

# HB2742 HD1

Measure Title: RELATING TO MEDICAL CANNABIS.

Report Title: DOH; Office of Medical Cannabis Control and Regulation;  
Established; Appropriation (\$)

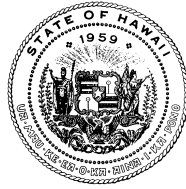
Description: Establishes the Office of Medical Cannabis Control and Regulation in the Department of Health to administer cannabis patient registration and dispensary licensing and regulation. Extends civil service exemptions. Extends interim rulemaking authority. Appropriates moneys. (HB2742 HD1)

Companion:

Package: None

Current Referral: CPH, WAM

Introducer(s): MIZUNO, BELATTI, LUKE, NISHIMOTO



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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**Testimony COMMENTING on H.B. 2742, H.D. 1  
RELATING TO MEDICAL CANNABIS.**

SENATOR ROSALYN H. BAKER, , CHAIR  
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH  
Hearing Date: Thursday, March 15, 2018 Room Number: 229

1 **Fiscal Implications:** Estimated total cost \$2,777,836 for fiscal year 2019. Current combined  
2 budgeted expenditures are \$1,552,270 for FY2018 and are projected to increase to \$1,616,359  
3 for FY2019. Administrative infrastructure expenditures of approximately \$280,000 for 4 new  
4 positions (Program Manager, secretary, IT Specialist, and data analyst). Also, operations and  
5 regulatory staff salary expenditures of approximately \$246,000 for 4 new positions (2 Registry  
6 Program Specialists, and 2 Dispensary Licensing Surveyors). IT systems improvements and  
7 other one-time expenditures of approximately \$635,477 to upgrade patient registry system and  
8 patient cards and system development for use in enabling reciprocity. In addition, the  
9 Department requests forgiveness of the \$1,500,000 advance general funds provided to the  
10 Department as start-up costs of the dispensary licensing program.

11 **Department Testimony:** Thank you for the opportunity to COMMENT on this measure.

12 The Department supports the goal of H.B. 2742 H.D. 1 and the intent of this measure.  
13 Notwithstanding, the Department respectfully requests that this new Office of Medical Cannabis  
14 Control and Regulation be placed under the Deputy Director of Health Resources Administration  
15 (DDHRA) due to more direct operational oversight of functions rather than the Director of  
16 Health. Health Resources Administration (HRA) is the more appropriate placement since HRA

1 and this program are operational in scope and this program will remain highly regulatory in order  
2 to maintain a robust regulatory system aimed at ensuring patient safety, product safety, and  
3 public safety. Reporting to the DDHRA provides better access to subject matter experts at the  
4 operational and regulatory level.

5 The new Office will be composed of the Patient Registry Program currently under the  
6 Communicable Disease and Public Health Nursing Division and the Medical Cannabis  
7 Dispensary Licensing Program currently under the Office of Health Care Assurance. There are  
8 currently seven (7) FTEs in the Patient Registry Program and five (5) FTEs in the Dispensary  
9 Licensing Program for a total of twelve (12) staff.

10 This bill will accelerate the resource needs of the cannabis programs. Both programs  
11 depend on other direct and indirect infrastructure resources from their current respective host  
12 agencies such as managerial, IT, and administrative and human resources support normally  
13 associated with larger operational offices. These resources would need to be provided as part of  
14 the new Office of Medical Cannabis Control and would require the approval of four (4)  
15 additional staff such as for an overall Program Manager, secretary, IT specialist, and data  
16 analyst.

17 In the near future, each “sub-program”, or unit, will also require a total of four (4)  
18 positions in anticipation of greater numbers of registered patients and additional inspections as  
19 more dispensary production centers and retail sales locations open across the state. This will  
20 bring the total number of positions for a consolidated Office of Medical Cannabis Control to  
21 twenty (20).

1           The Office will also embark on significant improvements in the patient registration  
2 process including an upgrade in patient registration cards and an improved IT platform to support  
3 out-of-state reciprocity and for generating reports to DBEDT and other executive branch  
4 departments and for the legislature. These improvements were anticipated prior to this measure,  
5 but the consolidation required by this measure could accelerate the need.

6           The financial impacts of a consolidated Office of Medical Cannabis Control with 20  
7 FTEs and upgraded IT systems would cost as much as \$2,777,836, including one time costs but  
8 excluding general funds advances to establish the dispensary licensing program. Ongoing annual  
9 operating expenditures are estimated at \$2,142,359 and would be partially offset by patient  
10 registry and dispensary licensing fees of approximately \$1,303,102, resulting in a net unfunded  
11 balance of \$839,257.

12           The Department supports extending interim rulemaking to July 1, 2025 and extending the  
13 exempt status of staff to June 30, 2025. The Department also requests making permanent the  
14 exempt status for persons in exempt positions prior to the Act and who transfer into the  
15 consolidated Office as a consequence of the Act. This is crucial for recruitment and longer-term  
16 retention because of the specialized nature of those positions.

17           As indicated above, the Department respectfully requests the Legislature not require the  
18 Department to repay the initial appropriation of \$1,500,000 which was necessary to launch the  
19 dispensary licensing program, and to not require program self-sustainability.

20           Thank you for the opportunity to testify on this bill.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2018**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 2742, H.D. 1, RELATING TO MEDICAL CANNABIS.

**BEFORE THE:**

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

**DATE:** Thursday, March 15, 2018                      **TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 229

**TESTIFIER(S):** Russell A. Suzuki, Acting Attorney General, or  
Tara K.C.S. Molnar, Deputy Attorney General

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Chair Baker and Members of the Committee:

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

This bill adds a new section to chapter 329D, Hawaii Revised Statutes (HRS), to establish the office of medical cannabis control and regulation, which would administer medical cannabis dispensary licensure and regulation pursuant to chapter 329D, HRS, and the registration of qualifying patients pursuant to section 329-123, HRS (page 1, lines 13-16).

The proposed wording establishing the office of medical cannabis control and regulation, which would register qualifying patients, should be amended to clarify that it also includes the registration of primary caregivers, as allowed under section 329-123, HRS, and that registration would be done pursuant to the medical use of cannabis outlined in part IX of chapter 329, HRS (page 1, line 16). If the Committee is inclined to move this measure forward, we suggest that it amend the wording on page 1, line 16, to read, "qualifying patients and primary caregivers, pursuant to part IX of chapter 329."

Thank you for considering our comments.

**HB-2742-HD-1**

Submitted on: 3/14/2018 7:15:09 AM

Testimony for CPH on 3/15/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Rosalyn H. Baker, Chair; the Honorable Jill N. Tokuda, ViceChair, and Members of the Senate Committee on Commerce, Consumer Protection, and Health:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2742 HD1** regarding the DOH; Office of Medical Cannabis Control and Regulation; Established; and an appropriation.

The OCC Legislative Priorities Committee is in favor of **HB2742 HD1** and support its passage.

**HB2742 HD1** is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it establishes the Office of Medical Cannabis Control and Regulation in the Department of Health to administer cannabis patient registration and dispensary licensing and regulation; extends civil service exemptions; extends interim rulemaking authority; and appropriates moneys. Specifically, the DPH Platform provides that we "support fair and equitable access to medical marijuana to be administered by the State of Hawaii's Department of Health." (Platform of the DPH, P. 7, Lines 386-387 (2016)).

Given that **HB2742 HD1** establishes the Office of Medical Cannabis Control and Regulation in the Department of Health to administer cannabis patient registration and dispensary licensing and regulation; extends civil service exemptions; extends interim rulemaking authority; and appropriates moneys, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889

**HB-2742-HD-1**

Submitted on: 3/13/2018 11:16:13 PM

Testimony for CPH on 3/15/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carl Bergquist	Testifying for Drug Policy Forum of Hawaii	Support	No

Comments:

**HB-2742-HD-1**

Submitted on: 3/14/2018 10:31:13 PM

Testimony for CPH on 3/15/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Miles W. Tuttle	Testifying for Kush Bottles Hawaii	Support	No

Comments: