
A BILL FOR AN ACT

RELATING TO CANNABIS.

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

1 SECTION 1. Section 329-122, Hawaii Revised Statutes, is
2 amended by amending subsection (f) to read as follows:

3 "(f) For the purposes of this section, "transport" means
4 the transportation of cannabis, usable cannabis, or any
5 manufactured cannabis product between:

6 (1) A qualifying patient and the qualifying patient's
7 primary caregiver;

8 (2) A qualifying out-of-state patient under eighteen years
9 of age and the caregiver of a qualifying out-of-state
10 patient;

11 (3) [~~The production~~] Production centers and [~~the~~] retail
12 dispensing locations licensed under [~~a dispensary~~
13 ~~licensee's license, or~~] chapter 329D;

14 (4) A retail dispensing location and a qualifying patient;
15 or

16 [~~(4)~~] (5) A production center, retail dispensing location,
17 qualifying patient, primary caregiver, qualifying out-



1 of-state patient, or caregiver of a qualifying out-of-
2 state patient and a certified laboratory for the
3 purpose of laboratory testing; provided that a
4 qualifying patient, primary caregiver, qualifying out-
5 of-state patient, or caregiver of a qualifying out-of-
6 state patient may only transport up to one gram of
7 cannabis per test to a certified laboratory for
8 laboratory testing and may only transport the product
9 if the qualifying patient, primary caregiver,
10 qualifying out-of-state patient, or caregiver of a
11 qualifying out-of-state patient:

- 12 (A) Secures an appointment for testing at a certified
13 laboratory;
- 14 (B) Obtains confirmation, which may be electronic,
15 that includes the specific time and date of the
16 appointment and a detailed description of the
17 product and amount to be transported to the
18 certified laboratory for the appointment; and
- 19 (C) Has the confirmation, which may be electronic,
20 available during transport.



1 For purposes of interisland transportation, "transport" of
2 cannabis, usable cannabis, or any manufactured cannabis product,
3 by any means is allowable only between a production center or
4 retail dispensing location and a certified laboratory for the
5 sole purpose of laboratory testing pursuant to section 329D-8,
6 as permitted under section 329D-6(m) and subject to section
7 329D-6(j), and with the understanding that state law and its
8 protections do not apply outside of the jurisdictional limits of
9 the State. Allowable transport pursuant to this section does
10 not include interisland transportation by any means or for any
11 purpose between a qualified patient, primary caregiver,
12 qualifying out-of-state patient, or caregiver of a qualifying
13 out-of-state patient and any other entity or individual,
14 including an individual who is a qualified patient, primary
15 caregiver, qualifying out-of-state patient, or caregiver of a
16 qualifying out-of-state patient."

17 SECTION 2. Section 329D-1, Hawaii Revised Statutes, is
18 amended by amending the definitions of "medical cannabis
19 dispensary" or "dispensary" and "medical cannabis production
20 center" or "production center" to read as follows:



1 "Medical cannabis dispensary" or "dispensary" means a
2 person licensed by the State pursuant to this chapter to own,
3 operate, or subcontract up to [~~two~~] production centers
4 and up to two retail dispensing locations.

5 "Medical cannabis production center" or "production center"
6 means a farm or facility wholly owned, operated, or
7 subcontracted by a person licensed by the State pursuant to this
8 chapter as a medical cannabis dispensary that produces cannabis
9 and manufactured cannabis products [~~solely~~] to supply cannabis
10 and manufactured cannabis products to one or more of the retail
11 dispensing locations of [~~the~~] any licensed medical cannabis
12 dispensary."

13 SECTION 3. Section 329D-2, Hawaii Revised Statutes, is
14 amended by amending subsection (f) to read as follows:

15 (f) Up to [~~two~~] production centers shall be
16 allowed under each dispensary license; provided that, except as
17 otherwise specified in subsection (k), each production center
18 shall be limited to no more than three thousand cannabis plants.
19 For purposes of this subsection, "plant" means a cannabis plant
20 that is greater than twelve vertical inches in height from where
21 the base of the stalk emerges from the growth medium to the



1 tallest point of the plant, or greater than twelve horizontal
2 inches in width from the end of one branch to the end of another
3 branch; provided that multiple stalks emanating from the same
4 root ball or root system shall be considered part of the same
5 single plant."

6 SECTION 4. Section 329D-6, Hawaii Revised Statutes, is
7 amended as follows:

8 1. By amending subsection (j) to read:

9 "(j) The department shall establish, maintain, and control
10 a computer software tracking system that shall have real time,
11 twenty-four-hour access to the data of all dispensaries.

12 (1) The computer software tracking system shall collect
13 data relating to:

14 (A) The total amount of cannabis in possession of all
15 dispensaries from either seed or immature plant
16 state, including all plants that are derived from
17 cuttings or cloning, until the cannabis, cannabis
18 plants, or manufactured cannabis product is sold
19 or destroyed pursuant to section 329D-7;

20 (B) The total amount of manufactured cannabis product
21 inventory, including the equivalent physical



1 weight of cannabis that is used to manufacture
2 manufactured cannabis products, purchased by a
3 qualifying patient, primary caregiver, qualifying
4 out-of-state patient, and caregiver of a
5 qualifying out-of-state patient from all retail
6 dispensing locations in the State in any fifteen-
7 day period;

8 (C) The amount of waste produced by each plant at
9 harvest; and

10 (D) The transport of cannabis and manufactured
11 cannabis products between production centers and
12 retail dispensing locations [7] and between retail
13 dispensing locations and qualifying patients,
14 including tracking identification issued by the
15 tracking system, the identity of the person
16 transporting the cannabis or manufactured
17 cannabis products, and the make, model, and
18 license number of the vehicle being used for the
19 transport;



- 1 (2) The procurement of the computer software tracking
2 system established pursuant to this subsection shall
3 be exempt from chapter 103D; provided that:
- 4 (A) The department shall publicly solicit at least
5 three proposals for the computer software
6 tracking system; and
- 7 (B) The selection of the computer software tracking
8 system shall be approved by the director of the
9 department and the chief information officer; and
- 10 (3) Notwithstanding any other provision of this subsection
11 to the contrary, once the department has authorized a
12 licensed dispensary to commence sales of cannabis or
13 manufactured cannabis products, if the department's
14 computer software tracking system is inoperable or is
15 not functioning properly, as an alternative to
16 requiring dispensaries to temporarily cease
17 operations, the department may implement an alternate
18 tracking system that will enable a qualifying patient,
19 primary caregiver, qualifying out-of-state patient,
20 and caregiver of a qualifying out-of-state patient to
21 purchase cannabis or manufactured cannabis products



1 from a licensed dispensary on a temporary basis. The
2 department shall seek input regarding the alternate
3 tracking system from medical cannabis licensees. The
4 alternate tracking system may operate as follows:

5 (A) The department may immediately notify all
6 licensed dispensaries that the computer software
7 tracking system is inoperable; and

8 (B) Once the computer software tracking system is
9 operational and functioning to meet the
10 requirements of this subsection, the department
11 may notify all licensed dispensaries, and the
12 alternate tracking system in this subsection
13 shall be discontinued."

14 2. By amending subsection (n) to read:

15 "(n) [A] Subject to subsections (m) and (p), a dispensary
16 ~~[shall be prohibited from]~~ may provide off-premises delivery of
17 cannabis or manufactured cannabis products to a qualifying
18 patient ~~[, primary caregiver, qualifying out of state patient, or~~
19 ~~caregiver of a qualifying out of state patient]."~~



1 SECTION 5. Section 329D-7, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§329D-7 Medical cannabis dispensary rules. The
4 department shall establish standards with respect to:

5 (1) The number of medical cannabis dispensaries that shall
6 be permitted to operate in the State;

7 (2) A fee structure for the submission of applications and
8 renewals of licenses to dispensaries; provided that
9 the department shall consider the market conditions in
10 each county in determining the license renewal fee
11 amounts;

12 (3) Criteria and procedures for the consideration and
13 selection, based on merit, of applications for
14 licensure of dispensaries; provided that the criteria
15 shall include but not be limited to an applicant's:

16 (A) Ability to operate a business;

17 (B) Financial stability and access to financial
18 resources; provided that applicants for medical
19 cannabis dispensary licenses shall provide
20 documentation that demonstrates control of not
21 less than \$1,000,000 in the form of escrow



- 1 accounts, letters of credit, surety bonds, bank
2 statements, lines of credit or the equivalent to
3 begin operating the dispensary;
- 4 (C) Ability to comply with the security requirements
5 developed pursuant to paragraph (6);
- 6 (D) Capacity to meet the needs of qualifying patients
7 and qualifying out-of-state patients;
- 8 (E) Ability to comply with criminal background check
9 requirements developed pursuant to paragraph (8);
10 and
- 11 (F) Ability to comply with inventory controls
12 developed pursuant to paragraph (13);
- 13 (4) Specific requirements regarding annual audits and
14 reports required from each production center and
15 dispensary licensed pursuant to this chapter;
- 16 (5) Procedures for announced and unannounced inspections
17 by the department or its agents of production centers
18 and dispensaries licensed pursuant to this chapter;
19 provided that inspections for license renewals shall
20 be unannounced;



1 (6) Security requirements for the operation of production
2 centers and retail dispensing locations; provided
3 that, at a minimum, the following shall be required:

4 (A) For production centers:

5 (i) Video monitoring and recording of the
6 premises; provided that recordings shall be
7 retained for fifty days;

8 (ii) Fencing that surrounds the premises and that
9 is sufficient to reasonably deter intruders
10 and prevent anyone outside the premises from
11 viewing any cannabis in any form;

12 (iii) An alarm system; and

13 (iv) Other reasonable security measures to deter
14 or prevent intruders, as deemed necessary by
15 the department;

16 (B) For retail dispensing locations:

17 (i) Presentation of a valid government-issued
18 photo identification and a valid
19 identification as issued by the department
20 pursuant to section 329-123 by a qualifying
21 patient or caregiver, or section 329-123.5



- 1 by a qualifying out-of-state patient or
2 caregiver of a qualifying out-of-state
3 patient, upon entering the premises;
- 4 (ii) Video monitoring and recording of the
5 premises; provided that recordings shall be
6 retained for fifty days;
- 7 (iii) An alarm system;
- 8 (iv) Exterior lighting; and
- 9 (v) Other reasonable security measures as deemed
10 necessary by the department;
- 11 (7) Security requirements for the transportation of
12 cannabis and manufactured cannabis products between
13 production centers and retail dispensing locations,
14 between retail dispensing locations and qualifying
15 patients, and between a production center, retail
16 dispensing location, qualifying patient, primary
17 caregiver, qualifying out-of-state patient, or
18 caregiver of a qualifying out-of-state patient and a
19 certified laboratory, pursuant to section 329-122(f);
- 20 (8) Standards and criminal background checks to ensure the
21 reputable and responsible character and fitness of all



- 1 license applicants, licensees, employees,
2 subcontractors and their employees, and prospective
3 employees of medical cannabis dispensaries to operate
4 a dispensary; provided that the standards, at a
5 minimum, shall exclude from licensure or employment
6 any person convicted of any felony;
- 7 (9) The training and certification of operators and
8 employees of production centers and dispensaries;
- 9 (10) The types of manufactured cannabis products that
10 dispensaries shall be authorized to manufacture and
11 sell pursuant to sections 329D-9 and 329D-10;
- 12 (11) Laboratory standards related to testing cannabis and
13 manufactured cannabis products for content,
14 contamination, and consistency;
- 15 (12) The quantities of cannabis and manufactured cannabis
16 products that a dispensary may sell or provide to a
17 qualifying patient, primary caregiver, qualifying out-
18 of-state patient, or caregiver of a qualifying out-of-
19 state patient; provided that no dispensary shall sell
20 or provide to a qualifying patient, primary caregiver,
21 qualifying out-of-state patient, or caregiver of a



1 qualifying out-of-state patient any combination of
2 cannabis and manufactured products that:

3 (A) During a period of fifteen consecutive days,
4 exceeds the equivalent of four ounces of
5 cannabis; or

6 (B) During a period of thirty consecutive days,
7 exceeds the equivalent of eight ounces of
8 cannabis;

9 (13) Dispensary and production center inventory controls to
10 prevent the unauthorized diversion of cannabis or
11 manufactured cannabis products or the distribution of
12 cannabis or manufactured cannabis products to a
13 qualifying patient, primary caregiver, qualifying out-
14 of-state patient, or caregiver of a qualifying out-of-
15 state patient in quantities that exceed limits
16 established by this chapter; provided that the
17 controls, at a minimum, shall include:

18 (A) A computer software tracking system as specified
19 in section 329D-6(j) and (k); and



1 (B) Product packaging standards sufficient to allow
2 law enforcement personnel to reasonably determine
3 the contents of an unopened package;

4 (14) Limitation to the size or format of signs placed
5 outside a retail dispensing location or production
6 center; provided that the signage limitations, at a
7 minimum, shall comply with section 329D-6(o)(2) and
8 shall not include the image of a cartoon character or
9 other design intended to appeal to children;

10 (15) The disposal or destruction of unwanted or unused
11 cannabis and manufactured cannabis products;

12 (16) The enforcement of the following prohibitions against:

13 (A) The sale or provision of cannabis or manufactured
14 cannabis products to unauthorized persons;

15 (B) The sale or provision of cannabis or manufactured
16 cannabis products to a qualifying patient,
17 primary caregiver, qualifying out-of-state
18 patient, or caregiver of a qualifying out-of-
19 state patient in quantities that exceed limits
20 established by this chapter;



1 (C) Any use or consumption of cannabis or
2 manufactured cannabis products on the premises of
3 a retail dispensing location or production
4 center; and

5 (D) The distribution of cannabis or manufactured
6 cannabis products, for free, on the premises of a
7 retail dispensing location or production center;

8 (17) The establishment of a range of penalties for
9 violations of this chapter or rule adopted thereto;
10 and

11 (18) A process to recognize and register patients who are
12 authorized to purchase, possess, and use medical
13 cannabis in another state, a United States territory,
14 or the District of Columbia as qualifying out-of-state
15 patients; provided that this registration process may
16 commence no sooner than January 1, 2018."

17 SECTION 6. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

H.B. NO. 1450

1 SECTION 7. This Act shall take effect upon its approval.

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INTRODUCED BY:

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JAN 24 2019



H.B. NO. 1450

Report Title:

Medical Cannabis; Production Centers; Delivery to Qualifying Patients

Description:

Allows medical cannabis retail dispensing locations to deliver cannabis or manufactured cannabis products to qualifying patients. Changes the number of production centers that may be owned by a medical cannabis dispensary. Allows production centers to sell cannabis or manufactured cannabis products to the retail dispensing location of any licensed medical cannabis dispensary.

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