

Pro SB263 – Testimony for the Support of Kansas Industrial Hemp

Jeff Ochampaugh, Russell, KS – a 30-year Career Professional in the Crop Protection Industry, President of Agrilead Incorporated, Board of Directors Russell County Economic Development, Member of the Russell County Industrial Hemp Task Force.

I am testifying to support SB263 and all efforts to remove the barriers that currently prevent the development and commercialization of an Industrial Hemp industry in Kansas. Industrial Hemp represents an opportunity to bring new value for Kansas Farmers, rural communities, and ultimately for the state of Kansas and all its citizens in the forms of new commerce and economic opportunity.

Agriculture represents 44.5% of our Kansas economy... today farm income levels have dropped to a 14-year low, 50% of what they were in 2012. Yet, ag productivity is at an all-time high growing global output 3% each year while demand lags at 1.9% resulting in record global stocks of grains and low commodity prices.

Kansas farmers today operate within the context of a global economy. In the year 2000, the United States share of the world wheat trade was near 25% and the black sea region of the world had been importers of wheat. Today, the US share of the global wheat trade is around 15% and the Russian's have 25% of the world wheat trade; they have increased their wheat yields by 80% in the last 5-years and took our place as leaders in the global wheat market. This is just one example; my point is that recognizing how the global ag market impacts the foundation of agriculture in Kansas is important to realize the urgency and significance of developing new ag markets and demand drivers for Kansas Agriculture.

Industrial hemp represents a new "industrial" ag crop for Kansas farmers, one that can be grown in our state for a variety of different purposes. Industrial Hemp for fiber production can be planted and harvested substantially in a manner like forage sorghum which is often swathed and baled. Swathed and baled industrial hemp is then delivered to a processing facility where the fibers are removed from the stock of the plant (also known as hurd) in a process called decorticating. The fibers and the hurd can then be further processed into a wide range of industrial hemp products including textiles, papers, fibers for strengthening concrete or plastics, and many more.

I visited recently with John Lupien who is a founding partner of a hemp processing company called BastCore in Plattsmouth, Nebraska located south of Omaha. John's company is importing Industrial Hemp from Colorado and Kentucky to produce textiles for outdoor clothing giant Patagonia, along with another hemp product that will be sold to oil and gas drillers. John is importing industrial hemp that likely find's it way from Colorado across our Kansas highways only to be value-added as clothing and industrial products in Nebraska.

In addition to raising Industrial Hemp for fiber, it can be grown for it seed oil production, in the way sunflower and canola oil-seed crops are grown, harvested, and processed. Raising industrial hemp for this purpose involves drilling or planting the seed and harvested with a traditional combine and header that is already used to harvest our Kansas wheat and milo crops each year.

Even higher value-higher crop input opportunities exist for industrial hemp when growing the crop to produce health-related products, most notably CBD (Cannabidiol). CBD is a valuable non-psychoactive

compound that can be extracted from Industrial Hemp when the crop is very intensely managed and carefully grown, typically in organic farming environments.

I am a member of a Russell County task force committed to the management of a constructive and impactful Industrial Hemp pilot program in Russell county. Here is broad vision of the impacts we believe Industrial Hemp could have over-time on our rural community and others like it in Kansas...

- Create a higher value industrial crop alternative for farmers that can be substantially grown and harvested with existing equipment.
- These farmers will source crop inputs for the crop from their traditional ag retail suppliers and ag retailers will begin to respond and work with growers to enhance production and take interest in supplying seed and working Industrial Hemp into traditional crop rotation plans.
- A regional industrial hemp processing market will be established by visionaries who recognize the vast potential of becoming a reliable and strategic supplier of level one industrial hemp fibers; this will begin as an industrial business that processes industrial hemp bio-mass, separating fibers from the stock in the process of decortification.
- New jobs will be created in the processing operation (s).
- New local and state revenues will be captured when the value-added fibers and hurd are sold to manufacturers of products made with hemp fibers or other intermediates in new markets within and beyond Kansas.
- Over-time, innovative entrepreneurs will return to the local community with ideas for developing and making hemp-based products and can do it most efficiently back in Kansas where the needed raw materials are grown and where they would prefer to live and raise their families.
- As acres of production grow, farmers will begin recognizing value and participate in the exchanges for carbon credits associated with renewable industrial crop production.
- Kansas equipment manufacturers will develop and market field-mobile processing systems that will empower innovative growers to add an extra layer of value within their own operation. These same Kansas equipment manufacturers, perhaps like Great Plains/Kubota in Russell county, will then begin exporting industrial hemp processing equipment to other regions and countries.
- Laboratories will be built in Kansas for extracting CBD and possibly other non-THC cannabinoids and a new Kansas nutraceutical and natural wellness industry will develop. These CBD extraction facilities will consume sorghum generated ethanol, a key component in the cannabinoid extraction process.

These good constructive pro-growth opportunities will emerge for the benefit of our state and its citizens and Kansas will stake claim to a meaningful share of the national and international markets for Industrial Hemp, **IF** our Kansas law makers will simply remove the road blocks to the development of an industrial hemp industry.

I do not support legalization of marijuana in our state; I ignored Industrial Hemp for too long because I thought it had something to do with marijuana and I was wrong. Now I stand before you to ask you to unleash the ingenuity of Kansan's to develop a green industrial crop economy and go remind this country and the world of the Kansas pioneer spirit that once made us the breadbasket of the world.

Let's work together to develop this new market and industry, let's get a taste of that success and use it to build new and more value-added ag industry in this state. Industrial Hemp is not going to be the salvation for all our problems, but it represents the kind of new business and thinking we need to begin recovering and then one-day thrive again.

No one is asking you for money to make this happen, we are simply asking for permission; each of you can put your name to a decision that the historians may one day regard as a significant turning point for Kansas at a time when Kansas needed it most.

Chairman Hoffman and all house ag committee members, thank you in advance for your support of SB 263; thank you for making the extra efforts necessary to amend this bill if asked or as needed to hasten the development of this industry. Thirty-four (34) other states have already made the decision to progress with industrial hemp; we can learn from their experiences and structure the industry in this state in ways that position Kansas to come from behind and take the lead.

Thank you,

A handwritten signature in black ink, appearing to read 'JH', followed by a long horizontal line that extends across the page.

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