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

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



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

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

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

19 Accordingly, the purpose of this Act is to:

20 (1) Repeal redundant regulations on hemp production, which  
21 would reduce costs for the State and Hawaii farmers;



1 (2) Amend hemp law in a manner that recognizes the unique  
2 constraints of Hawaii farmers, while protecting human  
3 health;

4 (3) Allow licensed hemp producers to sell hemp biomass;

5 (4) Require transparency in labeling of hemp products to  
6 identify the percentage of Hawaii-grown hemp or hemp  
7 product in all hemp products;

8 (5) Require and appropriate funds for the department of  
9 health to hire or consult a toxicologist or consultant  
10 familiar with hemp industry standards for the purpose  
11 of setting defined action limits or exposure levels  
12 for different types of hemp products; and

13 (6) Extend the State's hemp processor law through July 1,  
14 2027.

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

17 "[+]§141-42[+] **Commercial hemp production.** (a) It shall  
18 be legal for an individual or entity to produce hemp, as defined  
19 in title 7 United States Code section 1639o, if that individual  
20 or entity has a license to produce hemp, issued by the Secretary



1 of the United States Department of Agriculture pursuant to title  
2 7 United States Code section 1639q; provided that:

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

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

10 ~~(3)]~~ (1) Hemp shall not be grown within ~~[500]~~ five hundred  
11 feet of pre-existing real property comprising a  
12 playground, childcare facility, or school; provided  
13 that this restriction shall not apply to an individual  
14 or entity licensed to grow hemp in those areas under  
15 the ~~[State]~~ state industrial hemp pilot program ~~[prior~~  
16 ~~to]~~ before August 27, 2020;

17 ~~[(4)]~~ (2) Hemp shall not be grown within ~~[500]~~ one hundred  
18 feet of any pre-existing house, dwelling unit,  
19 residential apartment, or other residential structure  
20 that is not owned or controlled by the license holder;  
21 provided that this restriction shall not apply to an



1 individual or entity licensed to grow hemp in those  
2 areas under the [State] state industrial hemp pilot  
3 program [~~prior to~~] before August 27, 2020; and

4 [~~5~~] (3) Hemp shall not be grown in any house, dwelling  
5 unit, residential apartment, or other residential  
6 structure[~~], unless that structure is part of a~~  
7 United States Department of Agriculture area.

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

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

15 ~~(2) The] the~~ transportation has been [~~authorized by~~  
16 reported to the department. The department may  
17 require movement reports[~~, inspections, sampling, and~~  
18 ~~testing~~] of the hemp to be transported and may deny  
19 authorization if the hemp is found to not comply with  
20 any law or regulation.



1       ~~[(e) An individual or entity licensed to produce hemp~~  
2 ~~pursuant to paragraph (a) may export hemp; provided that:~~

3       ~~(1) The hemp to be exported has passed all compliance~~  
4       ~~testing required by the United States Department of~~  
5       ~~Agriculture; and~~

6       ~~(2) The licensed producer complies with all laws relating~~  
7       ~~to the exportation of hemp, including state and~~  
8       ~~federal laws and the laws of the state or country of~~  
9       ~~import.~~

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

19       ~~[(e)]~~ (d) For any judicial proceeding to recover an  
20 administrative penalty imposed by order or to enforce a cease  
21 and desist order against ~~[a]~~ an unlicensed hemp producer, the



1 department may petition any court of appropriate jurisdiction  
2 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 on the  
7 individual or entity producing hemp; and

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

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

13 (f) Any products that are labeled as, advertised as, or  
14 implied to be made from hemp grown in Hawaii shall list the  
15 percentage of Hawaii-grown hemp included on the product on the  
16 label.

17 (g) A hemp producer licensed by the United States  
18 Department of Agriculture to grow hemp shall follow all  
19 inspection and sampling rules and protocols established by the  
20 United States Department of Agriculture. The State shall not  
21 require other inspections or sampling. The State shall not



1 issue notices of violations or impose penalties upon any hemp  
2 producer licensed by the United States Department of  
3 Agriculture; provided that the licensee is compliant with all of  
4 the requirements imposed by the United States Department of  
5 Agriculture. The State shall impose no penalty with respect to  
6 the production of hemp, except penalties for growing hemp  
7 without a license issued by the United States Department of  
8 Agriculture.

9 (h) As used in this section, "hemp biomass" means:

10 (1) The stalks of hemp plants; and

11 (2) Other hemp plant material."

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

14 "(a) The department of agriculture shall adopt rules  
15 pursuant to chapter 91 to effectuate the purpose of this part,  
16 including any rules necessary to address any nuisance issues,  
17 including smell, noise, and excessive lighting arising out of  
18 the activities of hemp growers licensed under the State's  
19 industrial hemp pilot program who grow hemp within areas  
20 prohibited under section [~~141-42(a)(3) and (4).~~] 141-42(a)(1)  
21 and (2)."



1 SECTION 4. Section 328G-1, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By adding two new definitions to be appropriately  
4 inserted and to read:

5 "Finished hemp product" means a finished product,  
6 including a product to supplement the human or pet diet, or a  
7 cosmetic, food, food additive, beverage, or herb product, that:

8 (1) Is fit for use or consumption by a consumer or the pet  
9 of a consumer;

10 (2) Contains naturally-occurring cannabinoids, compounds,  
11 concentrates, extracts, isolates, resins or  
12 derivatives from processed hemp;

13 (3) Does not contain any living hemp plants or viable  
14 seeds;

15 (4) Has a delta-9-tetrahydrocannabinol concentration of no  
16 more than \_\_\_\_\_ per cent, as measured by  
17 post-decarboxylation, or by another similarly reliable  
18 methods;

19 (5) Does not include tetrahydrocannabinol isolate as an  
20 added ingredient; and

21 (6) Is not intended as feed for livestock.



- 1        "Intermediate hemp product" means an extract that:
- 2        (1) Is extracted from hemp;
- 3        (2) Has not yet undergone the complete manufacturing
- 4        process; and
- 5        (3) Is not yet fit for use or consumption by consumers or
- 6        the pets of consumers."
- 7        2. By amending the definition of "hemp processor" to read:
- 8        "Hemp processor" means a person [processing hemp to
- 9 manufacture a hemp product.] or business that receives wet or
- 10 dry raw hemp material and extracts hemp extracts."
- 11        3. By amending the definition of "hemp product" to read:
- 12        "Hemp product" means [a product that:
- 13        ~~(1) Contains naturally occurring cannabinoids, compounds,~~
- 14        ~~concentrates, extracts, isolates, resins or~~
- 15        ~~derivatives from processed hemp;~~
- 16        ~~(2) Does not include any living hemp plants, viable seeds,~~
- 17        ~~leaf materials, or floral materials;~~
- 18        ~~(3) Has a delta-9-tetrahydrocannabinol concentration of~~
- 19        ~~not more than 0.3 per cent, as measured post-~~
- 20        ~~decarboxylation, or other similarly reliable methods;~~



- 1       ~~(4) Is intended to be consumed orally to supplement the~~  
2           ~~human or animal diet; and~~
- 3       ~~(5) Is in the form of a tablet, capsule, powder, softgel,~~  
4           ~~geleap, or liquid form (e.g. hemp oil) to be used by~~  
5           ~~the consumer to infuse edible items at home for~~  
6           ~~personal use or for topical application to the skin or~~  
7           ~~hair.~~

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

14       4. By amending the definition of "manufacture" to read:

15        "Manufacture" means to compound, blend, [~~extract,~~] infuse,  
16       or otherwise make or prepare a finished hemp product[~~, but~~].

17       "Manufacture" does not include [~~planting,~~]:

18        (1) Planting, growing, harvesting, or drying[~~, curing,~~  
19           ~~grading, or trimming]~~ a hemp plant or part of a hemp  
20           plant[~~-~~]; or

21        (2) Extracting hemp extract from wet or dry biomass."



1 5. By amending the definition of "processing" to read:

2 ""Processing" means making a transformative change to the  
3 hemp plant following harvest by converting an agricultural  
4 commodity into [a] an intermediate hemp product[-] through  
5 extraction."

6 SECTION 5. Section 328G-2, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 **"§328G-2 Hemp processor registry; application; removal**  
9 **from registry.** (a) [~~No person shall process hemp without first~~  
10 ~~obtaining a license to produce hemp, issued by the Secretary of~~  
11 ~~the United States Department of Agriculture pursuant to title 7~~  
12 ~~United States Code section 1639g.~~

13 ~~(b)]~~ No person shall process hemp without being registered  
14 by the department as a hemp processor pursuant to this part and  
15 any rules adopted pursuant [~~+~~]to[~~+~~] this chapter.

16 [~~(e)]~~ (b) A person who intends to process hemp shall apply  
17 to the department for registration on an application form  
18 created by the department.

19 [~~(d)]~~ (c) The applicant shall provide, at a minimum[~~, the~~  
20 ~~following information]~~:



- 1 (1) The applicant's name, mailing address, and phone  
2 number in Hawaii;
- 3 (2) The legal description of the land on which the hemp is  
4 to be processed or stored;
- 5 (3) A description of the enclosed indoor facility where  
6 hemp processing will occur;
- 7 (4) Documentation that the indoor facility and planned  
8 hemp processing operation complies with all zoning  
9 ordinances, building codes, and fire codes; and
- 10 ~~[-(5)]~~ ~~Documentation showing that the applicant has obtained~~  
11 ~~a license to produce hemp, issued by the Secretary of~~  
12 ~~the United States Department of Agriculture pursuant~~  
13 ~~to title 7 United States Code section 1639g; and~~
- 14 ~~[-(6)]~~ (5) Any other information required by the department.
- 15 ~~[-(e)]~~ (d) In addition to the application form, each  
16 applicant shall submit a non-refundable application fee  
17 established by the department. If the fee does not accompany  
18 the application, the application for registration shall be  
19 deemed incomplete.
- 20 ~~[-(f)]~~ (e) Any incomplete application shall be denied.



1           ~~(g)~~ (f) Upon the department's receipt of a complete and  
2 accurate application and remittal of the application fee, the  
3 applicant shall be registered and shall be issued a certificate  
4 of registration to process hemp.

5           ~~(h)~~ (g) The certificate of registration shall be renewed  
6 annually by payment of the annual renewal fee to be determined  
7 by the department.

8           ~~(i)~~ (h) Hemp processors shall allow any member of the  
9 department, or any agent or third party authorized by the  
10 department, to enter at reasonable times upon any private  
11 property in order to inspect, sample, and test the hemp  
12 processing area, hemp products, equipment, facilities incident  
13 to the processing or storage of hemp, and review all pertinent  
14 records.

15           ~~(j)~~ (i) The department may remove any person from the  
16 registry for failure to comply with any law or regulation under  
17 this chapter. It is the responsibility of the hemp processor to  
18 make sure it is registered and legally allowed to process hemp  
19 and in compliance with any and all laws and regulations. The  
20 removal of a hemp processor from the registry shall be in  
21 accordance with the procedures set forth in section 328G-6."



1 SECTION 6. Section 328G-3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[+]§328G-3[+] **Hemp processing; hemp product sale and**  
4 **prohibitions; labeling.** (a) No hemp shall be processed into  
5 hemp products, nor shall any hemp processor hold for processing  
6 or sale any hemp, unless lawfully obtained from a person  
7 approved or otherwise authorized by applicable federal, state or  
8 local law to cultivate hemp plants.

9 (b) Hemp and hemp products shall be processed within an  
10 enclosed indoor facility secured to prevent unauthorized entry.  
11 Hemp, hemp products, and any toxic or otherwise hazardous  
12 by-products of hemp processing, or by-products, including but  
13 not limited to delta-9 tetrahydrocannabinol, shall be stored  
14 within an enclosed indoor facility, secured to prevent  
15 unauthorized entry in a manner that prevents cross-contamination  
16 and unintended exposures.

17 (c) Hemp shall not be processed within [500] five hundred  
18 feet of a pre-existing playground, school, state park, state  
19 recreation area, residential neighborhood, hospital, or daycare  
20 facility.



1 (d) Hemp shall not be processed using butane in an open  
2 system where fumes are not contained or by use of any other  
3 method of processing the department determines poses a risk to  
4 health and safety.

5 ~~[(e) No person shall sell, hold, offer, or distribute for~~  
6 ~~sale any food, as that term is defined in section 328-1, into~~  
7 ~~which a cannabinoid, synthetic cannabinoid, hemp extract, hemp~~  
8 ~~derivatives or other hemp product that has been added as an~~  
9 ~~ingredient or component. This section shall not apply to hemp~~  
10 ~~that is generally recognized as safe (GRAS) by FDA for use in~~  
11 ~~foods, as intended, in a public GRAS notification.~~

12 ~~-(f)]~~ (e) No person shall sell, hold, offer, or distribute  
13 for sale any hemp product into which a synthetic cannabinoid has  
14 been added.

15 ~~[(g) No person shall sell, hold, offer, or distribute for~~  
16 ~~sale any cannabinoid products used to aerosolize for respiratory~~  
17 ~~routes of delivery, such as an inhaler, nebulizer or other~~  
18 ~~device designed for such purpose.~~

19 ~~-(h) No person shall sell, hold, offer, or distribute for~~  
20 ~~sale, any hemp leaf or hemp floral material that is intended to~~



1 ~~be smoked or inhaled, including but not limited to hemp cigars~~  
2 ~~or hemp cigarettes.~~

3 ~~(i)]~~ (f) Except for hemp products intended for external  
4 topical application to the skin or hair, no person shall sell,  
5 hold, offer, or distribute for sale any products containing hemp  
6 or hemp derivatives that are intended to be introduced via  
7 non-oral routes of entry to the body, including but not limited  
8 to, use in eyes, ears, and nasal cavities.

9 ~~(j)]~~ (g) No person shall sell, hold, offer or distribute  
10 for sale, hemp products without a label, in a form prescribed by  
11 the department, affixed to the packaging that identifies the  
12 hemp product as having been tested pursuant to department rules.

13 (h) No person shall sell, hold for sale, offer, or  
14 distribute to persons younger than the age of twenty-one any  
15 cannabinoid product used to aerosolize for respiratory routes of  
16 delivery, including any inhaler, nebulizer, or other device  
17 designed for that purpose. An inhalable product shall not  
18 contain:

19 (1) Any flavoring, other than natural terpenes;

20 (2) Polyethylene glycol (PEG);

21 (3) Vitamin E acetate;



- 1        (4) Medium chain triglycerides (MCT) oil;
- 2        (5) Squalene;
- 3        (6) Squalane; or
- 4        (7) Any other substance that the department finds to be a
- 5                danger to public health.

6        (i) No person shall sell, hold, offer or distribute for  
 7 sale any hemp product having a label that is attractive to  
 8 underaged persons."

9                SECTION 7. Section 328G-5, Hawaii Revised Statutes, is  
 10 amended to read as follows:

11                "[+]§328G-5[+] **Laboratory standards and testing;**

12 **certification.** (a) The department shall establish and enforce  
 13 standards for laboratory-based testing of the hemp products for  
 14 content, contamination, and consistency.

15                (b) The department may certify laboratories and recognize  
 16 certifications from other jurisdictions of laboratories that are  
 17 qualified to test hemp products for quality control prior to  
 18 sale.

19                (c) No less than once every three years, the department  
 20 shall hire or consult a toxicologist or consultant familiar with  
 21 hemp industry standards for the purpose of setting defined



1 action limits or exposure levels for different types of hemp  
2 products."

3 SECTION 8. Act 14, Session Laws of Hawaii 2020, as amended  
4 by Act 137, Session Laws of Hawaii 2022, is amended by amending  
5 section 9 to read as follows:

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

13 SECTION 9. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$                    or so  
15 much thereof as may be necessary for fiscal year 2023-2024 for  
16 the hiring of a toxicologist or consultant familiar with hemp  
17 industry standards for the purposes of 328G-5(c), Hawaii Revised  
18 Statutes, as amended by section 7 of this Act.

19 The sum appropriated shall be expended by the department of  
20 health for the purposes of this Act.



1 SECTION 10. This Act does not affect rights and duties  
2 that matured, penalties that were incurred, and proceedings that  
3 were begun before its effective date.

4 SECTION 11. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 12. This Act shall take effect on June 30, 3000,  
7 and shall be repealed on July 1, 2027.

8



**Report Title:**

Hemp Producers; Cannabis; Licensing; Labeling

**Description:**

Repeals redundant regulations on hemp production, which will reduce costs for the State and Hawaii farmers. Amends the hemp law in a manner that recognizes the unique constraints of Hawaii farmers, while protecting human health. Allows licensed hemp producers to sell hemp biomass. Requires and appropriates moneys for the department of health to hire or consult a toxicologist or consultant familiar with hemp industry standards for the purpose of setting defined action limits or exposure levels for different types of hemp products. Extends the State's hemp processor law through 7/1/2027. Repeals on 7/1/2027. Effective 6/30/3000. (HD2)

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

