

STAND. COM. REP. NO. 2481

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 2178
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Agriculture and Environment, Education,
and Hawaiian Affairs, to which was referred S.B. No. 2178
entitled:

"A BILL FOR AN ACT RELATING TO INDUSTRIAL HEMP,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an Industrial Hemp Program in the Department of Agriculture and Biosecurity that includes comprehensive licensing, education, and support for non-cannabinoid industrial hemp cultivation and use;
- (2) Establish the Industrial Hemp Program Advisory Board to develop a strategic plan to establish and expand the processing infrastructure and commercialization of industrial hemp;
- (3) Require the University of Hawaii College of Tropical Agriculture and Human Resilience to support research and development focused on local adaptation, sustainability, and economic development goals;
- (4) Require the Department of Agriculture and Biosecurity to promote partnerships with Native Hawaiian practitioners, cooperatives, and aina-based programs;



- (5) Adopt state building codes for hemp-based materials, including hempcrete; and
- (6) Appropriate funds.

Your Committees received testimony in support of this measure from the Hawai'i Farm Bureau; Ho'omana Pono, LLC; American Institute of Architects, Hawaii; and thirteen individuals.

Your Committees received testimony in opposition to this measure from Ohana Hui Ventures.

Your Committees received comments on this measure from the Department of Agriculture and Biosecurity, Department of the Attorney General, and University of Hawaii College of Tropical Agriculture and Human Resilience.

Your Committees find that hemp is among the fastest growing plants on earth and can be refined into a variety of useful items such as paper, rope, textiles, clothing, biodegradable plastics, paint, building insulation, biofuel, and animal feed. As such, hemp cultivated for industrial purposes serves a fundamentally different role than hemp that is cultivated for cannabinoid extraction. Your Committees further find that industrial hemp has the potential to bring significant revenues to the State. However, in order to establish an effective industrial or commercial hemp production industry in the State, there needs to be a distinct regulatory framework for operation. By establishing a clear and separate regulatory framework for industrial hemp, this measure will promote a safe, regulated, and lawful hemp industry within the State.

Your Committees note the concerns raised in testimony that legalized commercial hemp production places hemp growers under the licensing authority of the United States Department of Agriculture's Domestic Hemp Production Program. To avoid duplicating efforts that largely mirror those currently administered at the federal level, amendments to this measure are necessary to avoid administrative burdens and adverse impacts to the economic viability of Hawaii's industrial hemp industry.

Accordingly, your Committees have amended this measure by:



- (1) Inserting language to define the term "licensee" to mean a cultivar that has obtained a license to grow non-cannabinoid industrial hemp from the United States Department of Agriculture;
- (2) Deleting language that would have required the Department of Agriculture and Biosecurity to establish a licensing structure for applicants who intend to grow non-cannabinoid industrial hemp that would have:
 - (A) Established requirements for qualified individuals and entity applicants;
 - (B) Required the applicant to pay a licensing fee to the Department of Agriculture and Biosecurity;
 - (C) Required the Chairperson of the Board of Agriculture and Biosecurity to issue licenses to an applicant if an individual satisfies all license application requirements;
 - (D) Set the requirements for the validity of a license to two years before renewal and a renewal fee; and
 - (E) Authorized the Board of Agriculture and Biosecurity to transfer licenses;
- (3) Inserting language to require persons who intend to grow non-cannabinoid industrial hemp in the State for fiber, grain, or building materials to apply to the United States Department of Agriculture for a license to cultivate non-cannabinoid industrial hemp;
- (4) Deleting language that would have authorized the Department of Agriculture and Biosecurity to deny or revoke a license due to violations by licensees participating in the Industrial Hemp Program;
- (5) Deleting language that would have authorized the Department of Agriculture and Biosecurity to adopt rules for:



- (A) The revocation of licenses;
 - (B) Licensure requirements;
 - (C) Standards for equity and inclusion in the licensure process; and
 - (D) Collection of fees for applications, licenses, and license renewals;
- (6) Specifying that the Industrial Hemp Program Advisory Board shall be placed within the Department of Agriculture and Biosecurity for administrative purposes;
 - (7) Clarifying that rules adopted by the Department of Agriculture and Biosecurity may exempt agricultural cooperatives or organizations that utilize traditional and customary practices protected by the Hawaii State Constitution from the Industrial Hemp Program;
 - (8) Inserting blank appropriation amounts throughout this measure;
 - (9) Amending section 1 to reflect its amended purpose;
 - (10) Inserting an effective date of July 1, 2050, to encourage further discussion; and
 - (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees further note that this measure, as amended, contains unspecified appropriation amounts. Should your Committees on Ways and Means and Judiciary choose to deliberate on this measure, your Committees respectfully request that they consider inserting the following appropriation amounts:

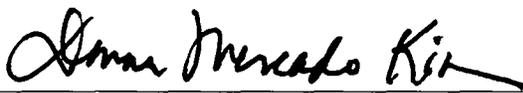
- (1) \$800,000 to be deposited into and out of the Industrial Hemp Special Fund for purposes of the Department of Agriculture and Biosecurity's implementation of the Industrial Hemp Program;



- (2) \$400,000 for the University of Hawaii College of Tropical Agriculture and Human Resilience to conduct research focused exclusively on non-cannabinoid industrial hemp applications; and
- (3) \$800,000 for farmer incentives.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment, Education, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2178, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2178, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment, Education, and Hawaiian Affairs,



DONNA MERCADO KIM, Chair



MIKE GABBARD, Chair



HERBERT M. RICHARDS, III, Chair



