

Hemp Cost Estimate

Department of Agriculture

The estimates include general funds to cover FY2021 expenses, as these costs will need to be covered regardless of the amount of fees generated. The assumptions are based on participation in the 2019 North Dakota hemp program of 65 growers, 4,000 acres, and 100 samples.

- A program manager will be necessary to provide program oversight, write the plan, write rules, maintain fiscal oversight, provide final approval of licenses, and work with the Department of Public Safety and the Secretary in cases of revocation or suspension of a license. The one-time estimate will cover this FTE for a quarter of the year.
- A program assistant will be necessary to compile and submit reports to USDA, provide conditional approval of licenses, serve as a liaison with USDA on regulatory changes/updates, with the Department of Public Safety on inspection and sampling, and with the Department of Health laboratory, provide necessary inspection training to Department of Public Safety inspectors, provide constituent assistance, and write correspondence.
- A support staff will be necessary to answer constituent phone calls, process license applications, and pay bills, etc. The one-time estimate will cover this FTE for a quarter of the year.
- Inspection costs will be used to cover approximately 1,500 hours of inspections conducted by the Department of Public Safety.
- Travel costs for Department of Agriculture staff to attend trainings, conferences, and meetings.
- Operational costs cover the purchase of equipment, office supplies, office space, etc.
- Agricultural testing for approximately 120 samples for THC analysis.

Department of Health

The ongoing expenses would be covered with lab fees.

- One Forensic Chemist will be necessary to perform required testing to distinguish hemp from marijuana. One Senior Chemist will be responsible for intake, tracking, returning products, documentation and prepping samples.
- Remodeling of existing laboratory space will be necessary to accommodate two new chemists, new equipment, and sample preparation required for quantitative THC testing.
- Current drug storage space is overcrowded and will not accommodate additional samples that result from the legalization of hemp. Remodel of existing space to meet DEA drug storage specifications will require considerable financial investment. To provide adequate secure drug storage space, an existing storage room will be remodeled to meet DEA specifications for drug storage, HVAC, electrical, surveillance and security.
- Currently, possession of any amount of THC is illegal in SD. As a result, the PHL uses gas chromatography/mass spectrometry (GC/MS) to perform qualitative THC testing which determines the presence or absence of THC in Cannabis. If hemp is legalized, the PHL will

have to purchase and implement new technology; liquid chromatography tandem mass spectrometry (LC/MS/MS) for quantitative testing to determine the amount of THC present in Cannabis.

Department of Public Safety

The one-time and ongoing expenses would be covered with Highway Funds, with the exception of seasonal inspectors, which would be covered by inspection fees paid by the Department of Agriculture.

- Four additional troopers are necessary to cover the additional duties associated with industrial hemp and the transportation of hemp in South Dakota. With the legalization of hemp, drug numbers are expected to rise based on other states' experiences. With the introduction of ways to mask marijuana, an increase in other illegal drugs is likely.
- With the increased amounts of hemp transportation and the permitting required, staffing our 4 ports of entry with an additional motor carrier inspector will be necessary to regulate the hemp industry.
- As stated above, with a likely increase in other drug activity we will need an additional evidence technician, as well as storage and space to handle the additional evidence seized by troopers.
- Operating expenses cover the purchase of equipment such as vehicles and supplies to outfit the new employees.
- The four new troopers will be drug dog handlers so new dogs will need to be purchased.
- For service dog training, it is necessary to train both the service dogs and handlers.
- The portable test kits and supplies will need to be placed at each of our 4 ports of entry and our district highway patrol offices in South Dakota. Troopers will be trained on how to use these kits.
- Public education will be necessary to inform citizens on what is illegal and what is legal.
- One FTE (split among 9 seasonal staff due to timing of inspections) will be needed to conduct approximately 1,500 hours of inspections for the Department of Agriculture.