



Industrial Hemp Fee Proposal



Public comment meeting
August 22, 2022



Introduction

- Meeting purpose and background
- How to provide comment
 - Written
 - Oral
- Hemp Fee history and Board motions
- Current budget
- Fee structure considerations
- Proposed Fee structure
- Oral Public comment



Meeting Purpose

- Present a fee structure that funds the activities of the industrial Hemp Program and meets FAC 81005
- Receive oral public comment on proposed fee structure for consideration
 - Submit written comments to industrialhemp@cdfa.ca.gov by 8/26/2022
 - All submitted comments will be reviewed and considered



Meeting Purpose

Food and Agricultural Code 81005

The department shall establish a registration fee and appropriate renewal fee to be paid by growers of industrial hemp and hemp breeders, not including an established agricultural research institution, to cover the actual costs of implementing, administering, and enforcing the provisions of this division.



Written Public Comment

- To submit a written comment for consideration
 - provide email comment to industrialhemp@cdfa.ca.gov
 - mail to Industrial Hemp Program, 1220 N Street, Sacramento, CA 95814
- Can also call 916-654-0435



Oral Public Comment

- Comments will be limited to three (3) minutes per person
- If you submitted a comment request beforehand you were given a numeric place in line
 - Numeric assignments were given based on when the request is received
- Comments will be addressed in numeric order



Oral Public Comment

- If you would like to provide oral comment, and did not submit a request prior to this meeting, you may submit a request now to industrialhemp@cdfa.ca.gov
 - Numeric assignments will be given based on when the request is received and will be addressed in order
- Comments will continue to be addressed in numeric order



Industrial Hemp Fee History

- The initial recommended fee was \$900 per registrant per county by the Industrial Hemp Advisory Board (IHAB)
- Took effect by regulation on April 30, 2019.
- Intended by the IHAB to be a placeholder to bring in some revenue during the first growing season
 - after which a fuller scope of the program could be identified and a more appropriate fee structure could be proposed.



Industrial Hemp Advisory Board (IHAB)

- Fees have been discussed at 14 of the 23 IHAB meetings that have been held since 2018
- 11/6/2019- The board proposed to increase the fee from \$900 to \$1,200
 - Projected to cover 33% of program costs
- 5/19/2021 - Board proposed to increase the fee to \$2,000
 - Projected to cover ~58% of program costs



Current Budget

- Since program inception (FY 2018/19) to FY 2021/22
 - Total revenue ~\$1,445,441.
 - Total expenditures ~\$4,802,847
 - Total program deficit projected ~ 3,357,406



Considerations for Fee Structure

- Actual costs of registration activities
 - CDFA staff
 - County Agricultural Commissioner costs
- Hemp program fee structures currently in effect in other states
- Costs to small, medium, and large growers and breeders
 - Based on current registration data



Considerations for Fee Structure

- Previous proposals discussed at meetings
 - IHAB
 - Registration and Fees Task Force
- Workload required for review and approval of hemp applications (grower and breeder)
 - CDFA Staff hours
 - County Staff hours

Proposed Fee Structure

Fee Schedule	
Fee Structure	Amount
Grower application	\$225.00
Breeder application	\$450.00
Site Fee	\$150.00
Outdoor Acre	\$150.00
Indoor Square Footage	\$0.15

Estimated Revenue

Estimated Revenue Based on FY 21/22 Registration Statistics	
Fee Structure	Fee Total
Grower application fee	\$33,750.00
Breeder application	\$7,200.00
Site Fee	\$43,500.00
Outdoor Acreage	\$751,351.50
Indoor Square Footage	\$420,643.95
Total	\$1,256,445.45

Estimated Revenue

2021/2022 Registration Fee Statistics				
Registration	Min	Average	Median	Mode
Grower Registrant	\$ 525	\$ 7,880	\$ 2,325	\$ 1,125
Breeder Registrant	\$ 750	\$ 4,889	\$ 1,815	\$ 750



Public Comment Period

Questions to consider

- Should a different fee structure be in place for Hemp grown for grain/fiber?
- Should an application fee be prior to registration fee?
- Are there other components that should be considered in the fee structure (e.g. harvested material)