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# A BILL FOR AN ACT

RELATING TO CANNABIS.

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

1 PART I

2 SECTION 1. The purpose of this Act is to:

3 (1) Provide for the legalization, regulation, and taxation  
4 of responsible, adult-use cannabis;

5 (2) Exempt sales of cannabis and manufactured cannabis  
6 products for medical use from the general excise tax;  
7 and

8 (3) Provide that qualifying out-of-state patients have the  
9 same rights and privileges as qualifying patients with  
10 respect to medical cannabis.

11 PART II

12 SECTION 2. The purpose of this part is to authorize  
13 responsible, adult-use cannabis in the State and to provide for  
14 its regulation.

15 SECTION 3. The Hawaii Revised Statutes is amended by  
16 adding a new chapter to be appropriately designated and to read  
17 as follows:





1 "CHAPTER A

2 RESPONSIBLE, ADULT-USE CANNABIS

3 PART I. GENERAL PROVISIONS

4 §A-1 Short title. This chapter may be cited as the Hawaii  
5 Responsible, Adult-Use Cannabis Law.

6 §A-2 Definitions. As used in this chapter, unless the  
7 context otherwise requires:

8 "Board" means the Hawaii cannabis control board established  
9 under section A-11.

10 "Cannabis" means all parts of the plant Cannabis sativa L.,  
11 Cannabis indica, or Cannabis ruderalis, whether growing or not;  
12 the seeds thereof; the resin, whether crude or purified,  
13 extracted from any part of the plant; and every compound,  
14 manufacture, salt, derivative, mixture, or preparation of the  
15 plant, its seeds, or resin. "Cannabis" includes the separated  
16 resin, whether crude or purified, obtained from cannabis.

17 "Cannabis" does not include the mature stalks of the plant;  
18 fiber produced from the stalks; oil or cake made from the seeds  
19 of the plant; any other compound, manufacture, salt, derivative,  
20 mixture, or preparation of the mature stalks (except the resin  
21 extracted therefrom), fiber, oil, or cake; or the sterilized





1 seed of the plant that is incapable of germination. "Cannabis"  
2 does not include "industrial hemp" as defined by section 141-31.

3 "Cannabis accessories" means any equipment, products or  
4 materials of any kind which are used, intended for use, or  
5 designed for use in planting, propagating, cultivating, growing,  
6 harvesting, manufacturing, compounding, converting, producing,  
7 processing, preparing, testing, analyzing, packaging,  
8 repackaging, storing, smoking, vaporizing, or containing  
9 cannabis, or for ingesting, inhaling, or otherwise introducing  
10 cannabis or cannabis products into or onto the human body.

11 "Commercial cannabis activity" includes the cultivation,  
12 possession, manufacture, distribution, processing, storing,  
13 laboratory testing, packaging, labeling, transportation,  
14 delivery, or sale of cannabis and cannabis products as provided  
15 for in this chapter.

16 "Concentrated cannabis" means the separated resin, whether  
17 crude or purified, obtained from cannabis.

18 "Cultivation" means any activity involving the planting,  
19 growing, harvesting, drying, curing, grading, or trimming of  
20 cannabis.





1 "Department" means the department of commerce and consumer  
2 affairs

3 "Enclosed indoor facility" means a permanent, stationary  
4 structure with a solid floor, rigid exterior walls that encircle  
5 the entire structure on all sides, and a roof that protects the  
6 entire interior area from any exterior view and elements of  
7 weather. Nothing in this definition shall be construed to  
8 relieve a license applicant or license renewal applicant of the  
9 duty to comply with all applicable building codes and  
10 regulations.

11 "Manufacture" means to compound, blend, extract, infuse, or  
12 otherwise make or prepare a manufactured cannabis product.

13 "Manufactured cannabis products" means cannabis that has  
14 undergone a process whereby the plant material has been  
15 transformed into a concentrate, including but not limited to  
16 concentrated cannabis, an edible or topical product containing  
17 cannabis, or concentrated cannabis and other ingredients.

18 "Responsible, adult use" means use in accordance with part  
19 VI of this chapter.

20 "Responsible, adult-use cannabis cultivation site" means a  
21 location where cannabis is planted, grown, harvested, dried,





1 cured, graded, or trimmed, or a location where any combination  
2 of those activities occurs.

3 "Responsible, adult-use cannabis distributor" means a  
4 person that procures, sells, and transports responsible, adult-  
5 use cannabis and responsible, adult-use manufactured cannabis  
6 products between persons licensed under this chapter.

7 "Responsible, adult-use cannabis manufacturer" means a  
8 person that conducts the production, preparation, propagation,  
9 or compounding of cannabis or cannabis products either directly  
10 or indirectly or by extraction methods, or independently by  
11 means of chemical synthesis, or by a combination of extraction  
12 and chemical synthesis at a fixed location that packages or  
13 repackages cannabis or cannabis products or labels or relabels  
14 its container.

15 "Responsible, adult-use cannabis retail location" means an  
16 establishment where cannabis and manufactured cannabis products  
17 are made available for retail sale for responsible, adult use.

18 **§A-3 Cannabidiol products; application of chapter.** This  
19 chapter shall not apply to any product containing cannabidiol  
20 that has been approved by the federal Food and Drug  
21 Administration that has either been placed on a schedule of the





1 federal Controlled Substances Act other than Schedule I or has  
2 been exempted from one or more provisions of that act, and that  
3 is intended for prescribed use for the treatment of a medical  
4 condition.

5 **§A-4 Construction of the chapter.** Nothing in this chapter  
6 shall be construed to:

7 (1) Affect the medical use of cannabis or limit any  
8 privileges or rights as provided in part IX of chapter  
9 329;

10 (2) Affect the regulation of medical cannabis dispensaries  
11 as provided in chapter 329D;

12 (3) Require an employer to permit or accommodate conduct  
13 otherwise allowed by this chapter in any workplace or  
14 on the employer's property;

15 (4) Prohibit an employer from disciplining an employee for  
16 violation of a workplace drug policy or for working  
17 while under the influence of cannabis;

18 (5) Prevent an employer from refusing to hire,  
19 discharging, disciplining, or otherwise taking an  
20 adverse employment action against a person with  
21 respect to hire, tenure, terms, conditions, or





1 privileges of employment because of that person's  
2 violation of a workplace drug policy or because that  
3 person was working while under the influence of  
4 cannabis;

5 (6) Supersede any law relating to driving under the  
6 influence of cannabis or driving while impaired by  
7 cannabis;

8 (7) Permit the transfer of cannabis, with or without  
9 remuneration, to a minor or to allow a minor to  
10 purchase, possess, use, transport, grow, or consume  
11 cannabis; or

12 (8) Require any person, corporation, or any other entity  
13 that occupies, owns, or controls real property to  
14 allow the consumption, cultivation, display, sale, or  
15 transfer of cannabis on or in that property; provided  
16 that in the case of the rental of a residential  
17 dwelling, a landlord shall not prohibit the possession  
18 of cannabis or the consumption of cannabis that is not  
19 inhaled, unless:

20 (A) The tenant is not leasing the entire residential  
21 dwelling;





(B) The residence is incidental to detention or the provision of medical, geriatric, educational, counseling, religious, or similar service;

(C) The residence is a transitional housing facility; or

(D) Failing to prohibit cannabis possession or consumption would violate federal law or regulations or cause the landlord to lose a monetary or licensing-related benefit under federal law or regulations.

## PART II. ADMINISTRATION

**§A-11 Hawaii cannabis control board; members; qualifications; compensation.** (a) There is established a Hawaii cannabis control board within the department of commerce and consumer affairs for administrative purposes only.

(b) Notwithstanding section 26-34 to the contrary, the board shall consist of nine members who shall be residents of the State and of which:

(1) One person from the public safety sector to be appointed by the director of public safety;





(2) One person from the public health sector to be appointed by the director of health;

(3) One person actively engaged in the cannabis industry to be appointed by the director of commerce and consumer affairs;

(4) One person to be appointed by the civil rights commission;

(5) One person to be appointed by the commission on the status of women;

(6) One person to be appointed by the office of Hawaiian affairs;

(7) One person from a nonprofit advocacy organization that focuses on cannabis decriminalization or correctional justice reform to be appointed by the governor; and

(8) Two persons from the public, one each to be appointed by the speaker of the house of representatives and president of the senate.

The member representing the public safety sector, public health sector, or public, or the member's immediate family member, may not have a financial interest in the cannabis industry or liquor industry. No person who has served as a commissioner on a





1 county liquor commission shall be eligible to sit as a member of  
2 the board until at least five years have expired between the  
3 person's termination from service as a commissioner on a county  
4 liquor commission and the person's appointment to the board.

5 For purposes of this subsection:

6 "Cannabis industry" means a business or profession related  
7 to cannabis in which the person is lawfully engaged and that is  
8 in compliance with the provisions of state law, including this  
9 chapter and rules adopted under this chapter.

10 "Financial interest" means holding directly or indirectly,  
11 a legal or equitable interest in the operation of a business  
12 licensed under this chapter.

13 "Immediate family member" means a spouse, child, or parent.

14 "Public health sector" means a state, federal, or local  
15 entity that works to ensure the health and safety of persons and  
16 communities through education, policymaking, treatment, and  
17 prevention of injury and disease, and promotion of wellness.

18 "Public safety sector" means a state, federal, or local law  
19 enforcement authority that provides for the welfare and  
20 protection of the general public through the enforcement of  
21 applicable laws.





1 (c) Each member of the board shall serve without pay.  
2 However, the actual and necessary traveling expenses incurred in  
3 connection with the performance of the member's official duties  
4 shall be paid by the department, upon the presentation of  
5 vouchers approved by the department.

6 **§A-12 Hawaii cannabis control board; organization.** (a)

7 The board shall elect one member as chairperson and one member  
8 as vice-chairperson annually. In the absence of both the  
9 chairperson and the vice-chairperson to preside at a meeting,  
10 the members present shall select a chair pro tem.

11 (b) The board shall meet not less than quarterly at a time  
12 and place determined by the board.

13 (c) The majority of the members shall constitute a quorum.  
14 The concurrence of a majority of the members shall be necessary  
15 to make any action taken by the board valid. The board shall  
16 conduct its meetings in accordance with chapters 91 and 92.

17 **§A-13 Hawaii cannabis control board; powers and duties.**

18 In addition to any other powers or duties authorized by law, the  
19 Hawaii cannabis control board may:

20 (1) Adopt, amend, or repeal rules, issue declaratory  
21 rulings or informal nonbinding interpretations, and





1           conduct contested case proceedings pursuant to chapter  
2           91;

3           (2) Grant, deny, convert, forfeit, renew, reinstate, or  
4           restore licenses, including the issuance of  
5           conditional licenses;

6           (3) Revoke, suspend, or otherwise limit the license of any  
7           licensee for any violation of the provisions in this  
8           chapter or any rule or order of the board;

9           (4) Develop requirements for licensure through rules in  
10          accordance with section A-22;

11          (5) Investigate and conduct hearings regarding any  
12          violation of this chapter and any rule or order of the  
13          board;

14          (6) Create fact-finding committees which may make  
15          recommendations to the board for its deliberations;

16          (7) Contract with qualified persons including  
17          investigators who may be exempt from chapter 76 and  
18          who shall assist the board in exercising its powers  
19          and duties; and

20          (8) Subpoena witnesses and documents, administer oaths,  
21          and receive affidavits and oral testimony, including





1 telephonic communications, and do any and all things  
2 necessary or incidental to the exercise of the board's  
3 power and duties, including the authority to conduct  
4 contested case proceedings under chapter 91.

5 **§A-14 Delegation of authority.** (a) The board shall

6 delegate to the department the authority to receive, arbitrate,  
7 investigate, and prosecute any complaint against a licensee.

8 (b) The board may delegate to the director of commerce and  
9 consumer affairs any of its powers or duties as it deems  
10 reasonable and proper. The delegation of powers and duties by  
11 the board shall be made in accordance with the procedures set  
12 forth in section A-12(c); provided that the board shall not  
13 delegate its discretionary functions resulting in a final  
14 decision, including but not limited to the following:

15 (1) Adopting, amending, or repealing rules;

16 (2) Ordering disciplinary action against a licensee,  
17 including the revocation, suspension, or imposition of  
18 conditions or fines; provided that summary suspensions  
19 may be delegated; and

20 (3) Granting, denying, or otherwise conditioning license  
21 applications.





1       **§A-15 Revenues, fees, and fines.** All revenues, fees, and  
2 fines collected pursuant to this chapter and the rules adopted  
3 thereunder shall be deposited into the general fund.

4       **§A-16 Rules.** The board may adopt rules pursuant to  
5 chapter 91 to effectuate this chapter and to carry out its  
6 purpose of protecting the health, safety, and welfare of  
7 consumers. The enumeration of specific matters which may  
8 properly be made the subject of rules shall not be construed to  
9 limit the board's broad general power to make all rules  
10 necessary to fully effectuate the purpose of this chapter.

11                               **PART III. LICENSING**

12                   **A. General Licensing Provisions**

13       **§A-21 License required; classification.** (a) No person  
14 shall engage in the business of a responsible, adult-use  
15 cannabis cultivator; responsible, adult-use cannabis  
16 distributor; responsible, adult-use cannabis manufacturer; or  
17 responsible, adult-use cannabis retailer, nor engage in the  
18 cultivation, manufacture, distribution, or sale of cannabis or  
19 manufactured cannabis products for responsible, adult use,  
20 unless the person is licensed pursuant to this chapter to engage  
21 in such business.





(b) The license classification pursuant to this chapter shall be as follows:

- (1) Responsible, adult-use cannabis cultivator;
- (2) Responsible, adult-use cannabis distributor;
- (3) Responsible, adult-use cannabis manufacturer; and
- (4) Responsible, adult-use cannabis retailer.

(c) All licenses issued under this chapter shall expire on December 31.

(d) A person may apply for and be issued more than one license under this chapter.

(e) Each applicant or licensee shall apply for, and if approved, shall obtain, a separate license for each location where it engages in commercial cannabis activity.

(f) The board shall adopt rules limiting the number of licenses that may be issued based on market need.

**§A-22 Qualifications for licensure.** The board shall determine by rules adopted pursuant to chapter 91 the qualifications necessary for licensure; provided that an applying entity is not less than fifty-one per cent held by Hawaii legal residents or entities wholly controlled by Hawaii legal residents who have been Hawaii legal residents for not





1 less than five years immediately preceding the date the  
2 application was submitted.

3 **§A-23 License nontransferable.** No license issued under  
4 this chapter shall be transferable.

5 **§A-24 Fees.** (a) No applicant or licensee shall be  
6 granted a license pursuant to this chapter unless the  
7 appropriate fees have been paid.

8 (b) The board shall establish the amount for all fees and  
9 expenses by rules adopted pursuant to chapter 91, except as  
10 provided under section A-32. The fees to be established by the  
11 board may include but not be limited to an application fee,  
12 filing fee, license fee, renewal fee, and other reasonable and  
13 necessary fees related to the board's and department's  
14 administrative costs.

15 **B. Social Equity in the Cannabis Industry**

16 **§A-31 Definitions.** As used in this subpart, unless the  
17 context otherwise requires:

18 "Disproportionately impacted area" means a census tract or  
19 comparable geographic area that has a poverty rate of at least  
20 twenty per cent according to the latest federal decennial  
21 census.





1 "Member of an impacted family" means an individual who has  
2 a parent, legal guardian, child, spouse, or dependent, or was a  
3 dependent of an individual who, prior to the effective date of  
4 this chapter, was arrested for, convicted of, or adjudicated  
5 delinquent for any offense that is eligible for expungement  
6 under section 706- .

7 "Qualified social equity applicant" means a social equity  
8 applicant who has been awarded a conditional license under this  
9 subpart to operate as a responsible, adult-use cannabis  
10 cultivator; responsible, adult-use cannabis distributor;  
11 responsible, adult-use cannabis manufacturer; or responsible,  
12 adult-use cannabis retailer.

13 "Social equity applicant" means an applicant that is a  
14 resident of the State that meets one of the following criteria:

- 15 (1) An applicant with at least fifty-one per cent  
16 ownership and control by one or more individuals who  
17 have resided for at least five of the preceding ten  
18 years in a disproportionately impacted area;
- 19 (2) An applicant with at least fifty-one per cent  
20 ownership and control by one or more individuals who:





(A) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under chapter 706; or

(B) Is a member of an impacted family; or

(3) For applicants with a minimum of ten full-time employees, an applicant with at least fifty-one per cent of current employees who:

(A) Currently reside in a disproportionately impacted area; or

(B) Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under chapter 706 or member of an impacted family.

Nothing in this subpart shall be construed to preempt or limit the duties of any employer under section 378-2.5. Nothing in this chapter shall permit an employer to require an employee to disclose sealed or expunged offenses, unless otherwise required by law.

**§A-32 Loans and grants to social equity applicants. (a)**

The board and department shall establish grant and loan programs





1 for the purposes of providing financial assistance, loans,  
2 grants, and technical assistance to social equity applicants.

3 (b) The board and department shall have the power to:

4 (1) Provide cannabis social equity loans and grants to  
5 assist qualified social equity applicants in gaining  
6 entry to, and successfully operating in, the State's  
7 regulated cannabis marketplace;

8 (2) Enter into agreements that set forth terms and  
9 conditions of the financial assistance, accept funds  
10 or grants, and engage in cooperation with private  
11 entities and agencies of the State or local government  
12 to carry out the purposes of this section;

13 (3) Fix, determine, charge, and collect any premiums,  
14 fees, charges, costs and expenses, including  
15 application fees, commitment fees, program fees,  
16 financing charges, or publication fees in connection  
17 with its activities under this section;

18 (4) Provide staff, administration, and related support  
19 required to administer this section;

20 (5) Take whatever actions are necessary or appropriate to  
21 protect the State's interest in the event of





1 bankruptcy, default, foreclosure, or noncompliance  
2 with the terms and conditions of financial assistance  
3 provided under this section, including the ability to  
4 recapture funds if the recipient is found to be  
5 noncompliant with the terms and conditions of the  
6 financial assistance agreement;

7 (6) Establish application, notification, contract, and  
8 other forms, procedures, or rules deemed necessary and  
9 appropriate; and

10 (7) Utilize vendors or contract work to carry out the  
11 purposes of this subpart.

12 (c) Loans made under this section:

13 (1) Shall only be made if, in the board's and department's  
14 judgments, the project furthers the goals set forth in  
15 this chapter; and

16 (2) Shall be in such principal amount and form and contain  
17 such terms and provisions with respect to security,  
18 insurance, reporting, delinquency charges, default  
19 remedies, and other matters as the board and  
20 department shall determine appropriate to protect the  
21 public interest and to be consistent with the purposes





1 of this section. The terms and provisions may be less  
2 than required for similar loans not covered by this  
3 section.

4 (d) Grants made under this section shall be awarded on a  
5 competitive and annual basis. Grants made under this section  
6 shall further and promote the goals of this chapter, including  
7 promotion of social equity applicants, job training and  
8 workforce development, and technical assistance to social equity  
9 applicants.

10 (e) The department shall submit an annual report to the  
11 governor and the legislature no later than twenty days prior to  
12 the convening of each regular session. The report shall detail  
13 the outcomes and effectiveness of this section, including the  
14 following:

- 15 (1) The number of persons or businesses receiving  
16 financial assistance under this section;
- 17 (2) The amount in financial assistance awarded in the  
18 aggregate, in addition to the amount of loans made  
19 that are outstanding and the amount of grants awarded;
- 20 (3) The location of the project engaged in by the person  
21 or business; and





(4) If applicable, the number of new jobs and other forms of economic output created as a result of the financial assistance.

(f) The board and department shall include engagement with individuals with limited English proficiency as part of its outreach provided or targeted to attract and support social equity applicants.

(g) The board shall make available to the public its rubric for determining eligibility.

**SA-33 Fee waivers.** (a) For social equity applicants, the board shall waive fifty per cent of any nonrefundable license application fees; any nonrefundable fees associated with purchasing a license to operate a business licensed under this chapter; and any surety bond or other financial requirements for the first five years of the applicant's operations; provided that a social equity applicant meets the following qualifications at the time the payment is due:

(1) The applicant, including all individuals and entities with ten per cent or greater ownership and all parent companies, subsidiaries, and affiliates, has less than





1 a total of \$750,000 of income in the previous calendar  
2 year; and

3 (2) The applicant, including all individuals and entities  
4 with ten per cent or greater ownership and all parent  
5 companies, subsidiaries, and affiliates, has no more  
6 than two other licenses under this chapter.

7 (b) The board and department may require social equity  
8 applicants to attest that they meet the requirements for a fee  
9 waiver as provided in subsection (a) and to provide evidence of  
10 annual total income in the previous calendar year.

11 (c) If the board or department determines that an  
12 applicant who applied as a social equity applicant is not  
13 eligible for such status, the applicant shall be provided an  
14 additional ten days to provide alternative evidence that the  
15 applicant qualifies as a social equity applicant.  
16 Alternatively, the applicant may pay the remainder of the waived  
17 fee and be considered as a non-social equity applicant. If the  
18 applicant cannot do either, then the board may keep the initial  
19 application fee and the application shall not be considered.

20 **§A-34 Reporting to the board and department.** Beginning  
21 January 1, 2023, and on January 1 of every year thereafter, or





1 upon request by the board or the department, each person  
2 licensed under this chapter shall report to the board and the  
3 department, on a form to be provided by the department,  
4 information that will allow it to assess the extent of diversity  
5 in the responsible, adult-use cannabis industry and methods for  
6 reducing or eliminating any identified barriers to entry,  
7 including access to capital. The information to be collected  
8 shall be designed to identify the following:

9 (1) The number and percentage of licenses provided to  
10 social equity applicants and to businesses owned by  
11 minorities, women, veterans, and people with  
12 disabilities;

13 (2) The total number and percentage of employees in the  
14 responsible, adult-use cannabis industry who meet the  
15 definition of social equity applicant or who are  
16 minorities, women, veterans, or people with  
17 disabilities;

18 (3) Recommendations on reducing or eliminating any  
19 identified barriers to entry, including access to  
20 capital, in the responsible, adult-use cannabis  
21 industry.





1                   **PART IV. LICENSEE OPERATIONS AND TESTING**

2                               **A. Generally**

3           **§A-41 Employment of persons under the age of twenty-one**  
4 **prohibited.** No person under the age of twenty-one shall be  
5 employed by a responsible, adult-use cannabis cultivator;  
6 responsible, adult-use cannabis distributor; responsible, adult-  
7 use cannabis manufacturer; or responsible, adult-use cannabis  
8 retailer.

9           **§A-42 Persons authorized to handle cannabis or**  
10 **manufactured cannabis products.** In all licensee facilities,  
11 only the licensee, if an individual; registered employees of the  
12 licensee; employees of a certified laboratory for testing  
13 purposes; state employees authorized by the director of commerce  
14 and consumer affairs; and law enforcement and other government  
15 officials acting in their official capacity shall be permitted  
16 to touch or handle any cannabis or manufactured cannabis  
17 products, except that a person twenty-one years of age or older  
18 may receive cannabis or manufactured cannabis products at a  
19 responsible, adult-use cannabis retail location following  
20 completion of a sale.





1       **§A-43 Public view prohibited.** A licensee shall not  
2 display cannabis or manufactured cannabis products in windows or  
3 in public view.

4       **§A-44 Free samples prohibited.** No free samples of  
5 cannabis or manufactured cannabis products shall be provided at  
6 any time by a licensee.

7       **§A-45 Tracking system.** (a) The department shall  
8 establish, maintain, and control a computer software tracking  
9 system that shall have real time, twenty-four-hour access to the  
10 data of all licensees; provided that:

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

13       (A) The total amount of cannabis in possession of all  
14 licensees from either seed or immature plant  
15 state, including all plants that are derived from  
16 cuttings or cloning, until the cannabis, cannabis  
17 plants, or manufactured cannabis product is sold  
18 or destroyed pursuant to section A-46;

19       (B) The total amount of manufactured cannabis product  
20 inventory, including the equivalent physical  
21 weight of cannabis that is used to manufacture





1 manufactured cannabis products, purchased by  
2 persons twenty-one years of age or older from all  
3 responsible, adult-use cannabis retail locations  
4 in the State in any fifteen day period;

5 (C) The amount of waste produced by each plant at  
6 harvest; and

7 (D) The transport of cannabis and manufactured  
8 cannabis products between licensees, including  
9 tracking identification issued by the tracking  
10 system, the identity of the person transporting  
11 the cannabis or manufactured cannabis products,  
12 and the make, model, and license number of the  
13 vehicle being used for the transport;

14 (2) The procurement of the computer software tracking  
15 system established pursuant to this subsection shall  
16 be exempt from chapter 103D; provided that:

17 (A) The board shall publicly solicit at least three  
18 proposals for the computer software tracking  
19 system; and





1 (B) The selection of the computer software tracking  
2 system shall be approved by the board and the  
3 chief information officer; and

4 (3) Notwithstanding any other provision of this subsection  
5 to the contrary, once the board has authorized a  
6 licensee to commence sales of cannabis or manufactured  
7 cannabis products, if the board's computer software  
8 tracking system is inoperable or is not functioning  
9 properly, as an alternative to requiring licensees to  
10 temporarily cease operations, the board may implement  
11 an alternate tracking system that will enable  
12 licensees to transact with each other and persons  
13 twenty-one years of age or older to purchase cannabis  
14 or manufactured cannabis products from a licensed  
15 responsible, adult-use cannabis retail location on a  
16 temporary basis. The board shall seek input regarding  
17 the alternate tracking system from licensees. The  
18 alternate tracking system may operate as follows:

19 (A) The board may immediately notify all licensees  
20 that the computer software tracking system is  
21 inoperable; and





1 (B) Once the computer software tracking system is  
2 operational and functioning to meet the  
3 requirements of this subsection, the board may  
4 notify all licensees, and the alternate tracking  
5 system in this subsection shall be discontinued.

6 (b) A licensee shall purchase, operate, and maintain a  
7 computer software tracking system that shall:

8 (1) Interface with the board's computer software tracking  
9 system established pursuant to subsection (a);

10 (2) Allow each licensee to submit to the board in real  
11 time, by automatic identification and data capture,  
12 all cannabis, cannabis plants, and manufactured  
13 cannabis product inventory in possession of that  
14 licensee from either seed or immature plant state,  
15 including all plants that are derived from cuttings or  
16 cloning, until the cannabis or manufactured cannabis  
17 product is sold or destroyed pursuant to section A-46;

18 (3) Allow the licensed responsible, adult-use cannabis  
19 retailer to submit to the board in real time for the  
20 total amount of cannabis and manufactured cannabis  
21 product purchased by a person twenty-one years of age





1 or older from the responsible, adult-use cannabis  
2 retailer's retail locations in the State in any  
3 fifteen day period; provided that the software  
4 tracking system shall impose an automatic stopper in  
5 real time, which cannot be overridden, on any further  
6 purchases of cannabis or manufactured cannabis  
7 products, if the maximum allowable amount of cannabis  
8 has already been purchased for the applicable fifteen  
9 day period; provided further that additional purchases  
10 shall not be permitted until the next applicable  
11 period; and

12 (4) Allow the licensee to submit all data required by this  
13 subsection to the board and permit the board to access  
14 the data if the board's computer software tracking  
15 system is not functioning properly and sales are made  
16 pursuant to the alternate tracking system under  
17 subsection (a).

18 **§A-46 Standards.** In addition to any other rulemaking  
19 authority provided by law, the board shall establish standards  
20 with respect to:





- 1 (1) Criteria and procedures for the consideration and  
2 selection, based on merit, of applications for  
3 licenses issued under this chapter;
- 4 (2) Specific requirements regarding annual audits and  
5 reports required from each licensee;
- 6 (3) Procedures for announced and unannounced inspections  
7 by the board, department, or their agents of licensee  
8 facilities; provided that inspections for license  
9 renewals shall be unannounced;
- 10 (4) Security requirements for the operation of licensee  
11 facilities;
- 12 (5) Security requirements for the distribution of cannabis  
13 and manufactured cannabis products between licensees  
14 and between licensees and certified laboratories;
- 15 (6) Standards and criminal background checks to ensure the  
16 reputable and responsible character and fitness of all  
17 license applicants, licensees, employees, and  
18 prospective employees of licensees;
- 19 (7) The training and certification of licensees and  
20 employees of licensees;





- 1           (8)   Laboratory standards related to testing cannabis and  
2                    manufactured cannabis products for content,  
3                    contamination, and consistency;
- 4           (9)   The safety of manufactured cannabis products;
- 5           (10)  Licensee inventory controls to prevent the  
6                    unauthorized diversion of cannabis or manufactured  
7                    cannabis products or the sale of cannabis or  
8                    manufactured cannabis products to persons in excess of  
9                    the limits established by this chapter; provided that  
10                  the controls, at a minimum, shall include:
- 11                 (A)   A computer software tracking system as specified  
12                         in section A-45; and
- 13                 (B)   Product packaging standards sufficient to allow  
14                         law enforcement personnel to reasonably determine  
15                         the contents of an unopened package;
- 16           (11)  The disposal or destruction of unwanted or unused  
17                    cannabis and manufactured cannabis products;
- 18           (12)  The enforcement of the following prohibitions against:
- 19                 (A)   The sale or provision of cannabis or manufactured  
20                         cannabis products to unauthorized persons;





(B) The sale or provision of cannabis or manufactured cannabis products to a person twenty-one years of age or older in quantities that exceed limits established by this chapter; and

(D) The distribution of cannabis or manufactured cannabis products, for free, on the premises of a licensee; and

(13) The establishment of a range of penalties for violations of this chapter or rule adopted thereto.

**SA-47 Signage.** Signs placed outside of the place of business of a licensee shall not include the image of a cartoon character or other design intended to appeal to children.

**SA-48 Laboratory standards and testing.** (a) The board shall establish, and the department shall enforce, standards for laboratory-based testing of cannabis and manufactured cannabis products for content, contamination, and consistency; provided that in establishing these standards, the board shall:

(1) Review and take guidance from the testing programs and standards utilized in other jurisdictions;

(2) Consider the impact of the standards on the retail cost of the product;





1 (3) Review and take guidance from the testing programs and  
2 standards for pesticides under the regulations of the  
3 United States Environmental Protection Agency, and, at  
4 minimum, require testing for pesticides the board  
5 determines are commonly used;

6 (4) For the testing for microbiological impurities,  
7 consider the benefits of organically grown cannabis  
8 that features the use of bacteria in lieu of  
9 pesticides; and

10 (5) Determine maximum levels of residual solvent and  
11 processing chemicals allowable for the safety of  
12 consumers and require testing for residual solvent and  
13 processing chemicals.

14 (b) The board may certify laboratories that can test  
15 cannabis and manufactured cannabis products prior to the sale of  
16 cannabis and manufactured cannabis products.

17 (c) If a licensee obtains a laboratory result indicating  
18 that a sample of a batch of its cannabis or manufactured  
19 cannabis products does not meet the board's standards for  
20 consumer safety, the licensee, at its own expense, may have the  
21 same sample or a different sample from the same batch retested





1 by the same laboratory or a different laboratory. If a retest  
2 at a different laboratory yields a different result, the  
3 department shall determine which result controls whether the  
4 batch may be approved for sale or whether further testing shall  
5 be required. Any batch that does not meet the board's standards  
6 for consumer safety and either:

7 (1) The licensee refuses to have the batch retested;

8 (2) A retest by the same laboratory confirms that the  
9 batch fails to meet the board's standards; or

10 (3) A retest as ordered by the department confirms that  
11 the batch fails to meet the board's standards,  
12 shall be disposed of or destroyed in accordance with the  
13 standards established under section A-46.

14 **§A-49 Advertising and packaging.** (a) The board shall  
15 establish standards regarding the advertising and packaging of  
16 cannabis and manufactured cannabis products; provided that the  
17 standards, at a minimum, shall require the use of packaging  
18 that:

19 (1) Is clearly labeled with the phrase "For responsible,  
20 adult use only."; and





(2) Contains information about the contents and potency of the product.

(b) All manufactured cannabis products shall be individually wrapped at the original point of manufacture.

**§A-50 Zoning.** (a) Licensees shall comply with all county zoning ordinances, rules, or regulations; provided that:

(1) A responsible, adult-use cannabis cultivation site shall be permitted in any area in which agricultural production is permitted except as provided within this chapter; and

(2) No facility of a licensee shall be permitted within seven hundred fifty feet of the real property comprising a playground or school.

(b) As used in this section:

"Playground" means any public outdoor facility, including any parking lot appurtenant thereto, that is intended for recreation, with any portion thereof containing three or more separate apparatus intended for the recreation of children, including but not limited to sliding boards, swing sets, and teeterboards.





1 "School" means any public or private preschool,  
2 kindergarten, elementary, intermediate, middle, secondary, or  
3 high school.

4 **§A-51 Hawaii-grown cannabis; labeling requirements.** (a)

5 In addition to all other labeling requirements, the identity  
6 statement used for labeling or advertising cannabis and  
7 manufactured cannabis products for responsible, adult use  
8 cultivated or manufactured in whole from Hawaii-grown cannabis  
9 plants shall consist of either:

10 (1) The geographic origin of the Hawaii-grown cannabis  
11 plants when the Hawaii-grown cannabis plants are from  
12 only one region, followed by the word "Grown";  
13 provided that the geographic origin may be immediately  
14 preceded by the term "100%"; or

15 (2) "Hawaii-Grown" when the manufactured cannabis product  
16 consists of cannabis from several geographic origins  
17 in the State; provided that the term "Hawaii-Grown"  
18 may be immediately preceded by the term "100%".

19 (b) For purposes of this section, "geographic origin"  
20 means the geographic regions in which Hawaii-grown cannabis





1 plants are cultivated, as those regions are designated in rules  
2 adopted by the board.

3       **SA-52 Non-Hawaii-grown cannabis and manufactured cannabis**  
4 **products prohibited.** No licensee shall sell or offer for sale  
5 cannabis grown outside of the State and manufactured cannabis  
6 products manufactured with cannabis grown outside of the State.

7       **SA-53 Education.** The board shall provide education to  
8 prospective licensees and active licensees on the duties imposed  
9 under this chapter. The board shall provide education to the  
10 public on the authorized use of cannabis and manufactured  
11 cannabis products as specified in part VI.

12                               **B. Cultivators**

13       **SA-61 Cultivation sites secure and hidden from public**  
14 **view.** All responsible, adult-use cannabis cultivation sites  
15 shall be secure and hidden from public view and shall maintain  
16 twenty-four-hour security measures.

17       **SA-62 Cultivation site plant limitation.** A responsible,  
18 adult-use cannabis cultivation site shall be limited to no more  
19 than three thousand cannabis plants.

20       For purposes of this section, "plant" means a cannabis  
21 plant that is greater than twelve vertical inches in height from





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

7 **C. Distributors**

8 **§A-71 Distribution.** (a) The board shall establish  
9 minimum security and transportation safety requirements for the  
10 commercial distribution and delivery of cannabis and  
11 manufactured cannabis products. Transportation safety standards  
12 established by the board shall include, but not be limited to,  
13 minimum standards governing the types of vehicles in which  
14 cannabis and manufactured cannabis products may be distributed  
15 and delivered and minimum qualifications for persons eligible to  
16 operate such vehicles.

17 (b) The transportation of cannabis and manufactured  
18 cannabis products shall only be conducted by persons holding a  
19 responsible, adult-use cannabis distributor license under this  
20 chapter or employees of those persons. The driver of a vehicle  
21 transporting or transferring cannabis or manufactured cannabis





1 products shall be directly employed by a responsible, adult-use  
2 cannabis distributor.

3       **§A-72 Interisland distribution.** The board shall adopt  
4 rules providing for the reasonable restriction for the  
5 distribution of cannabis and manufactured cannabis products  
6 between islands; provided that the rules shall not restrict the  
7 exportation of cannabis and manufactured cannabis products

8                               **D. Manufacturers**

9       **§A-81 Manufacturer facility operations.** All responsible,  
10 adult-use cannabis manufacturer facilities shall be enclosed  
11 indoor facilities and shall maintain twenty-four-hour security  
12 measures, including but not limited to an alarm system, video  
13 monitoring and recording on the premises, and exterior lighting.  
14 Responsible, adult-use cannabis manufacturer facilities shall  
15 remain locked at all times.

16       **§A-82 Manufacturing of cannabis products for responsible,**  
17 **adult use.** (a) Any responsible, adult-use cannabis  
18 manufacturer licensed by the board pursuant to this chapter  
19 shall be permitted to manufacture cannabis products; provided  
20 that the manufacturer shall also obtain any other state or





1 county permits or licenses that may be necessary for a  
2 particular manufacturing activity.

3 (b) The board shall establish health, safety, and  
4 sanitation standards regarding the manufacture of manufactured  
5 cannabis products.

6 (c) Responsible, adult-use cannabis manufacturers shall  
7 calculate the equivalent physical weight of the cannabis that is  
8 used to manufacture the product and shall make the equivalency  
9 calculations available to the board, department, and consumer of  
10 the manufactured cannabis product.

11 **E. Retailers**

12 **§A-91 Retail location operations.** (a) All responsible,  
13 adult-use cannabis retail locations shall be enclosed indoor  
14 facilities and shall maintain twenty-four-hour security  
15 measures, including but not limited to an alarm system, video  
16 monitoring and recording on the premises, and exterior lighting.  
17 Responsible, adult-use cannabis manufacturer facilities shall  
18 remain locked at all times other than the location's business  
19 hours.

20 (b) A responsible, adult-use cannabis retail location  
21 shall be prohibited from off-premises delivery of cannabis or





1 manufactured cannabis products to a person twenty-one years of  
2 age or older.

3 **§A-92 Consumption at retail locations authorized.**

4 Responsible, adult-use cannabis retail locations may permit the  
5 consumption of cannabis or manufactured cannabis products by  
6 persons twenty-years of age or older on the premises as long as  
7 consumption is hidden from public view, unless the retail  
8 location is prohibited under chapter 329D.

9 **§A-93 Purchase limits.** (a) A person twenty-one years of  
10 age or older who is a resident of the State shall be allowed to  
11 purchase no more than the equivalent of one ounce of cannabis  
12 within a consecutive period of fifteen days.

13 (b) A person twenty-one years of age or older who is not a  
14 resident of the State shall be allowed to purchase no more than  
15 the equivalent of half of an ounce of cannabis within a  
16 consecutive period of fifteen days.

17 **PART V. LICENSING SANCTIONS**

18 **§A-101 Disciplinary action.** (a) In addition to the  
19 licensing sanctions or remedies provided by section 92-17  
20 against any licensee, the board may also impose conditions or  
21 limitations upon a licensee's license after a hearing conducted





1 in accordance with chapter 91. The violation of any condition  
2 or limitation on a licensee's license may be cause to impose  
3 additional sanctions against the licensee.

4 (b) Any person who violates any of the provisions of part  
5 IV or the rules adopted pursuant thereto shall be fined not less  
6 than \$100 nor more than \$1,000 for each violation. Each day's  
7 violation may be deemed a separate violation.

8 **§A-102 Grounds for refusal to renew, reinstate or restore**  
9 **and for revocation, suspension, denial, or condition of**  
10 **licenses.** (a) In addition to any other acts or conditions  
11 provided by law, the board may refuse to renew, reinstate or  
12 restore, or may deny, revoke, suspend, or condition in any  
13 manner, any license for any one or more of the following acts or  
14 conditions on the part of the licensee or the applicant thereof:

15 (1) Failure to meet or maintain the conditions and  
16 requirements necessary to qualify for the granting of  
17 a license;

18 (2) Engaging in false, fraudulent, or deceptive  
19 advertising;

20 (3) Procuring a license through fraud, misrepresentation,  
21 or deceit;





- (4) Professional misconduct, incompetence, gross negligence, or manifest incapacity;
- (5) Failure to maintain a record or history of competency, trustworthiness, fair dealing, and financial integrity;
- (6) Violating any condition or limitation upon which a conditional or temporary license was issued;
- (7) Engaging in business under a past or present license issued pursuant this chapter or chapter 329D, in a manner causing injury to one or more members of the public; or
- (8) Violating this chapter or any rule or order of the board.

(b) If the board revokes or suspends a license, the licensee shall not:

- (1) Sell, transfer, or otherwise dispose of any cannabis or manufactured cannabis products owned by or in the possession of the licensee; or
- (2) Manufacture cannabis products.

Upon a revocation order becoming final, all cannabis and manufactured cannabis products may be forfeited to the State.





1       **SA-103 Suspended license.** A person whose license has been  
2 suspended may apply for reinstatement of the license to the  
3 extent authorized by law and upon complete compliance with any  
4 term or condition imposed by the order of suspension. The  
5 application for reinstatement shall be accompanied by all  
6 applicable fees.

7       **SA-104 Revoked license.** A person may apply for a new  
8 license after the time designated in an order of revocation has  
9 passed or, if the order does not specify a time period, after  
10 five years from the date of revocation of the license by filing  
11 an application and complying with all current requirements for  
12 new applicants.

13       **SA-105 Relinquishment no bar to jurisdiction.** The  
14 forfeiture, nonrenewal, surrender, or voluntary relinquishment  
15 of a license by a licensee shall not bar jurisdiction by the  
16 board or department to proceed with any investigation, action,  
17 or proceeding to revoke, suspend, condition, or limit the  
18 licensee's license or fine the licensee.

19       **SA-106 Summary suspension.** Notwithstanding any law to the  
20 contrary, the board or department may cause the immediate  
21 suspension or restriction of a license, subject to subsequent





1 notice and hearing or other adequate procedures, upon a specific  
2 determination that the failure to take such an action may result  
3 in:

4 (1) An immediate and unreasonable threat to personal  
5 safety; or

6 (2) Fraud or misrepresentation upon consumers,  
7 and that, for the protection of the public from the possible  
8 consequences of practices, the licensee's license should be  
9 immediately suspended or restricted.

10 The board or department may order the summary suspension of  
11 the license for a period not to exceed twenty days. The order  
12 of suspension shall be served upon the licensee at the same time  
13 as the notice of hearing for disciplinary action, and the  
14 hearing shall be scheduled prior to the expiration of the order  
15 of suspension. The period of suspension prior to the hearing  
16 shall not be extended beyond twenty days except upon request of  
17 the licensee for a reasonable continuance to adequately prepare  
18 the licensee's defense. Any attempt by the licensee to continue  
19 sell or transfer cannabis or manufactured cannabis products or  
20 manufacture cannabis products while the license has been  
21 summarily suspended shall of itself be sufficient to warrant a





1 permanent revocation of the license and shall subject the  
2 licensee to all penalties prescribed by this chapter or any rule  
3 or order of the board.

4       **SA-107 Hearings.** In every case in which the board refuses  
5 to issue, renew, restore or reinstate a license, or proposes to  
6 take disciplinary action or other licensing sanctions against a  
7 licensee, the proceeding before the board shall be conducted in  
8 accordance with chapter 91.

9       In all proceedings before it, the board and each member  
10 thereof shall have the same powers respecting administering  
11 oaths, compelling the attendance of witnesses and the production  
12 of documentary evidence, and examining witnesses as are  
13 possessed by circuit courts. In case of disobedience by any  
14 person of any order of the board or of a member thereof, or of  
15 any subpoena issued by it or a member, or the refusal of any  
16 witness to testify to any matter regarding which the witness may  
17 be questioned lawfully, any circuit judge, on application by the  
18 board or a member thereof, shall compel obedience as in the case  
19 of disobedience of the requirements of a subpoena issued by a  
20 circuit court, or a refusal to testify therein.





1       **§A-108 Judicial review by circuit court.** Any person  
2 aggrieved by a final decision and order of the board in a  
3 "contested case", as defined in chapter 91, is entitled to  
4 judicial review thereof by the circuit court of the circuit in  
5 which the board making the final decision and order has  
6 jurisdiction. The review shall be as provided by chapter 91.

7                   **PART VI. LAWFUL USE AND PROHIBITED ACTS**

8       **§A-111 Possession of cannabis by persons twenty-one years**  
9 **of age or older.** (a) Except as limited by this part, it shall  
10 be lawful for persons twenty-one years of age or older, without  
11 a prescription, to:

12       (1) Possess, process, transport, purchase, obtain, or give  
13 away to persons twenty-one years of age or older  
14 without any compensation cannabis not in the form of  
15 concentrated cannabis in excess of a limit as  
16 determined by the board;

17       (2) Possess, process, transport, purchase, obtain, or give  
18 away to persons twenty-one years of age or older  
19 without any compensation in the form of concentrated  
20 cannabis, including as contained in cannabis products,  
21 in excess of a limit as determine by the board;





1 (3) Possess, plant, cultivate, harvest, dry, or process  
2 not more than ten living cannabis plants and possess  
3 the cannabis produced by the plants;

4 (4) Smoke or ingest cannabis or manufactured cannabis  
5 products; and

6 (5) Possess, transport, purchase, obtain, use,  
7 manufacture, or give away cannabis accessories to  
8 persons twenty-one years of age or older without any  
9 compensation.

10 (b) It is the intent of subsection (a)(5) to meet the  
11 requirements of title 21 United States Code section 863(f) by  
12 authorizing, under state law, any person in compliance with this  
13 section to manufacture, possess, or distribute cannabis  
14 accessories.

15 (c) Cannabis and manufactured cannabis products involved  
16 in any way with conduct deemed lawful by this section are not  
17 contraband nor subject to seizure, and no conduct deemed lawful  
18 by this section shall constitute the basis for detention,  
19 search, or arrest.





1       **§A-112 Limitation of personal cultivation of cannabis.**

2       Personal cultivation of cannabis, as authorized under section A-  
3       111(a)(3), shall be subject to the following restrictions:

4           (1)   The living plants and any cannabis produced by the  
5                plants in excess of the limit established under  
6                section A-111(a)(1) are kept within the person's  
7                private residence, or upon the grounds of that private  
8                residence, are in a locked space, and are not visible  
9                by normal unaided vision from a public place;

10          (2)   Not more than ten living plants may be planted,  
11                cultivated, harvested, dried, or processed within a  
12                single private residence, or upon the grounds of that  
13                private residence, at one time;

14          (3)   A condominium association may limit or prohibit the  
15                cultivation of cannabis within units through its  
16                bylaws or house rules; and

17          (4)   A planned community association may limit or prohibit  
18                the cultivation of cannabis outdoors through its  
19                bylaws or rules.





1        **§A-113 Limitation of smoking, ingesting, possession, and**  
2 **manufacture of cannabis.** Section A-111 shall not permit a  
3 person to:

- 4        (1) Smoke cannabis or manufactured cannabis products in an  
5                area where smoking is prohibited under chapter 328J;  
6        (2) Smoke or ingest cannabis or manufactured cannabis  
7                products in a public place; and  
8        (3) Possess an open container or open package of cannabis  
9                or manufactured cannabis products while driving,  
10               operating, or riding in the passenger seat or  
11               compartment of a motor vehicle, aircraft, or other  
12               vehicle used for transportation.

13        **§A-114 Unlawful excess cultivation; forfeiture.** (a) It  
14 shall be unlawful for a person twenty-one years of age or older  
15 to cultivate more than ten living cannabis plants.

16        (b) A violation of this section shall be a civil violation  
17 as determined by the board and may include civil forfeiture and  
18 a fine; provided that the first violation shall be punishable  
19 with the issuance of a written warning.





1       **§A-115 Unlawful possession; minors.** (a) It shall be  
2 unlawful for a person under twenty-one years of age to possess  
3 cannabis or manufactured cannabis products.

4       (b) A violation of this section shall be a civil violation  
5 punishable by forfeiture of the cannabis or manufactured  
6 cannabis products

7       **§A-116 Unlicensed activity; citation.** (a) In addition to  
8 any other remedy available, the investigator may issue citations  
9 to persons acting in the capacity of or engaging in business  
10 within the State without having a license previously obtained  
11 under and in compliance with this chapter and the rules adopted  
12 thereunder.

13       (b) Each citation shall be in writing and shall describe  
14 the basis of the citation, including the specific statutory  
15 provisions alleged to have been violated, and may contain an  
16 order of abatement, and an assessment of civil penalties as  
17 provided in this section.

18       (c) Any person who violates this section shall be assessed  
19 a civil penalty of not more than \$500 or forty per cent of the  
20 total amount of the goods and services provided or to be  
21 provided, whichever is greater, for the first violation; not





1 more than \$1,000 or forty per cent of the total amount of the  
2 goods and services provided or to be provided, whichever is  
3 greater, for the second violation; and not more than \$5,000 or  
4 forty per cent of the total amount of the goods and services  
5 provided or to be provided, whichever is greater, for any  
6 subsequent violation.

7 (d) Service of a citation issued under this section shall  
8 be made by personal service or by certified mail, restricted  
9 delivery, sent to the last known business or residence address  
10 of the person cited.

11 (e) Any person cited under this section may submit a  
12 written request to the director of commerce and consumer affairs  
13 for a hearing, within twenty days from the service of the  
14 citation, with respect to the violations alleged, the scope of  
15 the order of abatement, or the amount of the civil penalties  
16 assessed.

17 (f) If the person cited under this section timely notifies  
18 the director of commerce and consumer affairs of the request for  
19 a hearing, the director shall afford an opportunity for a  
20 hearing under chapter 91. The hearing shall be conducted by the  
21 director of commerce and consumer affairs or the director may





1 designate a hearings officer to hold the hearing. The director  
2 of commerce and consumer affairs or any hearings officer  
3 designated by the director shall have the power to issue  
4 subpoenas, administer oaths, hear testimony, find facts, make  
5 conclusions of law, and issue a final order.

6 (g) If the person cited under this section does not submit  
7 a written request to the director of commerce and consumer  
8 affairs for a hearing within twenty days from the receipt of the  
9 citation, the citation shall be deemed a final order of the  
10 director.

11 (h) The director of commerce and consumer affairs may  
12 apply to the appropriate court for a judgment to enforce the  
13 provisions of any final order issued by the director or  
14 designated hearings officer pursuant to this section, including  
15 the provision for abatement and civil penalties imposed.

16 (i) If any party is aggrieved by the decision of the  
17 director of commerce and consumer affairs or the designated  
18 hearings officer, the party may appeal in the manner provided in  
19 chapter 91 to the circuit court of the circuit in which the  
20 party resides or has the party's principal place of business or  
21 in which the action in question occurred. The operation of an





1 abatement order shall not be stayed on appeal unless  
2 specifically ordered by a court of competent jurisdiction after  
3 applying the stay criteria enumerated in section 91-14(c).

4 (j) The sanctions and disposition authorized under this  
5 section shall be separate from and in addition to all other  
6 remedies either civil or criminal provided in any other  
7 applicable statutory provision.

8 (k) The director may adopt rules pursuant to chapter 91  
9 necessary for the purpose of this section.

10 **§A-117 Unlicensed activity; aiding or abetting; sanctions;**  
11 **injunctive relief; fines; damages; forfeiture.** (a) Any  
12 licensee aiding or abetting an unlicensed person to directly or  
13 indirectly evade this chapter may be fined up to \$1,000 for the  
14 first offense; up to \$2,000 or, if applicable, forty per cent of  
15 the total contract price, whichever is greater, for the second  
16 offense; and up to \$5,000 or, if applicable, forty per cent of  
17 the total contract price, whichever is greater, for any  
18 subsequent offense. For purposes of this section, "contract  
19 price" means the total monetary consideration offered by the  
20 consumer for the provision of goods and services.





1           (b) Any person, who engages in an activity requiring a  
2 license issued by the board and who fails to obtain the required  
3 license, or who uses any word, title, or representation to  
4 induce the false belief that the person is licensed to conduct  
5 business under this chapter, other than a licensee who  
6 inadvertently fails to maintain licensing requirements under  
7 this chapter and the rules adopted thereunder and who  
8 subsequently corrects the failure so that there was no lapse in  
9 licensure, shall be guilty of a misdemeanor and each day of  
10 unlicensed activity shall be deemed a separate offense.

11           (c) The department, board, or any person may maintain a  
12 suit to enjoin the performance or the continuance of any act or  
13 acts by a person acting without a license where a license is  
14 required by this chapter, and if injured thereby, for the  
15 recovery of damages. The department may also seek the  
16 imposition of fines provided by subsection (a). The plaintiff  
17 or petitioner in a suit for an injunction need not allege or  
18 prove actual damages to prevail. Reasonable attorney fees and  
19 costs shall be allowed by the court to the plaintiff or  
20 petitioner as the prevailing party.





(d) All tools, implements, armamentariums, documents, materials, or any other property used by any person to provide products or services without a license required by this chapter shall be declared forfeited to the State by the court and turned over to the department for disposition as it deems appropriate.

**PART VII. MISCELLANEOUS PROVISIONS**

**SA-121 Remedies and penalties cumulative.** Unless otherwise expressly provided, the remedies or penalties provided by this chapter are cumulative to each other and to the remedies or penalties available under all other laws of this State.

**SA-122 Severability.** If any provision of this chapter or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable."

SECTION 4. Section 46-4, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

"(f) Neither this section nor any other law, county ordinance, or rule shall prohibit the use of land for ~~medical~~ :





1        (1) Medical cannabis production centers or medical  
2        cannabis dispensaries established and licensed  
3        pursuant to chapter 329D; and  
4        (2) Responsible, adult-use cannabis cultivators;  
5        responsible, adult-use cannabis distributors;  
6        responsible, adult-use cannabis manufacturers; or  
7        responsible, adult-use cannabis retailers established  
8        and licensed pursuant to chapter A;  
9        provided that the land is otherwise zoned for agriculture,  
10       manufacturing, or retail purposes."

11       SECTION 5. Existing medical cannabis dispensaries licensed  
12       under chapter 329D, Hawaii Revised Statutes, shall be allowed to  
13       apply for licenses pursuant to section 3 of this Act and to  
14       operate under those licenses for three years prior to non-  
15       medical cannabis dispensary applicants being allowed to apply  
16       for licenses, except that non-medical cannabis dispensary  
17       applicants shall be allowed to apply for responsible, adult-use  
18       cultivator and responsible, adult-use distributor licenses on  
19       January 1, 2022. The Hawaii cannabis control board established  
20       pursuant to section 3 of this Act shall grant licenses  
21       established under that section to any existing medical cannabis





1 dispensary licensed under chapter 329D, Hawaii Revised Statutes,  
2 that applies for a license beginning on January 1, 2022.

3 SECTION 6. The department of commerce and consumer affairs  
4 may adopt interim rules to carry out the purposes of this part  
5 without regard to chapter 91 or 201M, Hawaii Revised Statutes;  
6 provided that the interim rules shall be effective for no more  
7 than one year after their adoption.

8 SECTION 7. There is appropriated out of the general  
9 revenues of the State the sum of \$ or so much thereof  
10 as may be necessary for fiscal year 2021-2022 for the purposes  
11 of this part.

12 The sum appropriated shall be expended by the department of  
13 commerce and consumer affairs for the purposes of this part.

14 PART III

15 SECTION 8. The purpose of this part is to clarify the  
16 legality of cannabis and manufactured cannabis products for  
17 responsible, adult use with respect to the uniform controlled  
18 substances act and the Hawaii penal code.

19 SECTION 9. Chapter 329, Hawaii Revised Statutes, is  
20 amended by adding a new section to part IX to be appropriately  
21 designated and to read as follows:





1        "§329-        Relation to chapter A.    This part shall not  
2 affect cannabis and manufactured cannabis products for  
3 responsible, adult use as authorized under chapter A."

4        SECTION 10. Chapter 329D, Hawaii Revised Statutes, is  
5 amended by adding a new section to be appropriately designated  
6 and to read as follows:

7        "§329D-        Relation to chapter A.    Nothing in this chapter  
8 shall be construed to affect the regulation of responsible,  
9 adult-use cannabis licensees as provided in chapter A."

10       SECTION 11. Chapter 706, Hawaii Revised Statutes, is  
11 amended by adding a new section to part II to be appropriately  
12 designated and to read as follows:

13       "§706-        Resentencing for marijuana offenders;  
14 expungement.    (1) A person convicted for an offense under  
15 chapter 329 or under part IV of chapter 712, the basis of which  
16 is an act permitted by chapter A, shall have the right to  
17 petition the court for review and adjustment of the sentence.

18       (2) The attorney general, or the attorney general's duly  
19 authorized representative within the department of the attorney  
20 general, shall issue an expungement order annulling, canceling,  
21 and rescinding the record of arrest for all persons arrested for





1 or charged with an offense the basis of which is an act  
2 permitted by chapter A.

3 (3) The court shall issue a court order to expunge the  
4 record of conviction for all persons convicted of an offense the  
5 basis of which is an act permitted by chapter A."

6 SECTION 12. Chapter 712, Hawaii Revised Statutes, is  
7 amended by adding a new section to part IV to be appropriately  
8 designated and to read as follows:

9 **"§712- Promoting cannabis or manufactured cannabis**  
10 **products to a person under twenty-one years of age. (1) A**  
11 **person, including a person licensed under chapter A, commits the**  
12 **offense of promoting cannabis or manufactured cannabis products**  
13 **to a person under twenty-one years of age if the person**  
14 **recklessly sells or offers for sale, influences the sale,**  
15 **serves, delivers, or gives to a person cannabis or manufactured**  
16 **cannabis products, and the person receiving the cannabis or**  
17 **manufactured cannabis products is a person under the age of**  
18 **twenty-one.**

19 (2) All persons engaged in the retail sale of cannabis or  
20 manufactured cannabis products shall check the identification of





1 cannabis or manufactured cannabis products purchasers to  
2 establish the age of the purchaser.

3 (3) It shall be an affirmative defense that the seller of  
4 cannabis or manufactured cannabis products to a person under  
5 twenty-one years of age in violation of this section had  
6 requested, examined, and reasonably relied upon a photographic  
7 identification from the person establishing that person's age as  
8 at least twenty-one years of age prior to selling the person  
9 cannabis or manufactured cannabis products. The failure of a  
10 seller to request and examine photographic identification from a  
11 person under twenty-one years of age prior to the sale of  
12 cannabis or manufactured cannabis products to the person shall  
13 be construed against the seller and form a conclusive basis for  
14 the seller's violation of this section.

15 (4) It shall be unlawful for a person under twenty-one  
16 years of age to purchase or possess any cannabis or manufactured  
17 cannabis products, as those terms are defined in subsection (6).  
18 This provision does not apply if a person under the age of  
19 twenty-one, with parental authorization, is participating in a  
20 controlled purchase as part of a law enforcement activity or a  
21 study authorized by the department of commerce and consumer





1    affairs under the supervision of law enforcement to determine  
2    the level of incidence of cannabis or manufactured cannabis  
3    products sales to persons under twenty-one years of age.

4        (5) Any person who violates subsection (1) or (3), or  
5    both, shall be fined \$500 for the first offense. Any subsequent  
6    offenses shall subject the person to a fine not less than \$500  
7    nor more than \$2,000. Any person under twenty-one years of age  
8    who violates subsection (4) shall be fined \$10 for the first  
9    offense. Any subsequent offense shall subject the violator to a  
10   fine of \$50, no part of which shall be suspended, or the person  
11   shall be required to perform not less than forty-eight hours nor  
12   more than seventy-two hours of community service during hours  
13   when the person is not employed and is not attending school.

14   Any cannabis or manufactured cannabis products, as those terms  
15   are defined in subsection (6), in the person's possession at the  
16   time of violation of subsection (4) shall be seized, summarily  
17   forfeited to the State, and destroyed by law enforcement  
18   following the conclusion of an administrative or judicial  
19   proceeding finding that a violation of subsection (4) has been  
20   committed. The procedures set forth in chapter 712A shall not  
21   apply to this subsection.





1        (6) For the purposes of this section:

2        "Cannabis" shall have the same meaning as that term is  
3 defined in chapter A.

4        "Manufactured cannabis products" shall have the same  
5 meaning as that term is defined in chapter A."

6        SECTION 13. Section 329-43.5, Hawaii Revised Statutes, is  
7 amended by amending subsection (e) to read as follows:

8        "(e) Subsections (a) and (b) shall not apply to a person  
9 who is authorized to:

10        (1) Acquire, possess, cultivate, use, distribute, or  
11 transport cannabis pursuant to the definition of  
12 "medical use" under section 329-121, while the person  
13 is facilitating the medical use of cannabis by a  
14 qualifying patient; ~~[or]~~

15        (2) Dispense, manufacture, or produce cannabis or  
16 manufactured cannabis products pursuant to and in  
17 compliance with chapter 329D, while the person is  
18 facilitating the medical use of cannabis by a  
19 qualifying patient pursuant to part IX of chapter  
20 329~~[-]~~; or





1       (3) Possess, process, transport, cultivate, harvest, dry,  
2       or manufacture cannabis or manufactured cannabis, or  
3       any other act authorized, pursuant to and in  
4       compliance with chapter A."

5       SECTION 14. Section 706-622.5, Hawaii Revised Statutes, is  
6       amended to read as follows:

7       **"§706-622.5 Sentencing for drug offenders; expungement.**

8       (1) Notwithstanding section 706-620(3), a person convicted for  
9       the first or second time for any offense under section 329-43.5,  
10      except offenses under subsections (a) and (b) of that section  
11      which constitute violations, involving the possession or use of  
12      drug paraphernalia or any felony offense under part IV of  
13      chapter 712 involving the possession or use of any dangerous  
14      drug, detrimental drug, harmful drug, or intoxicating compound,  
15      ~~[marijuana, or marijuana concentrate,]~~ as defined in section  
16      712-1240, but not including any offense under part IV of chapter  
17      712 involving the distribution or manufacture of any such drugs  
18      or substances and not including any methamphetamine offenses  
19      under sections 712-1240.7, 712-1240.8 as that section was in  
20      effect before July 1, 2016, 712-1241, and 712-1242, is eligible





1 to be sentenced to probation under subsection (2) if the person  
2 meets the following criteria:

3 (a) The court has determined that the person is nonviolent  
4 after reviewing the person's criminal history, the  
5 factual circumstances of the offense for which the  
6 person is being sentenced, and any other relevant  
7 information;

8 (b) The person has been assessed by a certified substance  
9 abuse counselor to be in need of substance abuse  
10 treatment due to dependency or abuse under the  
11 applicable Diagnostic and Statistical Manual and  
12 Addiction Severity Index; and

13 (c) Except for those persons directed to substance abuse  
14 treatment under the supervision of the drug court, the  
15 person presents a proposal to receive substance abuse  
16 treatment in accordance with the treatment plan  
17 prepared by a certified substance abuse counselor  
18 through a substance abuse treatment program that  
19 includes an identified source of payment for the  
20 treatment program.





1           (2) A person eligible under subsection (1) may be  
2 sentenced to probation to undergo and complete a substance abuse  
3 treatment program if the court determines that the person can  
4 benefit from substance abuse treatment and, notwithstanding that  
5 the person would be subject to sentencing as a repeat offender  
6 under section 706-606.5, the person should not be incarcerated  
7 to protect the public. If the person fails to complete the  
8 substance abuse treatment program and the court determines that  
9 the person cannot benefit from any other suitable substance  
10 abuse treatment program, the person shall be subject to  
11 sentencing under the applicable section under this part. As a  
12 condition of probation under this subsection, the court may  
13 direct the person to undergo and complete substance abuse  
14 treatment under the supervision of the drug court if the person  
15 has a history of relapse in treatment programs. The court may  
16 require other terms and conditions of probation, including  
17 requiring that the person contribute to the cost of the  
18 substance abuse treatment program, comply with deadlines for  
19 entering into the substance abuse treatment program, and reside  
20 in a secure drug treatment facility.





1           (3) For the purposes of this section, "substance abuse  
2 treatment program" means drug or substance abuse treatment  
3 services provided outside a correctional facility by a public,  
4 private, or nonprofit entity that specializes in treating  
5 persons who are diagnosed with having substance abuse or  
6 dependency and preferably employs licensed professionals or  
7 certified substance abuse counselors.

8           (4) Upon written application from a person sentenced under  
9 this part or a probation officer, the court shall issue a court  
10 order to expunge the record of conviction for that particular  
11 offense; provided that a person has successfully completed the  
12 substance abuse treatment program and complied with other terms  
13 and conditions of probation. A person sentenced to probation  
14 under this section who has not previously been sentenced under  
15 this section shall be eligible for one time only for expungement  
16 under this subsection.

17           ~~[(5) Upon motion from a person convicted for the~~  
18 ~~possession of marijuana under section 712-1249 arising from a~~  
19 ~~set of facts and circumstances that resulted in no other~~  
20 ~~criminal charge, the court shall grant an expungement order~~  
21 ~~pertaining to the conviction for the offense; provided that the~~





1 ~~amount of marijuana for which the person was convicted of~~  
2 ~~possessing was three grams or less.~~

3 ~~(6)]~~ (5) Nothing in this section shall be construed to  
4 give rise to a cause of action against the State, a state  
5 employee, or a treatment provider."

6 SECTION 15. Section 706-625, Hawaii Revised Statutes, is  
7 amended by amending subsection (7) to read as follows:

8 "(7) The court may require a defendant to undergo and  
9 complete a substance abuse treatment program when the defendant  
10 has committed a violation of the terms and conditions of  
11 probation involving possession or use, not including to  
12 distribute or manufacture as defined in section 712-1240, of any  
13 dangerous drug, detrimental drug, harmful drug, or intoxicating  
14 compound, [~~marijuana, or marijuana concentrate,~~] as defined in  
15 section 712-1240, unlawful methamphetamine trafficking as  
16 provided in section 712-1240.6, or involving possession or use  
17 of drug paraphernalia under section 329-43.5. If the defendant  
18 fails to complete the substance abuse treatment program or the  
19 court determines that the defendant cannot benefit from any  
20 other suitable substance abuse treatment program, the defendant





1 shall be subject to revocation of probation and incarceration.

2 The court may require the defendant to:

3 (a) Be assessed by a certified substance abuse counselor  
4 for substance abuse dependency or abuse under the  
5 applicable Diagnostic and Statistical Manual and  
6 Addiction Severity Index;

7 (b) Present a proposal to receive substance abuse  
8 treatment in accordance with the treatment plan  
9 prepared by a certified substance abuse counselor  
10 through a substance abuse treatment program that  
11 includes an identified source of payment for the  
12 treatment program;

13 (c) Contribute to the cost of the substance abuse  
14 treatment program; and

15 (d) Comply with any other terms and conditions of  
16 probation.

17 As used in this subsection, "substance abuse treatment  
18 program" means drug or substance abuse treatment services  
19 provided outside a correctional facility by a public, private,  
20 or nonprofit entity that specializes in treating persons who are  
21 diagnosed with substance abuse or dependency and preferably





1 employs licensed professionals or certified substance abuse  
2 counselors.

3 Nothing in this subsection shall be construed to give rise  
4 to a cause of action against the State, a state employee, or a  
5 treatment provider."

6 SECTION 16. Section 706-660, Hawaii Revised Statutes, is  
7 amended by amending subsection (2) to read as follows:

8 "(2) A person who has been convicted of a class B or class  
9 C felony for any offense under part IV of chapter 712 may be  
10 sentenced to an indeterminate term of imprisonment; provided  
11 that this subsection shall not apply to sentences imposed under  
12 sections 706-606.5, 706-660.1, 712-1240.5, 712-1240.8 as that  
13 section was in effect prior to July 1, 2016, 712-1242, 712-1245,  
14 [~~712-1249.5,~~] 712-1249.6, 712-1249.7, and 712-1257.

15 When ordering a sentence under this subsection, the court  
16 shall impose a term of imprisonment, which shall be as follows:

17 (a) For a class B felony--ten years or less, but not less  
18 than five years; and

19 (b) For a class C felony--five years or less, but not less  
20 than one year.





1 The minimum length of imprisonment shall be determined by the  
2 Hawaii paroling authority in accordance with section 706-669."

3 SECTION 17. Section 712-1240, Hawaii Revised Statutes, is  
4 amended as follows:

5 1. By amending the definition of "detrimental drug" to  
6 read:

7 ""Detrimental drug" means any substance or immediate  
8 precursor defined or specified as a "Schedule V substance" by  
9 chapter 329[, ~~or any marijuana~~]."

10 2. By amending the definition of "harmful drug" to read:

11 ""Harmful drug" means any substance or immediate precursor  
12 defined or specified as a "Schedule III substance" or a  
13 "Schedule IV substance" by chapter 329[, ~~or any marijuana~~  
14 ~~concentrate except marijuana and a substance specified in~~  
15 ~~section 329-18(c)(14)]~~."

16 SECTION 18. Section 712-1244, Hawaii Revised Statutes, is  
17 amended by amending subsection (1) to read as follows:

18 "(1) A person commits the offense of promoting a harmful  
19 drug in the first degree if the person knowingly:

20 (a) Possesses one hundred or more capsules or tablets or  
21 dosage units containing one or more of the harmful





1 drugs [~~or one or more of the marijuana concentrates~~],  
2 or any combination thereof;

3 (b) Possesses one or more preparations, compounds,  
4 mixtures, or substances, of an aggregate weight of one  
5 ounce or more containing one or more of the harmful  
6 drugs [~~or one or more of the marijuana concentrates~~],  
7 or any combination thereof;

8 (c) Distributes twenty-five or more capsules or tablets or  
9 dosage units containing one or more of the harmful  
10 drugs [~~or one or more of the marijuana concentrates~~],  
11 or any combination thereof;

12 (d) Distributes one or more preparations, compounds,  
13 mixtures, or substances, of an aggregate weight of  
14 one- eighth ounce or more, containing one or more of  
15 the harmful drugs [~~or one or more of the marijuana~~  
16 ~~concentrates~~], or any combination thereof; or

17 (e) Distributes any harmful drug [~~or any marijuana~~  
18 ~~concentrate~~] in any amount to a minor."

19 SECTION 19. Section 712-1245, Hawaii Revised Statutes, is  
20 amended by amending subsection (1) to read as follows:





1       "(1) A person commits the offense of promoting a harmful  
2 drug in the second degree if the person knowingly:

3       (a) Possesses fifty or more capsules or tablets or dosage  
4 units containing one or more of the harmful drugs [~~or~~  
5 ~~one or more of the marijuana concentrates~~], or any  
6 combination thereof;

7       (b) Possesses one or more preparations, compounds,  
8 mixtures, or substances, of an aggregate weight of  
9 one- eighth ounce or more, containing one or more of  
10 the harmful drugs or [~~one or more of the marijuana~~  
11 ~~concentrates~~], or any combination thereof; or

12       (c) Distributes any harmful drug [~~or any marijuana~~  
13 ~~concentrate~~] in any amount."

14       SECTION 20. Section 712-1246, Hawaii Revised Statutes, is  
15 amended by amending subsection (1) to read as follows:

16       "(1) A person commits the offense of promoting a harmful  
17 drug in the third degree if the person knowingly possesses  
18 twenty-five or more capsules or tablets or dosage units  
19 containing one or more of the harmful drugs [~~or one or more of~~  
20 ~~the marijuana concentrates~~], or any combination thereof."





SECTION 21. Section 712-1247, Hawaii Revised Statutes, is amended to read as follows:

**"§712-1247 Promoting a detrimental drug in the first**

**degree.** (1) A person commits the offense of promoting a detrimental drug in the first degree if the person knowingly:

(a) Possesses four hundred or more capsules or tablets containing one or more of the Schedule V substances;

(b) Possesses one or more preparations, compounds, mixtures, or substances of an aggregate weight of one ounce or more, containing one or more of the Schedule V substances;

(c) Distributes fifty or more capsules or tablets containing one or more of the Schedule V substances;  
or

(d) Distributes one or more preparations, compounds, mixtures, or substances of an aggregate weight of one-eighth ounce or more, containing one or more of the Schedule V substances[+]

~~(e) Possesses one or more preparations, compounds, mixtures, or substances of an aggregate weight of one pound or more, containing any marijuana;~~





~~(f) Distributes one or more preparations, compounds, mixtures, or substances of an aggregate weight of one ounce or more, containing any marijuana;~~  
~~(g) Possesses, cultivates, or has under the person's control twenty-five or more marijuana plants; or~~  
~~(h) Sells or barter any marijuana or any Schedule V substance in any amount].~~

(2) Promoting a detrimental drug in the first degree is a class C felony.

~~[(3) Any marijuana seized as evidence of a violation of this section in excess of one pound may be destroyed after it has been photographed and the weight thereof recorded. The remainder of the marijuana shall remain in the custody of the police department until the termination of any criminal action brought as a result of the seizure of the marijuana. Photographs duly identified as accurately representing the marijuana shall be deemed competent evidence of the marijuana involved and shall be admissible in any proceeding, hearing, or trial to the same extent as the marijuana itself; provided that nothing in this subsection shall be construed to limit or to~~





1 ~~restrict the application of rule 901 of the Hawaii rules of~~  
2 ~~evidence.]"~~

3 SECTION 22. Section 712-1248, Hawaii Revised Statutes, is  
4 amended by amending subsection (1) to read as follows:

5 "(1) A person commits the offense of promoting a  
6 detrimental drug in the second degree if the person knowingly:

7 (a) Possesses fifty or more capsules or tablets containing  
8 one or more of the Schedule V substances;

9 (b) Possesses one or more preparations, compounds,  
10 mixtures, or substances, of an aggregate weight of  
11 one-eighth ounce or more, containing one or more of  
12 the Schedule V substances; or

13 ~~[(c) Possesses one or more preparations, compounds,~~  
14 ~~mixtures, or substances, of an aggregate weight of one~~  
15 ~~ounce or more, containing any marijuana; or~~

16 ~~(d)]~~ (c) Distributes ~~[any marijuana or]~~ any Schedule V  
17 substance in any amount."

18 SECTION 23. Section 712-1249, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "**§712-1249 Promoting a detrimental drug in the third**  
21 **degree.** (1) A person commits the offense of promoting a





1 detrimental drug in the third degree if the person knowingly  
2 possesses ~~[any marijuana or]~~ any Schedule V substance in any  
3 amount.

4 (2) Promoting a detrimental drug in the third degree is a  
5 petty misdemeanor~~[; provided that possession of three grams or~~  
6 ~~less of marijuana is a violation, punishable by a fine of~~  
7 ~~\$130]."~~

8 SECTION 24. Section 712A-4, Hawaii Revised Statutes, is  
9 amended to read as follows:

10 **"§712A-4 Covered offenses.** Offenses for which property is  
11 subject to forfeiture under this chapter are:

12 (a) All offenses that specifically authorize forfeiture;  
13 (b) Murder, kidnapping, labor trafficking, unlicensed sale  
14 of liquor, unlicensed manufacture of liquor, gambling,  
15 criminal property damage, robbery, bribery, extortion,  
16 theft, unauthorized entry into motor vehicle,  
17 burglary, money laundering, trademark counterfeiting,  
18 insurance fraud, promoting a dangerous, harmful, or  
19 detrimental drug, ~~[commercial promotion of marijuana,~~  
20 methamphetamine trafficking, manufacturing of a  
21 controlled substance with a child present, promoting





1 child abuse, promoting prostitution, sex trafficking,  
2 solicitation of a minor for prostitution, habitual  
3 solicitation of prostitution, or electronic enticement  
4 of a child that is chargeable as a felony offense  
5 under state law;

6 (c) The manufacture, sale, or distribution of a controlled  
7 substance in violation of chapter 329, promoting  
8 detrimental drugs or intoxicating compounds, promoting  
9 pornography, promoting pornography for minors, or  
10 solicitation of prostitution near schools or public  
11 parks, which is chargeable as a felony or misdemeanor  
12 offense, but not as a petty misdemeanor, under state  
13 law; and

14 (d) The attempt, conspiracy, solicitation, coercion, or  
15 intimidation of another to commit any offense for  
16 which property is subject to forfeiture."

17 SECTION 25. Section 712-1249.4, Hawaii Revised Statutes,  
18 is repealed.

19 ~~["§712-1249.4] Commercial promotion of marijuana in the~~  
20 ~~first degree. (1) A person commits the offense of commercial~~





1 ~~promotion of marijuana in the first degree if the person~~

2 ~~knowingly:~~

3       ~~(a) Possesses marijuana having an aggregate weight of~~  
4       ~~twenty-five pounds or more;~~

5       ~~(b) Distributes marijuana having an aggregate weight of~~  
6       ~~five pounds or more;~~

7       ~~(c) Possesses, cultivates, or has under the person's~~  
8       ~~control one hundred or more marijuana plants;~~

9       ~~(d) Cultivates on land owned by another person, including~~  
10       ~~land owned by the government or other legal entity,~~  
11       ~~twenty-five or more marijuana plants, unless the~~  
12       ~~person has the express permission from the owner of~~  
13       ~~the land to cultivate the marijuana or the person has~~  
14       ~~a legal or an equitable ownership interest in the land~~  
15       ~~or the person has a legal right to occupy the land; or~~

16       ~~(e) Uses, or causes to be used, any firearm or other~~  
17       ~~weapon, device, instrument, material, or substance,~~  
18       ~~whether animate or inanimate, which in the manner used~~  
19       ~~is capable of causing death, serious bodily injury,~~  
20       ~~substantial bodily injury, or other bodily injury, as~~  
21       ~~defined in chapter 707 in order to prevent the theft,~~





1           ~~removal, search and seizure, or destruction of~~  
2           ~~marijuana.~~

3           ~~(2) Commercial promotion of marijuana in the first degree~~  
4           ~~is a class A felony.~~

5           ~~(3) Any marijuana seized as evidence in violation of this~~  
6           ~~section in excess of an aggregate weight of twenty-five pounds~~  
7           ~~as stated in subsection (1)(a), or in excess of an aggregate~~  
8           ~~weight of five pounds as stated in subsection (1)(b), or in~~  
9           ~~excess of one hundred marijuana plants as stated in subsection~~  
10          ~~(1)(c), or in excess of twenty-five marijuana plants as stated~~  
11          ~~in subsection (1)(d) may be destroyed after the excess amount~~  
12          ~~has been photographed and the number of plants and the weight~~  
13          ~~thereof has been recorded. The required minimum amount of the~~  
14          ~~marijuana needed to constitute the elements of this offense~~  
15          ~~shall remain in the custody of the police until the termination~~  
16          ~~of any criminal action brought as a result of the seizure of the~~  
17          ~~marijuana. Photographs duly identified as accurately~~  
18          ~~representing the marijuana shall be deemed competent evidence of~~  
19          ~~the marijuana involved and shall be admissible in any~~  
20          ~~proceeding, hearing, or trial to the same extent as the~~  
21          ~~marijuana itself; provided that nothing in this subsection shall~~





1 ~~be construed to limit or restrict the application of rule 901 of~~  
2 ~~the Hawaii rules of evidence." ]~~

3 SECTION 26. Section 712-1249.5, Hawaii Revised Statutes,  
4 is repealed.

5 [~~"§712-1249.5 Commercial promotion of marijuana in the~~  
6 ~~second degree. (1) A person commits the offense of commercial~~  
7 ~~promotion of marijuana in the second degree if the person~~  
8 ~~knowingly:~~

9 ~~(a) Possesses marijuana having an aggregate weight of two~~  
10 ~~pounds or more;~~

11 ~~(b) Distributes marijuana having an aggregate weight of~~  
12 ~~one pound or more;~~

13 ~~(c) Possesses, cultivates, or has under the person's~~  
14 ~~control fifty or more marijuana plants;~~

15 ~~(d) Cultivates on land owned by another person, including~~  
16 ~~land owned by the government or other legal entity,~~  
17 ~~any marijuana plant, unless the person has the express~~  
18 ~~permission from the owner of the land to cultivate the~~  
19 ~~marijuana or the person has a legal or an equitable~~  
20 ~~ownership interest in the land or the person has a~~  
21 ~~legal right to occupy the land; or~~





1       ~~(c) Sells or barter any marijuana or any Schedule V~~

2               ~~substance in any amount to a minor.~~

3       ~~(2) Commercial promotion of marijuana in the second degree~~

4       ~~is a class B felony.~~

5       ~~(3) Any marijuana seized as evidence in violation of this~~

6       ~~section in excess of an aggregate weight of two pounds as stated~~

7       ~~in subsection (1)(a), or in excess of an aggregate weight of one~~

8       ~~pound as stated in subsection (1)(b), or in excess of twenty~~

9       ~~five marijuana plants as stated in subsection (1)(c) may be~~

10       ~~destroyed after the excess amount has been photographed and the~~

11       ~~number of plants and the weight thereof has been recorded. The~~

12       ~~required minimum amount of the marijuana needed to constitute~~

13       ~~the elements of this offense shall remain in the custody of the~~

14       ~~police until the termination of any criminal action brought as a~~

15       ~~result of the seizure of the marijuana. Photographs duly~~

16       ~~identified as accurately representing the marijuana shall be~~

17       ~~deemed competent evidence of the marijuana involved and shall be~~

18       ~~admissible in any proceeding, hearing, or trial to the same~~

19       ~~extent as the marijuana itself; provided that nothing in this~~

20       ~~subsection shall be construed to limit or to restrict the~~

21       ~~application of rule 901 of the Hawaii rules of evidence."}]~~





PART IV

SECTION 27. The purpose of this part is to:

- (1) Impose an additional tax on the sale of cannabis and manufactured cannabis products for responsible, adult use; and
- (2) Exempt sales for cannabis and manufactured cannabis products from the general excise tax.

SECTION 28. The Hawaii Revised Statutes is amended by adding a new chapter to title 14 to be appropriately designated and to read as follows:

**"CHAPTER B**

**RESPONSIBLE, ADULT-USE CANNABIS TAX LAW**

**§B-1 Definitions.** As used in this chapter, unless the context otherwise requires:

"Cannabis" shall have the same meaning as that term is defined in chapter A.

"Hawaii responsible, adult-use cannabis law" means chapter A.

"Manufactured cannabis products" shall have the same meaning as that term is defined in chapter A.





1 "Responsible, adult-use cannabis retailer" or "retailer"  
2 means a responsible, adult-use cannabis retailer licensed under  
3 the Hawaii responsible, adult-use cannabis law.

4 **SB-2 Permit.** (a) It shall be unlawful for any  
5 responsible, adult-use cannabis retailer to sell cannabis or  
6 manufactured cannabis products pursuant to the Hawaii  
7 responsible, adult-use cannabis law unless a permit has been  
8 issued to the retailer as hereinafter prescribed, and such  
9 permit is in full force and effect.

10 (b) The Hawaii cannabis control board established pursuant  
11 to chapter A shall certify to the department of taxation from  
12 time to time and within forty-eight hours after such license is  
13 issued the name of every retailer, together with the retailer's  
14 place of business, and the period covered by the retailer's  
15 license. The department of taxation thereupon shall issue its  
16 permit to such person for the period covered by the person's  
17 license upon the payment of a permit fee of \$ . The  
18 permit shall be valid for the retailer to which it was issued.  
19 The permit shall be issued by the department of taxation as of  
20 the date when the Hawaii cannabis control board issued the  
21 license.





1       (c) Any permit issued under this chapter shall not be  
2 assignable; it shall be conspicuously displayed on the licensed  
3 premises of the permittee; it shall expire on June 30 next  
4 succeeding the date upon which it is issued, unless sooner  
5 suspended, surrendered, or revoked for cause by the department;  
6 and it shall be renewed annually before July 1, upon fulfillment  
7 of all requirements as in the case of an original permit and the  
8 payment of a renewal fee of \$           . Whenever a permit is  
9 defaced, destroyed, or lost, or the licensed premises are  
10 relocated, the department may issue a duplicate permit to the  
11 permittee upon the payment of a fee of \$           .

12       (d) The department of taxation may suspend, or, after  
13 hearing, revoke, any permit issued under this chapter whenever  
14 it finds that the permittee has failed to comply with this  
15 chapter, or any rule of the department adopted under this  
16 chapter. Upon suspending or revoking any permit the department  
17 shall request the permittee to surrender to it immediately the  
18 permit, or any duplicate thereof issued to the permittee, and  
19 the permittee shall surrender the same promptly to the  
20 department as requested. Whenever the department suspends a  
21 permit, it shall notify the permittee immediately and afford the





1    permittee a hearing, if desired, and if a hearing has not  
2    already been afforded. After the hearing the department shall  
3    either rescind its order of suspension, or good cause appearing  
4    therefor, shall continue the suspension or revoke the permit.

5        **§B-3 Cooperation between department of taxation,**  
6    **department of commerce and consumer affairs, and Hawaii cannabis**  
7    **control board.** The department of taxation, department of  
8    commerce and consumer affairs, and the Hawaii cannabis control  
9    board shall cooperate in the enforcement of this chapter.

10        The department of taxation shall notify the department of  
11    commerce and consumer affairs and Hawaii cannabis control board  
12    of the name and address of every permittee whose permit has been  
13    revoked, and any license issued to the permittee under the  
14    Hawaii responsible, adult use cannabis law shall be deemed  
15    forfeited.

16        The department of taxation may notify the department of  
17    commerce and consumer affairs and the Hawaii cannabis control  
18    board of the name and address of every person who has failed to  
19    file any return required, or to pay any tax prescribed, or to  
20    secure a permit, or to perform any other duty or act imposed  
21    under this chapter, and the Hawaii cannabis control board shall





1 thereupon suspend any license that may have been issued to any  
2 such person under the Hawaii responsible, adult-use cannabis law  
3 until such time as such person complies with this chapter.

4 The Hawaii cannabis control board shall provide to the  
5 department of taxation the results of any examination the board  
6 has undertaken pursuant to section B-10 and shall, upon request,  
7 furnish to the department of taxation any information in its  
8 possession relative to any person having a license issued by it,  
9 and its records shall be open to examination to the department  
10 of taxation.

11 **§B-4 Tax.** Upon every person engaging or continuing in the  
12 business of selling cannabis or manufactured cannabis products  
13 at retail for responsible, adult use, there is hereby levied,  
14 and shall be assessed and collected, a tax equivalent to six per  
15 cent of the gross proceeds of sales of the business.

16 **§B-5 Return; forms; contents.** Every taxpayer shall, on or  
17 before the twentieth day of each month, file with the department  
18 of taxation in the taxation district in which the taxpayer's  
19 business premises are located, or with the department in  
20 Honolulu, a return showing all sales of responsible, adult-use  
21 cannabis and taxed under section B-4(a) made by the taxpayer





1 during the preceding month, showing separately the amount of the  
2 nontaxable sales, and the amount of the taxable sales, and the  
3 tax payable thereon. The form of return shall be prescribed by  
4 the department and shall contain such information as it may deem  
5 necessary for the proper administration of this chapter

6 **§B-6 Payment of tax; penalties.** At the time of the filing  
7 of the return required under section B-5 and within the time  
8 prescribed therefor, each taxpayer shall pay to the department  
9 of taxation the tax imposed by this chapter, required to be  
10 shown by the return.

11 Penalties and interest shall be added to and become a part  
12 of the tax, when and as provided by section 231-39.

13 **§B-7 Determination of tax, additional assessments, credit,**  
14 **and refunds.** (a) As soon as practicable after each return has  
15 been filed, the department of taxation shall cause it to be  
16 examined and shall compute and determine the amount of the tax  
17 payable thereon.

18 (b) If it should appear upon such examination or  
19 thereafter within five years after the filing of the return, or  
20 at any time if no return has been filed, as a result of such  
21 examination or as a result of any examination of the records of





1 the taxpayer or of any other inquiry or investigation, that the  
2 correct amount of the tax is greater than that shown on the  
3 return, or that any tax imposed by the chapter has not been  
4 paid, an assessment of such tax may be made in the manner  
5 provided in section 235-108(b). The amount of the tax for the  
6 period covered by the assessment shall not be reduced below the  
7 amount determined by an assessment so made, except upon appeal  
8 or in a proceeding brought pursuant to section 40-35.

9 (c) If the taxpayer has paid or returned with respect to  
10 any month more than the amount determined to be the correct  
11 amount of tax for such month, the amount of the tax so returned  
12 and any assessment of tax made pursuant to the return may be  
13 reduced, and any overpayment of tax may be credited upon the tax  
14 imposed by this chapter, or at the election of the taxpayer, the  
15 taxpayer not being delinquent in the payment of any taxes owing  
16 to the State, may be refunded in the manner provided in section  
17 231-23(c); provided that no reduction of tax may be made when  
18 forbidden by subsection (b) or more than five years after the  
19 filing of the return.

20 **§B-8 Disposition of revenues.** All moneys collected  
21 pursuant to this chapter shall be paid into the state treasury





1 as state realizations, to be kept and accounted for as provided  
2 by law.

3 **§B-9 Records to be kept.** (a) Every retailer shall keep a  
4 record of all sales of responsible, adult-use cannabis made by  
5 the retailer, in such form as the department of taxation may  
6 prescribe. Every person holding a license under the Hawaii  
7 responsible, adult-use cannabis act shall keep a record of all  
8 purchases by the person, in such form as the department may  
9 prescribe. All such records shall be offered for inspection and  
10 examination at any time upon demand by the department of  
11 taxation, department of commerce and consumer affairs, or Hawaii  
12 cannabis control board and shall be preserved for a period of  
13 five years; provided that the department of taxation may in  
14 writing consent to their destruction within such period or may  
15 require that they be kept longer.

16 The department of taxation may by rule require the retailer  
17 to keep such other records as it may deem necessary for the  
18 proper enforcement of this chapter.

19 (b) If any retailer or any other taxpayer fails to keep  
20 records from which a proper determination of the tax due under  
21 this chapter may be made, the department of taxation may fix the





1 amount of tax for any period from the best information  
2 obtainable by it, and assess the tax as hereinbefore provided.

3       **§B-10 Inspection.** The director of taxation, director of  
4 commerce and consumer affairs, the Hawaii cannabis control  
5 board, or the duly authorized agent of either the directors or  
6 board, may examine all records required to be kept under this  
7 chapter, and books, papers, and records of any person engaged in  
8 the sale of responsible, adult-use cannabis to verify the  
9 accuracy of the payment of the tax imposed by this chapter and  
10 other compliance with this chapter and regulations adopted  
11 pursuant thereto. Every person in possession of such books,  
12 papers, and records and the person's agents and employees shall  
13 give the directors, the board, or the duly authorized agent of  
14 either of them, the means, facilities, and opportunities for  
15 such examination.

16       The authority granted to the director of commerce and  
17 consumer affairs and Hawaii cannabis control board under this  
18 section shall not conflict with section 231-18 and shall not  
19 extend to the inspection of any documents not directly related  
20 to this chapter.





1       **§B-11 Tax in addition to other taxes.** The tax imposed by  
2 this chapter shall be in addition to any other tax imposed upon  
3 the business of selling responsible, adult-use cannabis or upon  
4 any of the transactions, acts, or activities taxed by this  
5 chapter.

6       **§B-12 Appeals.** Any person aggrieved by any assessment of  
7 the tax imposed by this chapter may appeal from the assessment  
8 in the manner and within the time and in all other respects as  
9 provided in the case of income tax appeals by section 235-114.  
10 The hearing and disposition of the appeal, including the  
11 distribution of costs shall be as provided in chapter 232.

12       **§B-13 Other provisions applicable.** All of the provisions  
13 of chapters 235 and 237 not inconsistent with this chapter and  
14 which may appropriately be applied to the taxes, persons,  
15 circumstances, and situations involved in this chapter,  
16 including (without prejudice to the generality of the foregoing)  
17 provisions as to penalties and interest, and provisions granting  
18 administrative powers to the director of taxation, and  
19 provisions for the assessment, levy, and collection of taxes,  
20 shall be applicable to the taxes imposed by this chapter, and to  
21 the assessment, levy, and collection thereof, except that





1 returns, return information, or reports under this chapter and  
2 relating only to this chapter may be made known to the director  
3 of commerce and consumer affairs and Hawaii cannabis control  
4 board by the department of taxation, if not in conflict with  
5 section 231-18.

6       **§B-14 Investigations; contempt; fees.** (a) The director  
7 of taxation, and any agent authorized by the director to conduct  
8 any inquiry, investigation, or hearing hereunder, shall have  
9 power to administer oaths and take testimony under oath relative  
10 to the matter of inquiry or investigation. At any hearing  
11 ordered by the director, the director or the director's agent  
12 authorized to conduct the hearing may subpoena witnesses and  
13 require the production of books, papers, and documents pertinent  
14 to the inquiry. No witness under subpoena authorized to be  
15 issued by this section shall be excused from testifying or from  
16 producing books or papers on the ground that such testimony or  
17 the production of such books or other documentary evidence would  
18 tend to incriminate the witness, but such evidence or the books  
19 or papers so produced shall not be used in any criminal  
20 proceeding against the witness.





1           (b) If any person disobeys such process or, having  
2 appeared in obedience thereto, refuses to answer any pertinent  
3 question put to the person by the director or the director's  
4 authorized agent or to produce any books and papers pursuant  
5 thereto, the director of taxation or the agent may apply to the  
6 circuit court of the circuit wherein the taxpayer resides or  
7 wherein the transaction, act, or activity under investigation  
8 has occurred, or to any judge of the court, setting forth such  
9 disobedience to process or refusal to answer, and the court or  
10 the judge shall cite the person to appear before the court or  
11 the judge to answer such question or to produce such books and  
12 papers, and, upon the person's refusal so to do, shall commit  
13 the person to jail until the person shall testify, but not for a  
14 longer period than sixty days. Notwithstanding the serving of  
15 the term of such commitment by any person, the director may  
16 proceed in all respects with such inquiry and examination as if  
17 the witness had not previously been called upon to testify.

18           (c) Officers who serve subpoenas issued by the director of  
19 taxation or under the director's authority and witnesses  
20 attending hearings conducted by the director hereunder shall  
21 receive like fees and compensation as officers and witnesses in





1 the circuit courts of the State, to be paid on vouchers of the  
2 director, from any moneys available for litigation expenses of  
3 the department of taxation.

4 **§B-15 Administration by director; rules and regulations.**

5 The administration of this chapter is vested in the director of  
6 taxation who may adopt and enforce rules for the enforcement and  
7 administration of this chapter.

8 The director shall adopt rules pursuant to chapter 91.

9 **§B-16 Penalties.** (a) The penalties provided by this  
10 section shall apply to any person whether acting as principal,  
11 agent, officer, or director, for oneself, itself, or for another  
12 person, and shall apply to each single violation, but shall not  
13 apply to any act the punishment for which is elsewhere  
14 prescribed by this chapter.

15 (b) Any person or retailer who sells responsible, adult-  
16 use cannabis or responsible, adult-use manufactured cannabis  
17 products at retail without a permit as required by this chapter  
18 shall be fined not more than \$1,000."

19 SECTION 29. Section 235-2.4, Hawaii Revised Statutes, is  
20 amended by amending subsection (v) to read as follows:





1       "(v) Section 280E (with respect to expenditures in  
2 connection with the illegal sale of drugs) of the Internal  
3 Revenue Code shall be operative for the purposes of this  
4 chapter, except that section 280E shall not be operative with  
5 respect to ~~the~~:

6       (1) The production and sale of medical cannabis and  
7       manufactured cannabis products by dispensaries  
8       licensed under chapter 329D and their subcontractors,  
9       as defined in section 329D-1~~(-)~~;

10      (2) The cultivation, distribution, manufacture, and sale  
11      of cannabis and manufactured cannabis products for  
12      responsible, adult use by persons licensed under  
13      chapter A."

14      SECTION 30. Section 237-24, Hawaii Revised Statutes, is  
15 amended to read as follows:

16      "**§237-24 Amounts not taxable.** This chapter shall not  
17 apply to the following amounts:

18      (1) Amounts received under life insurance policies and  
19      contracts paid by reason of the death of the insured;

20      (2) Amounts received (other than amounts paid by reason of  
21      death of the insured) under life insurance, endowment,





1 or annuity contracts, either during the term or at  
2 maturity or upon surrender of the contract;

3 (3) Amounts received under any accident insurance or  
4 health insurance policy or contract or under workers'  
5 compensation acts or employers' liability acts, as  
6 compensation for personal injuries, death, or  
7 sickness, including also the amount of any damages or  
8 other compensation received, whether as a result of  
9 action or by private agreement between the parties on  
10 account of the personal injuries, death, or sickness;

11 (4) The value of all property of every kind and sort  
12 acquired by gift, bequest, or devise, and the value of  
13 all property acquired by descent or inheritance;

14 (5) Amounts received by any person as compensatory damages  
15 for any tort injury to the person, or to the person's  
16 character reputation, or received as compensatory  
17 damages for any tort injury to or destruction of  
18 property, whether as the result of action or by  
19 private agreement between the parties (provided that  
20 amounts received as punitive damages for tort injury





1 or breach of contract injury shall be included in  
2 gross income);

3 (6) Amounts received as salaries or wages for services  
4 rendered by an employee to an employer;

5 (7) Amounts received as alimony and other similar payments  
6 and settlements;

7 (8) Amounts collected by distributors as fuel taxes on  
8 "liquid fuel" imposed by chapter 243, and the amounts  
9 collected by such distributors as a fuel tax imposed  
10 by any Act of the Congress of the United States;

11 (9) Taxes on liquor imposed by chapter 244D on dealers  
12 holding permits under that chapter;

13 (10) The amounts of taxes on cigarettes and tobacco  
14 products imposed by chapter 245 on wholesalers or  
15 dealers holding licenses under that chapter and  
16 selling the products at wholesale;

17 (11) Federal excise taxes imposed on articles sold at  
18 retail and collected from the purchasers thereof and  
19 paid to the federal government by the retailer;

20 (12) The amounts of federal taxes under chapter 37 of the  
21 Internal Revenue Code, or similar federal taxes,





1 imposed on sugar manufactured in the State, paid by  
2 the manufacturer to the federal government;

3 (13) An amount up to, but not in excess of, \$2,000 a year  
4 of gross income received by any blind, deaf, or  
5 totally disabled person engaging, or continuing, in  
6 any business, trade, activity, occupation, or calling  
7 within the State; a corporation all of whose  
8 outstanding shares are owned by an individual or  
9 individuals who are blind, deaf, or totally disabled;  
10 a general, limited, or limited liability partnership,  
11 all of whose partners are blind, deaf, or totally  
12 disabled; or a limited liability company, all of whose  
13 members are blind, deaf, or totally disabled;

14 (14) Amounts received by a producer of sugarcane from the  
15 manufacturer to whom the producer sells the sugarcane,  
16 where:

17 (A) The producer is an independent cane farmer, so  
18 classed by the Secretary of Agriculture under the  
19 Sugar Act of 1948 (61 Stat. 922, chapter 519) as  
20 the Act may be amended or supplemented;





1 (B) The value or gross proceeds of sale of the sugar,  
2 and other products manufactured from the  
3 sugarcane, is included in the measure of the tax  
4 levied on the manufacturer under section 237-  
5 13(1) or (2);

6 (C) The producer's gross proceeds of sales are  
7 dependent upon the actual value of the products  
8 manufactured therefrom or the average value of  
9 all similar products manufactured by the  
10 manufacturer; and

11 (D) The producer's gross proceeds of sales are  
12 reduced by reason of the tax on the value or sale  
13 of the manufactured products;

14 (15) Money paid by the State or eleemosynary child-placing  
15 organizations to foster parents for their care of  
16 children in foster homes;

17 (16) Amounts received by a cooperative housing corporation  
18 from its shareholders in reimbursement of funds paid  
19 by such corporation for lease rental, real property  
20 taxes, and other expenses of operating and maintaining





1 the cooperative land and improvements; provided that  
2 such a cooperative corporation is a corporation:

3 (A) Having one and only one class of stock  
4 outstanding;

5 (B) Each of the stockholders of which is entitled  
6 solely by reason of the stockholder's ownership  
7 of stock in the corporation, to occupy for  
8 dwelling purposes a house, or an apartment in a  
9 building owned or leased by the corporation; and

10 (C) No stockholder of which is entitled (either  
11 conditionally or unconditionally) to receive any  
12 distribution not out of earnings and profits of  
13 the corporation except in a complete or partial  
14 liquidation of the corporation; ~~and~~

15 (17) Amounts received by a contractor of the Patient-  
16 Centered Community Care program that is established by  
17 the United States Department of Veterans Affairs  
18 pursuant to title 38 United States Code section 8153,  
19 as amended, for the actual costs or advancements to  
20 third party health care providers pursuant to a  
21 contract with the United States[-];





- 1        (18) Amounts received for the sale of cannabis and  
2        manufactured cannabis products for medical use in  
3        accordance with part IX of chapter 329 and chapter  
4        329D; and
- 5        (19) Taxes on cannabis and manufactured cannabis products  
6        imposed by chapter B on responsible, adult-use  
7        cannabis retail locations holding permits under that  
8        chapter."

## PART V.

10        SECTION 31. Chapter 329, Hawaii Revised Statutes, is  
11        amended by adding a new section to part IX to be appropriately  
12        designated and to read as follows:

13        **"§329-        Privileges of qualifying out-of-state patients.**  
14        Notwithstanding any law to the contrary, qualifying out-of-state  
15        patients shall have the same rights and privileges as qualifying  
16        patients."

17        SECTION 32. Section 329-130, Hawaii Revised Statutes, is  
18        amended to read as follows:

19        **"§329-130    Authorized sources of medical cannabis.    (a)**  
20        After December 31, 2023, a qualifying patient and qualifying





1 out-of-state patient shall obtain medical cannabis or  
2 manufactured cannabis products only:

3 (1) From a dispensary licensed pursuant to chapter 329D;  
4 provided that the cannabis shall be purchased and paid  
5 for at the time of purchase; or

6 (2) By cultivating cannabis in an amount that does not  
7 exceed an adequate supply for the qualifying  
8 patient~~[7]~~ or qualifying out-of-state patient,  
9 pursuant to section 329-122; provided that each  
10 location used to cultivate cannabis shall be used by  
11 no more than five qualifying patients~~[7]~~ and  
12 qualifying out-of-state patients.

13 After December 31, 2023, no primary caregiver shall be  
14 authorized to cultivate cannabis for any qualifying patient~~[7]~~  
15 or any qualifying out-of-state patient.

16 (b) This section shall not apply to:

17 (1) A qualifying patient or qualifying out-of-state  
18 patient who is a minor or an adult lacking legal  
19 capacity and the primary caregiver is the parent,  
20 guardian, or person having legal custody of a





1           qualifying patient or qualifying out-of-state patient

2           described in this paragraph; or

3           (2) A qualifying patient on any island on which there is  
4           no medical cannabis dispensary licensed pursuant to  
5           chapter 329D.

6           ~~[(c) A qualifying out-of-state patient and a caregiver of~~  
7           ~~a qualifying out-of-state patient shall be authorized to obtain~~  
8           ~~cannabis for medical use only from retail dispensing locations~~  
9           ~~of dispensaries licensed pursuant to chapter 329D.]"~~

10          SECTION 33. Section 329D-24, Hawaii Revised Statutes, is  
11          amended to read as follows:

12          "**§329D-24 Cultivation of medical cannabis by qualifying**  
13          **patients and primary caregivers.** Nothing in this chapter shall  
14          be construed as prohibiting a qualifying patient, qualifying  
15          out-of-state patient, or primary caregiver from cultivating or  
16          possessing an adequate supply of medical cannabis pursuant to  
17          part IX of chapter 329.

18          ~~[A qualifying out-of-state patient or a caregiver of a~~  
19          ~~qualifying out-of-state patient shall not be authorized to~~  
20          ~~cultivate cannabis.]"~~





1 PART VI

2 SECTION 34. Statutory material to be repealed is bracketed  
3 and stricken. New statutory material is underscored.

4 SECTION 35. This Act shall take effect upon its approval.

5  
INTRODUCED BY: Tim Wingen  
JAN 26 2021





# H.B. NO. 1202

**Report Title:**

Responsible, Adult-Use Cannabis; Hawaii Cannabis Control Board;  
Medical Cannabis; Taxation

**Description:**

Legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use. Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax. Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law. Allows qualifying out-of-state patients to cultivate medical cannabis.

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

