
A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. The legislature finds that the industrial hemp
2 pilot program authorized pursuant to Act 228, Session Laws of
3 Hawaii 2016, codified as part II of chapter 141, Hawaii Revised
4 Statutes, has been progressing and going through the rulemaking
5 process. However, several amendments are necessary to prepare
6 the pilot program for full implementation.

7 Accordingly, the purpose of this Act is to ensure that a
8 county real property tax program will treat industrial hemp and
9 its cultivation as an agricultural product, use, and activity
10 and not assess an area planted with hemp at full market value.
11 This Act also creates a special fund to support the pilot
12 program, into which may be deposited fees collected for the
13 pilot program, moneys appropriated by the legislature, and
14 interest or return on investments from the special fund.

15 SECTION 2. Chapter 141, Hawaii Revised Statutes, is
16 amended by adding a new section to part II to be appropriately
17 designated and to read as follows:



1 "§141- Industrial hemp special fund; established. (a)
2 There is established the industrial hemp special fund into which
3 shall be deposited:
4 (1) Appropriations by the legislature to the special fund;
5 and
6 (2) Fees collected by the department of agriculture in
7 relation to the industrial hemp pilot program
8 established pursuant to this part.
9 All interest earned or accrued on moneys deposited into the
10 fund, and all return on investments earned from moneys deposited
11 into the fund, shall become part of the fund. The fund shall be
12 administered by the department of agriculture.
13 (b) The department of agriculture may expend moneys from
14 the fund to carry out the purposes of this part, including but
15 not limited to the hiring of employees, specialists, and
16 consultants necessary to complete projects related to the
17 purposes of this part.
18 (c) Moneys deposited into or appropriated to the fund
19 shall remain available until the moneys are obligated or until
20 the fund is terminated.



1 (d) If the fund is terminated, all moneys in the fund
2 shall be transferred to the general fund of the State; provided
3 that all unexpended or unencumbered balances shall be disbursed
4 in accordance with the requirements established by the funding
5 source and for purposes consistent with this part."

6 SECTION 3. Section 141-33, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~§~~141-33 ~~[+]~~ **Licensing.** (a) Each applicant for an
9 industrial hemp license shall submit a signed, complete,
10 accurate, and legible application form provided by the board
11 between January 1 and April 1 of the year in which the applicant
12 plans to grow industrial hemp, which shall include the
13 following:

- 14 (1) The applicant's name, mailing address, and phone
15 number in Hawaii and, if applicable, electronic mail
16 address;
- 17 (2) If the applicant is an individual or partnership, the
18 date of birth of the individual or partners;
- 19 (3) If the applicant is any business entity other than an
20 individual, partnership, or institution of higher



- 1 education, documentation that the entity is authorized
2 to do business in Hawaii;
- 3 (4) The cultivated variety that will be sown;
- 4 (5) The source and amount of certified seed to be used;
- 5 (6) The number of acres to be cultivated for seed, viable
6 grain, industrial products, or any combination
7 thereof;
- 8 (7) The global positioning system coordinates in decimal
9 degrees from the central most point of the growing
10 area to be cultivated and a map showing the location
11 of the growing area in terms of its address or legal
12 description;
- 13 (8) A statement that the applicant is the owner of the
14 growing area to be used for the cultivation or a
15 statement, signed by the owner of the growing area,
16 indicating that the owner has consented to that use;
- 17 (9) The address of the place in Hawaii where the applicant
18 will keep the records, books, electronic data, or
19 other documents that are required by this part;
- 20 (10) The name and address of each place where the
21 industrial hemp is to be stored, sold, or provided,



1 indicating for each place the form of the industrial
2 hemp; and

3 (11) The applicant's acknowledgment and agreement to the
4 following terms and conditions:

5 (A) Any information obtained by the board may be
6 publicly disclosed and provided to law
7 enforcement agencies without further notice to
8 the applicant or licensee;

9 (B) The applicant agrees to allow any inspection and
10 sampling that the board deems necessary;

11 (C) The applicant agrees to pay for any sampling and
12 analysis costs that the board deems necessary;

13 (D) The applicant agrees to submit all required
14 reports by the applicable due dates specified by
15 the board; and

16 (E) The applicant and any partner, directors, or
17 members have not been convicted of any felony
18 related to the possession, production, sale, or
19 distribution of a controlled substance in any
20 form in this or any other country.



1 (b) An application may be received beginning on January 1
2 of each year and shall be signed by the applicant or, in the
3 case of a business entity, one of its officers, directors, or
4 partners, as the case may be, and indicate that all information
5 and documents submitted in support of the application are
6 correct and complete to the best of the applicant's knowledge.

7 (c) Any incomplete application for a license, or an
8 application received after April 1 of any year, shall be denied.

9 (d) In addition to the application form, each applicant
10 for a license shall submit a fee set by the chairperson. If the
11 fee does not accompany the application, the application for a
12 license will be deemed incomplete.

13 (e) The annual license fee for production of industrial
14 hemp shall be \$250 plus \$2 per acre. Moneys collected from
15 license fees shall be used to cover the costs of implementing,
16 administering, and enforcing this part.

17 (f) All licenses shall be valid for two years from the
18 date of issuance, after which the licensee shall renew the
19 license and pay the renewal fee, to be established by rules of
20 the board.



1 (g) Any licensee who wishes to alter the growing areas on
2 which the licensee will conduct industrial hemp cultivation
3 shall, before altering the area, submit to the board an updated
4 address, global positioning system location, and map specifying
5 the proposed alteration. If the chairperson receives and
6 approves the updated information, the chairperson shall notify
7 the licensee in writing that the licensee may cultivate
8 industrial hemp on the altered land area.

9 (h) A licensee that wishes to change the seed cultivar
10 grown shall submit to the chairperson the name of the new,
11 approved seed cultivar to be grown. If the chairperson receives
12 and approves the change to the seed cultivar, the chairperson
13 shall notify the licensee that the licensee may cultivate the
14 new, approved seed cultivar.

15 (i) If the chairperson determines that the requirements
16 for a license pursuant to this part are satisfied, the
17 chairperson shall issue a license to the applicant.

18 (j) Industrial hemp cultivated in accordance with the
19 pilot program shall qualify as an agricultural product, use, and
20 activity in each relevant county for the effective period of the
21 license.



1 (k) Any agricultural land used for cultivation of
2 industrial hemp in accordance with the pilot program shall
3 qualify for the minimum dedication period and shall be assessed
4 at the lowest percentage of fair market value or other
5 calculation provided for by ordinance for the effective period
6 of the license.

7 (l) The cultivation of industrial hemp shall be limited to
8 licensed owners, lessees, or occupiers of lands situated within
9 the state agricultural land district."

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

12 SECTION 5. This Act shall take effect on July 31, 2150.



Report Title:

Industrial Hemp; Pilot Program; Industrial Hemp Special Fund;
Established; Property Tax; Assessment

Description:

Establishes the Industrial Hemp Special Fund. Provides that agricultural land utilized to grow industrial hemp shall qualify for the minimum dedication period and be assessed at the lowest percentage of fair market value. Clarifies that the cultivation of industrial hemp shall be limited to licensed owners, lessees, or occupiers of agricultural lands. (HB1474 HD1)

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