

S.B. NO. 1430

JAN 23 2025

A BILL FOR AN ACT

RELATING TO REGISTRATION TO SELL MANUFACTURED HEMP PRODUCTS.

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. Act 263, Session Laws of Hawaii 2023,
4 established a Hawaii hemp task force jointly convened by the
5 department of agriculture and the department of health to gather
6 data and information to better understand hemp industry needs.
7 The task force reported that most hemp-derived cannabinoid
8 products purchased in Hawaii are primarily imported, non-
9 compliant products, which, if unregulated, may pose health risks
10 to Hawaii consumers. The proliferation of non-compliant hemp-
11 derived cannabinoid products sold in Hawaii, both in local
12 stores and online, has made enforcement of current laws
13 difficult.

14 Accordingly, the purpose of this Act is to create a system
15 to register manufactured hemp product retailers and
16 distributors. This registration system will enable the
17 department of health to effectively monitor the sale of
18 manufactured hemp products, identify non-compliant sellers, and

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1 trace adverse events back to specific retailers and distributors
2 to quickly notify consumers that may be affected by non-
3 compliant hemp-derived cannabinoid products.

4 SECTION 2. Chapter 328G, Hawaii Revised Statutes, is
5 amended by adding one new section to be appropriately designated
6 and to read as follows:

7 "§328G- Application; renewals; suspension or revocation
8 of certificates; exceptions. (a) No manufactured hemp product
9 distributor or manufactured hemp product retailer shall sell
10 manufactured hemp products except in direct in-person or online
11 transactions.

12 (b) Beginning January 1, 2026, no manufactured hemp
13 product distributor or manufactured hemp product retailer shall
14 sell or offer for sale manufactured hemp products without a
15 certificate of registration issued by the department pursuant to
16 this section. It shall be the responsibility of the
17 manufactured hemp product distributor or manufactured hemp
18 product retailer to confirm that a valid certificate of
19 registration has been obtained and is in compliance with any and
20 all laws and regulations.

21 (c) A manufactured hemp product distributor or
22 manufactured hemp product retailer that sells or offers for sale

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1 or intends to sell or offer for sale manufactured hemp products
2 shall apply to the department to be registered and receive a
3 certificate of registration on an application form designated by
4 the department and pay an application fee of \$50.

5 (d) Any incomplete application shall be denied. An
6 application that fails to contain all the information as
7 required by the department shall be deemed incomplete.

8 (e) After the department's receipt of a complete and
9 accurate application form and payment of the application fee,
10 the department shall list the manufactured hemp product
11 distributor or manufactured hemp product retailer as a
12 registrant on the registry and issue a certificate of
13 registration. Whenever a certification of registration is
14 defaced, destroyed, or lost, the department may issue a
15 duplicate certificate of registration to the registrant for a
16 fee of \$10 per copy.

17 (f) The department shall post on its website a current
18 list of registrants on the registry.

19 (g) The certificate of registration shall be renewed
20 annually by receipt of a completed renewal application and
21 payment of the annual renewal fee of \$50.

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1 (h) All fees required under this section are non-
2 transferable and non-refundable and shall be fully paid prior to
3 the issuance of a new or renewed certificate of registration.

4 (i) A certificate of registration issued under this
5 section shall be displayed at all times in a conspicuous place
6 at the place of business where the sale of manufactured hemp
7 products is conducted and a digital reproduction of the
8 certificate conspicuously shall be displayed on the website of a
9 registrant conducting sales online.

10 (j) A registrant shall allow any employee of the
11 department, or any agent or third party authorized by the
12 department, to enter at reasonable times upon any property where
13 the registrant sells manufactured hemp products for the purposes
14 of inspecting, sampling, or testing the manufactured hemp
15 products, inspect equipment or facilities incident to the
16 storage of manufactured hemp products, or review all records
17 pertinent to manufactured hemp products.

18 (k) The department may suspend or revoke a registrant's
19 certificate of registration for failure to comply with this
20 chapter and rules adopted under this chapter pursuant to the
21 procedures set forth in section 328G-6.

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(1) Carriers or entities that ship goods shall not be subject to this section by reason of their receipt, carriage, holding, shipping, or delivery of manufactured hemp products in the usual course of business as carriers or entities that ship goods unless the carrier or the entity sells or offers for sale manufactured hemp products."

SECTION 3. Section 328G-1, Hawaii Revised Statutes, is amended as follows:

1. By adding seven new definitions to be appropriately inserted and to read:

"Certificate of registration" means the certificate issued by the department authorizing the sale of manufactured hemp products by the registrant.

"Consumer" means a person who is a member of the public, is not functioning in the capacity of an operator of a hemp processing facility, and does not process hemp biomass, produce manufactured hemp products, or offer manufactured hemp products for resale.

"Manufactured hemp product distributor" means a person selling manufactured hemp products to manufactured hemp product retailer and includes its agents and employees.

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1 "Manufactured hemp product retailer" means a person selling
2 manufactured hemp products to consumers and includes its agents
3 and employees.

4 "Registrant" means the holder of the certificate of
5 registration.

6 "Registry" means list of registrants maintained by the
7 department of registered hemp product retailers or manufactured
8 hemp product distributors.

9 "Sale," "sell," or "selling", means offering any
10 transactions, whether cash is actually paid therefor or not, of
11 hemp, hemp biomass, crude extract or manufactured hemp products
12 and includes resale and every act of selling that originates
13 from any order that is placed or submitted in-person or by means
14 of telephonic or other synchronous online communication methods,
15 the mail, catalog, or digital application, the internet or other
16 online service."

17 2. By amending the definition of "permit" to read:

18 "Permit" means the [certificate] document issued by the
19 department attesting that the applicant is permitted to operate
20 as a hemp processor."

21 SECTION 4. Section 328G-6, Hawaii Revised Statutes, is
22 amended by amending subsections (b) and (c) to read as follows:

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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 the revocation of a permit[7] or suspension or
6 revocation of a certificate of registration, shall become final,
7 and any monetary penalty shall become due and payable twenty
8 days after the order is served unless the person or persons
9 named therein request in writing a hearing before the
10 director. Whenever a hearing is requested, the penalty imposed,
11 including permit revocation, or suspension or revocation of a
12 certificate of registration, shall become final, and any
13 monetary penalty shall become due and payable only upon
14 completion of all review proceedings and the issuance of a final
15 order confirming the penalty in whole or in part. Any hearing
16 shall be conducted in accordance with chapter 91.

17 (c) In any judicial proceeding to enforce an order issued
18 by the department pursuant to this section, including but not
19 limited to the recovery of administrative penalties imposed by
20 order against a hemp processor[7] or registrant, the director
21 may petition any court of appropriate jurisdiction for relief
22 and need only show that:

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(1) Notice was given;

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

(3) The administrative penalty was imposed [~~or~~], the hemp processor's permit was revoked[+], or the registrant's certificate of registration was suspended or revoked;
and

(4) The penalty remains unpaid or the hemp processor or the registrant continues to operate."

SECTION 5. Section 328G-7, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

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

(1) To establish and regulate a system of permitting hemp processors and the sale, holding, offering, or distributing for sale of crude extract and manufactured hemp products;

(2) To establish and regulate a system for registering manufactured hemp product distributors and manufactured hemp product retailers to sell manufactured hemp products;

3 ~~[(3)]~~ (4) For any other expenditure necessary, consistent
4 with this chapter to implement the Hawaii hemp
5 processing program."

SECTION 7. This Act shall take effect on upon its
approval.

Am D. V.

HTH-13 (25)

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Report Title:

DOH; Manufactured Hemp Products; Registration; Definitions

Description:

Requires manufactured hemp product distributors and manufactured hemp product retailers to register with the Department of Health to sell manufactured hemp products; requires the Department of Health to collect application fees and issue certificates of registration.

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

JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO REGISTRATION TO SELL MANUFACTURED HEMP PRODUCTS.

PURPOSE: To create a system to register manufactured hemp product distributors and manufactured hemp product retailers to enable the Department to effectively monitor the sale of manufactured hemp products.

MEANS: Add a new section to chapter 328G, Hawaii Revised Statutes (HRS), and amend sections 328G-1, 328G-6(b) and (c), and 328G-7(b), HRS.

JUSTIFICATION: Due to the lack of national guidelines for labeling, marketing, and quality control, manufactured hemp products may pose health risks to consumers in Hawaii. For example, hemp products containing Delta-9-tetrahydrocannabinol and Delta-8-tetrahydrocannabinol have psychoactive effects that can interfere with brain development in children and adolescents. The presence and quantity of such psychoactive ingredients may not be labeled or accurate, posing a risk to consumers. Furthermore, hemp products intended for human consumption may contain impurities or defects due to the manufacturing process or improper storage that may also be harmful.

Therefore, a system to register manufactured hemp product retailers and distributors will enable the Department to effectively monitor the sale of manufactured hemp products, identify non-compliant sellers, trace adverse events back to specific retailers and distributors, and notify consumers that may be affected by non-compliant products.

Impact on the public: Higher assurance of quality, potency, and safety of manufactured hemp products sold in the State.

Impact on the department and other agencies:

The registry of manufactured hemp product distributors and manufactured hemp retailers will enable the Department to locate and investigate cannabinoid hemp operators selling non-compliant manufactured hemp products.

GENERAL FUND: None.

OTHER FUNDS: Hawaii Hemp Processing Special Fund.

PPBS PROGRAM
DESIGNATION: HTH 596.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.