

2020 SUPPORTING STATEMENT
for the Domestic Hemp Production Program,
Request for Approval of a New Information Collection
OMB No. 0581-NEW

October 2021

A. JUSTIFICATION.

1. EXPLAIN THE CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY. IDENTIFY ANY LEGAL OR ADMINISTRATIVE REQUIREMENTS THAT NECESSITATE THE COLLECTION.

The Agricultural Improvement Act of 2018 (2018 Farm Bill) amended the Agricultural Marketing Agreement of 1946 and was signed into law December 20, 2018, as P.L. 115-334. Sec. 10113 of the 2018 Farm Bill amended the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) by adding Subtitle G—Hemp Production. The law requires U.S. Department of Agriculture (USDA) to promulgate regulations and guidelines to develop and oversee a program for the production of hemp in the United States. The 2018 Farm Bill directs that this will include state and tribal plans, and a USDA plan for those States, including territories of Indian tribes, that choose not to submit their own plan. The 2018 Farm Bill amended the Agricultural Marketing Act of 1946 (AMA) by adding Subtitle G (sections 297A through 297D of the AMA). Section 297B of the AMA requires the Secretary of Agriculture (Secretary) to evaluate and approve or disapprove State or Tribal plans regulating the production of hemp. Section 297C of the AMA requires the Secretary to establish a Federal plan for producers in States and territories of Indian Tribes not covered by plans approved under section 297B. Lastly, section 297D of the AMA requires the Secretary to promulgate regulations and guidelines relating to the production of hemp, including sections 297B and 297C, in consultation with the U.S. Attorney General.

USDA’s Agricultural Marketing Service (AMS) has partnered with the University of Kentucky to develop and administer this hemp survey. The data obtained from the survey will be used for forecasting hemp activity and to develop a representative understanding of hemp production practices and costs at national, regional, and state levels. Once the survey has been administered and the results collected, the University of Kentucky will summarize the raw data from the survey into a comprehensive report for AMS.

2. INDICATE HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED. EXCEPT FOR A NEW COLLECTION, INDICATE THE ACTUAL USE THE AGENCY HAS MADE OF THE INFORMATION RECEIVED FROM THE CURRENT COLLECTION.

A. Hemp Practices and Costs Study (no number)

This data collection effort directly addresses two priority needs identified in the USDA Internal Symposium on Science of Industrial Hemp (May 21, 2019). Specifically, to: (a) identify data collection and reporting for hemp markets and (b) to determine break-even production costs and

range and implications for market structure. The lack of production and economic data available for stakeholder and government decision-making within this emerging industry has been further documented in Mark et. al. 2020¹ and was highlighted in the USDA Agricultural Outlook Forum (February 2020) hemp session with over 300 stakeholders in attendance. Ellison 2021² in conjunction with the S1084: Industrial Hemp Production, Processing, and Marketing³ conducted a Hemp National Needs survey and economics and marketing information was a key area of need for the industry. Results from the survey were presented at the National Hemp Conference sponsored by USDA NIFA and Colorado State University (Summer 2020). With a newly emerging industry and no existing national data collection, to respond to the breadth of identified needs coordinated data collection efforts must be undertaken. This data collection is focused on economic data (primarily production costs) from the 2020 season. Development of the hybrid (i.e. mail and online) survey instrument has been coordinated with USDA NASS. Risks in the hemp market are high and rapidly changing, with consistent stakeholder demands for knowledge of economics and markets on which to base decisions. There is little to no information on demand for hemp derived products and market risks are exacerbated by lack of transparency and consistency in reporting. While several private or local sources of information have emerged, quality and costs for stakeholders are variable and requests for consistent unbiased national data from USDA continue. Economic data is also critical for national policymaking including rulemaking, risk management, and resource management. For example, data dependent research questions to address economic viability questions asked by stakeholders include competition for acreage (production alternatives), global competitiveness, equity and rural development, risk management, and market outlook (including alternative products and production systems).

A national data collection of production cost has never been conducted for the United States but is needed to help guide the future direction of the industry. Stakeholders who will be interested in the information include but are not limited to hemp producers, hemp regulators, policymakers, industry groups, investors, etc. Specific uses of the data will be addressed below. Results from the data collection will be communicated to stakeholders through multiple outlets including:

- 1) Congressional Report
- 2) AMS Publications
- 3) 3 Peer Reviewed Publications
- 4) 2 Popular Press Publications
- 5) Multiple presentations

Users of the data, and purpose, include but are not limited to:

- 1) Hemp Industry Stakeholders
 - a. Determine if the hemp industry is a viable opportunity for investment.
 - b. Producers will be able to compare their production costs to other around the

¹ Mark, Tyler, Jonathan Shepherd, David Olson, William Snell, Susan Proper, and Suzanne Thornsby. February 2020. Economic Viability of Industrial Hemp in the United States: A Review of State Pilot Programs, EIB-217, U.S. Department of Agriculture, Economic Research Service.

² Ellison, S. (2021), Hemp (*Cannabis sativa* L.) research priorities: Opinions from United States hemp stakeholders. GCB Bioenergy, 13: 562-569. <https://doi.org/10.1111/gcbb.12794>

³ <https://www.nimss.org/projects/view/mrp/outline/17716>

- country to assess competitiveness.
 - c. Understand regional drives of production costs.
 - d. Pricing required to bring hemp acres into production.
 - e. Breakeven price by region.
 - f. Industry groups will have new information to be able to educate their members and potential members.
- 2) General Public
- a. Gain a deeper understanding of the industry.
 - b. What are the production practices that are being used in the US?
 - c. Education on where hemp production takes place.
 - d. Learning about the organic production relative to conventional production hemp
- 3) University Research, Extension, and Teaching Faculty and Staff
- a. Production cost estimates by state and region of the country. This information will be distributed through peer reviewed publications,
 - b. Extension Publications that are targeted to each stakeholder group and discuss important findings relative to the stakeholder group.
 - c. Presentations at field days held at the University of Kentucky and Colorado State University. Professional meeting presentations for agricultural economists across the country. Annual meetings of S1084 group and to industry groups across the country.
 - d. Data sets will also be made available for further analysis
 - e. Descriptive analysis of the survey results to be posted through AMS
- 4) USDA Staff
- a. Internal reporting
 - b. Establishment of hemp markets for AMS Market News Service
 - c. Data for stakeholders to download and analyze
 - d. Usage of crop insurance across the U.S.
 - e. Evaluation of production practices insured by RMA are consistent with those being employed. Are there new production practices that need to be considered?
 - f. Internal evaluations of hemp cost of production.
 - g. This is baseline data for ERS researchers to develop policy briefs.
 - h. To inform the potential feasibility of the inclusion of hemp into the ARMS questionnaire.

Analysis of hemp cost of production relative to alternative crops available for production.

3. DESCRIBE WHETHER, AND TO WHAT EXTENT, THE COLLECTION OF INFORMATION INVOLVES THE USE OF AUTOMATED, ELECTRONIC, MECHANICAL, OR OTHER TECHNOLOGICAL COLLECTION TECHNIQUES OR OTHER FORMS OF INFORMATION TECHNOLOGY, E.G. PERMITTING ELECTRONIC SUBMISSION OF RESPONSES, AND THE BASIS FOR THE DECISION FOR ADOPTING THIS MEANS OF COLLECTION. ALSO DESCRIBE ANY CONSIDERATION OF USING INFORMATION TECHNOLOGY TO REDUCE BURDEN.

The respondent universe will be a census of all hemp producers across the U.S. in 2020. For the purposes of this survey official hemp producers have to have a hemp license issued by the State

Departments of Agriculture. Everyone producing hemp under both the 2014 and 2018 Farm Bills are required to have a license. These producers will range in size from a few plants to hundreds of acres. Working through the State Departments of Agriculture will allow for all producers to be reached. State Departments of Agriculture are the “Gold Standard” for producer lists in the United States. Both the 2014 and 2018 Farm Bill require them to be if they are going to produce hemp.

Within the datasets it is possible for one producer to have multiple entries within the dataset. Multiple reasons exist as to why this is the case. First, this is a function of how this industry is developing and processors requiring producers to have individual licenses if they produce for multiple processors. Second, producers can apply for separate licenses to produce multiple end use hemp products. Third, processors in some states apply for a license but have multiple growers and locations. Therefore, it is known and expected that we could have multiple entries and we are collecting a census so we want to insure we allow the survey to be completed for every licensed producer. Furthermore, since the 2014 and 2018 Farm Bills require states to license producers these are the most complete lists available. Each state has different rules and regulations as highlighted in Mark et al. 2020⁴. Thus, we are working with each state for them to send out the survey and/or provide us with a list to send out the survey and will not be cleaning their lists. This strategy was implemented to carry out the National Hemp Needs survey funded through USDA NIFA⁵. Additional lists have been considered, however, they are incomplete and sample properties are unknown. For example, the list from FSA would only include those producers completing the Farm Service Agency 578 form. This was not a requirement for hemp producers until the 2018 Farm Bill and the Final Rule that takes full effect for the 2022 production period. Thus it is not a viable option. AMS doesn’t have a complete list of hemp producers other than those licensed under the USDA Federal Hemp program. This would include the states of Hawaii, Mississippi and New Hampshire. The survey itself employs a hybrid method where each license holder will receive a copy of the survey. They will have the option to complete the paper version or the online version (created in Qualtrics). Since each state has different regulations in place a state like Kentucky will not release physical addresses. Therefore, we will work with them to mail out the survey from their office and the costs to do this are already included within the cooperative agreement between UK and AMS. They will also send out an email to their listserv making license holders aware of the survey.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION. SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN ITEM 2 ABOVE.

Personnel from AMS, National Agricultural Statistics Service (NASS) and Farm Service Agency (FSA) have coordinated efforts on developing this survey to ensure that information collected on other forms under the U.S. Domestic Hemp Program is not duplicated. NASS is preparing to collect the Hemp Acreage and Production Survey. This survey focuses on acreage and yield

⁴ Mark, Tyler, Jonathan Shepherd, David Olson, William Snell, Susan Proper, and Suzanne Thornsbury. February 2020. Economic Viability of Industrial Hemp in the United States: A Review of State Pilot Programs, EIB-217, U.S. Department of Agriculture, Economic Research Service.

⁵ Ellison, S. (2021), Hemp (*Cannabis sativa* L.) research priorities: Opinions from United States hemp stakeholders. GCB Bioenergy, 13: 562-569. <https://doi.org/10.1111/gcbb.12794>

information by selected hemp end use for the 2021 production season of November 1, 2020 to October 31, 2021. The FSA data collection is through the FSA-578 form⁶. This form collects just acreage information and the acreage information collected is for a different timeframe. The production cost survey goes far beyond these two data points to collect information on production practices, costs, demographic information, information sources for producers, labor, etc. by end use. It should be noted that we are also collecting hemp acreage and yield information for this survey during the 2020 crop year or November 1, 2019 through October 31, 2020. To complete the production cost estimate this information is necessary for this survey.

Information collection processes are periodically reviewed to avoid unnecessary duplication by industry and public sector agencies. At the present time, there is no duplication between Federal agencies.

5. IF THE COLLECTION OF INFORMATION IMPACTS SMALL BUSINESSES OR OTHER SMALL ENTITIES (ITEM 5 OF THE OMB FORM 83-I), DESCRIBE THE METHODS USED TO MINIMIZE BURDEN.

Information collection requirements have been reduced to the minimum to oversee this program. Requesting this information from producers does not pose a significant disadvantage to any of the respondents; therefore, it does not significantly or negatively impact small businesses. It is estimated that about 99% of the producers will represent small businesses.

6. DESCRIBE THE CONSEQUENCE TO FEDERAL PROGRAM OR POLICY ACTIVITIES IF THE COLLECTION IS NOT CONDUCTED OR IS CONDUCTED LESS FREQUENTLY, AS WELL AS ANY TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN.

The information is going to be collected for this survey only. If the information collection herein was not collected, the Secretary could not adequately administrate the Domestic Hemp Production Program.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES THAT WOULD CAUSE AN INFORMATION COLLECTION TO BE CONDUCTED IN A MANNER:

- **REQUIRING RESPONDENTS TO REPORT INFORMATION TO THE AGENCY MORE OFTEN THAN QUARTERLY;**
- **REQUIRING RESPONDENTS TO PREPARE A WRITTEN RESPONSE TO A COLLECTION OF INFORMATION IN FEWER THAN 30 DAYS AFTER RECEIPT OF IT;**
- **REQUIRING RESPONDENTS TO SUBMIT MORE THAN AN ORIGINAL AND TWO COPIES OF ANY DOCUMENT;**

⁶ FSA-578 Form:

https://forms.sc.egov.usda.gov/efcommon/eFileServices/eFormsAdmin/FSA0578MANUAL_031015V01.pdf

- **REQUIRING RESPONDENTS TO RETAIN RECORDS, OTHER THAN HEALTH, MEDICAL, GOVERNMENT CONTRACT, GRANT-IN-AID, OR TAX RECORDS FOR MORE THAN 3 YEARS;**
- **IN CONNECTION WITH A STATISTICAL SURVEY, THAT IS NOT DESIGNED TO PRODUCE VALID AND RELIABLE RESULTS THAT CAN BE GENERALIZED TO THE UNIVERSE OF STUDY;**
- **REQUIRING THE USE OF A STATISTICAL DATA CLASSIFICATION THAT HAS NOT BEEN REVIEWED AND APPROVED BY OMB;**
- **THAT INCLUDES A PLEDGE OF CONFIDENTIALITY THAT IS NOT SUPPORTED BY AUTHORITY ESTABLISHED IN STATUE OR REGULATION, THAT IS NOT SUPPORTED BY DISCLOSURE AND DATA SECURITY POLICIES THAT ARE CONSISTENT WITH THE PLEDGE, OR WHICH UNNECESSARILY IMPEDES SHARING OF DATA WITH OTHER AGENCIES FOR COMPATIBLE CONFIDENTIAL USE; OR**
- **REQUIRING RESPONDENTS TO SUBMIT PROPRIETARY TRADE SECRET, OR OTHER CONFIDENTIAL INFORMATION UNLESS THE AGENCY CAN DEMONSTRATE THAT IT HAS INSTITUTED PROCEDURES TO PROTECT THE INFORMATION'S CONFIDENTIALITY TO THE EXTENT PERMITTED BY LAW.**

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

- 8. IF APPLICABLE, PROVIDE A COPY AND IDENTIFY THE DATE AND PAGE NUMBER OF PUBLICATION IN THE FEDERAL REGISTER OF THE AGENCY'S NOTICE, REQUIRED BY 5 CFR 1320.8(d), SOLICITING COMMENTS ON THE INFORMATION COLLECTION PRIOR TO SUBMISSION TO OMB. SUMMARIZE PUBLIC COMMENTS RECEIVED IN RESPONSE TO THAT NOTICE AND DESCRIBE ACTIONS TAKEN BY THE AGENCY IN RESPONSE TO THESE COMMENTS. SPECIFICALLY ADDRESS COMMENTS RECEIVED ON COST AND HOUR BURDEN.**

On October 16, 2020, AMS published a Notice describing this survey for the Domestic Hemp Production Program (Volume 85, No. 101, Page 65788). The public comment period closed on December 15, 2020 and eight comments were received. Two commenters suggested the survey include questions on organic production and certification. Two comments did not address the survey but provided other information about the hemp industry. One comment was off topic. One comment agreed with the need for the survey and suggested to include a question about

waste products from the production of hemp and how it is/ or could be used. One comment agreed with the survey. One comment agreed with the survey and suggested including additional questions about dry methods, expanding productions, international exports, end of sale contracts, and regional data. These comments provided valuable feedback and AMS will incorporate these suggestions into the final survey.

DESCRIBE EFFORTS TO CONSULT WITH PERSONS OUTSIDE THE AGENCY TO OBTAIN THEIR VIEWS ON THE AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, THE CLARITY OF INSTRUCTIONS AND RECORDKEEPING, DISCLOSURE, OR REPORTING FORMAT (IF ANY), AND ON THE DATA ELEMENTS TO BE RECORDED, DISCLOSED, OR REPORTED.

CONSULTATION WITH REPRESENTATIVES OF THOSE FROM WHOM INFORMATION IS TO BE OBTAINED OR THOSE WHO MUST COMPILE RECORDS SHOULD OCCUR AT LEAST ONCE EVERY 3 YEARS -- EVEN IF THE COLLECTION OF INFORMATION ACTIVITY IS THE SAME AS IN PRIOR PERIODS. THERE MAY BE CIRCUMSTANCES THAT MAY PRECLUDE CONSULTATION IN A SPECIFIC SITUATION. THESE CIRCUMSTANCES SHOULD BE EXPLAINED.

A cooperative agreement with USDA-AMS (20-SCMOA-KY-0001) was executed on 5/27/20. The purpose of the project is to collect grower hemp cost of production information for three target markets (fiber, grain, and floral) in hemp producing states and tribal nations. Specific steps undertaken to create the survey instrument, select questions, and conduct cognitive and pre-testing are described below. The following steps were undertaken to develop a hybrid (i.e. mail and online) survey to elicit economic information on cost of production and market from all hemp license holders in the U.S.

- 1) For consistency with existing national data collection efforts, the creation team (Drs. Dan Mooney, Dawn Thilmany, Rebecca Hill and Tyler Mark) first examined USDA ARMS questionnaires to evaluate previously approved questions⁷ that could be adapted to hemp. In addition to the Agricultural Resource Management Survey (ARMS) we evaluated other cost of production survey questions within the published literature.^{8,9} The Costs and Returns Report for ARMS Phase 3 was extensively reviewed with specific focus on Sections A, B, E, H, and K.
- 2) Public feedback was solicited through the Federal Register (Dates: 10/16/20-12/15/20; Document Citation 85FR65788; OMB 0581-NEW) and input received was incorporated into the survey. A major comment was to broaden the instrument scope to include

⁷ OMB No. 0535-0218

⁸ Graham Brookes & Peter Barfoot (2018) Farm income and production impacts of using GM crop technology 1996–2016, GM Crops & Food, 9:2, 59-89, DOI: [10.1080/21645698.2018.1464866](https://doi.org/10.1080/21645698.2018.1464866)

⁹ McBride, William D. and Greene, Catherine and Foreman, Linda and Ali, Mir, The Profit Potential of Certified Organic Field Crop Production (July 30, 2015). USDA, Economic Research Service Economic Research Report Number 188 July 2015, Available at SSRN: <https://ssrn.com/abstract=2981672> or <http://dx.doi.org/10.2139/ssrn.2981672>

organic hemp production. In response, Question D6 was added to the survey so information could be collected on organic production.

- 3) Weekly meetings were held with project participants from USDA Agricultural Marketing Service, Office of the Chief Scientist and creation team to discuss the purpose and applicability for each question to meet stakeholder needs. New questions were vetted within the meetings through the lens of stakeholder needs, instrument parsimony, and objectivity of information to be obtained. Questions without direct applicability were deleted from the instrument.
- 4) On 1/8/21 a meeting was coordinated by USDA Office of the Chief Scientist with the NASS Hemp Team and participants in this project to ensure the complementarity of these two surveys. Details of the surveys were discussed and drafts of the two surveys were exchanged. Furthermore, upon request Dr. Tyler Mark has provided multiple comments to the NASS Hemp Acreage and Production Survey.
- 5) The revised survey (Hemp Survey Draft for Reviewers ES1) instrument was then evaluated for survey length, flow, detail level, wording, cognitive burden and consistency by multiple USDA agencies (Agricultural Marketing Service, Office of the Chief Scientist, National Agricultural Statistics Service, Office of the Chief Economist, Risk Management Agency, Farm Production and Conservation) – see the table below for more detail.

Six producers with 3 from Colorado and 3 from Kentucky were asked to provide individual feedback and cognitive testing for questions in the survey instrument. Feedback from four producers, all of whom have at least 4 years of experience with hemp production, was received. Hemp for extraction currently dominates the industry and all responding producers focus on floral production for extraction. One grower also has experience in growing hemp for grain and fiber. In addition, Jonathan Shepherd (University of Kentucky) a former producer who has kept the books for hemp producers in the state of Kentucky since 2015 provided detailed input on question relevance and pre-testing. Reviews were provided by the Native American Finance Officers Association (NAFOA) to make sure this survey is consistent with the needs of these groups for making decisions on how to promote and develop this industry for their respective tribes. NAFOA represents 128 different tribal organizations from across the country. Many of these tribal organizations have submitted tribal plans to USDA for approval. Currently, 43 tribal plans have been approved.

The survey instrument was further pre-tested with the lead regulators from both Kentucky and Colorado who provided detailed cognitive testing as well as input on overall instrument design and value of individual questions relative to stakeholder needs. These lead regulators and their teams work with two of the largest groups of hemp producers in the country and are well versed in the terminology and production practices for their respective states.

Beyond these groups, an industry association Vote Hemp provided feedback. Vote Hemp is a nonprofit organization that has been working since 2000 to bring hemp production back in the U.S. They also coordinate with other hemp industry groups across the

industry. Their advisory board is comprised of hemp producers, legal advisors, and entrepreneurs within the hemp industry.

Finally, an academic group was engaged to provide reviews from the perspective of their respective States. The University reviewers are all leaders within their respective states for hemp economics and engage with the S1084 Industrial Hemp Production, Processing, and Marketing in the U.S. project. Members of this group are leading the hemp research and extension efforts across the country. In addition to working with hemp producers many of the academics participated in the National Hemp Research & Education Conference in Summer 2020.

Extensive feedback was provided on survey length, cognitive testing, burden minimization, and if producers would be able to provide the data requested. Suggestions and feedback were reviewed by AMS and the creation team for incorporation into a revised version Hemp Survey Draft for Reviewers ES2. For example, several questions were divided into two parts to improve cognitive ease and an optional response of “don’t know” was added to distinguish lack of information.

- 6) The revised Hemp Survey Draft for Reviewers (ES2) draft instrument was reviewed by USDA NASS (Kenneth Herrell, NASS Survey Methodologist) for question design and content. Extensive feedback was provided on wording, length, flow, and consistency. This information was reviewed by the project team and incorporated into draft Hemp Survey Draft for Reviewers (ES3).

Table 1 below is a complete list of all individuals who provided input and pretested the survey instrument. Extensive input from these groups incorporated into the survey to improve working, length, flow, and cognitive load for the license holder.

Table 1: Individuals Pre-testing Survey Instrument

First name	Last name	Email	Position/Role
Academics/Focus Group Leads			
Kate	Fuller	kate.fuller@montana.edu	Montana State University
Amy	Hagerman	amy.hagerman@okstate.edu	Oklahoma State University
Trey	Malone	tmalone@msu.edu	Michigan State University
Claudia	Schmidt	cschmidt@psu.edu	Pennsylvania State University
Paul	Mitchell	pdmitchell@wisc.edu	University of Wisconsin
Matt	LeRoux	mml28@cornell.edu	Cornell University
Becca	Jablonski	beccajablonski@gmail.com	Colorado State University
David	Ripplinger	david.ripplinger@ndsu.edu	North Dakota State University
Jane	Kolodinsky	Jane.Kolodinsky@uvm.edu	University of Vermont
Nathan	Smith	nathan5@clemson.edu	Clemson University
State Contacts - Colorado			
Brian	Koontz	brian.koontz@state.co.us	CDA Hemp Program Director
Rick	Novak	Rick.Novak@ColoState.edu	CSU Extension Seed Specialist
Brent	Young	Brent.Young@colostate.edu	CSU Extension Ag Bus Man Specialist
Jeff	Smith	jsmith@hnpfarm.com	Hemp Grower 1
Jason	Von Lembke		Hemp Grower 2
State Contacts - Kentucky			
Doris	Hamilton	Doris.Hamilton@ky.gov	KDA Hemp Director
Robert	Pearce	rpearce@email.uky.edu	UK Extension Agronomist
Brennan	Gilkenson		Hemp Grower 1
Joseph	Sisk	siskfarm@bellsouth.net	Hemp Grower 3
Tribal Contacts			
Dante	Desiderio	dante@nafoa.org	
Trent	Teegerstrom	tteegers@ag.arizona.edu	
Industry Contacts			
Eric	Steenstra	eric@votehemp.com	Industry Contact - Vote Hemp
USDA/Governmental Contacts			
Jeff	Gillespie	Jeffrey.Gillespie@usda.gov	USDA ERS
David	Hancock	david.w.hancock@usda.gov	USDA NASS
Kenneth	Herrell	Kenneth.Herrell@usda.gov	USDA NASS
Andrew	Kowalski	andrew.kowalski@usda.gov	USDA RMA
Sharon	Raszap	sharon.raszap@usda.gov	UDA FSA
Troy	Hillier	troy.hillier@usda.gov	Office of Chief Economist
AMS Cost of Production Group			
Suzanne	Thornsbury	suzanne.thornsbury2@usda.gov	Office of the Chief Scientist
Fiona	Pexton	fiona.pexton2@usda.gov	AMS
Heather	Farber-Lau	heather.farber-lau2@usda.gov	AMS
Matt	Pavone	matt.pavone2@usda.gov	AMS
Katherine	Looft	katherine.looft2@usda.gov	AMS
William	Richmond	william.richmond2@usda.gov	AMS
Andrew	Hatch	andrew.hatch2@usda.gov	AMS
UKY/CSU Group			
Rebecca	Hill	rebec.l.hill@gmail.com	Colorado State University
Tyler	Mark	Tyler.Mark@uky.edu	University of Kentucky
Daniel	Mooney	Daniel.Mooney@colostate.edu	Colorado State University
Regan	Gilmore	Regan.Gilmore@colostate.edu	Colorado State University
Dawn	Thilmany	Dawn.Thilmany@colostate.edu	Colorado State University
Jonathan	Shepherd	jdshepherd@uky.edu	University of Kentucky

9. EXPLAIN ANY DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS, OTHER THAN REMUNERATION OF CONTRACTORS OR GRANTEES.

No payments or gifts will be provided to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS AND THE BASIS FOR THE ASSURANCE IN STATUTE, REGULATION, OR AGENCY POLICY.

The information collected on this survey form does not personal identifiable information.

Section 608(d) of the Agricultural Marketing Agreement Act states that information acquired will be kept confidential, and that penalties exist for violating confidentiality requirements. Therefore, USDA requires AMS field office staff and employees in Washington, D.C. to maintain confidentiality. Confidential information is withheld from public review under the Freedom of Information Act and the Privacy Act, 5 USC 552.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE. THIS JUSTIFICATION SHOULD INCLUDE THE REASONS WHY THE AGENCY CONSIDERS THE QUESTIONS NECESSARY, THE SPECIFIC USES TO BE MADE OF THE INFORMATION, THE EXPLANATION TO BE GIVEN TO PERSONS FROM WHOM THE INFORMATION IS REQUESTED, AND ANY STEPS TO BE TAKEN TO OBTAIN THEIR CONSENT.

No questions of such a sensitive nature are included in this information collection.

12. PROVIDE ESTIMATES OF THE HOUR BURDEN OF THE COLLECTION OF INFORMATION. THE STATEMENT SHOULD: INDICATE THE NUMBER OF RESPONDENTS, FREQUENCY OF RESPONSE, ANNUAL HOUR BURDEN, AND AN EXPLANATION OF HOW THE BURDEN WAS ESTIMATED. UNLESS DIRECTED TO DO SO, AGENCIES SHOULD NOT CONDUCT SPECIAL SURVEYS TO OBTAIN INFORMATION ON WHICH TO BASE HOUR BURDEN ESTIMATES. CONSULTATION WITH A SAMPLE (FEWER THAN 10) OF POTENTIAL RESPONDENTS IS DESIRABLE. IF THE HOUR BURDEN ON RESPONDENTS IS EXPECTED TO VARY WIDELY BECAUSE OF DIFFERENCE IN ACTIVITY, SIZE, OR COMPLEXITY, SHOW THE RANGE OF ESTIMATED HOUR BURDEN, AND EXPLAIN THE REASONS FOR THE VARIANCE. GENERALLY, ESTIMATES SHOULD NOT INCLUDE BURDEN HOURS FOR CUSTOMARY AND USUAL BUSINESS PRACTICES. IF THIS REQUEST FOR APPROVAL COVERS MORE THAN ONE FORM, PROVIDE SEPARATE HOUR BURDEN ESTIMATES FOR EACH FORM AND

AGGREGATE THE HOUR BURDENS IN ITEM 13 OF OMB FORM 83-I.

The full number of respondents will be approximately 20,000 as reported through the National Industrial Hemp Regulators.¹⁰ Initially the 60-day Notice proposed to collect data for the 2019 growing season which was estimated at 18,000. In the 2020 growing season the number of producers increased over the 2019 season and thus this number is different. The exact number of licenses is unknown as many states have rolling application periods and the number can change daily. Paper surveys will be returned to the University of Kentucky at no cost to the license holder and input by trained graduate and undergraduate researchers. These observations will then be merged with those that completed the survey through the online portal. The expected response rate is 75%. The AMS-71 Grid (Excel spreadsheet) outlining details of respondents, responses and burden hours is under the Supplementary documents in ROCIS.

PROVIDE ESTIMATES OF ANNUALIZED COST TO RESPONDENTS FOR THE HOUR BURDENS FOR COLLECTIONS OF INFORMATION, IDENTIFYING AND USING APPROPRIATE WAGE RATE CATEGORIES.

This new information collection assumes 20,000 total respondents, 10,000 burden hours, and annual costs of \$513,300. This is calculated by multiplying the mean hourly wage of \$51.33 by 10,000 hours. The mean hourly wage of a Farmer, Rancher, and Other Agricultural Manager, as reported in the May 2020 Occupational Employment Statistics Survey of the Bureau of Labor and Statistics, was \$36.93 per hour. Assuming 39 percent of total compensation accounts for benefits, the total compensation is \$51.33 per hour. Published by the Bureau of Labor Statistics (<https://www.bls.gov/oes/current/oes451011.htm>). Costs of benefits and compensation guidance provided by Bureau of Labor Statistics.

- 13. PROVIDE AN ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS OR RECORDKEEPERS RESULTING FROM THE COLLECTION OF INFORMATION. (DO NOT INCLUDE THE COST OF ANY HOUR BURDEN SHOWN IN ITEMS 12 AND 14).**
 - THE COST ESTIMATE SHOULD BE SPLIT INTO TWO COMPONENTS: (a) A TOTAL CAPITAL AND START-UP COST COMPONENT (ANNUALIZED OVER ITS EXPECTED USEFUL LIFE); AND (b) A TOTAL OPERATION AND MAINTENANCE AND PURCHASE OF SERVICES COMPONENT. THE ESTIMATES SHOULD TAKE INTO ACCOUNT COSTS ASSOCIATED WITH GENERATING, MAINTAINING, AND DISCLOSING OR PROVIDING THE INFORMATION. INCLUDE DESCRIPTIONS OF METHODS USED TO ESTIMATE MAJOR COST FACTORS INCLUDING SYSTEM AND TECHNOLOGY ACQUISITION, EXPECTED USEFUL LIFE OF CAPITAL EQUIPMENT, THE DISCOUNT RATE(S), AND THE TIME**

¹⁰ Hemp Final Rule: <https://www.federalregister.gov/documents/2021/01/19/2021-00967/establishment-of-a-domestic-hemp-production-program>

PERIOD OVER WHICH COSTS WILL BE INCURRED. CAPITAL AND START-UP COSTS INCLUDE, AMONG OTHER ITEMS, PREPARATIONS FOR COLLECTING INFORMATION SUCH AS PURCHASING COMPUTERS AND SOFTWARE; MONITORING, SAMPLING, DRILLING AND TESTING EQUIPMENT; AND RECORD STORAGE FACILITIES.

- **IF COST ESTIMATES ARE EXPECTED TO VARY WIDELY, AGENCIES SHOULD PRESENT RANGES OF COST BURDENS AND EXPLAIN THE REASONS FOR THE VARIANCE. THE COST OF PURCHASING OR CONTRACTING OUT INFORMATION COLLECTION SERVICES SHOULD BE A PART OF THIS COST BURDEN ESTIMATE. IN DEVELOPING COST BURDEN ESTIMATES, AGENCIES MAY CONSULT WITH A SAMPLE OF RESPONDENTS (FEWER THAN 10), UTILIZE THE 60-DAY PRE-OMB SUBMISSION PUBLIC COMMENT PROCESS AND USE EXISTING ECONOMIC OR REGULATORY IMPACT ANALYSIS ASSOCIATED WITH THE RULEMAKING CONTAINING THE INFORMATION COLLECTION, AS APPROPRIATE.**

- **GENERALLY, ESTIMATES SHOULD NOT INCLUDE PURCHASES OF EQUIPMENT OR SERVICES, OR PORTIONS THEREOF, MADE: (1) PRIOR TO OCTOBER 1, 1995, (2) TO ACHIEVE REGULATORY COMPLIANCE WITH REQUIREMENTS NOT ASSOCIATED WITH THE INFORMATION COLLECTION, (3) FOR REASONS OTHER THAN TO PROVIDE INFORMATION OR KEEPING RECORDS FOR THE GOVERNMENT, OR (4) AS PART OF CUSTOMARY AND USUAL BUSINESS OR PRIVATE PRACTICES.**

There are no capital, startup, operation, or maintenance costs associated with this program.

- 14. PROVIDE ESTIMATES OF ANNUALIZED COST TO THE FEDERAL GOVERNMENT. ALSO, PROVIDE A DESCRIPTION OF THE METHOD USED TO ESTIMATE COST, WHICH SHOULD INCLUDE QUANTIFICATION OF HOURS, OPERATION EXPENSES (SUCH AS EQUIPMENT, OVERHEAD, PRINTING, AND SUPPORT STAFF), AND ANY OTHER EXPENSE THAT WOULD NOT HAVE BEEN INCURRED WITHOUT THIS COLLECTION OF INFORMATION. AGENCIES ALSO MAY AGGREGATE COST ESTIMATES FROM ITEMS 12, 13, AND 14 IN A SINGLE TABLE.**

The estimated annual cost to the Federal government for this information collection and processing is about \$5,505.10. The cost was developed by estimating the number of hours that agency employees will spend in the preparation of this information collection package (120 hours) at approximately \$45.88 per hour. This is based on the average median hourly wage rate

of \$33.34 with an additional 37.6% to account for benefits and compensation, for an hourly wage total of \$45.88. Costs of benefits and compensation guidance provided by Bureau of Labor Statistics News Release issued on December 14, 2018.

15. EXPLAIN THE REASON FOR ANY PROGRAM CHANGES OR ADJUSTMENTS REPORTED IN ITEMS 13 OR 14 OF THE OMB FORM 83-I.

This is a new information collection.

16. FOR COLLECTIONS OF INFORMATION WHOSE RESULTS WILL BE PUBLISHED, OUTLINE PLANS FOR TABULATION, AND PUBLICATION. ADDRESS ANY COMPLEX ANALYTICAL TECHNIQUES THAT WILL BE USED. PROVIDE THE TIME SCHEDULE FOR THE ENTIRE PROJECT, INCLUDING BEGINNING AND ENDING DATES OF THE COLLECTION OF INFORMATION, COMPLETION OF REPORT, PUBLICATION DATES, AND OTHER ACTIONS.

A national data collection of production cost has never been conducted for the United States but is needed to help guide the future direction of the industry. Stakeholders who will be interested in the information include but are not limited to hemp producers, hemp regulators, policymakers, industry groups, investors, etc. Specific uses of the data will be addressed below. Results from the data collection will be communicated to stakeholders through multiple outlets including

- 1) Congressional Report
- 2) AMS Publications
- 3) 3 Peer Reviewed Publications
- 4) 2 Popular Press Publications
- 5) Multiple presentations

Users of the data, and purpose, include but are not limited to:

- 1) Hemp Industry Stakeholders
 - i. Determine if the hemp industry is a viable opportunity for investment.
 - j. Producers will be able to compare their production costs to other around the country to assess competitiveness.
 - k. Understand regional drives of production costs.
 - l. Pricing required to bring hemp acres into production.
 - m. Breakeven price by region.
 - n. Industry groups will have new information to be able to educate their members and potential members.
- 2) General Public
 - a. Gain a deeper understanding of the industry.
 - b. What are the production practices that are being used in the US?
 - c. Education on where hemp production takes place.
 - d. Learning about the organic production relative to conventional production hemp

- 3) University Research, Extension, and Teaching Faculty and Staff
 - a. Production cost estimates by state and region of the country. This information will be distributed through peer reviewed publications.
 - b. Extension Publications that are targeted to each stakeholder group and discuss important findings relative to the stakeholder group.
 - c. Presentations at field days held at the University of Kentucky and Colorado State University. Professional meeting presentations for agricultural economists across the country. Annual meetings of S1084 group and to industry groups across the country.
 - d. Data sets will also be made available for further analysis.
 - e. Descriptive analysis of the survey results to be posted through AMS.

- 4) USDA Staff
 - a. Internal reporting.
 - b. Establishment of hemp markets for AMS Market News Service.
 - c. Data for stakeholders to download and analyze.
 - d. Usage of crop insurance across the U.S.
 - e. Evaluation of production practices insured by RMA are consistent with those being employed. Are there new production practices that need to be considered?
 - f. Internal evaluations of hemp cost of production.
 - g. This is baseline data for ERS researchers to develop policy briefs.
 - h. To inform the potential feasibility of the inclusion of hemp into the ARMS questionnaire.
 - i. Analysis of hemp cost of production relative to alternative crops available for production.

17. IF SEEKING APPROVAL TO NOT DISPLAY THE EXPIRATION DATE FOR OMB APPROVAL OF THE INFORMATION COLLECTION, EXPLAIN THE REASONS THAT DISPLAY WOULD BE INAPPROPRIATE.

AMS will display the expiration date on the survey form.

18. EXPLAIN EACH EXCEPTION TO THE CERTIFICATION STATEMENT IDENTIFIED IN ITEM 19, "CERTIFICATION FOR PAPERWORK REDUCTION ACT SUBMISSIONS," OF OMB FORM 83-I.

The agency is able to certify compliance with all provisions under Item 19 of OMB Form 83-I.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection employs statistical methods. The responses to these additional questions are contained in Supporting Statement B.