

Testimony of
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Bill No. 31-0100
“An Act amending VIC, title 7,
chapter 1, to allow for the cultivation
of Hemp and other related purposes”
Before the
Legislative Committee on Economic Development, Agriculture, and
Planning
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Good Day Honorable Chairperson, Senator Janette Millin Young and members of the Committee on Economic Development, Agriculture, and Planning testifiers, listening and viewing audience. My name is Donnie E. Dorsett Bureau of Economic Research Senior Economist. The Bureau of Economic Research (BER) was asked by this committee to give testimony on Bill No. 31-0100-“an Act amending Virgin Islands Code, title 7, chapter 1 to allow for the cultivation of Hemp and other related purposes. In the absence of extensive local economic data and studies regarding cannabis sativa (plant classification name), my testimony will focus on potential economic benefits of hemp production.

Background

Hemp is a crop that can be grown for food and industrial purposes. Several hemp food manufacturers, French Meadow Bakery, Hempzels, Living Harvest, Manitoba Harvest, Nature's Path, Nutiva and Ruth's Hemp Foods make their products with Canadian hemp. These products include pasta, tortilla chips, salad dressings, snack products and frozen desserts. Non-dairy hemp "milk" beverages, which provide significant amounts of omega 3 essential fatty acids (EFAs) and protein, are also available.

The industrial purposes of hemp include paper, textiles, clothing, biodegradable plastics, construction (as with hempcrete and insulation), body products, health food and bio-fuel. One known California company, Dr. Bronner's Magic Soaps, spent on an average annually \$100,000 to import hemp oil for usage of manufacturing soaps.

Imported and Commercial Value

The domestic hemp industry continues to import hemp seed, hemp oil and hemp fiber for numerous products. The products are legally traded in the United States. Most industrial hemp used in U.S. products is imported from Canada. Available trade statistics indicate the value of imported hemp products in the United States was valued at \$11.5 million in 2011. The import value of these base hemp items has more than double since 2007 when the value was \$4.8 million.

According to the Hemp Industries Association (HIA), the estimated retail value of North American hemp food, vitamin and body care products was in the range of \$156 to \$171 million in 2012. When clothing, auto parts, building materials and other non-food or body care products are included, the HIA estimates that the total retail value of U.S. hemp products is about \$500 million. The combined retail value of hemp food and body care products sold in the United States in 2010 was \$40.5 million, up more than 10 percent from 2009.

Caribbean and Central America

There has been discussion between several Caribbean islands or island nations in recent years discussing the possibility of exporting industrial hemp production. These islands include Trinidad and Tobago, St. Lucia, and Haiti. The Central American country of Belize also contemplated usage of industrial hemp.

Legislation

Nationally, legislative efforts continue in hopes of changing federal policies restricting the usage of hemp for industrial purposes. The Agricultural Act of 2014 allows Universities and State Departments of Agriculture (DOA) to grow or cultivate industrial hemp for academia or agricultural pilot programs. The statute also requires industrial hemp sites used by Universities and State DOA's to be registered within their respective state. According to National Conference of State Legislatures, twenty-two states have instituted state laws relating to industrial hemp. These states include California, Colorado, Maine, Tennessee, Kentucky, and Oregon. It is

important to note some state laws require a change in federal law or waivers from U.S. Drug Enforcement Agency before those programs can be implemented by the state.

This concludes my presentation and the Bureau thanks the Committee on Economic Development, Agriculture, and Planning for the opportunity to provide testimony.