

**CLARK COUNTY
STAFF REPORT**

DEPARTMENT: Community Planning

DATE: July 6, 2020

REQUESTED ACTION: Staff is seeking county council approval to remove hemp from Community Planning's 2020 work program.

Consent Hearing County Manager

BACKGROUND

On November 13, 2019, the county council requested an informational work session to learn about the differences between hemp and marijuana, recent legislative changes regarding hemp, and end-markets. A work session with council was scheduled for April and July 2020, but it has been postponed due to COVID-19. In lieu of a work session, staff is submitting this memo to council and will be available to answer any questions the council may have.

Hemp is an agricultural product

The Federal Agriculture Improvement Act of 2018 (2018 Farm Bill) changed certain federal authorities relating to the production, processing, and marketing of hemp. These changes include allowing hemp cultivation with certain regulations and removing hemp from the Federal Controlled Substance Act as it is now considered an agricultural product. As of January 1, 2020, the Washington State Department of Agriculture (WSDA) now implements a commercial hemp program regulated by WAC 16-306 and RCW 15.140.

What is the difference between industrial hemp and marijuana?

While hemp and marijuana are both species of the genus Cannabis Sativa, they were grown through selective breeding for different purposes and now have genetic differences in their cannabidiol (CBD) and tetrahydrocannabinol (THC) levels. Hemp and marijuana both contain CBD and THC, but they occur in different concentrations in both species. Hemp is legally distinguished from marijuana in the US as containing 0.3% of THC or less, and it does not have the psychoactive effects of cannabis. As of the 2018 Farm Bill, hemp cultivation in Washington State is legal if it is produced consistent with the 2018 Farm Bill, associated federal and state regulations, and is grown by a grower licensed by the WSDA.

Industrial hemp refers to hemp grown for fiber, oil, seed, grain. Hemp is regulated by the WSDA, while marijuana is regulated by the Liquor and Cannabis Board. Hemp can be grown both indoors and outdoors, while marijuana can only be grown indoors in a secure structure.

Requirements of WAC 16-306

Under WAC 16-306, farmers need a license to grow hemp and another license to grow hemp seeds. Licensees are required to post signs on each side of every registered land area indicating that hemp is being grown, including the license number, crop type, and WSDA phone numbers. WSDA inspectors inspect samples from each field 15 days before harvest and take it to state certified labs to test for THC concentrations, which have to be less than 0.3% or the crop has to be destroyed. Licensed producers must also report their hemp crop acreage to the USDA. People transporting hemp also need a WSDA-issued THC certification to transport hemp in-state. An annual Hemp License costs \$1,200 as of June 2020 and the dates to apply for a hemp license are from January 1 to March 31 each year.

Hemp in Clark County

Because hemp has been deemed an agricultural product in the 2018 Farm Bill, hemp cultivation is protected by Washington's Right to Farm laws and hemp is allowed in any zone in the county that allows agriculture. Washington state allows reasonable agricultural practices to continue with substantial protection against claims of nuisance in the form of the right to farm doctrines.

Clark County allows agriculture in all zones, which is one of the ways it complies with the Growth Management Act mandate to protect, maintain, enhance, and conserve the agricultural industry. As of May 1, 2020, the WSDA has approved 21 acres and 11,944 sq. ft. of greenhouse space for hemp cultivation in Clark County.

End Markets for Hemp

Hemp has been described as a "miracle plant" because it is known to have over 50,000 different uses and applications. Hemp seeds contain protein, nutrients, and essential fatty acids. Hemp fiber can be used for building materials, auto paneling, high quality plastics, clothing, shoes, and diapers. Hemp can be used to produce paper for printing, newsprint, cardboard, and packaging, and building materials, such as oil paints, varnishes, printing inks, fuel, solvents, coatings, fiberboard, insulation, acrylics, fiberglass substitute. Hemp can also be used to produce body care products, such as soaps, shampoos, lotions, balms, and cosmetics.

In terms of environmental impact, hemp requires few pesticides and no herbicides. It's easy to grow organically and it is an excellent rotation crop often used to suppress weeds and loosen soil before planting cereals. Hemp requires 50% less water than cotton and it can be converted into biodiesel.

Growing Hemp for Food, Fiber and CBD oil

Hemp is generally grown for seed, grain, and oil to be used for food and fiber. Each end-product is produced in a slightly different way. Hemp is grown to different heights and spacing for different purposes. It can be grown indoors and outdoors depending on the end use. Hemp for fiber is grown waist to shoulder high (about 8 ft tall), while hemp for oil is grown as short plants which makes it easier to harvest the seed tops.

Hemp is also grown for medical and pharmaceutical industries. Hemp produces very fragrant, oily flowers that are dried and CBD oil is extracted from the seed. CBD oil can be used for topical application in the form of tinctures and lotions. Hemp-derived CBD oil is legal if it contains 0.3% THC or less under the Agricultural Act of 2018. Even though CBD oil does not have psychoactive effects, the FDA does not allow CBD to be added to food and beverages or sold as a dietary supplement. In sum, hemp seeds, hemp protein, and hemp oil is allowed in food, however, the CBD oil is not.

RECOMMENDATION

In November 2019, when staff proposed putting the topic of hemp on the 2020 Community Planning Work Plan, it was unknown how the state would regulate hemp. Now that hemp is considered an agricultural product which can be grown in all zones in Clark County, it does not appear that the county council has the authority to restrict where it can be grown. Therefore, staff is seeking council approval to remove the item from Community Planning 2020 work program.

COUNCIL POLICY IMPLICATIONS

N/A

ADMINISTRATIVE POLICY IMPLICATIONS

N/A

COMMUNITY OUTREACH

N/A

BUDGET IMPLICATIONS

YES	NO	
		Action falls within existing budget capacity.
		Action falls within existing budget capacity but requires a change of purpose within existing appropriation
		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

Local Fund Dollar Amount	
Grant Fund Dollar Amount	
Account	
Company Name	

DISTRIBUTION:

Council staff will post all staff reports to The Web. <https://www.clark.wa.gov/council-meetings>



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APPROVED: _____
CLARK COUNTY, WASHINGTON
CLARK COUNTY COUNCIL

DATE: _____

SR# _____

APPROVED: _____
Kathleen Otto, Interim County Manager

DATE: _____

BUDGET IMPACT ATTACHMENT

Part I: Narrative Explanation

I. A – Explanation of what the request does that has fiscal impact and the assumptions for developing revenue and costing information

Part II: Estimated Revenues

Fund #/Title	2020 Annual Budget		2021 Annual Budget		2022 Annual Budget	
	GF	Total	GF	Total	GF	Total
Total						

II. A – Describe the type of revenue (grant, fees, etc.)

Part III: Estimated Expenditures

III. A – Expenditures summed up

Fund #/Title	FTE's	2020 Annual Budget		2021 Annual Budget		2022 Annual Budget	
		GF	Total	GF	Total	GF	Total
Total							

III. B – Expenditure by object category

Fund #/Title	2020 Annual Budget		2021 Annual Budget		2022 Annual Budget	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual						
Supplies						

Travel						
Other controllables						
Capital Outlays						
Inter-fund Transfers						
Debt Service						
Total						