

Ryan F. Quarles
Commissioner



Corporate Drive
Complex
Frankfort, KY 40601
(502) 573-0282

Kentucky Department of Agriculture

January 24, 2020

Senator Rand Paul
167 Russell Senate Office Building
U.S. Senate
Washington, DC 20510

Dear Senator Paul,

Today I write you about bureaucratic paralysis within a federal agency that is hindering Kentucky's hemp industry and is negatively affecting our farmers.

As you know, we have all worked to make Kentucky one of the leading hemp states in the nation. Together, we have made great strides from when this effort started in 2013. The passage of the 2018 Farm Bill, which removed hemp from the federal list of controlled substances, was an incredible milestone for Kentucky and the nation. However, we continue to deal with several issues that hinder this industry, specifically the Food and Drug Administration's (FDA) inability to issue a regulatory decision about cannabidiol (CBD) compounds for food, drink, healthcare supplements, and other potential uses.

The FDA's inability to make regulatory decisions is preventing growth in the hemp marketplace. As mentioned in the enclosed Wall Street Journal article, major players want to produce items in this space, but the FDA's foot-dragging is stalling market expansion. We have also not seen any movement on the potential of including CBD in animal feed from other regulators. These promising potential markets remain closed while crop production has increased. When there is a surplus of a crop and it begins to pile up, the result is obvious: crop prices will fall. We have seen that happen over the last year, a time in which the market price for hemp grown for CBD has dropped by as much as 75 percent, according to some estimates. The bureaucratic paralysis from a federal agency is hurting this new space in Kentucky agriculture.

As Vice President of the National Association of State Departments of Agriculture (NASDA), I helped author our national hemp policy priorities, which encouraged FDA to be collaborative partners with state agencies and the industry in a way respects public health *and* the market opportunities presented by this crop. I understand the public health mandate given to FDA and respect its important role. KDA welcomes them as a collaborative partner, but we are unwavering in our belief that the broadest, most safe use of hemp in food and even animal feed presents opportunities for farmers in our state.

Like any start-up industry, we have some hemp businesses making money while others are barely making ends meet or losing money. As a result, some farmers, who are dependent upon those businesses to buy their crop, are making money while others are barely breaking even on their investment or are losing money. In every mandatory hemp license orientation conducted by my Department, we emphasize all the risks associated with the hemp resurgence: FDA regulations, banking, credit card issues, supply chain issues, and more. I always tell farmers to assess their financial risk before entering this industry and to not invest more than they can afford to lose while we are in the start-up phase of this industry.



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I think you agree with me that we owe it to Kentucky farmers to push federal agencies to do all they can to provide additional certainty about the future of this crop. Otherwise, we are going to have a lot of hemp without a market to sell it in, and many farmers will struggle financially in part to the bureaucratic inaction in Washington, D.C.

For my own part, I and other members of NASDA will be visiting with the FDA in Washington, D.C. on Wednesday, January 29 to discuss the regulation of CBD and several other items. Additionally, I am working with Representative Richard Heath, who serves as the Chairman of the Kentucky General Assembly's House Agriculture Committee, to develop language for resolution from the Kentucky House of Representatives encouraging the FDA to move forward with regulations for CBD.

I thank you and your office for your work on hemp-related issues as we navigate the road ahead.

If I can be of assistance in further elaborating on these issues, please do not hesitate to contact me or my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Quarles".

Dr. Ryan F. Quarles
Kentucky Commissioner of Agriculture

Enclosures: "Adding CBD to food, drink was a hot trend, until FDA chimed in," *The Wall Street Journal*