

STAND. COM. REP. NO.

1359

Honolulu, Hawaii

, 2019

MAR 15

RE: S.B. No. 1353

S.D. 3

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred S.B. No. 1353, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO INDUSTRIAL HEMP,"

begs leave to report as follows:

The purpose of this measure is to support the cultivation of industrial hemp in Hawaii by, among other things:

- (1) Requiring the Department of Agriculture (DOA) to establish a permanent Industrial Hemp Program (Program) to authorize licensed persons to cultivate industrial hemp in Hawaii;
- (2) Making an applicant ineligible for a license if the applicant or any partner, director, or member of the applicant has been convicted of a specified felony within ten years prior to the submission of the license application;
- (3) Authorizing the Chairperson of the Board of Agriculture (Chairperson) to limit the number of licenses annually issued and set the maximum acreage under the Program and the Industrial Hemp Pilot Program (Pilot Program);

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- (4) Recognizing the validity of licenses issued under the Pilot Program, which is scheduled to repeal on June 30, 2021;
- (5) Authorizing inspection and sampling fees and requiring licensees to reimburse the costs related to laboratory testing;
- (6) Establishing requirements and conditions for and acts or omissions that constitute violations under the Program;
- (7) Establishing the permanent Industrial Hemp Special Fund for the deposit of appropriations and fees from the Program and the Pilot Program, for the purposes of the Program, including the hiring of necessary personnel, and repealing the Pilot Program's Industrial Hemp Special Fund;
- (8) Providing that the possession, cultivation, sale, receipt, or transfer of industrial hemp under the Program does not constitute an offense under the State's penal code relating to drugs and intoxicating compounds;
- (9) Allowing and exempting from the scope of the Pilot Program's prohibitions, the transportation in a DOA-approved manner of the resin, flowering tops, and leaves of a licensee's crop to another site for processing;
- (10) Authorizing DOA, without regard to the State's rulemaking requirements, to repeal rules applicable to the Pilot Program and issue interim rules to effectuate the Program, subject to specified conditions;
- (11) Authorizing the Chairperson to cease operations and issuance or renewal of licenses and terminate the Program to effectuate federal law;
- (12) Authorizing the Chairperson to prepare and submit, to the United States Secretary of Agriculture (Secretary of Agriculture), a proposed state plan to monitor and regulate hemp production in Hawaii, pursuant to the Agricultural Marketing Act of 1946, as amended (State Plan); and



- (13) Appropriating funds from the Industrial Hemp Special Fund for Program personnel and administrative costs.

The Hawaii Farm Bureau, Birds With Arms Farms, Aina Ho'okupu o Kilauea, Koae Farms Services LLC, Hawai'i SEED, and several concerned individuals supported this measure. DOA, Hawai'i Center for Food Safety, The Drug Policy Forum of Hawai'i, Momilani Farm, and numerous concerned individuals submitted comments on this measure.

Your Committee has amended this measure by deleting its existing provisions and using H.B. 131, H.D. 2, previously heard and passed out of your Committee on Judiciary earlier this session, as the basis for further amendments to this measure. As amended, this measure:

- (1) Conforms the State's marijuana law to the federal law that recently legalized hemp by removing hemp from the definition of "marihuana" contained in the federal Controlled Substances Act;
- (2) Authorizes DOA to monitor and regulate hemp production, including commercial production and research, pursuant to section 297B of the Agricultural Marketing Act of 1946, as amended;
- (3) Allows licensees under the Pilot Program to utilize hemp genetics, from any state, that meets the federal definition of hemp;
- (4) Requires the Board of Agriculture to adopt rules concerning industrial hemp production within an unspecified number of days after the Secretary of Agriculture approves the State Plan; provided that rules that are more stringent than required under federal law are void;
- (5) Requires the Chairperson to prepare and submit a proposed State Plan to the Secretary of Agriculture to comply with federal law and also submit copies to the Governor, Speaker of the House of Representatives (Speaker), and the Senate President;



- (6) Requires the Chairperson to submit a periodic report to the Governor, Speaker, and Senate President on the status of the Secretary's pending approval of the State Plan;
- (7) Requires the Chairperson to submit a report to the Legislature prior to the convening of the Regular Session of 2020 on the implementation of the State Plan, including proposed legislation to facilitate the monitoring and regulation of hemp production in Hawaii; and
- (8) Appropriates \$250,000 for each year of fiscal biennium 2019-2021 to DOA for personnel and administrative costs of the industrial hemp program.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1353, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1353, S.D. 3, H.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Agriculture,


RICHARD P. CREAGAN, Chair



