

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 451
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 451 entitled:

"A BILL FOR AN ACT RELATING TO MEDICAL CANNABIS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a cultivation facility license that allows cultivators to grow cannabis for sale only to licensed medical cannabis dispensaries;
- (2) Establish requirements for license applications and qualifications for applicants and licensees;
- (3) Limit the number of cannabis plants grown at each cultivation facility to one thousand;
- (4) Authorize the Department of Health to determine the number of cultivation licenses to be issued;
- (5) Allow one cultivation license to be issued per tax map key number;
- (6) Allow cultivation facilities to be established on lands zoned for certain uses;



- (7) Require the Office of Medical and Cannabis Control and Regulation to administer the licensure and regulation of cultivation facilities;
- (8) Establish requirements for cultivation facility operations, including plant tracking and testing;
- (9) Establish penalties for violations related to the unauthorized access of cultivation facilities and diversion of product;
- (10) Require the Department of Health to disclose certain information regarding cultivation facilities upon request of law enforcement; and
- (11) Subject cultivation facilities to certain inspections, audits, and reporting requirements.

Your Committee received testimony in support of this measure from Maui Wellness Group, LLC, dba Maui Grown Therapies, and Aloha Green Holdings Inc. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Health, Department of the Attorney General, State Procurement Office, and one individual.

Your Committee finds that currently, only medical cannabis dispensary license holders may legally cultivate and sell medical cannabis in retail locations. Your Committee further finds that allowing residents, farmers, and families to grow cannabis for retail would provide a positive social and economic impact across the State and creates better access to safe, regulated products for qualified patients. This measure creates a cultivation license that allows cultivators to grow cannabis for sale to licensed dispensaries.

Your Committee acknowledges the testimony of the Department of the Attorney General, which proposed amendments to clarify that cultivation facilities shall not manufacture, produce, purchase, or sell manufactured cannabis products. Your Committee further notes the request by the State Procurement Office to subject procurement of the computer software tracking system for dispensaries and cultivation facilities to the Hawaii Public



Procurement Code. Your Committee has also heard the concerns raised by the Department of Health regarding the lack of rules governing the security and record keeping by for licensed cultivation facilities.

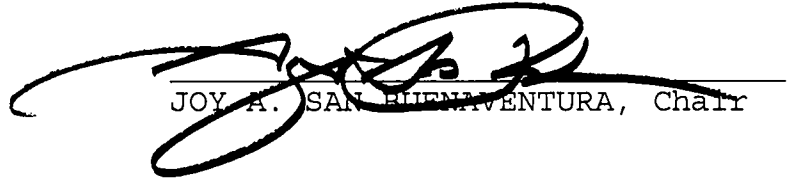
Accordingly, your Committee has amended this measure by:

- (1) Making amendments throughout the measure to clarify that licensed cultivation facilities shall not manufacture, produce, purchase, or sell manufactured cannabis products;
- (2) Repealing language that exempts the procurement of the computer software tracking system for dispensaries and cultivation facilities from the Hawaii Public Procurement Code under certain conditions;
- (3) Requiring the Department of Health to adopt rules governing licensed cultivation facilities, including rules that address security and record keeping requirements analogous the rules for dispensary facilities; provided that the rules for licensed cultivation facilities shall be tailored to purchasers of licensed cultivation facilities, which are limited to licensed dispensaries;
- (4) Inserting an effective date of December 31, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 451, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Judiciary and Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



