
A BILL FOR AN ACT

RELATING TO COUNTIES.

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

1 SECTION 1. Chapter 46, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 "§46- Establishment of compassion centers. In addition
5 to the powers of the counties enumerated under section 46-1.5, a
6 county may provide by ordinance for the establishment of one or
7 more compassion centers in accordance with section 329- ."

8 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§237- General excise tax on marijuana sales. In
12 addition to the amounts taxable under this chapter, there shall
13 be assessed, levied, and collected a general excise tax on the
14 sale of marijuana by a compassion center under section 329- in
15 the amount of \$30 per ounce of sale; provided that the
16 department of taxation shall deposit \$15 to the state general
17 fund and \$15 for each ounce sold and for which the tax has been



1 collected to the county general fund of the county where the
2 sale occurred."

3 SECTION 3. Chapter 329, Hawaii Revised Statutes, is
4 amended by adding two new sections to part IX to be
5 appropriately designated and to read as follows:

6 "§329-A Compassion centers; establishment. (a) A county
7 may authorize by ordinance the establishment of one or more
8 compassion centers for the legal distribution of marijuana. The
9 purpose of a compassion center shall be to sell marijuana or the
10 marijuana plant, or both, to qualifying patients and their
11 primary caregivers; provided that they are registered in
12 compliance with section 329-123.

13 (b) A compassion center shall:

14 (1) Comply with section 712-1249.6;

15 (2) Not hire any convicted felon to work in a compassion
16 center;

17 (3) Register annually with the department of public
18 safety; and

19 (4) Pay an annual registration fee of \$5,000 for each
20 county in which the compassion center conducts
21 business; provided that of the \$5,000 of each
22 registration fee collected:



1 (3) That the compassion center make a record, to be kept
2 for not less than two years following the sale, of
3 every sale of marijuana or marijuana plant with the
4 name, address, and patient identification number of
5 the purchaser as appears on the written certification,
6 and other identifying information as may be required
7 by ordinance;

8 (d) Each county's ordinance shall provide for:

9 (1) The amount of marijuana or marijuana plants, or both,
10 that may be dispensed at any single sale under this
11 section;

12 (2) County licensing and registration of compassion
13 centers; and

14 (3) Any other regulation deemed suitable by the county for
15 purposes of this section, including but not limited to
16 unannounced county inspections of the premises, amount
17 of marijuana or marijuana plants that may be stored on
18 the premises, and security measures to protect the
19 premises from burglary.

20 (e) A sale of marijuana pursuant to this section shall not
21 constitute a criminal offense unless the sale exceeds the amount
22 determined under subsection (d) (1).



1 (f) Each compassion center shall cultivate and grow its
2 own supply of marijuana; provided that the compassion center
3 shall provide for adequate security to protect the marijuana.

4 §329-B Registration recognition of other jurisdictions. A
5 person who is duly issued a medical marijuana registration
6 certificate or similar authorization from a jurisdiction outside
7 of this State shall be entitled to purchase marijuana for
8 medical use from a compassion center established pursuant to
9 section 329-A; provided that the person is not a resident of
10 Hawaii and has no intention of living in this State."

11 SECTION 4. Section 237-24.3, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "§237-24.3 Additional amounts not taxable. In addition to
14 the amounts not taxable under section 237-24, this chapter shall
15 not apply to:

- 16 (1) Amounts received from the loading, transportation, and
17 unloading of agricultural commodities shipped for a
18 producer or produce dealer on one island of this State
19 to a person, firm, or organization on another island
20 of this State. The terms "agricultural commodity",
21 "producer", and "produce dealer" shall be defined in
22 the same manner as they are defined in section 147-1;



1 provided that agricultural commodities need not have
2 been produced in the State;

3 (2) Amounts received from sales of:

4 (A) Intoxicating liquor as the term "liquor" is
5 defined in chapter 244D;

6 (B) Cigarettes and tobacco products as defined in
7 chapter 245; and

8 (C) Agricultural, meat, or fish products;

9 to any person or common carrier in interstate or
10 foreign commerce, or both, whether ocean-going or air,
11 for consumption out-of-state on the shipper's vessels
12 or airplanes;

13 (3) Amounts received by the manager, submanager, or board
14 of directors of:

15 (A) An association of owners of a condominium
16 property regime established in accordance with
17 chapter 514A or 514B; or

18 (B) A nonprofit homeowners or community association
19 incorporated in accordance with chapter 414D or
20 any predecessor thereto and existing pursuant to
21 covenants running with the land,

22 in reimbursement of sums paid for common expenses;



- 1 (4) Amounts received or accrued from:
- 2 (A) The loading or unloading of cargo from ships,
3 barges, vessels, or aircraft, whether or not the
4 ships, barges, vessels, or aircraft travel
5 between the State and other states or countries
6 or between the islands of the State;
- 7 (B) Tugboat services including pilotage fees
8 performed within the State, and the towage of
9 ships, barges, or vessels in and out of state
10 harbors, or from one pier to another; and
- 11 (C) The transportation of pilots or governmental
12 officials to ships, barges, or vessels offshore;
13 rigging gear; checking freight and similar
14 services; standby charges; and use of moorings
15 and running mooring lines;
- 16 (5) Amounts received by an employee benefit plan by way of
17 contributions, dividends, interest, and other income;
18 and amounts received by a nonprofit organization or
19 office, as payments for costs and expenses incurred
20 for the administration of an employee benefit plan;
21 provided that this exemption shall not apply to any
22 gross rental income or gross rental proceeds received



1 after June 30, 1994, as income from investments in
2 real property in this State; and provided further that
3 gross rental income or gross rental proceeds from
4 investments in real property received by an employee
5 benefit plan after June 30, 1994, under written
6 contracts executed prior to July 1, 1994, shall not be
7 taxed until the contracts are renegotiated, renewed,
8 or extended, or until after December 31, 1998,
9 whichever is earlier. For the purposes of this
10 paragraph, "employee benefit plan" means any plan as
11 defined in section 1002(3) of title 29 of the United
12 States Code, as amended;

13 (6) Amounts received for purchases made with United States
14 Department of Agriculture food coupons under the
15 federal food stamp program, and amounts received for
16 purchases made with United States Department of
17 Agriculture food vouchers under the Special
18 Supplemental Foods Program for Women, Infants and
19 Children;

20 (7) Amounts received by a hospital, infirmary, medical
21 clinic, health care facility, pharmacy, or a
22 practitioner licensed to administer the drug to an



1 individual for selling prescription drugs or
2 prosthetic devices to an individual; provided that
3 this paragraph shall not apply to any amounts received
4 for services provided in selling prescription drugs or
5 prosthetic devices[-]; provided further that this
6 paragraph shall not apply to any amounts received by
7 compassion centers established under section 46- for
8 selling marijuana for medical use. As used in this
9 paragraph:

10 "Prescription drugs" are those drugs defined
11 under section 328-1 and dispensed by filling or
12 refilling a written or oral prescription by a
13 practitioner licensed under law to administer the drug
14 and sold by a licensed pharmacist under section 328-16
15 or practitioners licensed to administer drugs; and

16 "Prosthetic device" means any artificial device
17 or appliance, instrument, apparatus, or contrivance,
18 including their components, parts, accessories, and
19 replacements thereof, used to replace a missing or
20 surgically removed part of the human body, which is
21 prescribed by a licensed practitioner of medicine,
22 osteopathy, or podiatry and which is sold by the



1 practitioner or which is dispensed and sold by a
2 dealer of prosthetic devices; provided that
3 "prosthetic device" shall not mean any auditory,
4 ophthalmic, dental, or ocular device or appliance,
5 instrument, apparatus, or contrivance;

6 (8) Taxes on transient accommodations imposed by chapter
7 237D and passed on and collected by operators holding
8 certificates of registration under that chapter;

9 (9) Amounts received as dues by an unincorporated
10 merchants association from its membership for
11 advertising media, promotional, and advertising costs
12 for the promotion of the association for the benefit
13 of its members as a whole and not for the benefit of
14 an individual member or group of members less than the
15 entire membership;

16 (10) Amounts received by a labor organization for real
17 property leased to:

18 (A) A labor organization; or

19 (B) A trust fund established by a labor organization
20 for the benefit of its members, families, and
21 dependents for medical or hospital care, pensions
22 on retirement or death of employees,



1 apprenticeship and training, and other membership
2 service programs.

3 As used in this paragraph, "labor organization" means
4 a labor organization exempt from federal income tax
5 under section 501(c) (5) of the Internal Revenue Code,
6 as amended;

7 (11) Amounts received from foreign diplomats and consular
8 officials who are holding cards issued or authorized
9 by the United States Department of State granting them
10 an exemption from state taxes; and

11 (12) Amounts received as rent for the rental or leasing of
12 aircraft or aircraft engines used by the lessees or
13 renters for interstate air transportation of
14 passengers and goods. For purposes of this paragraph,
15 payments made pursuant to a lease shall be considered
16 rent regardless of whether the lease is an operating
17 lease or a financing lease. The definition of
18 "interstate air transportation" is the same as in 49
19 U.S.C. 40102."

20 SECTION 5. In codifying the new sections added by section
21 3 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 6. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on August 7, 2112.



Report Title:

Counties; Compassion Centers

Description:

Provides that each county has the power to establish compassion centers for the dispensing of medical marijuana. Requires that compassion centers shall only provide service to qualifying patients and primary caregivers registered with the department of public safety. Makes compassion centers subject to the general excise tax by making inapplicable the exemption for amounts received from sales of prescription drugs or prosthetic devices. Imposes a general excise tax on marijuana sales. Imposes registration fee on compassion centers, to be shared with counties. Effective 8/7/2112.

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

