Industrial Hemp Act. The amendments to this regulation provide that the use of “act” throughout the rules and regulations refers to the Commercial Industrial Hemp Act rather than the Alternative Crop Research Act, create a license for creditors who need to take possession of industrial hemp, and add definitions for “ground cover,” “hemp,” “licensed growing area,” and “lot.”

Economic Impact Statement:

The amendments to this regulation are proposed in light of the passage of the 2018 Farm Bill and K.S.A. 2019 Supp. 2-3901, *et seq.*, the Commercial Industrial Hemp Act, to ensure that hemp production in Kansas is regulated in accordance with current federal requirements. This regulation will be implemented in conjunction with the Department’s separately proposed commercial hemp regulations, K.A.R. 4-34-22 through K.A.R. 4-34-30, and it thus poses substantially the same economic impact as those regulations. Commercial hemp production has the potential to provide significant long-term economic benefit to the state of Kansas, but this potential remains difficult to quantify, as much remains to be learned about hemp production.

Any individual with a disability may request accommodations to participate in the public hearing and may request the proposed regulation 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 parking is located on the west side of the building at 1320 Research Park Drive, Manhattan, and the west entrance to the building is accessible to individuals with disabilities.

Copies of the regulation and its 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 web site at the following link <https://www.agriculture.ks.gov/document-services/public-comment>.

Mike Beam
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~~ commercial industrial hemp act, K.S.A. 2018 2019 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; or

(4) an individual who is an employee or agent of a bank, financial institution, or other creditor that has a legal right to take possession of industrial hemp for the purposes of settling a debt.

(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

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APR 15 2020

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APR 17 2020

DEPT. OF ADMINISTRATION

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JUN 29 2020

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NOV 10 2020

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agricultural seed for the purpose of being planted or seeded. Seed that has undergone this process is known as "conditioned."

(f) "Department" means Kansas department of agriculture.

(g) "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." "destruction," which is a type of "effective disposal" as defined in K.S.A. 2019 Supp. 2-3901 and amendments thereto.

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

(h) (i) "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.

(j) "Ground cover" means any species of grass, legume, or forb that is planted to provide seasonal soil cover and is not intended to be harvested.

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

(j) (l) "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) (m) "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.

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NOV 10 2020

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(f) (n) "Individual" means a natural person.

(o) "Licensed growing area" means an area that is identified on an application or license for cultivating or producing industrial hemp for commercial purposes, can consist of a single primary section legally designated by the public land survey system, and may include an additional half mile in any direction beyond the primary section.

(m) (p) "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.

(n) (q) "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.

(e) (r) "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) (s) "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.

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APR 17 2020

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

(u) "Lot" means a contiguous area in a field, greenhouse, or indoor growing structure containing the same variety or strain of cannabis throughout the area.

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

(s) (w) "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;

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

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

(t) (x) "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 any implementing regulations.

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

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APR 17 2020

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JUN 29 2020

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NOV 10 2020

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(w) (aa) "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) (bb) "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.

(y) (cc) "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 2019 Supp. 2-3902; effective Feb. 8, 2019; amended P-_____.)

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APR 17 2020

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JUN 29 2020

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

Kansas Department of Agriculture
Agency

Ronda Hutton
Agency Contact

785-564-6715
Contact Phone Number

K.A.R. 4-34-1, K.A.R. 4-34-1a, K.A.R. 4-34-4 to K.A.R. 4-34-10 and K.A.R. 4-34-12 to K.A.R. 4-34-19
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 2019 HB 2167, which allows the commercial production of Industrial Hemp in Kansas, the Kansas Department of Agriculture is proposing amendments to some of the rules and regulations previously implemented pursuant to the Alternative Crop Research Act, K.S.A. 2018 Supp. 2-3901 *et seq.*, which authorized the production of industrial hemp in Kansas for research purposes. These amendments are proposed in order to make the existing rules and regulations align with the new regulations being proposed to implement a Commercial Industrial Hemp Program in light of the passage of the 2018 Farm Bill and the Commercial Industrial Hemp Act.

K.A.R. 4-34-1 – This regulation contains terminology and definitions relevant to and used throughout the regulations. The amendment to this regulation provides that the use of “act” throughout the regulations refers to the Commercial Industrial Hemp Act rather than the Alternative Crop Research Act, creates a license for creditors who need to take possession of industrial hemp, and adds definitions for “ground cover,” “hemp,” and “licensed growing area.”

K.A.R. 4-34-1a – This regulation clarifies that K.A.R. 4-34-2 through 4-34-21 are applicable only to industrial hemp-related activities conducted for research purposes and are not applicable to commercial industrial-hemp related activities.

K.A.R. 4-34-4 – This regulation contains the requirements for research license applications. The amendment to this regulation removes the requirement that motor vehicles used in the production of industrial hemp be listed on applications. It also adds a ten-year look-back period for disqualifying criminal records and provides for the administration of the research pilot program upon the implementation of a commercial industrial hemp program.

K.A.R. 4-34-5 – This regulation establishes requirements for all licenses. It specifies that a license must be issued prior to an individual conducting any industrial hemp-related activity and also that licensees must have any required license in their possession when conducting industrial hemp-related activities. Additionally, the regulation identifies approved varieties of industrial hemp; authorizes inspections, sample collection, and access to a licensee’s industrial hemp by the department; permits the agency to release licensee information; and authorizes educational opportunities. The amendment to this regulation removes the prohibition

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on the use of a motor vehicle owned by an individual whose license was revoked or whose application was denied.

K.A.R. 4-34-6 – This regulation establishes requirements for licensed research growers, including specifying acreage limitations under one license and requiring primary licensees to have a primary Kansas residence. The amendment to this regulation allows licensees to use industrial hemp obtained from any legal source of industrial hemp. It also allows the use of ground cover and requires growers to maintain a certificate of analysis or other documentation necessary to verify that any seed or clone plant in their possession is authorized for use.

K.A.R. 4-34-7 – This regulation establishes requirements for licensed research distributors, including requiring a primary licensee to have a primary Kansas residence. The amendment to this regulation allows licensees to obtain industrial hemp plants, plant parts, grain, or seeds from any legal source of industrial hemp.

K.A.R. 4-34-8 – This regulation establishes requirements for licensed research processors, including those utilizing a mobile processing facility. The amendment to this regulation allows licensees to obtain industrial hemp plants, plant parts, or grain from any legal source of industrial hemp.

K.A.R. 4-34-9 – This regulation establishes requirements for state educational institution licensees, including requiring that state educational institutions authorizing participation in the Industrial Hemp Research Program be responsible for those individuals who 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. The amendment to this regulation removes the requirement that each owner of a motor vehicle that will be used in industrial hemp-related activities be listed on a license application.

K.A.R. 4-34-10 – This regulation establishes requirements for administrative licensees. The regulation as originally implemented specified that administrative licenses could be issued to members of the State Advisory Board, employees of the designated certifying agency, and employees of the department who require licensure as a result of their employment responsibilities. It further specified that no application fees or license fees would be imposed for administrative licenses. The amendment to this regulation provides that an administrative license may also be issued to creditors who need to seize industrial hemp and that an application fee and a \$500 license fee will be charged to creditors who apply for such a license. It also provides that administrative licenses issued to creditors shall expire 180 days from the date of approval. The amendment to this regulation also adds “distributing” and “storing” industrial hemp to the list of things a holder of an administrative license may do.

K.A.R. 4-34-12 – This regulation establishes the fees associated with the Industrial Hemp Research Program. The amendment to this regulation provides that a fee of \$50 will be charged for each modification request form submitted.

K.A.R. 4-34-13 – This regulation establishes the requirements for modification of a license, including in the event of a primary licensee’s death. The amendment to this regulation removes the requirement that a separate fee be charged for each license modification a licensee requests.

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K.A.R. 4-34-14 – This regulation includes the land-use restrictions for licensees and establishes signage requirements for research areas. The amendment to this regulation provides that a licensee may grow more than one approved variety of industrial hemp in a growing area, provided that each variety is visually distinguishable from all surrounding varieties and also clarifies that the regulation does not prohibit the use of ground cover.

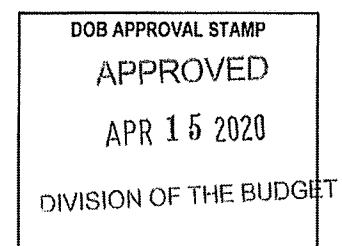
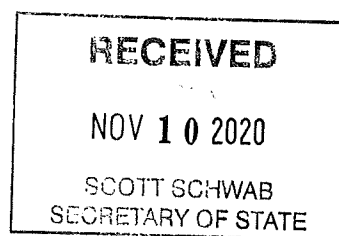
K.A.R. 4-34-15 – This regulation addresses the movement, sale, and transfer of industrial hemp. The amendment to this regulation allows for the movement and transfer of industrial hemp as allowed under federal law and the laws of the state in which the movement or transfer takes place.

K.A.R. 4-34-16 – This regulation authorizes licensees to voluntarily withdraw from the Industrial Hemp Research Program. The amendment to this regulation allows licensees, upon voluntary withdrawal, to effectively dispose of industrial hemp plants, plant parts, grain, or seeds in lieu of destroying them.

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. The amendment to this regulation allows effective disposal of industrial hemp plants, plant parts, grain, or seeds in lieu of destruction.

K.A.R. 4-34-18 – This regulation contains pre-harvest sampling and testing requirements. 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 and 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 harvest and requires that, if a failing report of analysis is issued, the primary licensee effectively dispose of all plants in the research areas that were sampled or request a subsequent sample and re-test. The amendment to this regulation allows effective disposal of industrial hemp plants, plant parts, grain, or seeds in lieu of destruction.

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 effectively dispose of all plants in the research areas that were sampled unless the primary licensee requests a subsequent sample and re-test. The amendment to this regulation allows effective disposal of industrial hemp plants, plant parts, grain, or seeds in lieu of destruction.

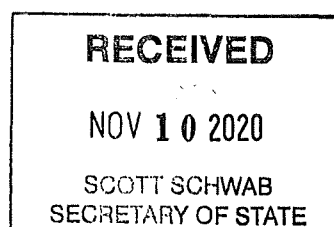


II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement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

These rules and regulations are authorized by 7 U.S.C. 5940, the 2014 Farm Bill, which allowed state departments of agriculture to implement industrial hemp pilot programs for research purposes. While the 2014 Farm Bill did not explicitly require state departments of agriculture to implement rules and regulations for the administration of an industrial hemp pilot program, the federal law did require that the departments of agriculture of states wishing to implement an industrial hemp pilot program be authorized to promulgate such rules and regulations. The amendments to these regulations are largely proposed to address various gaps in the existing pilot program that KDA has identified over the course of the first year of administering the program. Some of the amendments are also proposed with an eye towards less restrictive regulation of industrial hemp as KDA works toward adopting commercial industrial hemp regulations authorized by the 2018 Farm Bill and 2019 HB 2167. That legislation authorizes states to allow the commercial production of industrial hemp either by securing United States Department of Agriculture ("USDA") approval for a state-regulated program or by allowing federal regulation of industrial hemp pursuant to uniform rules promulgated by USDA. Industrial hemp producers in Kansas will be required to operate within the rules and regulations of the research program until Kansas receives USDA approval for its commercial industrial hemp plan and rules and regulations regarding commercial production have been adopted, likely in early-2020. These research-focused rules and regulations will remain in effect until that time, at which point already-issued research licenses will be converted into commercial licenses and the rules of the commercial industrial hemp program will be applied to producers who have already been issued industrial hemp research licenses.

These proposed rules and regulations differ from those of contiguous states for several reasons. Most notably, industrial hemp production in Colorado differs substantially from production in Kansas because Colorado has legalized both medicinal and recreational marijuana by state law and allowed the commercial sale of industrial hemp prior to the passage of the 2018 Farm Bill. Both medicinal and recreational marijuana remain illegal in Kansas, and, as noted above, commercial production of industrial hemp will not be allowed in the state until USDA approves Kansas's proposed commercial industrial hemp plan. 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.

Kansas also initially took a broader approach to who was allowed to participate in the pilot program than Nebraska, Missouri, and Oklahoma did, by allowing individual farmers, as well as the department and state educational institutions, to be licensed to grow industrial hemp for research purposes. These differences all necessitated 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 is required to ensure that numerous individual licensees operate in compliance with Kansas law. Doing so has entailed a significant administrative burden and will likely continue to do as long as a research-based program remains in effect.



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;

These rules and regulations will likely continue to provide limited enhancement to business activities and growth in Kansas, as they do not allow commercial production. Some enhancement to business growth may occur as Kansas farmers learn more about industrial hemp and are able to produce it more efficiently, but tangible business growth as a result of a research-driven program is likely to remain small. More substantial economic impact could be seen as a result of the proposed commercial industrial hemp regulations, which the department expects to become effective and supersede these regulations after the 2020 growing season. In general, though, it remains difficult to estimate what the impact of industrial hemp production will be to the Kansas economy. Because the crop is new, much remains unknown regarding both production methods and what the market will be for this crop if it is successfully produced. The rules and regulations will likely not restrict existing business activities in Kansas in any way because no production of industrial hemp was allowed in Kansas prior to the adoption of these regulations in their original form.

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:

All amounts shown below reflect amounts that will be assessed or incurred during fiscal year 2020, as all costs after that year will be assessed or incurred as part of the Commercial Industrial Hemp Program, rather than the Industrial Hemp Research Program. The estimated number of licensees for each license category is based on the number of licensees who participated in the Industrial Hemp Research Program in 2019. The annual fees expected to be levied under the Industrial Hemp Research Program in 2020 are as follows:

Category	Proposed Fee	Estimated Number	Total Fees
Application Fee	\$ 200.00	315	\$ 63,000.00
Research Grower License	\$ 1,000.00	205	\$ 205,000.00
Research Distributor License	\$ 2,000.00	18	\$ 36,000.00
Research Processor License - fiber or grain	\$ 3,000.00	0	\$ 0.00
Research Processor License - floral material	\$ 6,000.00	25	\$ 150,000.00
Laboratory Testing Fee	\$ 250.00	205	\$ 51,250.00
Modification Fee	\$ 50.00	50	\$ 2,500.00
Criminal History Record Check Fee	\$ 47.00	1,500	\$ 70,500.00
			\$ 578,250.00

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Additionally, in determining the total implementation and compliance costs expected to be incurred by other governmental agencies, letters of request were sent to the Kansas League of Municipalities, Kansas Association of School Boards, and the Kansas Association of Counties. No responses were received from those entities.

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 they will only be in effect as long as the commercial production of industrial hemp is not allowed in Kansas. Businesses that sell agricultural inputs or greenhouse materials or equipment could see some increase in activity as a result of these rules and regulations. Additionally, licensees are allowed to sell lawfully procured hemp seed or their harvested crop to other licensees, so those producers may see an increase in economic activity.

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 the knowledge producers have gained through the pilot program will lay the groundwork for the introduction of commercial industrial hemp in Kansas. Potential long-term economic benefits remain 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.

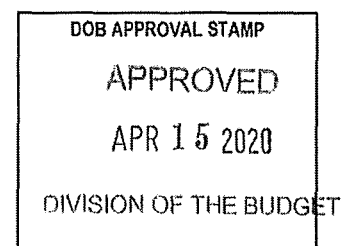
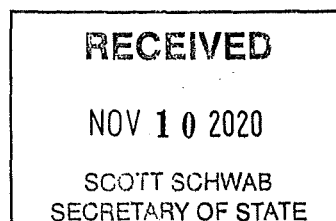
While the department and law enforcement have now had a year to work through some of the initial difficulties in administering the program, administrative burdens in regulating the program remain. Because of this, it is admittedly likely that the administrative costs of these specific research-based regulations will outweigh any direct economic benefit in the short-term. However, these regulations were a necessary step in moving toward the commercialization of industrial hemp in Kansas in compliance with federal law and the wishes of the legislature. Commercialization is now on the horizon, and the potential economic benefits of that far outweigh short-term administrative costs associated with the research program.

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. 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 small, particularly short-term while the growth of industrial hemp in Kansas is still research-based. The majority of people wishing to grow industrial hemp will likely 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.

\$ 578,250.00



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.

\$ 578,250.00

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.

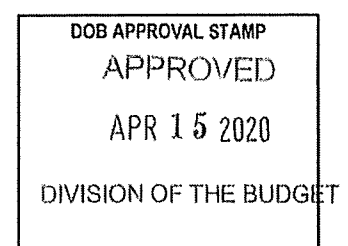
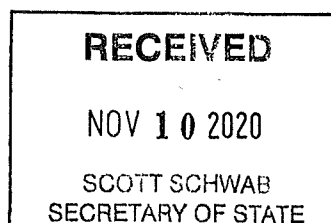
In determining anticipated implementation and compliance costs, letters of request were sent to the Kansas League of Municipalities, the Kansas Association of School Boards, and the Kansas Association of Counties. No responses to such letters were received.

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. Most of the costs of the Industrial Hemp Research Program will be borne by law enforcement at the state level, though counties and municipalities could see some expenditures as a result of costs to local law enforcement. 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.



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 of request were sent to the League of Kansas Municipalities, the Kansas Association of Counties, and the Kansas Association of School Boards, inquiring whether the proposed 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 Industrial Hemp Advisory Board.

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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**SCOTTY SCHWAB
SECRETARY OF STATE**

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DIVISION OF THE BUDGET