

The department will charge a registration fee based on the size of land area on which the applicant will conduct operations sufficient to cover the direct and indirect costs of regulation. The commissioner and committee will establish a system for registrants to test their products to verify compliance with the Delta-9 Tetrahydrocannabinol (THC) concentration limit of no more than 0.3 percent on a dry weight basis. Registrants growing for commercial purposes must enter into a purchase agreement with an in-state industrial hemp processor and provide that information to the department. The commissioner has the authority to deny, revoke, or suspend a registration and may impose a civil penalty not to exceed \$2,500 per violation of this bill or any rule adopted pursuant to the bill.

If the federal government authorizes the U.S. Department of Agriculture to regulate the cultivation and research and development of industrial hemp and the commissioner subsequently determines that state regulation is no longer necessary, state regulation will be repealed.

State Revenue

State revenue from registration fees will increase beginning in FY 2014-15 but the amount of increase is not estimated. The amount of revenue required to implement the bill depends on the rules adopted by the commissioner who is required to set registration fees at a rate sufficient to cover the direct and indirect costs of the program.

This bill may result in an increase in fine revenue but given that this is a new program with no historical data, the fiscal note assumes that less than \$500 in revenue from penalties will be collected annually. Penalties are deposited into the General Fund.

State Expenditures

This bill is expected to increase General Fund expenditures by \$21,205 in FY 2013-14. The amount of expenditures for FY 2014-15 depends on the rules adopted by the commissioner and are not included in the fiscal note. Costs for FY 2013-14 are shown in Table 1 and detailed below.

Table 1. Expenditures Under SB13-241		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$6,400	To be determined.
FTE		
Committee Meeting Expenses	900	
Legal Services	13,905	
TOTAL	\$21,205	

For FY 2013-14, the department will work with the committee to design the registration program, conduct industry outreach, and promulgate rules. The fiscal note assumes a contract staff person is required for 200 hours at a cost of \$32 per hour for a total of \$6,400. Expenses for committee meetings are estimated at \$900. The Department of Law is expected to provide 180 hours of legal services at a rate of \$77.25 per hour to assist in rulemaking and implementation. The fiscal note assumes that the department will issue its first registrations by May 1, 2014, and that these will be for research and development purposes to determine the best varieties for Colorado.

State Appropriations

For FY 2013-14, the Department of Agriculture requires a General Fund appropriation of \$21,205. Of this, \$13,905 is reappropriated to the Department of Law.

Departments Contacted

Agriculture
Public Safety

Law
Revenue

Public Health and Environment