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# A BILL FOR AN ACT

RELATING TO HEMP.

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

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

10           The legislature further finds that Hawaii's hemp industry  
11 remains in a nascent stage largely due to overregulation, which  
12 has stifled the State's hemp industry. The Hawaii hemp  
13 cannabinoid and cannabidiol market is estimated to be  
14 \$32,000,000 to \$54,000,000 annually, but most of that revenue  
15 flows to hemp farmers and businesses outside the State due to  
16 Hawaii residents not being able to differentiate between Hawaii  
17 branded products made with imported hemp, and products made with



1 Hawaii grown hemp and prohibitions banning Hawaii farmers from  
2 making and selling these products in the State. Moreover,  
3 overregulation of production and processing has driven many hemp  
4 farmers out of business in the State, which further drives down  
5 the Hawaii farmer's comparative advantage in the national hemp  
6 market.

7       The legislature also finds that most Hawaii hemp producers  
8 cannot afford the tolling fees for processing that often total  
9 fifty per cent or more of the crop. Prior to 2021, when hemp  
10 processing rules were adopted, Hawaii licensed hemp producers  
11 processed small batches of hemp on their farms in agricultural  
12 buildings and structures that met the State's definition of  
13 agricultural buildings and structures pursuant to section 46-88,  
14 Hawaii Revised Statutes, with no adverse consequences. Hemp  
15 processing rules adopted in 2021 unintentionally eliminated  
16 farmers right to process hemp on their farms in state-defined  
17 agricultural buildings that are exempt from building permits and  
18 code requirements where the buildings and structures are not  
19 more than one thousand square feet in floor area, e.g., properly  
20 anchored shipping containers, one-story masonry or wood-framed  
21 buildings or structures with a structural span of less than



1 twenty-five feet, etc. These types of buildings and structures  
2 are regularly used to store and process other crops with no  
3 restrictions. Additionally, the legislature notes that hemp  
4 farmers should be allowed to process in food hubs and  
5 agricultural parks. Amending hemp processing rules to allow  
6 farmers to process in agricultural buildings and structures,  
7 food hubs and agricultural parks, like most other crops, is  
8 needed for farmers to survive in a competitive national hemp  
9 market.

10 Accordingly, the purpose of this Act is to clarify that  
11 licensed hemp farmers may process hemp in agricultural  
12 structures and buildings that meet existing state law  
13 definitions for these structures and buildings pursuant to  
14 section 46-88, Hawaii Revised Statutes, and in food hubs and  
15 agricultural parks.

16 SECTION 2. Section 328G-2, Hawaii Revised Statutes, is  
17 amended by amending subsection (d) to read as follows:

18 "(d) The applicant shall provide, at a minimum, the  
19 following information:

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



- 1           (2) The legal description of the land on which the hemp is
- 2                   to be processed or stored;
- 3           (3) A description of the enclosed indoor facility where
- 4                   hemp processing will occur;
- 5           (4) Documentation that the indoor facility and planned
- 6                   hemp processing operation complies with all zoning
- 7                   ordinances, building codes, and fire codes; does not
- 8                   include heat or volatile compounds or gases under
- 9                   pressure, such as cold water extraction; is an
- 10                  enclosed indoor facility that is a permit-exempt
- 11                  structure pursuant to section 46-88; or is in an
- 12                  enclosed indoor facility in a food hub or agricultural
- 13                  park;
- 14           (5) Documentation showing that the applicant has obtained
- 15                   a license to produce hemp, issued by the Secretary of
- 16                   the United States Department of Agriculture pursuant
- 17                   to title 7 United States Code section 1639q; and
- 18           (6) Any other information required by the department."

19           SECTION 3. New statutory material is underscored.

20           SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Commercial Hemp Processing; Structures and Buildings

**Description:**

Amends hemp processing rules to allow licensed hemp farmers to process hemp in agricultural structures and buildings that are permit-exempt under section 46-88, Hawaii Revised Statutes, as well as food hubs and agricultural parks, as was allowed prior to 2021. (SD1)

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

