JOSH GREEN, M.D. GOVERNOR OF HAWAI'I KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAI'I



STATE OF HAWAII DEPARTMENT OF HEALTH KA 'OIHANA OLAKINO

P. O. Box 3378 Honolulu, HI 96801-3378 doh.testimony@doh.hawaii.gov

Testimony COMMENTING on HB1082 RELATING TO CANNABIS

REP MARK M. NAKASHIMA, CHAIR HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Hearing Date: Thursday, 2-16-23 Room Number: 329

- 1 Fiscal Implications: N/A.
- 2 **Department Testimony:** The Department of Health (DOH) supports the original language of
- 3 H.B. 1082. Addition of a definition for "waiting room" will better serve the needs of qualifying
- 4 patients by allowing caregivers to assist patients into retail dispensary locations. Removing the
- 5 requirement that rules for dispensary-to-dispensary sales be adopted pursuant to chapter 91 will
- 6 allow OMCCR to maintain interim rule-making authority, which remains critical for timely
- 7 response to public health and safety concerns. Clarifying that each day of a violation of chapter
- 8 329D, HRS, or chapter 11-850, HAR, is a separate violation will better protect patient and public
- 9 safety by facilitating enforcement of dispensary compliance. Together, these amendments will
- enhance the efficiency of DOH in regulating the licensed dispensaries while improving patient
- and public safety.
- While DOH maintains its strong stance against smoking tobacco and other plant materials, a goal
- of the medical cannabis dispensary system is to ensure patient access to regulated tested
- products. Should the legislature decide to move forward with the HD 1 amendments in Section 2
- 15 (pg. 4, lines 3-4) and Section 5 (pg. 24, lines 3-4), the department asks that the language
- authorizing DOH to determine specifications for all products, including pre-rolls, be maintained
- to allow DOH to ensure that these products are manufactured according to the safest processes
- 18 available.

- DOH supports the HD 1 amendments in Section 3 (pg. 10, lines 3-4 and lines 14-15) to increase
- 2 the number of signs that may be posted at a retail dispensary and removal of the requirement for
- 3 rulemaking by chapter 91 process for dispensary-to-dispensary sales. The additional sign will
- 4 assist patients in locating retail dispensaries and allowing DOH to maintain interim rulemaking
- 5 authority protects patient safety by supporting timely rule changes to address emergent public
- 6 health concerns.
- 7 DOH is amenable to the HD 1 amendments in Sections 7, 8, and 9 to allow certain construction
- 8 and maintenance personnel to enter licensed facilities and not be accompanied on a full-time
- 9 basis, but reasonably monitored while in areas that do not contain cannabis or cannabis products.
- 10 However, DOH is concerned with the proposed amendments to allow for escorted entry to repair
- infrastructure in emergency situations, where the licensee is allowed to determine what
- constitutes an emergency. DOH should be consulted to make that determination.
- DOH supports the HD 1 amendments to the annual dispensary licensing report in Section 11
- with the following comments. DOH requests to not publicly share the physical location of
- production centers for reason of facility and personnel security and safety. DOH is not the
- appropriate agency to report on taxes collected. Although DOH currently includes this figure in
- our annual report, it is an estimate based on retail sales. DOH respectfully requests that this data
- 18 come from the Department of Taxation.
- 19 DOH supports the HD 1 amendment in Section 12 to specify elements of the continuing
- 20 education and training program pursuant to section 329D-26, HRS, with the following comment.
- 21 DOH posts a listing of medical practitioners who certify patients on the DOH Patient Registry
- 22 website that is updated monthly. However, the list contains those practitioners who consent to
- being listed and does not represent all physicians and other health care providers participating in
- 24 the program. Some practitioners are willing to certify their regular patients, but do not wish to
- 25 certify those individuals who are not their regular patients. DOH asks that we continue respect
- 26 this practice.
- 27 However, DOH has concerns regarding the following amendments in version HD1.

- First, the amendment in Section 3 (pg. 6, line 8 through pg. 8, line 14) is problematic because it
- 2 proposes changes to the commercial, off-the-shelf software tracking system currently employed
- 3 by DOH. The system is an electronic seed-to-sale tracking system that is intended to track
- 4 cannabis plant material and manufactured cannabis product to ensure that there is no diversion of
- 5 cannabis from the dispensary system. While DOH understands the intent of the amendment, the
- 6 proposed requirements were not part of the scope of services for the current system and may not
- 7 be a capability of the system. Therefore, this amendment could require DOH to acquire another
- 8 system at substantial cost.
- 9 Second, DOH opposes the amendments in Section 4 (pg. 12, line 1 through pg. 13, line 6) require
- the fee structure to be set by rules adopted pursuant to chapter 91 and to revise the fee structure
- for license renewals that was just implemented by the 2022 Legislature. Revisions to Chapter 11-
- 12 850, HAR, for the new fee structure were completed only four months ago and DOH is
- concerned that this proposed fee structure will be inadequate to maintain existing personnel and
- the operational cost of licensing, inspecting, and regulating the dispensary industry. DOH objects
- to the rulemaking by chapter 91 process because this will result in loss of the current interim
- rulemaking authority which is necessary to timely and efficiently respond to this still evolving
- industry to support patient safety.
- DOH also opposes the amendments in Section 6 (pg. 24, lines 16-19) to remove the black
- 19 lettering on a white background with no pictures or images packaging ("plain packaging")
- 20 requirement. Merely specifying that packaging does not include any cartoon character and is "not
- 21 designed to appeal to minors" is problematic. "Appealing to minors" is subject to interpretation
- 22 and states which have incorporated that language have struggled to limit what can be placed on
- 23 packaging. DOH reminds the committee that these products are medicinal and should not need to
- be colorful or attractive. Hawaii's simple, black on white plain packaging requirement is often
- 25 held out as an ideal in protecting public safety.
- DOH opposes the amendment in Section 13 (pg. 37, lines 7-10) to force the adoption of
- 27 rulemaking pursuant to chapter 91 "if there is a likelihood of severe economic impact to a

- stakeholder under this chapter." DOH emphasizes that interim rulemaking authority is critical to
- 2 maintain and more expeditious than the chapter 91 process. In addition, the phrase "severe
- 3 economic impact" is vague and subject to interpretation. Forced rulemaking in this manner may
- 4 protect one stakeholder to the detriment of others. Rulemaking should be a carefully thought-out
- 5 process that considers the interests and needs of both the state and the licensed industry.
- 6 Thank you for the opportunity to testify.
- 7 **Offered Amendments:** N/A.

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JOSH GREEN, M.D. GOVERNOR | KE KIA'ĀINA

SYLVIA LUKELIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKUʻĀINA 'O HAWAIʻI OFFICE OF THE DIRECTOR DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS KA 'OIHANA PILI KĀLEPA

NADINE Y. ANDO DIRECTOR | KA LUNA HO'OKELE

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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Consumer Protection & Commerce
Thursday, February 16, 2023
2:00 p.m.
Via Videoconference

On the following measure: H.B. 1082, H.D. 1 RELATING TO MEDICAL CANNABIS

Chair Nakashima and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of Financial Institutions for the Department of Commerce and Consumer Affairs' (Department), Division of Financial Institutions (DFI). The Department offers comments on this bill.

The purpose of this bill is to make various amendments to Chapter 329D and establishes reporting requirements and information sharing systems with the department of taxation and financial institutions and DBEDT.

The DFI defers to the Department of Health (DOH) on this matter as Chapter 329D, Hawaii Revised Statutes (HRS), is under the purview of DOH's oversight. DFI limits its comments to page 6 relating to the financial data banks and other financial institutions may access of individuals and businesses. DFI's understanding of the software used by DOH is that it does not collect financial data on individuals or businesses, and instead collects data on the cannabis plant as it makes its way through the phases of growing, cultivation, production, and sale.

Testimony of DCCA H.B. 1082 H.D. 1 Page 2 of 2

The banks and other financial institutions are subject to federal laws that require the gathering of information on account holders who receive banking services for the purpose of verifying that bank customers are who they say they are in order to prevent, detect, and prosecute international money laundering and finance of terrorism. In addition to the name, contact information, date of birth, banks gather financial information including anticipated and actual debits and credits from bank customer transactions. In the case of a business account, the bank will also gather information about the company's business plan, business owners, as well as financial information about the business. All of this information is considered personal information to the account and is only shared on a need-to-know basis.

Thank you for the opportunity to provide comments on this bill.



TESTIMONY OF THE DEPARTMENT OF THE ATTORNEY GENERAL KA 'OIHANA O KA LOIO KUHINA THIRTY-SECOND LEGISLATURE, 2023

ON THE FOLLOWING MEASURE:

H.B. NO. 1082, H.D. 1, RELATING TO MEDICAL CANNABIS.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Thursday, February 16, 2023 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or

Andrew Goff, Deputy Attorney General

Chair Nakashima and Members of the Committee:

The Department of the Attorney General (Department) offers the following comments.

This bill makes amendments to various provisions of the Medical Cannabis Dispensary System outlined in chapter 329D, Hawaii Revised Statutes (HRS), including amendments to the restrictions on cannabis and manufactured cannabis products packaging (page 24, lines16-19), and the administrative rules authority for the Department of Health (page 37, lines 7-10).

Regarding packaging, the current law requires cannabis and manufactured cannabis products to be sold only in packaging that uses a white background with black lettering and prohibits the use of pictures or graphics on packaging. See section 329D-11(a)(2), HRS. The bill removes that restriction, and instead requires packaging that "[d]oes not include the image of any cartoon character and is not designed to appeal to minors." (Page 24, lines 16-19). The Department is concerned that the wording "not designed to appeal to minors" is vague and would make enforcement of the new law difficult. We recommend either keeping the original restriction or substituting the phrase "not designed to appeal to minors" with the objective characteristics of packaging that the Legislature seeks to prohibit.

Regarding rulemaking authority, the current law allows the Department of Health to adopt and amend interim rules that are exempt from the rulemaking process required

Testimony of the Department of the Attorney General Thirty-Second Legislature, 2023 Page 2 of 2

by chapter 91, HRS, until either: (1) July 1, 2025, or (2) the rules are adopted pursuant to chapter 91, HRS. See section 329D-27, HRS. This bill amends section 329D-27, HRS, to require a rule to be adopted pursuant to chapter 91, HRS, if "there is a likelihood of severe economic impact to a stakeholder under this chapter." (Page 37, lines 7-10). The Department is concerned that what constitutes a "severe economic impact to a stakeholder" is open to interpretation and would make any interim rule subject to challenge. The Department recommends deleting the proposed section 329D-27(d) on page 37, lines 7-10, or defining the terms "severe economic impact" and "stakeholder."

Thank you for the opportunity to provide comments.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI A HO'OMĀKA'IKA'I

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813

Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

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JOSH GREEN, M.D. GOVERNOR

CHRIS J. SADAYASU

DANE K. WICKER
DEPUTY DIRECTOR

Telephone: (808) 586-2355 Fax: (808) 586-2377

Statement of CHRIS J. SADAYASU Director

Department of Business, Economic Development, and Tourism before the

House Committee on Consumer Protection and Commerce

Thursday, February 16, 2023 2:00 PM State Capitol, Conference Room 329

In consideration of HB1082 HD1 RELATING TO MEDICAL CANNABIS.

Chair Nakashima, Vice Chair Sayama and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent and offers comments regarding HB1082 HD1, that establishes annual reporting requirements for Department of Health (DOH) and requires a report from DBEDT.

The bill requires DBEDT to prepare a report to the legislature. However, the contents of the report are not specified and, depending on the content, there may be overlap with the annual report prepared by DOH. While DBEDT is happy to prepare the report, the bill does not grant DBEDT the authority to access the data captured in the Computer Software Tracking System and DBEDT would need access. Furthermore, due to the dispensary systems data being applied to uses such as inventory control, the available data may not lend themselves to economic analysis regarding medical or recreational use of cannabis.

Thank you for the opportunity to testify.

HB-1082-HD-1

Submitted on: 2/13/2023 12:23:50 PM

Testimony for CPC on 2/16/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
TY Cheng	Aloha Green Holdings Inc.	Support	Remotely Via Zoom

Comments:

To: Representative Mark M. Nakashima, Chair

Representative Jackson D. Sayama, Vice-Chair

Members of the Committee on Consumer Protection & Commerce

Fr: TY Cheng, President of Aloha Green Holdings Inc.

RE: Testimony in STRONG SUPPORT of House Bill (HB) 1082 HD1

RELATING TO MEDICAL CANNABIS.

Defines "waiting room" within a medical cannabis retail dispensing location and clarifies public access to the waiting room. Clarifies DOH's rule-making authority. Establishes system access and system integration requirements for the computer software tracking system for medical cannabis dispensaries. Requires DOH to submit an annual report to the legislature on data captured using the computer software tracking system. Amends the dispensary program licensing fee structure. Adds or clarifies requirements for the dispensary program related to signage, permitted types of manufactured cannabis products, standards for packaging, supervision of certain personnel while onsite at retail dispensing locations or medical cannabis production centers, and DOH's education and training program. Clarifies penalties for violations. Establishes annual reporting requirements for DOH. Requires a report from DBEDT. Makes various housekeeping amendments. (HD1)

Dear Chair, Vice-Chair and Members of the Committee:

Aloha Green Apothecary is a state licensed medical cannabis dispensary licensee operating on Oahu since 2016. Aloha Green Apothecary SUPPORTS this bill which will affect how medical cannabis dispensaries operate.

Aloha Green Apoth's comments are both related to chapter 91 and interim rule making powers granted to the Department of Health.

Aloha Green Apoth supports the removal of the requirement for chapter 91 rule making in connection with allowing cannabis wholesale among medical cannabis dispensaries which was passed into law last year. A techincal change which maintains the Department of Health's interim rule making powers in order to amend operating rules to maximize the program's safety and success.

But Aloha Green Apoth supports the addition of the requirement for chapter 91 rulemaking in connection with the Department of Health's power to unilaterally change annual cannabis dispensary licensee renewal fees. In 2022, the Department of Health unilaterally increased the annual renewal fee for Aloha Green Apoth from \$50,000 to \$310,000 with less than 6 months' notice and no consultation with licensees, patients, or the public.

The difference between the two above scenarios is that cannabis wholesale was debated and passed into law through the legislative process; but the change to renewal fees was done unilaterally by a department without any consultation or justification for their own benefit.

Thank you for the opportunity to testify with comments. I am available via Zoom to answer any questions.



February 15, 2023

To: Representative Mark M. Nakashima, Chair Representative Jackson D. Sayama, Vice Chair

Members of the House Committee on Consumer Protection & Commerce

From: David C. Cole, General Manager

Re: TESTIMONY IN SUPPORT OF HB1082 HD1 + PROPOSED AMENDMENTS

Maui Grown Therapies (MGT) is licensed by DOH pursuant to HRS 329D to cultivate, manufacture and dispense medical cannabis products and services to registered patients. In 2022, MGT served 5,364 unique patients on Maui.

MGT supports this measure because it makes sensible accommodations for prospective and existing patients in the medical cannabis dispensary program based on experience to date.

Reflecting on our five years of experience serving patients, <u>MGT believes</u> that additional measures are needed to address unmet patient needs by lowering administrative barriers that patients have experienced since the <u>program's inception</u>. Specifically, we propose the **attached** amendments to the bill to enhance patient centered services while reducing patient costs.

1. Improved access to authorized providers. Currently, patients may obtain written authorization for medical cannabis use only from a physician or advanced practice registered nurse with whom they enjoy a "bona fide" relationship. Although that term is not defined by statute, many patients, especially kupuna, have relationships with multiple health care providers and specialists as their medical needs change. Moreover, when a provider discontinues issuing certifications due to retirement, relocation, or death, patients may be without ready access to an authorized provider.



While the statute authorizes three-year certifications for chronic debilitating conditions, DOH has thus far limited certifications to two years. As a result, patients with chronic conditions, particularly kupuna, must renew of their certifications more frequently than the statute requires. Requiring an already overburdened DOH to determine whether a 'bona fide' relationship exists, or that a chronic condition merits a two or three year certification, only erects further barriers to patient services that the program was intended to overcome.

We therefore propose that HB1082 HD1 be amended to allow qualifying patients to choose any state licensed physician or APRN that determines that the patient suffers from a debilitating medical condition. We further request that written certifications for chronic conditions will be valid for three years.

 Patient Education. HRS 329D-26 requires DOH to conduct a continuing education program regarding the medical cannabis program that targets, among others, physicians, and patients. However, in reality, DOH possesses neither the expertise nor the resources needed for this purpose.

Our proposed amendments relieve DOH of the burden of supervising the provision of educational services by authorizing dispensaries, in conjunction with certifying physicians and APRNs, to provide educational services regarding the medical cannabis program, including guiding patients through the patient registration and renewal process.

Mahalo for your consideration.



PROPOSED AMENDMENTS TO HD1082 HD1

1. Insert the following language as a new SECTION 1:

SECTION 1. Section 329-121, Hawaii Revised Statutes, is amended by amending the definition of "written certification" to read as follows:

"Written certification" means the qualifying patient's medical records or a statement signed by a [qualifying patient's] physician or advanced practice registered nurse $[\tau]$ chosen by the qualifying patient stating that in the physician's or advanced practice registered nurse's professional opinion, the qualifying patient has a debilitating medical condition and the potential benefits of the medical use of cannabis would likely outweigh the health risks for the qualifying patient. The department of health may require, through its rulemaking authority, that all written certifications comply with a designated form. ["Written certifications" are] A written certification shall be valid for one year from the time of signing; provided that [the department of health may allow for the validity of any written certification for up to three years if the qualifying patient's physician or advanced practice registered nurse states that the patient's debilitating medical condition is chronic in nature[-], the written certification shall be valid for three years."

2. Insert the following language as a new SECTION 2:

Maui Grown Therapies 44 Pa'a St., Kahului, HI 96732 (808) 866 7576



SECTION2. Section 329-123, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Physicians or advanced practice registered nurses who issue written certifications shall provide, in each written certification, the name, address, patient identification number, and other identifying information of the qualifying patient. The department of health shall require, in rules adopted pursuant to chapter 91, that all written certifications comply with a designated form completed by or on behalf of a qualifying patient. form shall require information from the applicant, primary caregiver, and physician or advanced practice registered nurse as specifically required or permitted by this chapter. The form shall require the address and tax map key number of the location where the cannabis [is] will be grown [and], which shall appear on the registry card issued by the department of health. The [certifying]qualifying patient may choose the physician or advanced practice registered nurse [shall be required to have a bona fide physician-patient relationship or bona fide advanced practice registered nurse-patient relationship, as applicable, with the qualifying patient. All current active medical cannabis permits shall be honored through



their expiration date.] who issues the written
certification."

- 3. Redesignate original SECTION 1 through 3 as SECTION 3 through 5;
- 4. Insert a new SECTION 6. as follows:
- SECTION 6. Section 329D-11, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:
- "(d) [The department shall be authorized to allow dispensaries to] In conjunction with physicians and advanced practice registered nurses, as defined in section 329-121 and as approved by the department, dispensaries may provide, disseminate, and publish educational and scientific materials relating to medical cannabis and its approved products, and may also sponsor events about medical cannabis[-], including the certification process under part IX, chapter 329."
 - 5. Redesignate original SECTION 4 and 5 as SECTION 7 and 8.
 - 6. Insert a new SECTION 9 by amending HRS 329D-26 to add a new subsection, as follows:
- SECTION 9. Section 329D-26, Hawaii Revised Statutes, is amended to read as follows:
- (c) Physicians and advanced practice registered nurses, as defined in section 329-121, in conjunction with the department and dispensaries licensed under this part, may provide educational services and programs regarding the medical use of cannabis, including therapeutic options for qualifying patients."

Maui Grown Therapies 44 Pa'a St., Kahului, HI 96732 (808) 866 7576



Akamai Cannabis Consulting

3615 Harding Ave, Suite 304 Honolulu, HI 96816

TESTIMONY ON HOUSE BILL 1082 HOUSE DRAFT 1 RELATING TO MEDICAL CANNABIS By Clifton Otto, MD

House Committee on Consumer Protection & Commerce Representative Mark M. Nakashima, Chair Representative Jackson D. Sayama, Vice Chair

Thursday, February 16, 2023; 2:00 PM State Capitol, Room 329 & Videoconference

INHALATION METHODS







PROVIDE PUBLIC EDUCATION ON BEST INHALATION PRACTICES

§321-30.1 Medical cannabis registry and regulation special fund;

<u>established.</u> (a) There is established within the state treasury the medical cannabis registry and regulation special fund. The fund shall be expended at the discretion of the director of health:

- (5) To fund public education as required by section 329D-26;
- (6) To fund substance abuse prevention and education programs;

ALLOW DISPENSARIES TO SELL HERBAL VAPORIZERS

§329D-10 Types of manufactured cannabis products.

(e) Dispensaries shall be allowed to sell third-party commercially available herbal vaporizers that allow for the use of ground cannabis flower; provided that such devices have a means of controlling temperature to prevent combustion.



Committee on Commerce and Consumer Protection Rep. Mark M. Nakashima, Chair Rep. Jackson D. Sayama, Vice Chair

> Thursday February 16, 2023 2 p.m. Conference Room 329

Thank you for the opportunity to submit testimony in support of HB1082.

Metrc is in favor of the changes the bill makes to the tracking system access and reporting requirements. Transparency and accurate data collection is key to a successful and safe cannabis tracking system.

About Metrc

Metrc the leading and most experienced track and trace technology solution used in the US. Metrc designed the first track and trace system in close collaboration with regulators in Colorado in 2011 and now provides this critical component of cannabis regulatory systems to 23 jurisdictions (21 states, DC and Guam) throughout the country. Track and trace systems are critical to providing and promoting safe, transparent, and secure marketplaces in the cannabis space.



HB-1082-HD-1

Submitted on: 2/15/2023 2:12:53 AM

Testimony for CPC on 2/16/2023 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ruth Love	Individual	Comments	Written Testimony Only

Comments:

Just legalize Marijuana already

Mrs Ruth Love



DATE: February 14, 2023

TO: Representative Mark Nakashima

Chair, Committee on Consumer Protection and Commerce

FROM: Mihoko Ito

H.B. 1082, H.D. 1, Relating to Medical Cannabis

Hearing Date: Thursday, February 16, 2023 at 2:00 p.m.

Conference Room: 329

Dear Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce:

We submit this testimony on behalf of Cure Oahu in **support** of H.B. 1082, H.D. 1, Relating to Medical Cannabis. Cure Oahu is a vertically integrated licensed dispensary that has been operating in the State of Hawaii since 2018, with two retail locations in the Kapahulu and Kapolei areas.

We support key provisions in this bill to update the medical cannabis dispensary program by: 1) amending the licensing fee structure, 2) clarifying signage requirements, 3) addressing manufactured cannabis product packaging, 4) clarifying escort and background check requirements 5) establishing annual reporting requirements to increase public transparency regarding the medical cannabis registry program, and 6) making other housekeeping amendments.

We believe that this bill will assist the medical cannabis dispensaries overall with streamlining operations and resources and simply remaining operational. The medical cannabis market has, like many other industries, been subject to the recent impacts of inflation and labor shortage issues, both within business operations and with its vendors. We would like to highlight for the Committee the benefits of a few of the proposed changes below.

Dispensary fee structure: Among other things, this measure makes important changes to the dispensary fee structure, which dispensaries must pay to operate in the state. In November 2022, the medical cannabis dispensary program dramatically changed the fee structure through an emergency rulemaking process, without any opportunity for stakeholder input. This change in turn significantly impacted the fiscal outlook of the dispensaries and resulted in sudden overall fee increases ranging from 200-400%. While we understand the need for increasing regulatory resources and support a way to achieve that with predictable fees that can be budgeted for, we believe it is important for stakeholder to have a voice on fee increases due to the dramatic impact it has on operations. This measure codifies reasonable fees that are higher than the dispensary fees set in the original 2015 law, and also allows for reasonable increases which will provide stability in the market.

- Pre-rolled cannabis product: We also support the allowance for the sale of pre-rolled cannabis flower products. The majority of dispensaries sales today are the flower form of the product, which is typically smoked in some form. Pre-rolls eliminate the need for patients to purchase and invest in cannabis accessories such as rolling paper, grinders, bowls, pipes and other paraphernalia. It also helps new patients who purchase and use flower but are unfamiliar with how to roll the product and help them avoid wasting medicine as they learn to roll themselves. Pre-rolls are sold in many other states across the country, and we believe there is merit to adding them to the product mix for medical cannabis patients.
- Agency Reporting: We support the provisions in this measure that add reporting requirements for the medical cannabis dispensary program under Chapter 329D and the individual medical use of medical cannabis under HRS Chapter 329. This will help the Legislature and other stakeholders understand the overall focus of the regulatory agencies in their oversight of the medical cannabis program. For the dispensaries, understanding the priorities of the regulatory agencies involved will help them align expectations and allocate resources accordingly.

We also note that we support the original provisions of H.B. 1082, which were proposed by the administration to clarify violations of chapter 329D, amend the rule-making authority for dispensary-to-dispensary sales and define "waiting room" within a medical cannabis retail dispensary to allow primary caregivers, qualifying out-of-state patients, and caregivers of a qualifying out-of-state patients to access dispensary waiting rooms. These provisions will allow the department to expedite the wholesale rules, which is important to not further delay implementation of the law and ensure continued access to cannabis for medical use. They will also make dispensary visits more convenient and comfortable and recognize the significant role caregivers play in assisting patients with managing their well-being.

We respectfully request that the Committee move this measure to allow for discussions to continue on these issues. Thank you for the opportunity to submit testimony in support of this measure.