

DEPARTMENT OF AGRICULTURE  
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

**Monday, December 6, 2021**  
**4:00 pm – 5:00 pm**

**4:00-4:10      INTRODUCTIONS AND OPENING COMMENTS**

Presenter: Kate Greenberg, Commissioner

**4:10-4:20      COMMON QUESTIONS**

Main Presenters:

- Kate Greenberg, Commissioner

Topics:

- COVID-19 Remote work planning: Page 1, Question 1 in the packet, Slide 6
- One-time stimulus funds: Page 2, Question 2 in the packet, Slide 7

**4:20-4:30      AGRICULTURE EMERGENCY COORDINATOR**

Main Presenters:

- Kate Greenberg, Commissioner
- Dr. Maggie Baldwin, State Veterinarian and Animal Health Division Director

Topics:

- Agriculture Emergency Coordinator: Pages 3-5, Questions 3-4 in the packet, Slide 12

**4:30-4:50      COLORADO HEMP DECORTICATION**

Main Presenters:

- Kate Greenberg, Commissioner
- Tom Lipetzky, Markets Division Director

Topics:

- Colorado Hemp Decortication: Pages 5-8, Questions 5-11 in the packet, Slides 13-15

**4:50-5:00      COLORADO STATE FAIR**

Main Presenters:

- Kate Greenberg, Commissioner

Topics:

- Colorado State Fair: Page 8, Question 12 in the packet, Slide 16

DEPARTMENT OF AGRICULTURE  
FY 2022-23 JOINT BUDGET COMMITTEE HEARING DISCUSSION  
QUESTIONS

**Monday, December 6, 2021  
4:00 pm – 5:00 pm**

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

- 1. Please provide an update on how remote work policies implemented in response to the COVID-19 pandemic have changed the Department's long-term planning for vehicle and leased space needs. Please describe any challenges or efficiencies the Department has realized, as well as to what extent the Department expects remote work to continue.**

The Department had instituted a Flexible Work Arrangements (FWA) Policy in the fall of 2019. While many positions within the Department, such as inspectors, can not do their work from home, the Department's FWA policy proved to be very useful to set the stage for remote work during the pandemic. The pandemic has shown us that this policy can be utilized by employees where we had previously not thought it possible. Earlier this fall, we updated our policy to further enhance flexible work arrangement options. 2021 has been a year of uncertainty related to the pandemic and what returning to normal business operations will be. As a result, we are just beginning to have conversations around fleet vehicles and have reduced our fleet by one vehicle. We do anticipate further reductions in the future related to pool vehicles vs. vehicles assigned to individual inspection and field staff.

The Department owns the buildings and property on our main Interlocken Campus in Broomfield so we do not see a reduction in this space. However, we are in the early stages of exploring and testing options such as shared work space, hoteling, and sharing office space with other state agency programs. The leases that the Department holds are for locations such as brand offices in sale barns or the fruit and vegetable inspection office in Monte Vista. We do not foresee a need to terminate these leases based on the unique and remote work conducted in those locations.

We believe that we will continue to utilize remote work options, and believe this is one important tool for the state to compete in the modern workplace market. Each Division at CDA has created parameters according to their business needs allowing for flexible remote work arrangements, when and where appropriate, ranging from one to five days remote per week. However, most positions that require permanent assigned fleet vehicles are required to conduct inspections in person and thus fleet reductions here would be unlikely.

2. **Please describe the most significant one-time federal funds from stimulus bills (e.g., CARES act and ARPA) and other major new federal legislation (e.g., federal infrastructure investment and jobs act) that the department has received or expects to receive. For amounts in new federal legislation that have not yet been distributed, please discuss how much flexibility the state is expected to have in use of the funds.**

The Department received funding through House Resolution 133, the Consolidated Appropriations Act of 2021, to expand the Department's existing Specialty Crop Block Grant Program (SCBGP). USDA will award CDA \$1,084,218.33 to award to sub-grantees for approved projects. Funds must be used solely to enhance the competitiveness of specialty crops and will be distributed on a reimbursement basis, consistent with the current program. H.R. 133 SCBGP funds expire on September 29, 2025, and any remaining unspent funds will be returned to USDA-Agricultural Marketing Services.

Additionally, the Department received \$76 million in state stimulus funding through five separate bills:

**SB 21-203 Funding for Colorado Proud**

\$2.5 million to expand market opportunities for Colorado Producers and Businesses through the Colorado Proud program.

**SB 21-234 General Fund Transfer Agriculture Drought Resiliency**

\$3 million total including \$1.875 million to engage in activities that promote the State's ability to anticipate, prepare for, mitigate, adapt to or respond to drought and \$15,000 per Conservation District (\$1.125 million total).

**SB 21-235 Stimulus Funding Department of Agriculture Efficiency Programs**

\$5 million to expand agricultural efficiency and soil health initiatives, including \$3 million to the Advancing Colorado's Renewable Energy and Energy Efficiency (ACRE3) program of which at least \$150,000 towards agrivoltaics and \$2 million for Soil Health activities of which at least \$1 million will go through Conservation Districts.

**SB 21-248 Loan Program for Colorado Agriculture**

\$30 million to create an agricultural revolving loan and grant program, \$5-10 million is for agricultural processing loans or grants and \$10-20 million is for loans to farmers and ranchers.

**HB 21-1262 Money to Support Agricultural Events Organizations**

\$35.5 million for Agricultural Events of which \$2 million will go to Local County Fairs and other agricultural events. There is also a non-discretionary allocation of \$28.5 million to National Western

Stock Show for event support and construction of the National Western Stock Show Campus and \$5 million to the Colorado State Fair.

## **AGRICULTURE EMERGENCY COORDINATOR**

- 3. [Sen. Rankin] We have the emergency coordination through Public Safety. What is unique about the requested position and why shouldn't these functions be centralized in a single agency? How would approval of this request improve coordination between agencies?**

The State Emergency Operations Center (SEOC), Office of Emergency Management (OEM)'s role is to provide state level coordination and support during emergencies and disasters. All state departments are mandated under the Colorado Disaster Emergency Act (24-33.5-701 C.R.S.) and the [State Emergency Operations Plan](#) to carry out assigned activities related to mitigating effects of an emergency or disaster and to cooperate fully with each other, the SEOC, the Department of Homeland Security Emergency Management (DHSEM), and other political subdivisions in providing emergency assistance.

The OEM relies on the subject matter expertise of other departments and agencies to fulfill their role in providing emergency support during an incident. The State EOC as a coordination center does not have specific functional area expertise. They have experts that coordinate other experts to respond to incidents on a statewide basis.

Several other agencies have full-time dedicated emergency coordinators to fulfill these duties including CDOT, OIT, CDHS, and CDPHE. Each of these full time emergency coordinators fulfill duties for their departments and at the SEOC for Emergency Support Functions (1/3, 2, 6, and 8).

CDA is responsible for providing the subject matter expertise that serves in ESF-11 capacity at the SEOC for agricultural incidents or to address cascading effects that impact agriculture. CDA is also the lead agency in the event of a large-scale disease outbreak that impacts livestock (similar to how CDPHE is the lead agency for COVID-19 and other human disease outbreaks).

Agriculture is a leading economic driver in the state and is impacted by nearly all emergencies and hazard events that impact the state. Without having a full time dedicated emergency coordinator, we are leaving this vitally important sector extremely vulnerable during incidents.

The current operation at CDA of rotating people through on a quarterly basis to fill the ESF-11 role challenges our ability to have consistent coordination with the SEOC-OEM. One individual with training and subject matter expertise will be able to develop and maintain those relationships to provide a streamlined response on behalf of the department to fulfill our statutory obligations. With a full time Agriculture Emergency Coordinator, we will not only be able to respond to incidents as they occur, but we will be able to be proactive in developing response plans, completing exercises, and coordinating with partners across many sectors.

**4. [Rep. McCluskie] Clarify the authority and responsibilities for the proposed position, particularly as it relates to wildfires.**

CDA is designated in the State Emergency Operations Plan to fulfill the Emergency Support Function (ESF) #11 role at the State Emergency Operations Center (SEOC) for agriculture and livestock needs during an emergency. Once the plan is activated, all state departments and offices are mandated under the authority of the Colorado Disaster Emergency Act (pursuant to Section 24-33.5-701, C.R.S.) to carry out assigned activities related to mitigating effects of an emergency or disaster and to cooperate fully with each other, the Office of Emergency Management, and with other political subdivisions in providing emergency assistance. CDA's ESF #11 role includes five primary response functions:

- respond to livestock and agricultural health issues in the face of a disease outbreak affecting agriculture,
- provide technical expertise, coordination, and support of livestock and agricultural emergency management when agriculture is impacted by disasters (including wildfire),
- ensure the safety and security of Colorado's commercial agricultural food supply,
- coordinate protection of natural and cultural resources and historic properties through the Department of Natural Resources,
- and support ESF #6 in providing nutritional assistance and sheltering needs for companion animals.

Specifically related to wildfire, the position would:

- Map and locate livestock premises in the fire, evacuation, and pre-evacuation evacuation zones; relay that information to the regional field managers and others to coordinate evacuation of the livestock
- Communicate with the livestock industry groups to identify and follow-up on any livestock issues with their producers
- Coordinate access for livestock producers into fire zones to evacuate livestock or care for those that are sheltered in place
- Work with the county ESF-11 to address any issues they have, such as hay donation or large animal sheltering
- Coordinate veterinary care with local veterinarians for livestock injured during the event
- Coordinate with producers, local public health, state public health, and emergency management for livestock disposal of deceased animals during the events

- Coordinate with other divisions within CDA, such as Brands Division and Conservation Division, on livestock and agriculture issues to be addressed
- Outreach on disaster assistance programs, collaborate with other agencies to correct inaccurate information and help in rumor control
- Participate in the State Recovery Task Force for all hazard events (including wildfires) that impact agriculture.

## COLORADO HEMP DECORTICATION

5. ***[Sen. Rankin]*** **Is the recent reduction in hemp registrations an indication of under production or new registrations? Does the one decortication facility have a backlog? What is the actual market for products resulting from the decortication process?**

Hemp registration spiked in 2019 as a result of the 2018 Farm Bill that made hemp a federally legal commodity. As a result, several states who lacked hemp pilot programs started production immediately, which caused the supply to exceed the national demand. The recent reductions in hemp registrations can be traced back to the downslope of the unsustainable production spike in 2019 when the CBD market created a significant initial demand. Without additional markets or accessible uses for the raw hemp product, the ensuing supply far exceeded the actual demand which left many Colorado growers empty handed.

The reduction in acreage is reflective of grower reluctance to grow more hemp for CBD when the oversupply has depressed the value of the crop below the cost of inputs. Due to the low sale price of raw hemp for CBD, some growers continue to pay storage on stock waiting to be moved. Due to these economic factors, growers are beginning to invest in growing hemp for industrial uses. As of June 2020, there were fewer than 10 decortication facilities in the US. There is currently one decortication facility, Formation AG, in the state of Colorado, located in the San Luis Valley. Currently their machine is still in the research and development stage and not yet in mainstream production. Due to these constraints they have a 4-6 week backlog; however, if they were at full scale production, they estimate that they would have a 2-3 week backlog. Though this analysis is anecdotal and does not indicate what demand would look like if Colorado was known to have mainstream production, it does suggest there is currently more demand than there is production.

Potential markets for hemp products resulting from the ability to process hemp, include;

- Hemp Grain: Industrial use in paints and lacquers.
- Human consumption: hemp hearts for ingredients, hemp oil, protein powders, supplements and animal feed.
- Hemp Fiber [The Bark]: Textiles and industrial uses such as “HempCrete,” for construction.
- Hemp Hurd [Woody part] Animal bedding, As an alternative to plastic, Paper products and insulation.

6. ***[Rep. Ransom]*** How would the Department select the companies that would receive grants? What kind of companies would apply? Does the Department have one or more companies in mind or are they intending to attract new companies?

We have several entities in mind that would be good candidates for grants but there is also the potential for attracting new companies. We have had interest from potential partners, for example, from Pueblo Economic Development, who have been looking for a way to utilize hemp outside CBD production. They have been unable to attract the businesses on their own and have reached out to CDA for help. If the legislature provides funding for this program we would distribute funding through a competitive grant process and invite companies to apply.

7. ***[Sen. Moreno]*** Would the grant program be better solidified under its own specific statutory authority, with its own parameters, timelines, and outcomes?

The Department plans on utilizing the existing agricultural processing grant program created in SB21-248. Hemp decortication is a form of agricultural processing and thus fits squarely within the definition and purposes of the program created in the last legislative session. The program does have several constraints that would apply if the General Assembly approves the funding request. Specifically, only companies that are currently involved in processing agricultural products are eligible. The Department believes that the program created in SB21-248 is appropriate for administering additional funds specifically allocated for Hemp processing. However, if the Committee believes that the parameters for the program are not appropriate for this request, the Department is open to working with the Committee to create a stand-alone grant program for hemp processing.

8. ***[Sen. Moreno]*** If the Marijuana Tax Cash Fund is not an acceptable use, what other funding sources could the Department utilize to create the grant program? Is the Department requesting the Committee change statute for the Marijuana Tax Cash Fund to allow use for the program?

The Department believes the allowable uses of the Marijuana Tax Cash Fund, specifically, “To research, regulate, study, and test industrial hemp or seeds” provides the necessary authority for the allocation of funds in this request. Industrial hemp processing is in its infancy and any private partner that the Department would provide funds to will be in the research and development phase of building hemp processing capacity in Colorado. Properly decorticating hemp is a complicated task that has yet to be mastered in the United States. The focus is now on using the whole plant and garnering multiple uses and revenue streams for the growers and producers. This is a constantly evolving process. For example, use of the fiber [which is the bark] for industrial uses or for textiles and the hurd [interior of stalk] for cosmetics, replacement for plastics, building materials, pet bedding and so forth. Since the funds will be used to develop, research and test industrial hemp processing we believe that the legislature has the authority to allocate the funds. If the Committee does not believe that there is existing statutory authority we request the committee broaden the allowable uses in Section 39-28.8-501(2)(b)(IV)(I) to allow for the allocation in this request.

The Department could use funding allocated to the Department for the loan and grant programs created in SB21-248. However, the amount of funding allocated to the grant program would not be sufficient for the purposes of expanding hemp decortication as each decortication machine can cost between \$600,000 to \$3 million. If the Department allocated all the funding to hemp it would quickly use up any funding that is available for the processing of all other agricultural commodities in Colorado.

**9. [Sen. Moreno] Has the Department conducted a market analysis for the proposed products?**

Hemp processing, while not new to Europe and China for example, is new to the United States. USDA Foreign Agricultural Service (FAS)'s Feb 2020 report estimated China's hemp market value at \$1.7 billion USD, of which only 5 percent is used for CBD (fiber accounts for 75 percent, food for roughly 7 percent, CBD extracting for about 5 percent, and other uses for 13 percent)<sup>1</sup>. The processing of hemp was only allowed with the passage of the 2018 Farm bill so there is limited US or Colorado specific market data available. USDA National Agricultural Statistics Service (NASS) is just now in the process of completing its first-ever hemp survey that will be published in February 2022.

Over the past few years we have been in contact with many companies who are looking for hemp for many new concepts and ideas. Colorado has a big advantage in that we are known to be one of the first states to embrace the hemp industry and also the biggest grower of hemp in the U.S.

Additionally, according to the Colorado Hemp Advancement and Management Plan (CHAMP)

*There is a large and established global market for around 25,000 hemp-based products including textiles, recycling, automotive, furniture, food and beverages, paper, construction materials, and personal care and wellness products including cosmetics. While there is little information on U.S. retail sales of hemp products, reports estimate that as early as 2016 hemp product sales amounted to almost \$700 million. Domestic retail sales were concentrated in a variety of categories such as CBD and supplements, personal care products, textiles, foods, and other applications and consumer products.*

*Hemp production is permitted in around 30 countries with an estimated aggregate acreage of around 225,000 acres as of 2016. In 2017, the U.S imported \$67.3 million worth of hemp material. Trade data is not available for finished products (such as textiles, construction materials, and paper products), thus the \$67.3 million dollars consists only of hemp seeds, oil, solids, and fibers used as inputs in further manufacturing. In 2018, the largest supplier of U.S. hemp imports is Canada which accounts for 90 percent of the value of imports, followed by China and Romania<sup>2</sup>.*

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<sup>1</sup><https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=2019%20Hemp%20Annual%20Report%20Beijing%20China%20-%20Peoples%20Republic%20of%2002-21-2020>

<sup>2</sup> Colorado Hemp Advancement and Management Plan, Appendix B, Page 64  
<https://drive.google.com/file/d/1m2J4bNRcn9SPg0-2hZtJrcE6-aBlBrKv/view>



**10. [Rep. Ransom] How much of a backlog currently exists at the current Colorado decortication facility? Would we need two or three separate companies to address the backlog?**

Formation Ag in the San Luis Valley, which is a small facility that has developed their own machine states that even if they were to increase production, they would continue to have a backlog despite minimal outreach to a small group of existing clients. We have been engaging with companies who are looking for considerable decortication and processing capability. If Colorado was to become a hub for growing and decortivating hemp, then demand would be significant. These decortivating facilities and machines are both expensive and take a lot of space, approximately 75,000 Sq feet at a minimum. It would be great to have multiple facilities for logistical reasons. In an ideal setting there would be a decortication facility within a 100 mile radius of the hemp growers, to cut down on transportation costs. We envision supporting two or three decortication locations to service Colorado.

**11. [Rep. McCluskie] Has the Department discussed this proposal with the Governor's Office of Economic Development and International Trade (OEDIT)? Is there an opportunity to consider different pathways to address this issue?**

We are coordinating with OEDIT on building decortication capacity in Colorado. CDA is currently operating an agricultural processing grant program. The funding requested would be distributed using the existing authority at CDA. With the existing expertise and authority at CDA along with OEDIT's role in distributing unprecedented amounts of federal funding we believe the proper pathway to address this issue is through a CDA run program that has support and expertise provided by OEDIT.

## **COLORADO STATE FAIR SPENDING AUTHORITY INCREASE**

**12. [Sen. Moreno] Many of the state fair facilities are quite old. Has the Department looked at how the age of the facilities relates to the increased maintenance costs?**

The Facility Master Plan (FMP), finalized in August of 2021, compared the age of the buildings with the cost of maintenance costs in great detail. The FMP has evaluated all of the square footage on the fairgrounds and has identified 20% of the buildings to be removed that are not feasible to refurbish, this includes the small animal building as well as various security buildings and offices (Identified in pink on page 28 of the FMP). Due to the historical nature of many of the buildings and facilities, restoration is sometimes prioritized over demolition, for example the Palace of Agriculture. As one of the fairs most iconic and historical buildings, the Palace of Agriculture requires many necessary improvements; however, demolition would drastically decrease the fairs appeal and designation as a historical site. Additionally, the state fair conducts facility audits every five years, under the guidance of the Office of the State Architect on each building to help identify deferred maintenance projects and preventative maintenance projects. You can review the FMP here:

[https://coloradostatefair.com/wp-content/uploads/2021/10/CSF\\_Master-Plan\\_2021.08.27.pdf](https://coloradostatefair.com/wp-content/uploads/2021/10/CSF_Master-Plan_2021.08.27.pdf)



# Joint Budget Committee Hearing




**COLORADO**  
Department of Agriculture

1

## Agenda

- Introductions and Opening Comments
- Remote Work
- Stimulus Funding
- FY 2022-23 Budget Request Package
  - Agriculture Emergency Coordinator
  - Colorado Hemp Decortication
  - Colorado State Fair



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**COLORADO**  
Department of Agriculture

### MISSION

OUR MISSION IS TO STRENGTHEN AND ADVANCE COLORADO AGRICULTURE; PROMOTE A SAFE AND HIGH-QUALITY FOOD SUPPLY; PROTECT CONSUMERS; AND FOSTER RESPONSIBLE STEWARDSHIP OF THE ENVIRONMENT AND NATURAL RESOURCES.

### FY22 WILDLY IMPORTANT GOALS

Every day we continue to engage in our full range of work and operational priorities to support Colorado producers. So why do we need WIGs? When we choose wildly important goals (WIG), we're identifying a set of objectives that need special attention to achieve.

### VISION

OUR VISION IS THAT COLORADO AGRICULTURE BE STRONG AND VIBRANT, A KEY DRIVER OF THE STATE'S ECONOMY, AND RECOGNIZED WORLDWIDE FOR ITS SAFE AND ABUNDANT SUPPLY OF HIGH-QUALITY FOOD AND AGRICULTURE PRODUCTS.

#### GOAL #1 BUILDING ECONOMIC AND SUPPLY CHAIN RESILIENCE

Support economic and supply chain resilience in the agriculture industry, as measured by the creation of 130 jobs by June 30, 2022.

#### GOAL #2 ADVANCING FARMER AND RANCHER LED STEWARDSHIP

Enhance agricultural resilience, productivity, and economic efficiency through increased participation in CDA's voluntary conservation programs, reducing CO2 emissions by 400 tons per year by June 30, 2022.

#### GOAL #3 SUPPORTING THE NEXT GENERATION IN AGRICULTURE

Provide training, education, and financial assistance to 100 of the next generations agricultural leaders and producers to enhance their skills and provide them the access to farmland, machinery, and equipment they need by June 30, 2022.



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## Equity, Diversity and Inclusion

- Organized listening tour with Ag workers to discuss changes/rules that result in SB21-087 in English and Spanish.
- Expanded outreach about the Agriculture Workforce Development program through multiple outlets to Colorado's tribal populations.
- Provided prioritizing for those applications coming from underrepresented groups
- EDI commitment language added to announcement template and selection guidelines
- Increase applicant pools with substitutions for life experience in place of degrees and formal job experience



4



## Remote Work and Stimulus Funding

5

## Remote Work Impact

- Flex work arrangement policy set in 2019, has expanded to positions previously thought unable to work remotely, to a limited degree
- CDA owns main Broomfield building space, researching office hoteling
- CDA maintains leases for remote offices, including office space in rural inspection environments, unlikely to be reduced
- Flex work arrangements range from 1-5 days per week, according to business needs
- Fleet reduction potential in pool vehicles, unlikely in assigned



Reference: Question 1

6


## Stimulus Funds

- CDA received \$1,084,218.33 pursuant to House Resolution 133 to expand Specialty Crop Block Grant Program (SCBGP)
- \$76 Million in State Stimulus funds:
  - SB 21-203 Funding for Colorado Proud (\$2.5 million)
  - SB 21-234 General Fund Transfer Agriculture Drought Resiliency (\$3 million)
  - SB 21-235 Stimulus Funding Department of Agriculture Efficiency Programs (\$5 million)
  - SB 21-248 Loan & Grant Program for Colorado Agriculture (\$30 million)
  - HB 21-1262 Money to Support Agricultural Events Organizations (\$35.5 million)



Reference: Question 2

7

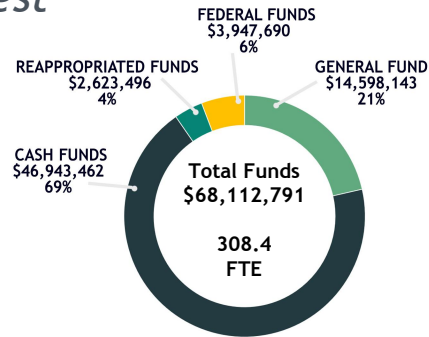


## FY 2022-23 Budget Request Package

8

## FY 2022-23 Request

- Overall increase of \$8.4 M Total Funds, \$1.1M General Fund
  - \$1.3M Annualizations and base adjustments
  - \$7M Decision Items



## Budget Requests

### R-1 Agriculture Emergency Coordinator

- \$167,821 total funds including \$101,200 GF, \$36,751 cash funds, \$29,870 reappropriated funds, and 0.9 FTE

### R-2 Enhancing Resources for Bureau of Animal Protection (BAP)

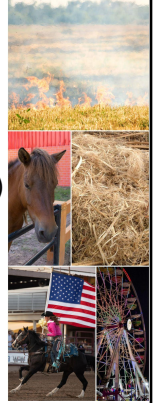
- \$418,350 General Fund and 2.8 FTE

### R-3 Colorado Hemp Decortication

- \$5,072,735 from the Marijuana Tax Cash Fund

### R-4 State Fair Spending Authority Increase

- \$647,281 from the State Fair Authority Cash Fund



## Budget Request...continued

### R-5 San Luis Valley Well Monitoring Network

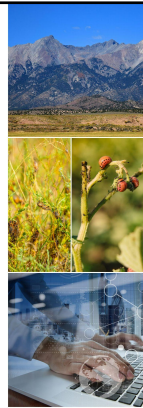
- \$385,000 from the Plant Health, Pest Control, and Environmental Protection Cash Fund

### R-6 Improve Agricultural Pest Response

- \$90,471 totals funds including \$75,471 and 0.9 FTE from the Plant Health, Pest Control, and Environmental Protection Cash Fund and \$15,000 from the Emergency Invasive Pest Response Fund.

### R-7 Agriculture Licensing and Registration System

- \$247,800 from the Plant Health, Pest Control, and Environmental Protection Cash Fund and Inspection and Consumer Services Cash Fund



## Agriculture Emergency Coordinator

- State EOC relies on the subject matter expertise of various State agencies
- Many agencies have full-time dedicated emergency coordinators including CDOT, OIT, CDHS, CDPHE
- CDA is the lead agency in the event of a large-scale disease outbreak that impacts livestock
- Agriculture is a leading economic driver in the state, without a full time dedicated Emergency Coordinator we are leaving this vitally important sector extremely vulnerable during incidents.

## Colorado Hemp Decortication

- Marijuana Tax Cash Fund (MTCF) allows for the use of funds “To research, regulate, study, and test industrial hemp or seeds”
- Grants will be provided for the research and development of industrial hemp processing
- If the Committee does not share our interpretation, we ask that you consider legislation to broaden the uses
- Funding allocated in SB21-248 is not sufficient for expanding hemp decortication due to high costs of the needed machinery

## Colorado Hemp Decortication

- Hemp Registrations
  - Spiked after 2018 Farm Bill, supply began exceeding demand
- CO currently has one decortication facility, Formation AG, located in the San Luis Valley - due to the constraints of a necessary research and development phase the facility has a 4-6 week backlog
- China's hemp market value at \$1.7 billion USD (5% CBD, 75% fiber)
- Less than 10 decortication facilities in the US
- Limited US or Colorado specific market data available, more coming in Feb 2022

## Colorado Hemp Decortication

- Grant Plan
  - Competitive application and award process using existing structure and authority in SB21-248 to provide processing grants.
  - There are several entities we have in mind that would be good candidates for grants
  - Interest from potential partners such as Pueblo Economic Development
  - Coordinate with OEDIT

## State Fair Spending Authority Increase

- The Facility Master Plan (August 2021) identified in pink several old buildings to be removed and the need for refurbishment of the older historical buildings identified in brown.

