

AUDIT PROPOSAL

Comparing Kansas's Hemp Requirements to Requirements in Other States

SOURCE

This audit proposal was requested by Senator Mary Ware.

BACKGROUND

In 2019, the Kansas Legislature amended state law to allow commercial hemp production. Hemp is derived from the same plant as marijuana but contains little to no tetrahydrocannabinol (THC). It is grown for its fiber, seed, and flowers, which can be used for a variety of products. For example, hemp fiber can be used to make rope, paper, and other textiles. Hemp seed can be used to make flour and cooking oil. And hemp flowers can be used to make cannabidiol (CBD).

The Kansas Department of Agriculture oversees Kansas's hemp program. The department created administrative regulations to guide how hemp may be grown, processed, and distributed in Kansas. These regulations are in addition to state legal requirements. For example, to grow hemp in Kansas, hemp farmers must pay initial licensing and annual renewal fees, undergo background checks, maintain written certification for the seeds or plants used, and submit a planting report that describes what cultivars were planted, where, and how much. Regulations also include numerous requirements for harvesting hemp in Kansas, including testing for THC levels and associated fees, and disposing of hemp that exceeds the legal THC limits.

Legislators have expressed concern that the number of requirements placed on commercial hemp production may dissuade farmers from growing hemp.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objective listed below is the question we would answer through our audit work. The steps listed for the objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: How do Kansas's requirements related to growing hemp compare to requirements in other states and the federal government? Our tentative methodology would include the following:

- Analyze the Kansas Department of Agriculture's data on hemp production to look for notable trends since Kansas began growing hemp in 2019. This could include the number of farmers growing hemp and the amount of hemp grown and harvested.
- Review state laws and regulations and the state's hemp plan to identify the requirements for growing and harvesting hemp in Kansas. This would include things like application and licensing fees, background checks, planting reports, and testing requirements. This audit would not include the requirements for processing and distributing hemp.

- Select a handful of other states that have hemp programs and the federal government's hemp requirements. Review and compare their growing and harvesting requirements to those in Kansas to identify areas where Kansas is stricter or more lenient.
- Talk to Kansas Department of Agriculture officials to understand the reasons for those differences. Also interview department officials, other state officials, and other stakeholders about the potential effects of areas where Kansas has substantively different requirements than other states or the federal government.
- Survey farmers who are currently growing or have previously grown hemp in Kansas to summarize their opinions about the impact that Kansas's requirements for growing and harvesting hemp have had on them. The survey would also include farmers' opinions on other major challenges associated with growing hemp in Kansas.

ESTIMATED RESOURCES

We estimate this audit would require a team of **3 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).