



GOV. MSG. NO. 1377

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

July 12, 2023

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

RE: House Bill No. 1359

Pursuant to Section 16 of Article III of the State Constitution, House Bill No. 1359, entitled "RELATING TO HEMP," became law without my signature as ACT 263, Session Laws of Hawaii 2023, on July 11, 2023.

Sincerely,

Anne E. Lopez
Acting Governor, State of Hawaii

Permitted to become law without the

Governor's signature JUL 11 2023

ACT 263

HOUSE OF REPRESENTATIVES
THIRTY-SECOND LEGISLATURE, 2023
STATE OF HAWAII

H.B. NO. 1359
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO HEMP.

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

1

PART I

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

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



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

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

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

20 Accordingly, the purpose of this Act is to:



- 1 (1) Repeal redundant regulations on hemp production, which
- 2 would reduce costs for the State and Hawaii farmers;
- 3 (2) Amend hemp law in a manner that recognizes the unique
- 4 constraints of Hawaii farmers, while protecting human
- 5 health;
- 6 (3) Allow licensed hemp producers to sell hemp biomass;
- 7 (4) Require transparency in labeling of hemp products to
- 8 identify the percentage of Hawaii-grown hemp or hemp
- 9 from outside the State in all hemp products;
- 10 (5) Require and appropriate funds for the department of
- 11 health to hire or consult a toxicologist or consultant
- 12 familiar with hemp industry standards for the purpose
- 13 of setting defined action limits or exposure levels
- 14 for different types of hemp products;
- 15 (6) Establish a Hawaii hemp task force to be jointly
- 16 convened by the department of agriculture and the
- 17 department of health to gather data and information to
- 18 better understand hemp industry needs;
- 19 (7) Require and appropriate funds for the department of
- 20 agriculture to hire a hemp consultant to work with the
- 21 Hawaii hemp task force and recommend infrastructure



1 improvements on each island, considering the unique
2 needs and geographic spread of licensed hemp farmers;
3 and

4 (8) Extend the State's hemp processor law through July 1,
5 2027.

6 PART II

7 SECTION 2. Chapter 328G, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read as follows:

10 "§328G- Applicability. This chapter, and any rules
11 adopted by the department pursuant to this chapter, shall apply
12 only to the processing of hemp biomass into crude extract or
13 into a manufactured hemp product or processing crude extract
14 into a manufactured hemp product or using a manufactured hemp
15 product as an ingredient in the production of another
16 manufactured hemp product, and to their sale and distribution,
17 but shall not apply to other products that may be produced from
18 hemp except as otherwise provided in section 328G-3."

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



1 "~~[+]§141-42[+]~~ Commercial hemp production. (a) It shall
2 be legal for an individual or entity to produce hemp, as defined
3 in title 7 United States Code section 1639o, if that individual
4 or entity has a license to produce hemp, issued by the Secretary
5 of the United States Department of Agriculture pursuant to
6 title 7 United States Code section 1639q; provided that:

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

12 ~~(2) Hemp shall not be grown outside of a state
13 agricultural district;~~

14 ~~(3)]~~ (1) Hemp shall not be grown within ~~[500]~~ three
15 hundred feet of pre-existing real property comprising
16 a playground, childcare facility, or school; provided
17 that this restriction shall not apply to an individual
18 or entity licensed to grow hemp in those areas under
19 the ~~[State]~~ state industrial hemp pilot program ~~[prior~~
20 ~~to]~~ before August 27, 2020;



1 ~~[(4)]~~ (2) Hemp shall not be grown within ~~[500]~~ one hundred
2 feet of any pre-existing house, dwelling unit,
3 residential apartment, or other residential structure
4 that is not owned or controlled by the license holder;
5 provided that this restriction shall not apply to an
6 individual or entity licensed to grow hemp in those
7 areas under the ~~[State]~~ state industrial hemp pilot
8 program ~~[prior to]~~ before August 27, 2020; and

9 ~~[(5)]~~ (3) Hemp shall not be grown in any house, dwelling
10 unit, residential apartment, or other residential
11 structure~~[-]~~, unless that structure is part of a
12 United States Department of Agriculture area.

13 (b) An individual or entity licensed to produce hemp
14 pursuant to ~~[paragraph]~~ subsection (a) may transport hemp within
15 the State to a facility authorized by law to process hemp or to
16 another licensed producer's grow area~~[-]~~; provided that~~[-]~~

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

20 ~~(2) The~~ the transportation has been ~~[authorized by]~~
21 reported to the department~~[-]~~ of agriculture. The

1 department of agriculture may require movement reports
2 [~~, inspections, sampling, and testing of~~] that include
3 copies of the United States Department of Agriculture
4 test results for the hemp to be transported and may
5 deny authorization if the hemp is found to not comply
6 with any law or 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)] (c) Any individual or entity who [~~violates this~~~~

17 ~~section or any rule adopted pursuant to this section] grows hemp~~

18 without a United States Department of Agriculture license shall

19 be fined not more than \$10,000 for each separate offense. Any

20 notice of violation of this section may be accompanied by a

21 cease and desist order, the violation of which constitutes a



1 further violation of this section. Any action taken to collect
2 the penalty provided for in this subsection shall be considered
3 a civil action.

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

- 9 (1) Notice was given;
- 10 (2) A hearing was held or the time granted for requesting
11 a hearing has expired without such a request;
- 12 (3) The administrative penalty was imposed on the
13 individual or entity producing hemp; and
- 14 (4) The penalty remains unpaid or the individual or entity
15 continues to produce hemp.

16 (e) An individual or entity licensed by the United States
17 Department of Agriculture to produce hemp in Hawaii may sell
18 hemp biomass.

19 (f) In addition to all other labeling requirements, the
20 identity statement used for labeling or advertising hemp
21 products shall identify the percentage of Hawaii-grown hemp in



1 hemp products; provided that any hemp product containing hemp
2 not grown or processed in Hawaii shall identify the origin and
3 percentage of the hemp from outside Hawaii in the hemp product;
4 provided further that if the hemp product contains hemp from
5 multiple origins, the hemp product shall identify the percentage
6 of hemp origin as "United States" or "Foreign" if the hemp
7 product includes hemp from a source outside of the United
8 States.

9 (g) A hemp producer licensed by the United States
10 Department of Agriculture to grow hemp shall follow all
11 inspection and sampling rules and protocols established by the
12 United States Department of Agriculture. The State shall not
13 require other inspections or sampling. The State shall not
14 issue notices of violations or impose penalties upon any hemp
15 producer licensed by the United States Department of
16 Agriculture; provided that the licensee complies with all of the
17 requirements imposed by the United States Department of
18 Agriculture. The State shall impose no penalty with respect to
19 the production of hemp, except penalties for growing hemp
20 without a license issued by the United States Department of
21 Agriculture.



1 (h) As used in this section, "hemp biomass" means the
2 stalks of hemp plants."

3 SECTION 4. Section 141-43, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The department of agriculture shall adopt rules
6 pursuant to chapter 91 to effectuate the purpose of this part,
7 including any rules necessary to address any nuisance issues,
8 including smell, noise, and excessive lighting arising out of
9 the activities of hemp growers licensed under the State's
10 industrial hemp pilot program who grow hemp within areas
11 prohibited under section [~~141-42(a)(3) and (4).~~] 141-42(a)(1)
12 and (2)."

13 SECTION 5. Section 328G-1, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§328G-1[+] **Definitions.** As used in this chapter:

16 "Applicant" means the person applying for a permit to
17 [~~register~~] operate as a hemp processor under this chapter.

18 "Artificially derived cannabinoid" means a chemical
19 substance that is created by a chemical reaction that changes
20 the molecular structure of any chemical substance derived from



1 the plant genus cannabis. "Artificially derived cannabinoid"
2 does not include:

3 (1) A naturally occurring chemical substance that is
4 separated from the plant genus cannabis by a chemical
5 or mechanical extraction process; or

6 (2) Cannabinoids that are produced by decarboxylation from
7 naturally occurring cannabinoid acid without the use
8 of a chemical catalyst.

9 "Cannabinoids" means any of the various naturally
10 occurring, biologically active, chemical constituents of
11 cannabis that bind to or interact with receptors of the
12 endogenous cannabinoid system.

13 "Cannabis" means the genus of the flowering plant in the
14 family Cannabaceae. For the purpose of this chapter, cannabis
15 refers to any form of the plant where the delta-9
16 tetrahydrocannabinol concentration on a dry weight basis has not
17 yet been determined.

18 [~~"Certificate of registration" means the certificate issued~~
19 ~~by the department attesting that the applicant is registered to~~
20 ~~process hemp.~~]



1 "Decarboxylated" means the completion of the chemical
2 reaction that converts naturally occurring cannabinoid acid into
3 a cannabinoid, including delta-9 tetrahydrocannabinol's acids
4 (THCA) into delta-9-tetrahydrocannabinol. The decarboxylated
5 value for delta-9-tetrahydrocannabinol may be calculated using a
6 conversion formula that sums delta-9-tetrahydrocannabinol and
7 eighty-seven and seven tenths (87.7) per cent of THCA.

8 [~~"Delta-9 tetrahydrocannabinol" or "THC" means the primary~~
9 ~~psychoactive component of cannabis.~~]

10 "Department" means the department of health.

11 "Director" means the director of health.

12 "Dry weight basis" refers to a method of determining the
13 percentage of a chemical in a substance after removing the
14 moisture from the substance.

15 "Enclosed indoor facility" means a permanent, stationary
16 structure with a solid floor, rigid exterior walls that encircle
17 the entire structure on all sides, and a roof that protects the
18 entire interior area from the elements of weather. Nothing in
19 this definition shall be construed to relieve the [registered]
20 permitted applicant from the applicant's duty to comply with all
21 applicable building codes and regulations.



1 "FDA" means the United States Food and Drug Administration.

2 "Hemp" means Cannabis sativa L. and any part of that plant,
3 whether growing or not, including the seeds thereof and all
4 derivatives, extracts, cannabinoids, isomers, acids, salts, and
5 salts of isomers, with a delta-9-tetrahydrocannabinol
6 concentration of not more than 0.3 per cent on a dry weight
7 basis, as measured post-decarboxylation or by other similarly
8 reliable methods.

9 "Hemp biomass" means the leaf and floral parts of hemp
10 plant material.

11 "Hemp processor" means a person [~~processing~~] who processes
12 hemp [to manufacture] biomass or prepares a manufactured hemp
13 product.

14 [~~"Hemp product" means a product that:~~

15 ~~(1) Contains naturally occurring cannabinoids, compounds,~~
16 ~~concentrates, extracts, isolates, resins or~~
17 ~~derivatives from processed hemp;~~

18 ~~(2) Does not include any living hemp plants, viable seeds,~~
19 ~~leaf materials, or floral materials;~~



- 1 ~~(3) Has a delta-9-tetrahydrocannabinol concentration of~~
2 ~~not more than 0.3 per cent, as measured post-~~
3 ~~decarboxylation, or other similarly reliable methods;~~
4 ~~(4) Is intended to be consumed orally to supplement the~~
5 ~~human or animal diet; and~~
6 ~~(5) Is in the form of a tablet, capsule, powder, softgel,~~
7 ~~gelcap, or liquid form (e.g. hemp oil) to be used by~~
8 ~~the consumer to infuse edible items at home for~~
9 ~~personal use or for topical application to the skin or~~
10 ~~hair.~~

11 ~~For purposes of this chapter, a hemp product shall be considered~~
12 ~~as intended for oral ingestion in liquid form only if it is~~
13 ~~formulated in a fluid carrier and it is intended for ingestion~~
14 ~~in daily quantities measured in drops or similar small units of~~
15 ~~measure per labeled directions for use.~~

16 ~~"Manufacture" means to compound, blend, extract, infuse, or~~
17 ~~otherwise make or prepare a hemp product, but does not include~~
18 ~~planting, growing, harvesting, drying, curing, grading, or~~
19 ~~trimming a hemp plant or part of a hemp plant.]~~

20 "Manufactured hemp product" means a product created by
21 processing, as defined in this chapter, that:



- 1 (1) Is either:
- 2 (A) Intended to be consumed orally to supplement the
- 3 human or animal diet in tablet, capsule, powder,
- 4 softgel, gelcap, or liquid form (e.g., hemp oil);
- 5 or
- 6 (B) In a form for topical application to the skin or
- 7 hair;
- 8 (2) Does not include any living hemp plants, viable seeds,
- 9 leaf materials, or floral materials; and
- 10 (3) Includes any other product specified by the department
- 11 pursuant to section 328G-4(a)(7).

12 "Permit" means the certificate issued by the department
13 attesting that the applicant is permitted to operate as a hemp
14 processor.

15 "Person" means an individual, firm, corporation,
16 partnership, association, or any form of business or legal
17 entity.

18 "Processing" means [~~making~~]:
19 (1) Making a transformative change to [the] hemp [plant]
20 biomass following harvest by converting [an

1 ~~agricultural commodity]~~ it into a crude extract or
2 manufactured hemp product[-]; or

3 (2) Compounding, blending, extracting, infusing, or
4 otherwise producing a manufactured hemp product by:

5 (A) Completing the manufacturing process of
6 transforming crude extract into a manufactured
7 hemp product; or

8 (B) Using a manufactured hemp product as an
9 ingredient in the production of another
10 manufactured hemp product.

11 "Synthetic cannabinoid" means a cannabinoid that is:

12 (1) Produced artificially, whether from chemicals or from
13 recombinant biological agents including but not
14 limited to yeast and algae; and

15 (2) Not derived from the genus cannabis, including
16 biosynthetic cannabinoids.

17 "Tetrahydrocannabinol" means the cannabinoids that
18 functions as the primary psychoactive component of cannabis."

19 SECTION 6. Section 328G-2, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "~~§328G-2~~ Hemp processor [~~registry~~] permit application;
2 ~~[removal from registry]~~ permit revocation. (a) [~~No person~~
3 ~~shall process hemp without first obtaining a license to produce~~
4 ~~hemp, issued by the Secretary of the United States Department of~~
5 ~~Agriculture pursuant to title 7 United States Code section~~
6 ~~1639g.~~

7 ~~(b)~~] No person shall process hemp biomass or prepare a
8 manufactured hemp product without [~~being registered~~] obtaining a
9 permit by the department as a hemp processor pursuant to this
10 part and any rules adopted pursuant [~~+~~]to[~~+~~] this chapter.

11 ~~(c)~~] (b) A person who intends to [~~process~~] operate as a
12 hemp processor shall apply to the department for [~~registration~~]
13 a permit on an application form created by the department.

14 ~~(d)~~] (c) The applicant shall provide, at a minimum, the
15 following information:

- 16 (1) The applicant's name, mailing address, and phone
17 number in Hawaii;
- 18 (2) The legal description of the land on which the hemp
19 processor is to [~~be processed or stored~~] operate;
- 20 (3) A description of the enclosed indoor facility where
21 the hemp [~~processing~~] processor will [~~occur~~] operate;

- 1 (4) Documentation that ~~[the]~~:
- 2 (A) The hemp processor's indoor facility and planned
3 hemp processing operation complies with all
4 zoning ordinances, building codes, and fire
5 codes; or
- 6 (B) The processing does not include heat or volatile
7 compounds or gases under pressure, such as cold-
8 water extraction, and is in an enclosed indoor
9 facility that is:
- 10 (i) Exempt from building permit and building
11 code requirements pursuant to section 46-88;
12 or
- 13 (ii) In a food hub or agricultural park;
- 14 ~~[(5) Documentation showing that the applicant has obtained~~
15 ~~a license to produce hemp, issued by the Secretary of~~
16 ~~the United States Department of Agriculture pursuant~~
17 ~~to title 7 United States Code section 1639q; and~~
- 18 ~~(6)]~~ (5) Proof of no disqualifying felony convictions,
19 which shall be established by an individual applicant
20 or, if the applicant is a firm, corporation,
21 partnership, association, or any form of business or



1 legal entity, an individual acting on behalf of the
2 entity by providing either:

3 (A) A valid United States Department of Agriculture
4 hemp license that required fingerprinting and a
5 federal background check; or

6 (B) Consent to a background check that includes but
7 is not limited to fingerprinting and criminal
8 history checks pursuant to section 846-2.7 and
9 documentation of the authority of the individual
10 to act on behalf of the applying entity; and

11 (6) Any other information required by the department.

12 [+e+] (d) In addition to the application form, each
13 applicant shall submit a non-refundable application fee
14 established by the department. If the fee does not accompany
15 the application, the application for [~~registration~~] the permit
16 shall be deemed incomplete.

17 [+f+] (e) Any incomplete application shall be denied.

18 [+g+] (f) Upon the department's receipt of a complete and
19 accurate application [~~and~~], confirmation that the applicant does
20 not have a disqualifying conviction for a state or federal
21 felony related to a controlled substance during the ten years



1 prior to the date the application is submitted, remittal of the
2 application fee, [~~the applicant shall be registered and shall be~~
3 issued a certificate of registration to process hemp.] and
4 contingent upon compliance with this chapter and any rules
5 adopted pursuant to this chapter, the department may issue a
6 permit to the applicant to operate as a hemp processor.

7 [~~(h)~~] (g) The [~~certificate of registration~~] permit shall
8 be renewed annually by submission of a renewal application and
9 payment of the annual renewal fee to be determined by the
10 department.

11 [~~(i)~~] (h) Hemp processors shall allow any member of the
12 department, or any agent or third party authorized by the
13 department, to enter at reasonable times upon any private
14 property in order to inspect, sample, and test [~~the hemp~~
15 ~~processing area,~~] any hemp biomass, crude extract, or
16 manufactured hemp [~~products,~~] product, equipment, facilities
17 incident to the processing or storage of hemp[~~]~~ biomass, crude
18 extract, or manufactured hemp products, and review all pertinent
19 records.

20 [~~(j)~~] (i) The department may [~~remove~~] revoke any [~~person~~
21 ~~from the registry~~] person's permit for failure to comply with



1 any law or regulation under this chapter. It is the
2 responsibility of the hemp processor to make sure it [~~is~~
3 ~~registered~~] has a valid permit and is legally allowed to process
4 hemp biomass or prepare a manufactured hemp product and in
5 compliance with any and all laws and regulations. The [~~removal~~]
6 revocation of a hemp [~~processor from the registry~~] processor's
7 permit shall be in accordance with the procedures set forth in
8 section 328G-6."

9 SECTION 7. Section 328G-3, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "[~~+~~]\$328G-3[+] **Hemp biomass processing; manufactured hemp**
12 **product sale and prohibitions; labeling.** (a) No hemp biomass
13 shall be processed into crude extract or manufactured hemp
14 products, nor shall any hemp processor hold for processing or
15 sale any hemp[~~r~~] biomass, unless lawfully obtained from a person
16 approved or otherwise authorized by applicable federal, state or
17 local law to cultivate hemp [~~plants~~].

18 (b) Hemp biomass, crude extract, and manufactured hemp
19 products shall be processed, packaged, labeled, and stored
20 within an enclosed indoor facility secured to prevent
21 unauthorized entry[~~. Hemp, hemp products, and any~~] and in a



1 manner that prevents cross-contamination and exposure to
2 physical, chemical, and microbiological sources of
3 contamination. Any toxic or otherwise hazardous by-products of
4 [hemp] processing, or by-products, including but not limited to
5 delta-9 tetrahydrocannabinol, shall be stored within an enclosed
6 indoor facility, secured to prevent unauthorized entry and in a
7 manner that prevents cross-contamination and unintended
8 exposures.

9 (c) Hemp biomass shall not be processed into crude extract
10 or a manufactured hemp product within [500] five hundred feet of
11 a pre-existing playground, school, state park, state recreation
12 area, residential neighborhood, hospital, or daycare facility.

13 (d) Hemp biomass, crude extract, and manufactured hemp
14 product shall not be processed ~~[using butane in an open system~~
15 ~~where fumes are not contained or by use of any other]~~ by any
16 method of processing the department [determines poses a risk to
17 ~~health and safety.] prohibits by rules adopted pursuant to this~~
18 chapter.

19 (e) No person shall sell, hold, offer, or distribute for
20 sale any food, as that term is defined in section 328-1, into
21 which a cannabinoid, artificially derived cannabinoid, synthetic



1 cannabinoid, hemp [~~extract~~], hemp [~~derivatives~~] biomass, or
2 [~~other~~] manufactured hemp product that has been added as an
3 ingredient or component[+] unless otherwise prescribed by rules
4 adopted by the department pursuant to this chapter. This
5 section shall not apply to hemp that is generally recognized as
6 safe (GRAS) by FDA for use in foods, as intended, in a public
7 GRAS notification.

8 (f) No crude extract or manufactured hemp product shall be
9 sold, offered for sale, or distributed or held for sale with a
10 tetrahydrocannabinol concentration of more than 0.3 per cent
11 unless otherwise prescribed by rules adopted by the department
12 pursuant to this chapter.

13 [~~f~~] (g) No person shall sell, hold, offer, or distribute
14 for sale any crude extract or manufactured hemp product into
15 which an artificially derived cannabinoid or a synthetic
16 cannabinoid has been added.

17 [~~g~~] (h) No person shall sell, hold, offer, or distribute
18 for sale any cannabinoid [~~products~~], artificially derived
19 cannabinoid, synthetic cannabinoid, or any other product
20 containing hemp used to aerosolize for respiratory routes of



1 delivery, such as an inhaler, [~~nebulizer~~] vape pen, or other
2 device designed for such purpose.

3 [~~(h) No person shall sell, hold, offer, or distribute for
4 sale, any hemp leaf or hemp floral material that is intended to
5 be smoked or inhaled, including but not limited to hemp cigars
6 or hemp cigarettes.~~]

7 (i) Except for manufactured hemp products intended for
8 external topical application to the skin or hair, no person
9 shall sell, hold, offer, or distribute for sale any products
10 containing a cannabinoid, artificially derived cannabinoid,
11 synthetic cannabinoid, hemp [or], hemp [derivatives] biomass, or
12 manufactured hemp product as an ingredient that are intended to
13 be introduced via non-oral routes of entry to the body,
14 including but not limited to, use in eyes, ears, and nasal
15 cavities[], unless otherwise specified by the department
16 pursuant to section 328G-4(a)(7).

17 (j) No person shall sell, hold, offer or distribute for
18 sale[] manufactured hemp products without a label, in a form
19 prescribed by the department[] in rules adopted pursuant to
20 this chapter affixed to the [~~packaging that identifies the hemp~~
21 ~~product as having been tested pursuant to department rules.~~]



1 package and includes and clearly identifies the percentage of
2 Hawaii-grown hemp in hemp products in font large enough for
3 consumers to easily read on the label on the physical product
4 and not only online through a quick response code; provided that
5 any hemp product not grown in Hawaii shall identify:

6 (1) The origin and percentage of the hemp from outside the
7 State in the hemp product; or

8 (2) If there are multiple origins of the hemp in the hemp
9 product, the percentage of hemp origin as "United
10 States" or "foreign", if including hemp from a source
11 outside the United States.

12 (k) Crude extract shall be sold only to a hemp processor
13 with a valid permit issued by the department, or to a person
14 with equivalent authority from a regulatory agency in another
15 jurisdiction, and shall be sold only with a label affixed to the
16 package in a form prescribed by the department pursuant to rules
17 adopted pursuant to this chapter. No person shall sell, hold,
18 offer, or distribute for sale, crude extract directly to any
19 consumer.



1 (1) Crude extract and manufactured hemp products shall
2 comply with laboratory-based testing, as prescribed by the
3 department, prior to sale."

4 SECTION 8. Section 328G-4, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "~~{}~~\$328G-4~~{}~~ **Rulemaking.** (a) The department shall
7 adopt rules pursuant to chapter 91 that include but are not
8 limited to:

9 (1) Inspection and sampling requirements of crude extract
10 and manufactured hemp products;

11 (2) Establishing maximum allowable concentrations of
12 cannabinoids in crude extract and manufactured hemp
13 products;

14 ~~{2}~~ (3) Testing protocols, including certification by
15 state laboratories or independent third-party
16 laboratories, to determine ~~{delta-9-~~
17 ~~tetrahydrocannabinol}~~ cannabinoid concentration,
18 including but not limited to tetrahydrocannabinol, and
19 screening for contaminants of crude extract and
20 manufactured hemp products;



1 "[+]§328G-5[+] **Laboratory standards and testing;**
2 **certification.** (a) The department shall establish and enforce
3 standards for laboratory-based testing of [~~the~~] crude extract
4 and manufactured hemp products for content[~~7~~] and
5 contamination[~~7~~ and consisteney].

6 (b) The department may certify laboratories and recognize
7 certifications from other jurisdictions of laboratories that are
8 qualified to test crude extract and manufactured hemp products
9 for quality control prior to sale."

10 SECTION 10. Section 328G-6, Hawaii Revised Statutes, is
11 amended by amending subsections (a) to (d) to read as follows:

12 "(a) Any person who violates this chapter or any rule
13 adopted by the department pursuant to this chapter shall be
14 fined not more than \$10,000 for each separate offense. Any
15 action taken to collect the penalty provided for in this
16 subsection shall be considered a civil action. In addition to
17 any other administrative or judicial remedy provided by this
18 chapter, or by rules adopted pursuant to this chapter, the
19 director may impose by order the administrative penalty
20 specified in this section[~~7~~] or revoke a permit pursuant to this
21 chapter.



1 (b) Any order issued under this chapter shall become
2 final, unless not later than twenty days after the notice of
3 order is served, the person or persons named therein request in
4 writing a hearing before the director. Any penalty imposed,
5 including ~~[removal from the registry,]~~ the revocation of a
6 permit, shall become final, and any monetary penalty shall
7 become due and payable twenty days after the order is served
8 unless the person or persons named therein request in writing a
9 hearing before the director. Whenever a hearing is requested,
10 the penalty imposed, including ~~[removal from the registry,]~~
11 permit revocation, shall become final, and any monetary penalty
12 shall become due and payable only upon completion of all review
13 proceedings and the issuance of a final order confirming the
14 penalty in whole or in part. Any hearing shall be conducted in
15 accordance with chapter 91.

16 (c) ~~[For]~~ In any judicial proceeding to ~~[recover an~~
17 ~~administrative penalty]~~ enforce an order issued by the
18 department pursuant to this section, including but not limited
19 to the recovery of administrative penalties imposed by order ~~[or~~
20 ~~to enforce a cease and desist order]~~ against a hemp processor



1 ~~[removed from the registry]~~, the director may petition any court
2 of appropriate jurisdiction for relief and need only show that:

- 3 (1) Notice was given;
- 4 (2) A hearing was held or the time granted for requesting
5 a hearing has expired without such a request;
- 6 (3) The administrative penalty was imposed or the hemp
7 ~~[processor]~~ processor's permit was ~~[removed from the~~
8 ~~registry;]~~ revoked; and
- 9 (4) The penalty remains unpaid or the hemp processor
10 continues to ~~[process hemp.]~~ operate.

11 (d) The director, in the event there is deemed a potential
12 health hazard, may take precautionary measures to protect the
13 public through imposition of an embargo, the detention and
14 removal of hemp, hemp biomass, crude extract, or manufactured
15 hemp products from the market, and the sequestration of hemp,
16 hemp biomass, crude extract, or manufactured hemp products
17 suspected to be contaminated or otherwise harmful to human
18 health. In the event of any embargo or detention of hemp, hemp
19 biomass, crude extract, or manufactured hemp products, the
20 person or persons so named in the order imposing the embargo or



1 detention shall be afforded an opportunity to contest the
2 findings of the department in a hearing pursuant to chapter 91."

3 SECTION 11. Section 328G-7, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) Moneys in the Hawaii hemp processing special fund
6 shall be used by the department for the following purposes:

7 (1) To establish and regulate a system of [~~registering~~]
8 permitting hemp processors[?] and the sale, holding,
9 offering, or distributing for sale of crude extract
10 and manufactured hemp products;

11 (2) To fund positions and operating costs authorized by
12 the legislature; and

13 (3) For any other expenditure necessary, consistent with
14 this chapter, to implement the Hawaii hemp processing
15 program."

16 SECTION 12. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$50,000 or so much
18 thereof as may be necessary for fiscal year 2023-2024 for the
19 hiring of a toxicologist or consultant familiar with hemp
20 industry standards for the purposes of section 328G-5, Hawaii
21 Revised Statutes, as amended by section 9 of this Act.



1 policy concerning the development of a hemp industry
2 in the State that also supports rural agricultural
3 development in the State.

4 (c) The task force may request data and information from
5 additional sources, including but not limited to hemp
6 economists, regulators in other states, retailers, farmers, and
7 hemp industry groups outside Hawaii.

8 (d) The task force shall consist of hemp producers from
9 each island proportionate to the total number of United States
10 Department of Agriculture hemp licenses issued in the State and
11 a representative from each of the fuel, building, general fiber,
12 cannabinoid, and grain food sectors.

13 (e) The department of agriculture shall hire a third-party
14 consultant to identify the infrastructure needs of Hawaii hemp
15 farmers and the hemp industry, considering the unique needs and
16 geographic spread of Hawaii's licensed hemp farmers and the
17 various hemp sector needs. The consultant shall submit a report
18 to the task force on or before July 1, 2024. The report shall
19 include a concise outline of recommended infrastructure by
20 island and schematics showing the various processing steps and
21 infrastructure needed from harvest to product for various



1 sectors with approximate costs per infrastructure component,
2 sizing and capacity options, including mobile versus fixed and
3 volume/mass per day, and approximate square footage required per
4 component.

5 (f) The task force shall report its findings and
6 recommendations, including any proposed legislation, to the
7 legislature no later than twenty days prior to the convening of
8 the regular session of 2025.

9 (g) The members of the task force shall serve without
10 compensation but shall be reimbursed for expenses, including
11 travel expenses, necessary for the performance of their duties.

12 (h) No member of the task force shall be subject to
13 chapter 84, Hawaii Revised Statutes, solely because of the
14 member's participation in the task force.

15 (i) The task force shall be dissolved on August 30, 2024.

16 SECTION 14. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$50,000 or so much
18 thereof as may be necessary for fiscal year 2023-2024 for the
19 hiring of a third-party consultant to identify the
20 infrastructure needs of Hawaii hemp farmers and the hemp
21 industry on each island.



1 The sum appropriated shall be expended by the department of
2 agriculture for the purposes of this Act.

3 PART IV

4 SECTION 15. Act 14, Session Laws of Hawaii 2020, as
5 amended by Act 137, Session Laws of Hawaii 2022, is amended by
6 amending section 9 to read as follows:

7 "SECTION 9. This Act shall take effect upon its approval,
8 and shall be repealed on July 1, [~~2025~~] 2027; provided that the
9 definition of "marijuana" in section 329-1, Hawaii Revised
10 Statutes, and the definitions of "marijuana" and "marijuana
11 concentrate" in section 712-1240, Hawaii Revised Statutes, shall
12 be reenacted in the form in which they read on the day prior to
13 the effective date of this Act."

14 SECTION 16. In accordance with section 9 of article VII of
15 the Hawaii State Constitution and sections 37-91 and 37-93,
16 Hawaii Revised Statutes, the legislature has determined that the
17 appropriations contained in H.B. No. 300, H.D. 1, S.D. 1,
18 C.D. 1, will cause the state general fund expenditure ceiling
19 for fiscal year 2023-2024 to be exceeded by \$1,063,767,367 or
20 10 per cent. In addition, the appropriations contained in this
21 Act will cause the general fund expenditure ceiling for fiscal



1 year 2023-2024 to be further exceeded by \$100,000 or 1 per cent.
2 The combined total amount of general fund appropriations
3 contained in only these two Acts will cause the state general
4 fund expenditure ceiling for fiscal year 2023-2024 to be
5 exceeded by \$1,063,867,367 or 11 per cent. The reasons for
6 exceeding the general fund expenditure ceiling are that:

- 7 (1) The appropriations made in this Act are necessary to
8 serve the public interest; and
9 (2) The appropriations made in this Act meet the needs
10 addressed by this Act.

11 SECTION 17. This Act does not affect rights and duties
12 that matured, penalties that were incurred, and proceedings that
13 were begun before its effective date.

14 SECTION 18. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 19. This Act shall take effect on July 1, 2023,
17 and shall be repealed on July 1, 2027.



HB No. 1359, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: **MAY 04 2023**
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2023.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI‘I

Date: MAY 04 2023
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai‘i, Regular Session of 2023.


President of the Senate


Clerk of the Senate