
FISCAL UPDATE Article

Fiscal Services Division

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ISSUE REVIEW PUBLISHED — INDUSTRIAL HEMP UPDATE

Issue Review Published. An Issue Review that provides an update on Industrial Hemp was published on February 1, 2019.

Industrial Hemp. Industrial hemp and marijuana are different varieties of the same type of plant, Cannabis Sativa L. The difference between the two plants are their levels of tetrahydrocannabinol (THC) and their usage. Industrial hemp has THC levels of 0.1% to 0.4% of the total plant weight, while marijuana has THC levels of 4.0% to 7.0%. Industrial hemp is grown for commercial use, and the stalks and seeds are used for textiles, food, paper, building materials, and other products. Marijuana is grown for medicinal and recreational uses.

Legal Issues. Industrial hemp was first planted near [Danville, Kentucky](#), in 1775. The industry grew as industrial hemp was used to produce sailcloth, bale rope, and cordage. By 1910, over 10 states, including Iowa, were growing industrial hemp. Beginning in 1937, the federal government began regulation of industrial hemp with the passage of the Marijuana Tax Stamp Act. Industrial hemp and marijuana were officially outlawed in the United States with the passage of the Controlled Substances Act (CSA) of 1970. This Act classified industrial hemp as a Schedule 1 controlled substance.

Industrial Hemp Reintroduction. The federal [Agricultural Act of 2014](#) legalized the possession and use of industrial hemp if the crop was part of a pilot program that was regulated by a state department of agriculture or part of a research program conducted by an institution of higher education. The [Agriculture Improvement Act of 2018](#) removed industrial hemp from the list of controlled substances and allowed states to regulate industrial hemp production.

Canadian Industrial Hemp Market. Canada began growing industrial hemp in 1994. The THC level cannot be more than 0.3%. Production has varied over the years due to processing and demand. The number of acres of industrial hemp is expected to increase, as the Minister of Health and other officials at Health Canada approved a change in the [Controlled Drugs and Substances Act](#) in August 2018. The change allows growers to collect and store the industrial hemp flowering heads, branches, and leaf material, which contain cannabidiol (CBD). Industrial hemp produces higher levels of CBD than nonindustrial hemp, and the demand for CBD products continues to increase. Consumer products containing CBD include vaporizers, oil, and food products. Other CBD products are used for treating various medical conditions, such as opiate addiction and depression.

Other State Programs. The National Conference of State Legislatures (NCSL) recently published a summary of [State Industrial Hemp Statutes](#), which reported that at least 41 states have enacted legislation that allows industrial hemp cultivation and production programs. During 2018, at least 38 states considered legislation related to industrial hemp, and at least 6 states enacted legislation establishing industrial hemp research and pilot programs. These states included Alaska, Arizona, Kansas, Missouri, New Jersey, and Oklahoma. Iowa has not passed legislation allowing industrial hemp cultivation and production.

Issue Review Link. The [Industrial Hemp Update Issue Review](#) contains further information on production in other states and economic data.

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