

2019 Kansas Industrial Hemp Program Update

For use by Lucas Haag
K-State Research and Extension

Dana Ladner

Kansas Department of Agriculture

Dana.Ladner@ks.gov

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KDA-0689321855: Andrew Renyer – Grower (Dickinson Co., KS)

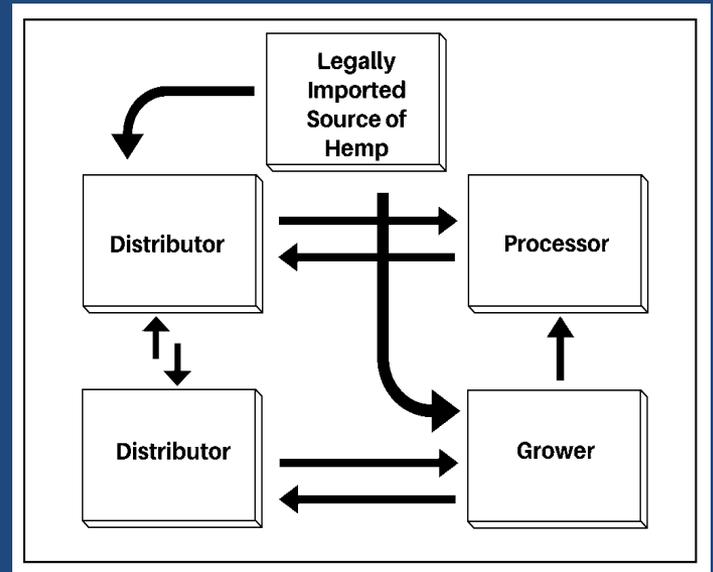


KDA-0758881888: Jade Marcum – Grower (Reno Co., KS)

Activities Conducted by Licensed Individuals in Kansas for 2019

Grower	191
Distributor	20
Processor	34
University (KSU/KSRE)	9
TOTAL ACTIVE LICENSES	255*

*As of December 10, 2019.



Highest number of growers licensed was 213.
23 licensees voluntarily withdrew from the program.

Growers Activities Conducted by Licensed Individuals in Kansas 2019

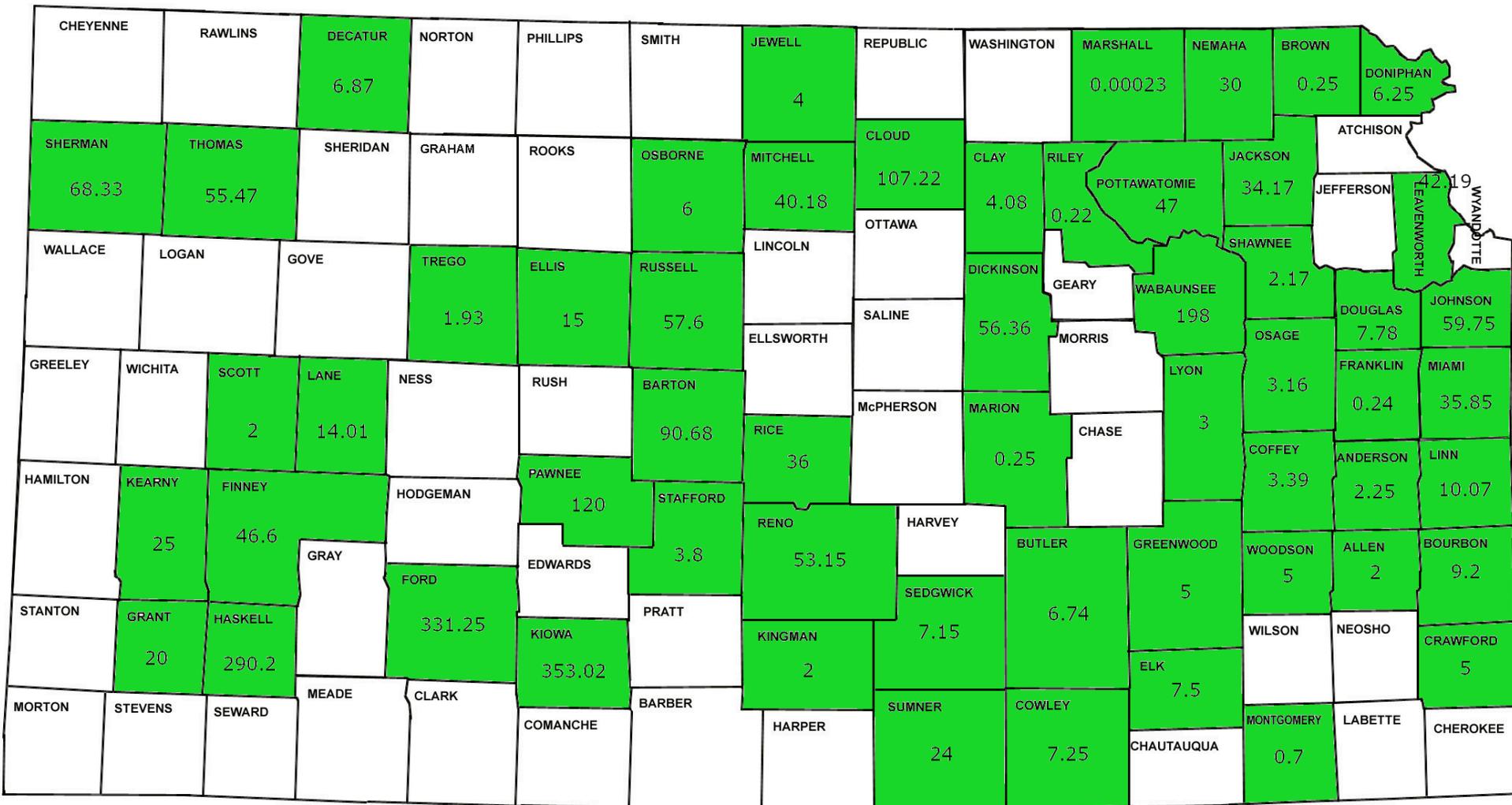
5,700 acres licensed to plant	70 counties
2,700 acres were planted*	58 counties
1,755 acres were harvested	

Grower activities as of December 10, 2019.

* Not all acres planted will be harvested.

Approximately 90% of the planted acreage was grown as floral material (CBD production).

Summary of Planted Acres



Top 10 Kansas Counties with Planted Acres

Rank	County	Acres Planted*
1	Kiowa	353.02
2	Ford	331.25
3	Haskell	290.20
4	Wabaunsee	198.00
5	Pawnee	120.00
6	Cloud	107.22
7	Barton	90.68
8	Sherman	68.33
9	Johnson	59.75
10	Russell	57.60

* Not all acres planted were harvested.

Harvest Activities Conducted by Licensed Individuals in Kansas in 2019

Reported production acres to-date	1,382*
Weight of product	444,348.95 lbs.
Lbs./acre average	321.53 lbs.

* Summary of harvested acreage as of December 10, 2019.

Approximately one-third of Kansas growers have sold their product to-date.

CBD Varietals

- Goal: Maximize CBD production while not exceeding 0.3% THC
 - Large quantities of high quality biomass
- Bred/selected from recreational and medicinal marijuana lines
 - CBD varietals are/were phenotypes selected to contain low concentrations of THC and high concentrations of CBD;
- Generally, short and stocky plants.



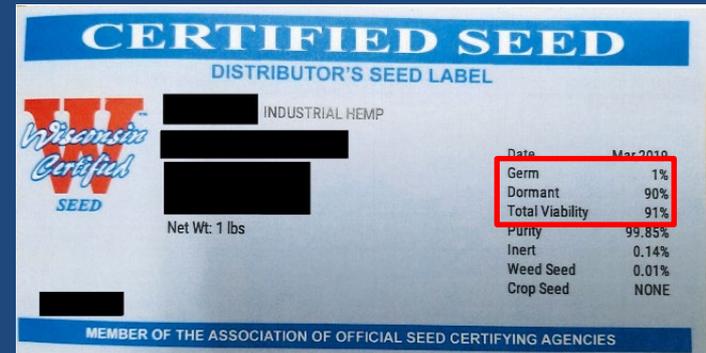
CBD Production



2019 Roadblocks

Licensed growers

- Untimely and frequent precipitation delayed plantings
- Water rights issues
- Sourcing germplasm from a reputable source may have proved difficult
- Cost of germplasm may have been too prohibitive
- Weed pressure and herbicide drift issues
- Financial risks associated with participation; “hot crops”
- Labor intensive
 - Some growers may not of had the labor to handle an operation
- Harvesting;
- Established relationships for purchase and transportation of the crop.



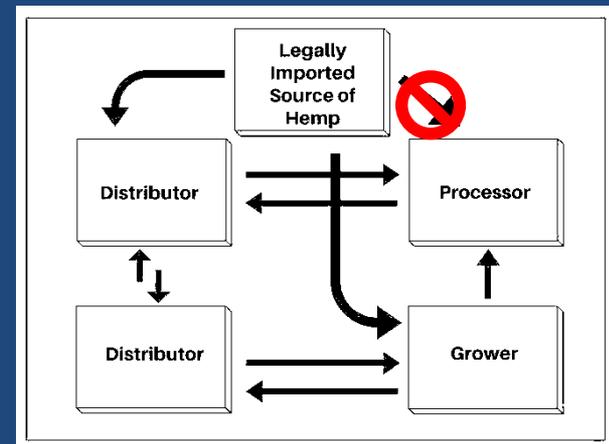
Labeling and label interpretation is crucial to understand.



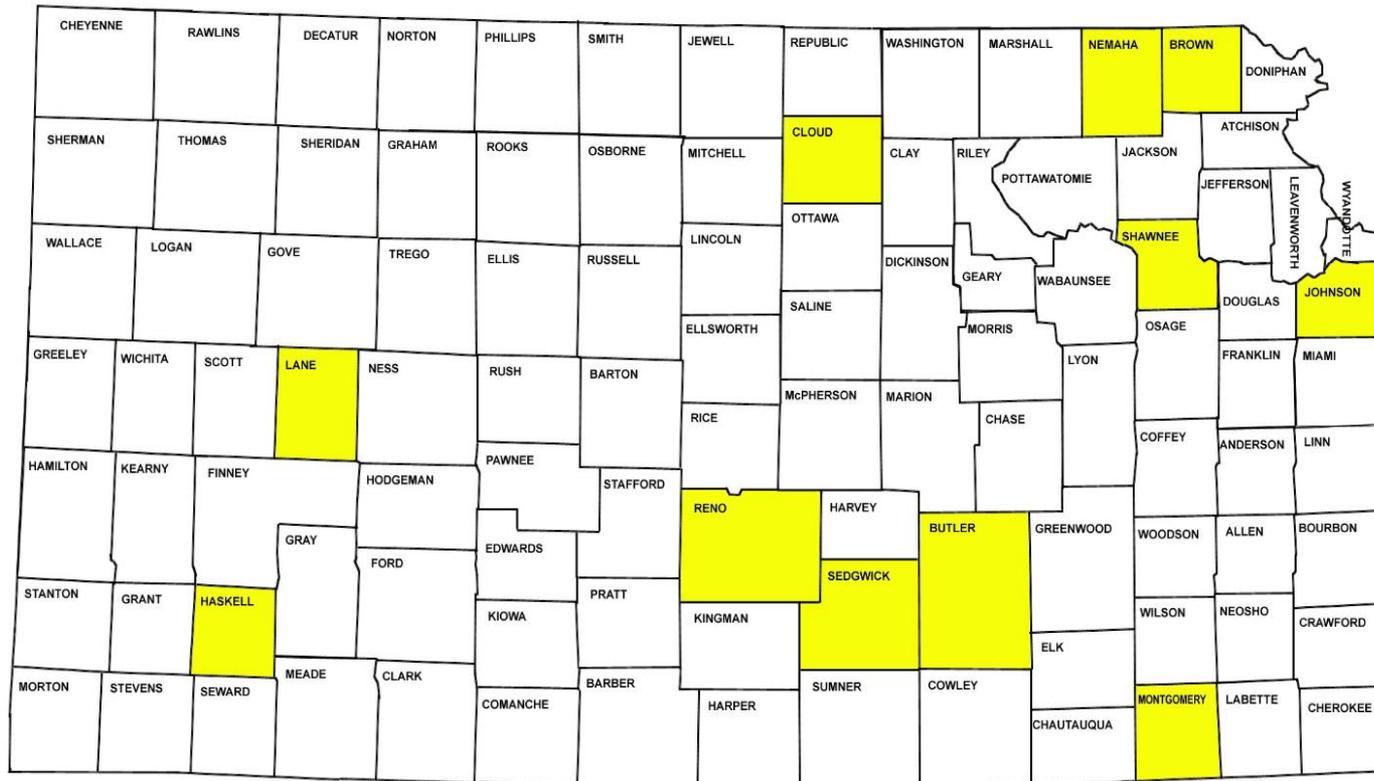
May require modifications to harvesting equipment.

2019 Roadblocks Continued

- Licensed distributors
 - All individuals transporting and distributing must be licensed
- Licensed processors
 - Acquiring materials from other states that would not meet the Kansas requirement
 - Legality processing through intermediate steps to isolate CBD oil?



Counties with Licensed Distributors



Kansas counties with active distributor licenses as of July 26, 2019; this figure may have changed as licenses were voluntarily withdrawn from the program.

Kansas Distributor License

- Until the Kansas rules and regulations have been “triple stamp” approved, a Distributor License is still needed to complete the same responsibilities as the 2019 growing season.
- Once the new rules are effective, then a Distributors License will no longer be needed in Kansas.
- This will assist those working with growers on transportation, lab testing, crop consulting, etc.

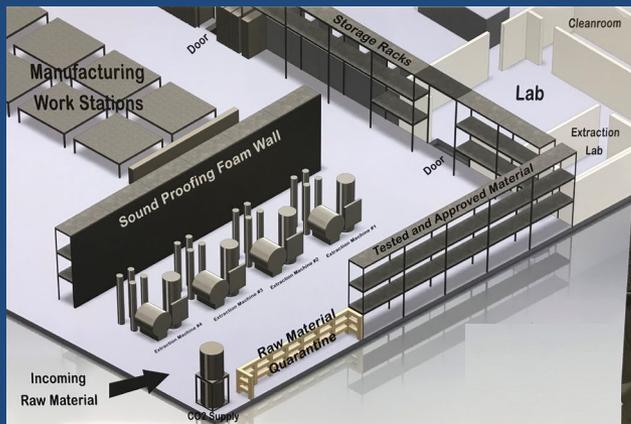
Kansas Distributor License

- Until the Kansas rules and regulations have been “triple stamp” approved, a Processor License is still needed to complete the same responsibilities as the 2019 growing season.
- If a current Processor license holder will have any type of plant material, seed, etc. on site when the current license expires on January 31, 2020 they **MUST** have a Processor license to continue business on February 1, 2020.

Types of Processors

Floral processor- Cannabidiol (CBD)

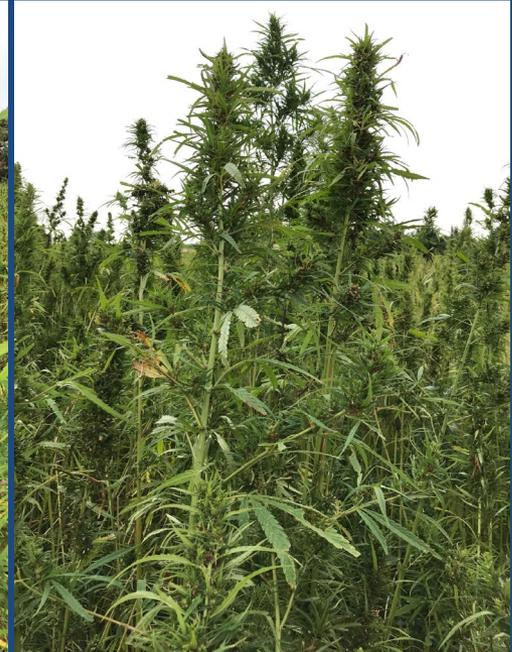
- Currently, largest market for industrial hemp products
- Production in leading states (NASDA 2018 Farm Bill Implementation Hemp Provisions Briefing, May 15, 2019)
 - 2018 Montana- approx. 95% IH production (19,000 acres) was for floral material
 - 2019 Kentucky- projecting approx. 75% IH production (22,500 acres) for floral material.



Types of Processors

Grain processor

- Hemp seed oil, hulled seed, and hemp protein
- Infrastructure in U.S. not currently established compared to CBD;
- Grain processors are slowly entering the market for hemp grown in Kansas.



Fiber Processors

- Biomass for building materials, fabrics, animal bedding, injected molds, plastics
- A lack of processing infrastructure exists;
- Kansas is beginning to see long-term opportunities for hemp grown for fiber.



2020 Kansas Grower License

- The 2020 growing season will follow the same format as the 2019 growing season.
- Growers will be able to have 320 acres per license vs. 80 acres in growing season 2019.
- Application deadline was November 30, 2019.

2020 Application Submissions as of December 10, 2019

Grower	271
Distributor	23
Processor	34
University (KSU/KSRE)	7
TOTAL	335

Approximately 40% of the grower applications are from those who were not licensed for growing season 2019.

Interim Final Rule on Domestic Hemp Production

- Draft released - October 29, 2019
U.S. Domestic Hemp Production Program
- Effective - October 31, 2019
- USDA began reviewing states' submissions November 30, 2019 and will respond within 60 days of a submission.

U.S. Domestic Hemp Production Program Requirements

1. Maintain relevant producer and land information
 - Collect, maintain and provide real-time information of each hemp producer to USDA contact.
2. Accurate and effective sampling and testing
 - Procedures for how, where, and when to collect samples
 - Sampling be conducted by an authorized representative
 - Post-decarboxylation or similar testing must not exceed 0.3% THC on a dry weight basis to classify as hemp
 - Procedures that prohibit handling, processing, or entering commerce when hemp noncompliant;
 - Procedures that require hemp testing labs to conform to standards and register with DEA.

U.S. Domestic Hemp Production Program Requirements Continued

3. Disposal

- Procedures for dispose of non-compliant plant
- Procedures to notify USDA of non-compliant plants.

4. Inspection Procedures

- Annual inspections required to gather a sample of licensed lots to ensure compliance.

5. Collection and dissemination of information with USDA-AMS and FSA

- Hemp producer information (contact, etc.)
- Licensed, planted, harvested and disposed acreage.

U.S. Domestic Hemp Production Program Requirements Continued

6. Compliance with enforcement procedures

- Corrective action plan and procedures to provide correction for negligent violations (failure to provide records, obtain license, growing *Cannabis* in exceedance to acceptable limit
- Procedures for addressing controlled substance felonies and individuals' eligibilities.

7. Certification that a state has resources and personnel to carry out the federal requirements.

AAFCO Guidelines on Hemp in Animal Food

(Association of American Feed Control Officials)

- The 2018 Farm Bill did not grant the right to use hemp and hemp products for human or animal consumption. The FDA has regulatory authority over food products.
- As of April 2019, hemp and hemp products may not be used in animal or pet food in the U.S.
- AAFCO is asking for research/information on:
 - Hemp seed oil
 - Hemp seed meal
 - Whole hemp seeds.

FDA

- Authority over foods, dietary supplements, human and veterinary drugs, and cosmetics
- Hemp seed products that do not contain CBD- hulled hemp seed, hemp seed protein powder, and hemp seed oil can be legally used in the U.S. food supply
- Hemp products that contain CBD
 - Unlawful under FD&C Act to introduce into interstate commerce
- CBD cannot be marketed as a dietary supplement, because it is an active ingredient in the FDA approved Drug Epidiolex;
- 2018 Farm Bill created a misconception that all products made from or containing hemp, including those made with CBD are legal to sell in interstate commerce.

FDA Continued

- Biggest concern is the marketing of CBD products that make unsubstantial therapeutic claims to prevent, diagnose, mitigate, treat, or cure serious diseases
- The FDA indicates CBD is not a risk free substance
- Manufacturing issues- CBD products may contain potentially dangerous compounds not listed on the label from the extraction and manufacturing process;
- Rulemaking for hemp products that contain CBD and CBD products can take anywhere from 3-5 years.

EPA

- Only approved pesticides are plant growth regulators (rooting hormones) and insecticide synergists (piperonyl butoxide)
- Currently 10 product registration requests under review at the EPA for use on industrial hemp (July 25, 2019)
- Pending requests involve biological and microbial chemicals, which tend to be very low impact on the environment;
- EPA is in discussion with Health Canada Pest Management. Regulatory Agency for pesticides, labels and approaches to regulating hemp.

Crop Insurance

- The 2018 Farm Bill allows FCIC (Federal Crop Insurance Corporation) to offer policies for industrial hemp
- Sen. Majority Leader Mitch McConnell revealed that an insurance policy for the crop won't be ready for the 2020 planting season. In the short term, starting in 2020, USDA aims to cover hemp through a whole-farm crop insurance pilot program, a type of coverage used for diversified farms;
- 2020 USDA- RMA -Whole Farm Revenue Protection policy
 - Will not cover crops exceeding 0.3% THC limit or replanting
 - A grower must have a contract from a buyer to be eligible
 - Requirements such as a farming history for 5 years.



Senate Substitute for HB 2167

Effective April 15, 2019

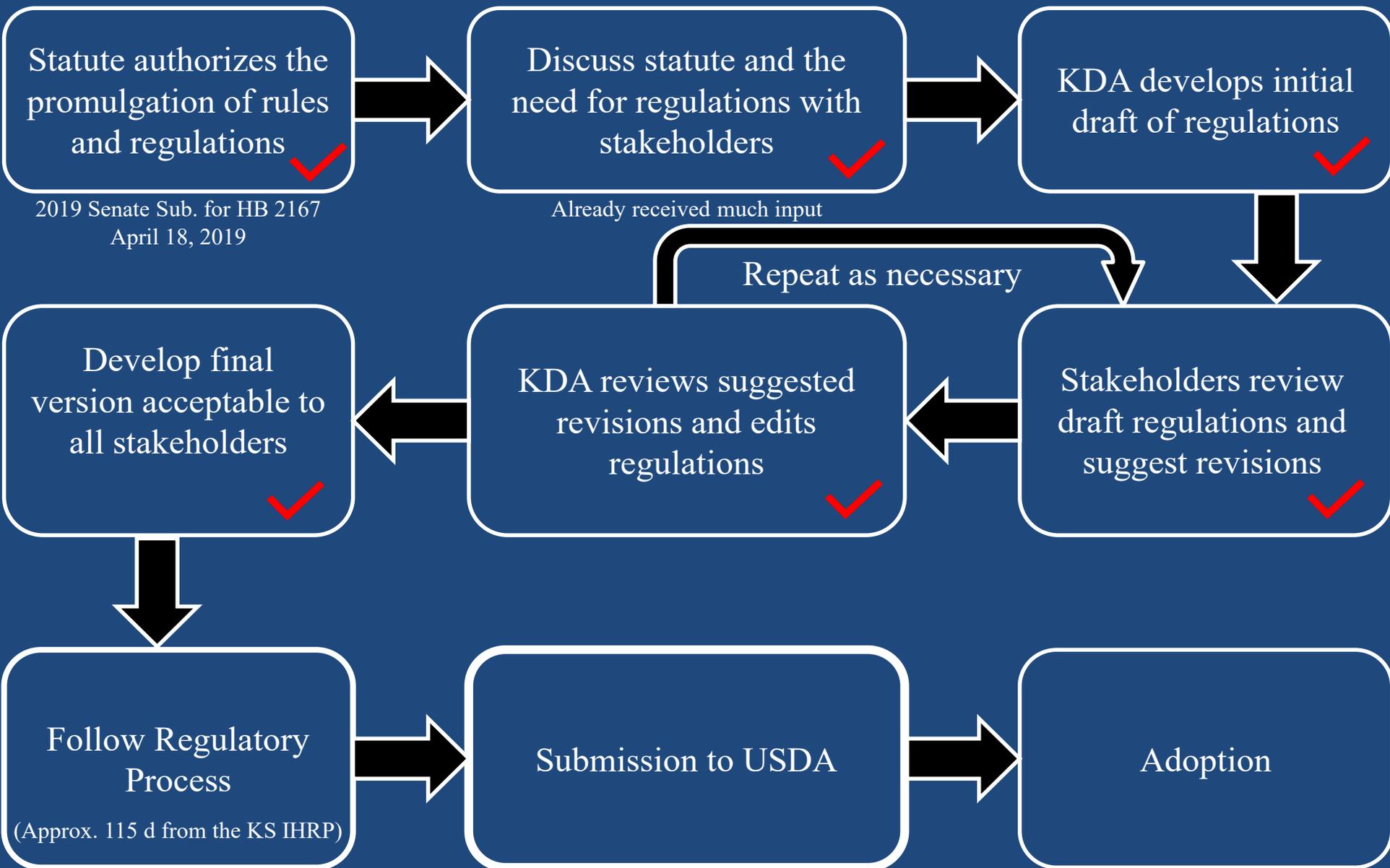
1. Commercial Industrial Hemp Program in Kansas (not yet implemented)
 - Senate Substitute for HB 2167 establishes a means to create a Commercial Industrial Hemp Program
 - Requires the Kansas Department of Agriculture (KDA), in consultation with the Governor and Attorney General, to submit a plan to the U.S. Department of Agriculture (USDA) how the KDA will monitor and regulate the commercial production of industrial hemp within the state, in accordance with federal law.
 - For growing season 2020, in addition to certified seed, “Authorized seed or clone plants” can be used. See <https://agriculture.ks.gov/docs/default-source/statutes-ppwc/industrial-hemp-regulations.pdf> page 1 (11) – page 2 (C) for all additional information.



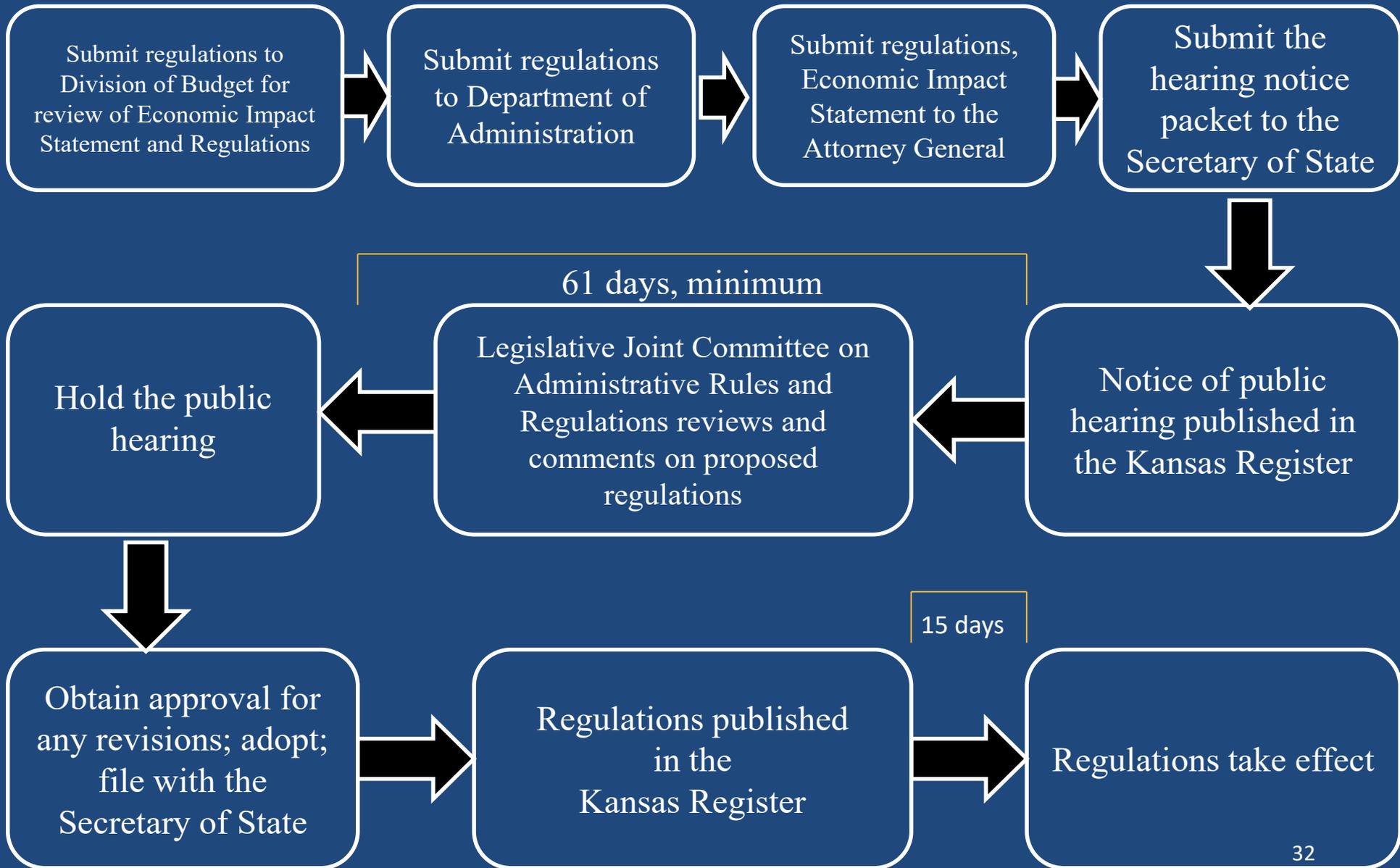
Commercialization Summary

- Draft Regulations
 - KDA is working internally to create the best plan for Kansas to go forward to meet the requirements of the USDA Interim Final Rule.
- Submission to Kansas Division of Budget, Department of Administration, Attorney General and Joint Committee on Administrative Rules
- Submission to USDA simultaneously;
- Public meeting.
- This follows the same regulatory process as previously presented at outreach meetings.

Developing Commercial Regulations



Kansas Regulatory Process- Commercial Hemp Program



Outreach Events

- May 11, 2018 – December 10, 2019
- 2,543 individuals have participated in outreach events which KDA/KSRE has presented.
- 2,033 in CY 2019 – 50 unique events.
- Outreach team includes: Dr. Jason Griffin (KSRE), Braden Hoch and Dana Ladner.



Email Contact

For specific questions on the 2020 growing season,
email:

KDA.Industrialhemp@ks.gov

Thank you for your time in serving
Kansas farmers, ranchers and agribusinesses.