

House Agriculture & Natural Resources Committee

HB 2168 Hearing

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Oral Testimony

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Good afternoon and thank you for holding hearings on House Bill 2168 in the Agriculture and Natural Resources Committee. My name is Sarah Stephens and I'm here today as President of the KS Hemp Consortium and CEO of Midwest Hemp Technology, both Kansas based companies focused on production and processing of agricultural hemp—that is hemp grown for fiber and grain.

I join you today in support of the proposed updates to HB 2168 and believe they are absolutely essential to scale agricultural hemp production and processing in Kansas. For four seasons, or since the crop's reintroduction in Kansas, I have been conducting and overseeing research on industrial hemp, including two seasons as a grant-funded hemp researcher for Sustainable Agriculture Research and Education, a USDA funded research project administered through the University of Minnesota.

Also, as a 5th year producer, I know there is a lot to learn about this crop and a lot of confusion when it comes to the differences among hemp varieties and their end uses. Please take note of this distinction and ensure that you fully understand the unique properties of agricultural hemp for the purposes of this discussion.

The agricultural hemp that we grow and process is for grain and fiber production. We do not harvest any floral material, which is where all cannabinoids, like CBD and THC, develop. Agricultural hemp grows on traditional, row crop farms on large acreages and is well suited for the KS environment. It is dioecious, meaning it includes male and female plants that pollinate and put their energy into high-protein grain production.

Conversely, cannabinoid dominant hemp is a horticulture crop. It is grown in a greenhouse or other managed environment with supplemental lighting and per plant management. When growers are seeking cannabinoid outcomes, they only grow female plants that put their energy into floral production. This requires a man-made environment that alters the plant's chemistry to

produce a high cannabinoid outcome. The process literally could not be more different than the direct seeding of industrial hemp with a planter or drill on 80 acres to be harvested with a combine and baled with a baler.

I invited each of you to Midwest Hemp Technology in Augusta, KS at your convenience. We founded this company in 2021 and have already created 4 new jobs with plans for more hiring in the near future. At Midwest Hemp Technology, we take 1000 pound bales of hemp stalks, that look very much like hay bales, and break them down into hurd, fiber and micronized hemp. Today, right now, we clean and separate hemp grains that we buy directly from farmers and turn them into high protein food and omega rich oil for human consumption.

Today, you and I can go to any Dillons, Kroger, Hyvee, Whole Food, Natural Grocers or other health food store and buy hemp hearts, hemp protein powder and hemp seed oil. Hemp grains are high in protein, fiber, iron, calcium, copper, manganese and omegas 3 and 6. And yet, the federal approval process for authorizing these ingredients in food for animals is stalled. AAFCO, or the Association of American Feed Control Officials, plans to approve hemp seed meal for laying hens this year, the application and research process starts over from there for broilers and then again for dairy cattle and then again for beef cattle.

Like Montana, Texas, Kentucky and Oklahoma, Kansas also has an opportunity to lead in the hemp grain market. We could authorize hemp seed meal in feed for poultry, pets and companion animals today with your approval. We could lower fees to a level that encourages producer participation. We could save time and resources and still meet USDA hemp program parameters with performance based sampling for fiber and grain crops.

The benefits of industrial hemp are long and varied. In order for Kansas to realize the environmental and economic advantages of industrial hemp, we need to remove barriers for farmers. Today, the licensing fee to grow industrial hemp is easily more than \$1500 per season and involves a series of requirements that are burdensome, time consuming and unnecessary. Instead of adding to the stigma that stifled the production of hemp for nearly 80 years, the Kansas Department of Agriculture must lower fees and distinguish more fully between agricultural hemp production and other outcomes.

Proposed language for adoption in 2168, along with the balloon amendment offered by Kelly Rippel and Kansans for Hemp, will allow hemp fiber, grain and seeds to be used as food for poultry and pets; add hemp grain to the definition of grain; authorize the secretary to utilize performance-based sampling when inspecting industrial hemp; lower license and registration fees; extend license and registration periods to two years and exempt agricultural hemp processors from fingerprinting every employee.

Today, there are three licensed agricultural hemp processing facilities in Kansas - online, up and operating. This means that Kansas processors could easily support more than 6,000 acres of agricultural hemp crops purchased directly from Kansas farmers this season. With the current fee structure and regulatory environment, that is very unlikely. As you know, in 2022, there were only 533 acres of hemp harvested in the whole state of Kansas.

Combined, I estimate that the three processing facilities operating currently represent three to four million dollars worth of infrastructure investment. At Midwest Hemp Technology, we have spent the last two years funding, equipping and staffing our processing company. We've made investments of time, money, sweat and a few tears in our Augusta facility. We purchase available agricultural hemp from Kansas farmers but are also forced to source from Missouri and Oklahoma farmers where many of the changes we're asking for today have already been implemented.

Thanks for your time and thoughtful consideration. I'm available for follow up questions and also, as I mentioned previously, would be happy to show you around Midwest Hemp Technology any time. We are committed to Kansas farmers, healthy soil, clean air and sustainable water supplies—agricultural hemp helps all Kansans in each of those regards. Thank you for affirming these updates and passing them through this committee.