

ACT 137

S.B. NO. 2986

A Bill for an Act Relating to Hemp.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that hemp is a high-value crop that has the potential to bring significant and diverse revenues to Hawaii. Hemp has over fifty thousand recognized uses including as a fuel; a food, including the seeds, oil, juice from leaves, and herbal tinctures; and fiber used in supercapacitors, cloth, building materials, and bioplastic. Hemp has significant potential to be a lucrative crop for Hawaii farmers and support food security for the State. Many Hawaii farms subsidize food production with non-farming income or jobs. Hemp could provide farm-based income for farmers to expand or stabilize their food production.

The legislature further finds, however, that Hawaii's hemp industry remains in a nascent stage largely due to overregulation, which has stifled the State's hemp industry. The Hawaii hemp cannabinoid and cannabidiol market is approximated to be \$32,000,000 to \$54,000,000 annually, but most of that money goes to hemp producers outside the State due to prohibitions banning Hawaii farmers from making and selling these products in the State. Moreover, overregulation of production and processing has driven many hemp farmers out of business in the State, which makes Hawaii farmers non-competitive in the hemp market.

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

also be reformed. The legislature remains committed to reform hemp laws but recognizes that the interested parties and agencies need to continue their efforts to arrive at an appropriate balance in the governing regulations. Therefore, the legislature finds that the sunset date must be extended while those remaining issues are thoroughly resolved.

Accordingly, the purpose of this Act is to extend the sunset date of Act 14, Session Laws of Hawaii 2020, which establishes the state hemp processors and commercial hemp production laws.

SECTION 2. Act 14, Session Laws of Hawaii 2020, is amended by amending section 9 to read as follows:

“SECTION 9. This Act shall take effect upon its approval, and shall be repealed on ~~[June 30, 2022;]~~ July 1, 2025; provided that the definition of “marijuana” in section 329-1, Hawaii Revised Statutes, and the definitions of “marijuana” and “marijuana ~~[Concentrate]~~ concentrate” in section 712-1240, Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day prior to the effective date of this Act.”

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 27, 2022.)