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# A BILL FOR AN ACT

RELATING TO MARIJUANA.

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

1           SECTION 1. The legislature finds that the effective  
2 regulation of medical marijuana is of paramount importance to  
3 the health and welfare of the State and its residents. The  
4 state law authorizing the use of medical marijuana by qualifying  
5 patients was enacted on June 14, 2000, as Act 228, Session Laws  
6 of Hawaii 2000, to provide medical relief for seriously ill  
7 individuals in the State.

8           The legislature further finds that, to accomplish the  
9 purpose of Act 228, Session Laws of Hawaii 2000, and to protect  
10 the health and well-being of the State's residents, it is  
11 necessary to regulate the manner in which qualifying patients  
12 cultivate, possess, and use marijuana. While Act 228, Session  
13 Laws of Hawaii 2000, authorized qualifying patients to use  
14 medical marijuana under certain conditions, the Act did not  
15 provide a legal way for those individuals to obtain medical  
16 marijuana. In response, Act 241, Session Laws of Hawaii 2015,



1 was enacted to establish a regulated system of medical marijuana  
2 dispensaries and cultivation sites in the State.

3 The legislature further finds that no regulations have been  
4 established to control the price of medical marijuana that is to  
5 be sold by the dispensaries authorized by Act 241, Session Laws  
6 of Hawaii 2015. The absence of price control regulations  
7 creates a risk that qualified patients may not have safe and  
8 legal access to medical marijuana, which could in turn lead to  
9 the illegal production, sale, and distribution of marijuana -  
10 and potentially expose other residents and vulnerable youth to  
11 marijuana. Therefore, the legislature finds that it is vital  
12 for the department of health to ensure that affordable medical  
13 marijuana is available, in quantities that are medically  
14 necessary, to qualified patients who have obtained  
15 certifications from physicians that allow those patients to  
16 legally use medical marijuana.

17 Other states that have authorized medical marijuana  
18 dispensaries have established provisions to oversee or regulate  
19 the price of medical marijuana sold by dispensaries. For  
20 example, Minnesota allows for annual review of medical marijuana  
21 prices; New Mexico sets price limitations and guidelines on  
22 uniformity of medical marijuana prices; Washington, D.C., has



1 implemented a sliding scale approach to medical marijuana prices  
2 based on the ability of patients to pay; and New York mandates  
3 that every sale of medical marijuana conform with prices  
4 established by a commissioner for the per dose price of each  
5 form of medical marijuana sold.

6 The legislature declares that in light of Act 241, Session  
7 Laws of Hawaii 2015, it is no longer in the public's interest to  
8 allow qualifying medical marijuana patients to grow their own  
9 medical marijuana because those patients will have access to  
10 medical marijuana through state-authorized dispensaries.  
11 However, price controls are necessary to ensure that medical  
12 marijuana is affordable to patients who purchase it from  
13 authorized dispensaries.

14 Accordingly, the purpose of this Act is to establish a  
15 system of price controls, including maximum prices, on July 1,  
16 2018, for medical marijuana sold by dispensaries in the State.

17 SECTION 2. Chapter 329D, Hawaii Revised Statutes, is  
18 amended by adding a new section to be appropriately designated  
19 and to read as follows:

20 "§329D- Price controls; powers of the director. (a) In  
21 addition to any other powers and duties established by law, the  
22 director of health may:



- 1        (1) Establish maximum retail prices for medical marijuana  
2        cultivated and sold to qualified patients;
- 3        (2) Investigate all matters pertaining to the production,  
4        manufacture, transportation, processing, storage,  
5        distribution, and delivery of medical marijuana and  
6        manufactured marijuana products pursuant to this  
7        chapter; the setting of maximum retail prices to be  
8        paid to medical marijuana dispensaries; the records,  
9        books and accounts of dispensaries and any other  
10       person from whom information may be desired to carry  
11       out the purpose and intent of this chapter; and by  
12       leave of a circuit court, to order the taking of  
13       depositions of witnesses absent from the State; and
- 14       (3) Make and enforce all rules and regulations and all  
15       orders necessary to carry out this section.
- 16       (b) Any employee authorized by the director of health may  
17       sign and issue subpoenas and may administer oaths to witnesses  
18       and conduct hearings and investigations. In case of failure of  
19       any person to comply with any subpoena issued under authority of  
20       this section, or the refusal of a witness to testify to any  
21       matter regarding which the witness may be lawfully interrogated,  
22       the judge of the district court of the circuit in which the



1 person resides or of the circuit in which the person may be  
2 personally served, on application of the director of health or  
3 the director's authorized representatives, shall compel  
4 obedience, as in the case of disobedience of the requirements of  
5 a subpoena issued from the court or a refusal to testify  
6 therein.

7 (c) Without regard to the notice and public hearing  
8 requirements of chapter 91, the director of health may  
9 establish, by order, the maximum retail prices to be paid to  
10 dispensaries by qualifying patients for medical marijuana and  
11 manufactured marijuana products.

12 (d) Prior to the effective date of any order issued  
13 pursuant to subsection (c), the department shall give public  
14 notice that includes a statement:

15 (1) Of the:

16 (A) Substance of the proposed order; or

17 (B) Maximum retail prices to be established for  
18 medical marijuana or manufactured medical  
19 marijuana products; and

20 (2) That a copy of the proposed order will be mailed to  
21 any interested person who requests a copy, together



1           with a description of where and how the requests may  
2           be made.

3 The notice shall be mailed to all persons who have made a timely  
4 written request of the department for advance notice of these  
5 orders or of the department's rulemaking proceedings. The  
6 department may require reimbursement for the cost of preparing  
7 and mailing the copies.

8           (e) The maximum retail prices established pursuant to  
9 subsection (c) may vary according to classes or classifications  
10 established by the director of health; provided that the maximum  
11 retail prices for each class or classification shall be uniform.  
12 The maximum retail prices may vary from county to county."

13           SECTION 3. New statutory material is underscored.

14           SECTION 4. This Act shall take effect upon its approval;  
15 provided that section 2 of this Act shall take effect on July 1,  
16 2018.

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INTRODUCED BY 

JAN 20 2017



# H.B. NO. 662

**Report Title:**

Health; Medical Marijuana; Dispensaries; Price Controls

**Description:**

Authorizes the director of health to establish maximum retail prices for medical marijuana and manufactured marijuana products. Delays authority to establish medical marijuana price controls until 7/1/2018.

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

