

Honolulu, Hawaii

JUN 22 2020

RE: H.B. No. 2102
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 2102, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require labels on hemp products;
- (2) Prohibit unwarranted health-related statements about hemp products;
- (3) Establish standards for hemp product manufacturers;
- (4) Prohibit the manufacture or sale of any food into which a hemp product has been added;
- (5) Prohibit the sale of hemp products designed to appeal to children;
- (6) Establish that a product shall not be considered adulterated or misbranded solely by the inclusion of hemp with certain exceptions;



- (7) Require the Department of Health to adopt rules related to hemp products;
- (8) Clarify that a licensed medical cannabis dispensary shall not be prohibited from manufacturing, distributing, or selling products that contain hemp, or cannabinoids, extracts, or derivatives from hemp, subject to certain conditions;
- (9) Prohibit the sale of hemp products to persons under twenty-one years of age; and
- (10) Require the Department of Health to report to the Legislature.

Your Committee received testimony in support of this measure from Pac Pacific Ventures, Maui Grown Therapies, Retail Merchants of Hawaii, and one individual. Your Committee received testimony in opposition to this measure from Kokoiki Brands LLC, Hawai'i Hemp Farmers Association, Hawaii Farmers Union United, Irie Hawaii, Vote Hemp, U.S. Hemp Roundtable, and twenty-two individuals. Your Committee received comments on this measure from the Department of Health.

Your Committee finds that since Congress passed the Agricultural Improvement Act of 2018, the sale of cannabidiol products from commercial cultivation of hemp has increased rapidly. Industrial hemp is currently being used nationally in hundreds of different applications, including consumer textiles, personal care, industrial components, and dietary supplements containing cannabidiol.

Your Committee further finds that with the existence of competing federal frameworks, several states, such as Florida, Ohio, and Texas, have already acted to pass laws or regulations that explicitly allow hemp-derived cannabidiol products to be produced and sold to consumers to provide stability and certainty in the marketplace. This measure similarly aims to eliminate the existing confusion among consumers and the industry, as well as provides a timely regulatory framework for hemp products in the State.

Your Committee has amended this measure by:



- (1) Clarifying findings relating to the importance of establishing a timely regulatory framework for hemp products and cannabinoids;
- (2) Establishing a new chapter, rather than a new part under chapter 328, Hawaii Revised Statutes, for provisions related to hemp products;
- (3) Adding and clarifying various definitions related to hemp products;
- (4) Inserting provisions relating to hemp processing, including prohibiting a person from processing hemp or manufacturing hemp into hemp products without being registered by the Department of Health as a hemp processor and other processing requirements;
- (5) Inserting provisions relating to hemp processor registry, including application requirements and fees;
- (6) Inserting provisions relating to the use of hemp as an ingredient in hemp supplements or hemp cosmetics;
- (7) Specifying labeling requirements for hemp products;
- (8) Prohibiting health claims related to hemp products;
- (9) Specifying provisions relating to prohibiting the manufacturing, sales, and distribution of certain products into which hemp or cannabinoid have been added;
- (10) Deleting provisions relating to a product not being considered adulterated or misbranded solely by the inclusion of hemp with certain exceptions;
- (11) Clarifying the Department of Health's rulemaking authority;
- (12) Deleting provisions that specified circumstances in which a licensed entity could manufacture, distribute, sell products that contain hemp under chapter 329D, Hawaii Revised Statutes;



- (13) Inserting language that establishes laboratory standards and testing requirements;
- (14) Inserting provisions relating to enforcement and penalties;
- (15) Establishing the Hawaii Hemp Processing Revolving Fund;
- (16) Deleting language that would have required the Department of Health to submit a report to the Legislature on the implementation of the measure and other recommendations;
- (17) Inserting language that appropriates funds into the Hawaii Hemp Processing Revolving Fund;
- (18) Inserting language that requires the Department of Health to establish a repayment plan and schedule to repay the general fund by July 1, 2027, for funds deposited in the Hawaii Hemp Processing Revolving Fund;
- (19) Inserting savings and severability clauses;
- (20) Deleting the repeal date of June 30, 2023; and
- (21) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that although the appropriation is blank, the Department of Health's testimony requests an appropriation of \$750,000 to be deposited into the Hawaii Hemp Processing Revolving Fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2102, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2102, H.D. 1, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,

Rosalyn H Baker

ROSALYN H. BAKER, Chair



