
A BILL FOR AN ACT

RELATING TO HEMP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that hemp is a high-value
2 crop that has the potential to bring significant and diverse
3 revenues to Hawaii. Hemp has over fifty thousand recognized
4 uses including as a fuel; a food, including the seeds, oil,
5 juice from leaves, and herbal tinctures; and fiber used in
6 supercapacitors, cloth, building materials, and bioplastic.
7 Hemp has significant potential to be a lucrative crop for Hawaii
8 farmers and support food security for the State. Many Hawaii
9 farms subsidize food production with non-farming income or jobs.
10 Hemp could provide farm-based income for farmers to expand or
11 stabilize their food production.

12 The legislature further finds, however, that Hawaii's hemp
13 industry remains in a nascent stage largely due to
14 overregulation, which has stifled the State's hemp industry.
15 The Hawaii hemp cannabinoid and cannabidiol (CBD) market is
16 approximated to be \$32,000,000 to \$54,000,000 annually, but most
17 of that money goes to hemp producers outside the State due to



1 prohibitions banning Hawaii farmers from making and selling
2 these products in the State. Moreover, overregulation of
3 production and processing has driven many hemp farmers out of
4 business in the State, which makes Hawaii farmers non-
5 competitive in the hemp market.

6 The legislature also finds that access to communal
7 infrastructure will make hemp farming more affordable and
8 equitable in the State. Hemp should be an agricultural
9 commodity, not a controlled substance. Allowing hemp producers
10 to access communal agricultural refrigerated space, freezers,
11 and packing areas in their local agricultural park or food hub
12 will help make Hawaii hemp farmers more competitive. Also, most
13 hemp farms are small, with less than two acres in hemp
14 cultivation. Many agricultural commodities such as lemon grass
15 and lavender can be processed on farm and their essential oils
16 extracted without special processing permits. Often the same
17 equipment and process are utilized regardless of the plant that
18 is being used for extraction, including hemp. Licensed
19 processors are not available on every island, and small hemp
20 farms do not grow the volumes required for licensed processors.
21 Additionally, most Hawaii hemp producers cannot afford the



1 tolling fees that often total fifty per cent or more of the
2 crop. Prior to 2021, when hemp processing rules were adopted,
3 licensed hemp producers processed small batches of hemp on their
4 farms with no adverse consequences. Allowances for licensed
5 Hawaii hemp producers to process and manufacture hemp products
6 on their farms are needed for those producers to survive in a
7 competitive hemp market.

8 The legislature further finds that transparency in hemp
9 product labeling is also needed. Given the number of "Buy
10 Local", "Buy Aloha", and "Eat Local" campaigns that have been
11 launched, Hawaii residents, when given the opportunity and
12 transparent data, will often choose Hawaii grown products.

13 The legislature further finds that the Agriculture
14 Improvement Act of 2018, informally known as the 2018 Farm Bill,
15 legalized hemp by removing hemp from the definition of
16 "marihuana" contained in the federal Controlled Substances Act.
17 Therefore, hemp is no longer classified as an illegal drug under
18 federal law. In October 2019, the United States Department of
19 Agriculture established new regulations through which states may
20 monitor and regulate hemp production. In light of these federal
21 reforms, state laws regarding hemp should also be reformed.



- 1 Accordingly, the purpose of this Act is to:
- 2 (1) Eliminate or relax certain regulations of commercial
- 3 hemp production and prohibit the State from requiring
- 4 inspections or sampling of, or issuing violations or
- 5 penalties to, hemp producers licensed by the United
- 6 States Department of Agriculture that are following
- 7 the United States Department of Agriculture's rules
- 8 and protocols;
- 9 (2) Amend the conditions under which licensed hemp
- 10 producers may transport hemp within the State to be
- 11 processed or to other grow areas;
- 12 (3) Allow licensed hemp producers to sell hemp biomass
- 13 directly to consumers via online platforms;
- 14 (4) Require the identity statement used for labeling or
- 15 advertising any hemp product to identify the
- 16 percentage of Hawaii grown or processed hemp products
- 17 in all hemp products and, if those products are not
- 18 from Hawaii, the origin of any hemp product;
- 19 (5) Exempt certain processors of hemp from the requirement
- 20 that they register with the department of health as
- 21 hemp processors; and



1 (6) Extend the sunset date of Act 14, Session Laws of
2 Hawaii 2020, which establishes the state hemp
3 processors and commercial hemp production laws.

4 SECTION 2. Section 141-42, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "[~~§~~§141-42~~§~~] **Commercial hemp production.** (a) It shall
7 be legal for an individual or entity to produce hemp, as defined
8 in title 7 United States Code section 1639o, if that individual
9 or entity has a license to produce hemp, issued by the Secretary
10 of the United States Department of Agriculture pursuant to title
11 7 United States Code section 1639q; provided that:

12 (1) Any person convicted of a felony related to a
13 controlled substance under state or federal law is
14 prohibited from producing hemp, or being a key
15 participant in an entity producing hemp, for a period
16 of ten years following the date of conviction;

17 (2) Hemp shall not be grown outside of a state
18 agricultural district;

19 (3) Hemp shall not be grown within [~~500~~] five hundred feet
20 of pre-existing real property comprising a playground,
21 childcare facility, or school; provided that this



1 restriction shall not apply to an individual or entity
2 licensed to grow hemp in those areas under the [State]
3 state industrial hemp pilot program [~~prior to~~] before
4 August 27, 2020;

5 (4) Hemp shall not be grown within [500] one hundred feet
6 of any pre-existing house, dwelling unit, residential
7 apartment, or other residential structure that is not
8 owned or controlled by the license holder; provided
9 that this restriction shall not apply to an individual
10 or entity licensed to grow hemp in those areas under
11 the [State] state industrial hemp pilot program [~~prior~~
12 ~~to~~] before August 27, 2020; and

13 (5) Hemp shall not be grown in any house, dwelling unit,
14 residential apartment, or other residential
15 structure[], unless that structure is part of a
16 United States Department of Agriculture area.

17 (b) An individual or entity licensed to produce hemp
18 pursuant to [~~paragraph~~] subsection (a) may transport hemp within
19 the State to a facility authorized by law to process hemp or to
20 another licensed producer's grow area[]; provided that:



- 1 (1) The hemp to be transported has passed all compliance
2 testing required by the United States Department of
3 Agriculture; and
- 4 (2) [~~The transportation has been authorized by the~~
5 ~~department. The department may require movement~~
6 ~~reports, inspections, sampling, and testing of the~~
7 ~~hemp to be transported and may deny authorization if~~
8 ~~the hemp is found to not comply with any law or~~
9 ~~regulation.] A copy of the Hawaii United States
10 Department of Agriculture hemp license and lab report
11 accompany the shipment.~~
- 12 [~~(c) An individual or entity licensed to produce hemp~~
13 ~~pursuant to paragraph (a) may export hemp; provided that:~~
- 14 ~~(1) The hemp to be exported has passed all compliance~~
15 ~~testing required by the United States Department of~~
16 ~~Agriculture; and~~
- 17 ~~(2) The licensed producer complies with all laws relating~~
18 ~~to the exportation of hemp, including state and~~
19 ~~federal laws and the laws of the state or country of~~
20 ~~import.~~



1 ~~(d)~~ (c) Any individual or entity who ~~[violates this~~
2 ~~section or any rule adopted pursuant to this section]~~ grows hemp
3 without a United States Department of Agriculture license shall
4 be fined not more than \$10,000 for each separate offense. Any
5 notice of violation of this section may be accompanied by a
6 cease and desist order, the violation of which constitutes a
7 further violation of this section. Any action taken to collect
8 the penalty provided for in this subsection shall be considered
9 a civil action.

10 ~~(e)~~ (d) For any judicial proceeding to recover an
11 administrative penalty imposed by order or to enforce a cease
12 and desist order against ~~[a]~~ an unlicensed hemp producer, the
13 department may petition any court of appropriate jurisdiction
14 and need only show that:

- 15 (1) Notice was given;
- 16 (2) A hearing was held or the time granted for requesting
17 a hearing has expired without such a request;
- 18 (3) The administrative penalty was imposed on the
19 individual or entity producing hemp; and
- 20 (4) The penalty remains unpaid or the individual or entity
21 continues to produce hemp.



1 (e) An individual or entity licensed to produce hemp in
2 Hawaii by the United States Department of Agriculture may sell
3 hemp biomass directly to consumers via online platforms.

4 (f) In addition to all other labeling requirements, the
5 identity statement used for labeling or advertising any hemp
6 product shall identify the percentage of Hawaii grown or
7 processed hemp product in all hemp products; provided that any
8 hemp product not grown or processed in Hawaii shall identify the
9 origin of the hemp product.

10 (g) Hemp producers licensed by the United States
11 Department of Agriculture to grow hemp shall follow all
12 inspection and sampling rules and protocols established by the
13 United States Department of Agriculture. No inspections or
14 sampling shall be conducted by the State, nor shall the State
15 issue violations or penalties to hemp producers licensed by the
16 United States Department of Agriculture that are following
17 United States Department of Agriculture rules and protocols.
18 Penalties shall only be issued for growing hemp without a
19 licensed issued by the United States Department of Agriculture."



1 SECTION 3. Section 328G-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "hemp processor" to read
3 as follows:

4 "Hemp processor" means a person processing hemp to
5 manufacture a hemp product[-], except for a person licensed by
6 the United States Department of Agriculture to grow hemp in the
7 State and produces less than six hundred pounds of dry hemp per
8 year."

9 SECTION 4. Section 328G-2, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) No person shall process hemp without being registered
12 by the department as a hemp processor pursuant to this part and
13 any rules adopted pursuant to this chapter[-]; provided that the
14 following hemp producers licensed by the United States
15 Department of Agriculture are exempt from this subsection:

- 16 (1) Producers who grow less than six thousand dry pounds
17 of hemp annually; or
18 (2) Producers who process hemp without solvents such as
19 water, ice, or freeze drying agents."

20 SECTION 5. Act 14, Session Laws of Hawaii 2020, is amended
21 by amending section 9 to read as follows:



1 "SECTION 9. This Act shall take effect upon its approval,
2 and shall be repealed on [~~June 30, 2022;~~] July 1, 2027; provided
3 that the definition of "marijuana" in section 329-1, Hawaii
4 Revised Statutes, and the definitions of "marijuana" and
5 "marijuana Concentrate" in section 712-1240, Hawaii Revised
6 Statutes, shall be reenacted in the form in which they read on
7 the day prior to the effective date of this Act."

8 SECTION 6. This Act does not affect rights and duties that
9 matured, penalties that were incurred, and proceedings that were
10 begun before its effective date.

11 SECTION 7. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 8. This Act shall take effect on June 29, 2022;
14 provided that sections 141-42, 328G-1, and 328G-2, Hawaii
15 Revised Statutes, shall be repealed on July 1, 2027, pursuant to
16 Act 14, Session Laws of Hawaii 2020, as amended by section 5 of
17 this Act.



Report Title:

Hemp Producers; Licensing; Labeling

Description:

Eliminates or relaxes certain regulations of commercial hemp production and prohibits the State from requiring inspections or sampling of, or issuing violations or penalties to, hemp producers licensed by the United States Department of Agriculture that are following the United States Department of Agriculture's rules and protocols. Amends the conditions under which licensed hemp producers may transport hemp within the State to be processed or to other grow areas. Allows licensed hemp producers to sell hemp biomass directly to consumers via online platforms. Requires the identity statement used for labeling or advertising any hemp product to identify the percentage of Hawaii grown or processed hemp products in all hemp products and, if those products are not from Hawaii, the origin of any hemp product. Exempts certain processors of hemp from the requirement that they register with the department of health as hemp processors. Extends the sunset date of Act 14, Session Laws of Hawaii 2020, which establishes the state hemp processors and commercial hemp production laws. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

