

STAND. COM. REP. NO.

2150

Honolulu, Hawaii

FEB 09 2022

RE: S.B. No. 2926
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism, to which was referred S.B. No. 2926 entitled:

"A BILL FOR AN ACT RELATING TO MARIJUANA,"

begs leave to report as follows:

The purpose and intent of this measure is to require the Department of Business, Economic Development, and Tourism to study the potential tax revenues to be generated for the State through the legalization of recreational marijuana if it were taxed at a rate equal to the existing general excise tax rate.

Your Committee received testimony in support of this measure from the Education Caucus of the Democratic Party of Hawai'i, Imua Alliance, Hawaii Cannabis Industry Association, and one individual. Your Committee received comments on this measure from the Department of Taxation; Department of Transportation; Department of Business, Economic Development, and Tourism; and Akamai Cannabis Clinic.

Your Committee finds that the Marijuana Policy Project, the largest cannabis policy reform group in the United States, reported that, as of December 2021, states that regulate cannabis for adult use have generated a combined total of \$10,400,000,000 in sales tax revenue. Your Committee notes that because the State has an anticipated budget shortfall of \$1,400,000,000 per year for the next three years resulting from the coronavirus disease 2019



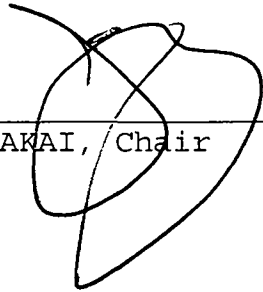
pandemic, it is necessary to create new sources of revenue to allow the State to meet its strategic goals, preserve essential services, and prevent program cuts and pay reductions for working families. According to testimony from the Department of Business, Economic Development, and Tourism (DBEDT), additional time may be needed after the release of funds to prepare the procurement solicitation, conduct ten thousand surveys, and perform the data analysis needed to submit a comprehensive report to the Legislature.

Accordingly, your Committee has amended this measure by delaying the submission deadline for the study for one year.

Your Committee further notes that although the Department of Taxation indicated in its testimony that it was willing and able to perform the study, your Committee believes that DBEDT may be better suited to report on both the potential economic and non-economic side effects on the legalization of recreational marijuana if it were taxed at a rate equal to the existing general excise tax rate.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2926, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* <i>SB 2926</i>	Committee Referral: <i>EET, WAM</i>	Date: <i>2/4/22</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)			✓	
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt	✓			
TOTAL	<i>4</i>	<i>0</i>	<i>1</i>	<i>0</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;"> <i>Bennette E. Misalucha</i> </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes