

FISCAL NOTE

Bill #: SB0261

Title: Legalize growing industrial hemp

Primary Sponsor: Chris Christiaens

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
State Special Revenue	5,192	4,918
Revenue:		
General Fund	160	160
State Special Revenue	5,192	4,918
Net Impact on General Fund Balance:	160	160

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Agriculture

1. Current federal statute prohibits the growing of industrial hemp. Assume the federal statute is amended to legalize the growing of industrial hemp effective July 1, 2001. If federal approval is not received during the 2003 biennium, there will be no fiscal impact.
2. There will be 20 applications per year. The cost of an in-state criminal background check will be \$8 per applicant, paid by applicant. The cost of a FBI criminal background check will be \$26 per applicant, paid by applicant. In order for the FBI to conduct criminal background checks, the program must be approved by the U.S. Attorney General's Office.

3. A lab sample to determine tetrahydrocannabinol (THC) levels will cost \$200 per sample, paid by applicant. The crime lab in Missoula can confirm the presence or absence of THC, but cannot quantify the percent present. The MT Dept of Agriculture analytical lab will be able to quantify, but the precise protocol has yet to be established.
4. The fees are to be commensurate with costs, but until the number of producers, the number of acres in production, and the number of samples per acre is known, this is difficult to estimate.
5. Personal services costs are based on an existing agricultural inspector at grade 14, with benefits. If there are 20 growers and each has at least one field to be inspected, it will require five hours of staff time per field (once per year) plus travel, and several hours to review applications, so the combination of application review and inspections will be approximately 150 hours of staff time.
6. Operating expenses include rules adoption at \$400 in FY 2002; printing and communications costs at \$550 each year; supplies (field and lab) at \$500 each year; and in-state travel estimated at \$600 per year (one on-site visit plus sampling of each field once during the growing season).

Department of Justice

7. The U.S. Attorney General would approve the fingerprint based background check provision under PL 92-544.
8. It takes central repository staff between 7 and 10 minutes to process an applicant fingerprint card through the Western Identification Network (WIN) and the FBI Integrated Automated Fingerprint Identification System (IAFIS). To process 20 new cards would take staff approximately three hours and the department will absorb this minor cost.
9. The FBI charges governmental agencies \$26 per fingerprint card processed for these purposes. The Dept of Justice collects these funds and then remits them directly to the FBI as a pass through cost. No revenue or expenses are recorded on the state books for these transactions. The Department of Justice charges \$8 per card processed and deposits this in the general fund. Increased revenue for the general fund for the 20 cards would be \$160 (20 x \$8 = \$160).

FISCAL IMPACT:

Department of Agriculture

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	3,142	3,268
Operating Expenses	<u>2,050</u>	<u>1,650</u>
TOTAL	5,192	4,918
<u>Funding:</u>		
State Special Revenue (02)	5,192	4,918
<u>Revenues:</u>		
General Fund (01)	160	160
State Special Revenue (02)	5,192	4,918
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	160	160

TECHNICAL NOTES:

Department of Agriculture

1. The bill does not contain criteria or authority to turn down an application based on a negative criminal background check.
2. Background check is only required on a first time applicant. It does not address what occurs should a non-first time applicant be convicted of a criminal offense.
3. The bill as currently written does not address whether the department may turn down an application based on arrests versus convictions.
4. The bill does not clearly define the consequences when lab results show greater than 0.3% level of THC in a sample. There should be consequences, such as reporting to law enforcement and destruction of the crop.
5. Section 3, page 2, line 6 requires state criminal background checks, which are no longer conducted by the criminal investigation bureau, Department of Justice, but by the criminal justice information services bureau, Department of Justice.
6. The bill should require fingerprints taken by a law enforcement officer, with the associated payment (\$5-\$25) to be submitted as part of the application.