

JAN 20 2023

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, be a lucrative crop for Hawaii farmers, and
4 support food security for the State. Hemp has over fifty
5 thousand recognized uses including as fuel; food, including the
6 seeds, oil, juice from leaves, and herbal tinctures; and fiber
7 used in supercapacitors, cloth, building materials, and
8 bioplastic. Many Hawaii farms subsidize food production with
9 non-farming income or jobs. Hemp could provide farm-based
10 income for farmers to expand or stabilize their food production.

11 The legislature further finds that the Hawaii hemp
12 cannabinoid and cannabidiol market is approximated to be
13 \$32,000,000 to \$54,000,000 annually, but most of that money
14 flows to out-of-state hemp farmers and businesses due in part to
15 Hawaii residents not being able to differentiate between Hawaii
16 branded products made with imported hemp and products made with
17 Hawaii grown hemp. Given the number of "Buy Local", "Buy



1 Aloha", and "Eat Local" campaigns that have been launched,
2 Hawaii residents, when given the opportunity and transparent
3 data, will often choose Hawaii grown products. The legislature
4 recognizes that Hawaii residents and consumers deserve
5 transparency in hemp product labeling.

6 Furthermore, the legislature finds that Hawaii hemp farmers
7 have the highest costs of production among U.S. hemp farmers.
8 Hawaii branded products often garner more in the marketplace and
9 labeling hemp as Hawaii grown is one of the few ways for Hawaii
10 hemp farmers to remain competitive in addition to creating a
11 more circular economy that benefits Hawaii residents. Origin
12 labeling helps protect the quality and authenticity of Hawaii's
13 hemp industry, supports the recognition of Hawaii farmers' hard
14 work, and ensures that Hawaii grown hemp is accurately
15 represented in the marketplace while supporting a consumer's
16 right to transparency.

17 Accordingly, the purpose of this Act is to require a
18 producer of any hemp product to include in the identity
19 statement used for labeling or advertising any hemp product:

20 (1) The percentage of Hawaii grown hemp in the hemp
21 product; and



1 (2) For any hemp product not from Hawaii, the origin of
2 the hemp and percentage of the hemp from the origin.

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

5 "~~§~~141-42~~§~~ Commercial hemp production. (a) It shall
6 be legal for an individual or entity to produce hemp, as defined
7 in title 7 United States Code section 1639o, if that individual
8 or entity has a license to produce hemp, issued by the Secretary
9 of the United States Department of Agriculture pursuant to title
10 7 United States Code section 1639q; provided that:

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

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

18 (3) Hemp shall not be grown within 500 feet of pre-
19 existing real property comprising a playground,
20 childcare facility, or school; provided that this
21 restriction shall not apply to an individual or entity



1 licensed to grow hemp in those areas under the State
2 industrial hemp pilot program prior to August 27,
3 2020;

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

12 (5) Hemp shall not be grown in any house, dwelling unit,
13 residential apartment, or other residential structure.

14 (b) An individual or entity licensed to produce hemp
15 pursuant to paragraph (a) may transport hemp within the State to
16 a facility authorized by law to process hemp or to another
17 licensed producer's grow area, provided that:

18 (1) The hemp to be transported has passed all compliance
19 testing required by the United States Department of
20 Agriculture; and



1 (2) The transportation has been authorized by the
2 department. The department may require movement
3 reports, inspections, sampling, and testing of the
4 hemp to be transported and may deny authorization if
5 the hemp is found to not comply with any law or
6 regulation.

7 (c) An individual or entity licensed to produce hemp
8 pursuant to paragraph (a) may export hemp; provided that:

9 (1) The hemp to be exported has passed all compliance
10 testing required by the United States Department of
11 Agriculture; and

12 (2) The licensed producer complies with all laws relating
13 to the exportation of hemp, including state and
14 federal laws and the laws of the state or country of
15 import.

16 (d) In addition to all other labeling requirements, the
17 identity statement used for labeling or advertising hemp
18 products shall identify the percentage of Hawaii grown hemp in
19 hemp products; provided that any hemp product containing hemp
20 not grown or processed in Hawaii shall identify the origin and
21 percentage of the hemp from outside Hawaii in the hemp product;



1 provided further that if the hemp product contains hemp from
2 multiple origins, the hemp product shall identify the percentage
3 of hemp origin as "United States" or "Foreign" if the hemp
4 product includes hemp from a source outside of the United
5 States.

6 ~~[(d)]~~ (e) Any individual or entity who violates this
7 section or any rule adopted pursuant to this section shall be
8 fined not more than \$10,000 for each separate offense. Any
9 notice of violation of this section may be accompanied by a
10 cease and desist order, the violation of which constitutes a
11 further violation of this section. Any action taken to collect
12 the penalty provided for in this subsection shall be considered
13 a civil action.

14 ~~[(e)]~~ (f) For any judicial proceeding to recover an
15 administrative penalty imposed by order or to enforce a cease
16 and desist order against a hemp producer, the department may
17 petition any court of appropriate jurisdiction and need only
18 show that:

- 19 (1) Notice was given;
- 20 (2) A hearing was held or the time granted for requesting
21 a hearing has expired without such a request;



1 (3) The administrative penalty was imposed on the
2 individual or entity producing hemp; and

3 (4) The penalty remains unpaid or the individual or entity
4 continues to produce hemp."

5 SECTION 3. Section 328G-3, Hawaii Revised Statutes, is
6 amended by amending subsection (j) to read as follows:

7 "(j) No person shall sell, hold, offer or distribute for
8 sale, hemp products without a label, in a form prescribed by the
9 department, affixed to the packaging that identifies the hemp
10 product as having been tested pursuant to department rules[-]
11 and clearly identifies the percentage of Hawaii grown hemp in
12 hemp products in a font size large enough for consumers to
13 easily read on the label on the physical product; provided that
14 any hemp product not grown in Hawaii shall identify the origin
15 and percentage of the hemp from outside Hawaii in the hemp
16 product; provided further that if the hemp product contains hemp
17 from multiple origins, the hemp product shall identify the
18 percentage of hemp origin as "United States" or "Foreign" if the
19 hemp product includes hemp from a source outside of the United
20 States."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on June 29, 2023.

4



INTRODUCED BY: _____



S.B. NO. 516

Report Title:

Hemp Producers; Commercial Hemp Production; Labeling

Description:

Requires that the identity statement used for labeling or advertising hemp products identify the percentage of Hawaii grown hemp and hemp of other origins contained in hemp products. Effective 6/29/2023.

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