

JAN 25 2017

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 the department of
2 agriculture hemp pilot program has been progressing and going
3 through the rule making development stages. In order to prepare
4 the hemp pilot program for implementation, a few amendments must
5 be made to address the program's commencement.

6 The purpose of this Act is to clarify wording to ensure
7 that the county real property program will treat the cultivation
8 of industrial hemp as an agricultural product, use, and activity
9 and not assess the planted area at full market and to create a
10 special fund to allow for fees to be deposited into.

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

14 "§ 141- Industrial hemp special fund; established. (a)
15 There is created in the state treasury a special fund to be
16 designated as the industrial hemp special fund to be
17 administered by the department of agriculture. Moneys deposited

1 in this special fund shall be used to fulfill the purposes of
2 this part and shall include:

3 (1) Any moneys appropriated by the legislature to the
4 special fund;

5 (2) Any fees collected by the department of
6 agriculture in relation to the industrial hemp
7 pilot program;

8 (3) The interest or return on investments earned from
9 moneys in the special fund.

10 (b) The department of agriculture may use the moneys in
11 the special fund to carry out the purposes of this part,
12 including hiring employees, specialists, and consultants
13 necessary to complete projects related to the purposes of this
14 chapter.

15 (c) Moneys deposited into or appropriated to the special
16 fund shall remain available until they are obligated or until
17 the special fund is terminated.

18 (d) If the special fund is terminated, all funds shall be
19 transferred to the general fund; provided that all unexpended or
20 unencumbered balances shall be disbursed in accordance with any
21 requirements set by funding sources and for purposes consistent
22 with this chapter."

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

3 **"§141-33 Licensing.** (a) Each applicant for an industrial
4 hemp license shall submit a signed, complete, accurate, and
5 legible application form provided by the board between January 1
6 and April 1 of the year in which the applicant plans to grow
7 industrial hemp, which shall include the following:

- 8 (1) The applicant's name, mailing address, and phone
9 number in Hawaii and, if applicable, electronic mail
10 address;
- 11 (2) If the applicant is an individual or partnership,
12 the date of birth of the individual or partners;
- 13 (3) If the applicant is any business entity other than
14 an individual, partnership, or institution of higher
15 education, documentation that the entity is
16 authorized to do business in Hawaii;
- 17 (4) The cultivated variety that will be sown;
- 18 (5) The source and amount of certified seed to be used;
- 19 (6) The number of acres to be cultivated for seed,
20 viable grain, industrial products, or any
21 combination thereof;

- 1 (7) The global positioning system coordinates in decimal
2 degrees from the central most point of the growing
3 area to be cultivated and a map showing the location
4 of the growing area in terms of its address or legal
5 description;
- 6 (8) A statement that the applicant is the owner of the
7 growing area to be used for the cultivation or a
8 statement, signed by the owner of the growing area,
9 indicating that the owner has consented to that use;
- 10 (9) The address of the place in Hawaii where the
11 applicant will keep the records, books, electronic
12 data, or other documents that are required by the
13 part;
- 14 (10) The name and address of each place where the
15 industrial hemp is to be stored, sold, or provided,
16 indicating for each place the form of the industrial
17 hemp; and
- 18 (11) The applicant's acknowledgment and agreement to the
19 following terms and conditions:
- 20 (A) Any information obtained by the board may be
21 publicly disclosed and provided to law

1 enforcement agencies without further notice to
2 the applicant or licensee;

3 (B) The applicant agrees to allow any inspection and
4 sampling that the board deems necessary;

5 (C) The applicant agrees to pay for any sampling and
6 analysis costs that the board deems necessary;

7 (D) The applicant agrees to submit all required
8 reports by the applicable due dates specified by
9 the board; and

10 (E) The applicant and any partner, directors, or
11 members have not been convicted of any felony
12 related to the possession, production, sale, or
13 distribution of a controlled substance in any
14 form in this or any other country.

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

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

1 (d) In addition to the application form, each applicant
2 for a license shall submit a fee set by the chairperson. If the
3 fee does not accompany the application, the application for a
4 license will be deemed incomplete.

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

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

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

21 (h) A license that wishes to change the seed cultivar
22 grown shall submit to the chairperson the name of the new,

1 approved seed cultivar to be grown. If the chairperson receives
2 and approves the change to the seed cultivar, the chairperson
3 shall notify the licensee that the licensee may cultivate the
4 new, approved seed cultivar.

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

8 (j) Industrial hemp cultivated in accordance with the
9 Hawaii industrial hemp pilot program shall qualify as an
10 agricultural product, use, and activity by each relevant county
11 for the effective period of the license.

12 (k) Any agricultural land used for cultivation of
13 industrial hemp in accordance with the Hawaii industrial hemp
14 pilot program shall qualify for the minimum dedication period
15 and the agricultural land shall be assessed at the lowest
16 percentage of fair market value or other calculation provided
17 for by ordinance for the effective period of the license.

18 (l) The cultivation of industrial hemp shall be limited to
19 licensed owners, lessees, or occupiers of lands situated within
20 the state agricultural land district."

21 SECTION 4. New statutory material is underscored.

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

S.B. NO. 884

1
2
3
4

INTRODUCED BY: *Mu n-M.*
BY REQUEST

Report Title:

Industrial hemp program; county property tax; hemp special fund

Description:

Establish a special fund within the department of agriculture to deposit fees and expend funds necessary for the industrial hemp pilot program. Specify that the cultivation of industrial hemp shall be limited to licensed owners, lessees, or occupiers of lands situated within the State agricultural district. Clarify that each respective county must recognize industrial hemp cultivation as an agricultural product, use, and activity allowing lower land assessment.

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

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT RELATING AGRICULTURE.

PURPOSE: To create a special fund for the Hawaii Industrial Hemp Pilot Program. Recognize cultivation of hemp through the industrial hemp pilot program as an agricultural product, use, and activity by relevant county real property tax programs. Clarify that cultivation of industrial hemp shall be limited to licensed owners, lessees, or occupiers of lands situated within the State agricultural land district.

MEANS: Add a new section to chapter 141, Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii Department of Agriculture has the mandate to carry out an industrial hemp pilot program. Previous legislation did not allow a mechanism for the department to deposit fees within a special fund. The amendment requested will allow the department to create a special fund to carry out the mandate from a year ago.

Additional amendments ask for industrial hemp cultivation to qualify as an agricultural product, use, and activity by the relevant county for the effective period of the license with the department. This will allow such licensees to qualify for the minimum dedication period and the agricultural land shall be assessed at the lowest percentage of fair market value or other calculation provided for by ordinance for the effective period of the license.

Impact on the public:

SB. NO. 884

Those licensed with the department will be allowed benefits through the country real property tax programs.

Impact on the department and other agencies:

County real property tax programs shall recognize industrial hemp cultivation as an agricultural product, use, and activity for the duration of the lease.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION:

OTHER AFFECTED
AGENCIES: County of Kauai, City and County of Honolulu, County of Maui, and the County of Hawaii.

EFFECTIVE DATE: Upon approval.