

SENATE BILL REPORT

2SHB 1888

As of February 21, 2014

Title: An act relating to industrial hemp.

Brief Description: Regarding industrial hemp.

Sponsors: House Committee on Appropriations Subcommittee on General Government & Information Technology (originally sponsored by Representatives Shea, Hurst, Condotta, Holy, Taylor and Overstreet).

Brief History: Passed House: 2/17/14, 97-0.

Committee Activity: Agriculture, Water & Rural Economic Development: 2/24/14.

SENATE COMMITTEE ON AGRICULTURE, WATER & RURAL ECONOMIC DEVELOPMENT

Staff: Diane Smith (786-7410)

Background: Industrial hemp production is not pursued in Washington to any significant extent at this time. The fact that hemp contains tetrahydrocannabinol (THC), which is a controlled substance on the federal level and a regulated substance on the state level, complicates its feasibility as a farm product. Under state law, I-502 legalized the possession of marijuana and authorized the state Liquor Control Board to regulate and tax marijuana for persons 21 years of age and older. The definition of marijuana falling under I-502 requires a THC percentage of 0.3 percent or more by weight.

Products made from hemp can include cloth, fuel, plastics, seed meal, and seed oil for consumption, among other things. Besides being grown as a raw material, hemp can also be used directly for erosion control and as a cover crop.

Summary of Bill: A licensing program is established in the Washington State Department of Agriculture (WSDA) for growers of industrial hemp. WSDA has explicit rulemaking authority to establish and administer this program. Industrial hemp is defined as all parts of the plant, cannabis sativa, that have a THC concentration of 1 percent or less by weight.

The license is valid for 24 months and may be renewed. Eligibility requires that the applicant intends to and is capable of growing industrial hemp with methods ensuring its safe production. This includes, among other requirements, that the applicant furnish WSDA with

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an irrevocable letter of credit or a surety bond of at least \$2,000. Residents of Washington have a cause of action against the licensee for harmful acts of the licensee. The recovery is against the bond for damages but the aggregate liability of the surety to all residents may not exceed the principal amount of the bond. Another requirement is that the licensee must destroy or recycle any plants not entering the stream of commerce where the industrial hemp is grown.

Growers must place signs saying the crop is industrial hemp and THC content is insignificant. These signs must be placed at natural access points to industrial hemp fields.

WSDA is the sole source of industrial hemp seed. WSDA must determine the price of seed by rule, and no grower may use seed from any other source. WSDA also has a right of access to all of the growing operation and records of the licensee to ensure compliance with the program. Provisions are made for denial, suspension, revocation, and refusal to renew a license.

WSDA and the Liquor Control Board must coordinate so that growing locations relative to recreational marijuana prevent cross pollination.

The licensing fee is \$10 per acre for the first growing season. Thereafter, WSDA must recommend a fee to the Legislature. Licensing fees and proceeds from hemp seed sales are deposited into the account created in the state treasury.

Washington State University (WSU) is authorized to research industrial hemp production after receiving a license from WSDA. WSDA oversees the research which must include test plots, minimum THC levels, and market conditions. Funding of this research is from public and private funds obtained cooperatively by WSDA and WSU.

Both WSDA and WSU must report to the Legislature by January 15, 2015, and annually thereafter.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.