

**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
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**Testimony COMMENTING on S.B. 86, SD1  
RELATING TO HAWAIIAN AFFAIRS.**

SENATOR MAILE S.L. SHIMABUKURO, CHAIR  
SENATE COMMITTEE ON HAWAIIAN AFFAIRS

Hearing Date: Tuesday, February 16, 2021

Room Number: Video Conf.

1 **Fiscal Implications:** This measure may impact the priorities identified in the Governor’s  
2 Executive Budget Request for the Department of Health’s appropriations and personnel  
3 priorities.

4 **Department Testimony:** S.B. 86, S.D. 1 amends Chapter 329D, HRS, to allow the Department  
5 of Hawaiian Home Lands (DHHL) to operate medical cannabis dispensaries in addition to the  
6 dispensaries operated by the eight (8) medical cannabis dispensary licenses issued by the  
7 Department of Health (DOH). However, DOH is unclear as to how the DHHL-operated  
8 dispensaries would work within the existing medical use of cannabis and medical cannabis  
9 dispensary system, in particular: (1) whether the DHHL-operated dispensaries are licensed by  
10 DOH; (2) whether qualifying patients would be allowed to make purchases from the DHHL-  
11 operated dispensaries; and (3) how the DHHL-operated dispensaries would ensure that patients  
12 remain within their dispensing limits.

13 (1) **Dispensary operations.** Section 329D-6, HRS, states that “no person shall operate a  
14 dispensary, nor engage in the production, manufacture, or sale of cannabis or  
15 manufactured cannabis products, unless the person has obtained a license from the

1 department pursuant to this chapter.” However, it is not clear from S.B. 86, S.D. 1  
2 whether the DHHL-operated dispensaries would be licensed by DOH.

3 (2) **Authorized sources of medical cannabis.** Section 329-130(a), HRS, specifies that  
4 qualifying patients shall obtain medical cannabis and manufactured cannabis products  
5 only from a dispensary licensed pursuant to chapter 329D, HRS, or by cultivating  
6 cannabis. However, it is not clear from S.B. 86, S.D. 1 whether the DHHL-operated  
7 dispensaries would be considered “a dispensary licensed pursuant to chapter 329D.”

8 (3) **Dispensing limits.** Section 329D-7(12), HRS, specifies that no dispensary shall sell or  
9 provide to qualifying patients any combination of cannabis and manufactured cannabis  
10 products that exceeds four ounces of cannabis within a consecutive period of fifteen days,  
11 or that exceeds eight ounces of cannabis within a consecutive period of thirty days. As  
12 such, all of the DOH-licensed dispensaries’ point of sale systems are required to be  
13 connected to the state’s electronic seed-to-sale tracking system to maintain a continuous  
14 record of patient purchases to ensure that they do not exceed dispensing limits. However,  
15 it is not clear from S.B. 86, S.D. 1, whether the DHHL-operated dispensaries would be  
16 required to be connected to the DOH seed-to-sale tracking system.

17 Thank you for the opportunity to testify on this measure.



**WRITTEN TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
THIRTY-FIRST LEGISLATURE, 2021**

**LATE**

**ON THE FOLLOWING MEASURE:**

S.B. NO. 86, S.D. 1, RELATING TO HAWAIIAN AFFAIRS.

**BEFORE THE:**

SENATE COMMITTEE ON HAWAIIAN AFFAIRS

**DATE:** Tuesday, February 16, 2021 **TIME:** 1:02 p.m.

**LOCATION:** State Capitol, Via Videoconference

**TESTIFIER(S):** **WRITTEN TESTIMONY ONLY.**  
(For more information, contact Craig Y. Iha or Ryan K.P. Kanaka'ole, Deputy Attorneys General, at 587-2978)

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Chair Shimabukuro and Members of the Committee:

The Department of the Attorney General has strong concerns regarding this bill and offers the following comments.

The purpose of this bill is to amend chapter 329D, Hawaii Revised Statutes (HRS), and section 219.1, Hawaiian Homes Commission Act, 1920, as amended, to authorize the Department of Hawaiian Home Lands (DHHL) to engage in the operation of medical cannabis dispensaries.

Cannabis, while authorized and regulated under state law for medical use, is nonetheless classified as a Schedule I substance under the federal Controlled Substances Act. See 21 U.S.C. § 812(c)(10) (listing "marihuana"). Cannabis – even if intended for medical purposes – is therefore illegal to manufacture, distribute, dispense, or possess under federal law. See, e.g., 21 U.S.C. §§ 841(a), 844(a). By authorizing DHHL – one of 18 principal agencies in the executive branch of state government – to operate medical cannabis dispensaries, this bill could transform the State of Hawai'i from a regulator into an active participant in an enterprise that is illegal under federal criminal law.

It is also a crime under federal anti-money laundering laws for banks and other financial institutions to knowingly engage in monetary transactions involving proceeds of certain unlawful activity, including the sale of cannabis and other controlled substances.

See, e.g., 18 U.S.C. § 1956; see also 18 U.S.C. § 1957. If a state agency such as DHHL were to earn direct proceeds from medical cannabis dispensaries, those proceeds could adversely impact the State's ability to utilize banks and other institutions to manage the State Treasury, and to otherwise access the financial system to conduct State business.

DHHL's operation of medical cannabis dispensaries could also impact the State's ability to receive federal grants and other funds where eligibility is based in part on compliance with federal laws.

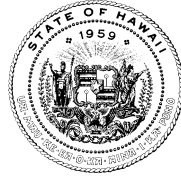
Further, although the bill states that dispensaries operated by DHHL would not be counted towards the number of licenses that the Department of Health (DOH) may issue, the bill is not clear whether those dispensaries must meet the same statutory requirements regarding licensure, operation, and inspection as other medical cannabis dispensary operators.

Because DOH regulates medical cannabis, as opposed to operates and profits from medical cannabis dispensaries, its involvement in the medical cannabis industry does not create the same concerns as those raised by this bill.

For the foregoing reasons, we respectfully request that this bill be held in committee.

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
LT. GOVERNOR  
STATE OF HAWAII



WILLIAM J. AILA, JR.  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES  
DEPUTY TO THE CHAIRMAN

**STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS**

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TESTIMONY OF WILLIAM J. AILA, JR, CHAIRMAN  
HAWAIIAN HOMES COMMISSION  
BEFORE THE SENATE COMMITTEE ON HAWAIIAN AFFAIRS  
HEARING ON FEBRUARY 16, 2021 AT 1:02PM VIA VIDEOCONFERENCE

**SB 86, SD1, RELATING TO HAWAIIAN AFFAIRS**

February 16, 2021

Aloha Chair Shimabukuro, Vice Chair Keohokalole, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) submits comments on this bill which authorizes DHHL to engage in the operation of medical cannabis dispensaries.

DHHL appreciates the motivation behind this bill and notes that a similar measure was presented for consideration by the Hawaiian Homes Commission (HHC). DHHL solicited proposals for the 2021 Legislative Session in July 2020. In response, a lessee proposed that DHHL allow beneficiaries to grow cannabis to be sold in dispensaries managed by community associations. Based on this request, DHHL prepared a draft legislative proposal requiring the Department of Health (DOH) to issue dispensary licenses to DHHL allowing for increased revenue for beneficiaries. The proposal would have expanded the medical cannabis dispensary program administered by DOH on Hawaiian Home Lands to add 8 additional licenses – (2) City and County of Honolulu, (3) County of Hawaii – (1) East Hawaii, (1) North Hawaii, and (1) West Hawaii, (2) County of Maui – (1) Maui and (1) Molokai, and (1) Kauai. The justification for this proposal was that the Department's purpose of rehabilitating native Hawaiians would be furthered by affording DHHL the opportunity to enter this highly profitable and successful market. Under the current pilot program, only eight (8) licenses were issued Statewide, which limits competition and the opportunity for native Hawaiian communities to participate. Additionally, in furtherance of the Department's vision for agricultural development, this would provide greater opportunity for utilization of agricultural lands and diversification of the State's economic revenue streams. The legislative proposal did not have the support of the HHC, so the proposal was removed from DHHL's 2021 Legislative Proposals and the HHC voted to approve the remaining proposals in September 2020.

Thank you for your consideration of our testimony.

**Kūpuna for the Mo'opuna**  
*committed to the well-being of Hawai'i for the next generations to come*  
kupuna4moopuna@gmail.com



**STOP LEGAL THIEVERY!**

COMMITTEE ON HAWAIIAN AFFAIRS

Senator Maile S. L. Shimabukuro, Chair

Senator Jarrett Keohokalole, Vice Chair

DATE: Tuesday, February 16, 2021 TIME: 1:02pm

PLACE: Via Videoconference

**Testimony of Kūpuna for the Mo'opuna**

SB 86, SD1 – RELATING TO HAWAIIAN AFFAIRS. **STRONG OPPOSITION**

We, Kūpuna for the Mo'opuna, a group of kūpuna Hawaiian homestead farmers committed to the well-being of Hawai'i for the next generations to come, **strongly oppose SB 86, SD1.**

As beneficiaries of the Hawaiian Homes Commission Act (HHCA), born and raised on the homestead, we know first hand the challenges facing the Hawaiian Homes Commission, the Department of Hawaiian Home Lands (DHHL), and the beneficiaries on the land and on the waitlist. Adding the operation of medical cannabis dispensaries to the already-challenged homestead program in the face of beneficiary opposition goes against the intent of the HHCA.

Instead, DHHL must 1) collect overdue operational monies owed by the state as mandated by the State Constitution and upheld by the courts 2) overhaul general leases to maximize benefit to include airports and harbors 3) stop disposing the majority of HHCA lands to non-beneficiaries to the detriment of beneficiaries on the waitlist.

**Time to FOLD on SB 86, SD1.**

*Ua mau ke ea o ka 'āina i ka pono!*

**SB-86-SD-1**

Submitted on: 2/15/2021 1:02:00 PM

Testimony for HWN on 2/16/2021 1:02:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marion K A Kapuniai	Individual	Oppose	No

Comments:

ABSOLUTELY, NOT!!!!

NO MORE DHHL DIVISIONS FOR ADDITIONAL EMPLOYEES TO GET HIGH WAGES ON OUR BACKS, WHEN CURRENT INSUFFICIENCIES EXIST AND PERSIST.

DHHL SHOULD ENCOURAGE FARMERS TO PRODUCE CANNABIS AND PROVIDE THE NECESSARY INFORMATIONAL WORKSHOPS.

Thank you,

M Kapuniai