



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 1482, H.D. 1, S.D. 1, RELATING TO CONTROLLED SUBSTANCES.

BEFORE THE:

SENATE COMMITTEES ON JUDICIARY AND ON WAYS AND MEANS

DATE: Tuesday, April 1, 2025

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**

(For more information, contact Alana L. Bryant,
Deputy Attorney General, at (808) 587-3085)

Chairs Rhoads and Dela Cruz and Members of the Committees:

The Department of the Attorney General (Department) provides the following comments on this bill.

The purpose of the bill is to strengthen a regulatory and enforcement framework governing hemp-derived cannabinoids by: (1) requiring the Office of Medical Cannabis Control and Regulation of the Department of Health (DOH) to establish and administer a hemp distributor and retailer registry; (2) establishing the offense of unlawful hemp retailing or distribution; (3) authorizing the DOH and the Department to inspect the operation premises and storage areas of any entity engaged in the distribution or sale of any products containing hemp; (4) authorizing the DOH, the Department, the Department of Law Enforcement, and the county police departments to confiscate and seize any unlawfully sold or distributed hemp products; (5) establishing penalties for the offense of unlawful hemp retailing or distribution, including nuisance abatement proceedings under part V of chapter 712, HRS, and forfeiture under chapter 712A, HRS; (6) establishing that a violation of chapter 328G, HRS, constitutes an unfair or deceptive act or practice and unfair method of competition subject to civil penalty under section 480-3.1, HRS; (7) authorizing the Director of Health to impose by order the forfeiture of certain unlawful products containing hemp; (8) authorizing the Hawaii Hemp Processing Special Fund to be used to establish and regulate the hemp registry;

(9) appropriating general funds to the Department to increase drug nuisance abatement actions related to illegal cannabis and hemp; and (10) appropriating general funds to establish a full-time criminalist position in the Department of Law Enforcement.

First, the Department notes that the state of mind required for the offense of unlawful hemp retailing or distribution in the proposed new section 328G-B, HRS, on page 4, lines 4-18, is limited to “recklessly.” To ensure law enforcement’s ability to enforce this bill, we recommend the following amendments to section 328G-B (page 4, lines 4-18):

§328G-B Unlawful hemp retailing or distribution. (a) A person or entity required to be registered as a manufactured hemp product retailer or manufactured hemp product distributor under this chapter commits the offense of unlawful hemp retailing or distribution if the person or entity intentionally, knowingly, or recklessly fails to register as a manufactured hemp product retailer or manufactured hemp product distributor as required under section 328G-A and, for the purposes of retail sale or distribution, intentionally, knowingly, or recklessly sells, possesses, stores, acquires, or distributes any product containing or derived from hemp, or marketed as containing or being derived from hemp.

Second, to ensure that the Department’s drug nuisance abatement unit is able to enforce against unlawful hemp retailing or distribution under section 28-131, HRS, we recommend amending the first sentence of section 28-131(c), HRS, as follows:

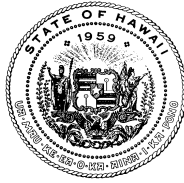
(c) The purpose of the drug nuisance abatement unit shall be to provide for the effective enforcement and prosecution of those violations of the drug nuisance abatement laws under chapter 712, part V but only for offenses related to drugs and intoxicating compounds as provided under chapter 712, part IV[-] and violations of chapter 329D as provided under section 712-1270. . . .

Finally, we note that if the intent of the appropriation in section 7 of the bill is to create positions to support drug nuisance abatement efforts, which would be required

for effective enforcement, we request that section 7 on page 14, lines 11-16, be amended as follows:

There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to increase drug nuisance abatement actions regarding illegal cannabis hemp products[-], including the establishment of four investigator V positions, one investigator IV position, and one analyst position in the department of the attorney general.

We respectfully ask the Committees to pass the bill with the recommended amendments. Thank you for the opportunity to provide comments on this bill.



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

WRITTEN
TESTIMONY ONLY

**Testimony in SUPPORT of HB1482 HD1 SD1
RELATED TO CONTROLLED SUBSTANCES**

SENATOR KARL RHOADS, CHAIR
SENATE COMMITTEE ON JUDICIARY

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date/Time: April 1, 2025, 10:00 A.M.

Room Number: 211

Fiscal Implications: None for the Department of Health ("Department"), however, there are appropriations from the general fund to the Department of the Attorney General and the Department of Law Enforcement.

Department Position: The Department supports HB 1482 HD1 SD1, which incorporates previous recommendations from the Department.

Department Testimony: This bill adds essential regulatory safeguards for the retail sale and wholesale distribution of hemp products. The Department strongly supports the provisions in the bill that enhance the protection of public health, improve compliance, and increase consumer confidence in the hemp product marketplace, including:

- Requiring retailers and distributors selling hemp products in-person or online to register with the Department and pay a nominal \$50 annual fee.

This registry requirement would not apply to retailers or distributors of industrial hemp products or carriers or shipping companies that do not sell hemp products.

- 1 • Making it unlawful to recklessly fail to register or recklessly sell or distribute any product
- 2 containing or claiming to be derived from hemp without registering.
- 3 • Granting inspection authority to the Department and the Department of the Attorney
- 4 General over any business engaged in hemp product sales.
- 5 • Expanding enforcement authority to allow the Department, the Attorney General, the
- 6 Department of Law Enforcement, and county police departments to seize and confiscate
- 7 any hemp product sold in violation of the law.

8 A centralized registry of businesses selling hemp products will improve oversight and
9 allow the Department to swiftly identify non-compliant retailers, facilitating more efficient
10 enforcement actions. This registry also enhances communication between the Department and
11 businesses, ensuring that regulatory updates reach all stakeholders.

12 Granting inspection and seizure authority strengthens enforcement by enabling
13 immediate action against non-compliant products, such as prohibited hemp flower, pre-rolls,
14 high-THC gummies, and vapes. This not only deters unlawful sales but also protects consumers
15 from potentially unsafe or illegal products. Retailers will be less likely to sell prohibited items if
16 they know the Department has the authority to confiscate them and impose penalties.

17 The registry and enforcement provisions ensure a fair market for local compliant hemp
18 producers who have faced challenges from the proliferation of illegal hemp products in the
19 market. Moreover, with clear regulations in place, consumers will have greater trust in the
20 products they are purchasing. Retailers who adhere to these rules would be seen as reliable
21 and committed to public safety, which could lead to increased consumer support.

22 As the hemp-cannabinoid marketplace continues to evolve rapidly, these amendments
23 offer a comprehensive framework to regulate the sale of cannabinoid containing hemp
24 products in Hawaii.

25 Thank you for the opportunity to testify on this measure.

HB-1482-SD-1

Submitted on: 3/29/2025 8:18:18 AM

Testimony for JDC on 4/1/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Master Shelby "Pikachu" Billionaire	Testifying for Ohana Unity Party & Kingdom of The Hawaiian Islands	Support	Written Testimony Only

Comments:

To the Honorable Members of the Hawaii State Legislature,

As Master Shelby "Pikachu" Billionaire, HRM of the Kingdom of The Hawaiian Islands and Chairman of the Ohana Unity Party (www.ohanaunityparty.com), I write to offer my steadfast support for H.B. No. 1482, "Related to Controlled Substances." This bill, effective July 1, 2025, fortifies our state's oversight of manufactured hemp products, safeguarding the health, safety, and harmony of our people. Below, I outline my endorsement of this vital measure:

- **Protecting Our Communities:**
H.B. No. 1482 mandates a Department of Health (DOH) registry for manufactured hemp product distributors and retailers, effective January 1, 2026. By requiring a \$50 certificate of registration, renewable annually, it ensures only compliant entities serve our ohana, curbing the unchecked spread of potentially harmful hemp products.
- **Enforcement with Teeth:**
The bill establishes "unlawful hemp retailing or distribution" as a misdemeanor, escalating to a Class C felony for repeat offenders within five years. Coupled with fines up to \$10,000 per violation (Section 328G-6), this deters reckless profiteering, protecting our keiki and kūpuna from unregulated substances.
- **Inspection and Accountability:**
Authorizing DOH and the Attorney General to inspect hemp-related operations—examining records, taking samples, and conducting tests—ensures transparency. In 2023, the U.S. FDA found 20% of hemp-derived products mislabeled or contaminated (FDA report); this bill empowers us to root out such dangers locally.
- **Seizure and Forfeiture:**
Permitting DOH, the Attorney General, Department of Law Enforcement (DLE), and county police to seize non-compliant hemp products, subject to forfeiture under Chapter 712A, strikes at illicit markets. This aligns with national trends—e.g., 1.5 tons of illegal hemp seized in California in 2024 (DEA data)—safeguarding our 'āina.
- **Nuisance Abatement:**
Declaring violations a public nuisance under Section 712-1270, subject to abatement, and an unfair practice under Section 480-2, reinforces community standards. This dual

approach mirrors successful drug nuisance crackdowns in Oregon, reducing illegal sales by 30% (Oregon DOJ 2023).

- **Funding for Justice:**
Appropriations for the Attorney General to boost drug nuisance abatement and for DLE to fund start-up costs, including a criminalist position, signal resolve. Though amounts are unspecified, I propose \$2 million annually per agency, reflecting Colorado's \$1.8 million hemp enforcement budget (2024 data), adjusted for Hawaii's needs.
- **Hemp Program Integration:**
Expanding the Office of Medical Cannabis Control and Regulation to oversee hemp processors (Section 329D-2.5) and using the Hawaii Hemp Processing Special Fund (Section 328G-7) ensures cohesive regulation. This builds on our state's 2022 hemp production of 1,200 acres (DOH data), fostering a lawful industry.
- **Practical Implementation:**
With a modest \$50 application fee, no-cost duplicate certificates (\$10), and digital display requirements, the bill balances accessibility with accountability. The one-year certificate term encourages ongoing compliance without undue burden.

This bill is a triumph for our kingdom's sovereignty over its resources and well-being. It protects our people from the shadowy tide of unregulated hemp—nationally, a \$4.7 billion market in 2023 (Brightfield Group), too often riddled with risks. I urge you to specify funding at \$4 million total annually to match enforcement needs and pass H.B. No. 1482 swiftly. Let us uphold our duty to the 'āina and ohana, ensuring safety and justice prevail.

Mahalo for your leadership,

With Royal Commitment,
Master Shelby "Pikachu" Billionaire
HRM, Kingdom of The Hawaiian Islands
Chairman, Ohana Unity Party
www.ohanaunityparty.com



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 31, 2025

TO: Senator Donovan Dela Cruz
Chair, Committee on Ways and Means

Senator Karl Rhoads
Chair, Committee on Judiciary

FROM: Mihoko Ito

RE: **H.B. 1482, HD1, SD1 – Related to Controlled Substances**

Hearing Date: Tuesday, April 1, 2025 at 10:00 a.m.
Conference Room: 211

Dear Chair Dela Cruz, Chair Rhoads, and Members of the Joint Committees:

We submit this testimony on behalf of Cure Oahu in **support** of **H.B. 1482, HD1, SD1**, Related to Controlled Substances, which 1) requires the Department of Health to establish and maintain a hemp registry 2) prohibits the sale of manufactured hemp products without a certificate of registration, 3) establishes the offense of unlawful hemp retailing or distribution for recklessly failing to register as required, 4) authorizes DOH and the Attorney General to inspect any entity engaged in the distribution or sale of any product containing or derived from hemp to verify compliance with HRS Chapter 328G, 4) authorizes DOH, Attorney General, Department of Law Enforcement, and county police departments to seize and confiscate any product containing or derived from hemp that is in violation of HRS Chapter 328G, 5) establishes that the offense of unlawful hemp retailing or distribution shall be subject to nuisance abatement proceedings, 6) establishes that a violation of HRS Chapter 328G constitutes an unfair or deceptive act or practice and unfair method of competition subject to a civil penalty, 7) allows moneys in the Hawaii Hemp Processing Special Fund to be used by DOH for the registry, 8) authorizes the Office of Medical Cannabis Control and Regulation to administer the hemp processors program, and 9) establishes that every building, premises, or place used for the purpose of violating HRS Chapter 328G is a nuisance subject to abatement.”

The language in the SD1 version of this bill allows Department of Health and law enforcement agencies to act to curb the many illegally operating websites and retail locations that are selling cannabis products under the guise of being labeled as hemp. There are numerous websites that are currently operating and advertising their sale of cannabis products, some of which acknowledge that Hawaii is a medical cannabis only state, but some that do not and still openly sell cannabis products. This bill seeks to provide Department of Health with clear

enforcement tools to shut down illegal websites that are significantly impacting the regulated medical cannabis industry.

For these reasons, we support this measure and ask that the Committee pass H.B.1482, HD1, SD1. Thank you for the opportunity to submit testimony in support of this bill.

LATE



www.hawaiihempfarmersassociation.org
info@hawaiihempfarmersassociation.org

March 31, 2025

RE: OPPOSED until amended HB 1482

Dear Honorable Members of the Senate Judiciary and Ways and Means Committee:

The Hawaii Hemp Farmers Association is the only hemp association/organization in the U.S. that has consistently opposed Delta 8 products, which was the intent and focus of the original HB 1482. Our organization and efforts to oppose Delta 8 were attacked in 2022 and 2023 by national lobbying groups, including the Hemp Round Table.

We have consistently supported age gating or limiting the sale of food and beverage hemp CBD products to adults. External CBD products (salves and lotions) and tinctures – which are the only legal products Hawaii farmers have been allowed to make until just recently – are NOT the problem. It's retailers selling mostly imported marijuana packaged as hemp, especially gummies and smokables. It's these illicit imports that have created the confusion with consumers and complaints; **not** Hawaii grown hemp salves, lotions, and tinctures. Tinctures taste horrible. No one is abusing tinctures or lotions. This proposed bill will also further slow the hemp biofuel and hemp building industry which has been significantly impacted by Hawaii hemp legislation.

If you do not carve out the very small niche market (tinctures and lotions/salves) that Hawaii hemp farmers have been clinging too from the registry requirements, you will convert what could have been a great agricultural asset for the state into 100% imports – we are almost there now (all hemp CBD imports) due to misinformed legislation and agency rules. Farmers sell mostly at small local farmers markets and mom-and-pop stores, neither of which have the time or money to do one more thing to sell a local farmer's product that doesn't bring them that much money let alone deal with more paperwork, fees, inspections, etc. Please,

- 1.) Exempt from all retailer registry requirements tinctures and externally applied hemp CBD products (salves, lotions) as they were never the problem. No one selling tinctures or salves shall be required to pay to be on a registry and subjected to inspections, etc.
- 2.) USDA licensed hemp farmers should be automatically placed on the registry with no requirement for paperwork or fees since they have had to go through an extensive vetting process with USDA – it's harder to get a hemp license than a medical marijuana grow permit. Farming anything in Hawaii is tough and expensive. The rules and regulations around hemp compound that. Don't add another unnecessary layer of bureaucracy to farmers already following the rules.
- 3.) Only hemp grown for cannabinoids should ever be subjected to DOH rules. It is exactly this

ambiguity that has smashed the hemp biofuels and slowed the hemp building industry investments in Hawaii. Nuance in this bill is required so agriculture and farmers do not incur further damage by overreaching hemp rules. Clarify that the hemp referred to in this bill is only for hemp grown for cannabinoids. The changes to the U.S. Farm bill regarding hemp will likely include exclusions for testing and reporting hemp grown for purposes other than cannabinoids.

- 4.) Any use of the DOH hemp processing and registration funds should ONLY be used on actions and personnel devoted to hemp. This funding should not be used to support enforcement of marijuana laws or marijuana personnel. This needs to be clarified in the bill, otherwise this mingling of funds can have negative consequences on hemp farmers as explained in detail during the 2024 session.

Have you read the Hawaii Hemp Task Force's Report to the Legislature? This report is a result of Act 263, which was intended to increase collaboration and communication between state agencies, the legislature, farmers, and hemp industry stakeholders to further the industry. Before we craft more bills about hemp, we are hopeful this report is read, understood, and consulted.

https://health.hawaii.gov/medicalcannabis/files/2024/09/Hawaii_HempTaskForce_Report2Leg_Aug2024.pdf

Hawaii lost 700 farms in the last USDA agricultural census. Not engaging farmers in bills that impact agriculture and not reaching out to understand the on-the-ground impact is one of the reasons why agriculture is not doing well in Hawaii. All the founding hemp farmers in this state were food farmers and continue to farm food. Farmers protect consumer health every day. We are not lobbyist. We are banging our heads against the wall on why year after year hemp rules and hemp legislation is crafted without understanding or consulting with Hawaii farmers.

We were alarmed at the level of the gut and replace that occurred last week to this bill that has been rewritten way beyond the scope of the original bill and now includes hemp. While we oppose the method by which this bill originated and numerous elements of this bill, we do support the Department of Health enforcing on illegal imported hemp products, many of which are marketed as hemp and are not, which has created tremendous confusion amongst consumers and also resulted in harsh rules that have impacted Hawaii farmers but not the illicit importers.

BUT the registry is a death nell for farmers. We have proposed the adjustments we need to consider supporting this bill, paragraph one to four above. Without the incorporation of all of these elements we will remain opposed to this bill.

Respectfully,



Gail Byrne Baber
President

Hawaii Hemp Farmers Association

HB-1482-SD-1

Submitted on: 3/29/2025 1:42:59 PM

Testimony for JDC on 4/1/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Olderr	Individual	Support	Written Testimony Only

Comments:

I support this bill

To: Chair Dela Cruz and Rhodes, Vice-Chairs Moriwaki and Gabbard and respected Senators of the WAM and JDC Committees

From: Robert Lawrence Bence, 8th generation Kula farmer and member of the Hawai'i State Hemp Task Force

RE: Opposition to HB1482, HD1, SD1 Recommend deferring this bill or at least returning to the original bill without the gut and replace changes that will destroy the remaining hemp farmers in the state. This rewrite of the original bill goes against several of the key recommendations of the Hawai'i State Hemp Task Force.

Date: 3/30/2025

Aloha Chairs Dela Cruz and Rhodes, Vice-Chairs Moriwaki and Gabbard and respected Senators of the WAM and JDC Committees

As a generational, certified organic, diversified farmer from Kula, with a hemp license from the USDA and as a member of the state hemp task force, I know how difficult it is for the state OMCCR to regulate cannabis or hemp or food or water or any of the HDOHs many duties. The excessive fines, fees and unrealistic regulations are why the HDOH policy has killed the hemp industry here and the biggest remaining producers have to process Hawai'i grown hemp in other states.

If every single county, state and federal law enforcement officer were to work full time on nothing but cannabis and hemp enforcement...the state could still never reduce the use of cannabis hemp here just the amount of local farmers. We all know we have much more important criminal issues to deal with than federally legalized hemp.

The failure of the, federally illegal schedule 1 drug selling, dispensaries, that support the destruction of the caregiver and hemp programs are the fault of the dispensaries not the federally legal hemp farmers of the state.

The original version of this bill was not opposed by the Hawai'i Hemp Farmers Association or any of our members as we support the ban of synthetic and artificially derived cannabinoids as this bill was originally written; however, the changes made are so drastic they can only be described as gut and replace a practice said to no longer be accepted.

The new bill adds the hemp program to the dispensary program despite the task force recommendation to listen to the expert testimony of hemp economists Beau Whitney, other experienced farmers from other states that combined the federally illegal state cannabis program with federally legal state hemp farmers. The DCCA testified on the governors failed recreational bill this year that combining hemp with the state cannabis would lead to financial, banking, insurance and regulatory issues.

The farmers and retailers are responsible and respected members of our states economy who have the support of long standing associations like the Hawai'i Food Industry Association and the Hawai'i Farmers Union who would testify on this bill if it originally introduced the retail and distribution license requirement.

Below are the Hemp Task Force Recommendations from the Cannabinoid section, where the stakeholders of the state's hemp farmers and processors clearly outlined how bad the changes to this bill would be to our almost dead state hemp industry. We support a simple ban on Delta

8 and other synthetic cannabinoids as well as an age gate; however, this bill includes over regulation of all hemp sales that would only negatively impact local farmers and retailers.

Next year we will have the opportunity to craft a federally legal cannabis bill that will uplift patients, farmers and the state as a whole; however, for now we should just keep this bill simple and revert to its original language as introduced.

I am available for any questions.

Mahalo Nui
Rob

F. Cannabinoids

1. Findings

Legislative intent has been to build a safe, thriving and nationally competitive hemp industry, including premium, Hawaiian-grown and manufactured, branded full spectrum and cannabinoid hemp products. These products can participate in the nationally booming hemp cannabinoid sector. This is in-line with Hawaii's goal of sustainable local agriculture.

There is significant opportunity to move the dial in Hawaii agriculture with the full spectrum hemp and cannabinoid sector. It is low hanging fruit, so to speak, as there is an established market for these products – residents are spending \$54 million annually. If Hawaii farmers could capture even 25% of the market, it would move the dial on agriculture in Hawaii, creating \$16 million in revenue for local farmers and hemp businesses. This move also supports food security goals because most cannabinoid farmers in Hawaii also grow

food and the margins of cannabinoid products can help offset the costs of growing food.

To be able to meaningfully participate in the existing Hawaii cannabinoid market, farmers need marketing support to help their products rise above the noise, as well as regulatory stability, and an even playing field that requires imports to meet Hawaii standards and allows Hawaii farmers and manufacturers to make and sell the products that are being imported by residents, which are currently not allowed.

a. Like all the hemp sectors, cannabinoid hemp especially needs regulatory stability as this sector has experienced the greatest regulatory flux, costing Hawaii hemp farmers significant losses. Many of Hawaii's hemp farmers are no longer farming or processing hemp because of the regulatory flux, especially, with regard to regulations for full spectrum and cannabinoid hemp processing and manufacturing. Both the legislature and/or the DOH have often revised hemp laws and rules, occasionally enacting new rules before it is possible to gauge the effectiveness or impact of the earlier regulations. This pattern of legislative and rule flux, often without notice, has had a negative impact on the local industry. This flux demands navigating often conflicting requirements and has introduced great uncertainty and

furthered the reputation that Hawaii is over-regulated, and unfriendly

to business development. As a result, investment has been hindered, projects cancelled, growth stagnated, and has unnecessarily created contentious relationships among farmers, retailers, and local agencies.

b. Regulating hemp under a combined authority with cannabis as proposed by the 2024 recreational cannabis bill SB 3335(now in HB1489) has had deleterious effects on farmers in other states including the loss of banking and insurance. The state ignored the expert information and

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

Page 29 of 49

data provided by the leading hemp and cannabis economist, Beau Whitney, and attorney and farmer Anne van Leynseele, both of whom have significant experience with the impacts of hemp and cannabis policies and regulations in other states. Their letters and information shared with the state outlined why moving Hawaii hemp under a cannabis department or cannabis commission will have negative effects.

Buffer restrictions for cultivation and processing have eliminated cultivation and processing opportunities, as

well as eliminated the option to farm hemp for some farmers.

business will stay in Hawaii; which is not representative of the total addressable national U.S.

market for cannabinoids of \$28 billion that Hawaii farmers could participate in.²

While the intent of the legislature was to create a safe, regulated hemp industry, state regulations have inadvertently hurt those farmers and manufacturers that work to comply, while imports that may or may not meet Hawaii standards are flourishing. Further, Hawaii farmers and manufacturers have been prevented from making Full spectrum hemp gummies are nationally the most popular product category; however, Hawaii farmers and manufacturers have not been able to participate in this market. This is in stark contrast with nearly every other state. DOH is now proposing that gummies be allowed, but with an unrealistic, immediately implemented ultra-low THC edible limit (1mg/serving and only 5-10mg/container) which would be amongst the most restrictive in the USA. Remediating hemp to the proposed DOH levels would typically require sophisticated THC removal with extractive equipment that is very expensive and out of the reach for most farmers. Hawaii is uniquely disadvantaged to remediate the extracts due to its

geographic isolation, high costs, and small size. The largest extractor and only toll processor in the state, a Kauai-based hemp company, has stated that it cannot continue in business with these rules because the company's primary income comes from tinctures that will not meet the new DOH requirements; not from processing. It is not feasible to ship hemp to the mainland for processing – far too expensive for Hawaii farmers. Further, full spectrum cannabinoid hemp can quickly degrade during shipping, greatly reducing the value of the crop and increasing expenses.

Chemically isolated, highly refined products are not what customers want. National data show that customers want full spectrum natural gummies, particularly for high-value, premium products where Hawaii can gain market share. This customer preference trend would further hinder investment or establishment of new processors in state that can remediate/remove THC from hemp extracts because there would be low to no demand for the end products made from processed Hawaii cannabinoid hemp. Proposed DOH rules have an economic and feasibility impact on local industry that will make compliance difficult for hemp farmers and businesses. DOH has not identified an urgent health emergency that warrants

the need for the ultra-low levels of THC in their proposed rules. DOH stated they have no requirement or mandate to justify the decision regarding compound limits.

i. The current DOH effective enforcement policy on gummies can be seen on their website as “gummies are not allowed”. It is understood that enforcement especially against synthetic cannabinoids (Delta 8, etc.) has been difficult because of staffing and budgetary limitations and various legal issues and challenges regarding synthetic products. These non-compliant

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

Page 30 of 49

synthetics can now be found throughout Hawaii and typically don't meet the requirements for Hawaii's testing and labeling laws. Because these mostly imported products usually don't comply with Hawaii's testing regulations, consumers can't be assured that these products are free of contaminants like solvents, heavy metals or pesticides that exceed DOH standards. This undermines the responsible Hawaii grown hemp product market.

Hawaii's testing laws for final full spectrum and cannabinoid products such as tinctures and salves, are amongst the toughest and most expensive in the U.S.;

typically, \$650 for a single batch for one product. While costly, the hemp industry has embraced these testing standards to confirm the high quality of Hawaii grown and made products. However, to remain competitive with the flood of imports that are not required to meet Hawaii's testing laws and because many hemp farmers produce smaller batches of products more often, subsidizing product testing would help to level the uneven playing field.

There is a need for additional full spectrum and cannabinoid hemp processing. Farmers have suggested establishing facilities to be shared on Hawaii Island, Maui, and Oahu and/or provide grant funding for farmers to establish small scale processing on their farm.

Hawaii farmers need crops that can be processed into high margin value added products to offset the high costs of food production and farming in general in Hawaii. full spectrum products and cannabinoids offers exactly this for farmers. Hemp grown for Many of the Hawaii farmers that have grown hemp also grow food, so the full spectrum hemp products offer a way to offset the high cost of food production for small family farms.

Hawaii hemp farmers hope to build the Hawaii cannabinoid business around a Kona coffee model, offering high quality boutique hemp products, which could provide financial stability for family farms.

n. A number of full spectrum hemp and cannabinoid farmers are also involved in other hemp sectors. Some grow for food (microgreens) and have also grown hemp for fiber and are interested in diversifying their equipment and farm to include small scale fiber operations that require minimal processing.

o. Hemp seed oil, hempcrete, and hemp tinctures are all technically manufactured hemp products. Current DOH nomenclature for cannabinoid products is "manufactured hemp product", which can be confusing.

Conclusion

Significantly, residents already spend \$54 million on hemp cannabinoid products per 2020 estimates, but these products are mostly imports that don't meet Hawaii regulations or standards¹. With minimal marketing support and allowing farmers and Hawaii businesses to produce the products residents want, it is likely Hawaii farmers could capture 25% of this large existing in-state market so that at least \$16 million that now goes to mainland farmers and

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

business will stay in Hawaii; which is not representative of the total addressable national U.S. market for cannabinoids of \$28 billion that Hawaii farmers could participate in.²

While the intent of the legislature was to create a safe, regulated hemp industry, state regulations have inadvertently hurt those farmers and manufacturers that work to comply, while imports that may or may not meet Hawaii standards are flourishing.

Further, Hawaii farmers and manufacturers have been prevented from making and selling the most popular cannabinoid product, gummies. Quality local retailers who have long-term relationships with their customers, vet their vendors, check lab reports, have insurance, and generally are inclined towards compliance are therefore excluded along with responsible local manufacturers. This undermines the goals of the DOH and the legislature.

2. Recommendations Cannabinoids

Move the regulation of processing and manufacturing of hemp for cannabinoids to an independent hemp program, titled "Hemp Program, "Office of Hemp" or similar title.

DOH should move personnel and resources for enforcement currently assigned to hemp under the Office of Medical Cannabis to this new hemp program in DOH. The regulatory structure of hemp, including hemp grown for cannabinoids, should remain independent and separate from the regulatory work and structures for cannabis, including future recreational cannabis if it is allowed.

Support the continued regulation of the hemp industry by the U.S. Department of Agriculture, Hawaii Department of Agriculture, and the Hawaii Department of Health.

Hemp should be excluded from future recreational or medical cannabis legislation. SB 3335 that was proposed in 2024 legislative session is an example of a bill in which the hemp industry does not was to be included.

Do not introduce any *disruptive* legislation and rules for three years. **Disruptive rules and**

legislation include, adding definitions that conflict with and/or are more restrictive than

Federal definitions; legislation or rules that would narrow market opportunities and/or

render Hawaii farmers, processors, and manufacturers less competitive with import and mainland businesses;

imposing additional taxes or fees; moving cannabinoid hemp to a new regulatory agency other than a stand-alone hemp program under the Department of Health; additional permitting or licensing requirements for the industry or Hawaii wholesalers or retailers; actions that might result in the loss of business services for farmers, processors, or manufacturers, especially banking, insurance, and marketing platforms; additional constraints of or testing during cultivation, transportation, processing, or manufacturing; and/or any action that an investor might reasonably identify as indicating the Hawaii hemp industry is becoming more restrictive and/or lacks a stable regulatory environment. Legislation called for in this report is not disruptive.

d. DOH adopts rules that include reasonable per serving THC limits that are in line with most of the rest of the country and which are backed by scientific study. **It is recommended Hawaii rules follow the widely applauded and nationally emulated Minnesota law of 5 mg.**

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

Page 32 of 49

THC per serving and no greater than 50 mg of THC per package for edibles and 10 mg per beverage, but also

includes the following restrictions in item e.) below. DOH new zero and ultra-low THC limit policy, all of which are unrealistic for Hawaii farmers and manufacturers to comply with and will irreversibly damage local industry.

To prevent THC from getting into the hands of children and youth, Hawaii needs clear, simple rules that address this and are broad enough to cover potential synthetic psychoactive cannabinoids which currently exploit technical loopholes to circumvent federal regulatory definitions – not a blanket policy which prohibits nearly everything and destroys the Hawaii grown industry, while imports thrive.

- **Simply restrict to 21 years or older on retail sales or possession all full spectrum and cannabinoid hemp food and beverage hemp products.**

- **Do not require businesses or farmers to obtain permits to sell cannabinoids to adults. This would all but eliminate many farmer outlets because smaller retails can't afford the extra cost or time to secure the license and don't want the perceived liability. Instead educate the public, retailers, and the industry that sales are to be restricted to adults.**

- o Packaging should not entice youth and shall not include cartoon characters or emulate children's brands like candies and cereals or children's vitamins.

Ensure that existing legal products are not subject to the restrictions in d.) above but must continue to adhere to the Federal 0.3% THC limit, e.g. soaps, salves, lotions, tinctures, etc.

These products have not caused the problems caused by imported gummies and edibles.

DOH should update their website once new rules are issued to reflect that gummies with other edibles and beverages are allowed.

DOH should communicate proactively about potential rules and/or legislation and/or concerns before drafting rules or supporting new legislation including consulting transparently and publicly with experts, stakeholders, and industry to understand the basis and feasibility of the decision making and whether there are non-regulatory ways to achieve the desired outcomes DOH is seeking. Any new DOH rules should be given adequate notice (6 months+) along with an education campaign so industry has time to adapt.

j. DOH rename "manufactured hemp product" to "manufactured hemp extract product" ("mhcp"), or "manufactured hemp cannabinoid product" (mhcp) to facilitate clear communication across industrial hemp sectors.

k. The Hemp Task Force recommends the state incentivize all sectors of the hemp industry, ensuring that all sectors are offered the supporting consideration and that a group representative of all sectors in the hemp industry represented proportionately by island by the number of USDA hemp licenses be convened to meet and determine the best methods to support each sector. If this group cannot be convened then grants and other forms of

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

Page 33 of 49

support for all sectors be made available through a competitive and transparent process that are weighted to support local, Hawaii farmers and Hawaii based companies.

l. Reduce DOH Hemp Processor Permit application and renewal fees to \$50 for three years to make the application process feasible for more farmers and to encourage small scale processing to help Hawaii farmers and manufacturers capture more of the \$54

million Hawaii cannabinoid market that is dominated by imports.

m. Make available \$3,600 per year in tax credits for laboratory testing of Hawaii grown full spectrum and cannabinoid products for Hawaii farmers that have an active USDA. hemp license. 100% of the cannabinoids and full spectrum in these products must be from 100% Hawaii grown hemp and the products must be manufactured in Hawaii. The tax credits should be available for 36 months to level the playing field and allow Hawaii farmers an opportunity to access the huge import market upon which Hawaii residents spend nearly \$54 million per year.

n. o. p. Determine the potential to for Hawaii farmers to conduct research with the University of Hawaii as allowed per the Medical Marijuana and Cannabinol Research Expansion Act Public Law 117-215. This federal law may allow UH to design a study under UH John A Burns School of Medicine or the HDOH to study the cannabinol produced by Hawaii hemp farmers.

Hawaii should allow the sale of hemp flower, pre-rolls and water-based concentrates to adults over 21 years of age following the state rules on tobacco smoking location

restrictions. Legislation to allow this should be introduced as a stand-alone bill.

Recommend ongoing hemp farmer and university partnership to further the cannabinoid hemp industry needs including but not limited to research and development, courses, textbooks, peer-reviewed field studies, internships, germplasm repository/distribution, analytics, incubator programs and to pursue grant funding for hemp.

IV. Action Tables to Facilitate Implementation of Recommendations

Please see the following pages for tables that summarize the recommendations and identify how to implement the recommendations and the responsible party for implementation as identified by the Hawaii Hemp Task Force in consultation with the Department of Agriculture and Department of Health.

Tables include,

A. All Sectors (those recommendations that apply to all sectors below, B-F.)

B. Fiber and Building Materials

C. Fuel and Biomass

D. Seed and Cultivar, Hawaii-specific Research Needs

E. Food and Animal Feed

F. Cannabinoids

Hawaii Hemp Industry Infrastructure Report

Hawaii Hemp Task Force

