

---

---

# 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 developing rules, but in order to prepare  
8 the pilot program for implementation, further amendments to  
9 state law need to be made to address the program's commencement.

10           The purpose of this Act is to:

- 11           (1) Establish an industrial hemp special fund to carry out  
12           the purposes of the industrial hemp pilot program by  
13           the department of agriculture;
- 14           (2) Require each county to recognize the cultivation of  
15           industrial hemp or industrial hemp cultivated for the  
16           purposes of the pilot program as an agricultural  
17           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 use 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 or industrial hemp  
7 cultivated in accordance with this part shall qualify as an  
8 agricultural product, use, and activity by each relevant county  
9 for the effective period of the 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 (l) 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. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$258,298 or so much





1 thereof as may be necessary for fiscal year 2017-2018 and the  
2 sum of \$324,796 or so much thereof as may be necessary for  
3 fiscal year 2018-2019 to fund one full-time equivalent (1.0 FTE)  
4 program coordinator position and one full-time equivalent (1.0  
5 FTE) inspector position within the department of agriculture,  
6 and program operations for the industrial hemp program.

7 The sums appropriated shall be expended by the department  
8 of agriculture for the purposes of this Act.

9 SECTION 5. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect upon its approval;  
12 provided that section 4 shall take effect on July 1, 2017.

13



**Report Title:**

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

**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 and industrial hemp cultivated 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. Makes an appropriation. (SD1)

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

