



## 2018 Farm Bill & Hemp In Kentucky

“When I was elected Commissioner of Agriculture, I promised to make Kentucky the epicenter of hemp production in the United States. Thanks to the historically important language in the 2018 Farm Bill, Kentucky now has the opportunity to solidify its position as the national leader in hemp production.”

- Kentucky Agriculture Commissioner Ryan Quarles

### What's in the 2018 Farm Bill?

- **The 2018 Farm Bill devolves power to the states to regulate hemp**, provided that there is a “state plan” in place to monitor and regulate production of the crop.
- **The 2018 Farm Bill removes industrial hemp**, defined as *cannabis sativa*, and all of its extracts (including cannabinoids), with not more than 0.3% THC concentration on a dry weight basis, **from the list of controlled substances**.
  - The Drug Enforcement Agency (DEA) has no authority to interfere with the interstate transportation of hemp.
- The state must provide a plan to the United States Department of Agriculture (USDA) demonstrating the state has procedures in place that ensure the following:
  - A record of where hemp is produced in the state;
  - Procedures to ensure hemp produced in the state meets the legal definition of not more than 0.3% THC;
  - Procedures for disposing of materials with a THC concentration exceeding 0.3% THC; and
  - Procedures for handling violations of the 2018 Farm Bill and the proposed state plan.
- **The 2018 Farm Bill makes industrial hemp eligible for federal crop insurance** and other USDA programs.
  - The 2018 Farm Bill does not address pesticide laws and regulations, however, the private sector will likely respond to passage by developing those products and applying for EPA approval.

### What's not in the 2018 Farm Bill?

- The 2018 Farm Bill maintains the Food and Drug Administration's (FDA) regulatory authority over ingestible and topical products, meaning hemp growers and processors must have FDA approval to market products for human consumption or cosmetic use.

### What does this mean for Kentucky?

- **In order to grow or process hemp, individuals or businesses must hold a license from KDA**. It remains illegal to grow or process raw hemp material (i.e. seeds, live plants, and/or unprocessed harvested hemp) without a KDA license.
- Kentucky's existing hemp program meets and exceeds the minimum requirements of a state plan outlined in the Farm Bill. **Commissioner Quarles submitted the state plan to the USDA immediately after the President signed the Farm Bill.**
- KDA will revise existing hemp rules in the future to alleviate administrative burdens, **but there are no program changes for 2019 applicants.**
- The 2019 Grower Application window closed on November 30, 2018 and no further applications are being accepted at this time. All 2019 Grower Applications will be reviewed and notifications sent by January 15, 2019. Applicants who are approved will receive full instructions. Applicants who are denied admission into the program will be given an opportunity to appeal.
- Consult [www.kyagr.com/hemp](http://www.kyagr.com/hemp) for program details.



# Kentucky Hemp Basics & Economic Profile

The KDA receives many questions about hemp, the purposes and economic viability of the crop. A profile of the Kentucky Department of Agriculture’s hemp program is below, including a description of program fees and price numbers reported to KDA by license holders.




Note: The information provided is intended to provide some highlights given the data available to KDA. It should not be considered a complete picture of the hemp industry in Kentucky.

### 2018 KDA Industrial Hemp Annual Overview

- 14 licensed university projects
- 72 licensed processors
- 210 licensed growers
- 73 Kentucky Counties with Hemp
- 16,100 Approved Acres
- 6,700 Acres Planted (Harvested TBD)
- 42,000 Acres Approved for 2019

### 2017 Processor Production Reports

- \$7.5 million paid to Kentucky growers
- \$25.6 million capital investments made
- 81 Full-Time Jobs Created
- \$16.7 million gross product sales

| <i>Type of Hemp</i>      | <br><b>Grain</b>                                     | <br><b>Floral Material</b> | <br><b>Fiber</b>      |
|--------------------------|--|---|---|
| <i>Purpose</i>           | For human food (hemp hearts, oil, and protein powder), or seeds for planting hemp.   | For extraction of plant resin (which includes CBD and other cannabinoids) for health and wellness products.   | For construction, textiles, from stalks, bast (bark-long outer fibers), hurd (core-inner woody material). |
| <i>2017 Avg. Yield*</i>  | 518 pounds per acre  | 1,024 pounds per acre   | 2,556 pounds per acre   |
| <i>2017 Avg. Price*</i>  | \$1.70 per pound**   | \$7.20 per pound  | \$0.34 per pound  |
| <i>Grower Fees</i>       | \$100 – Application Fee<br>\$400 – Grower Participation Fee PER Address<br>\$750 – Site Modification Surcharge PER field or greenhouse | Same As Previous  | Same As Previous  |
| <i>Processor Fees***</i> | \$500.00   | \$3,000.00  | \$500.00  |

\* Based on 2017 Grower Production Reports.

\*\* Includes both grain for food and certified seeds for planting. Average price for grain only is about \$0.80.

\*\*\* There is a \$500 fee for handlers of raw materials. Handlers must be licensed by KDA.