

JAN 17 2020

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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 legal history of cannabis or marijuana in  
2 the United States primarily addresses the regulation of  
3 marijuana for medical use, and secondarily the use of marijuana  
4 for personal or recreational purposes. By the mid-1930s  
5 cannabis was regulated as a drug in every state, including  
6 thirty-five states that adopted the Uniform State Narcotic Drug  
7 Act which was subsequently replaced in 1970 with the federal  
8 Uniform Controlled Substances Act, which classifies marijuana  
9 and tetrahydrocannabinol as schedule I controlled substances.

10           Notwithstanding the prospect of federal prosecution,  
11 several states, including Hawaii, have enacted medical marijuana  
12 laws. Chapter 329, part IX, Hawaii Revised Statutes, was  
13 enacted to create a medical use of marijuana exemption from  
14 criminal sanctions. Other jurisdictions, such as Alaska,  
15 Arizona, Arkansas, California, Colorado, Connecticut, District  
16 of Columbia, Delaware, Illinois, Maine, Maryland, Massachusetts,  
17 Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey,



1 New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania,  
2 Rhode Island, Vermont, and Washington, also allow the use of  
3 marijuana for medicinal purposes. Furthermore, chapter 329D,  
4 Hawaii Revised Statutes, was enacted to establish medical  
5 marijuana dispensaries that were authorized to operate beginning  
6 in July 2016. As Hawaii expands its medical marijuana program  
7 through the use of highly regulated and monitored dispensaries,  
8 more patients are anticipated to consider medical marijuana as a  
9 viable treatment, knowing that the medicine will be regulated  
10 and tested.

11 In addition to medicinal marijuana laws, some states have  
12 legalized or decriminalized marijuana. Most places that have  
13 decriminalized cannabis have civil fines, confiscation, drug  
14 education, or drug treatment in place of incarceration or  
15 criminal charges for possession of small amounts of cannabis, or  
16 have made various cannabis offenses the lowest priority for law  
17 enforcement. The states of Alaska, California, Colorado,  
18 Connecticut, Delaware, District of Columbia, Illinois, Maine,  
19 Maryland, Massachusetts, Minnesota, Mississippi, Missouri,  
20 Nebraska, Nevada, New Hampshire, New York, North Carolina, Ohio,  
21 Oregon, Rhode Island, Vermont, and Washington have



1 decriminalized marijuana in small amounts. In each of these  
2 states, marijuana users no longer face arrest or jail time for  
3 the possession or use of marijuana in an amount permitted by  
4 statute.

5 The legislature further finds that the legalization of  
6 marijuana for personal or recreational use is a natural,  
7 logical, and reasonable outgrowth of the current science of  
8 marijuana and attitude toward marijuana. In 2012, voters in  
9 Colorado voted to amend the state's constitution (Amendment 64)  
10 to legalize and regulate the production, possession, and  
11 distribution of marijuana for persons age twenty-one and older.  
12 Also in 2012, voters in Washington approved a proposition to  
13 legalize and regulate the production, possession, and  
14 distribution of cannabis for persons age twenty-one and older.  
15 Colorado is the first state to remove the prohibition on  
16 commercial production of marijuana for general use. Colorado  
17 realized state tax revenue of approximately \$18,900,000 during  
18 the first half of 2014, and this revenue is expected to increase  
19 as sales of retail marijuana increase. Following Colorado and  
20 Washington's lead, Oregon and Alaska passed legislation to also  
21 legalize and regulate the production, possession, and



1 distribution of cannabis for persons age twenty-one and older.  
2 Several other states have followed suit in making recreational  
3 marijuana legal.

4 The legislature further finds that marijuana cultivation  
5 and sales hold potential for economic development, increased tax  
6 revenues, and reduction in crime.

7 The purpose of this Act is to:

- 8 (1) Decriminalize and regulate small amounts of marijuana  
9 for personal use;
- 10 (2) Establish a licensing scheme for the cultivation,  
11 sale, and use of small amounts of marijuana for  
12 personal use;
- 13 (3) Tax marijuana sales in the same manner as state excise  
14 taxes; and
- 15 (4) Subject income derived from marijuana sales to state  
16 income taxes.

17 SECTION 2. The Hawaii Revised Statutes is amended by  
18 adding a new chapter to be appropriately designated and to read  
19 as follows:

20 "CHAPTER  
21 LEGALIZATION OF MARIJUANA FOR PERSONAL USE



1           §   -1 Definitions. As used in this chapter:

2           "Department" means the department of taxation.

3           "License" means a license issued by the department to  
4 authorize the operation of a marijuana establishment.

5           "Marijuana" means all parts of the plant of the genus  
6 cannabis, whether growing or not; the seeds thereof; the resin  
7 extracted from any part of the plant; and every compound,  
8 manufacture, salt, derivative, mixture, or preparation of the  
9 plant, its seeds, or its resin, including marijuana concentrate.

10          "Marijuana" does not include industrial hemp; fiber produced  
11 from the stalks, oil, or cake made from the seeds of the plant;  
12 sterilized seed of the plant which is incapable of germination;  
13 or the weight of any other ingredient combined with marijuana to  
14 prepare topical or oral administrations, food, drink, or other  
15 product. For purposes of this definition, "industrial hemp"  
16 means the plant of the genus cannabis and any part of such  
17 plant, whether growing or not, with a delta-9  
18 tetrahydrocannabinol concentration that does not exceed 0.3 per  
19 cent on a dry weight basis.

20          "Marijuana accessories" means any equipment, products, or  
21 materials of any kind that are used, intended for use, or



1 designed for use in planting, propagating, cultivating, growing,  
2 harvesting, composting, manufacturing, compounding, converting,  
3 producing, processing, preparing, testing, analyzing, packaging,  
4 repackaging, storing, vaporizing, or containing marijuana, or  
5 for ingesting, inhaling, or otherwise introducing marijuana into  
6 the human body.

7 "Marijuana cultivation facility" means an entity licensed  
8 to cultivate, prepare, and package marijuana and sell marijuana  
9 to retail marijuana stores, marijuana product manufacturing  
10 facilities, and other marijuana cultivation facilities, but not  
11 to consumers.

12 "Marijuana establishment" means a marijuana cultivation  
13 facility, marijuana testing facility, marijuana product  
14 manufacturing facility, or retail marijuana store.

15 "Marijuana product manufacturing facility" means an entity  
16 licensed to purchase marijuana; manufacture, prepare, and  
17 package marijuana products; and sell marijuana and marijuana  
18 products to other marijuana product manufacturing facilities and  
19 retail marijuana stores, but not to consumers.

20 "Marijuana products" means marijuana concentrate products  
21 and products that comprise marijuana and other ingredients



1 intended for use or consumption and include but are not limited  
2 to edible products, ointments, and tinctures.

3 "Marijuana testing facility" means an entity licensed to  
4 analyze and certify the safety and potency of marijuana.

5 "Personal use" means an amount of marijuana not exceeding  
6 one ounce that is used for private, personal, or recreational  
7 purposes by persons age twenty-one years or older. The term  
8 personal use includes display, possession, sale, transport,  
9 transfer, or processing of marijuana or marijuana products.

10 "Retail marijuana store" means an entity licensed to  
11 purchase marijuana from marijuana cultivation facilities,  
12 purchase marijuana and marijuana products from marijuana product  
13 manufacturing facilities, and sell marijuana and marijuana  
14 products to consumers.

15 § -2 Personal use of marijuana. (a) Notwithstanding  
16 any law to the contrary, the personal use of marijuana is  
17 permitted.

18 (b) Personal use of marijuana shall not be the basis for  
19 arrest, seizure, or forfeiture of assets.

20 (c) The possession, use, display, purchase, transfer, or  
21 transport of marijuana, marijuana accessories, or marijuana



1 paraphernalia for personal use shall be immune from criminal  
2 prosecution.

3 (d) The possession, growing, processing, or transporting  
4 of not more than six marijuana plants, with three or fewer being  
5 mature, flowering plants, and possession of the marijuana  
6 produced by the plants on the premises where the plants are  
7 grown shall not be subject to criminal prosecution; provided  
8 that the growing takes place in an enclosed and locked space and  
9 is not conducted openly or publicly, and that the plants are not  
10 made available for sale.

11 (e) The transfer or sale of one ounce or less of marijuana  
12 with or without remuneration to a person who is twenty-one years  
13 of age or older is permitted.

14 (f) The consumption of marijuana products is permitted.

15 (g) Assisting, advising, or abetting another person who is  
16 twenty-one years of age or older in any actions described in  
17 this section is permitted.

18 § -3 Lawful operation of marijuana establishments;  
19 license required. Notwithstanding any law to the contrary, the  
20 following acts are permitted and shall not constitute a criminal





1 offense or be the basis for search, seizure, or forfeiture of  
2 assets of a person age twenty-one years or older:

3 (1) Manufacturing, possessing, or purchasing marijuana  
4 accessories or selling marijuana accessories to a  
5 person who is twenty-one years of age or older;

6 (2) Possessing, displaying, or transporting marijuana or  
7 marijuana products; purchasing marijuana from a  
8 marijuana cultivation facility; purchasing marijuana  
9 or marijuana products from a marijuana product  
10 manufacturing facility; or selling marijuana or  
11 marijuana products to consumers; provided that the  
12 person conducting the activities described in this  
13 paragraph has obtained a current, valid license to  
14 operate a retail marijuana store or is acting in the  
15 capacity of an owner, employee, or agent of a licensed  
16 retail marijuana store;

17 (3) Cultivating, harvesting, processing, packaging,  
18 transporting, displaying, or possessing marijuana;  
19 delivering or transferring marijuana to a marijuana  
20 testing facility; selling marijuana to a marijuana  
21 cultivation facility, marijuana product manufacturing



1 facility, or retail marijuana store; or purchasing  
2 marijuana from a marijuana cultivation facility;  
3 provided that the person conducting the activities  
4 described in this paragraph has obtained a current,  
5 valid license to operate a marijuana cultivation  
6 facility or is acting in the capacity of an owner,  
7 employee, or agent of a licensed marijuana cultivation  
8 facility;

- 9 (4) Packaging, processing, transporting, manufacturing,  
10 displaying, or possessing marijuana or marijuana  
11 products; delivering or transferring marijuana or  
12 marijuana products to a marijuana testing facility;  
13 selling marijuana or marijuana products to a retail  
14 marijuana store or marijuana product manufacturing  
15 facility; purchasing marijuana from a marijuana  
16 cultivation facility; or purchasing marijuana or  
17 marijuana products from a marijuana product  
18 manufacturing facility; provided that the person  
19 conducting the activities described in this paragraph  
20 has obtained a current, valid license to operate a  
21 marijuana product manufacturing facility or is acting



- 1 in the capacity as an owner, employee, or agent of a  
2 licensed marijuana product manufacturing facility;
- 3 (5) Possessing, processing, repackaging, storing,  
4 transporting, displaying, transferring, or delivering  
5 marijuana or marijuana products; provided that the  
6 person has obtained a current, valid license to  
7 operate a marijuana testing facility or is acting in  
8 the capacity as an owner, employee, or agent of a  
9 licensed marijuana testing facility; and
- 10 (6) Leasing or otherwise allowing the use of property  
11 owned, occupied, or controlled by any person,  
12 corporation, or other entity for any of the activities  
13 conducted lawfully in accordance with this section.

14 § -4 Regulation of marijuana; rules. (a) No later than  
15 July 1, 2020, the department shall adopt rules, pursuant to  
16 chapter 91, necessary for implementation of this chapter. The  
17 rules shall not require such a high investment of risk, money,  
18 time, or any other resource or asset that the operation of a  
19 marijuana establishment is not worthy of being carried out in  
20 practice by a reasonably prudent business person. The rules  
21 shall include:



- 1 (1) Procedures for the application, issuance, renewal,  
2 suspension, and revocation of a license to operate a  
3 marijuana establishment; provided that any license to  
4 be issued shall be issued no later than ninety days  
5 after receipt of an application;
- 6 (2) A schedule of application, licensing, and renewal  
7 fees; provided that application fees shall not exceed  
8 \$5,000, adjusted annually for inflation, unless the  
9 department determines a greater fee is necessary to  
10 carry out its responsibilities under this section;
- 11 (3) Qualifications for licensure that are directly and  
12 demonstrably related to the operation of a marijuana  
13 establishment;
- 14 (4) Security requirements for the premises of marijuana  
15 establishments;
- 16 (5) Requirements to prevent the sale or diversion of  
17 marijuana and marijuana products to persons under the  
18 age of twenty-one;
- 19 (6) Labeling requirements for marijuana and marijuana  
20 products sold or distributed by a marijuana  
21 establishment;



1           (7) Health and safety regulations and standards for the  
2           manufacture of marijuana products and the cultivation  
3           of marijuana;

4           (8) Restrictions on the advertising and display of  
5           marijuana and marijuana products; and

6           (9) Civil penalties for the failure to comply with rules  
7           adopted pursuant to this section.

8           (b) In order to ensure that individual privacy is  
9           protected, the department shall not require a consumer to  
10          provide a retail marijuana store with personal information other  
11          than government-issued identification to determine the  
12          consumer's age. A retail marijuana store shall not be required  
13          to acquire and record a consumer's personal information.

14          (c) If an application for a license under this section is  
15          denied, the applicant shall be notified in writing of the  
16          specific reason for the denial. The applicant may be entitled  
17          to resubmit the application at any time after denial of the  
18          initial application.

19          § -5 **Effect on employers.** This chapter shall not be  
20          construed to:



- 1           (1) Require an employer to permit or accommodate the use,  
2                   consumption, possession, transfer, display, transport,  
3                   sale, or growing of marijuana in the workplace; or  
4           (2) Affect the ability of an employer to have policies  
5                   restricting the use of marijuana by employees.

6           **§ -6 Effect on intoxicated driving laws.** This chapter  
7 shall not be construed as a defense, exemption, or immunity from  
8 chapter 291E.

9           **§ -7 Effect on medical cannabis law.** This chapter shall  
10 not be construed to affect medical use of cannabis as provided  
11 in chapter 329 and shall not be deemed to expand the medical use  
12 of cannabis beyond the uses provided in chapter 329.

13           **§ -8 Effect on medical cannabis dispensary law.** This  
14 chapter shall not be construed to affect the dispensing of  
15 medical cannabis as provided in chapter 329D and shall not be  
16 deemed to expand the dispensing of medical cannabis beyond the  
17 uses provided in chapter 329D.

18           **§ -9 Effect on property rights.** This chapter shall not  
19 be construed to prohibit a person, employer, school, hospital,  
20 detention facility, corporation, or any other entity who  
21 occupies, owns, or controls a property from prohibiting or



1 otherwise regulating the possession, consumption, use, display,  
2 transfer, distribution, sale, transportation, or growing of  
3 marijuana on or in that property.

4 § -10 Taxes. A marijuana establishment shall be subject  
5 to payment of income taxes on gross receipts under chapter 235  
6 and payment of excise taxes under chapter 237 for each  
7 transaction conducted by the marijuana establishment."

8 SECTION 3. Chapter 712, Hawaii Revised Statutes, is  
9 amended by adding a new section to part IV to be appropriately  
10 designated and to read as follows:

11 "§712- Legalization of marijuana. The following acts  
12 shall be exempt from arrest, prosecution, and criminal  
13 culpability under this part:

- 14 (a) Any act permitted under section -2;
- 15 (b) Any act permitted under section -3; and
- 16 (c) An act of any person who is appropriately and  
17 currently licensed if the act requires a license under  
18 chapter ."

19 SECTION 4. This Act does not affect rights and duties that  
20 matured, penalties that were incurred, and proceedings that were  
21 begun before its effective date.



1 SECTION 5. New statutory material is underscored.

2 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY: A. Kalani Eggh

[Signature]

[Signature]

Alman Mercedes Ke

~~Alman~~ S.C. Keith-Agna

[Signature]





# S.B. NO. 2360

**Report Title:**

Marijuana; Legalization

**Description:**

Legalize the personal use, possession, and sale of marijuana in a specified quantity. Requires licensing to operate marijuana establishments. Subjects marijuana establishments to excise taxes and income taxes.

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

