



[HF 2380](#) – Hemp Acreage Cap (LSB5928HV.2)
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Fiscal Note Version – Final Action

Description

[House File 2380](#) increases the maximum acres of hemp a person may grow annually from 40 acres to 320 acres. This Bill takes effect upon enactment.

Background

Iowa Code chapter [204](#) requires the Iowa Department of Agriculture and Land Stewardship (IDALS) to regulate the production of hemp. The IDALS is required to issue and renew one-year hemp licenses to qualified producers. The IDALS inspects all hemp crop sites and collects samples as outlined in [21 IAC 96.7](#). As the number of acres increases, the number of samples required per acre decreases. Samples are tested to ensure tetrahydrocannabinol (THC) levels are below 0.3% as outlined in Iowa Code section [204.8](#). After samples are confirmed to have acceptable levels of THC, the IDALS is not further required to monitor the harvesting or utilization of the hemp. Under current law, a licensed crop site cannot be larger than 40 acres, and the total number of acres licensed to one person cannot exceed 40 acres.

The IDALS has the authority to set hemp license and inspection fees by administrative rule. These fees are deposited into the Hemp Fund and used to cover costs the IDALS incurs in administering the enforcement provisions of Iowa Code chapter 204, including the cost of testing the THC levels of samples of hemp. Iowa Code section [204.5](#) sets maximums the IDALS may charge for hemp fees. Fees collected by the IDALS under Iowa Code section 204.5 are currently set at the maximum allowed by the Iowa Code. The fees specified in [21 IAC 96.5](#) are as follows:

- License fees:
 - \$500 plus \$5 per acre for crop sites smaller than five acres.
 - \$750 plus \$5 per acre for crop sites between 5 and 10 acres.
 - \$1,000 plus \$5 per acre for crop sites larger than 10 acres.
- Inspection fees:
 - Base fee of \$1,000 plus a supplemental fee of \$500 per sample.

In FY 2020, \$138,000 in fees and other revenue was deposited into the Hemp Fund. In FY 2021, \$128,000 in fees and other revenue was deposited into the Hemp Fund.

On July 1, 2022, the fee maximums outlined in Iowa Code section 204.5 will sunset. After these hemp fee maximums sunset, the IDALS may alter hemp fees by administrative rule, but the total amount of hemp fees collected by the IDALS may not exceed the costs incurred by the IDALS to enforce Iowa Code chapter 204.

Assumptions

The IDALS may collect more fee revenue and incur additional testing costs due to an increase in licensees and enrolled acres, but changes to revenues and expenses cannot be estimated at this time.

Fiscal Impact

The fiscal impact of House File 2380 cannot be determined because potential changes to the program participation are unknown.

Source

Iowa Department of Agriculture and Land Stewardship

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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