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**Farmer interest in state hemp program remains steady**

*By WisPolitics.com*

Farmer interest in the state’s hemp program has remained steady despite cratering wholesale prices for the newly legalized crop.

Hemp is entering its third legal season after not having not been planted in Wisconsin since 1957. The crop had previously been banned federally since 1970, but Congress in 2014 opened the door to state-operated hemp pilot programs and in 2018 fully legalized the crop.

Numbers provided to WisPolitics.com by the state Department of Agriculture, Trade and Consumer Protection shows as of May 29, 1,488 farmers submitted applications to grow hemp this season. That compared to 1,491 hemp grower applications submitted in 2019.

The steady interest from growers comes as wholesale prices for hemp products have dropped by 60 percent in some cases, according to the two private companies that track the hemp markets.

Price reporting agency Hemp Benchmarks and commodity trading platform PanXchange say between January and April of this year, the hemp products nearly all saw double-digit percentage point losses.

Hemp Benchmarks pegged the price of hemp flower — from which the increasingly popular CBD oil is extracted — at $145 per pound in April, a 36 percent tumble from its $226 per pound price point in January. PanXchange put the drop in price for processed hemp flowers between 21 percent and 32 percent.

The platforms also reported the price of crude oil extracted from hemp flowers dropped between 21 percent and 46 percent, while the price of hemp seed dropped from $1,435 per pound to $578 per pound, a 60 percent loss.

Kristen Nichols, the editor of Hemp Industry Daily, told WisPolitics.com “the early days of just eye-popping returns are gone, and they’re not coming back.” She attributed the change to the 2018 Farm Bill that legalized the crop and removed the shackles from hemp pilot programs.

“(Hemp) not being on the black market anymore is great news for a producer, but they are now subject to economic headwinds,” she said. “You want to make money like a black market drug dealer but not be in the black market? Well, that’s not how life works.”

Nichols said last year’s “gold rush” saturated the market and tanked prices, leading to a “cooling of interest in the hemp sector” nationally this year in terms of licenses and acreage.

While that hasn’t been reflected in preliminary data DATCP has for this growing season, the makeup of hemp growers has shifted dramatically in the crop’s third legal season in the state.

The more than sixfold expansion in the number of grower applications between the crop’s first pilot year in 2018 and last year was largely fueled by 1,320 new applicants while 171 farmers reapplied for the program. This year the split is 745 new applicants and 732 returning growers.

Phillip Scott is founder and president of the Wisconsin Hemp Farmers and Manufacturers Association and a hemp farmer who grew 187 acres of the crop last year. He said the continued interest boils down to hope.

“I think people realize that this is a new industry and they’re willing to keep making investments in the future of this new agriculture commodity,” he told WisPolitics.com.

UW-Madison Department of Horticulture assistant faculty associate Shelby Ellison believes the returning growers are coming back to the crop because they view it as “an investment into the long haul.”

“The crop is pretty difficult to grow and takes a lot of knowledge and you can have specialized equipment,” she told WisPolitics.com. “if you invested in that equipment and you learned a lot last year, I think you kind of are eager to try to do it again and do it better and apply the knowledge that you’ve learned in the previous year.”

Scott agreed, saying he sees hemp as a “30-year industry.”

“It’s not just throw a couple dollars at it and boom, I’m going to be a millionaire,” he said. “I think this is going to be starting to evolve into an industry where you’re going to need to be in it for a few years before you start actually turning a profit.”

Nichols added that along with experience growing the notoriously tricky crop, improved genetics in the types of seeds available this year could be a motivating factor.

Ellison, who grows hemp under a special research license that does not allow her to sell the crops she harvests, also speculated other growers are returning or jumping in for the first time because of last year’s oversaturated CBD market.

“I think some people think because of that, a lot of people arent going to grow hemp this year,” she said. “Some of it might be that they just think maybe there won’t be as many people growing so they’ll have a better chance of being able to sell their crop at the end of the year.”

But according to Larry Konopacki, an attorney at Stafford Rosenbaum LLP who serves as general counsel for the Wisconsin Hemp Alliance, the motivations driving interest in hemp don’t break down cleanly into set categories.

“I could talk to 10 different people and they would probably give you ten different answers,” he told WisPolitics.com.

Still, both Scott and Ellison predicted acreage totals would likely shrink across the state this year.

“People are starting to realize it’s not the mass amount that’s going to actually make money in the industry, it’s quality of the product that you can bring to market,” Scott said.

A DATCP spokeswoman told WisPolitics.com planting reports that show planned acreage aren’t due until July 1 and likely won’t be processed until mid-July.

Despite the market downturn, Nichols said hemp is still an attractive crop relative to other commodities.

“If I’m a farmer, even if I don’t make a million dollars, I might make enough to not lose the farm and that’s maybe better than what I’m seeing in some other commodities right now,” she said.

*The Capitol Report is written by editorial staff at WisPolitics.com, a nonpartisan, Madison-based news service that specializes in coverage of government and politics, and is distributed for publication by members of the Wisconsin Newspaper Association.*

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