

JAN 21 2022

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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 over 50,000 recognized uses  
4 including as a fuel, a food, including the seeds, oil, the juice  
5 from leaves, and herbal tinctures, etc., and fiber used in  
6 supercapcitors, cloth, building materials, bioplastic, etc.  
7 Hemp has significant potential to provide a lucrative crop for  
8 Hawaii farmers and can support food security for the State.  
9 Many Hawaii farms subsidize food production with non-farming  
10 income or jobs. Hemp could provide a farm-based income for  
11 farmers to expand or 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 Hawaii due to



1 prohibitions banning Hawaii farmers from making and selling  
2 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 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 cultivated in  
14 hemp. Many agricultural commodities such as lemon grass and  
15 lavender can be processed on farm and their essential oils are  
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 farm 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", "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  
15 Bill", 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.



Accordingly, the purpose of this Act is to:

- (1) Eliminate double regulation of hemp production, which will reduce costs for the State and Hawaii farmers;
- (2) Establish and revise rules for processing that recognize the unique constraints of Hawaii farmers, while protecting human health;
- (3) Require transparency in labeling of hemp products manufactured and sold in Hawaii to identify the percentage of Hawaii grown hemp or hemp product in all hemp products and, if those products are not from Hawaii, the origin of any hemp or hemp product; and
- (4) Allow licensed hemp producers to sell hemp directly to consumers that reside out of state, as allowed by most other states.

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

"[+]§141-42[+] **Commercial hemp production.** (a) It shall be legal for an individual or entity to produce hemp, as defined in title 7 United States Code section 1639o, if that individual 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 1639g; 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) Hemp shall not be grown within 500 feet of pre-  
11 existing real property comprising a playground,  
12 childcare facility, or school; provided that this  
13 restriction shall not apply to an individual or entity  
14 licensed to grow hemp in those areas under the State  
15 industrial hemp pilot program prior to August 27,  
16 2020;

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



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

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

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

13 ~~(1) The]~~ the hemp to be ~~[transported]~~ sold has passed all  
14 compliance testing required by the United States  
15 Department of Agriculture~~[-and~~

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



1       ~~(c) 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 grows hemp without  
11 a United States Department of Agriculture license ~~[violates this~~  
12 ~~section or any rule adopted pursuant to this section]~~ shall be  
13 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 to produce hemp in  
11 Hawaii by the United States Department of Agriculture may sell  
12 hemp biomass directly to consumers via online platforms.

13 (f) In addition to all other labeling requirements, the  
14 identity statement used for labeling or advertising any hemp  
15 product shall identify the percentage of Hawaii grown or  
16 processed hemp product in all hemp products; provided that any  
17 hemp product not grown or processed in Hawaii shall identify the  
18 origin of the hemp product."

19 SECTION 3. Section 328G-2, Hawaii Revised Statutes, is  
20 amended by amending subsection (b) to read as follows:





1       "(b) No person shall process hemp without being registered  
2 by the department as a hemp processor pursuant to this part and  
3 any rules adopted pursuant [~~to~~] this chapter[-]; provided that  
4 the following hemp producers licensed by the United State  
5 Department of Agriculture are exempt from this subsection:

6       (1) Producers who grow less than six thousand dry pounds  
7       of hemp annually; and

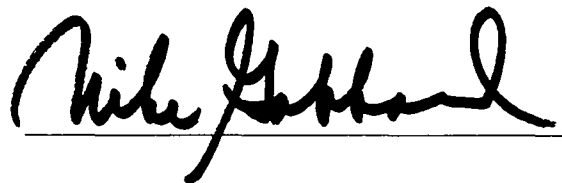
8       (2) Producers who process hemp without solvents such as  
9       water, ice, or freeze drying agents."

10       SECTION 4. This Act does not affect rights and duties that  
11 matured, penalties that were incurred, and proceedings that were  
12 begun before its effective date.

13       SECTION 5. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15       SECTION 6. This Act shall take effect upon its approval.

16  
INTRODUCED BY:



# S.B. NO. 2986

**Report Title:**

Hemp Producers; Licensing; Labeling

**Description:**

Removes certain duplicative regulations imposed on hemp producers in the State. Allows hemp producers to sell biomass directly to consumers. Requires that hemp produced in the State be labeled as Hawaii produced and that hemp produced outside the State be labeled with the appropriate origin.

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

