

STAND. COM. REP. NO. 2846

Honolulu, Hawaii

MAR - 4 2022

RE: S.B. No. 2986
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2986 entitled:

"A BILL FOR AN ACT RELATING TO HEMP,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Remove certain duplicative regulations imposed on hemp producers in the State;
- (2) Allow hemp producers to sell biomass directly to consumers; and
- (3) Require that hemp produced in the State be labeled as Hawaii produced and that hemp produced outside the State be labeled with the appropriate origin.

Your Committee received testimony in support of this measure from the Hawai'i Farm Bureau, Kauai Hemp Company, Hawai'i Farmers Union United, UpCountry Doctor, Hawai'i Hemp Farmers Association, Hawai'i Hemp Farmers Center, Earth Matters Hemp, South Maui Gardens, Hawai'i Royal Hemp, and thirteen individuals. Your Committee received testimony in opposition to this measure from the Department of the Attorney General; Khandro Farm; Plumeria Plantation Ag Enterprise, LLC; Omaopio Piliwale Ohana; and two



individuals. Your Committee received comments on this measure from the Department of Agriculture and Department of Health.

Your Committee finds that existing law requires hemp growers in the State to be regulated by both the Hawai'i Department of Agriculture and the United States Department of Agriculture (USDA). However, the USDA already requires extensive record keeping and crop testing and covers necessary inspections. This duplicative regulation by both the State and the USDA can create undue administrative burdens, and this measure would eliminate certain costly double regulations.

Your Committee notes the concerns raised in testimony that the possession of raw hemp flower is prohibited unless the possessor is a licensed hemp producer or processor. Existing state law therefore requires hemp producers to report any transportation of raw hemp flower to the Hawai'i Department of Agriculture. Removing this requirement could be problematic for law enforcement, as there would be no way of knowing if the shipment contains legal hemp, or illegal marijuana, without having to confiscate and test the shipment. The current system was enacted to ensure hemp producers have documentation showing that the shipments are hemp. Accordingly, amendments to this measure are necessary to address this concern.

Your Committee has amended this measure by:

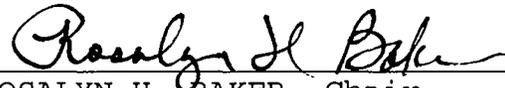
- (1) Reinstating certain existing statutory language in subsection 141-42(b), Hawaii Revised Statutes, to clarify that an individual or entity may transport hemp within the State to an authorized facility or to another licensed producer's grow area, provided that certain USDA testing requirements have been met and the transportation has been reported to the Hawai'i Department of Agriculture;
- (2) Inserting language to clarify that hemp producers licensed by the USDA to grow hemp shall follow all inspection and sampling rules and protocols established by the USDA and that no other inspections or sampling by the State shall be required and the State shall not issue penalties unless the hemp producer is growing hemp without a license issued by the USDA;



- (3) Amending the definition of "hemp processor" to mean a person processing hemp to manufacture a hemp product, except for a person licensed by the USDA to grow hemp in the State and produces less than six hundred pounds of dry hemp per year;
- (4) Inserting language to amend Act 14, Session Laws of Hawaii 2020, to extend the repeal date to July 1, 2027; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2986, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2986, S.D. 1.

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



ROSALYN H. BAKER, Chair



