

STAND. COM. REP. NO.

1341

Honolulu, Hawaii

March 24, 2017

RE: S.B. No. 773
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Agriculture and Economic Development & Business, to which was referred S.B. No. 773, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURE,"

beg leave to report as follows:

The purpose of this measure, as received by your Committees, is to:

- (1) Establish an Industrial Hemp Special Fund to carry out the purposes of the Industrial Hemp Pilot Program (Pilot Program) by the Department of Agriculture;
- (2) Require each county to recognize the cultivation of industrial hemp or industrial hemp cultivated for the purposes of the Pilot Program as an agricultural product, use, and activity;
- (3) Specify that any agricultural land used for the 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;



- (4) Limit the cultivation of industrial hemp to licensed owners, lessees, or occupiers of lands situated within the state agricultural land district; and
- (5) Appropriate funds for a program coordinator position and an inspector position within the Department of Agriculture, and program operations for the Industrial Hemp Program.

For purposes of a public hearing on this measure, your Committees circulated a Proposed S.B. 773, H.D. 1 (Proposed Draft), and notified the public that it would be accepting testimony on the Proposed Draft. The Proposed Draft amended this measure by:

- (1) Requiring an applicant for an industrial hemp license to include a statement that the applicant is the owner, lessee, or occupier of the growing area to be used for the cultivation of industrial hemp;
- (2) Allowing applicants for an industrial hemp license to apply at any time during the year in which the applicant plans to grow industrial hemp;
- (3) Requiring Pilot Program licensees to submit additional reports as required by the Board of Agriculture;
- (4) Repealing the requirement for a movement permit to transport industrial hemp grain or plant material;
- (5) Repealing certain physical facility requirements for Pilot Program licensees; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

The Department of Agriculture and two individuals supported the Proposed Measure. An individual opposed the Proposed Measure. The Department of Budget and Finance provided comments on the Proposed Measure.

Your Committees have amended this measure by adopting all of the changes proposed in the Proposed Draft.



As affirmed by the records of votes of the members of your Committees on Agriculture and Economic Development & Business that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 773, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 773, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Economic Development &
Business,



MARK M. NAKASHIMA, Chair



RICHARD P. CREAGAN, Chair



