LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 31, 2019

TO: Honorable Drew Springer, Chair, House Committee on Agriculture & Livestock

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1657** by Gutierrez (Relating to the production and regulation of hemp.), **As Introduced**

The fiscal impact to the state that would be realized from implementing the plan for a hemp production program approved by the U.S. Department of Agriculture cannot be determined due to the number of licenses and renewals that would be issued; the number of inspections that would be conducted; the number of inspections and tests that would be conducted; and amounts for license, testing, and inspection fees that would be established being unknown.

The bill would amend the Agriculture Code to require the Texas Department of Agriculture (TDA), in consultation with the Governor and the Attorney General, to adopt rules regarding procedures for testing, enforcement, inspection, and administration of a hemp production program. TDA would be required to submit a state plan for monitoring and regulation of the production of hemp that contains the adopted rules to the U.S. Department of Agriculture (USDA). The bill would require TDA to implement the plan within 30 days of approval by USDA. The bill would also make conforming changes to the Health and Safety Code. The bill would be effective immediately if it receives a two-third majority vote in both houses of the Legislature, or September 1, 2019.

Based on information provided by TDA, this analysis assumes duties and responsibilities associated with preparing and submitting a state plan to the USDA could be accomplished by utilizing existing resources.

Regarding implementation costs that would be realized upon receiving plan approval by the USDA, TDA indicates it is unable to estimate the number of licensing applications it would receive from producers for industrial hemp, the number of licenses it would issue each fiscal year, nor the number that would renew in subsequent years. Similarly, TDA is not able to provide any amounts for the licensing, inspection, and plant testing fees that it would be required to establish under the requirements of the bill. The fiscal impact to the state cannot be determined due to the number of licenses and renewals that would be issued; the number of inspections that would be conducted; the number of inspections and tests that would be conducted; and amounts for license, testing, and inspection fees that would be established being unknown.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 537 State Health Services, Department of, 551 Department of Agriculture

LBB Staff: WP, SZ, MW, PBO, SMi