

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1611 – HB 2032

February 8, 2016

SUMMARY OF ORIGINAL BILL: Requires the Department of Agriculture (DOA) to license industrial hemp processors and distributors in Tennessee. Authorizes higher education institutions in Tennessee offering baccalaureate or post-graduate level programs of study in agricultural sciences to develop ultra-low THC content industrial hemp to be certified by the state seed certifying agency for use by licensed growers in this state. Creates a Class C misdemeanor for violation of this chapter or for any person who impedes or attempts to prevent the Department of Agriculture in fulfilling its duties.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$304,800/Recurring/Agriculture Regulatory Fund

Increase State Expenditures - \$20,000/One-Time/Agriculture Regulatory Fund
\$284,600/Recurring/Agriculture Regulatory Fund

SUMMARY OF AMENDMENT (011881): Deletes all language of the original bill. Adds to the definition of “industrial hemp” plants and plant parts of the genera cannabis that do not contain a delta-9-tetrahydrocannabinol (THC) concentration of more than three tenths of one percent (0.3%) on a dry mass basis that are grown by an institution of higher education in this state that offers a baccalaureate or post-graduate level program of study in agricultural sciences, in addition to those plants grown by a certified agency.

Requires the Department of Agriculture (DOA) to promulgate rules concerning industrial hemp production and processing. Requires growers and processors of industrial hemp in Tennessee to obtain an annual license from the DOA and to pay any applicable fees. Authorizes DOA to inspect industrial hemp crop or inventory for compliance, prior to issuing a license. Establishes that if any grower or processor fails to obtain a license, any industrial hemp in the grower’s or processor’s possession shall be considered marijuana.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

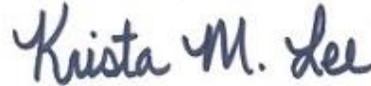
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Assumptions for the bill as amended:

- The number of distributors and processors of hemp products that will do business in Tennessee is unknown.
- This fiscal memorandum is based on an assumption that 600 hemp distributors and processors will be licensed annually in Tennessee pursuant to the bill as amended.
- According to DOA, five Food and Dairy Inspector 2 positions will be required to license and inspect distribution and processing facilities, all of which will be funded from the Agriculture Regulatory Fund.
- One Food and Dairy Inspector 2 position receives a salary of \$32,904 and benefits of \$14,007 for a total compensation of \$46,911 (\$32,904 + \$14,007).
- The five new positions will incur recurring travel expenditures estimated to be \$50,000 per year.
- The recurring increase in state expenditures from the Agriculture Regulatory Fund is estimated to be \$284,555 [(\$46,911 x 5) + \$50,000].
- A one-time increase in state expenditures to the Agriculture Regulatory Fund for necessary equipment estimated to be \$20,000.
- According to DOA, an annual license fee of \$508 would be required to offset the cost of equipment and five Food and Dairy Inspector positions resulting in a recurring increase in state revenue to the Agriculture Regulatory Fund of \$304,800 (\$508 license fee x 600 hemp distributors).
- Pursuant to Tenn. Code Ann. §§ 39-17-415, 39-17-417, and 39-17-418, possession of marijuana is a punishable offense for which the punishment ranges from a Class A misdemeanor to a Class A Felony depending on the amount in possession, the intent, and the number of offenses.
- There will not be a sufficient number of misdemeanor prosecutions for state or local government to experience any significant increase in revenue or expenditures.
- It is estimated that there will not be a sufficient number of felony prosecutions for the state to incur any significant increase in incarceration costs.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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