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## April Board Cycle

## Milwaukee County Parks

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Wauwatosa, WI 53226

(414) 257-PARK

Date: March 21, 2019  
To: Theodore Lipscomb, Sr., Chairman, County Board of Supervisors  
From: Guy Smith, CPRP, Executive Director, Milwaukee County Parks  
Subject: **Analysis of Hemp Production at Mitchell Park Greenhouses (INFORMATION)**

### Background

In September 2018, the Milwaukee County Board of Supervisors passed File #18-690 which, among other things, “requests that Parks study different proposals for the best use of the Mitchell Park Greenhouses, including a proposal for growing and producing industrial hemp, hemp seeds, and cannabinoid oil and a proposal for a Grow Education Resource Center.” To fulfill this request by the Board, Milwaukee County issued a Request for Information to solicit ideas from the public, analyzed case studies from other regions, contacted staff from the State to better understand the permitting process, and researched potential financial scenarios of creating a new hemp production operation within the Parks system.

### Request for Information (RFI)

Parks staff worked with DAS-Procurement staff to issue a Request for Information on December 21, 2018 which was open until January 21, 2019. The purpose of this RFI was to obtain responses that fulfill the Board’s request and stated that, “The information requested is to provide possible options for utilizing all or part of the 60,000 square foot greenhouse facility that has built in systems to provide precise control of temperature, irrigation, lighting, shade, and water retention.” Three responses were received which included one suggestion to not grow hemp and rather to focus on other uses of the greenhouses that had a higher public purpose. Another response proposed a business plan that would require an investment of \$200,000 in new lighting and equipment, the use of County staff and materials, and the installation of a solar facility in Mitchell Park at an unknown expense.



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### **Grow Education Resource Center (GERC) Case Studies**

The County Board resolution requested information related to a “Grow Education Resource Center” in which “the County, along with community partners, could study hemp, hemp seeds, and cannabinoid oil, placing the County on the frontier of new agricultural practices...the Greenhouses, in conjunction with a GERC, could also be used as a Certification Station, which would allow staff to test oils from other growers that have been produced for medicinal use”, and “the Greenhouses could also function as a Research Lab in order to analyze which crops would produce the best hemp plants, hemp seeds, and cannabinoid oil”. Throughout the United State there are a number of programs that partially align with this intended vision of a GERC, though no one operation appears to do all that is envisioned for Milwaukee County. Traditionally, research operations and the associated education are led by and housed within institutions of higher education occasionally in partnership with the State department that permits hemp production. Consistent across all case studies examined is that the purpose of the research is to determine seed varieties and growing methods that are most advantageous to maximize crop production in each region’s climate.

### **Purdue University Hemp Project**

The goal of the Purdue Hemp Project is to provide research-based information to the public (from general interest, to farmers, entrepreneurs, and investors) about what is needed to produce hemp and develop a viable industry in Indiana and throughout the Midwest. The Purdue Hemp Team is composed of faculty, extension educators, and farm professionals. This project is supported by the Purdue College of Agriculture. The Purdue research project is focused on identifying challenges faced by modern hemp production including impacts of climate change and the gaps in knowledge that exist due to hemp production being banned for 80 years.

### **Cornell University – School of Integrative Plant Science**

An interdisciplinary team at the Cornell University School of Integrative Plant Science is studying possible barriers to the development of this industry, including seed issues, diseases, insects and pests, and will determine the best commercially available varieties to grow in New York State. The research and its lessons learned are intended to be given to growers and processors operating in that state.

### **University of Kentucky – College of Agriculture, Food and Environment**

The University of Kentucky’s Department of Plant and Soil Sciences is a participant in the Kentucky Department of Agriculture’s Industrial Hemp Pilot Research Program. The research is focused on those factors that impact field-scale production of industrial hemp. Experiments are aimed at optimizing yields of grain and fiber with the intent that this knowledge will benefit industrial growers throughout the United States.

**Market Research**

<b>Expense</b>	<b>Cost *</b>
Hemp Production (includes variable and fixed costs)	Average production yield = 1,074 pounds per acre  \$409-\$574/acre  \$426.96/acre  Average = \$450/acre
Land Rent	\$0
Seed	\$120 (per acre)
Organic certification	Unknown
Facility security upgrades	Potentially significant
<b>Revenue</b>	<b>Cost</b>
Conventional hemp grain	\$0.50 - \$0.74 per pound
Certified organic hemp grain	\$1.08-\$1.18 per pound
<b>NET REVENUE</b>	
Average Cost of Hemp Production	\$450/acre @ 1,074 lbs/acre = \$0.465/pound
Average Revenue of Hemp Sales	\$0.70/pound

\*Source: Industrial Hemp: From Seed to Market, Cornell University, May 2017

**Licensing Process**

The Wisconsin Department of Agriculture Trade & Consumer Protection (DATCP) oversees the State’s industrial hemp program. As of the date that this report was submitted, the DATCP website states that “The State of WI industrial hemp program must generally maximize opportunity for a person to plant, grow, cultivate, harvest, sample, test, process, transport, transfer, take possession of, sell, import, and export industrial hemp to the greatest extent authorized under federal law.”

The legislation that authorized Wisconsin’s hemp research program authorizes DATCP to do the following:

- Ensure the quality of industrial hemp grown or processed in this state, the security of activities related to industrial hemp, and the safety of products produced from industrial hemp, including any necessary testing.
- Verify adherence to laws and rules governing activities related to industrial hemp.

- Enforce violations of laws and rules.
- Require an initial fee from any person who plants, grows, or cultivates industrial hemp equal to the greater of \$150 or \$5 multiplied by the number of acres used to plant, grow, or cultivate industrial hemp, but not to exceed \$1,000. An annual fee may also be imposed on any person whose industrial hemp activities are regulated by DATCP. This annual fee may not exceed an amount sufficient to cover DATCP costs to regulate those activities.
- Ensure that certain information in its possession is confidential, except that this information must be made available to a law enforcement agency or law enforcement officer.

As participants in the research program, growers and processors will be required to report their research plans along with their annual registrations, and to file research reports for each growing season.

### **Hemp Farming Act of 2018**

The process overseen by DATCP is a research pilot program permitted under terms of the 2014 federal farm bill. The Hemp Farming Act of 2018 was a proposed law to legalize hemp by removing it from Schedule I controlled substances and making it an ordinary agricultural product. The provisions of this act were incorporated in the 2018 federal farm bill that became law on December 20, 2018. The National Association of State Departments of Agriculture has convened a working group to determine how legalization at the federal level impacts the more than 30 State-sponsored research programs that exist, including Wisconsin's DATCP research pilot program.

### **Marijuana Legalization**

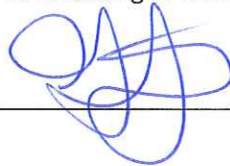
On November 6, 2018, 16 counties and 2 cities across Wisconsin voted in favor of various forms of marijuana legalization. On February 18, 2019, Governor Tony Evers proposed overhauling the state's marijuana laws in favor of legalizing medical marijuana, decriminalizing marijuana possession, and aligning the State's laws on CBD oil with federal standards. The outcomes of the advisory referenda and the Governor's proposal are yet to be seen, though the impacts of changing State standards and laws will likely have a significant impact on hemp production and the viability of hemp production within Milwaukee County government.

### **Recommendation**

This report is for informational purposes. Based upon this research, it is recommended that Milwaukee County allow time for the State of Wisconsin to resolve the issue of marijuana legalization and assess any potential changes of State permitting in light of changing attitudes towards hemp at the federal level prior to pursuing any hemp related program. Regarding the viability of said programming, hemp production is an industrial agricultural operation that requires vast amounts of land to be profitable and the Mitchell Park Greenhouses do not have adequate space to accommodate a successful industrial growing operation. Concepts such as a research facility should involve, or ideally be led by, colleges and universities that are better suited for such a function as has occurred in all other states pursuing hemp research.

Hemp product certification will need to occur to ensure that the THC content of hemp and CBD products are below the 0.3 % limit, though the method of testing and standards will be impacted by the resolution of State laws with the 2018 federal farm bill. Milwaukee County would need to hire additional staff to support a hemp production or research program as currently no staff are devoted to these tasks. Given these factors, it is recommended that Milwaukee County allow for all of these evolving topics to reach a resolution prior to investing in an industrial hemp operation.

Approved By: Guy Smith, CPRP, Executive Director



**Attachments**

Attachment 1 – Industrial Hemp: From Seed to Market, Cornell University

**Copy**

- Chris Abele, County Executive
- Raisa Koltun, Chief of Staff, County Executive’s Office
- Jason Haas, Parks, Energy & Environment Chair, Supervisor District 14
- Sheldon Wasserman, Parks, Energy & Environment Vice-Chair, Supervisor District 3
- Marcelia Nicholson, Parks, Energy & Environment Committee Member, Supervisor District 5
- Felesia Martin, Parks, Energy & Environment Committee Member, Supervisor District 7
- Steven Shea, Parks, Energy & Environment Committee Member, Supervisor District 8
- Sylvia Ortiz-Velez, Supervisor District 12
- Kelly Bablitch, Chief of Staff, County Board of Supervisors
- Kelsey Evans, Committee Coordinator, Office of the County Clerk
- Emily Peterson, Research & Policy Analyst, Office of the Comptroller



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