



# Industrial Hemp: The Road Ahead



Dana Ladner  
January 31, 2019

# Industrial Hemp Working Group

- Current Members:
  - Representative Willie Dove, 38<sup>th</sup> House District
  - Kerri Ebert, K-State, Kansas Center for Sustainable Ag and Alternative Crops
  - Representative Steven Johnson, 108<sup>th</sup> House District
  - Jeff Ochampaugh, Agrilead, Inc.
  - Kelly Rippel, Vice President, Kansans for Hemp
  - Steve Schuler, Executive Director, Kansas Crop Improvement Association
  - Dr. Andrew Tucker, Fort Hays State University, Agronomy
  - Katie Whisman, Executive Office, Kansas Bureau of Investigation
  - Representative Troy Waymaster, 109<sup>th</sup> House District
  - Jeff Vogel, ex officio, Program Manager, Plant Protection, KDA

# How We Got to the Law

- ✓ Passed by the Senate
- ✓ Passed by the House
- ✓ Signed by the Governor — Officially became a law on April 20
- ✓ Published in the Kansas Register
  - Officially took effect on May 3
  - 2018 Kansas Session Laws Ch. 62
- ✓ Arranged and published as a statute by the Revisor of Statutes
  - K.S.A. 2-3901, K.S.A. 2-3902, K.S.A. 2-3903

# What's in the Law

- Section 1 — Definitions
- Section 2 — The Meat of It All
  - The Department, alone or in coordination with a state educational institution, may cultivate industrial hemp grown from certified seed and promote the research and development of industrial hemp.
  - The Secretary will create an advisory board to review and recommend applications for pilot projects and research proposals.
  - The Department will oversee and license all individuals participating in the cultivation, growth, research, oversight, study, analysis, transportation, processing or distribution of certified seed or industrial hemp.

# What's in the Law

- Section 2 — The Meat of It All (continued)
  - The Department will require anyone seeking a license
    - To be fingerprinted
    - To submit to state and national criminal history record check
  - The Secretary will develop rules and regulations to carry out the provisions of the Alternative Crop Research Act.
  - The Department will submit a report to the legislature outlining the steps and timeline to implement a process that would allow individuals and businesses to grow and process industrial hemp in Kansas and to sell it in other states. (Submitted Jan. 2019)
  - Nothing in the Alternative Crop Research Act will allow anyone to violate any state or federal law.

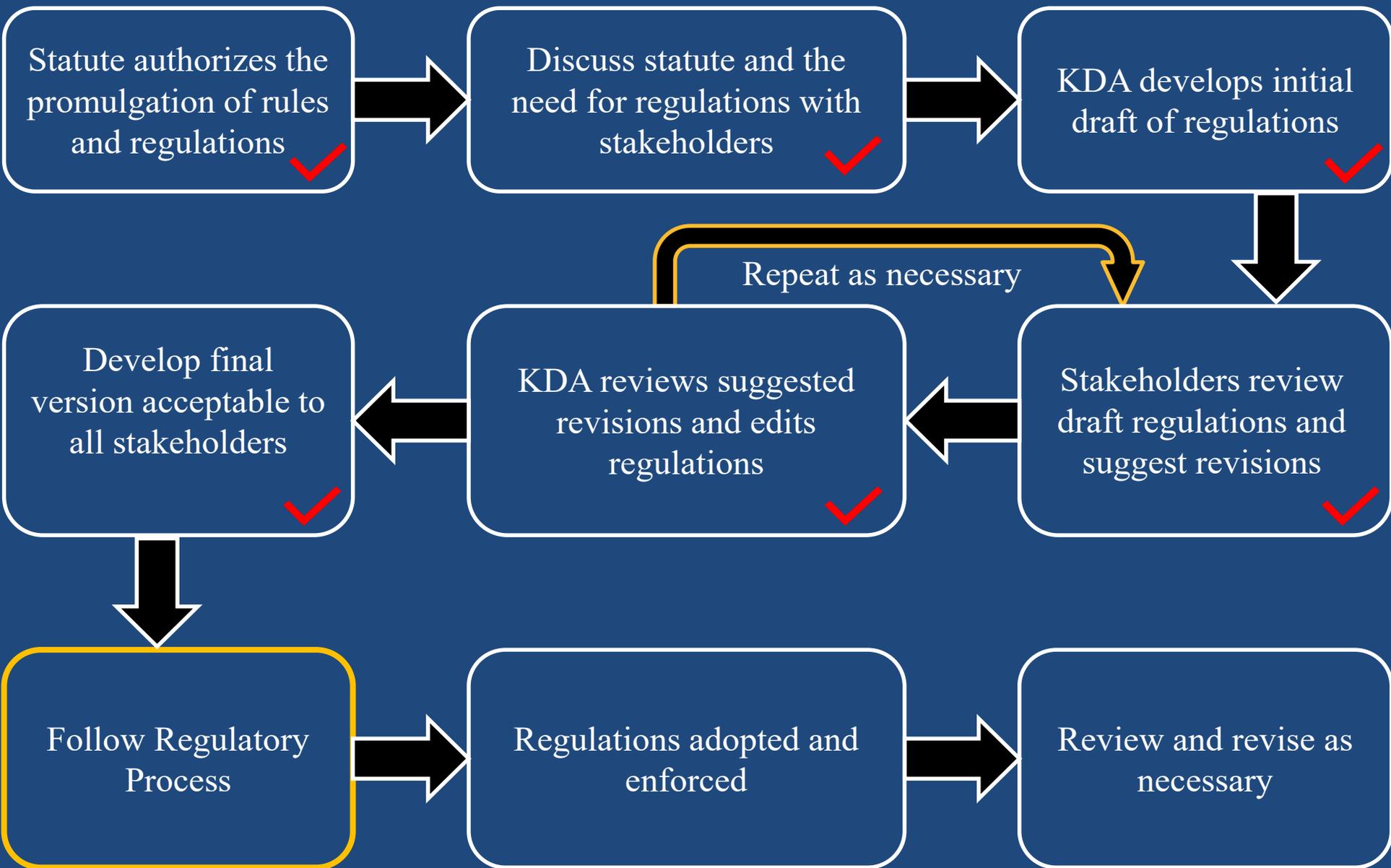
# What's in the Law

- Section 3 — Administrative
  - The state treasury has created the Alternative Crop Research Act Licensing Fee Fund to be administered by the Secretary.
    - Only the Secretary of Agriculture can spend money from the Alternative Crop Research Act Licensing Fee Fund.
    - The fees collected under the Alternative Crop Research Act will be deposited in the Alternative Crop Research Act Licensing Fee Fund.

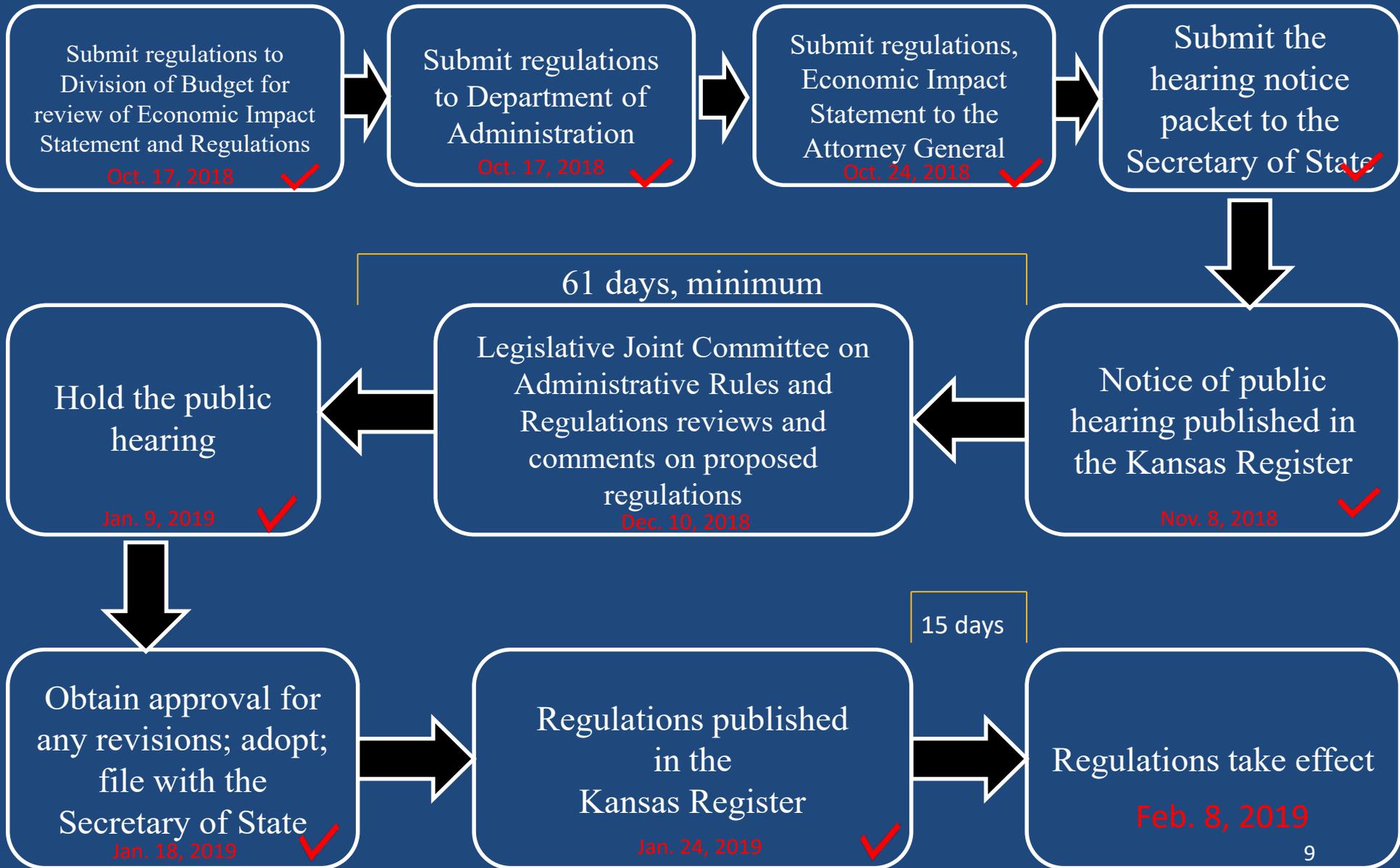
# Research as Outlined by K.S.A. 2-3901, K.S.A. 2-3902, K.S.A. 2-3903

- Oversight and analysis of industrial hemp (IH) research and analysis of soils, growing conditions and harvest methods for the production of varieties of IH suitable for commercial hemp products.
- Analysis on the economic feasibility of developing an IH market in various types of IH that can be grown in Kansas.
- Analysis on the value-added benefits, including environmental, that the state would reap by having Kansas-grown IH varieties.
- A study on the worldwide agronomy research relating to IH varieties, production and utilization.
- A study on the feasibility of attracting funding for IH research.
- Pilot programs for economic development, research, cultivation, market analysis, manufacturing and transportation of IH and IH products.

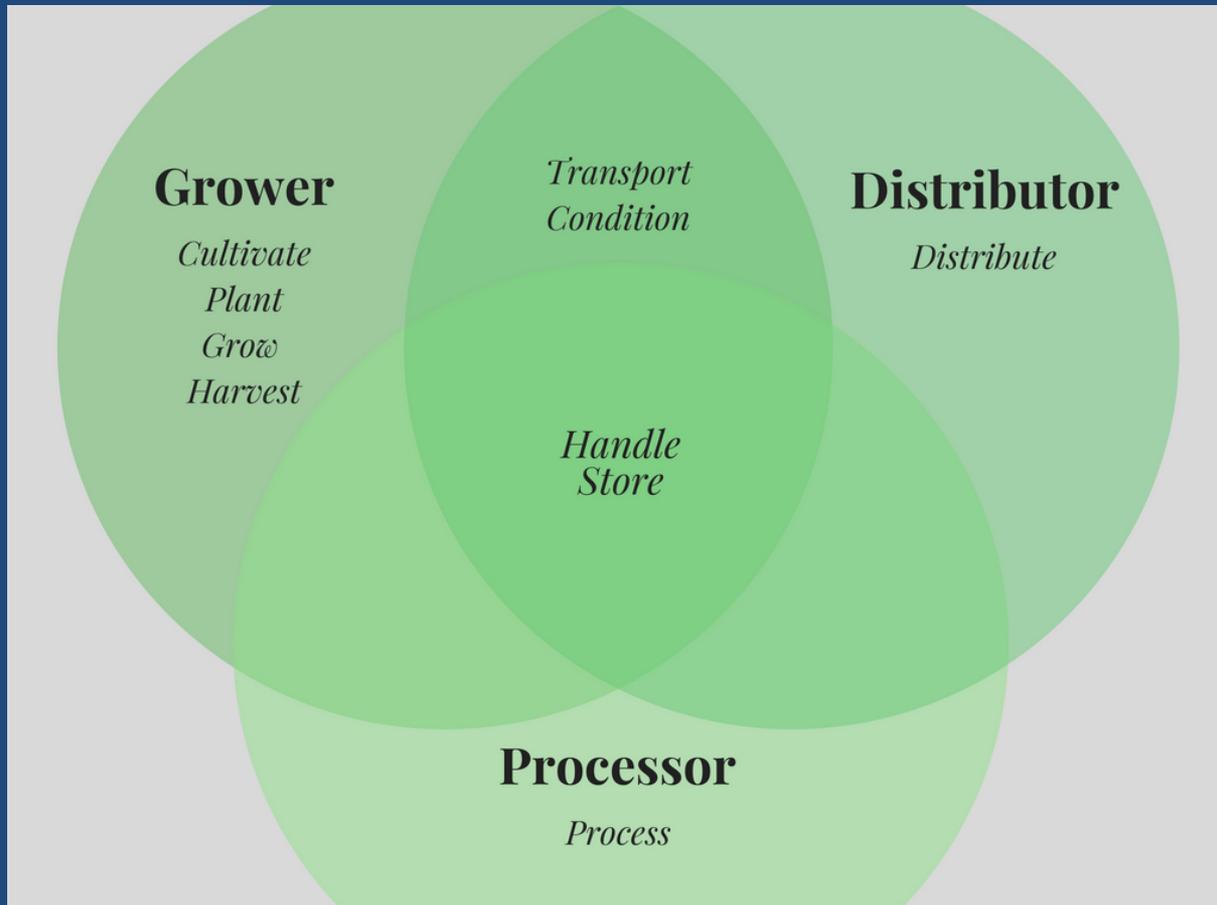
# Developing Regulations



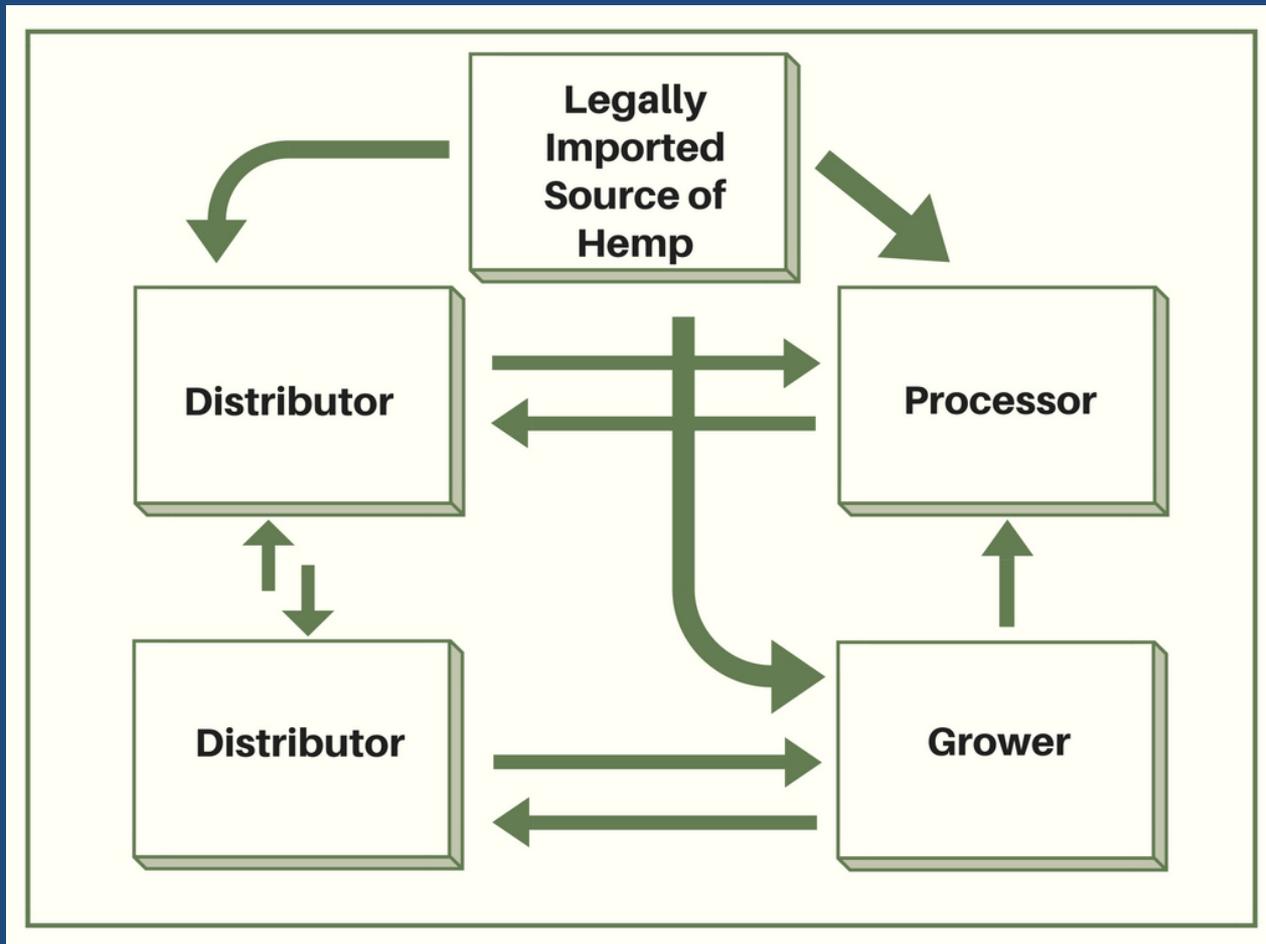
# Kansas Regulatory Process



# Activities Conducted by Licensees



# Relationships Between Licensees



# Regulations

- As determined by the Secretary with input from stakeholders including a working group committee — May 11 public meeting, 5 working group meetings, an informal public comment period and public hearing.
  - License Approval Process
  - State Advisory Board
  - Requirements for Licensees
    - Grower, Distributor, Processor, Administrative License, State Education Institutions
  - Fee Schedule
  - Pre-and Post-Harvest Inspection, Sample Collection, Testing and Post-Testing Actions
  - Reports

# Research License Application Approval Process

- Submit completed research license application, including research proposal
  - All individuals participating
  - Maps identifying location
  - Acknowledgments of restrictions
  - SARE Technical Bulletin, How to Conduct Research on Your Farm
- Submit to and pass the state and national criminal history record check
- Submit application fees
- Research license applications are reviewed by State Advisory Board and Secretary and are either denied or conditionally approved

# Research License Application Approval Process

- If conditionally approved, applicant has 15 days to remit applicable license fees.
- Once license fees are received, the research license application shall be officially approved and the Department shall issue the appropriate licenses.
- Copies of each license issued will be forwarded to appropriate law enforcement agencies.
- Applications are required to be submitted on an annual basis.
  - For the 2019 growing season, the deadline is March 1
  - For other growing seasons, the deadline is November 30

# TECHNICAL BULLETIN

Peer-reviewed research findings and practical strategies for advancing sustainable agriculture systems



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Available at:  
[www.sare.org/research](http://www.sare.org/research) or  
 order free hard copies at  
 (301) 779-1007.

January 2017



## How to Conduct Research on Your Farm or Ranch

2<sup>ND</sup> EDITION

### Introduction

When Rich Bennett returned to the family farm in the 1970s to help his father, he faced some significant challenges. Poor soils and increasing fertilizer costs were straining the farm's bottom line. As a result, he began looking into new ways of farming that could improve his land and also improve the profitability of the business. Eventually, he succeeded: After experimenting with lower commercial fertilizer rates and incorporating cover crops into his grain rotation, Bennett decided to frost-seed red clover into his wheat every winter to supply crop nutrients and enhance soil quality. In the process, he reduced his fertilizer costs by more than half.

When starting out, Bennett had his own ideas, and he gathered information from other sources, but in the end, what dictated the changes he eventually decided to make?

On-farm research.

"Through on-farm research," Bennett said, "farmers gain insights into their own production system and how to produce for maximum profit, not yields." The value in on-farm research is that it provides reliable information you know will make a difference.

"Until you do research, you're really only guessing," said Vicki Stamback, an Oklahoma cut-flower producer who received a grant from USDA's Sustainable Agriculture Research and Edu-

Information can be found at [www.SARE.org](http://www.SARE.org)



# State Advisory Board

- Members appointed by the Secretary of Agriculture
- Consists of no fewer than five and no more than nine members
- Reflects different geographic areas of the state equally, to the greatest extent possible
- Each member shall be recognized for knowledge and leadership in at least one of the following: crop research, industrial hemp production/processing, law enforcement, seed certification, or any other sector deemed important by the Secretary
- Each member is issued an administrative license

# State Advisory Board

- Terms:
  - Secretary will designate four members whose terms expire June 30, 2021, and the remaining on June 30, 2023.
  - Limited to serving two terms.
- State board will advise the Secretary regarding pilot projects and research proposals.
- Other duties may include review of rules and regulations and recommended changes.

# State Educational Institution

- State educational institution research license required for those volunteers, students or employees wishing to conduct industrial hemp research.
- Each individual with access to any research area must be listed on the research license application and pass the state and national criminal history record check.
- Applications, including research proposals, are reviewed solely by the Secretary.
- No fees imposed.
- Cannot subcontract with an individual for land use.

# Administrative License

- Will be issued to
  - Employees of the designated certifying agency
  - KDA employees
  - Members of the State Advisory Board
- No application or license fees required
- Prior to licenses being issued, each individual shall undergo and pass the state and national criminal history record check.

# Fees Schedule

Fee Type	Program Fees	Fee Due Date
Application Fee	\$200 (nonrefundable)	At time application is submitted
License Fee – GROWER	\$1,000 License Fee (per licensed research section)	Within 15 days of receipt of notice of conditional approval
License Fee – DISTRIBUTOR	\$2,000 License Fee (per licensed research section)	Within 15 days of receipt of notice of conditional approval
License Fee – PROCESSOR	<p>License Fee per Processing End-Use</p> <ul style="list-style-type: none"> <li>Fiber Processor - \$3,000 (per processing facility in each licensed research section or mobile processing facility)</li> <li>Grain Processor - \$3,000 (per processing facility in each licensed research section or mobile processing facility)</li> <li>Floral Material Processor - \$6,000 (per processing facility in each licensed research section or mobile processing facility)</li> </ul>	Within 15 days of receipt of notice of conditional approval
NOTE: License holders working with multiple harvestable components will be required to pay a fee for EACH component. Each license fee shall include one sample collection and one laboratory test		
Sampling Fee	\$45 per hour, plus transportation time and mileage	
Testing Fees	\$250 per laboratory test	
Modification Fee	\$750 per requested change to license previously issued	

# Pre-Harvest Inspection, Sample Collection, Testing, and Post-Testing Actions

- Licensee shall notify the department of harvest dates in pre-harvest report 30 days before harvesting.
- Department shall collect a sample of industrial hemp and initial testing requires no payment or additional fees.
  - Licensees can request separate samples be taken but requires additional sampling and testing fees.
- Sample tested to determine delta-9-tetrahydro cannabinol concentration (THC).
  - Must be 0.3% or less to warrant a passing report of analysis.
  - If higher than 0.3%, it warrants a failing report or analysis and testing results and location **may** be reported to KBI. If higher than 2.0%, testing results and location **shall** be reported to KBI.

# Pre-Harvest Inspection, Sample Collection, Testing, and Post-Testing Actions

- Licensees shall receive a passing report analysis prior to harvesting and has 10 days to fully harvest industrial hemp after issuance of passing report of analysis.
- If licensee receives a failing report of analysis:
  - Licensee may request a subsequent pre-harvest sample and pay sampling and testing fees or licensee shall destroy all industrial hemp within seven days.

# Post-Harvest Inspection, Sample Collection, Testing, and Post-Testing Actions

- The department may conduct inspections any time after harvest.
- Same requirements and pre-harvest inspection.
- If a sample is collected, the licensee must be issued a passing report of analysis to handle, condition, distribute, transport or process the sampled industrial hemp plants, plant parts, grain or seeds.

# Harvest Certificate

- No more than five days after the licensee completes harvest of industrial hemp, the licensee shall notify the department that harvest has been completed.
- The department shall not issue a harvest certificate until the following information is provided:
  - The **official name of the industrial hemp variety** that was cultivated, planted or grown.
  - **Each date the licensee harvested** the industrial hemp plants, plant parts, grain or seeds.

# Harvest Certificate

- The **global positioning system coordinates** for each **research area** where the industrial hemp was harvested.
- A statement of **intended end-use** for all industrial hemp harvested.
- After harvest, a copy of the harvest certificate shall accompany the industrial hemp plants, plant parts, grain or seeds.

# Reports

- **Research License Application** – Applicants
  - For the 2019 growing season, the deadline is March 1.
  - For other growing seasons, the deadline is November 30.
- **Field Planting Report** – Licensed research growers within 15 days after every planting.
- **Voluntary Withdrawal Report** – Licensed research growers
  - On or before June 1 if no industrial hemp was planted or
  - Within 15 days if a licensee conducts a voluntary destruction.

# Reports Continued

- **Pre-Harvest Report** – Licensed research growers at least 30 days prior to intended harvest dates
- **Production Report** – Licensed research growers within 30 days after last harvest date for every harvest
- **Distribution Report** – Licensed research distributors by November 30
- **Processing Report** – Licensed research processors by November 30
- **Research Report** – All licensees by November 30

# License Applications

- Grower, Distributor and Processor License Applications are currently being finalized.
- A press release will be sent out to announce the license applications are available.
- KDA will post information on our website, Facebook and Twitter accounts.

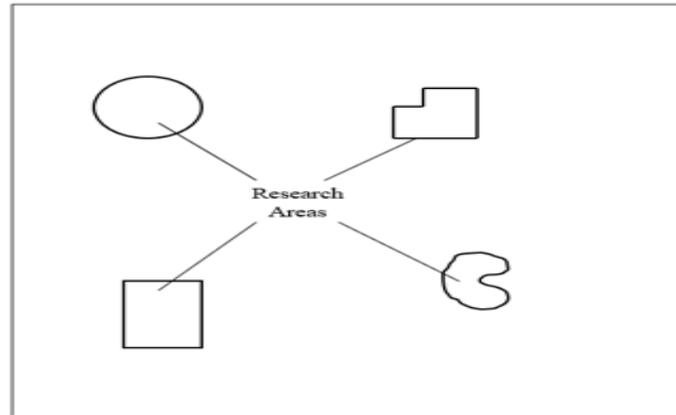
# Information to Gather Ahead of Time

- Names of all individuals involved with the growing, distributing or processing of industrial hemp.
- GPS coordinates of fields and buildings associated with specific license type.
- Know the intended end-use of product.
- Pencil out research proposal.

# Identifying License Areas

## Example of Required Maps for Research Sections

Difference between  
Research Areas and  
Licensed Research Section



Research Section



T19S, R3E, S12, SW4

Research Area 1

West Field  
6 acres  
38.12345  
-97.12345

Building 1

Industrial Hemp  
Storage  
1,700 sq ft  
38.12351  
-97.12353

Research Area 2

Home Field  
7 acres  
38.12345  
-97.11904

Building 2

Transportation  
Storage  
800 sq ft  
38.12347  
-97.12034

Research Area 3

East Field  
14 acres  
38.12356  
-97.08346

# Research Proposal - DRAFT

## Research Proposal Instructions:

- **Complete the following sections**, either by utilizing the fillable form or by providing your answers on a separate page(s). *Handwritten submissions are strongly discouraged.*
- **If answering on a separate document**, please label each section (A-F).
- **Be concise:** Your research proposal should be as concise as possible; not to exceed 2 pages total.
- **For more information on how to write a research proposal**, please see the Technical Bulletin on How to Conduct Research on Your Farm or Ranch by visiting <https://www.sare.org/Learning-Center/Bulletins/How-to-Conduct-Research-on-Your-Farm-or-Ranch>.

SECTION A: Identify your research question and objective, including a statement of the type of research to be conducted and its purpose.

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# Research Proposal - DRAFT

SECTION B: Identify your experimental design.

SECTION C: Explain what will be measured and what data will be collected.

SECTION D: Explain how the project will be implemented, including location and size of your anticipated research areas (in acres or square feet), duration of your research operations, and variety of industrial hemp that will be used in your research.

# Research Proposal - DRAFT

SECTION E: Explain how research data will be collected, recorded and analyzed.

SECTION F: Explain how the data will be interpreted and how conclusions will be drawn, including anticipated results.

# Growing Season 2019

- Growing season 2019 stands with rules and regulations as presented.
- KDA cannot make rules and regulations that are not aligned with state statute.
- KSA 2-3902 (c) and (d) requires:

(c) The department shall oversee and annually license all individuals participating in the cultivation, growth, research, oversight, study, analysis, transportation, processing or distribution of certified seed or industrial hemp pursuant to this act. The department shall establish fees for licenses, license renewals and other necessary expenses to defray the cost of implementing and operating the alternative crop research act in this state on an ongoing basis.

# Growing Season 2019

(d) (1) The department shall require, as a qualification for initial or continuing licensure, all individuals seeking a license or license renewal under this act to be fingerprinted and to submit to a state and national criminal history record check. The fingerprints shall be used to identify the individual and to determine whether the individual has a record of criminal history in this state or any other jurisdiction. The department is authorized to submit the fingerprints to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The department may use the information obtained from fingerprinting and the criminal history record check for purposes of verifying the identification of the individual and for making an official determination of the qualifications for initial or continuing licensure pursuant to this act and rules and regulations promulgated pursuant to this act. Disclosure or use of any information received by the department for any purpose other than the purpose provided for in this section shall be a class A misdemeanor and shall constitute grounds for removal from office or termination of employment.

# Potential Business Opportunities



# Distributor

- Distribute, transport, condition, handle, store, sell seed



# Types of Processors

- **Fiber processor**
  - Biomass
  - Building materials, fabrics, animal bedding, injected molds, plastics



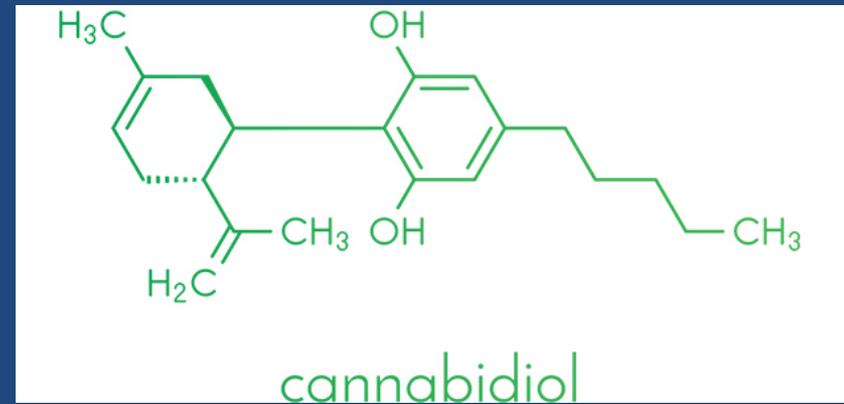
# Types of Processors

- Grain processor
  - Hemp seed oil, hulled seed, hemp protein, hemp fiber



# Types of Processors

- Floral processor
  - Cannabidiol (CBD) products



# Licensing Guide

✓	Department	Description	Renewal
	Office of the Secretary of State <a href="http://www.kssos.org">www.kssos.org</a>	Complete the appropriate business entity <a href="#">filings and forms</a> required by the Kansas Secretary of State. Call (785) 296-4564 for more information.	Prior to starting
	Department of Revenue <a href="http://www.ksrevenue.org">www.ksrevenue.org</a>	Visit the Department of Revenue website to find important <a href="#">business tax information</a> . Call (785) 368-8222 for more information.	Prior to starting
	Department of Agriculture —Plant Protection and Weed Control <a href="http://www.agriculture.ks.gov">www.agriculture.ks.gov</a>	<p>Individuals who would like to be considered for participation in the Kansas Industrial Hemp Research Pilot Program must complete and submit a Grower License Application, Distributor License Application and/or a Processor License Application. (<a href="#">hyperlinks to be added later</a>)</p> <p>Individuals who would like to be considered for participation in the Kansas program as a State Educational Institution must complete and submit the State Educational Institution License Application. (<a href="#">hyperlink to be added later</a>)</p> <p>The KDA Industrial Hemp Research Pilot Program involves research that will promote the development of the future commercial production of industrial hemp. Each program applicant must submit a project research plan to be approved to become part of the KDA pilot program.</p> <p>For more information, review the <a href="#">Industrial Hemp</a> webpage or call (785) 564-6698.</p>	March 1, 2019
	Kansas Bureau of Investigation <a href="http://www.kansas.gov/kbi/">www.kansas.gov/kbi/</a>	Before conditional approval will be granted, each individual listed on the application must be fingerprinted and submit to a state and national criminal history record check, which shall be performed by the Kansas Bureau of Investigation (KBI). The criminal history record check must be received and reviewed by KDA. Applicants must submit to a criminal history record check no more than 30 days prior to submitting their research license application to the department.	
	Kansas Crop Improvement Association (KCIA) <a href="http://www.kscrop.com">www.kscrop.com</a>	<p>Kansas Crop Improvement Association (KCIA) is the official state certification agency for the certification of seeds or other plant parts for the use of plant propagation. For more information, visit the <a href="#">KCIA</a> website or call (785) 532-6118.</p> <p>Only certain varieties of industrial hemp may be cultivated, planted, grown, handled, harvested, stored, distributed, transported or processed in this state in accordance with the Industrial Hemp Research Program. For more information, review the <a href="#">Approved Varieties of Industrial Hemp for Planting</a>.</p>	



# Questions?

## Compliance Education

Dana Ladner

785-564-6660

[Dana.Ladner@ks.gov](mailto:Dana.Ladner@ks.gov)

## Agribusiness Development

Abby Works

785-564-6757

[Abby.Works@ks.gov](mailto:Abby.Works@ks.gov)

## Plant Protection and Weed Control

785-564-6700

[kda.industrialhemp@ks.gov](mailto:kda.industrialhemp@ks.gov)