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

9 "[~~f~~] §141-42 [~~+~~] Commercial hemp production. (a) It shall
10 be legal for an individual or entity to produce hemp, as defined
11 in title 7 United States Code section 1639o, if that individual
12 or entity has a license to produce hemp, issued by the Secretary
13 of the United States Department of Agriculture pursuant to title
14 7 United States Code section 1639q; provided that:

15 [~~(1)~~ Any person convicted of a felony related to a
16 controlled substance under state or federal law is
17 prohibited from producing hemp, or being a key
18 participant in an entity producing hemp, for a period
19 of ten years following the date of conviction,

20 ~~(2)~~ Hemp shall not be grown outside of a state
21 agricultural district,



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

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

16 ~~(5)~~ (3) Hemp shall not be grown in any house, dwelling
17 unit, residential apartment, or other residential
18 structure~~[-]~~, unless that structure is part of a
19 United States Department of Agriculture area.

20 (b) An individual or entity licensed to produce hemp
21 pursuant to ~~[paragraph]~~ subsection (a) may transport hemp within



1 the State to a facility authorized by law to process hemp or to
2 another licensed producer's grow area[~~7~~]; provided that[+

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

6 ~~(2) The] the~~ transportation has been [authorized by]
7 reported to the department[~~7~~ of agriculture. The
8 department of agriculture may require movement reports
9 [~~, inspections, sampling, and testing of~~] that include
10 copies of the United States Department of Agriculture
11 test results for the hemp to be transported and may
12 deny authorization if the hemp is found to not comply
13 with any law or regulation.

14 ~~[(c) An individual or entity licensed to produce hemp~~
15 ~~pursuant to paragraph (a) may export hemp; provided that:~~

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

19 ~~(2) The licensed producer complies with all laws relating~~
20 ~~to the exportation of hemp, including state and~~



~~federal laws and the laws of the state or country of~~
~~import.~~

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

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

- (1) Notice was given;
- (2) A hearing was held or the time granted for requesting
a hearing has expired without such a request;
- (3) The administrative penalty was imposed on the
individual or entity producing hemp; and



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

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

6 (f) In addition to all other labeling requirements, the
7 identity statement used for labeling or advertising hemp
8 products shall identify the percentage of Hawaii grown hemp in
9 hemp products; provided that any hemp product containing hemp
10 not grown or processed in Hawaii shall identify the origin and
11 percentage of the hemp from outside Hawaii in the hemp product;
12 provided further that if the hemp product contains hemp from
13 multiple origins, the hemp product shall identify the percentage
14 of hemp origin as "United States" or "Foreign" if the hemp
15 product includes hemp from a source outside of the United
16 States.

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 the
10 stalks of hemp plants."

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

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



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

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

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

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

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

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

(4) Has a delta-9-tetrahydrocannabinol concentration of no more than 0.3 per cent, as measured by post-decarboxylation, or by another similarly reliable methods;

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

(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;~~



~~(4) Is intended to be consumed orally to supplement the human or animal diet; and~~

~~(5) Is in the form of a tablet, capsule, powder, softgel, geleap, or liquid form (e.g. hemp oil) to be used by the consumer to infuse edible items at home for personal use or for topical application to the skin or hair.~~

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

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

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

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

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

(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) The applicant's name, mailing address, and phone number in Hawaii;

(2) The legal description of the land on which the hemp is to be processed or stored;

(3) A description of the enclosed indoor facility where hemp processing will occur;

(4) Documentation that the indoor facility and planned hemp processing operation complies with all zoning ordinances, building codes, and fire codes; and

~~[(5) Documentation showing that the applicant has obtained a license to produce hemp, issued by the Secretary of the United States Department of Agriculture pursuant to title 7 United States Code section 1639g; and~~

~~[(6)]~~ (5) Any other information required by the department.

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

~~[(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."



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

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

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

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



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

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

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

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

~~[(h) No person shall sell, hold, offer, or distribute for 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 and clearly identifies the percentage of Hawaii-grown hemp in
14 hemp products in a font size large enough for consumers to
15 easily read on the label on the physical product; provided that
16 any hemp product not grown in Hawaii shall identify the origin
17 and percentage of the hemp from outside Hawaii in the hemp
18 product; provided further that if the hemp product contains hemp
19 from multiple origins, the hemp product shall identify the
20 percentage of hemp origin as "United States" or "Foreign" if the



1 hemp product includes hemp from a source outside of the United
2 States.

3 (h) No person shall sell, hold for sale, offer, or
4 distribute to persons younger than the age of twenty-one any
5 cannabinoid product used to aerosolize for respiratory routes of
6 delivery, including any inhaler, nebulizer, or other device
7 designed for that purpose. An inhalable product shall not
8 contain:

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

10 (2) Polyethylene glycol (PEG);

11 (3) Vitamin E acetate;

12 (4) Medium chain triglycerides (MCT) oil;

13 (5) Squalane; or

14 (6) Any other substance that the department finds to be a
15 danger to public health.

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

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



1 "[+]§328G-5[+] Laboratory standards and testing;

2 certification. (a) The department shall establish and enforce
3 standards for laboratory-based testing of the hemp products for
4 content, contamination, and consistency.

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

9 (c) No less than once every three years, the department
10 shall hire or consult a toxicologist or consultant familiar with
11 hemp industry standards for the purpose of setting defined
12 action limits or exposure levels for different types of hemp
13 products."

14 SECTION 8. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2023-2024 for
17 the hiring of a toxicologist or consultant familiar with hemp
18 industry standards for the purposes of 328G-5(c), Hawaii Revised
19 Statutes, as amended by section 7 of this Act.

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



PART III

SECTION 9. (a) The department of agriculture and department of health shall jointly convene a Hawaii hemp task force to gather data and information to understand industry needs and inform strategies and actions that support agriculture and a robust hemp industry in the State.

(b) The task force shall:

(1) Work with a third-party consultant to identify the infrastructure needs of Hawaii hemp farmers and the hemp industry, considering the unique needs and geographic spread of Hawaii's licensed hemp farmers and the various hemp sector needs; and

(2) Develop an outline of farmer and industry needs and the strategies and actions that can help inform public policy concerning the development of a hemp industry in the State that also supports rural agricultural development in the State.

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



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

6 (e) The department of agriculture shall hire a third-party
7 consultant to identify the infrastructure needs of Hawaii hemp
8 farmers and the hemp industry, considering the unique needs and
9 geographic spread of Hawaii's licensed hemp farmers and the
10 various hemp sector needs. The consultant shall submit a report
11 to the task force on or before July 1, 2024. The report shall
12 include a concise outline of recommended infrastructure by
13 island and schematics showing the various processing steps and
14 infrastructure needed from harvest to product for various
15 sectors with approximate costs per infrastructure component,
16 sizing and capacity options, including mobile versus fixed and
17 volume/mass per day, and approximate square footage required per
18 component.

19 (f) The task force shall report its findings and
20 recommendations, including any proposed legislation, to the



1 legislature no later than twenty days prior to the convening of
2 the regular session of 2025.

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

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

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

10 SECTION 10. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$50,000 or so much
12 thereof as may be necessary for fiscal year 2023-2024 for the
13 hiring of a third-party consultant to identify the
14 infrastructure needs of Hawaii hemp farmers and the hemp
15 industry on each island.

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

18 PART IV

19 SECTION 11. Act 14, Session Laws of Hawaii 2020, as
20 amended by Act 137, Session Laws of Hawaii 2022, is amended by
21 amending section 9 to read as follows:



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

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

11 SECTION 13. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 14. This Act shall take effect on June 30, 3000,
14 and shall be repealed on July 1, 2027.



Report Title:

Hemp Producers; Cannabis; Licensing; Labeling; Appropriation

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 transparency in labeling of hemp products to identify the percentage of Hawaii-grown hemp or hemp product in all hemp products. Establishes the Hawaii Hemp Task Force. Requires and appropriates funds for the Department of Agriculture to hire hemp consultant to recommend infrastructure improvements on each island. 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. (SD1)

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

