
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 Act 228, Session
2 Laws of Hawaii 2016, established an industrial hemp pilot
3 program to allow the cultivation of industrial hemp and
4 distribution of its seed in Hawaii through limited activities by
5 licensee-agents of the board of agriculture for purposes of
6 agricultural or academic research. The industrial hemp pilot
7 program has since been in the development of rules, but in order
8 to prepare the pilot program for implementation, further
9 amendments to state law need to be made to address the program's
10 commencement.

11 The purpose of this Act is to:

- 12 (1) Establish an industrial hemp special fund to carry out
13 the purposes of the industrial hemp pilot program by
14 the department of agriculture;
- 15 (2) Require each county to recognize the cultivation of
16 industrial hemp for the purposes of the pilot program
17 as an agricultural product, use, and activity;



- 1 (3) Specify that any agricultural land used for
- 2 cultivation of industrial hemp for the purposes of the
- 3 pilot program shall qualify for the minimum dedication
- 4 period and be assessed at the lowest percentage of
- 5 fair market value; and
- 6 (4) Limit the cultivation of industrial hemp to licensed
- 7 owners, lessees, or occupiers of lands within the
- 8 state agricultural land district.

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

12 "§141- Industrial hemp special fund; established. (a)
13 There is established an industrial hemp special fund within the
14 treasury of the State into which shall be deposited:

- 15 (1) Any moneys appropriated by the legislature to the
- 16 special fund;
- 17 (2) Any fees collected by the department of agriculture
- 18 for the purposes of the industrial hemp pilot program;
- 19 and
- 20 (3) The interest or return on investments earned from
- 21 moneys in the special fund.



1 The special fund shall be administered by the department of
2 agriculture.

3 (b) The department may expend moneys from the special fund
4 to carry out the purposes of this part, including hiring
5 employees, specialists, and consultants necessary to complete
6 projects related to the purposes of this part.

7 (c) Moneys deposited into the special fund shall remain
8 available until the moneys are obligated or until the special
9 fund is terminated.

10 (d) If the special fund is terminated, all remaining funds
11 shall be transferred to the general fund; provided that all
12 unexpended or unencumbered balances shall be disbursed in
13 accordance with any requirements set by funding sources and for
14 purposes consistent with this part."

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

17 "[+]§141-33[+] **Licensing.** (a) Each applicant for an
18 industrial hemp license shall submit a signed, complete,
19 accurate, and legible application form provided by the board
20 between January 1 and April 1 of the year in which the applicant



1 plans to grow industrial hemp, which shall include the
2 following:

- 3 (1) The applicant's name, mailing address, and phone
4 number in Hawaii and, if applicable, electronic mail
5 address;
- 6 (2) If the applicant is an individual or partnership, the
7 date of birth of the individual or partners;
- 8 (3) If the applicant is any business entity other than an
9 individual, partnership, or institution of higher
10 education, documentation that the entity is authorized
11 to do business in Hawaii;
- 12 (4) The cultivated variety that will be sown;
- 13 (5) The source and amount of certified seed to be used;
- 14 (6) The number of acres to be cultivated for seed, viable
15 grain, industrial products, or any combination
16 thereof;
- 17 (7) The global positioning system coordinates in decimal
18 degrees from the central most point of the growing
19 area to be cultivated and a map showing the location
20 of the growing area in terms of its address or legal
21 description;



- 1 (8) A statement that the applicant is the owner of the
2 growing area to be used for the cultivation or a
3 statement, signed by the owner of the growing area,
4 indicating that the owner has consented to that use;
- 5 (9) The address of the place in Hawaii where the applicant
6 will keep the records, books, electronic data, or
7 other documents that are required by this part;
- 8 (10) The name and address of each place where the
9 industrial hemp is to be stored, sold, or provided,
10 indicating for each place the form of the industrial
11 hemp; and
- 12 (11) The applicant's acknowledgment and agreement to the
13 following terms and conditions:
- 14 (A) Any information obtained by the board may be
15 publicly disclosed and provided to law
16 enforcement agencies without further notice to
17 the applicant or licensee;
- 18 (B) The applicant agrees to allow any inspection and
19 sampling that the board deems necessary;
- 20 (C) The applicant agrees to pay for any sampling and
21 analysis costs that the board deems necessary;



1 (D) The applicant agrees to submit all required
2 reports by the applicable due dates specified by
3 the board; and

4 (E) The applicant and any partner, directors, or
5 members have not been convicted of any felony
6 related to the possession, production, sale, or
7 distribution of a controlled substance in any
8 form in this or any other country.

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

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

17 (d) In addition to the application form, each applicant
18 for a license shall submit a fee set by the chairperson. If the
19 fee does not accompany the application, the application for a
20 license will be deemed incomplete.



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

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

9 (g) Any licensee who wishes to alter the growing areas on
10 which the licensee will conduct industrial hemp cultivation
11 shall, before altering the area, submit to the board an updated
12 address, global positioning system location, and map specifying
13 the proposed alteration. If the chairperson receives and
14 approves the updated information, the chairperson shall notify
15 the licensee in writing that the licensee may cultivate
16 industrial hemp on the altered land area.

17 (h) A licensee that wishes to change the seed cultivar
18 grown shall submit to the chairperson the name of the new,
19 approved seed cultivar to be grown. If the chairperson receives
20 and approves the change to the seed cultivar, the chairperson



1 shall notify the licensee that the licensee may cultivate the
2 new, approved seed cultivar.

3 (i) If the chairperson determines that the requirements
4 for a license pursuant to this part are satisfied, the
5 chairperson shall issue a license to the applicant.

6 (j) The cultivation of industrial hemp in accordance with
7 this part shall qualify as an agricultural product, use, and
8 activity by each relevant county for the effective period of the
9 license.

10 (k) Any agricultural land used for the cultivation of
11 industrial hemp in accordance with this part shall:

12 (1) Qualify for the minimum dedication period; and
13 (2) Be assessed at the lowest percentage of fair market
14 value or other calculation provided for by ordinance,
15 for the effective period of the license.

16 (1) The cultivation of industrial hemp in accordance with
17 this part shall be limited to licensed owners, lessees, or
18 occupiers of lands situated within the state agricultural land
19 district."

20 SECTION 4. New statutory material is underscored.

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1 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

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[Signature]



S.B. NO. 773

Report Title:

Industrial Hemp Special Fund; Department of Agriculture;
Counties; Cultivation

Description:

Establishes an industrial hemp special fund to carry out the purposes of the industrial hemp pilot program by the department of agriculture. Requires each county to recognize the cultivation of industrial hemp for the purposes of the pilot program as an agricultural product, use, and activity. Specifies that any agricultural land used for cultivation of industrial hemp for the purposes of the pilot program shall qualify for the minimum dedication period and be assessed at the lowest percentage of fair market value. Limits the cultivation of industrial hemp to licensed owners, lessees, or occupiers of lands within the state agricultural land district.

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