



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, February 4, 2022
3:00 PM
State Capitol, Conference Room 224

In consideration of
SB2926
RELATING TO MARIJUANA.

Chair Wakai, Vice Chair Misalucha and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on SB2926, which requires DBEDT 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.

DBEDT appreciates the opportunity to conduct a study regarding the general excise tax impact of the legalization of recreational marijuana. While we have data for the medical use of marijuana, data for recreational use does not exist. In order to estimate the supply and demand of marijuana's recreational use, surveys would need to be conducted of both suppliers and potential users of recreational marijuana. We estimate the cost for a research project of this scope to be an estimated \$300,000.

Furthermore, the timing required for reporting (20 days before the 2023 legislative session) would be tight due to the time required to release the funds, prepare the RFP, conduct the surveys, perform data analysis, and reporting as outlined in this bill.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
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To: The Honorable Glenn Wakai, Chair;
The Honorable Bennette E. Misalucha, Vice Chair;
and Members of the Senate Committee on Energy, Economic Development, and
Tourism

From: Isaac W. Choy, Director
Department of Taxation

Date: Friday, February 4, 2022
Time: 3:00 P.M.
Place: Via Video Conference, State Capitol

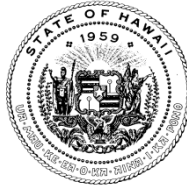
Re: S.B. 2926, Relating to Marijuana

The Department of Taxation (Department) offers the following comments on S.B. 2926 for the committee's consideration.

S.B. 2926 requires the Department of Business, Economic Development and Tourism to study the potential tax revenue gain from legalizing recreational marijuana and imposing general excise tax at current rates. The measure is effective on July 1, 2022 with the report due to the Legislature no later than twenty days before the convening of the 2023 Regular Session.

The Department notes that it prepares tax revenue impact statements for proposed legislation that has an impact on State tax revenue. As such, the Department is willing and able to perform the study mandated by this measure.

Thank you for the opportunity to provide comments.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASHI
EDUARDO P. MANGLALLAN
PATRICK H. MCCAIN
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097



February 4, 2022
3:00 P.M.
State Capitol, Teleconference

S.B. 2926
RELATING TO MARIJUANA

Senate Committee on Energy, Economic Development, and Tourism

The Department of Transportation (DOT) offers **comments** on S.B. 2926, which requires the Department of Business, Economic Development, and Tourism (DBEDT) 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.

In addition to studying the potential tax revenues from legalizing recreational marijuana, DBEDT must also take into consideration the societal and economic impacts and costs of ensuring public safety, including training to detect and adjudicate impaired driving; personnel to regulate the system and its rules; public education; and substance misuse prevention and treatment services. A percentage of sales or taxes should be allocated towards these resources and services.

Hawaii should closely observe the impacts legalization has had in other states. According to an October 2018 report from the Insurance Institute for Highway Safety (IIHS), "An examination of police-reported crashes of all severities showed that the legalization of retail sales in Colorado, Washington and Oregon was associated with a 5.2% higher rate of police-reported crashes compared with neighboring states that did not legalize retail sales." Furthermore, the Colorado Department of Transportation and the National Highway Traffic Safety Administration reported that the rate of traffic fatalities involving drivers who tested positive for marijuana in Colorado rose from 55 people killed in 2013 to 138 people killed in 2017, and over one-fifth of all traffic fatalities in 2017 included a driver testing positive for marijuana.

DOT's top priority is keeping Hawaii's roadway users safe and reducing the number of serious injuries and fatalities on our roads. Legalizing marijuana for recreational use may result in increases in impaired driving-related injuries and fatalities on our roadways, and we request that any study performed will take the mitigation of these impacts into account.

Thank you for the opportunity to provide testimony.



Akamai Cannabis Clinic
3615 Harding Ave, Suite 304
Honolulu, HI 96816

TESTIMONY ON SENATE BILL 2926
RELATING TO MARIJUANA
By
Clifton Otto, MD

Senate Committee on Energy, Economic Development, and Tourism
Senator Glenn Wakai, Chair
Senator Bennette E. Misalucha, Vice Chair

Friday, February 4, 2022; 3:00 PM
State Capitol, Conference Room 224 & Videoconference

Providing **COMMENTS** on [SB2926](#), with a proposal for amendment.

The ongoing conflict between the state authorized use of cannabis in Hawaii and the federal regulation of marijuana is having devastating effects upon the regulation of our Medical Cannabis Program and upon our medical cannabis patients and dispensaries.

If the State is interested in expanding the state authorized use of cannabis to include recreational use, then a review of this conflict and its impact upon the revenue that could be generated from such a program needs to be included in any related study. To make sure that such a review occurs, please add the following amendment to this bill:

(b) The study required under subsection (a) shall include a five-year total projection of the potential revenue to be generated for the State from the legalization of recreational marijuana if it were taxed at a rate equal to the existing general excise tax rate, and shall also include a review of the impact that the conflict between the state authorized use of cannabis in Hawaii and the federal regulation of marijuana is having upon Hawaii's Medical Cannabis Program, and its patients and dispensaries, and the impact this conflict could have upon potential recreational use revenue, as well as recommendations on steps the state can take to eliminate this conflict.

Thank you.



SENATE BILL 2926, RELATING TO MARIJUANA

FEBRUARY 4, 2022 · SENATE ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM COMMITTEE · CHAIR
REP. GLENN WAKAI

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 2926, relating to marijuana, which requires 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.

It is high time that Hawai'i stopped criminalizing people for smoking small amounts of a plant. While marijuana remains illegal under federal law, where it is classified as a Schedule I substance, the facts about cannabis consumption are clear. To begin, marijuana has a lower organic toxicity and addictive risk than alcohol, along with fewer correlating incidents of influence-related accidents and violence. More than half of all traffic fatalities in Hawai'i involve alcohol, yet no one seriously discusses the possibility of prohibition because of path dependence. In other words, alcohol is ingrained in our culture in a way that marijuana consumption is not, despite the former being more dangerous, statistically speaking, than the latter.

Similarly, marijuana abuse and dependence afflicts approximately 1.7 percent of the U.S. population, while alcohol abuse afflicts roughly 7.5 percent—over four times as many individuals. Marijuana is also not conclusively linked to an increase in violent behavior. Rather, reports

supposedly linking marijuana to violent crimes typically rely on information gathered by the Office of National Drug Control Policy, which, in turn, relies on source material that a) does not account for drug-trafficking and dispositional or psychological disorders; and b) fails to account for levels of deviancy (increased usage beyond average consumption rates). A more stark statistical correlation exists between increased alcohol consumption and violent crime, including child and intimate partner abuse, yet, again, no one is introducing, much less considering the merits of, limiting the personal consumption of alcohol. Additionally, only 30 percent of frequent (every other day or more) cannabis users report symptoms suggesting dependence, in contrast to nearly 70 percent for nicotine and 88 percent for harder drugs, like cocaine, calling into question legal opinions asserting that marijuana and hard drugs can be readily correlated to one another. If we do not criminalize overconsumption of the more dangerous drug of alcohol, why do we unduly criminalize cannabis consumption, particularly in small amounts?

Furthermore, legalizing recreational cannabis usage is an issue of restorative justice. As the visitor industry reaps record profits and supports expansion of the local prison-industrial complex, people of Native Hawaiian ancestry, who comprise approximately 25 percent of the state's population, suffer the pangs of a biased criminal (in)justice system. Approximately 39 percent of incarcerated detainees are Hawaiian, according to a comprehensive study by the Office of Hawaiian Affairs, with the proportionality gap being even greater for Hawaiian women, who comprise 19.8 percent of the state's female population, but 44 percent of the state's female inmate population. Researchers also found that, on average, Hawaiians receive longer sentences, more parole revocations, and, importantly for this measure, **harsher drug-related punishments than other ethnic groups**, including for marijuana possession. Therefore, passage this measure will prevent more people from becoming victims of our unjust and racially coded prison system.

Legalizing recreational cannabis could generate at least \$70-\$100 million in tax revenue annually for our state according to some estimates and produce substantial criminal justice savings that could be redirected toward the public interest. Asking the Hawai'i Department of Business, Economic Development, and Tourism to provide a state-sanctioned update on those estimates would benefit our efforts to maximize the economic potential of a future local cannabis industry.

Kris Coffield · Chairperson, DPH Education Caucus · (808) 679-7454 · kriscoffield@gmail.com



SB 2926, RELATING TO MARIJUANA

FEBRUARY 4, 2022 · SENATE ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM COMMITTEE · CHAIR SEN. GLENN WAKAI

POSITION: Support.

RATIONALE: Imua Alliance supports SB 2926, relating to marijuana, which requires 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.

It is high time that Hawai'i stopped criminalizing people for smoking small amounts of a plant. While marijuana remains illegal under federal law, where it is classified as a Schedule I substance, the facts about cannabis consumption are clear. To begin, marijuana has a lower organic toxicity and addictive risk than alcohol, along with fewer correlating incidents of influence-related accidents and violence. More than half of all traffic fatalities in Hawai'i involve alcohol, yet no one seriously discusses the possibility of prohibition because of path dependence. In other words, alcohol is ingrained in our culture in a way that marijuana consumption is not, despite the former being more dangerous, statistically speaking, than the latter.

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of National Drug Control Policy, which, in turn, relies on source material that a) does not account for drug-trafficking and dispositional or psychological disorders; and b) fails to account for levels of deviancy (increased usage beyond average consumption rates). A more stark statistical correlation exists between increased alcohol consumption and violent crime, including child and intimate partner abuse, yet, again, no one is introducing, much less considering the merits of, limiting the personal consumption of alcohol. Additionally, only 30 percent of frequent (every other day or more) cannabis users report symptoms suggesting dependence, in contrast to nearly 70 percent for nicotine and 88 percent for harder drugs, like cocaine, calling into question legal opinions asserting that marijuana and hard drugs can be readily correlated to one another. If we do not criminalize overconsumption of the more dangerous drug of alcohol, why do we unduly criminalize cannabis consumption, particularly in small amounts?

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Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org

SB-2926

Submitted on: 2/3/2022 11:56:23 AM

Testimony for EET on 2/4/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Randy Gonce	Testifying for Hawaii Cannabis Industry Association	Support	No

Comments:

Support

SB-2926

Submitted on: 2/2/2022 9:14:02 PM

Testimony for EET on 2/4/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
jake bennette	Individual	Support	No

Comments:

It's about time to legalize cannabis in hawaii.. a shame it hasn't