
A BILL FOR AN ACT

RELATING TO HEMP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that hemp is a high-value
3 crop that has the potential to bring significant and diverse
4 revenues to Hawaii. Hemp has more than fifty thousand
5 recognized uses, including as a fuel; a food, including the
6 seeds, oil, the juice from leaves, and herbal tinctures; and
7 fiber used in supercapacitors, cloth, building materials, and
8 bioplastic. Hemp has significant potential to provide a
9 lucrative crop for Hawaii farmers and can support food security
10 for the State. Many Hawaii farms subsidize food production with
11 non-farming income or jobs. Hemp could provide a farm-based
12 income for farmers to expand or stabilize their food production.

13 However, Hawaii's hemp industry remains in a nascent stage,
14 largely due to overregulation, which has stifled the State's
15 hemp industry. The Hawaii hemp cannabinoid and cannabidiol
16 market is approximated to be \$32,000,000 to \$54,000,000
17 annually, but most of that money goes to hemp producers outside



1 Hawaii due to prohibitions banning farmers from making and
2 selling these products in Hawaii. Moreover, overregulation of
3 production and processing has driven many hemp farmers out of
4 business in Hawaii, which makes Hawaii farmers non-competitive
5 in the hemp market.

6 The legislature further finds that transparency in hemp
7 product labeling is also needed. Given the number of "Buy
8 Local", "Buy Aloha", and "Eat Local" campaigns that have been
9 launched, Hawaii residents, when given the opportunity and
10 transparent data, will often choose Hawaii-grown products.

11 The legislature also finds that the Agriculture Improvement
12 Act of 2018, informally known as the 2018 "Farm Bill", legalized
13 hemp by removing hemp from the definition of "marihuana"
14 contained in the federal Controlled Substances Act. Therefore,
15 hemp is no longer classified as an illegal drug under federal
16 law. In October 2019, the United States Department of
17 Agriculture established new regulations through which states may
18 monitor and regulate hemp production. In light of these federal
19 reforms, state laws regarding hemp should also be reformed.

20 Accordingly, the purpose of this Act is to:



- 1 (1) Repeal redundant regulations on hemp production, which
2 would reduce costs for the State and Hawaii farmers;
- 3 (2) Amend hemp law in a manner that recognizes the unique
4 constraints of Hawaii farmers, while protecting human
5 health;
- 6 (3) Allow licensed hemp producers to sell hemp biomass;
- 7 (4) Require transparency in labeling of hemp products to
8 identify the percentage of Hawaii-grown hemp or hemp
9 product in all hemp products;
- 10 (5) Require and appropriate funds for the department of
11 health to hire or consult a toxicologist or consultant
12 familiar with hemp industry standards for the purpose
13 of setting defined action limits or exposure levels
14 for different types of hemp products;
- 15 (6) Establish a Hawaii hemp task force to be jointly
16 convened by the department of agriculture and the
17 department of health to gather data and information to
18 better understand hemp industry needs;
- 19 (7) Require and appropriate funds for the department of
20 agriculture to hire a hemp consultant to work with the
21 Hawaii hemp task force and recommend infrastructure



1 improvements on each island, considering the unique
 2 needs and geographic spread of licensed hemp farmers;
 3 and
 4 (8) Extend the State's hemp processor law through July 1,
 5 2027.

PART II

7 SECTION 2. Chapter 328G, Hawaii Revised Statutes, is
 8 amended by adding a new section to be appropriately designated
 9 and to read as follows:

10 "§328G- Applicability. This chapter, and any rules
 11 adopted by the department pursuant to this chapter, shall apply
 12 only to the processing of hemp biomass into crude extract or
 13 into a manufactured hemp product or processing crude extract
 14 into a manufactured hemp product or using a manufactured hemp
 15 product as an ingredient in the production of another
 16 manufactured hemp product, and to their sale and distribution,
 17 but shall not apply to other products that may be produced from
 18 hemp except as otherwise provided in section 328G-3."

19 SECTION 3. Section 141-42, Hawaii Revised Statutes, is
 20 amended to read as follows:



1 "~~[f]~~**\$141-42**~~[+]~~ **Commercial hemp production.** (a) It shall
2 be legal for an individual or entity to produce hemp, as defined
3 in title 7 United States Code section 1639o, if that individual
4 or entity has a license to produce hemp, issued by the Secretary
5 of the United States Department of Agriculture pursuant to
6 title 7 United States Code section 1639q; provided that:

7 ~~[(1) Any person convicted of a felony related to a~~
8 ~~controlled substance under state or federal law is~~
9 ~~prohibited from producing hemp, or being a key~~
10 ~~participant in an entity producing hemp, for a period~~
11 ~~of ten years following the date of conviction;~~

12 ~~(2) Hemp shall not be grown outside of a state~~
13 ~~agricultural district;~~

14 ~~(3)]~~ (1) Hemp shall not be grown within ~~[500]~~ five hundred
15 feet of pre-existing real property comprising a
16 playground, childcare facility, or school; provided
17 that this restriction shall not apply to an individual
18 or entity licensed to grow hemp in those areas under
19 the ~~[State]~~ state industrial hemp pilot program ~~[prior~~
20 ~~to]~~ before August 27, 2020;



1 ~~[(4)]~~ (2) Hemp shall not be grown within ~~[500]~~ _____ feet
2 of any pre-existing house, dwelling unit, residential
3 apartment, or other residential structure that is not
4 owned or controlled by the license holder; provided
5 that this restriction shall not apply to an individual
6 or entity licensed to grow hemp in those areas under
7 the ~~[State]~~ state industrial hemp pilot program ~~[prior~~
8 ~~to]~~ before August 27, 2020; and

9 ~~[(5)]~~ (3) Hemp shall not be grown in any house, dwelling
10 unit, residential apartment, or other residential
11 structure~~[-]~~, unless that structure is part of a
12 United States Department of Agriculture area.

13 (b) An individual or entity licensed to produce hemp
14 pursuant to ~~[paragraph]~~ subsection (a) may transport hemp within
15 the State to a facility authorized by law to process hemp or to
16 another licensed producer's grow area~~[-]~~; provided that~~[-]~~

17 ~~(1) The hemp to be transported has passed all compliance~~
18 ~~testing required by the United States Department of~~
19 ~~Agriculture; and~~

20 ~~(2) The]~~ the transportation has been ~~[authorized by]~~
21 reported to the department[-] of agriculture. The



1 department of agriculture may require movement reports
2 [~~, inspections, sampling, and testing of~~] that include
3 copies of the United States Department of Agriculture
4 test results for the hemp to be transported and may
5 deny authorization if the hemp is found to not comply
6 with any law or regulation.

7 [~~(c) An individual or entity licensed to produce hemp~~
8 ~~pursuant to paragraph (a) may export hemp, provided that:~~

9 ~~(1) The hemp to be exported has passed all compliance~~
10 ~~testing required by the United States Department of~~
11 ~~Agriculture, and~~

12 ~~(2) The licensed producer complies with all laws relating~~
13 ~~to the exportation of hemp, including state and~~
14 ~~federal laws and the laws of the state or country of~~
15 ~~import.~~

16 ~~(d)]~~ (c) Any individual or entity who [~~violates this~~
17 ~~section or any rule adopted pursuant to this section]~~ grows hemp
18 without a United States Department of Agriculture license shall
19 be fined not more than \$10,000 for each separate offense. Any
20 notice of violation of this section may be accompanied by a
21 cease and desist order, the violation of which constitutes a



1 further violation of this section. Any action taken to collect
2 the penalty provided for in this subsection shall be considered
3 a civil action.

4 ~~(e)~~ (d) For any judicial proceeding to recover an
5 administrative penalty imposed by order or to enforce a cease
6 and desist order against ~~(a)~~ an unlicensed hemp producer, the
7 department may petition any court of appropriate jurisdiction
8 and need only show that:

- 9 (1) Notice was given;
- 10 (2) A hearing was held or the time granted for requesting
11 a hearing has expired without such a request;
- 12 (3) The administrative penalty was imposed on the
13 individual or entity producing hemp; and
- 14 (4) The penalty remains unpaid or the individual or entity
15 continues to produce hemp.

16 (e) An individual or entity licensed by the United States
17 Department of Agriculture to produce hemp in Hawaii may sell
18 hemp biomass.

19 (f) In addition to all other labeling requirements, the
20 identity statement used for labeling or advertising hemp
21 products shall identify the percentage of Hawaii grown hemp in



1 hemp products; provided that any hemp product containing hemp
2 not grown or processed in Hawaii shall identify the origin and
3 percentage of the hemp from outside Hawaii in the hemp product;
4 provided further that if the hemp product contains hemp from
5 multiple origins, the hemp product shall identify the percentage
6 of hemp origin as "United States" or "Foreign" if the hemp
7 product includes hemp from a source outside of the United
8 States.

9 (g) A hemp producer licensed by the United States
10 Department of Agriculture to grow hemp shall follow all
11 inspection and sampling rules and protocols established by the
12 United States Department of Agriculture. The State shall not
13 require other inspections or sampling. The State shall not
14 issue notices of violations or impose penalties upon any hemp
15 producer licensed by the United States Department of
16 Agriculture; provided that the licensee is compliant with all of
17 the requirements imposed by the United States Department of
18 Agriculture. The State shall impose no penalty with respect to
19 the production of hemp, except penalties for growing hemp
20 without a license issued by the United States Department of
21 Agriculture.



1 (h) As used in this section, "hemp biomass" means the
2 stalks of hemp plants."

3 SECTION 4. Section 141-43, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The department of agriculture shall adopt rules
6 pursuant to chapter 91 to effectuate the purpose of this part,
7 including any rules necessary to address any nuisance issues,
8 including smell, noise, and excessive lighting arising out of
9 the activities of hemp growers licensed under the State's
10 industrial hemp pilot program who grow hemp within areas
11 prohibited under section [~~141-42(a)(3) and (4).~~] 141-42(a)(1)
12 and (2)."

13 SECTION 5. Section 328G-1, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§328G-1[+] **Definitions.** As used in this chapter:

16 "Applicant" means the person applying for a permit to
17 [~~register~~] operate as a hemp processor under this chapter.

18 "Artificially derived cannabinoid" means a chemical
19 substance that is created by a chemical reaction that changes
20 the molecular structure of any chemical substance derived from



1 the plant genus cannabis. "Artificially derived cannabinoid"
2 does not include:

- 3 (1) A naturally occurring chemical substance that is
4 separated from the plant genus cannabis by a chemical
5 or mechanical extraction process; or
6 (2) Cannabinoids that are produced by decarboxylation from
7 naturally occurring cannabinoid acid without the use
8 of a chemical catalyst.

9 "Cannabinoids" means any of the various naturally
10 occurring, biologically active, chemical constituents of
11 cannabis that bind to or interact with receptors of the
12 endogenous cannabinoid system.

13 "Cannabis" means the genus of the flowering plant in the
14 family Cannabaceae. For the purpose of this chapter, cannabis
15 refers to any form of the plant where the delta-9
16 tetrahydrocannabinol concentration on a dry weight basis has not
17 yet been determined.

18 ~~["Certificate of registration" means the certificate issued~~
19 ~~by the department attesting that the applicant is registered to~~
20 ~~process hemp.]~~



1 "Decarboxylated" means the completion of the chemical
2 reaction that converts naturally occurring cannabinoid acid into
3 a cannabinoid, including delta-9 tetrahydrocannabinol's acids
4 (THCA) into delta-9-tetrahydrocannabinol. The decarboxylated
5 value for delta-9-tetrahydrocannabinol may be calculated using a
6 conversion formula that sums delta-9-tetrahydrocannabinol and
7 eighty-seven and seven tenths (87.7) per cent of THCA.

8 [~~"Delta-9 tetrahydrocannabinol" or "THC" means the primary~~
9 ~~psychoactive component of cannabis.~~]

10 "Department" means the department of health.

11 "Director" means the director of health.

12 "Dry weight basis" refers to a method of determining the
13 percentage of a chemical in a substance after removing the
14 moisture from the substance.

15 "Enclosed indoor facility" means a permanent, stationary
16 structure with a solid floor, rigid exterior walls that encircle
17 the entire structure on all sides, and a roof that protects the
18 entire interior area from the elements of weather. Nothing in
19 this definition shall be construed to relieve the [~~registered~~]
20 permitted applicant from the applicant's duty to comply with all
21 applicable building codes and regulations.



1 "FDA" means the United States Food and Drug Administration.

2 "Hemp" means Cannabis sativa L. and any part of that plant,
3 whether growing or not, including the seeds thereof and all
4 derivatives, extracts, cannabinoids, isomers, acids, salts, and
5 salts of isomers, with a delta-9-tetrahydrocannabinol
6 concentration of not more than 0.3 per cent on a dry weight
7 basis, as measured post-decarboxylation or by other similarly
8 reliable methods.

9 "Hemp biomass" means the leaf and floral parts of hemp
10 plant material."

11 "Hemp processor" means a person [~~processing~~] who processes
12 hemp [to manufacture] biomass or prepares a manufactured hemp
13 product.

14 [~~"Hemp product" means a product that:~~

- 15 ~~(1) Contains naturally occurring cannabinoids, compounds,~~
16 ~~concentrates, extracts, isolates, resins or~~
17 ~~derivatives from processed hemp;~~
18 ~~(2) Does not include any living hemp plants, viable seeds,~~
19 ~~leaf materials, or floral materials;~~



- 1 ~~(3) Has a delta 9 tetrahydrocannabinol concentration of~~
2 ~~not more than 0.3 per cent, as measured post-~~
3 ~~decarboxylation, or other similarly reliable methods;~~
4 ~~(4) Is intended to be consumed orally to supplement the~~
5 ~~human or animal diet; and~~
6 ~~(5) Is in the form of a tablet, capsule, powder, softgel,~~
7 ~~gelcap, or liquid form (e.g. hemp oil) to be used by~~
8 ~~the consumer to infuse edible items at home for~~
9 ~~personal use or for topical application to the skin or~~
10 ~~hair.~~

11 ~~For purposes of this chapter, a hemp product shall be considered~~
12 ~~as intended for oral ingestion in liquid form only if it is~~
13 ~~formulated in a fluid carrier and it is intended for ingestion~~
14 ~~in daily quantities measured in drops or similar small units of~~
15 ~~measure per labeled directions for use.~~

16 ~~"Manufacture" means to compound, blend, extract, infuse, or~~
17 ~~otherwise make or prepare a hemp product, but does not include~~
18 ~~planting, growing, harvesting, drying, curing, grading, or~~
19 ~~trimming a hemp plant or part of a hemp plant.]~~

20 "Manufactured hemp product" means a product created by
21 processing, as defined in this chapter, that:



- 1 (1) Is either:
- 2 (A) Intended to be consumed orally to supplement the
- 3 human or animal diet in tablet, capsule, powder,
- 4 softgel, gelcap, or liquid form (e.g. hemp oil);
- 5 or
- 6 (B) In a form for topical application to the skin or
- 7 hair;
- 8 (2) Does not include any living hemp plants, viable seeds,
- 9 leaf materials, or floral materials; and
- 10 (3) Includes any other product specified by the department
- 11 pursuant to section 328G-4(a)(7).

12 "Permit" means the certificate issued by the department

13 attesting that the applicant is permitted to operate as a hemp

14 processor.

15 "Person" means an individual, firm, corporation,

16 partnership, association, or any form of business or legal

17 entity.

18 "Processing" means [~~making~~]:

- 19 (1) Making a transformative change to [~~the~~] hemp [~~plant~~]
- 20 biomass following harvest by converting [~~an~~



1 ~~agricultural commodity~~] it into a crude extract or
2 manufactured hemp product[-]; or
3 (2) Compounding, blending, extracting, infusing, or
4 otherwise producing a manufactured hemp product, by:
5 (A) Completing the manufacturing process of
6 transforming crude extract into a manufactured
7 hemp product; or
8 (B) Using a manufactured hemp product as an
9 ingredient in the production of another
10 manufactured hemp product.

11 "Synthetic cannabinoid" means a cannabinoid that is:
12 (1) Produced artificially, whether from chemicals or from
13 recombinant biological agents including but not
14 limited to yeast and algae; and
15 (2) Not derived from the genus cannabis, including
16 biosynthetic cannabinoids.

17 "Tetrahydrocannabinol" means the cannabinoids that
18 functions as the primary psychoactive component of cannabis."

19 SECTION 6. Section 328G-2, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§328G-2 Hemp processor [~~registry,~~] permit application;
2 [~~removal from registry.~~] permit revocation. (a) [No person
3 shall process hemp without first obtaining a license to produce
4 hemp, issued by the Secretary of the United States Department of
5 Agriculture pursuant to title 7 United States Code section
6 1639g.

7 ~~(b)~~] No person shall process hemp biomass or prepare a
8 manufactured hemp product without [~~being registered~~] obtaining a
9 permit by the department as a hemp processor pursuant to this
10 part and any rules adopted pursuant [~~to~~] this chapter.

11 ~~(e)~~] (b) A person who intends to [~~process~~] operate as a
12 hemp processor shall apply to the department for [~~registration~~]
13 a permit on an application form created by the department.

14 ~~(d)~~] (c) The applicant shall provide, at a minimum, the
15 following information:

16 (1) The applicant's name, mailing address, and phone
17 number in Hawaii;

18 (2) The legal description of the land on which the hemp
19 processor is to [~~be processed or stored,~~] operate;

20 (3) A description of the enclosed indoor facility where
21 the hemp [~~processing~~] processor will [~~occur,~~] operate;



- 1 (4) Documentation that the hemp processor's indoor
2 facility and planned hemp processing operation
3 complies with all zoning ordinances, building codes,
4 and fire codes;
- 5 ~~[(5) Documentation showing that the applicant has obtained~~
6 ~~a license to produce hemp, issued by the Secretary of~~
7 ~~the United States Department of Agriculture pursuant~~
8 ~~to title 7 United States Code section 1639g; and~~
- 9 +6)] (5) Proof of no disqualifying felony convictions,
10 which shall be established by an individual applicant,
11 or if the applicant is a firm, corporation,
12 partnership, association, or any form of business or
13 legal entity, an individual acting on behalf of the
14 entity providing:
- 15 (A) Consent to a background check that includes, but
16 is not limited to, fingerprinting and criminal
17 history checks in accordance with
18 section 846-2.7; and
- 19 (B) Documentation of the authority of the individual
20 to act on behalf of the applying entity; and
- 21 (6) Any other information required by the department.



1 [~~(e)~~] (d) In addition to the application form, each
2 applicant shall submit a non-refundable application fee
3 established by the department. If the fee does not accompany
4 the application, the application for [~~registration~~] the permit
5 shall be deemed incomplete.

6 [~~(f)~~] (e) Any incomplete application shall be denied.

7 [~~(g)~~] (f) Upon the department's receipt of a complete and
8 accurate application [~~and~~], confirmation that the applicant does
9 not have a disqualifying conviction for a state or federal
10 felony related to a controlled substance during the ten years
11 prior to the date the application is submitted, remittal of the
12 application fee, [~~the applicant shall be registered and shall be~~
13 ~~issued a certificate of registration to process hemp.~~] and
14 contingent upon compliance with this chapter and any rules
15 adopted pursuant to this chapter, the department may issue a
16 permit to the applicant to operate as a hemp processor.

17 [~~(h)~~] (g) The [~~certificate of registration~~] permit shall
18 be renewed annually by submission of a renewal application and
19 payment of the annual renewal fee to be determined by the
20 department.



1 ~~[(+i)]~~ (h) Hemp processors shall allow any member of the
2 department, or any agent or third party authorized by the
3 department, to enter at reasonable times upon any private
4 property in order to inspect, sample, and test ~~[the hemp~~
5 ~~processing area,~~ any hemp biomass, crude extract, or
6 manufactured hemp ~~[products,~~ product, equipment, facilities
7 incident to the processing or storage of hemp~~]~~ biomass, crude
8 extract, or manufactured hemp products, and review all pertinent
9 records.

10 ~~[(+j)]~~ (i) The department may ~~[remove]~~ revoke any ~~[person~~
11 ~~from the registry]~~ person's permit for failure to comply with
12 any law or regulation under this chapter. It is the
13 responsibility of the hemp processor to make sure it ~~[is~~
14 ~~registered]~~ has a valid permit and is legally allowed to process
15 hemp biomass or prepare a manufactured hemp product and in
16 compliance with any and all laws and regulations. The ~~[removal]~~
17 revocation of a hemp ~~[processor from the registry]~~ processor's
18 permit shall be in accordance with the procedures set forth in
19 section 328G-6."

20 SECTION 7. Section 328G-3, Hawaii Revised Statutes, is
21 amended to read as follows:



1 " ~~[+]~~§328G-3~~[+]~~ **Hemp biomass processing; manufactured hemp**
2 **product sale and prohibitions; labeling.** (a) No hemp biomass
3 shall be processed into crude extract or manufactured hemp
4 products, nor shall any hemp processor hold for processing or
5 sale any hemp~~[7]~~ biomass, unless lawfully obtained from a person
6 approved or otherwise authorized by applicable federal, state or
7 local law to cultivate hemp [~~plants~~].

8 (b) Hemp biomass, crude extract, and manufactured hemp
9 products shall be processed, packaged, labeled, and stored
10 within an enclosed indoor facility secured to prevent
11 unauthorized entry~~[. Hemp, hemp products, and any]~~ and in a
12 manner that prevents cross-contamination and exposure to
13 physical, chemical, and microbiological sources of
14 contamination. Any toxic or otherwise hazardous by-products of
15 [~~hemp~~] processing, or by-products, including but not limited to
16 delta-9 tetrahydrocannabinol, shall be stored within an enclosed
17 indoor facility, secured to prevent unauthorized entry and in a
18 manner that prevents cross-contamination and unintended
19 exposures.

20 (c) Hemp biomass shall not be processed into crude extract
21 or a manufactured hemp product within [~~500~~] five hundred feet of



1 a pre-existing playground, school, state park, state recreation
2 area, residential neighborhood, hospital, or daycare facility.

3 (d) Hemp biomass, crude extract, and manufactured hemp
4 product shall not be processed [~~using butane in an open system~~
5 ~~where fumes are not contained or by use of any other~~] by any
6 method of processing the department [~~determines poses a risk to~~
7 ~~health and safety.~~] prohibits by rules adopted pursuant to this
8 chapter.

9 (e) No person shall sell, hold, offer, or distribute for
10 sale any food, as that term is defined in section 328-1, into
11 which a cannabinoid, artificially derived cannabinoid, synthetic
12 cannabinoid, hemp [~~extract~~], hemp [~~derivatives~~] biomass, or
13 [~~other~~] manufactured hemp product that has been added as an
14 ingredient or component[~~-~~] unless otherwise prescribed by rules
15 adopted by the department pursuant to this chapter. This
16 section shall not apply to hemp that is generally recognized as
17 safe (GRAS) by FDA for use in foods, as intended, in a public
18 GRAS notification.

19 (f) No crude extract or manufactured hemp product shall be
20 sold, offered for sale, distributed or held for sale with a
21 tetrahydrocannabinol concentration of more than 0.3 per cent



1 unless otherwise prescribed by rules adopted by the department
2 pursuant to this chapter.

3 ~~[(f)]~~ (g) No person shall sell, hold, offer, or distribute
4 for sale any crude extract or manufactured hemp product into
5 which an artificially derived cannabinoid or a synthetic
6 cannabinoid has been added.

7 ~~[(g)]~~ (h) No person shall sell, hold, offer, or distribute
8 for sale any cannabinoid ~~[products]~~, artificially derived
9 cannabinoid, synthetic cannabinoid, or any other product
10 containing hemp used to aerosolize for respiratory routes of
11 delivery, such as an inhaler, ~~[nebulizer]~~ vape pen, or other
12 device designed for such purpose.

13 ~~[(h) No person shall sell, hold, offer, or distribute for~~
14 ~~sale, any hemp leaf or hemp floral material that is intended to~~
15 ~~be smoked or inhaled, including but not limited to hemp cigars~~
16 ~~or hemp cigarettes.]~~

17 (i) Except for manufactured hemp products intended for
18 external topical application to the skin or hair, no person
19 shall sell, hold, offer, or distribute for sale any products
20 containing a cannabinoid, artificially derived cannabinoid,
21 synthetic cannabinoid, hemp ~~[or]~~, hemp ~~[derivatives]~~ biomass, or



1 manufactured hemp product as an ingredient that are intended to
2 be introduced via non-oral routes of entry to the body,
3 including but not limited to, use in eyes, ears, and nasal
4 cavities[-], unless otherwise specified by the department
5 pursuant to section 328G-4(a)(7).

6 (j) No person shall sell, hold, offer or distribute for
7 sale[-] manufactured hemp products without a label, in a form
8 prescribed by the department[-] in rules adopted pursuant to
9 this chapter affixed to the [~~packaging that identifies the hemp~~
10 ~~product as having been tested pursuant to department rules.~~]
11 package.

12 (k) Crude extract shall be sold only to a hemp processor
13 with a valid permit issued by the department, or to a person
14 with equivalent authority from a regulatory agency in another
15 jurisdiction, and shall be sold only with a label affixed to the
16 package in a form prescribed by the department pursuant to rules
17 adopted pursuant to this chapter. No person shall sell, hold,
18 offer, or distribute for sale, crude extract directly to any
19 consumer.



1 (1) Crude extract and manufactured hemp products shall
2 comply with laboratory-based testing, as prescribed by the
3 department, prior to sale.

4 SECTION 8. Section 328G-4, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "~~{}~~**\$328G-4**~~{}~~ **Rulemaking.** (a) The department shall
7 adopt rules pursuant to chapter 91 that include but are not
8 limited to:

9 (1) Inspection and sampling requirements of crude extract
10 and manufactured hemp products;

11 (2) Establishing maximum allowable concentrations of
12 cannabinoids in crude extract and manufactured hemp
13 products;

14 ~~{+2}~~ (3) Testing protocols, including certification by
15 state laboratories or independent third-party
16 laboratories, to determine [~~delta-9-~~
17 tetrahydrocannabinol] cannabinoid concentration,
18 including but not limited to tetrahydrocannabinol, and
19 screening for contaminants of crude extract and
20 manufactured hemp products;



1 [~~3~~] ~~Reporting and record-keeping~~ (4) Recording-keeping
2 requirements;
3 [~~4~~] (5) Assessment of fees for application, renewal
4 application, inspecting, sampling, and other fees as
5 deemed necessary;
6 [~~5~~] (6) Penalties for any violation; [and]
7 (7) At the discretion, and as specified by the department,
8 the addition to the types of manufactured hemp
9 products that may be sold pursuant to section 328G-3;
10 (8) Good manufacturing practices for hemp processors; and
11 [~~6~~] (9) Any other rules and procedures necessary to carry
12 out this chapter.

13 (b) The department may adopt and amend interim rules,
14 which shall be exempt from chapter 91 and chapter 201M, to
15 effectuate the purposes of this chapter; provided that any
16 interim rules shall only remain in effect until July 1, [~~2025,~~
17 2027, or until rules are adopted pursuant to subsection (a),
18 whichever occurs sooner."

19 SECTION 9. Section 328G-5, Hawaii Revised Statutes, is
20 amended to read as follows:



1 " ~~[†]~~§328G-5~~[‡]~~ **Laboratory standards and testing;**
2 **certification.** (a) The department shall establish and enforce
3 standards for laboratory-based testing of ~~[the]~~ crude extract
4 and manufactured hemp products for content~~[,]~~ and
5 contamination~~[, and consistency]~~.

6 (b) The department may certify laboratories and recognize
7 certifications from other jurisdictions of laboratories that are
8 qualified to test crude extract and manufactured hemp products
9 for quality control prior to sale."

10 SECTION 10. Section 328G-6, Hawaii Revised Statutes, is
11 amended by amending subsections (a) to (d) to read as follows:

12 "(a) Any person who violates this chapter or any rule
13 adopted by the department pursuant to this chapter shall be
14 fined not more than \$10,000 for each separate offense. Any
15 action taken to collect the penalty provided for in this
16 subsection shall be considered a civil action. In addition to
17 any other administrative or judicial remedy provided by this
18 chapter, or by rules adopted pursuant to this chapter, the
19 director may impose by order the administrative penalty
20 specified in this section~~[,]~~ or revoke a permit pursuant to this
21 chapter.



1 (b) Any order issued under this chapter shall become
2 final, unless not later than twenty days after the notice of
3 order is served, the person or persons named therein request in
4 writing a hearing before the director. Any penalty imposed,
5 including [~~removal from the registry~~] the revocation of a
6 permit, shall become final, and any monetary penalty shall
7 become due and payable twenty days after the order is served
8 unless the person or persons named therein request in writing a
9 hearing before the director. Whenever a hearing is requested,
10 the penalty imposed, including [~~removal from the registry,~~]
11 permit revocation, shall become final, and any monetary penalty
12 shall become due and payable only upon completion of all review
13 proceedings and the issuance of a final order confirming the
14 penalty in whole or in part. Any hearing shall be conducted in
15 accordance with chapter 91.

16 (c) [~~For~~] In any judicial proceeding to [recover an
17 administrative penalty] enforce an order issued by the
18 department pursuant to this section, including but not limited
19 to the recovery of administrative penalties imposed by order [~~or~~
20 ~~to enforce a cease and desist order~~] against a hemp processor



1 ~~[removed from the registry]~~, the director may petition any court
2 of appropriate jurisdiction for relief and need only show that:

3 (1) Notice was given;

4 (2) A hearing was held or the time granted for requesting
5 a hearing has expired without such a request;

6 (3) The administrative penalty was imposed or the hemp
7 ~~[processor]~~ processor's permit was ~~[removed from the~~
8 ~~registry]~~ revoked; and

9 (4) The penalty remains unpaid or the hemp processor
10 continues to ~~[process hemp.]~~ operate.

11 (d) The director, in the event there is deemed a potential
12 health hazard, may take precautionary measures to protect the
13 public through imposition of an embargo, the detention and
14 removal of hemp, hemp biomass, crude extract, or manufactured
15 hemp products from the market, and the sequestration of hemp,
16 hemp biomass, crude extract, or manufactured hemp products
17 suspected to be contaminated or otherwise harmful to human
18 health. In the event of any embargo or detention of hemp, hemp
19 biomass, crude extract, or manufactured hemp products, the
20 person or persons so named in the order imposing the embargo or



1 detention shall be afforded an opportunity to contest the
2 findings of the department in a hearing pursuant to chapter 91."

3 SECTION 11. Section 328G-7, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) Moneys in the Hawaii hemp processing special fund
6 shall be used by the department for the following purposes:

7 (1) To establish and regulate a system of [~~registering~~]
8 permitting hemp processors[+] and the sale, holding,
9 offering, or distributing for sale of crude extract
10 and manufactured hemp products;

11 (2) To fund positions and operating costs authorized by
12 the legislature; and

13 (3) For any other expenditure necessary, consistent with
14 this chapter, to implement the Hawaii hemp processing
15 program."

16 SECTION 12. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2023-2024 for
19 the hiring of a toxicologist or consultant familiar with hemp
20 industry standards for the purposes of 328G-5(c), Hawaii Revised
21 Statutes, as amended by section 9 of this Act.



1 The sum appropriated shall be expended by the department of
2 health for the purposes of this part.

3 PART III

4 SECTION 13. (a) The department of agriculture and
5 department of health shall jointly convene a Hawaii hemp task
6 force to gather data and information to understand industry
7 needs and inform strategies and actions that support agriculture
8 and a robust hemp industry in the State.

9 (b) The task force shall:

10 (1) Work with a third-party consultant to identify the
11 infrastructure needs of Hawaii hemp farmers and the
12 hemp industry, considering the unique needs and
13 geographic spread of Hawaii's licensed hemp farmers
14 and the various hemp sector needs; and

15 (2) Develop an outline of farmer and industry needs and
16 the strategies and actions that can help inform public
17 policy concerning the development of a hemp industry
18 in the State that also supports rural agricultural
19 development in the State.

20 (c) The task force may request data and information from
21 additional sources, including but not limited to hemp



1 economists, regulators in other states, retailers, farmers, and
2 hemp industry groups outside of Hawaii.

3 (d) The task force shall consist of hemp producers from
4 each island proportionate to the total number of United States
5 Department of Agriculture hemp licenses issued in the State and
6 a representative from each of the fuel, building, general fiber,
7 cannabinoid, and grain food sectors.

8 (e) The department of agriculture shall hire a third-party
9 consultant to identify the infrastructure needs of Hawaii hemp
10 farmers and the hemp industry, considering the unique needs and
11 geographic spread of Hawaii's licensed hemp farmers and the
12 various hemp sector needs. The consultant shall submit a report
13 to the task force on or before July 1, 2024. The report shall
14 include a concise outline of recommended infrastructure by
15 island and schematics showing the various processing steps and
16 infrastructure needed from harvest to product for various
17 sectors with approximate costs per infrastructure component,
18 sizing and capacity options, including mobile versus fixed and
19 volume/mass per day, and approximate square footage required per
20 component.



1 (f) The task force shall report its findings and
2 recommendations, including any proposed legislation, to the
3 legislature no later than twenty days prior to the convening of
4 the regular session of 2025.

5 (g) The members of the task force shall serve without
6 compensation but shall be reimbursed for expenses, including
7 travel expenses, necessary for the performance of their duties.

8 (h) . No member of the task force shall be subject to
9 chapter 84, Hawaii Revised Statutes, solely because of the
10 member's participation in the task force.

11 (i) The task force shall be dissolved on August 30, 2024.

12 SECTION 14. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$ or so much
14 thereof as may be necessary for fiscal year 2023-2024 for the
15 hiring of a third-party consultant to identify the
16 infrastructure needs of Hawaii hemp farmers and the hemp
17 industry on each island.

18 The sum appropriated shall be expended by the department of
19 agriculture for the purposes of this Act.

20 PART IV



1 SECTION 15. Act 14, Session Laws of Hawaii 2020, as
2 amended by Act 137, Session Laws of Hawaii 2022, is amended by
3 amending section 9 to read as follows:

4 "SECTION 9. This Act shall take effect upon its approval,
5 and shall be repealed on July 1, [~~2025,~~] 2027; provided that the
6 definition of "marijuana" in section 329-1, Hawaii Revised
7 Statutes, and the definitions of "marijuana" and "marijuana
8 concentrate" in section 712-1240, Hawaii Revised Statutes, shall
9 be reenacted in the form in which they read on the day prior to
10 the effective date of this Act."

11 SECTION 16. This Act does not affect rights and duties
12 that matured, penalties that were incurred, and proceedings that
13 were begun before its effective date.

14 SECTION 17. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 18. This Act shall take effect on June 30, 3000,
17 and shall be repealed on July 1, 2027.



Report Title:

Hemp Producers; Cannabis; Licensing; Labeling; Appropriations

Description:

Repeals redundant regulations on hemp production, which will reduce costs for the State and Hawaii farmers. Amends the hemp law in a manner that recognizes the unique constraints of Hawaii farmers, while protecting human health. Allows licensed hemp producers to sell hemp biomass. Requires transparency in labeling of hemp products to identify the percentage of Hawaii-grown hemp or hemp product in all hemp products. Establishes the Hawaii Hemp Task Force. Requires and appropriates funds for the Department of Agriculture to hire a hemp consultant to recommend infrastructure improvements on each island. Requires and appropriates moneys for the Department of Health to hire or consult a toxicologist or consultant familiar with hemp industry standards for the purpose of setting defined action limits or exposure levels for different types of hemp products. Extends the State's hemp processor law through 7/1/2027. Repeals on 7/1/2027. Effective 6/30/3000. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

