



LATE

DAVID Y. IGE
GOVERNOR
SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR
JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

**PRESENTATION OF THE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

TUESDAY, MARCH 21, 2017
10:00 a.m.

**TESTIMONY ON H.B. NO. 1488, H.D. 1
RELATING TO MEDICAL MARIJUANA**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

HB1448 Proposed SD1

Thank you for allowing the Department of Commerce and Consumer Affairs (“DCCA”) through the Division of Financial Institutions (“DFI”) to provide comment on the testimony submitted by the Hawaii Educational Association for Licensed Therapeutic Healthcare (“HEALTH”). The proposal seeks to minimize the risk and presence of cash by establishing a state administered closed-loop system that would be established through rules promulgated by DCCA.

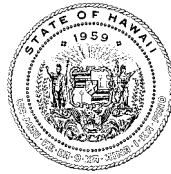
As HEALTH states in its testimony, DFI has had a number of discussions with representatives from that organization to explore what options may be available as

alternatives to cash-based sales of medical marijuana, and those discussions have included an examination of the Ohio closed-loop system that was recently adopted but not yet implemented. While those discussions are ongoing, DFI has advised HEALTH that it believes it is premature to adopt this particular payment system at this time, given that the Ohio model is not yet operational. Moreover, DFI defers to the Department of Health and the Department of Budget and Finance as to their position on the actual administration of what is being proposed.

DCCA recognizes that because of federal law, banks nationwide are hesitant to open and maintain bank accounts for medical marijuana companies and without bank accounts to process payments, this industry will likely be cash-based. For the last year, DFI has been encouraging banks in general and individually to service the medical marijuana industry. However, because of the federal laws, DFI cannot guarantee that its guidance will shield the banks from any federal enforcement from federal bank regulators or federal law enforcement.

To help allay concerns of the banking industry, DFI has been working with the Department of Health to seek guidance about the reports that would be available to banks in order for banks to complete and comply with the due diligence required under federal anti-money laws. DFI understands this is a work in progress, and is willing to continue its working relationship with the stakeholders.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN COMMENTS

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH
ON
HOUSE BILL NO. 1448, HD1

LATE

March 21, 2017
10:00 a.m.
Room 229

RELATING TO MEDICAL MARIJUANA

House Bill No. 1448, HD1, proposes to establish a new Office of Medical Marijuana Administration in DOH to administer the dispensary system and patient registration, including civil service positions and a back-up tracking system, along with other security-related measures

The Department of Budget and Finance defers to the Department of Health regarding their position on the administrative proposals in this measure. However, B&F is opposed to any amendments that would propose the processing of medical marijuana revenues and expenditures within any state treasury accounts. The state treasury maintains accounts to hold funds for programs operated for a public purpose. Given medical marijuana dispensaries are private businesses, the state treasury is only able to accept revenues related to fees and taxes authorized by state law. Further, we understand that federally regulated financial institutions are not amenable to processing revenues and expenditures from medical marijuana transactions, and the state treasury would similarly not be allowed to process such funds.

Thank you for your consideration of our comments.

baker2 - Heath

From: Russell Ota <russellota@gmail.com>
Sent: Monday, March 20, 2017 3:02 PM
To: CPH Testimony
Subject: Opposition to SD1s for HD243 and HB1498

LATE

To: The Committee on Commerce, Consumer Protection, and Health:

I am writing in OPPOSITION to the proposed SD1s for HD243 and HB1498.

In regards to HD243, proposed SD1 I am opposed because it gutted the original intent of the bill. The provision to HRS Section 514B-107 relating to renters as Board members should be reinstated. There is a serious problem of AOA Boards having renters as Board members. This needs to be prohibited because the interest of owners and renters are not the same. Moreover, renters can come and go and, thus, do not have a vested interest in the AOA.

In regards to HB1498, proposed SD1, I am opposed to Part III. The phrase "are not of a material adverse nature to condominium owners or do not imperil the viability or stability of the condominium association" is very ambiguous and subjective. Any change will be a material adverse effect to at least one owner. Also, the very nature of a change will cause instability. Declarations, bylaws, and other governing instruments are the "Constitution" for AOA's, thus changes should not be made without input from all owners. When owners do not vote, it is a "NO" vote. Part III needs to be removed from the proposed SD1.

Thank you,

Russell A. Ota

baker2 - Heath

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 20, 2017 6:40 PM
To: CPH Testimony
Cc: mkhan@hawaiiintel.net
Subject: Submitted testimony for HB1498 on Mar 21, 2017 09:00AM

LATE

HB1498

Submitted on: 3/20/2017

Testimony for CPH on Mar 21, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	Individual	Support	No

Comments: Support Parts I and III, and have no comment regarding Part II. I believe that the proposed revisions concerning the required percentage of approval of homeowners regarding the declaration and bylaws will help to expedite decision-making. Mahalo for the opportunity to comment.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Sent: Tuesday, March 21, 2017 2:28 PM
Cc: 'baker2@capitol.hawaii.gov' <baker2@capitol.hawaii.gov>
Subject: RE: HB1499
Heath,

LATE

That is very observant of you and I appreciate you raising the issue.

You are correct that the focus of the section in HB 1499 SD1 is nonjudicial foreclosures, whereas section 667-19 is for judicial foreclosures.

The concern in HB 1499 is that if an owner agreed to a payment plan under the old law, we would have to rescind the notice of default and intention to foreclose. Then, if the owner failed to follow through on the payment plan, we would have to start the process all over again.

That is the reason that, under the proposed changes to the language in the bill, we only have to rescind the notice of default and intention to foreclose if the owner actually cures the default – i.e. pays the full amount. We would not have to rescind the nonjudicial foreclosure if the owner proposes a payment plan, because he could fail to follow through and we would have to start up again.

In contrast, in a judicial foreclosure we would simply stop the judicial foreclosure temporarily if a payment plan was proposed. We would not have to "rescind" anything. In fact, section 667-19 outlines the process for judicial foreclosures.

To cut a long story short, you are correct that the reference to section 667-19 should actually be a reference to 667 92 (c), because the bill is dealing only with NONjudicial foreclosures and that is the section that deals with payment plans in a NONjudicial foreclosure. Therefore, the reference to section 667-19 should be replaced with a reference to 667-92 (c).

I appreciate you noticing that fine but significant point, thereby making the bill better from our point of view.

Thanks

John Morris
