

Honolulu, Hawaii

MAR 13 , 2020

RE: S.B. No. 2050  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred S.B. No. 2050, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a regulatory framework for selling, distributing, and selling products containing hemp products and cannabidiol that were grown legally through approved government programs;
- (2) Require products containing cannabidiol to be properly labeled for sale in the State;
- (3) Prohibit manufacturers of industrial hemp products from making health-related claims; and
- (4) Clarify that products containing industrial hemp or cannabidiol are not considered adulterated food, beverage, or cosmetic products.



Your Committee received testimony in support of this measure from the Hawaii Farm Bureau, Hawaii Food Industry Association, and Aloha Green Holdings Inc. Your Committee received testimony in opposition to this measure from Patients Without Time and three individuals. Your Committee received comments on this measure from the Hawaii Hemp Farmers Association and U.S. Hemp Roundtable.

Your Committee finds that, while industrial hemp is currently being used nationally in hundreds of different applications, including consumer products such as personal care products and dietary supplements containing hemp products and cannabinoids, the Food and Drug Administration has issued non-legally binding public statements arguing that it is illegal to market cannabidiol as a food additive or dietary supplement because it is an active ingredient in a pharmaceutical drug. Your Committee further finds that given the time it is expected to take for the Food and Drug Administration to definitively regulate hemp-derived products and the existing confusion among consumers and the industry, it is important that a timely regulatory framework be established around hemp products and cannabinoids. Your Committee believes that the regulatory framework established by this measure will provide safeguards for consumers and certainty for Hawaii hemp farmers to continue to viably operate their industrial hemp operations in the State.

Your Committee has amended this measure by:

- (1) Deleting the exclusion of living hemp plants, viable seeds, leaf materials, or floral materials from the definition of "industrial hemp product";
- (2) Prohibiting industrial hemp flowers that have not been significantly physically altered, including by shredding and pulverizing, and not labeled as hemp from being sold in Hawaii;
- (3) Clarifying that any individual, entity, or licensed medical cannabis dispensary shall not be prohibited from manufacturing, distributing, or selling products containing industrial hemp, cannabinoids, extracts, or derivatives from industrial hemp;
- (4) Clarifying that a manufacturer includes a person who juices or packages a product;



- (5) Exempting industrial hemp products that are generally recognized as safe by the Food and Drug Administration from the new regulatory framework;
- (6) Changing its effective date to July 31, 2150, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that the testimony submitted by the U.S. Hemp Roundtable contains suggestions to improve the new regulatory framework, including:

- (1) In certain provisions of this measure, the term "industrial hemp" should be changed to "hemp";
- (2) The provisions of this measure relating to the manufacture, distribution, or sale of industrial hemp products should be clarified to provide that nothing in this measure shall prohibit any individual or entity to engage in those activities, if the industrial hemp is grown in compliance with the Industrial Hemp Pilot Program, including licensees under the Medical Cannabis Dispensary System; and
- (3) The title of the section in this measure relating to industrial hemp being used as food should be changed to read, "Use in food and beverages products".

Your Committee notes that the testimony of the Hawaii Hemp Farmers Association also contains suggestions to improve the new regulatory framework, including:

- (1) A provision should be added to this measure to ensure that the interim sale of hemp products can begin on July 1, 2020, while the Department of Health undergoes the time-consuming rulemaking process to address labeling and testing;
- (2) Various provisions in the preamble should be clarified or deleted; and



- (3) The prohibition on the distribution or sale of certain raw hemp products should be clarified to apply in the absence of a certificate of analysis from an independent testing laboratory confirming that the tested sample of a batch did not contain contaminants at unsafe levels.

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. 2050, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2050, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

  
RICHARD P. CREAGAN, Chair



