
A BILL FOR AN ACT

RELATING TO MEDICAL CANNABIS.

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

1 SECTION 1. Chapter 329D, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§329D- Cultivation facilities; authorization;
5 licensure. (a) No person shall operate a cultivation facility
6 unless the person has a cultivation facility license issued by
7 the department pursuant to this chapter.

8 (b) The director of health shall grant cultivation
9 facility licenses to allow facilities to plant, cultivate, grow,
10 and harvest cannabis pursuant to this chapter; provided that any
11 cultivation facility shall sell its product only to medical
12 cannabis dispensaries licensed under this chapter.

13 (c) Each cultivation facility license shall allow
14 planting, cultivating, growing, and harvesting of cannabis only
15 in the county for which the license is granted.

16 (d) The department shall determine whether, based on the
17 needs of qualifying patients, cultivation facility licenses



1 shall be offered to qualified applicants in the State after
2 December 31, 2024; provided that the department shall make
3 available not more than one cultivation facility license per
4 five hundred registered qualifying patients residing in any
5 single county; provided further that in considering whether to
6 award a new cultivation facility license, the department shall
7 consider an applicant's capability to serve and supply medical
8 cannabis to registered qualifying patients in a rural or
9 underserved geographical area of a county; provided further that
10 a "rural or underserved geographical area" shall be determined
11 by considering the number of registered qualifying patients that
12 reside within a certain zip code compared to the quantity of
13 medical cannabis that the closest production center and retail
14 dispensing location have the capability to provide.

15 (e) No person may be granted a cultivation facility
16 license in more than one county.

17 (f) Each licensed cultivation facility shall be limited to
18 cultivation of not more than one thousand cannabis plants. Each
19 cultivation facility shall track the cannabis it cultivates from
20 seed or immature plant to wholesale purchase. For purposes of
21 this subsection, "plant" means a cannabis plant that is greater



1 than twelve vertical inches in height from where the base of the
 2 stalk emerges from the growth medium to the tallest point of the
 3 plant, or greater than twelve horizontal inches in width from
 4 the end of one branch to the end of another branch; provided
 5 that multiple stalks emanating from the same root ball or root
 6 system shall be considered part of the same single plant. The
 7 department may determine whether cultivation facility licensees
 8 shall be allowed an additional one thousand cannabis plants. In
 9 no case shall a cultivation facility licensee be allowed more
 10 than two thousand plants at a single cultivation facility.

11 (g) Not more than one cultivation facility license shall
 12 be issued for each tax map key.

13 (h) Notwithstanding any other law to the contrary, a
 14 cultivation facility shall not be subject to any of the
 15 regulatory requirements under chapter 141.

16 §329D- Cultivation facilities; license application
 17 procedure and verification; fees. (a) The department shall
 18 make a cultivation facility license application form available
 19 to the public on December 30, 2024, commencing at 8:00 a.m.,
 20 Hawaii-Aleutian Standard Time.



1 (b) The department shall establish an open application
2 period for each available cultivation facility license, the
3 first of which shall be no later than 8:00 a.m., Hawaii-Aleutian
4 Standard Time, on December 31, 2024, during which an application
5 may be submitted. This submittal period shall be closed on
6 January 15, 2025, at 4:30 p.m., Hawaii-Aleutian Standard Time.
7 The department shall publish notice of the open application
8 period no less than thirty days prior to the start of the open
9 application period.

10 (c) A nonrefundable application fee of \$1,000 for each
11 cultivation facility license application shall be submitted to
12 the department by certified or cashier's check. Within seven
13 days of approval of any cultivation facility license
14 application, a cultivation facility license fee of \$10,000 for
15 each cultivation facility license approved shall be submitted to
16 the department by certified or cashier's check; provided that,
17 if the fee is not paid, the department shall issue a cultivation
18 facility license to the next qualified applicant.

19 (d) All fees collected pursuant to this section shall be
20 deposited in the medical cannabis registry and regulation
21 special fund pursuant to section 321-30.1.



1 (e) Immediately upon receipt of each completed application
2 form, the department shall issue a receipt to each applicant
3 that includes the date and time of receipt.

4 (f) If an applicant submits an application form in which
5 all required information is not complete and valid, the
6 application shall not be accepted by the department and the
7 nonrefundable application fee shall be deposited in the medical
8 cannabis registry and regulation special fund established
9 pursuant to section 321-30.1.

10 (g) The cultivation facility license application form
11 shall request information necessary to verify that applicants
12 meet the required qualifications for a cultivation facility
13 license pursuant to section 329D-3. Applicants shall provide a
14 minimum of the following information:

- 15 (1) Legal name and date of birth of the individual
16 applicant;
17 (2) Last four digits of the individual applicant's social
18 security number;
19 (3) Validation code from an eCrim report for the
20 individual applicant generated by the Hawaii criminal



- 1 justice data center no earlier than December 1, 2024,
- 2 at 8:00 a.m., Hawaii-Aleutian Standard Time;
- 3 (4) Street address, telephone number, fax number, and
- 4 e-mail address of the individual applicant;
- 5 (5) A tax clearance certificate issued by the department
- 6 of taxation dated not more than thirty days prior to
- 7 the date of the application;
- 8 (6) Name of the applying entity and any other name under
- 9 which the applying entity does business, if
- 10 applicable;
- 11 (7) Street address, telephone number, fax number, and
- 12 e-mail address of the applying entity;
- 13 (8) Date the applying entity was organized under the laws
- 14 of the State;
- 15 (9) A certified copy of the organizing documents of the
- 16 applying entity;
- 17 (10) A copy of the applying entity's bylaws;
- 18 (11) Federal employer identification number of the applying
- 19 entity;
- 20 (12) Hawaii state tax identification number of applying
- 21 entity;



- 1 (13) Department of commerce and consumer affairs business
- 2 registration number and suffix of the applying entity;
- 3 (14) Names of all owners of the applying entity, in whole
- 4 or in part, and their percentage of ownership;
- 5 (15) Date when continuous legal residence in Hawaii began
- 6 for each Hawaii legal resident that owns a percentage
- 7 of the applying entity;
- 8 (16) Total percentage of the applying entity that is owned
- 9 by Hawaii legal residents;
- 10 (17) Designation of the county for which the cultivation
- 11 facility license applied for and proof that the
- 12 required minimum financial resources of \$250,000 are
- 13 met;
- 14 (18) Total dollar amount of financial resources under
- 15 control of the applying entity in the form of bank
- 16 statements or escrow accounts;
- 17 (19) Date from when financial resources have been
- 18 continuously controlled by the applying entity;
- 19 (20) Copies of the entity's bank statements for the twelve
- 20 months prior to the date of the application; and



1 (21) A copy of the agreement in place with an existing
2 dispensary licensed by the State for the sale of the
3 applying entity's product.

4 (h) The department shall maintain a record of the time and
5 date that all completed application forms were submitted.

6 (i) The department shall process and deposit the
7 cultivation facility license application fee within four
8 business days of receipt of the completed application form.

9 (j) If, for any reason, the application fee is not
10 available for deposit, the application shall be deemed void and
11 the department shall inform the applicant in writing that its
12 application has been rejected.

13 (k) The department shall review and verify the information
14 and documentation materials only of applicants whose
15 nonrefundable application fee has been processed and deposited.

16 (l) The department shall verify that the information
17 submitted in the application is true and valid and meets the
18 requirements established in section 329D-3(b).

19 (m) Upon verification of the minimum requirements, the
20 department shall place the verified application into the pool of



1 applicants for further review and selection based on merit by
2 the department.

3 (n) A cultivation facility license may be renewed annually
4 by payment of an annual renewal fee of \$10,000 and subject to
5 verification by the department through an unannounced inspection
6 that the individual licensee and entity licensee continue to
7 meet all cultivation facility licensing requirements from the
8 date the initial licenses were issued.

9 (o) The department may adopt rules in accordance with
10 chapter 91 to carry out the purposes of this chapter; including
11 rules that address security and record keeping requirements for
12 licensed cultivation facilities analogous those for dispensary
13 facilities in sections 329D-6(f) and 3290-19; provided that the
14 rules for licensed cultivation facilities shall be tailored to
15 purchasers of licensed cultivation facilities, which are limited
16 to licensed dispensaries."

17 SECTION 2. Section 46-4, Hawaii Revised Statutes, is
18 amended by amending subsection (f) to read as follows:

19 "(f) Neither this section nor any other law, county
20 ordinance, or rule shall prohibit the use of land for medical
21 cannabis production centers, medical cannabis cultivation



1 facilities, or medical cannabis dispensaries established and
2 licensed pursuant to chapter 329D; provided that the land is
3 otherwise zoned for agriculture, manufacturing, or retail
4 purposes."

5 SECTION 3. Section 329D-1, Hawaii Revised Statutes, is
6 amended by adding a new definition to be appropriately inserted
7 and to read as follows:

8 "Cultivation facility" or "medical cannabis cultivation
9 facility" means an establishment that is not owned, operated, or
10 subcontracted by a medical cannabis dispensary and is licensed
11 by the State pursuant to this chapter to plant, cultivate, grow,
12 or harvest cannabis. "Cultivation facility" does not include
13 establishments that manufacture, produce, purchase, or sell a
14 manufactured cannabis product."

15 SECTION 4. Section 329D-2.5, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The office of medical cannabis control and regulation
18 shall administer the licensure and regulation of medical
19 cannabis [~~dispensary licensure and regulation,~~] dispensaries and
20 cultivation facilities, pursuant to this chapter, and the



1 registration of qualifying patients and primary caregivers,
2 pursuant to part IX of chapter 329."

3 SECTION 5. Section 329D-3, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[f]§329D-3[+] **Qualifications for licensure.** (a) Each
6 application for a dispensary license or a cultivation facility
7 license shall include both an individual applicant and an
8 applying entity.

9 (b) The application shall be submitted to the department
10 and shall include supporting documentation to establish the
11 following:

12 (1) That the individual applicant:

13 (A) Has been a legal resident of the State for not
14 less than five years preceding the date of

15 application;

16 (B) Is not less than twenty-one years of age; and

17 (C) Has had no felony convictions;

18 (2) That the applying entity:

19 (A) Has been organized under the laws of the State;

20 (B) Has a Hawaii tax identification number;



- 1 (C) Has a department of commerce and consumer affairs
- 2 business registration division number and suffix;
- 3 (D) Has a federal employer identification number;
- 4 (E) Is not less than fifty-one per cent held by
- 5 Hawaii legal residents or entities wholly
- 6 controlled by Hawaii legal residents who have
- 7 been Hawaii legal residents for not less than
- 8 five years immediately preceding the date the
- 9 application was submitted;
- 10 (F) [~~Has~~] If applying for a dispensary license, has
- 11 financial resources under its control of not less
- 12 than \$1,000,000 for each dispensary license
- 13 applied for; plus not less than \$100,000 for each
- 14 retail dispensing location allowed under the
- 15 license applied for, in the form of bank
- 16 statements or escrow accounts, and that the
- 17 financial resources have been under the control
- 18 of the applying entity for not less than ninety
- 19 days immediately preceding the date the
- 20 application was submitted; [~~and~~]



1 (G) If applying for a cultivation facility license,
 2 has financial resources under its control of not
 3 less than \$250,000 for each cultivation facility
 4 license applied for, in the form of bank
 5 statements or escrow accounts, and that the
 6 financial resources have been under the control
 7 of the applying entity for not less than ninety
 8 days immediately preceding the date the
 9 application was submitted;

10 (H) If applying for a cultivation facility license,
 11 has an agreement with an existing dispensary,
 12 licensed by the State, to which sales of the
 13 cultivation facility's medical cannabis will be
 14 made and such agreement can be amended annually;
 15 and

16 ~~(G)~~ (I) Is composed of principals or members, each
 17 of whom has no felony convictions.

18 (c) A dispensary license or cultivation facility license
 19 shall not be sold or otherwise transferred from one person to
 20 another person."



1 SECTION 6. Section 329D-6, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending its title and subsections (a) through (d)
4 to read:

5 "§329D-6 Dispensary and cultivation facility operations.

6 (a) No person shall operate a dispensary~~[7]~~ or cultivation
7 facility, or engage in the production, cultivation, manufacture,
8 or sale of cannabis or manufactured cannabis products, unless
9 the person has obtained a license from the department pursuant
10 to this chapter.

11 (b) No dispensary or cultivation facility licensee, its
12 officers, employees, or agents shall provide written
13 certification for the use of medical cannabis or manufactured
14 cannabis products for any person.

15 (c) No person under the age of twenty-one shall be
16 employed by a dispensary or cultivation facility licensee.

17 (d) Notwithstanding any other law to the contrary,
18 including sections 378-2 and 378-2.5, dispensaries~~[+]~~ and
19 cultivation facilities:

20 (1) Shall deny employment to any individual who has been:

21 (A) Convicted of murder in any degree;



- 1 (B) Convicted of a class A or class B felony; or
- 2 (C) Convicted of a class C felony involving
- 3 trafficking, distributing, or promoting a
- 4 schedule I or II controlled substance other than
- 5 cannabis within the last ten years; and
- 6 (2) May deny employment to any individual who has been
- 7 convicted of a class C felony involving:
- 8 (A) Fraud, deceit, misrepresentation, embezzlement,
- 9 or theft; or
- 10 (B) Endangering the welfare of a minor.

11 Employment under this chapter shall be exempt from section
12 378-2(a)(1), as it relates to arrest and court record
13 discrimination, and section 378-2.5."

14 2. By amending subsection (h) to read:

15 "(h) A dispensary or cultivation facility shall provide
16 the department with the address, tax map key number, and a copy
17 of the premises lease, if applicable, of the proposed location
18 of a production center or cultivation facility allowed under a
19 license for a county not later than thirty days before any
20 medical cannabis or manufactured cannabis products being



1 produced ~~[or]~~, manufactured, or cultivated at that production
2 center~~[-]~~ or cultivation facility."

3 3. By amending subsections (j) through (m) to read:

4 "(j) The department shall establish, maintain, and control
5 a computer software tracking system that shall have real time,
6 twenty-four-hour access to the data of all dispensaries~~[-]~~ and
7 cultivation facilities.

8 (1) The computer software tracking system shall collect
9 data relating to:

10 (A) The total amount of cannabis in possession of all
11 dispensaries and cultivation facilities from
12 either seed or immature plant state, including
13 all plants that are derived from cuttings or
14 cloning, until the cannabis, cannabis plants, or
15 manufactured cannabis product is sold or
16 destroyed pursuant to section 329D-7;

17 (B) The total amount of manufactured cannabis product
18 inventory, including the equivalent physical
19 weight of cannabis that is used to manufacture
20 manufactured cannabis products, purchased by a
21 qualifying patient, primary caregiver, qualifying



1 out-of-state patient, and caregiver of a
2 qualifying out-of-state patient from all retail
3 dispensing locations in the State in any fifteen-
4 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 production centers or
9 cultivation facilities and retail dispensing
10 locations and as authorized by subsection (r),
11 including tracking identification issued by the
12 tracking system, the identity of the person
13 transporting the cannabis or manufactured
14 cannabis products, and the make, model, and
15 license number of the vehicle being used for the
16 transport;

17 [~~2~~] ~~The procurement of the computer software tracking~~
18 ~~system established pursuant to this subsection shall~~
19 ~~be exempt from chapter 103D, provided that:~~



1 ~~(A) The department shall publicly solicit at least~~
2 ~~three proposals for the computer software~~
3 ~~tracking system; and~~

4 ~~(B) The selection of the computer software tracking~~
5 ~~system shall be approved by the director of the~~
6 ~~department and the chief information officer;]~~
7 and

8 [~~(3)~~] (2) Notwithstanding any other provision of this
9 subsection to the contrary, once the department has
10 authorized a licensed dispensary to commence sales of
11 cannabis or manufactured cannabis products, if the
12 department's computer software tracking system is
13 inoperable or is not functioning properly, as an
14 alternative to requiring dispensaries to temporarily
15 cease operations, the department may implement an
16 alternate tracking system that will enable a
17 qualifying patient, primary caregiver, qualifying out-
18 of-state patient, and caregiver of a qualifying out-
19 of-state patient to purchase cannabis or manufactured
20 cannabis products from a licensed dispensary on a
21 temporary basis. The department shall seek input



1 regarding the alternate tracking system from medical
2 cannabis licensees. The alternate tracking system may
3 operate as follows:

4 (A) The department may immediately notify all
5 licensed dispensaries that the computer software
6 tracking system is inoperable; and

7 (B) Once the computer software tracking system is
8 operational and functioning to meet the
9 requirements of this subsection, the department
10 may notify all licensed dispensaries, and the
11 alternate tracking system in this subsection
12 shall be discontinued.

13 (k) A dispensary or cultivation facility licensed pursuant
14 to this chapter shall purchase, operate, and maintain a computer
15 software tracking system that shall:

16 (1) Interface with the department's computer software
17 tracking system established pursuant to subsection
18 (j);

19 (2) Allow each licensed dispensary's or cultivation
20 facility's production center to submit to the
21 department in real time, by automatic identification



1 and data capture, all cannabis, cannabis plants, and
2 manufactured cannabis product inventory in possession
3 of that dispensary or cultivation facility from either
4 seed or immature plant state, including all plants
5 that are derived from cuttings or cloning, until the
6 cannabis or manufactured cannabis product is sold or
7 destroyed pursuant to section 329D-7;

- 8 (3) Allow the licensed dispensary's retail dispensing
9 location to submit to the department in real time for
10 the total amount of cannabis and manufactured cannabis
11 product purchased by a qualifying patient, primary
12 caregiver, qualifying out-of-state patient, and
13 caregiver of a qualifying out-of-state patient from
14 the dispensary's retail dispensing locations in the
15 State in any fifteen day period; provided that the
16 software tracking system shall impose an automatic
17 stopper in real time, which cannot be overridden, on
18 any further purchases of cannabis or manufactured
19 cannabis products; if the maximum allowable amount of
20 cannabis has already been purchased for the applicable
21 fifteen day period; provided further that additional



1 purchases shall not be permitted until the next
2 applicable period; ~~and~~

3 (4) Allow the cultivation facility to submit to the
4 department in real time for the total amount of
5 cannabis purchased by a licensed dispensary; and

6 ~~[(4)]~~ (5) Allow the licensed dispensary or cultivation
7 facility to submit all data required by this
8 subsection to the department and permit the department
9 to access the data if the department's computer
10 software tracking system is not functioning properly
11 and sales are made pursuant to the alternate tracking
12 system under subsection (j).

13 (1) No free samples of cannabis or manufactured cannabis
14 products shall be provided at any time, and no consumption of
15 cannabis or manufactured cannabis products shall be permitted on
16 any dispensary or cultivation facility premises.

17 (m) Except as authorized by subsection (r), a dispensary
18 or cultivation facility shall not transport cannabis or
19 manufactured cannabis products to another county or another
20 island; provided that this subsection shall not apply to the
21 transportation of cannabis or any manufactured cannabis product



1 solely for the purposes of laboratory testing pursuant to
2 section 329D-8, and subject to subsection (j), if no certified
3 laboratory is located in the county or on the island where the
4 dispensary or cultivation facility is located; provided further
5 that a dispensary or cultivation facility shall only transport
6 samples of cannabis and manufactured cannabis products for
7 laboratory testing for purposes of this subsection in an amount
8 and manner prescribed by the department, in rules adopted
9 pursuant to this chapter, and with the understanding that state
10 law and its protections do not apply outside of the
11 jurisdictional limits of the State."

12 4. By amending subsection (o) to read:

13 "(o) A dispensary or cultivation facility shall not:

- 14 (1) Display cannabis or manufactured cannabis products in
15 windows or in public view; or
- 16 (2) Post any signage other than a single sign no greater
17 than one thousand six hundred square inches bearing
18 only the business or trade name in text without any
19 pictures or illustrations; provided that if any
20 applicable law or ordinance restricting outdoor



1 signage is more restrictive, that law or ordinance
2 shall govern."

3 5. By amending subsection (q) to read:

4 "(q) A dispensary or cultivation facility licensed
5 pursuant to this chapter shall be prohibited from providing
6 written certification pursuant to section 329-122 for the use of
7 medical cannabis for any person."

8 SECTION 7. Section 329D-7, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§329D-7 Medical cannabis dispensary, production center,**
11 **and cultivation facility rules.** The department shall establish
12 standards with respect to:

13 (1) The number of medical cannabis dispensaries that shall
14 be permitted to operate in the State;

15 (2) A fee structure for:

16 (A) The submission of applications and renewals of
17 licenses to dispensaries [↯] and cultivation
18 facilities; provided that the department shall
19 consider the market conditions in each county in
20 determining the license renewal fee amounts;



- 1 (B) The submission of application for each additional
- 2 production center; and
- 3 (C) Dispensary-to-dispensary sales authorized by
- 4 section 329D-6(r);
- 5 (3) Criteria and procedures for the consideration and
- 6 selection, based on merit, of applications for
- 7 licensure of dispensaries[-] and cultivation
- 8 facilities; provided that the criteria shall include
- 9 but not be limited to an applicant's:
- 10 (A) Ability to operate a business;
- 11 (B) Financial stability and access to financial
- 12 resources; provided that applicants for medical
- 13 cannabis dispensary licenses shall provide
- 14 documentation that demonstrates control of not
- 15 less than \$1,000,000 in the form of escrow
- 16 accounts, letters of credit, surety bonds, bank
- 17 statements, lines of credit or the equivalent to
- 18 begin operating the dispensary; provided further
- 19 that applicants for cultivation facility licenses
- 20 shall provide documentation that demonstrates
- 21 control of not less than \$250,000 in the form of



- 1 escrow accounts, letters of credit, surety bonds,
2 bank statements, lines of credit or the
3 equivalent to begin operating the cultivation
4 facility;
- 5 (C) Ability to comply with the security requirements
6 developed pursuant to paragraph (6);
- 7 (D) Capacity to meet the needs of qualifying patients
8 and qualifying out-of-state patients;
- 9 (E) Ability to comply with criminal background check
10 requirements developed pursuant to paragraph (8);
11 and
- 12 (F) Ability to comply with inventory controls
13 developed pursuant to paragraph (13);
- 14 (4) Specific requirements regarding annual audits and
15 reports required from each production center [~~and~~],
16 dispensary, and cultivation facility licensed pursuant
17 to this chapter;
- 18 (5) Procedures for announced and unannounced inspections
19 by the department or its agents of production centers
20 [~~and~~], dispensaries, and cultivation facilities



1 licensed pursuant to this chapter; provided that
2 inspections for license renewals shall be unannounced;

3 (6) Security requirements for the operation of production
4 centers [~~and~~], retail dispensing locations[+], and
5 cultivation facilities; provided that, at a minimum,
6 the following shall be required:

7 (A) For production centers[+] and cultivation
8 facilities:

9 (i) Video monitoring and recording of the
10 premises; provided that recordings shall be
11 retained for fifty days;

12 (ii) Fencing that surrounds the premises and that
13 is sufficient to reasonably deter intruders
14 and prevent anyone outside the premises from
15 viewing any cannabis in any form;

16 (iii) An alarm system; and

17 (iv) Other reasonable security measures to deter
18 or prevent intruders, as deemed necessary by
19 the department;

20 (B) For retail dispensing locations:



- 1 (i) Presentation of a valid government-issued
- 2 photo identification and a valid
- 3 identification as issued by the department
- 4 pursuant to section 329-123 by a qualifying
- 5 patient or caregiver, or section 329-123.5
- 6 by a qualifying out-of-state patient or
- 7 caregiver of a qualifying out-of-state
- 8 patient, upon entering the premises;
- 9 (ii) Video monitoring and recording of the
- 10 premises; provided that recordings shall be
- 11 retained for fifty days;
- 12 (iii) An alarm system;
- 13 (iv) Exterior lighting; and
- 14 (v) Other reasonable security measures as deemed
- 15 necessary by the department;
- 16 (7) Security requirements for the transportation of
- 17 cannabis and manufactured cannabis products between
- 18 production centers [~~and~~], retail dispensing locations,
- 19 and cultivation facilities and retail dispensing
- 20 locations and between a production center, retail
- 21 dispensing location, cultivation facility, qualifying



1 patient, primary caregiver, qualifying out-of-state
2 patient, or caregiver of a qualifying out-of-state
3 patient and a certified laboratory, pursuant to
4 section 329-122(f);

5 (8) Standards and criminal background checks to ensure the
6 reputable and responsible character and fitness of all
7 license applicants, licensees, employees,
8 subcontractors and their employees, and prospective
9 employees of medical cannabis dispensaries to operate
10 a dispensary; provided that the standards, at a
11 minimum, shall exclude from licensure or employment
12 any person convicted of any felony;

13 (9) The training and certification of operators and
14 employees of production centers ~~[and]~~,
15 dispensaries ~~[+]~~, and cultivation facilities;

16 (10) The types of manufactured cannabis products that
17 dispensaries shall be authorized to manufacture and
18 sell pursuant to sections 329D-9 and 329D-10;

19 (11) Laboratory standards related to testing cannabis and
20 manufactured cannabis products for content,
21 contamination, and consistency;



- 1 (12) The quantities of cannabis and manufactured cannabis
2 products that a dispensary may sell or provide to a
3 qualifying patient, primary caregiver, qualifying out-
4 of-state patient, or caregiver of a qualifying out-of-
5 state patient; provided that no dispensary shall sell
6 or provide to a qualifying patient, primary caregiver,
7 qualifying out-of-state patient, or caregiver of a
8 qualifying out-of-state patient any combination of
9 cannabis and manufactured products that:
- 10 (A) During a period of fifteen consecutive days,
11 exceeds the equivalent of four ounces of
12 cannabis; or
- 13 (B) During a period of thirty consecutive days,
14 exceeds the equivalent of eight ounces of
15 cannabis;
- 16 (13) Dispensary [and], production center, and cultivation
17 facility inventory controls to prevent the
18 unauthorized diversion of cannabis or manufactured
19 cannabis products or the distribution of cannabis or
20 manufactured cannabis products to a qualifying
21 patient, primary caregiver, qualifying out-of-state



1 patient, or caregiver of a qualifying out-of-state
2 patient in quantities that exceed limits established
3 by this chapter; provided that the controls, at a
4 minimum, shall include:

5 (A) A computer software tracking system as specified
6 in section 329D-6(j) and (k); and

7 (B) Product packaging standards sufficient to allow
8 law enforcement personnel to reasonably determine
9 the contents of an unopened package;

10 (14) Limitation to the size or format of signs placed
11 outside a retail dispensing location [~~or~~], production
12 center[+], or cultivation facility; provided that the
13 signage limitations, at a minimum, shall comply with
14 section 329D-6(o)(2) and shall not include the image
15 of a cartoon character or other design intended to
16 appeal to children;

17 (15) The disposal or destruction of unwanted or unused
18 cannabis and manufactured cannabis products;

19 (16) The enforcement of the following prohibitions against:
20 (A) The sale or provision of cannabis or manufactured
21 cannabis products to unauthorized persons;



- 1 (B) The sale or provision of cannabis or manufactured
2 cannabis products to a qualifying patient,
3 primary caregiver, qualifying out-of-state
4 patient, or caregiver of a qualifying out-of-
5 state patient in quantities that exceed limits
6 established by this chapter;
- 7 (C) Any use or consumption of cannabis or
8 manufactured cannabis products on the premises of
9 a retail dispensing location [~~or~~], production
10 center[+], or cultivation facility; and
- 11 (D) The distribution of cannabis or manufactured
12 cannabis products, for free, on the premises of a
13 retail dispensing location [~~or~~], production
14 center[+], or cultivation facility;
- 15 (17) The establishment of a range of penalties for
16 violations of this chapter or rule adopted thereto;
17 and
- 18 (18) A process to recognize and register patients who are
19 authorized to purchase, possess, and use medical
20 cannabis in another state, a United States territory,
21 or the District of Columbia as qualifying out-of-state



1 patients; provided that this registration process may
2 commence no sooner than January 1, 2018."

3 SECTION 8. Section 329D-8, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) If a dispensary or cultivation facility licensee
6 obtains a laboratory result indicating that a sample of a batch
7 of its cannabis or manufactured cannabis products does not meet
8 the department's standards for patient safety, the dispensary or
9 cultivation facility licensee, at its own expense, may have the
10 same sample or a different sample from the same batch retested
11 by the same laboratory or a different laboratory. If a retest
12 at a different laboratory yields a different result, the
13 department shall determine which result controls whether the
14 batch may be approved for sale or whether further testing shall
15 be required."

16 SECTION 9. Section 329D-11, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) The department shall establish standards regarding
19 the advertising and packaging of cannabis and manufactured
20 cannabis products; provided that the standards, at a minimum,
21 shall require the use of packaging that:



- 1 (1) Is child-resistant and opaque so that the product
- 2 cannot be seen from outside the packaging;
- 3 (2) Uses only black lettering on a white background with
- 4 no pictures or graphics;
- 5 (3) Is clearly labeled with the phrase "For medical use
- 6 only";
- 7 (4) Is clearly labeled with the phrase "Not for resale or
- 8 transfer to another person";
- 9 (5) Includes instructions for use and "use by date";
- 10 (6) Contains information about the contents and potency of
- 11 the product;
- 12 (7) Includes the name of the production center or
- 13 cultivation facility where cannabis in the product was
- 14 produced, including the batch number and date of
- 15 packaging;
- 16 (8) Includes a barcode generated by tracking software; and
- 17 (9) In the case of a manufactured cannabis product,
- 18 includes a:
- 19 (A) Listing of the equivalent physical weight of the
- 20 cannabis used to manufacture the amount of the



1 product that is within the packaging, pursuant to
2 section 329D-9(c);

3 (B) Clearly labeled warning stating that the product:

4 (i) Is a medication that contains cannabis, and
5 is not a food; and

6 (ii) Should be kept away from children; and

7 (C) Date of manufacture."

8 SECTION 10. Section 329D-12, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§329D-12 Background checks. (a) The following shall be
11 subject to background checks conducted by the department or its
12 designee, including but not limited to criminal history record
13 checks in accordance with section 846-2.7:

14 (1) Each applicant and licensee for a medical cannabis
15 dispensary or cultivation facility license, including
16 the individual applicant and all officers, directors,
17 members of a limited liability corporation;
18 shareholders with at least twenty-five per cent or
19 more ownership interest in a corporation; and managers
20 of an entity applicant;

21 (2) Each employee of a medical cannabis dispensary;



1 (3) Each employee of a subcontracted production center
2 [~~or~~], retail dispensing location[+], or cultivation
3 facility;

4 (4) All officers, directors, members of a limited
5 liability corporation; and shareholders with at least
6 twenty-five per cent or more ownership interest in a
7 corporate owner of a subcontracted production center
8 [~~or~~], retail dispensing location[+], or cultivation
9 facility; and

10 (5) Any person permitted to enter and remain in a
11 dispensary facility or cultivation facility pursuant
12 to section 329D-15(a)(4) or 329D-16(a)(3).

13 The person undergoing the background check shall provide written
14 consent and all applicable processing fees to the department or
15 its designee to conduct the background checks.

16 (b) This section shall not apply to:

17 (1) A qualifying patient, primary caregiver, qualifying
18 out-of-state patient, or caregiver of a qualifying
19 out-of-state patient who enters or remains on the
20 premises of a retail dispensing location for the



1 purpose of a transaction conducted pursuant to
 2 sections 329D-6 and 329D-13; or
 3 (2) Government officials and employees acting in an
 4 official capacity and employees of a certified
 5 laboratory who enter or remain on the premises of a
 6 retail dispensing location ~~[or]~~, production center, or
 7 cultivation facility for any purpose authorized by
 8 this chapter."

9 SECTION 11. Section 329D-16, Hawaii Revised Statutes, is
 10 amended to read as follows:

11 "~~[+]§329D-16[+]~~ **Criminal offense; unauthorized access to**
 12 **production centers~~[-]~~ and cultivation facilities.** (a) No
 13 person shall intentionally or knowingly enter or remain upon the
 14 premises of a medical cannabis production center or cultivation
 15 facility unless the person is:

- 16 (1) An individual licensee or registered employee of the
 17 production center~~[-]~~ or cultivation facility;
- 18 (2) A government employee or official acting in the
 19 person's official capacity; or
- 20 (3) Previously included on a current department-approved
 21 list provided to the department by the licensee of

1 those persons who are allowed into that [~~dispensary's~~
2 ~~facilities~~] dispensary or cultivation facility's
3 premises for a specific purpose for that dispensary[~~7~~
4 or cultivation facility, including but not limited to
5 construction, maintenance, repairs, legal counsel, or
6 investors; provided that:

7 (A) The person has been individually approved by the
8 department to be included on the list;

9 (B) The person is at least twenty-one years of age,
10 as verified by a valid government issued
11 identification card;

12 (C) The department has confirmed that the person has
13 no felony convictions;

14 (D) The person is escorted by an individual licensee
15 or registered employee of the dispensary or
16 cultivation facility at all times while [~~in the~~
17 ~~dispensary facility;~~] on the premises;

18 (E) The person is only permitted within those
19 portions of the dispensary or cultivation
20 facility as necessary to fulfill the person's
21 purpose for entering;



1 (F) The person is only permitted within the
2 dispensary or cultivation facility during the
3 times and for the duration necessary to fulfill
4 the person's purpose for entering;

5 (G) The dispensary or cultivation facility shall keep
6 an accurate record of each person's identity,
7 date and times upon entering and exiting the
8 dispensary or cultivation facility, purpose for
9 entering, and the identity of the escort; and

10 (H) The approved list shall be effective for one year
11 from the date of department approval.

12 (b) No individual licensee or registered employee of a
13 medical cannabis dispensary with control over or responsibility
14 for a production center shall intentionally or knowingly allow
15 another to enter or remain upon the premises of the production
16 center, unless the other is permitted to enter and remain as
17 specified in subsection (a).

18 (c) No individual licensee or registered employee of a
19 cultivation facility with control over or responsibility for the
20 facility shall intentionally or knowingly allow another to enter



1 or remain upon the premises of the facility, unless the other is
2 permitted to enter and remain as specified in subsection (a).

3 [~~e~~] (d) Unauthorized access to a production center or
4 cultivation facility is a class C felony."

5 SECTION 12. Section 329D-17, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) A person commits the offense of promoting medical
8 cannabis or medical cannabis products to a minor if the person
9 intentionally or knowingly distributes any amount of cannabis or
10 manufactured cannabis products that came from a dispensary [~~e~~],
11 production center, or cultivation facility to a minor who is not
12 a registered qualifying patient or a registered qualifying out-
13 of-state patient under eighteen years of age."

14 SECTION 13. Section 329D-18, Hawaii Revised Statutes, is
15 amended by amending its title and subsection (a) to read as
16 follows:

17 "~~[f]~~ §329D-18 ~~[f]~~ Diversion from dispensary [~~e~~], production
18 center~~[f]~~, or cultivation facility; penalties. (a) A person
19 commits diversion from a dispensary [~~e~~], production center, or
20 cultivation facility if the person is a licensee, operator, or
21 employee of a dispensary [~~e~~], production center, or cultivation



1 facility and intentionally or knowingly diverts to the person's
 2 own use or other unauthorized or illegal use, or takes, makes
 3 away with, or secretes, with intent to divert to the person's
 4 own use or other unauthorized or illegal use, any medical
 5 cannabis, manufactured cannabis product, or cannabis concentrate
 6 under the person's possession, care, or custody as a licensee,
 7 operator, or employee of a medical cannabis dispensary ~~[or]~~,
 8 production center, or cultivation facility licensed by the
 9 department."

10 SECTION 14. Section 329D-20, Hawaii Revised Statutes, is
 11 amended to read as follows:

12 "[+]§329D-20[+] Law enforcement access to dispensary,
 13 ~~[and]~~ production center, and cultivation facility records.

14 Notwithstanding any other law, the department shall disclose
 15 information, documents, and other records regarding medical
 16 cannabis dispensaries ~~[and]~~, production centers, and cultivation
 17 facilities, upon request, to any state, federal, or county
 18 agency engaged in the criminal investigation or prosecution of
 19 violations of applicable state, county, or federal laws or
 20 regulations related to the operations or activities of a medical



1 cannabis dispensary[-], production center, or cultivation
2 facility."

3 SECTION 15. Section 329D-22, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Medical cannabis production centers [~~and~~],
6 dispensaries, and cultivation facilities shall comply with all
7 county zoning ordinances, rules, or regulations; provided that:

8 (1) A medical cannabis production center or cultivation
9 facility shall be permitted in any area in which
10 agricultural production is permitted except as
11 provided within this chapter; and

12 (2) No medical cannabis production center [~~and~~],
13 dispensary, or cultivation facility shall be permitted
14 within seven hundred fifty feet of the real property
15 comprising a playground or school."

16 SECTION 16. Section 329D-23, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "§329D-23 Annual inspections, audits, and reports. (a)
19 Each medical cannabis production center [~~and~~], dispensary, and
20 cultivation facility licensed pursuant to this part shall:



- 1 (1) Be subject to an annual announced inspection and
2 unlimited unannounced inspections of its operations by
3 the department; provided that inspections for license
4 renewals shall be unannounced;
- 5 (2) Submit reports on at least a quarterly basis, or as
6 otherwise required, and in the format specified by the
7 department; and
- 8 (3) Annually cause an independent financial audit, at the
9 [~~dispensary~~] licensee's own expense, to be conducted
10 of the cultivation facility, dispensary, its
11 production center, and retail dispensing locations and
12 shall submit the audit's findings to the department.
- 13 (b) The department shall report annually to the governor
14 and the legislature on the establishment and regulation of
15 medical cannabis production centers [~~and~~], dispensaries, and
16 cultivation facilities, including but not limited to the number
17 and location of production centers and dispensaries and
18 cultivation facilities licensed, the total licensing fees
19 collected, the total amount of taxes collected from production
20 centers [~~and~~], dispensaries, and cultivation facilities and any
21 licensing violations determined by the department."



1 SECTION 17. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 18. This Act shall take effect on December 31,
4 2050.



Report Title:

Medical Cannabis; Cultivation; Cultivation Facility Licenses; Regulation

Description:

Establishes a cultivation facility license that allows cultivators to grow cannabis for sale only to licensed medical cannabis dispensaries. Establishes requirements for license applications and qualifications for applicants and licensees. Limits the number of cannabis plants grown at each cultivation facility to one thousand. Authorizes the Department of Health to determine the number of cultivation licenses to be issued. Allows one cultivation license to be issued per tax map key number. Allows cultivation facilities to be established on lands zoned for certain uses. Requires the Office of Medical and Cannabis Control and Regulation to administer the licensure and regulation of cultivation facilities. Establishes requirements for cultivation facility operations, including plant tracking and testing. Establishes penalties for violations related to the unauthorized access of cultivation facilities and diversion of product. Requires the Department of Health to disclose certain information regarding cultivation facilities upon request of law enforcement. Subjects cultivation facilities to certain inspections, audits, and reporting requirements. Effective 12/31/2050. (SD1)

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

