

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 15, 2011
POSITION: Neutral

BILL NUMBER: SB 676
AUTHOR: M. Leno

BILL SUMMARY: Industrial Hemp

This bill would revise the definition of "marijuana" and authorize an eight-year, five county pilot project with respect to the cultivation and processing of industrial hemp.

FISCAL SUMMARY

The Department of Justice indicates that there would not be a significant fiscal impact to them as a result of this bill.

The Department of Food and Agriculture indicates that because the seed services program is funded on a fee-for-service basis they do not expect a significant fiscal impact. However, they do indicate that it may be necessary for them to add staff depending on the workload. Any requests for additional expenditure authority would be subject to review and approval through the annual budget process.

The California Constitution requires the state to reimburse local entities for increased costs associated with any new program or higher level of service imposed by the state on local entities if the Commission on State Mandates determines that the new program or higher level of service is reimbursable and a state mandate. Any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

COMMENTS

The Department of Finance is neutral on this bill.

Existing law makes it a crime to engage in any of various transactions relating to marijuana, except as otherwise authorized by law, such as the Medical Marijuana program.

This bill would:

- Revise the definition of "marijuana" so that the term would exclude industrial hemp, except where the plant is cultivated or processed for purposes not expressly allowed.
• Define industrial hemp as a fiber or oilseed crop, or both, that is limited to the non-psychoactive types of the plant Cannabis sativa L. and the seed produced, as specified.
• Enact certain provisions relating to growing industrial hemp which would apply only in Imperial, Kern, Kings, San Joaquin, and Yolo counties, except when grown by an established agricultural institution, and which would be operative only until January 1, 2020.
• Require industrial hemp to be cultivated only from seeds imported in accordance with laws of the United States or from seeds grown in California from feral plants, cultivated plants, or plants grown by an established agricultural research institution.
• Require, except as specified, the person growing the industrial hemp to obtain, prior to the harvest of each crop, a laboratory test of a random sample of the crop to determine the amount of tetrahydrocannabinol (THC) in the crop.

Comments (continued)

Analyst/Principal Date Program Budget Manager Date
(0211) Jennifer Osborn Lisa Ann L. Mangat

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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- Require that samples to perform the testing be taken in the presence of, and be collected and transported only by, an employee or agent of a laboratory that is registered with the federal Drug Enforcement Administration.
- Require that the test report contain specified language, that the testing laboratory provide not less than 10 original singed copies to the cultivator, and that the testing laboratory and cultivator retain an original copy for a minimum of two years.
- Require that the report be available to law enforcement officials and provided to purchasers, as specified.
- Require all industrial hemp seed sold for planting in California to be from a crop having no more than .3 of 1 percent THC contained in a random sampling of the dried flowering tops and tested under these provisions, and would require the destruction of crops exceeding that content, as specified.
- Provide that growing industrial hemp would not be construed to authorize the possession, outside of a field of lawful cultivation, of resin, flowering tops, or leaves that have been removed from the hemp plant, except to perform required testing by an employee or agent of the testing laboratory or any cultivation of the industrial hemp plant that is not grown by an established agricultural research institution.
- Require the Attorney General and the Hemp Industries Association to submit reports to the Legislature by January 1, 2018, regarding the economic and law enforcement impacts of industrial hemp cultivation.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO RV	PROP 98	FC	2011-2012 FC	2012-2013 FC	2013-2014			
0820/Justice	SO	No			-----	No/Minor Fiscal Impact	-----	0001	
8570/Food & Ag	SO	No			-----	No/Minor Fiscal Impact	-----	0001	
8885/Comm St Mndt	LA	No			-----	No/Minor Fiscal Impact	-----	0001	