



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

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 375, S.D. 1, RELATING TO CANNABIS.

BEFORE THE:

SENATE COMMITTEES ON JUDICIARY AND ON WAYS AND MEANS

DATE: Wednesday, March 01, 2023 **TIME:** 10:05 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Andrew Goff,
Deputy Attorney General, at 808-587-2993)

Chairs Rhoads and Dela Cruz and Members of the Committees:

The Department of the Attorney General (Department) strongly opposes this bill and offers the following comments.

This bill would legalize the possession and use of up to four ounces of cannabis, and the cultivation of up to ten cannabis plants, without establishing statutory regulations regarding the cultivation, sale, use, and taxation of cannabis. The Department has serious law-enforcement concerns regarding preventing illicit activity, protecting minors, and ensuring that any cannabis available to consumers is safe.

This Bill Does Not Contain Sufficient Regulations Regarding the Cultivation, Sale, and Use of Cannabis

This draft removes key provisions from the original bill, including provisions relating to the issuance of licenses, licensee operations and testing, licensing sanctions, and lawful and prohibited acts related to cannabis use. The bill, as written, no longer creates statutory authority for a cannabis-licensing program for the cultivation, processing, and sale of cannabis and cannabis products. The draft also no longer provides penalties for selling or giving cannabis to minors, or penalties for illicit activity related to cannabis. These provisions are essential to create a well-regulated State cannabis program.

In place of these deleted provisions, the bill creates a new regulatory body called the Hawaii Cannabis Authority (HCA) and gives it very general authority to create rules "to carry out its purpose of protecting the health, safety, and welfare of consumers" including rules related to "licensing, fees, operations, and testing, and all issues concerning the dispensing, sale, and taxation of adult-use cannabis." (Page 17, lines 1-11.) This wording does not authorize the kind of complex licensing program that is required for a well-regulated cannabis program.

The Department opposes legalizing recreational cannabis unless there is a robust regulatory system in place that would adequately protect minors, ensure that safe cannabis and cannabis products are available for consumers, and prevent illicit activity. The Department would be happy to work with the Legislature to draft language that would accomplish this.

This Bill Improperly Delegates the Taxation of Cannabis to the HCA

This bill improperly delegates the power to tax cannabis to the HCA. The S.D. 1 deletes the original section related to taxation entirely, and instead authorizes the HCA to create rules relating to the taxation of cannabis. (Page 17, lines 1-11.) However, article VII, section 1, of the State Constitution grants the power to tax only to the legislative branch. "The power of taxation is essentially a legislative power. . . . The power to tax must not be confused with the administrative duties which are necessarily involved in the assessment and collection of taxes. In the nature of things, the legislature itself cannot attend to all the details involved in the enforcement of the law. Those must of necessity be entrusted to administrative officers. But the tax can be imposed only by the legislative power." Hawaii Insurers Council v. Lingle, 120 Haw. 51, 59, 201 P.3d 564, 572 (2008) (quoting McCandless v. Campbell, 20 Haw. 411, 420 (1911)). The Legislature may "delegate the state's police power to state authorities to allow them to assess fees. Generally, a fee is exchanged for a service rendered or a benefit conferred, and the amount of the fee normally bears a relationship to the value of the service or benefit." Id. (quoting Hexom v. Oregon Dep't of Transp., 177 F.3d 1134, 1135 (9th Cir. 1999) and State v. Medeiros, 89 Haw. 361, 366, 973 P.2d 736, 741 (1999)).

The Department recommends the word “taxation” be deleted from page 17, line 6. If the Legislature intends to provide for the taxation of cannabis, we would be happy to assist in drafting a section that would implement that intent.

Further Preparation Is Needed to Develop Adequate Regulations

The bill assigns oversight of the distribution, manufacture, retail sale, and in effect recreational use of cannabis in the State to the HCA (page 11, lines 1-4). However, the HCA’s membership does not require that any member have regulatory or enforcement experience. See page 11, line 5, through page 12, line 5. Additionally, the HCA does not appear to have any of its own personnel, including any executive director or criminal law enforcement personnel.

Challenges with unlicensed medical cannabis operators in Hawaii illustrate that regulating licensed entities without enforcing unauthorized actions is not enough to ensure a well-regulated program. While the Act 169, Session Laws of Hawaii 2021, Dual Use of Cannabis Task Force submitted a report to the Legislature in December 2022, the report did not address the potential costs of adequately regulating an adult use market. The report focused on impacts to medical cannabis patients and did not identify or study issues relating to community safety, protection of minors, and enforcing laws against unlicensed cannabis operators.

Therefore, the Department believes that further discussion and consideration of these issues is necessary to implement a safe, responsible adult-use cannabis program.

Expungement of Criminal Records will Require Significant Time and Resources

Finally, the bill adds a new section to chapter 706, HRS, to establish a criminal-record-expungement-program to be run by the Department. See page 21, line 17, through page 26, line 12. The program would require the Attorney General, by January 1, 2026, to “order the automatic expungement of the records relating to the arrest, criminal charge, or conviction, as appropriate.” Page 22, lines 17-19. The term “automatic” is misleading and can be construed to mean that the expungement process takes a minimal amount of time to complete. The current expungement process is not automated—it is a manual process undertaken by one full-time employee. To research

one expungement application to determine if a complete expungement or a partial expungement is granted can take anywhere from two hours to multiple days. If this bill were to pass, approximately 288,000 charges would need to be reviewed. Of that number, 236,000 would need additional research outside of the Department to determine the type of drug involved in each charge, as this information is not specified in the criminal history record information system. Therefore, significant resources would be necessary to create and run this expungement program. Additionally, creating a computerized process is estimated to require at least two years and a minimum of one-thousand hours to develop to complete.

Furthermore, records of convictions are necessary for law enforcement, prosecutors, and judges to evaluate the past behavior of defendants and to predict the future behavior of defendants when evaluating charging decisions, setting bail amounts and conditions of bail, and fashioning appropriate sentences for defendants. Having convictions automatically expunged from a defendant's criminal record could jeopardize public safety.

We recommend that the expungement process not be changed or altered, requiring the individuals who qualify under this proposed bill to apply for an expungement, either to the Department of the Attorney General or courts, in order to seal the expungement record. Should the Committees be inclined to recommend passage of the bill with this provision, the Department respectfully requests an additional appropriation be made to cover the expenses of developing a computerized system for a more automated expungement process.

The Department opposes the passage of this bill for the law enforcement concerns stated above and respectfully requests that this bill be held, but we thank the Committees for the opportunity to testify and provide comments.



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 SB375 SD1
RELATING TO MEDICAL CANNABIS.**

SENATOR KARL RHOADS, CHAIR
SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON JUDICIARY
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: Wed., March 1, 2023 Room Number: 211

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:** The Department of Health (DOH) provides comments on S.B. 375
5 SD1, the purpose and intent of which is to: (1) Legalize, regulate, and tax cannabis and
6 manufactured cannabis products for responsible, adult use; (2) Exempt sales of cannabis and
7 manufactured cannabis products for medical use from the general excise tax; (3) Clarify that
8 qualifying out-of-state patients have the same rights and privileges under the medical cannabis
9 law; and (4) Allow qualifying out-of-state patients to cultivate medical cannabis.

10 DOH seeks clarification as to whether responsible, adult use of cannabis by vaping or smoking
11 will be regulated in accordance with the State's smoking laws under chapter 328J, HRS.
12 Protecting individuals from secondhand smoke exposure and the renormalization of smoking
13 remain strong public health concerns because of the substantial evidence that cannabis smoke
14 contains many of the same cancer-causing chemicals as tobacco smoke.^{1,2,3,4,5} DOH requests that
15 responsible, adult use of cannabis also be prohibited in any location where smoking or vaping is
16 prohibited.

17 DOH comments that the 60 day time frame from receipt of applications no later than January 31,
18 2025 to issuing licenses no later than March 30, 2025 as proposed in section A-16 (page 17, lines

1 12-16) will be difficult to achieve. Correspondence through the Cannabis Regulators Association
2 has confirmed that other states' statutorily defined time frames from application to licensing
3 range up to 150 days with the most common being 90-120 days from receipt of application.

4 DOH remains highly concerned about increased health impacts arising from the increased
5 accessibility of cannabis that legalized adult use will bring. Although legalized adult use will be
6 restricted to those aged 21 and older, the human brain continues to develop into the mid-20s and
7 remains vulnerable to the effects of addictive substances.^{6,7} According to the 2021 Monitoring
8 the Future Panel Study Annual Report, in 2021 cannabis use in the past 12 months and past 30
9 days among young adults aged 19-30 reached the highest levels ever recorded since 1988.⁸
10 Protecting young adults who are legally allowed to use cannabis but still very vulnerable to its
11 detrimental effects will be challenging.

12 While the use of child-resistant packaging reduces unintentional pediatric poisonings from a
13 wide range of products.^{9,10,11} However, this measure still relies on the user to properly employ
14 and maintain the packaging. A recent retrospective analysis of National Poison Data System data
15 for pediatric exposures to edible cannabis products in children younger than age 6 years found an
16 increase of 1,375% from 2017-2021 with a significant increase in both ICU and non-ICU
17 admissions and there is substantial evidence that more unintentional exposures for children occur
18 in states with increased legal access to cannabis.^{12,13,14,15,16,17,18,19,20,21,22} Similar trends are being
19 noted among veterinary practices for animal intoxications. Cannabis consumers will need to be
20 educated on the need for safe storage, especially around children and pets.

21 Mental health, substance use, and youth suicide have been identified as high priorities this
22 legislative session and there is substantial evidence that adolescents and young adults who use
23 cannabis daily or near-daily are more likely than non-users to develop future psychotic disorders
24 such as schizophrenia and for daily or near-daily adult users to be diagnosed with a psychotic
25 disorder such as schizophrenia.^{23,24,25,26,27,28,29,30,31,32,33,34} There is also substantial evidence that
26 adolescent and young adult cannabis users are more likely than non-users to increase their use
27 and to develop cannabis use disorder and that increases in cannabis use frequency is generally

1 associated with progression to developing cannabis use disorder.^{35,36,37,38,39,40,41,42,43} Additionally,
2 there is moderate evidence that adolescents and young adults who use cannabis are more likely
3 than non-users to have suicidal thoughts or attempt suicide, and have an increased incidence of
4 suicide completion.^{44,45,46,47,48,49,50,51,52,53,54,55,56,57,58,59,60} Data on cannabis use disorder trends and
5 treatment service data will need to be monitored to allow timely intervention.

6 Fetus and newborn exposure to cannabis is also a growing concern, with national estimates show
7 that between 3-7% of pregnant women report using cannabis while pregnant.^{61,62} Biological
8 evidence shows that tetrahydrocannabinol (THC) is passed through the placenta of women who
9 use cannabis, is present in breast milk, and that the fetus and infant absorbs and metabolizes the
10 THC.^{63,64,65,66,67,68,69,70,71,72} There is substantial evidence of association between maternal
11 cannabis smoking and lower birth weight of offspring^{73,74} and moderate evidence that maternal
12 use of cannabis during pregnancy is associated with decreased academic ability, attention
13 problems, reduced cognitive function, and decreased IQ scores in exposed
14 offspring.^{75,76,77,78,79,80,81,82,83,84,85,86,87,88} Despite this, cannabis use among pregnant women has
15 continued to increase amidst the perceived lack of risk from the increasing acceptance and
16 accessibility of cannabis.^{89,90,91,92,93,94,95,96,97,98} Education of women of child-bearing age, medical
17 providers is needed as well as monitoring of use trends in this population.

18 Thank you for the opportunity to testify.

19 **Offered Amendments:** None.

¹ Gieringer, D., 1996, Waterpipe Study.

² Gieringer, D., 2004, Cannabis Vaporizer Combines Efficient Delivery of THC with Effective Suppression of Pyrolytic Compounds.

³ Lee, M.L., 1976, Gas chromatography/mass spectrometric and nuclear magnetic resonance spectrometric studies of carcinogenic polynuclear aromatic hydrocarbons in tobacco and marijuana smoke condensates.

⁴ Moir, D., 2008, A comparison of mainstream and sidestream marijuana and tobacco cigarette smoke produced under two machine smoking conditions.

⁵ Sparacino, C.M., 1990, Chemical and Biological Analysis of Marijuana Smoke Condensate.

⁶ Pujol, J., Vendrell, P., Junqué, C., Martí-Vilalta, J. L., & Capdevila, A. (1993). When does human brain development end? Evidence of corpus callosum growth up to adulthood. *Annals of Neurology*, 34(1), 71-75. doi:10.1002/ana.410340113.

-
- ⁷ Levine, A., Clemenza, K., Rynn, M., & Lieberman, J. (2017). Evidence for the Risks and Consequences of Adolescent Cannabis Exposure. *Journal of the American Academy of Child & Adolescent Psychiatry*, 56(3), 214-225. doi:10.1016/j.jaac.2016.12.014.
- ⁸ Patrick, M. E., Schulenberg, J. E., Miech, R. A., Johnston, L. D., O'Malley, P. M., & Bachman, J. G. (2022). Monitoring the Future Panel Study annual report: National data on substance use among adults ages 19 to 60, 1976-2021. *Monitoring the Future Monograph Series*. University of Michigan Institute for Social Research: Ann Arbor, MI. doi:10.7826/ISRUM.06.585140.002.07.0001.202
- ⁹ Breault, H.J., 1974, Five years with 5 million child-resistant containers.
- ¹⁰ Clark, A., 1979, Effect of safety packaging on aspirin ingestion by children.
- ¹¹ Rogers, G.B., 2002, The effectiveness of child-resistant packaging for aspirin.
- ¹² Tweet MS, Nemanich A, Wahl M. Pediatric Edible Cannabis Exposures and Acute Toxicity: 2017-2021. *Pediatrics*. 2023 Feb 1;151(2):e2022057761. doi: 10.1542/peds.2022-057761. PMID: 36594224.
- ¹³ Dean, D., et al., 2021, Pediatric Cannabis single-Substance Exposures Reported to the Michigan Poison Center From 2008-2019 After Medical Marijuana Legalization.
- ¹⁴ Myran, D.T., et al., 2022, Unintentional Pediatric cannabis exposures after legalization of recreational cannabis in Canada.
- ¹⁵ Onders, B., 2015, Marijuana Exposure Among Children Younger Than Six Years in the United States.
- ¹⁶ Thomas, A.A., 2018, Unintentional Pediatric Marijuana Exposures at a Tertiary Care Children's Hospital in Washington State: A Retrospective Review.
- ¹⁷ Thomas, A.A., 2019, Unintentional Pediatric Marijuana Exposures Prior to and After Legalization and Commercial Availability of Recreational Marijuana in Washington State.
- ¹⁸ Wang, G.S., 2013, Pediatric marijuana exposures in a medical marijuana state.
- ¹⁹ Wang, G.S., 2014, Association of unintentional pediatric exposures with decriminalization of marijuana in the United States.
- ²⁰ Wang, G.S., 2016, Unintentional Pediatric Exposures to Marijuana in Colorado, 2009-2015.
- ²¹ Wang, G.S., 2019, The Continued Impact of Marijuana Legalization on Unintentional Pediatric Exposures in Colorado.
- ²² Wang, G.S., 2019, Marijuana exposures in Colorado, reported to regional poison centre, 2000-2018.
- ²³ Arranz, S., 2018, The relationship between the level of exposure to stress factors and cannabis in recent onset psychosis.
- ²⁴ Di Forti, M., 2015, Proportion of patients in south London with first-episode psychosis attributable to use of high potency cannabis: a case-control study.
- ²⁵ Godin, S. L., et al., 2022, Adolescent cannabis use and later development of schizophrenia: An updated systematic review of longitudinal studies.
- ²⁶ Marconi, A., 2016, Meta-analysis of the Association Between the Level of Cannabis Use and Risk of Psychosis.
- ²⁷ Mustonen, A., 2018, Adolescent cannabis use, baseline prodromal symptoms and the risk of psychosis.
- ²⁸ van Os, J., 2002, Cannabis use and psychosis: a longitudinal population-based study.
- ²⁹ Zammit, S., 2002, Self reported cannabis use as a risk factor for schizophrenia in Swedish conscripts of 1969: historical cohort study.
- ³⁰ Di Forti, M., 2019, The contribution of cannabis use to variation in the incidence of psychotic disorder across Europe (EU-GEI): a multicentre case-control study.
- ³¹ Giordano, G. N., 2015, The association between cannabis abuse and subsequent schizophrenia: a Swedish national co-relative control study.
- ³² Hjorthøj, C., et al., 2021, Development Over Time of the Population-Attributable Risk Fraction for Cannabis Use Disorder in Schizophrenia in Denmark.
- ³³ Nielsen, S. M., 2017, Association between alcohol, cannabis, and other illicit substance abuse and risk of developing schizophrenia: a nationwide population based register study.
- ³⁴ Sideli, L., 2018, Interaction between cannabis consumption and childhood abuse in psychotic disorders: preliminary findings on the role of different patterns of cannabis use.

-
- ³⁵ National Academies of Sciences, Engineering, and Medicine 2017. *The Health Effects of Cannabis and Cannabinoids: The Current State of Evidence and Recommendations for Research*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/24625>.
- ³⁶ Brook, J. S., 1999, The risks for late adolescence of early adolescent marijuana use.
- ³⁷ Feingold, D., et al., 2020, Probability and correlates of transition from cannabis use to DSM-5 cannabis use disorder: Results from a large-scale nationally representative study.
- ³⁸ Lanza, H.I., 2021, Tobacco and cannabis poly-substance and poly-product use trajectories across adolescence and young adulthood.
- ³⁹ Lynne-Landsman, S.D., 2010, Testing a developmental cascade model of adolescent substance use trajectories and young adult adjustment.
- ⁴⁰ Millar, S.R. et al., 2021, Relationships between age at first substance use and persistence of cannabis use and cannabis use disorder.
- ⁴¹ Silins, E., 2014, Young adult sequelae of adolescent cannabis use: an integrative analysis.
- ⁴² Silins, E., 2017, A prospective study of the substance use and mental health outcomes of young adult former and current cannabis users.
- ⁴³ Simpson, K.A., et al., 2021, The association of type of cannabis product used and frequency of use with problematic cannabis use in a sample of young adult cannabis users.
- ⁴⁴ Borges, G., 2016, A literature review and meta analyses of cannabis use and suicidality.
- ⁴⁵ Borges, G., 2017, Alcohol, cannabis and other drugs and subsequent suicide ideation and attempt among young Mexicans.
- ⁴⁶ Buckner, J.D., 2017, Cannabis use and suicidal ideation: Test of the utility of the interpersonal-psychological theory of suicide.
- ⁴⁷ C. M. Sellers, A. Diaz-Valdes Iriarte, A. Wyman Battalen and K.H.M. O'Brien, 2019, Alcohol and marijuana use as daily predictors of suicide ideation and attempts among adolescents prior to psychiatric hospitalization.
- ⁴⁸ Consoli, A., 2013, Suicidal behaviors in depressed adolescents: role of perceived relationships in the family.
- ⁴⁹ Gobbi, G., 2019, Association of Cannabis Use in Adolescence and Risk of Depression, Anxiety, and Suicidality in Young Adulthood: A Systematic Review and Meta-analysis.
- ⁵⁰ Gukasyan, N., et al., 202, Relationship between cannabis use frequency and major depressive disorder in adolescents: Findings from the National Survey on Drug Use and Health 2012-2017.
- ⁵¹ Guo, L., et al., 2020, Associations of Substance Use Behaviors With Suicidal Ideation and Suicide Attempts Among US and Chinese Adolescents.
- ⁵² Han, B., et al., 2021, Associations of Suicidality Trends With Cannabis Use as a Function of Sex and Depression Status.
- ⁵³ Hengartner, M.P., et al., 2020, Cannabis use during adolescence and the occurrence of depression, suicidality and anxiety disorder across adulthood: Findings from a longitudinal cohort study over 30 years.
- ⁵⁴ Kokkevi, A., 2012, Multiple substance use and self-reported suicide attempts by adolescents in 16 European countries.
- ⁵⁵ Labuhn, M. et al., 2021, Trends and instigators among young adolescent suicide in the United States.
- ⁵⁶ Sampasa-Kanyinga, H., 2017, Prevalence and correlates of suicidal ideation and attempts among children and adolescents.
- ⁵⁷ Silins, E., 2014, Young adult sequelae of adolescent cannabis use: and integrative analysis.
- ⁵⁸ Weeks, M., 2017, Predictors of Suicidal Behaviors in Canadian Adolescents with No Recent History of Depression.
- ⁵⁹ Zhang, X., 2014, Suicidal ideation and substance use among adolescents and young adults: a bidirectional relation?
- ⁶⁰ National Academies of Sciences, Engineering, and Medicine 2017. *The Health Effects of Cannabis and Cannabinoids: The Current State of Evidence and Recommendations for Research*. Washington, DC: The National Academies Press. <https://doi.org/10.17226/24625>.
- ⁶¹ Volkow, N. D., Han, B., Compton, W. M., & McCance-Katz, E. F. (2019). Self-reported medical and nonmedical cannabis use among pregnant women in the United States. *Journal of the American Medical Association*, 322(2),

167–169. doi:10.1001/jama.2019.7982.

⁶² U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Behavioral Health Statistics and Quality. (2019). Key substance use and mental health indicators in the United States: Results from the 2018 National Survey on Drug Use and Health (HHS Publication No. PEP19-5068, NSDUH Series H-54). Retrieved from <https://www.samhsa.gov/data>.

⁶³ ElSohly, M. A., 1998, delta 9-THC metabolites in meconium: identification of 11-OH-delta 9-THC, 8 beta,11-diOH-delta 9-THC, and 11-nor-delta 9-THC-9-COOH as major metabolites of delta 9-THC.

⁶⁴ ElSohly, M. A., 1999, Immunoassay and GC-MS procedures for the analysis of drugs of abuse in meconium.

⁶⁵ Falcon, M., 2012, Maternal hair testing for the assessment of fetal exposure to drug of abuse during early pregnancy: Comparison with testing in placental and fetal remains.

⁶⁶ Joya, X., 2010, Gas chromatography-mass spectrometry assay for the simultaneous quantification of drugs of abuse in human placenta at 12th week of gestation.

⁶⁷ Kim, J., 2018, Detection of in utero cannabis exposure by umbilical cord analysis.

⁶⁸ Perez-Reyes, M., 1973, Pharmacology of orally administered 9 -tetrahydrocannabinol.

⁶⁹ Moss, M. J., et al., 2021, Cannabis use and measurement of cannabinoids in plasma and breast milk of breastfeeding mothers.

⁷⁰ Perez-Reyes, M., 1982, Presence of delta9-tetrahydrocannabinol in human milk.

⁷¹ Sempio, C., et al., 2020, Detection of Cannabinoids by LC-MS-MS and ELISA in Breast Milk.

⁷² Wymore, E. M., 2021, Persistence of Δ-9-Tetrahydrocannabinol in Human Breast Milk.

⁷³ Marchand G, Masoud AT, Govindan M, et al. Birth Outcomes of Neonates Exposed to Marijuana in Utero: A Systematic Review and Meta-analysis. *JAMA Netw Open.* 2022;5(1):e2145653. doi:10.1001/jamanetworkopen.2021.45653

⁷⁴ National Academies of Sciences, Engineering, and Medicine 2017. *The Health Effects of Cannabis and Cannabinoids: The Current State of Evidence and Recommendations for Research.* Washington, DC: The National Academies Press. <https://doi.org/10.17226/24625>.

⁷⁵ Betts, K. S., et al., 2021, Prenatal cannabis use disorders and offspring primary and secondary educational outcomes.

⁷⁶ Fried, P. A., 1997, Reading and language in 9- to 12-year olds prenatally exposed to cigarettes and marijuana.

⁷⁷ Goldschmidt, L., 2004, Prenatal marijuana and alcohol exposure and academic achievement at age 10.

⁷⁸ Goldschmidt, L., 2012, School achievement in 14-year-old youths prenatally exposed to marijuana.

⁷⁹ Cioffredi, L. A., et al., 2022, Prenatal cannabis exposure predicts attention problems, without changes on fMRI in adolescents.

⁸⁰ El Marroun, H., 2009, Intrauterine cannabis exposure affects fetal growth trajectories: the Generation R Study.

⁸¹ Fried, P. A., 2001, A literature review of the consequences of prenatal marijuana exposure. An emerging theme of a deficiency in aspects of executive function.

⁸² Noland, J. S., 2005, Prenatal drug exposure and selective attention in preschoolers.

⁸³ Paul SE, Hatoum AS, Fine JD, Johnson EC, Hansen I, Karcher NR, Moreau AL, Bondy E, Qu Y, Carter EB, Rogers CE, Agrawal A, Barch DM, Bogdan R. Associations Between Prenatal Cannabis Exposure and Childhood Outcomes: Results From the ABCD Study. *JAMA Psychiatry.* 2021 Jan 1;78(1):64-76. doi: 10.1001/jamapsychiatry.2020.2902. PMID: 32965490; PMCID: PMC7512132.

⁸⁴ Fried, P. A., 2003, Differential effects on cognitive functioning in 13- to 16-year-olds prenatally exposed to cigarettes and marijuana.

⁸⁵ Smith, A. M., 2004, Effects of prenatal marijuana on response inhibition: an fMRI study of young adults.

⁸⁶ Willford, J. A., 2010, Effects of prenatal tobacco, alcohol and marijuana exposure on processing speed, visuospatial coordination, and interhemispheric transfer.

⁸⁷ Day, N. L., 1994, Effect of prenatal marijuana exposure on the cognitive development of offspring at age three.

⁸⁸ Goldschmidt, L., 2008, Prenatal marijuana exposure and intelligence test performance at age 6.

⁸⁹ Hartig H, Geiger A About six-in-ten Americans support marijuana legalization. Pew Research Center <http://www.pewresearch.org/fact-tank/2018/10/08/americans-support-mariju...> Published October 8, 2018.

Accessed May 30, 2019.

⁹⁰ Jarlenski M, Koma JW, Zank J, Bodnar LM, Bogen DL, Chang JC. Trends in perception of risk of regular marijuana use among US pregnant and nonpregnant reproductive-aged women. *Am J Obstet Gynecol.* 2017;217(6):705-707. doi:10.1016/j.ajog.2017.08.015.

⁹¹ Chang JC, Tarr JA, Holland CL, et al. . Beliefs and attitudes regarding prenatal marijuana use: perspectives of pregnant women who report use. *Drug Alcohol Depend.* 2019;196:14-20. doi:10.1016/j.drugalcdep.2018.11.028.

⁹² Ko JY, Farr SL, Tong VT, Creanga AA, Callaghan WM. Prevalence and patterns of marijuana use among pregnant and nonpregnant women of reproductive age. *Am J Obstet Gynecol.* 2015;213(2):201.e1-201.e10. doi:10.1016/j.ajog.2015.03.021.

⁹³ Brown QL, Sarvet AL, Shmulewitz D, Martins SS, Wall MM, Hasin DS. Trends in Marijuana Use Among Pregnant and Nonpregnant Reproductive-Aged Women, 2002-2014. *JAMA.* 2017 Jan 10;317(2):207-209. doi: 10.1001/jama.2016.17383. PMID: 27992619; PMCID: PMC5595220.

⁹⁴ Volkow N.D., Han B., Compton W.M., McCance-Katz E.F. Self-reported Medical and Non-medical Cannabis Use Among Pregnant Women in the United States. *JAMA.* 2019 doi:10.1001/jama.2019.7982

⁹⁵ Young-Wolff KC, Tucker L, Alexeeff S, et al. Trends in Self-reported and Biochemically Tested Marijuana Use Among Pregnant Females in California From 2009-2016. *JAMA.* 2017;318(24):2490–2491. doi:10.1001/jama.2017.17225.

⁹⁶ Young-Wolff KC, Sarovar V, Tucker L, et al. Self-reported Daily, Weekly, and Monthly Cannabis Use Among Women Before and During Pregnancy. *JAMA Netw Open.* 2019;2(7):e196471. doi:10.1001/jamanetworkopen.2019.6471.

⁹⁷ Young-Wolff KC, Foti TR, Green A, et al. Perceptions About Cannabis Following Legalization Among Pregnant Individuals With Prenatal Cannabis Use in California. *JAMA Netw Open.* 2022;5(12):e2246912. doi:10.1001/jamanetworkopen.2022.46912

⁹⁸ Marchei, E., 2006, Quantification of Delta9-tetrahydrocannabinol and its major metabolites in meconium by gas chromatographic-mass spectrometric assay: assay validation and preliminary results of the "meconium project".

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ACTING ADMINISTRATOR

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

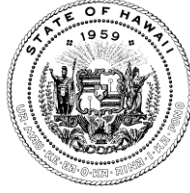
TO THE SENATE COMMITTEE
ON
JUDICIARY
AND
WAYS AND MEANS
March 1, 2023, 10:05 AM

SENATE BILL 375, SD 1
RELATING TO CANNABIS

Chair Rhoads, Chair Dela Cruz, Vice Chair Gabbard, Vice Chair Keith-Agaran, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 375, SD1.

The State Procurement Office (SPO) appreciates that the Senate Draft 1 of this bill reflects comments we made in previous testimony to remove the 103D exemption from computer software tracking system.

Thank you.



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Judiciary and
Ways and Means

Wednesday, March 1, 2023
10:05 a.m.
Conference Room 211

Decision Making Only
On the following measure:
S.B. 375, S.D. 1, RELATING TO CANNABIS

Chairs San Buenaventura and Keohokalole and Members of the Committee:

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

The purpose of this bill is to establish the Hawaii Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult—use of cannabis in the State; establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful and requires all convictions for such acts be expunged; transfers the powers and duties of the Department of Health under state law governing medical cannabis dispensary system, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to the Hawaii cannabis authority; and appropriates funds.

The Department defers to the Department of Health as it has oversight over the cannabis industry. The Department does not take a position on whether cannabis should be allowed for adult use, but is providing comments on access to banking products and services for businesses and consumers should Hawaii move toward legalized adult-use of cannabis.

Since the medical cannabis law was enacted in 2016, we have been in discussion with banks and credit unions about how to offer banking services to cannabis related businesses. In 2016, banks were closing or threatening to close accounts for related service providers. We worked with banks individually to request they monitor consumer accounts for federal illegal activity. To mitigate some of the inflow of cash, Governor Ige offered a suggested mobile phone app for safe use by consumers and medical cannabis companies. This phone app is still used by some consumers.

For DFI, the services provided for the medical cannabis business is just ONE of the many business clients, banks have allowed the continued banking relationship to these service providers. Today, banking services are available for related cannabis service providers like accountants, construction, plumbers, electricians, lawyers, etc. There is no banking services available for the medical dispensaries. All of the medical dispensaries have banking services provided by an out-of-state financial institution.

The reason banks in Hawaii have not provided banking services is because several federal laws prohibit banks from engaging in activity with businesses deemed illegal by federal banking laws such as the Bank Secrecy Act / Anti Money Laundering Act, and the Controlled Substances Act. In the banking industry the laws using the federal payment system for illegal activity, prohibits banking services for illegal activity and provides for personal liability and incarceration.

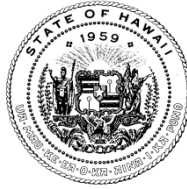
Although we were able to work with other states to have a federal budget bill proviso that does not allow federal money to be allocated to prevent any state from implementing its own medical marijuana law, this proviso must be included with every federal budget act. It's impermanency does not provide banks the needed reliance to provide banking services.

Other alternatives have been explored. A State bank charter was explored; however, it is difficult to get a state bank charter for two main reasons. First, Hawaii laws require FDIC insurance before a bank can get chartered. Second, the bank also needs a master account / certificate to use the federal payment system for debit cards, ACH, and deposits into an account. Two companies have applied to get a bank charter for cannabis related businesses, but no financial institution has been granted a master account by the federal reserve and the FDIC has not granted insurance to the companies.

The digital currency option was explored to facilitate payments. A couple of states allow digital currency payments for cannabis. However, digital currency's inherent volatility and high transaction costs make it a poor substitute for cash. Converting the digital currency units to fiat may expose the cannabis business to capital-gains tax or lose value when it comes time to "cash in" to pay rent or other expenses. As we have recently seen, digital currency companies have shut down suddenly.

In conclusion, without banking services in Hawaii for cannabis companies, the use of cash will be more prolific. Banking services are available for service providers and consumers. Banks and financial institutions are waiting for action by Congress to allow banking services for cannabis related businesses.

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



TESTIMONY BY:
EDWIN H. SNIFFEN
DIRECTOR

Deputy Directors
DREANALEE K. KALILI
TAMMY L. LEE
ROBIN K. SHISHIDO
JAMES KUNANE TOKIOKA

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

March 1, 2023
10:05 A.M.
State Capitol, Teleconference

**S.B. 375 S.D. 1
RELATING TO CANNABIS**

Senate Committees on Judiciary and Ways and Means

The Department of Transportation (DOT) offers **comments** on S.B. 375 S.D. 1. This measure establishes the Hawaii Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State; and establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful and requires all convictions for such acts be expunged.

DOT's top priority is keeping Hawaii's roadway users safe and reducing the number of serious injuries and fatalities on our roads. We have concerns regarding the legalization of marijuana for personal use as it could result in increases in impaired driving-related injuries and fatalities on our roadways.

Cannabis can impair a driver's cognitive function, affecting a driver's time/space perception, reaction time, ability to concentrate, etc. Contrary to popular belief, marijuana does not make someone a better, more careful driver. According to the "Drug Recognition Expert (DRE) Examination Characteristics of Cannabis Impairment" study published in the July 2016 Accident Analysis & Prevention Journal, an evaluation of 302 toxicologically-confirmed cannabis-only DRE cases saw that in 72.3 percent of cases, one or more moving violations were listed as reasons for the traffic stop. Speeding was the number one violation (27.7 percent), followed by weaving (19.0 percent). Similarly, in a two-year study of tetrahydrocannabinol (THC) in drivers in Orange County, California, published in the August 2016 Journal of Forensic Science, the top five moving violations were speeding (24 percent), unable to maintain lane position (23.2 percent), ran red light or stop sign (13.0 percent), unsafe lane change (8.7 percent) and involved in a collision (8.3 percent).

In Hawaii, a local study on motor vehicle crash fatalities and undercompensated care associated with legalization on medical marijuana finds that "THC positivity among driver fatalities increased since legalization, with a threefold increase from 1993-2000 to 2001-2015. THC positivity among all injured patients tested at our highest level trauma center increased from 11% before to 20% after legalization. From 2011 to 2015, THC

positive patients were significantly less likely to wear a seatbelt or helmet (33% vs 56%).” The study was published in the Journal of Trauma and Acute Care Surgery in May 2018.

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

The following recommendations could mitigate impacts to traffic safety:

- An approximate \$4.5 million should be allocated towards resources and services to ensure public safety, including enforcement; DRE-related trainings for law enforcement; maintenance of an in-state forensic toxicology testing laboratory; public education; community outreach; etc. A 2018 study conducted by the Centennial Institute found that in Colorado, for every dollar gained in tax revenue, taxpayers spent approximately \$4.50 to mitigate the effects of legalization.
- As the Hawaii Cannabis Authority is tasked with adopting rules “to carry out its purpose of protecting the health, safety, and welfare of consumers,” it is imperative that the group considers all the impacts of marijuana legalization, including impaired driving, public safety, youths, etc. by including representatives from law enforcement, DOT, etc.

DOT is primarily concerned about improving highway safety and protecting the lives of our community members and visitors. DOT coordinates specialized training and certifies law enforcement officers to recognize impairment in drivers under the influence of drugs through its DRE program to combat this issue.

Thank you for the opportunity to provide testimony.

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

LATE

ALII PLACE
1060 RICHARDS STREET • HONOLULU, HAWAII 96813
PHONE: (808) 768-7400 • FAX: (808) 768-7515

STEVEN S. ALM
PROSECUTING ATTORNEY



THOMAS J. BRADY
FIRST DEPUTY
PROSECUTING ATTORNEY

**THE HONORABLE KARL RHOADS, CHAIR
SENATE COMMITTEE ON JUDICIARY**

**THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS**

**Thirty-Second State Legislature
Regular Session of 2023
State of Hawai`i**

March 1, 2023

RE: S.B. 375, S.D. 1; RELATING TO CANNABIS.

Chair Rhoads, Chair Dela Cruz, Vice-Chair Gabbard, Vice-Chair Keith-Agaran, members of the Senate Committee on Judiciary, and members of the Senate Committee on Ways and Means, the Department of the Prosecuting Attorney of the City and County of Honolulu ("Department") submits the following testimony in **strong opposition** to S.B. 375, S.D. 1.

The purpose of S.B. 375, S.D. 1, is to legalize the use of cannabis for adults, to create a new revenue source for the State. Although well-intentioned, the Department firmly believes that S.B. 375, S.D. 1, does not provide sufficient preparation for—nor sufficient data collection provisions to gauge—the public health, public safety, and societal impacts of cannabis legalization. Most notably, S.B. 375, S.D. 1, would establish a new agency to oversee and implement the entire cannabis legalization process; and **would give the agency free reign to establish rules and regulations pertaining to an application process and selection process for licensees, compliance and enforcement, inspections, adjudications, and other matters; with virtually no standards, limitations, guidance, or minimum requirements from the Legislature.** Rather than following the recommendations of the Legislature's own Dual Use Cannabis Task Force (established by Act 169 (2021))—whose report was just issued in December 2022 ("Report")—S.B. 375, S.D. 1 would seek to rush-in to legalization without even attempting to establish any of the report's task force or working group recommendations, thereby foregoing all of the difficult and labor-intensive multi-disciplinary discussions, groundwork, and further proposed legislation that is presumably needed to formulate a safe path towards legalization.

“Given the *broad scope and complexity* of potential considerations and the *critical role of social equity* in the legalization of cannabis,”¹ the Dual Use Legal Cannabis Task Force unanimously recommended further study on a number of matters, rather than adopting any recommendations immediately, stating that:

Without integrated social equity policies, the experience of other states, as well as a variety of scholarly research sources, have shown that these inequities only increase in emerging cannabis industries.

* * *

In lieu of approving specific recommendations made by the Social Equity Working Group, the Dual Use Task Force requests legislators convene a new properly resourced Working Group to research Social Equity while considering a legal adult-use cannabis industry.

Per the Report, the Legalized Cannabis Social Equity Task Force is needed to provide recommendations on...

the level of legalization; resentencing and record clearance; remediation; funding the identification and processing of applicable records; removal of law enforcement oversight...civil asset forfeiture equity...equity in employment; custody; housing; insurance; real estate; banking; professional services; and community reinvestment...[as well as] social equity licensing; state support for social equity license applications; transition period; social equity license product sales during the transition; state support for social equity licensee businesses; affirmative action type protections; and qualifying for social equity designation.²

Clearly, there are a large number of issues that still need to be worked through, if the Legislature wishes to guide Hawaii wisely—rather than rashly—towards the legalization of cannabis.

To the extent that some of these policy matters are aimed at not wanting “big marijuana” to dictate the agenda nor the landscape for this potential future industry in Hawaii, the Department shares that concern. Having seen the level of influence that “big tobacco” had on America for so many generations—to the extent that, at times, actual science has been drowned out by the tune of commercial profits—the Department is deeply concerned that other states (that have legalized cannabis) are reportedly seeing a steady consolidation of ownership, despite any incentives or safeguards put in place to support small and/or disenfranchised business owners.

With regards to emerging science, the Department is **very concerned that potency levels are not thoroughly addressed** in this bill. For public health and safety purposes, potency is emerging as a primary concern in other states (that have legalized cannabis), and it is our understanding that commercially-produced items are now reaching historically high levels of Delta-9 THC. As published in the Journal of the Missouri State Medical Association, and featured on the National Institute for Health website:

The primary problem with the current available cannabis in dispensaries in Colorado is that the THC content is not like it used to be. Prior to the 1990s it was less than 2%. In the 1990s it grew to 4%, and between 1995 and 2015 there has been a 212% increase in THC content in the marijuana flower. In 2017 the most popular strains found in dispensaries in Colorado had a range of THC content from 17–28% such as found in the popular strain named “Girl Scout Cookie.

* * *

¹ See Dual Use Cannabis Task Force’s “Report of the Dual Use Cannabis Task Force to the Thirty-Fourth Legislature (“Report”), bottom of pg. 15. Emphasis added. Available online at <https://health.hawaii.gov/opppd/files/2022/12/Act-169-SLH-2022-Dual-Use-of-Cannabis-Task-Force-FINAL-REPORT.pdf> or https://www.capitol.hawaii.gov/sessions/session2023/bills/DC192_.pdf. Last accessed February 14, 2023.

² *Id.*, at pg. 32

The flower or leaves that are generally smoked or vaped are only one formulation. We now have concentrated THC products such as oil, shatter, dab, and edibles that have been able to get the THC concentration upwards of 95%.³

By including possession of “cannabis in the form of concentrated cannabis”, this bill would essentially encourage the production and distribution of the highest possible concentrations, which is a significant risk to public health and safety. This also ties-in to the Department’s **concerns about cannabis infused edible products**, particularly given the dramatic increase in exposure to children—see the Report’s reference to “pediatric poisoning”⁴—and potential effects on the future health and development of children.⁵

From 2017 to 2021, reported cannabis exposure to children rose from 207 to 3054, which represents a 1375% increase within 5 years.⁶ More generally, among all emergency room visits attributed to specific drugs in 2021, cannabis was the fourth most commonly cited drug, seen only 0.10% less frequently than methamphetamine use.⁷ Interestingly, cannabis accounted for more emergency room visits than heroin and fentanyl combined.⁸ For this and many other reasons, the American Medical Association expressly “continues to oppose legalization of cannabis. Legalization of cannabis *for adult use* is associated with increased traffic fatalities, exposures reported to poison control (*including infants and children*), emergency department visits, and cannabis-related hospitalizations.”⁹

Another area of great concern is the correlation between the legalization of adult-use cannabis and a **4.8% increase in traffic fatalities, and 5.8% increase in traffic injuries**. Reportedly, marijuana use by a driver increases the odds of being in a traffic collision by 32%.¹⁰

Given the many ways in which the legalization of cannabis would have both direct and indirect effects on public safety and welfare, the Department strongly recommends that any future task forces—particularly those aimed at social equity and other legal reforms—**include representatives from the Judiciary, the Department of the Attorney General, and the various criminal justice and corrections agencies** (e.g. probation, parole, Public Defender, county prosecuting attorneys, police). By involving people from these various fields, who understand the

³ Missouri Medicine: The Journal of the Missouri State Medical Association, “The Problem with the Current High Potency THC Marijuana from the Perspective of an Addiction Psychiatrist,” *Mo Med*, 2018 Nov-Dec; 115(6): 482–486. Available online at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6312155/>. Last accessed February 14, 2023.

⁴ See the Report at pg. 31; available online at <https://health.hawaii.gov/opppd/files/2022/12/Act-169-SLH-2022-Dual-Use-of-Cannabis-Task-Force-FINAL-REPORT.pdf>. Last accessed February 14, 2023.

⁵ Pursuant to the National Poison Data System, managed by the American Association of Poison Control Centers in America. Available online at: https://www.thenmi.org/wp-content/uploads/2023/01/peds_MJ-Edible-Exposure_17_21_NDPS.pdf. Also see https://www.thenmi.org/wp-content/uploads/2022/07/052722_cannabis-use-characteristics-and-psychopathology.pdf (regarding early age of cannabis use and adverse mental health issues); and <https://www.thenmi.org/marijuana-youth-the-developing-brain-a-new-study-of-risks/> (regarding permanent brain damage caused by marijuana use during one’s teen years). Last accessed February 14, 2023.

⁶ *Id.*

⁷ Substance Abuse and Mental Health Services Association, “Findings from Drug-Related Emergency Department Visits, 2021,” pg. 12. Emphasis added. Available online at: <https://www.thenmi.org/wp-content/uploads/2023/01/DAWN-2021-Report.pdf>. Last accessed February 14, 2023.

⁸ *Id.*

⁹ American Medical Association Press Releases: “Expunge records of people convicted of now-legal cannabis charges” (June 14, 2022). Available online at: <https://www.ama-assn.org/press-center/press-releases/ama-expunge-records-people-convicted-now-legal-cannabis-charges>. Last accessed February 14, 2023.

¹⁰ See https://www.thenmi.org/wp-content/uploads/2023/02/Changes-in-Traffic-Crash-Rates-After-Legalization_JSAD_July-2022.pdf

way things work now, the laws behind the system, and the way things could most effectively be changed, that will provide the best-informed outcomes.

In 2019, the Legislature did create the Marijuana Evaluation Task Force (Act 273), with a goal of examining other states' laws, penalties, and outcomes pertaining to cannabis use, in order to make recommendations on amending cannabis use penalties and outcomes in Hawaii. That task force was comprised of numerous stakeholders, including but not limited to the Department of the Attorney General, a Prosecuting Attorney selected by the co-chairs of the task force, and the Public Defender's Office. Due to the intervening COVID pandemic, that task force was not able to complete its report in 2020, and thereafter, requested more time in 2021 (S.B. 1010) to issue its report. To date, it does not appear that any report was ever issued, yet these recommendations would be critical to any well-reasoned transition to legalizing cannabis in Hawaii. As such, the Department **strongly recommends awaiting and/or prompting the task force's final report and recommendations on these matters.**

If one of the goals of legalizing cannabis is for the state to profit from tax revenues collected from the sale of cannabis, it seems highly unlikely that future cannabis users would be inclined to purchase their cannabis from established, regulated sources, when they can still obtain cannabis more cheaply or more easily from other sources, or potentially even grow their own. In 2022, the Hawaii Cannabis Industry Association enlisted the help of well-known economist Paul Brewbaker, who estimated that Hawaii's existing, licensed medical dispensaries only control about 31% of the registered patient market share, indicating that 69% of authorized cannabis patients are obtaining their cannabis from other, unregulated sources (e.g. black market or homegrown). To date, there is no indication that the Department of Health has been able to identify or control the existing black market cannabis industry, and no reason to think this would change under the provisions of S.B. 375, S.D. 1. Notably, in other states that have legalized cannabis, legalization actually prompted the *growth* of the black market cannabis industry, rather than reducing it.¹¹

Before any changes are made to legalize the use of cannabis in Hawaii, the Department believes a concerted, multi-disciplinary effort is needed, to develop a comprehensive system that orchestrates recommendations from all of the proposed tasks forces and working groups. In addition to developing our own ideas, Hawaii must take advantage of the opportunity to watch and learn from other states that legalized cannabis before us—such as seeing “big marijuana” at work, and potency issues rising—and additional data is still needed before we can determine whether any of the negative developments in those states are in fact due to “causation” or merely “correlation.” Given the strong potential for widespread abuse and negative effects on the community, the Department urges this Committee to give stakeholders more time to discuss, plan, and “get it right,” rather than just “get it fast.”

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu **strongly opposes** S.B. 375, S.D. 1. Thank you for the opportunity to testify on this matter.

¹¹ Detrano, Joseph, “Cannabis Black Market Thrives Despite Legalization,” Rutgers Center of Alcohol & Substance Use Studies. Available online at: <https://alcoholstudies.rutgers.edu/cannabis-black-market-thrives-despite-legalization/>. Last accessed February 14, 2023.

STATE OF HAWAI‘I
OFFICE OF THE PUBLIC DEFENDER

LATE

Testimony of the Office of the Public Defender,
State of Hawai‘i to the Senate Committee on Judiciary
and the Senate Committee on Ways and Means

March 1, 2023

S.B. No. 375 SD1: RELATING TO CANNABIS

Chair Rhoads, Chair Dela Cruz, Vice Chair Gabbard, Vic Chair Keith-Agaran, and Members of the Committees:

The Office of the Public Defender supports S.B. No. 375 SD1, which will establish the Hawai‘i Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult use of cannabis in the State and to establish that possession of cannabis by an adult without a prescription in the amount of four ounces or less shall be lawful and require all records relating to the arrest, criminal charge, or convictions for such acts be expunged. Essentially, this measure will legalize, regulate, and tax cannabis and manufactured cannabis products for responsible, adult use.

The legalization of cannabis and manufactured cannabis products will not create or normalize the commercial marijuana market. Nor will legalization drive consumer demand. *The marijuana market already exists.* This market, however, remains underground, and those involved in it largely remains unaccountable. Unregulated sellers do not pay taxes; they do not check identification to ensure that buyers are 21 years old or older; and they do not test the purity of their product. Moreover, any disputes that arise in the illicit marketplace are not adjudicated in the courts of law.

By contrast, legalization and regulation will allow the State of Hawai‘i to establish legal parameters regarding where, when, and how the cannabis market may operate, similar to the rules and regulations established in the medical marijuana industry. Authorities will actually know who is selling marijuana, where it is being sold, when, and to whom. Cannabis will be produced and sold by legitimate, taxpaying businesses instead of drug cartels and criminals. These businesses will be required to test their products and adhere to strict labeling and packaging requirements that ensure cannabis is identifiable and consumers know what they are getting.

Legalizing and regulating cannabis will disrupt the illegal marijuana market, end low-level marijuana citations and arrests, and create jobs and new revenue. It will further promote public health and safety by taking the marijuana trade away from unregulated operators and placing it in the hands of licensed businesses.

Recent data provided by the U.S. Centers for Disease Control and Prevention reports a decrease¹ in lifetime marijuana use by young people over the better part of the past decade. Scientists believe that cannabis regulation is partly responsible for spurring this decline. Specifically, a 2019 study² published in JAMA (Journal of American Medical Association) Pediatrics concluded: “[M]arijuana use among youth may actually decline after legalization for recreational purposes. This latter result is consistent ... with the argument that it is more difficult for teenagers to obtain marijuana as drug dealers are replaced by licensed dispensaries that require proof of age.”

To be clear, the OPD does not support this bill out of a belief that marijuana is harmless. In fact, it is precisely because cannabis is not altogether harmless that reform advocates opine that it should be legalized and regulated accordingly – with restrictions on who can purchase and consume it, when and where they can do so, and at what age.

Ultimately, the establishment of a regulatory framework allowing for the legal, licensed commercial production and retail sale of cannabis and manufactured cannabis products to adults best reduces the risks associated with the marijuana’s use or abuse and acknowledges the reality that consumers’ demand for marijuana is here to stay. By contrast, advocating for marijuana’s continued criminalization denies this reality and compounds the public safety risks posed by the unregulated market.

Thank you for the opportunity to comment on this measure.

¹ See CDC, “Prescription Opioid Misuse and Use of Alcohol and Other Substances Among High School Students – Youth Risk Behavior Survey, United States, 2019,” August 21, 2020, <https://www.cdc.gov/mmwr/volumes/69/su/su6901a5.htm> (last visited, January 13, 2023).

² See JAMA, “Association of Marijuana Laws with Teen Marijuana Use,” July 8, 2019, [https://jamanetwork.com/journals/jamapediatrics/fullarticle/2737637?guestAccessKey=5e4e41eb-ec96-4641-86f9-b5c89cc7cc48&utm_source=For The Media&utm_medium=referral&utm_campaign=ftm_links&utm_content=tf1](https://jamanetwork.com/journals/jamapediatrics/fullarticle/2737637?guestAccessKey=5e4e41eb-ec96-4641-86f9-b5c89cc7cc48&utm_source=For%20The%20Media&utm_medium=referral&utm_campaign=ftm_links&utm_content=tf1), (last visited, January 13, 2023).



SB375 SD1 Legalize Cannabis

COMMITTEE ON JUDICIARY

Senator Karl Rhoads, Chair

Senator Mike Gabbard, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Wednesday, Mar 1 2023: 10:05 : Room 211 Videoconference

Hawaii Substance Abuse Coalition Opposes SB375 Until

- **Prevention funding is increased to help kids and**
- **Media Campaign to inform kids is required**
- **Add Funding for treatment for cannabis use disorder**

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies and recovery services.

Opposition - Recommendation

We **strongly urge that significant prevention funds** be added to this bill because a growing number of youth are having problems with cannabis as well as significant data indicates cannabis is harmful to youth's developing brain

Moreover, we **strongly urge Hawaii to follow other states who developed a short-term media campaign** to inform kids about the dangers of using before adulthood.

As cannabis use increases, so will the **need for treatment for cannabis use disorders**. Please include funding for much needed treatment.

Data

In Hawaii, substance use disorder treatment agencies report that 63.5% of kids presenting for treatment do so because of problems stemming from overuse of cannabis. (Department of Health: Alcohol and Drug Abuse Division 2015)

In 2019, 37% of US high school students reported lifetime use of marijuana and 22% reported use in the past 30 days.¹

The **teen brain is actively developing** and continues to develop until around age 25. Marijuana use during adolescence and young adulthood may harm the developing brain.²

Negative effects of teen marijuana use include³:

- Difficulty thinking and problem-solving,
- Problems with memory and learning,
- Reduced coordination.
- Difficulty maintaining attention,
- Problems with school and social life.

How marijuana can impact a teen's life:

- **Increased risk of mental health issues.** Marijuana use has been linked to a range of mental health problems, such as depression and social anxiety. People who use marijuana are more likely to develop temporary psychosis (not knowing what is real, hallucinations, and paranoia) and long-lasting mental disorders, including schizophrenia (a type of mental illness where people might see or hear things that aren't there). The association between marijuana and schizophrenia is stronger in people who start using marijuana at an earlier age and use marijuana more frequently.
- **Impaired driving.** Driving while impaired by any substance, including marijuana, is dangerous and illegal. Marijuana negatively affects several skills required for safe driving, such as reaction time, coordination, and concentration.
- **Potential for addiction.** Approximately 3 in 10 people who use marijuana have marijuana use disorder.⁷ Some signs and symptoms of marijuana use disorder include trying but failing to quit using marijuana or giving up important activities with friends and family in favor of using marijuana. The risk of developing marijuana use disorder is stronger in people who start using marijuana during youth or adolescence and who use marijuana more frequently.

While adults experience short term effects, youth can also experience long term effects:³

Long-Term Effects

Marijuana also affects brain development. When people begin using marijuana as **teenagers**, the drug **may impair thinking, memory, and learning functions and affect how the brain builds connections** between the areas necessary for

¹ Jones CM, Clayton HB, Deputy NP, Roehler DR, Ko JY, Esser MB, Brookmeyer KA, Hertz MF. Prescription Opioid Misuse and Use of Alcohol and Other Substances Among High School Students – Youth Risk Behavior Survey, United States, 2019. MMWR Suppl. 2020 Aug 21;69(1):38-46.

² Centers for Disease Control and Prevention (CDC) Marijuana and Public Health <https://www.cdc.gov/marijuana/health-effects/teens.html>

³ NIDA. 2019, December 24. Cannabis (Marijuana) DrugFacts. Retrieved from <https://nida.nih.gov/publications/drugfacts/cannabis-marijuana> on 2023, February 11

these functions. Researchers are still studying how long marijuana's effects last and whether some changes may be permanent.

A study by researchers at Duke University showed that people who started smoking marijuana heavily in their **teens** and had an ongoing marijuana use disorder **lost an average of 8 IQ points** between ages 13 and 38. The lost mental abilities didn't fully return in those who quit marijuana as adults. Those who started smoking marijuana as adults didn't show notable IQ declines.⁴

We recommend the bill identifies significant resources for prevention funding as well as funding for treatment and clearly describes the state's role and responsibilities for a communication/media campaign to inform youth.

We appreciate the opportunity to provide testimony and are available for questions.

⁴ Meier MH, Caspi A, Ambler A, et al. Persistent cannabis users show neuropsychological decline from childhood to midlife. *Proc Natl Acad Sci U S A*. 2012;109(40):E2657-E2664. doi:10.1073/pnas.1206820109.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Regulate Responsible, Adult-Use Cannabis

BILL NUMBER: SB 375 SD 1

INTRODUCED BY: Senate Committees on Health and Human Services and Commerce and Consumer Protection

EXECUTIVE SUMMARY: Establishes the Hawaii Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State. Establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful and requires all convictions for such acts be expunged. Transfers the powers and duties of the Department of Health under state law governing medical cannabis dispensary system, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to the Hawaii cannabis authority. Appropriates funds.

SYNOPSIS: Adds a new chapter to the HRS to regulate responsible, adult-use cannabis. Section 11 of this new chapter creates a Hawaii cannabis authority.

Section 16 of this new chapter requires the authority to adopt rules covering “all issues concerning the dispensing, sale, and taxation of adult-use cannabis” but section 13, which enumerates the powers and duties of the authority, does not contain specific language giving the authority taxing power. Rather, it generally gives the authority the power to adopt, amend, or repeal rules.

Makes various technical and conforming amendments.

EFFECTIVE DATE: July 1, 2023.

STAFF COMMENTS: At present, there is a question of whether the Hawaii cannabis authority that is created by this bill has taxing power. If the intent is to give the authority such power, then Article VII, section 1 of the Hawaii Constitution, which says that the power of taxation “shall never be surrendered, suspended or contracted away,” needs to be dealt with. Only one agency currently has something that looks like taxing authority, namely the Department of Education which may charge a school impact fee under part 6B of chapter 302A, HRS, but the school impact fee is tightly circumscribed and is not open-ended like the proposal here.

If the Hawaii cannabis authority does not in fact have taxing power, then sales of cannabis will be taxed like any other business, under the net income and general excise tax laws. That should be sufficient. If we add an extra tax to discourage the activity, isn't it being hypocritical? If we add an extra tax to pay for societal damage this activity causes, why aren't we accepting that we are causing the damage by allowing the activity?

Digested: 2/25/2023

To: Senator Karl Rhoads, Chair of the Senate Judiciary Committee,
Senator Donavan Dela Cruz, Chair of the Senate Ways and Means Committee,
Members of the Senate Judiciary Committee and
Members of the Senate Ways and Means Committee.

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

RE: Testimony in SUPPORT with COMMENTS of Senate Bill (SB) 375 SD1

RELATING TO CANNABIS.

Legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use. Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax. Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law. Allows qualifying out-of-state patients to cultivate medical cannabis.

Dear Chairs, Vice-Chairs and Members of the Joint Committee:

Aloha Green Apothecary is a state licensed medical cannabis dispensary licensee operating on Oahu since 2016. Aloha Green Apothecary SUPPORTS the intent of this bill to establish a program to allow for the responsible adult-use of cannabis. We look forward to the day when adults 21-years and older can use cannabis without stigma and persecution. We hope this day comes as soon as possible for Hawaii and urge the Committee to consider the most efficient and lowest cost path to a successful adult-use program. As with any new initiative, the State should consider the financial costs to develop an efficient program. SB375 is an ambitious adult-use cannabis bill which attempts to standup an elaborate wholly new regulatory authority and adult-use sales program for Hawaii based on mainland issues and approaches.

Comments:

Aloha Green Apothecary's greatest concern is the cost and delay of standing up a new regulatory body and a new program. We believe that building an adult-use program on top of the current 329 medical cannabis program is the most efficient path forward. Our comment is to consider providing the Department of Health with the authority for the adult-use program instead of a wholly new cannabis regulatory authority as proposed in SB375 SD1. A wholly new cannabis regulatory authority would delay implementation and require the State to appropriate funding and confirm board members which will likely lead to undue delays. Delays in adult-use implementation from law passage to first legal sales have shown to provide first mover advantage to the illicit cannabis market which threatens the future success of the taxed and regulated market (ex. California).

If Hawaii passed a legalization law and followed the requirements in SB375 to stand up the new authority and with subsequent ch.91 rule making, the illicit market would flourish out in the open during the interim before legal sales would start. This is evident from all other states that

did not allow sales immediately after the passage of a legalization law (i.e. New York). During the time between legalization and the first sale of Adult Use cannabis illegal, unregulated, and untaxed cannabis stores and operations have become commonplace. See link to recent New York Times' February 24, 2023 article: [Kids Buying Weed From Bodegas Wasn't in the 'Legal Weed' Plan](#), reporting how preventable licensing and sales delays in New York lead to a burgeoning illicit market. Even now, there are more illegal operations masquerading as legitimate operations in New York City (only 3 legal retail locations at this time) and New York residents do not understand that these other operations are illegal. The issue has grown so problematic that the Mayor of New York City and the D.A. have formed a task force to try and address the issue.

Therefore, we urge the Committee to consider language from bill SB669 SD1 Relating to Cannabis (2023) which would allow for a more cost effective and streamlined adult-use implementation structure, including improved state oversight and rulemaking through building upon the existing Department of Health Office of Medical Cannabis Control & Regulation, while working in tandem with a newly proposed Governor appointed cannabis office manager position who can coordinate the regulator and the various stakeholders towards a successful program implementation. The original 329 medical dispensary program would have been worse off if not for the Department of Health's interim rule making powers and the evolution of legislative changes adopted each year incrementally improving the 329 program. Each iteration course correcting the 329 program to better deal with new issues and Hawaii market changes. Without the ability to make changes to see what works for Hawaii, we are setting up a adult-use program based on current biases vs operational facts. Program changes will need to be made to better attract legacy stakeholders into the new legal market, combat the evolving illicit market, and to craft a program that fits and benefits Hawaii's market. We cannot expect to get it perfect the first time, only what is right for Hawaii at this time.

In addition, we submit that SB669 SD1 is a more robust legalization bill which already contains the requested amendments from the Office of the Attorney General; the Department of Taxation and the Department of Health.

Respectfully, we submit that the Committee consider language from SB669 SD1 for a more nimble and cost effective adult-use program, which allows for a greater likelihood of success especially when Hawaii faces unique challenges unlike other States.

Thank you for considering our comments and the opportunity to testify.

[Aloha Green Apoth](#) attaches our previous week's specials below to counter the argument dispensary prices remain high. Prices are down 50% since we opened in 2016. Our pricing is lower than some mainland dispensaries and some caregivers.



*Ends Sunday!
2/24 - 2/26*

\$ 40 1/8 Oz.
↳ **The Duke**



\$ 179 oz.
↳ **S.H.A.K. Flower**

\$ 199 oz.
↳ **Hawaiian Snow Flower**



\$ 225 oz.
↳ **Wedding Cake Flower**



\$ 10 w/purchase of \$125+.
↳ **W99 Crumble.**
Limit 1.



4 for \$75
↳ **Diamond Sauce, THCA Diamonds, & Rosin**

\$ 99 Cartridge Trio
↳ **1 Live Resin Cart + 1 Diamond Cart + 1 Pure Aloha Cart**



Promo available while supplies last. May not be combined with any other discounts or loyalty.

PRE-ORDER | DISCOUNTS | EDUCATION | COMMUNITY | AGAPOTH.COM



February 27, 2023

Chair, Sen. Rhoads
Vice Chair, Sen. Gabbard
Chair, Sen. Dela Cruz
Vice Chair, Keith-Agaran

Joint Hearing of Senate Judiciary and Ways and Means Committees

TESTIMONY IN SUPPORT OF SB 375 SD 1 – RELATING TO CANNABIS

Dear Chairs, Vice Chairs and members of the Judiciary and Ways and Means committees:

Aloha, my name is DeVaughn Ward and I am the senior legislative counsel at the Marijuana Policy Project ("MPP") — the largest marijuana policy reform organization in the United States. As you may know, MPP has been working to improve marijuana policy for more than 25 years.

I am here today to testify in strong support of **SB 375 SD 1– Relating to Cannabis**.

SB 375 SD 1 contains provisions for legal cannabis possession for adults over 21, cultivation rights, and expungement of prior cannabis convictions, which MPP strongly support. However, SB 375 can be strengthened to achieve its intended goals.

I. Cannabis legalization and regulation is far better approach than prohibition

More than eight decades of marijuana prohibition has not worked. Instead, it has derailed lives, torn families apart, wasted vast sums of taxpayer dollars, and put consumers and those selling cannabis at risk of arrest and violence.

Only legalization allows for regulation and control. Potency testing and labeling, child-resistant packaging, consumer education, and rules to prohibit hazardous pesticides and contaminants are only possible in a legal, regulated market. Environmental and worker protections are only possible in a legal, regulated industry.

II. MPP has several recommendations for amendments to SB 375

A. Medical Licensee Conversion Provisions

Missing are proper safeguards to ensure medical cannabis patients will have adequate access when the eight medical businesses convert to also sell to adults over 21. In New Jersey and Connecticut, medical licensees were required to inform regulators of medical patient preservation plans or meet production thresholds to ensure the licensees had adequate supply before they could start adult use sales. We strongly recommend adding the following language to ensure medical cannabis patients' access is not adversely affected by a dual use cannabis model. For example, it could provide,

"The license conversion application shall, at minimum, require a medical cannabis dispensary to submit to, and obtain approval from the department for a detailed medical preservation plan for how it will prioritize sales and access to medical marijuana products for qualifying patients, and to avoid price increases, including, but not limited to, managing customer traffic flow, preventing supply shortages and price increases on patients, and ensuring appropriate staffing levels."

Notably, the bill does not include a licensing fee for the eight current medical licenses to exclusively serve the adult-use market access. There should be a significant licensing fee that would be used to set up regulatory infrastructure and to support training and technical assistance for new market entrants — including those hardest hit by prohibition.

Several other states, including Connecticut and Illinois, take this approach to foster equitable licensing. In Connecticut, medical licensees paid fees between \$750,000 and \$1 million dollars for the ability to convert to hybrid or dual use cannabis establishments and service consumers over the age of 21. In Illinois, medical cannabis businesses paid a fee of approximately \$750,000 to convert to dual use or hybrid cannabis businesses. We strongly recommend amending the language as follows:

"(a) The license conversion fee for a medical cannabis dispensary to become a dual use cannabis dispensary shall be two hundred fifty thousand dollars for medical cannabis dispensaries that owns and operates three or more retail dispensing locations. (b) The license conversion fee for a medical cannabis dispensary to become a dual use cannabis dispensary shall be one hundred fifty thousand dollars for a medical cannabis dispensary that owns and operates two or fewer retail dispensing location."

Also, SB 375 is silent on when new retail licenses will be issued and does not address medical licensees who have multiple retail locations and how they will fit into the "one license each class" framework or the requirement for individual licenses for each location. We strongly recommend clarifying these issues within the bill.

B. Regulatory Framework

Section A-11 establishes a new, all-volunteer regulatory authority for adult-use cannabis. Unlike almost every other legalization state, however, it does not move regulation of medical businesses to the authority. We strongly suggest regulating medical dispensaries and adult use cannabis with a single regulatory authority, or at least including provisions to set up a path for harmonization over time. It could create myriad issues to have one industry regulated by two different authorities. Other legalization proposals introduced this legislative session included such a transition period and plan to have both programs regulated under a single entity.

Additionally, we strongly recommend that regulators be paid, full time and have one person "in charge" or at the top of the hierarchy. Giving an unpaid, part-time commission final authority to write rules, issue licenses, and discipline licensees is a significant task and will likely cause delay, litigation, and unformed decision making. Alternatively, a commission could be established with more of an advisory oversight

function with unpaid members and have one to three paid regulators at the helm who consider input on rules. We also suggest applying the revolving door language and limits on immediate family involved in cannabis or liquor industry to all authority members, not just those from the public health sector. (P13, L13-20). To address these issues, we offer the following language:

[Change “commission” “division” throughout the bill, and define “division” as the Division of Cannabis Regulation within the department of commerce and consumer affairs]

(a) There is established a Hawaii cannabis advisory commission within the department of commerce and consumer affairs to advise the Division of Cannabis Regulation and legislature on regulating and licensing of the Hawaii cannabis industry.

(b) The commission shall consist of 13 members who shall be residents of the State and of which:

(1) Four persons appointed by the governor; one of whom shall be designated by the Governor as the chair and is an executive branch official, one of whom shall be from a community that has been disproportionately harmed by cannabis prohibition and enforcement, one of whom has a public health background, and one of whom has experience in the cannabis industry.

(2) Two persons appointed by the president of the senate; one who has a professional background of working in the field of either social justice or civil rights, and one who is a medical cannabis patient;

(3) Two persons appointed by the speaker of the house of representatives; who has a professional background of working in the field of economic development, and one who is a member of an organization that advocates for cannabis consumers;

(4) One person to be appointed by the chairperson of the board of trustees of the office of Hawaiian affairs; and

(5) Four persons, one each to be appointed by the respective mayors of the counties.

(c) All appointments shall be made not later than thirty days after the effective date of this act and the Governor shall appoint the Chair and select the initial Executive Director no less than sixty after the effective date of this act.

(d) Each member shall without compensation. Except the actual and necessary traveling expenses incurred in connection with the performance of the member’s official duties shall be paid by the department, upon the presentation of vouchers approved by the department.

(e) The members shall serve for terms of five years; provided that, for the two members appointed by the Governor, both shall be appointed for a term of four years. The chair and the other members shall serve in their respective capacities throughout their entire term and until their successors shall have been duly appointed and qualified. Any vacancy in the commission occurring for any reason other than the expiration of a term, including a vacancy occurring during the term of the initial chair or another initial member, shall be filled in accordance with the requirements for subsequent appointments set forth in paragraph (3) of this subsection for the remainder of the unexpired term only. The appointing authority shall fill any vacancy for the unexpired term.

(f) Any member of the commission may be removed from office by appointing authority, for cause, upon notice and opportunity to be heard at a public hearing. Any member of the commission shall automatically forfeit the member's office upon conviction for any crime.

§A-X Hawaii cannabis advisory commission; organization. (a) *The commission shall elect one member as vice-chairperson annually. In the absence of both the chairperson and the vice—chairperson to preside at a meeting, the members present shall select a chair pro tern.*

(b) *The commission shall meet not less than quarterly at a time and place determined by the authority.*

(c) *The majority of the members shall constitute a quorum. The concurrence of a majority of the members shall be necessary to make any action taken by the authority valid. The authority shall conduct its meetings in accordance with chapters 91 and 92.*

§A-X Hawaii division of cannabis regulation; organization.

(a) *There is a Division of Cannabis Regulation within the department of commerce and consumer affairs. The Division shall be led by an executive director, appointed by the governor pursuant to section 26-34. The executive director shall have the training, knowledge, and experience necessary to direct the work of the Division. Thereafter every subsequent executive director shall be appointed by the Governor with the advice and consent of the Senate. The executive director shall serve at the pleasure of the appointing Governor during the Governor's term of office and until a successor has been duly appointed and qualified. Any vacancy in the office occurring for any reason other than the expiration of a term, including a vacancy occurring during the term of the initial executive director, shall be filled for the unexpired term only in the same manner as the appointment of any subsequent executive director as set forth herein.*

(b) *The Division director, all Division staff, and the staffers immediate family member may not have a financial interest in the cannabis industry. No person who has served as a commissioner on a county liquor commission shall be eligible to sit as a member of the authority until at least five years have expired between the person's termination from service as a commissioner on a county liquor commission and the person's appointment to the authority.*

For purposes of this subsection:

“Cannabis industry” means a business or profession related to cannabis in which the person is lawfully engaged and that is in compliance with the provisions of state law, including this chapter and rules adopted under this chapter.

“Financial interest” means holding directly or indirectly, a legal or equitable interest in the operation of a business licensed under this chapter.

“Immediate family member” means a spouse, child, or parent.

(c) *No later than December 31, 2025, all powers, duties and responsibilities of the department of health, including the office of medical cannabis control and regulation, with respect to the regulation, administration and enforcement of the provisions of chapter 329D shall be transferred to the division, except for the administration of registry identification cards to qualified patients and primary caregivers and powers delegated to the department of health pursuant to this act or by the agency's rules.*

(d) *The employment, appointment, promotion, transfer, demotion, discharge, and job descriptions of all officers and employees of or under the jurisdiction of the office of medical cannabis control*

and regulation shall be transferred to the division subject to the approval of the director of health and to applicable personnel laws.

(e) The division shall report annually to the governor and the legislature on the regulation of cannabis establishments, including but not limited to the number and location of cannabis establishments licensed by license type, the total licensing fees collected, the total amount of taxes collected from cannabis establishments, and any licensing violations determined by the commission.

§A-X Hawaii division of cannabis regulation; powers generally;

The agency shall have all the powers necessary and reasonable to carry out and effectuate its purposes, including, but not limited to, the power to:

- (1) Sue and be sued;*
- (2) Adopt, use and alter at will a common seal;*
- (3) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter;*
- (4) Make and alter bylaws for its organization and internal management;*
- (5) Adopt, amend or repeal rules and regulations for the implementation, administration, and enforcement of this chapter, which rules shall be in conformance with chapter 91;*
- (6) Through its executive director appoint officers, agents, and employees, prescribe their duties and qualifications, and fix their salaries, without regard to chapter 76;*
- (7) Determine which applicants shall be awarded licenses;*
- (8) Deny an application or limit, condition, restrict, revoke or suspend any license;*
- (9) Appear on its own behalf before boards, commissions, departments or other agencies of municipal, state or federal government;*
- (10) Review data and market conditions prior to the adoption of rules pursuant to this chapter and on a periodic basis thereafter to determine the number of licenses, and the total square footage of cannabis cultivation, that will be issued in order to meet estimated production demand and facilitate a reduction in the unauthorized distribution of cannabis with affordable prices;*
- (11) Conduct and administer procedures and hearings in compliance with chapter 91 for the adoption of rules and review of the issuance, denial or revocation of licenses or violation of this chapter or the rules adopted pursuant to this chapter;*
- (12) Impose and collect fees, sanctions and administrative penalties, as authorized by this chapter and established by rule, and for a violation of any rule adopted by the agency;*
- (13) Conduct investigations into the qualifications of all applicants for employment by the agency and all applicants for licensure pursuant to this Chapter;*
- (14) Inspect cannabis establishments and have access to all equipment and supplies in a cannabis establishment for the purpose of ensuring and enforcing compliance with this chapter, and all rules and regulations adopted pursuant to this chapter;*
- (15) Require that the books and financial or other records or statements of a licensee be kept in a manner that 'the agency deems proper;*
- (16) Establish adjudicatory procedures and conduct adjudicatory proceedings pursuant to chapter 91;*
- (17) Maintain an official Internet website for the agency;*

- (18) Form advisory boards and submit any matter to an advisory board for study, review or recommendation;*
- (19) Delegate any administrative, procedural or operational matter to the executive director;*
- (20) Issue temporary emergency orders, directives or instructions, with or without prior notice or hearing, in an instance in which the public health or safety is in substantial or imminent danger as it relates to the activities, conduct or practices of a licensee or as a result of a defective or dangerous product offered for sale by a licensee; and*
- (21) Do any and all things necessary to carry out its purposes and exercise the powers given and granted in this chapter.*

We also recommend adding more specificity to the rules that the division is required to develop, including to promote health and safety. We suggest amending section A-16 to the following:

- The authority shall adopt rules pursuant to chapter 91 to effectuate this chapter and to:*
- (1) Establish standards for employee training and badges;*
 - (2) Create prohibitions on additives to cannabis and cannabis-infused products, including but not limited to those that are toxic or designed to make the product more addictive;*
 - (3) Create standards for product packaging and labeling to prevent designs to make the products more appealing to children, including prohibiting the use of any images designed or likely to appeal to minors, including cartoons, toys, animals, or children, and any other likeness to images, characters, or phrases that are popularly used to advertise to children;*
 - (4) Restrict the use of pesticides that are injurious to human health;*
 - (5) Regulate visits to cannabis cultivation facilities and cannabis product manufacturing facilities, including requiring the cannabis establishment to log visitors;*
 - (6) Define the amount of tetrahydrocannabinol that constitutes a single serving in a cannabis product;*
 - (7) Establish standards for the safe manufacture of cannabis extracts and concentrates;*
 - (8) Develop and mandate the distribution and posting of educational materials to consumers who purchase cannabis and cannabis-infused products;*
 - (9) Create standards for the operation of cannabis testing facilities, including requirements for equipment and qualifications for personnel; and*
 - (10) Develop operating standards for on-site consumption establishments, including for security, ventilation, odor control, consumption by patrons, and responsible vendor training.*

D. Expungement and Record Clearance

Section 12 of SB 375 establishes expungement and record clearance for past cannabis convictions. Restorative justice is a concept that has been supported by the Judiciary Committee this session in its recent approval of SB 903. We strongly support restorative justice measures, which are included in most legalization laws in some form. For example, Illinois' 2019 legalization law resulted in the expungement of over 800,000 cannabis convictions. Connecticut's 2021 legalization law automatically expunged over 40,000 cannabis convictions. As Hawaii considers cannabis legalization it's important that we use this opportunity not just for economic development, but also to remove the scarlet letter of cannabis convictions that for decades have denied many Hawaii residents chances for upward mobility.

We suggest adopting automatic release and expungement provisions similar to SB 1043, such as:

"Each person arrested or convicted for an offense under chapter 329, Hawaii Revised Statutes, or under part IV of chapter 712, Hawaii Revised Statutes, for possession or cultivation of marijuana, shall be entitled to: (1) Release from the custody of law enforcement or incarceration no later than 90 days after the effective date of this Act, unless the person is also in custody or incarcerated for an offense that is not permitted by the new chapter of the Hawaii Revised Statutes; and 2) An expungement order, issued within days after the effective date of this Act, from the court in which the person was arraigned or convicted, that annuls, cancels, and rescinds the record of arrest and record of conviction, as applicable, for the relevant offense; provided that an expungement order shall not be issued for a person if the State, the department of the attorney general, or the applicable prosecuting attorney demonstrates good cause against the issuance of the order for that person."

And:

"Any person convicted or arrested for distribution of marijuana may petition at any time for: (1) Release from the custody of law enforcement or incarceration; and 2) an expungement order; and relief shall be granted unless the prosecutor objects within 14 days and proves that relief would not be in the interests of justice."

Furthermore, we recommend including a provision that requires the state's lead actor in the record clearing process to issue a report on a regular basis (yearly, quarterly, etc.) on key metrics related to the fulfillment of automatic expungement for qualifying cannabis offenses. In shifting the process of record clearance away from the individual to the agencies that hold the criminal record, Hawaii should establish transparency requirements that allow lawmakers and citizens to monitor the state's progress towards implementation.

C. Non-discrimination Protections for Cannabis Consumers

Lastly, we strongly suggest including non-discrimination protections for cannabis use. Many legalized states prohibit the denial of state benefits, parole, probation, or pretrial release determinations, medical care and organ transplant eligibility, or child custody decisions based on lawful cannabis use. As the state seeks to legalize cannabis for adults 21 and over, it's important that we reduce the discrimination and stigma associated with using a product that has been scientifically proven to be safer than alcohol and tobacco. We suggest the following language:

Non-discrimination for personal use of cannabis.

(a) A person shall not be subject to arrest, prosecution, or penalty in any manner, or be denied any right or privilege, including but not limited to disciplinary action by a business, occupational, or professional licensing board or bureau, solely for conduct permitted under this chapter.

(b) It is unlawful for an state or local governmental employer to discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalizing a person, if the discrimination is based upon either of the following:

(1) The person's use of cannabis off the job and away from the workplace.

(2) An employer-required drug screening test that has found the person to have nonpsychoactive cannabis metabolites in their hair, blood, urine, or other bodily fluids.

(c) Nothing in this section permits an employee to possess, to be impaired by, or to use cannabis on the job, or any other rights or obligations of an employer specified by federal law or regulation.

(d) This section does not preempt federal laws requiring applicants or employees to be tested for controlled substances, including laws and regulations requiring applicants or employees to be tested, or the manner in which they are tested, as a condition of employment, receiving federal funding or federal licensing-related benefits, or entering into a federal contract.

(e) (1) Except as provided in this section, neither the state nor any of its political subdivisions may impose any penalty or deny any benefit or entitlement for conduct permitted under this chapter or for the presence of cannabinoids or cannabinoid metabolites in the urine, blood, saliva, breath, hair, or other tissue or fluid of a person who is 21 years of age or older.

(2) Except as provided in this section, neither the state nor any of its political subdivisions may deny a driver's license, a professional license, housing assistance, social services, or other benefits based on cannabis use or for the presence of cannabinoids or cannabinoid metabolites in the urine, blood, saliva, breath, hair, or other tissue or fluid of a person who is 21 years of age or older.

(f) A person shall not be denied custody of or visitation with a minor for acting in accordance with this act, unless the person's behavior is such that it creates an unreasonable danger to the minor that can be clearly articulated and substantiated.

(g) For the purposes of medical care, including organ and tissue transplants, the use of cannabis does not constitute the use of an illicit substance or otherwise disqualify a person from needed medical care and may only be considered with respect to evidence-based clinical criteria.

(h) Notwithstanding any other provision of law, unless there is a specific finding that the individual's use, cultivation, or possession of cannabis could create a danger to the individual or another person, it shall not be a violation of conditions of parole, probation, or pre-trial release to:

(1) engage in conduct allowed by this chapter; or

(2) test positive for cannabis, tetrahydrocannabinol, or any other cannabinoid or metabolite of cannabis.

(i) No state or local agency, and no employee or agent of any state or local agency, may:

(1) restrict, revoke, suspend, or otherwise infringe upon a person's right to own, purchase, or possess a firearm, ammunition, or any related firearms certification based solely on the person's possession, use, or purchase of cannabis, or for other actions allowed by this chapter; or

(2) directly or indirectly inform a federal agency or federal official that a person owns, possess, purchases, or may attempt to own, possess, purchases a firearm or ammunition while possessing or using cannabis, or for other actions allowed by this chapter.

D. Revenue Allocations

We strongly urge the committees to set aside a percent of the tax revenue for each of the following, as is common in other legalization states: 1) community reinvestment, in disproportionately impacted communities; and 2) substance abuse treatment, education, and prevention, and for education about responsible use. Governor Green has identified the latter two as priorities he'd like to see in any legalization proposal that makes it to his desk.

Conclusion

In conclusion, we strongly support the legalization of cannabis possession and cultivation rights for adults over 21. However, SB 375 SD1 can be strengthened to meet cannabis policy best practices. We urge you to amend SB 375 SD 1 to include a significant fee for medical operators to convert to adult use, non-discrimination protections for cannabis use and strengthened social equity provisions and then pass it.

Mahalo for the opportunity to comment. I can be reached at the contact below and I'm happy to answer any questions you may.

Sincerely,
DeVaughn Ward, Esq.
Senior Legislative Counsel
Marijuana Policy Project
Honolulu, HI
dward@mpp.org



Testimony Opposing SB375, SD1- Relating to Cannabis
Hearing on Wednesday, March 1, 2023 at 10:05 am
Conference Room 211, Hawaii State Capitol

To: Committee of Judiciary
Senator Karl Rhoads, Chair
Senator Micke Gabbard, Vice Chair

Committee on Ways and Means
Senator Donovan M Dela Cruz, Chair
Senator Gilbert SC Keith -Agaran, Vice Chair

Fr: Alan Shinn
SAM Hawaii
1130 N. Nimitz Hwy, Suite A259
Honolulu, HI 96817

Thank you for the opportunity to provide testimony in opposition to *SB375, SD1*– which establishes the Hawaii Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State. Establishes lawful possession of small amounts of cannabis by an adult Transfers the powers and duties of the Department of Health under state law governing medical cannabis dispensary system, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to the Hawaii cannabis authority. Appropriates funds.

SB375, SD1 attempts to provide structure for the use of recreational marijuana but does not go far enough. There would be dual use production, distribution and sales outlets for medical and recreational marijuana and individuals could legally possess up to four ounces of marijuana for personal use. A new independent *Hawaii Cannabis Authority* would be regulate and license marijuana operations. Volunteer members would be appointed, but no qualifications are stated that would ensure that members are knowledgeable or qualified to regulate and license cannabis operations. No rationale is provided by *SB375, SD1* for eliminating DOH as the likely regulatory and licensing agent for medical and recreational cannabis dispensaries. DOH has been the regulatory entity for the past six years for medical use of marijuana operations. No mention made in the bill about safeguards for recreational pot use such as: health warnings against use by pregnant women, warnings against individuals under age 21, warnings about the risk and impact of impaired driving, and warnings against the use of marijuana by persons with a history of mental illness or substance use disorder (American Society for Addiction Medicine’s 2021 Public Policy Statement on Cannabis).

Regarding cannabis sales tax revenues, it is questionable whether dual use cannabis operations can be profitable enough to generate sufficient tax revenues. According to the 2022 Dual Use Cannabis Task Force, in six years of operations by medical use marijuana dispensaries only resulted in tax revenues of only \$2.5 million. In addition, surveys conducted by the Task Force indicated that three out of five marijuana users purchased product from illegal sources versus licensed dispensaries because of the cost differences. Further, it was estimated that it will take at least six years to generate profits on recreational marijuana sales. This is hardly a robust market for profitable recreational marijuana operations or generating tax revenues to fund regulatory infrastructure and other services.

In summary, *SB375, SD1* lacks a strong regulatory structure to manage dual use cannabis operations. Also, it is unclear how it will regulate personal use of marijuana and provide safeguards that will protect vulnerable users and prevent negative impacts from use.. The cannabis operations model does not appear to be able to generate sufficient tax revenues that would benefit the state.

SB-375-SD-1

Submitted on: 2/28/2023 12:11:12 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Abir Amirdash	Testifying for Pakaloha Care Clinic	Oppose	Written Testimony Only

Comments:

Aloha,

I am submitting my testimony is strong opposition to this bill.

SB-375-SD-1

Submitted on: 2/28/2023 4:24:42 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Alex Wong	Testifying for Kauai Farm Planning	Oppose	Written Testimony Only

Comments:

Aloha e State of Hawaii Representatives ,

Mahalo for all your effort and thorough work on drafting this bill. The social equity sections are a very solid start, and can easily be built upon to reinforce against continued gentrification and forced exodus of Native Hawaiians and multigenerational local families out of the cannabis market/community and out of Hawaii altogether.

The primary concern and opposition to this bill is its lack of protections and assurance for the continued growth and security of the existing Medical cannabis community and scientific progress of cultivating and improving the caregiver to patient relationships in Hawaii in perpetuity. If the intention of this adult-use legalization bill is to force medical patients to also buy from the dispensary, that is absolutely unethical and will not be tolerated by the community. Medical patients and caregivers/growers have already established a working model for delivering quality medication (privately grown cannabis) to Hawaii's medical community at an affordable and accessible means for years.

These relationships are much more meaningful and profound than the dispensary-customer relationship. Medical cannabis' singular purpose is to heal, not to make exorbitant profits and create more customers. Enough to cover costs of cultivation, lease/mortgage arrangements, and progression of research and quality control. That is why it should not be taxed. Taxing medical growers and patients is unethical and would cripple the medical community. Prohibiting the continuation of caregivers, in perpetuity, and expecting medical patients with chronic, terminal, and limiting disabilities to cultivate their own medical cannabis is unethical.

Here are the pages where I have concerns with SB375.

1. Page 22, Move minimum number of years to legally be from a disproportionately impacted area from 5 years to 10 years minimum. Must live there full time, and that must be their primary residence! Prevents rich haoles from moving in and claiming they are from that community. Prevents further haole gentrification of Hawaii and discourages corporate and haole cannabis players from moving into our disproportionately affected communities for ulterior motives.

2. Page 56, Only 10 plants per private residence? What if there are multiple adults living in one house?

3. Page 63, There are no protections from other State or County laws and ordinances for medical patients and caregivers. Only medical dispensaries. Need to add protections for medical patients and caregivers' grow sites.

4. Page 98 and 99, Tax revenue generated from Adult-use cannabis should be required to have a nexus with directly supporting Hawaii's agriculture community. This is where tax revenue from adult-use cannabis sales should be earmarked, and State funding for giving MedQuest/Health insurance for Hawaii's farmers can be sourced. In addition to sourcing MedQuest for Hawaii's farmers from the proposed "Green Fee" to be levied on Hawaii's tourists.

5. Page 107 and 108, There are no protections from the IRS/Internal Revenue Code for medical patients and caregivers. Only medical dispensaries and adult-use dispensaries. Again, it is unethical to tax medical patients and caregivers/growers for medical cannabis cultivation.

6. Page 114 and 115, Limits the amount of patients per grow site to 5 only (Anti-medical grow cooperative). Also, prohibits primary caregivers for medical patients after December 31, 2024.

No law should limit how much food and medicine you can legally grow for your own community. Many of Hawaii's medical patients are too sick and/or physically unable to cultivate their own medicine. Cannabis cultivation is farming, it is physical labor. This right to affordable access shall not be infringed upon.

The better alternative is DECRIMINALIZATION. The State of Hawaii needs to make greater efforts to protect and improve the existing medical cannabis system and medical cannabis research industry, both inside and outside of the corporate dispensaries. Qualified medical growers and caregivers must be protected and preserved in perpetuity. It is ridiculous and cruel to expect elderly kupuna and patients with terminal diseases, chronic illness, and debilitating injuries to farm and cultivate their own medical cannabis. It is unreasonable and inefficient to expect every patient (who is unable or cannot grow their own medical cannabis) to have their own personal grower, while the law also PROHIBITS caregivers from growing for more than one patient. THIS NEEDS TO BE FIXED.

DECRIMINALIZATION of medical cannabis will financially empower Hawaii's socioeconomic bottom line. It will help local and Hawaiian families become caregivers and inspirational catalysts for their respective communities. It will allow local and Hawaiian families the opportunity to grow medicine for their kupuna, friends, and family members with chronic and terminal illnesses, and debilitating injuries. The existing dispensaries feel very haole, they function and operate in a very haole way, and this is evidenced in the fact that these corporate dispensaries have not successfully developed their own active medical patient-caregiver communities centered around their retail stores. Anthropologically speaking, this is why many Native Hawaiians and working class local families do not patronize the existing medical dispensaries. Economically speaking, this is why many Native Hawaiians and working class local families cannot financially afford to patronize the existing medical dispensaries.

Cannabis should not be politically touted as a recreational drug or just another profitable economic good or commodity. It is medicine. Natural plant medicine that should be freely grown

by anyone for the purposes of medical and spiritual healing. Treating it any other way is blatantly irresponsible, and by legalizing recreational adult use, the State of Hawaii will become liable for all the negative consequences that will affect the general population and the people of Hawaii, not to mention the anticipated number of tourists who will be caught using dispensary-purchased cannabis irresponsibly in public and/or in their vacation accommodations. As medical patients and caregivers, we are expected to learn the 329 law and follow it accordingly. We are also expected to learn and understand the science and chemistry behind the cannabis plant and products in order to properly gauge accurate dosage and proper use. Will the same expectations and mandatory education be required of all the tourists and residents who will be casually shopping at the recreational dispensaries?

Mahalo nui loa,

Alex Wong



Senate Bill 375: Analysis and Recommended Changes

Prepared for: Chairman Karl Rhoads
Hawaii Senate Committee on Judiciary

Chairman Donovan Dela Cruz
Hawaii Senate Committee on Ways and Means

Prepared by: Geoff Lawrence, Director

Date: March 1, 2023

Chairmen Rhoads and Dela Cruz and Members of the Committees:

On behalf of the Reason Foundation, I thank you for accepting these comments and making them part of the public record. Reason Foundation is a national 501(c)(3) public policy think tank that offers pro-bono research and technical assistance to public officials and other stakeholders to help design and implement policy solutions in a variety of areas, including public finance, public pension solvency, infrastructure, and drug policy. We are committed to ensuring that state-regulated cannabis markets are designed in such a way that they remain dynamic and offer genuine economic opportunity to individuals from a range of backgrounds.

We have reviewed Senate Bill 375 and believe it does some things well but is missing key provisions that should be included. We applaud prior committees for having removed provisions that would have implicated federal racketeering and labor laws after considering our comments. These comments reflect the current version (SB375_SD1) of the bill:

Strengths

- 1. Workplace protections.** Section A-4 includes workplace protections that allow employers to enforce a drug-free workplace or enforce uniform standards regarding employee drug use. This provision is vital for employers who may hold federal contracts or are engaged in physically dangerous activities.
- 2. Automatic expungement.** Section 12 would automatically expunge convictions for activities that would no longer be considered crimes following the bill's passage, establishing intertemporal justice.
- 3. Ordinary deductions.** Section 30 allows cannabis licensees to deduct ordinary and necessary expenses from gross income under the state corporate income tax, allowing these legal businesses to be treated as similarly situated legal businesses in other industries.
- 4. Medical marijuana reciprocity.** Sections 32 and 33 would establish universal recognition of medical marijuana cards issued by other states so that patients can gain access to medically

DRUG POLICY PROJECT CONTACTS:

Geoffrey Lawrence, Director (geoff.lawrence@reason.org)
Michelle Minton, Sr. Policy Analyst
(michelle.minton@reason.org)

Reason Foundation is a national 501(c)(3) public policy research and education organization with expertise across a range of policy areas, including public sector pensions, transportation, infrastructure, education, and criminal justice. For more information about Reason Foundation's approach to education and transportation policy, visit reason.org



needed cannabis products while they are away from home.

Shortcomings

1. **Cannabis Authority less efficient, timely than agency implementation.** Sections A-12 and A-13 charge the proposed Hawaii Cannabis Authority with adopting rules, establishing fees and making decisions regarding the award of cannabis licenses to applicants. Section A-14 clarifies that these functions cannot be delegated. However, the Hawaii Cannabis Authority may meet as infrequently as once per quarter. This means that license applications may linger for extended periods while applicants are forced to consume working capital that may deplete their resources. If an applicant is instructed to cure a small deficiency within its application, then that application may not be considered again for three months. This structure could substantially slow licensing and cause disharmony in the market.

Michigan began its adult use market with a similar board in charge of licensing decisions, but quickly scrapped it in response to frequent complaints about how slowly the board moved and the arbitrary nature of its decisions. Instead, Gov. Gretchen Whitmer created the Marijuana Regulatory Agency as a permanent state agency using a rules-based framework to evaluate license applications. Almost immediately, the state became more responsive to the needs of market participants.¹

Needed Provisions

1. **Enforceable contracts.** Senate Bill 375 contains no express provisions to clarify that contracts entered into by cannabis licensees are enforceable under Hawaiian law. This provision is required to hold counterparties to their commitments with cannabis licensees.
2. **Occupational licensing protection.** There is no express provision to protect holders of professional licenses from censure by state licensing boards simply because they offer services to a cannabis business. Since cannabis businesses are federal criminal enterprises, lawyers, accountants and other credentialed professionals should enjoy this protection under Hawaiian law.
3. **Parent protections.** There is no express provision clarifying that individuals cannot be stripped of their parental rights solely on the basis of their lawful cannabis consumption. Lawmakers should consider adding a provision to this effect.

We hope this information is useful, and Reason Foundation is committed to ensuring that cannabis legalization is done correctly and that state-regulated markets function properly. We are ready and eager to provide additional feedback on this or similar proposals as necessary.

¹ Geoffrey Lawrence, "Michigan's Marijuana Regulators Are Running Ahead of Schedule," Reason Foundation commentary, July 2, 2019, <https://reason.org/commentary/michigans-marijuana-regulators-are-running-ahead-of-schedule/>.

DRUG POLICY PROJECT CONTACTS:

Geoffrey Lawrence, Director (geoff.lawrence@reason.org)
Michelle Minton, Sr. Policy Analyst
(michelle.minton@reason.org)

Reason Foundation is a national 501(c)(3) public policy research and education organization with expertise across a range of policy areas, including public sector pensions, transportation, infrastructure, education, and criminal justice. For more information about Reason Foundation's approach to education and transportation policy, visit reason.org





OAHU CANNABIS FARMS ALLIANCE

[COMMITTEE ON JUDICIARY](#)

Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

[COMMITTEE ON WAYS AND MEANS](#)

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

March 1, 2023
Jason Hanley,
Member of the Oahu Cannabis Farms Alliance (OCFA)

SB 375 (OPPOSING)

Honorable Members of the Committee,

After meeting with legislators, Dept. of Health, and dispensary representatives, it is clear that the development of SB375 is following the same path as the establishment of dispensaries in 2015. After 6 years into the dispensary program development, less than 30% of medical patients are going to dispensaries and many dispensaries publicly stating they are going out of business with the burdensome regulations. The problem is very simple in my opinion. Legislation is split on any type of legal cannabis program moving forward. Many legislators represent communities that resist any type of cannabis legalization whether medical or recreational. The mood is "lets pass what we can pass even if it is a bad bill". This type of bill making is detrimental to the community and to the medical patients of Hawaii.

SB375 has no data driving the bill, and on the contrary, there is a lot of data available to legislation to properly build a successful state dual use program. American for Safe Access released a 2021 report "An Analysis of Medical Cannabis Across the United States".

It is obvious that SB 375 was drafted by proponents of marijuana legalization with heavy input from the existing cannabis industry. SB 375 if enacted would prove to be difficult to implement, regulate and enforce.

Hawaii 's cannabis authority board will be comprised of individuals that will lack objectivity due to the composition of this board. What we see in about every instance is the authority bestowed by statute in a governance board is dominated by members whose vested interest is the success of the program with little regard to the actual events that are occurring because of legalization of commercial adult use. This is reinforced throughout SB 375 as very little language is devoted to collecting data so that informed decisions can be made in the following areas public health and public safety.

SB 375 attempts to correct or at least incentivize disenfranchised community members who are actively seeking licenses to manufacture distribute or sell commercial adult use marijuana. However laudable this may seem; it seldom produces tangible results. Historically what we have seen in the states that have legalize commercial adult use marijuana, initially disenfranchised community members enter the marketplace but if you have sustainable resources to survive and thrive, we have seen a consolidation of ownership and each instance with larger corporate entities that have the fiscal resources and the ability to price competition out of business. According to the recent Colorado business statistics approximately 70% of Colorado 's commercial adult use industry is controlled by 8 individuals/ entities. We continue to see a consolidation within the marketplace in the state of Illinois and most recently in the state of New Jersey.

Mahalo.



To: Senator Donovan M. Dela Cruz, Chair, Chair of Committee on Ways and Means
Senator Karl Rhoads, Chair of Committee on Judiciary

Senator Gilbert S.C. Keith-Agaran, Vice-Chair of Committee on Ways and Means
Senator Mike Gabbard, Vice Chair of Committee on Judiciary

Members of the Committees

From: Jaclyn Moore, Pharm.D., CEO Big Island Grown Dispensaries

RE: Testimony in **SUPPORT** with **COMMENTS** for Senate Bill **(SB) 375**

RELATING TO CANNABIS.

Legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use. Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax. Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law. Allows qualifying out-of-state patients to cultivate medical cannabis.

Dear Chairs, Vice-Chairs and Members of the Committees:

Big Island Grown Dispensaries is one of eight medical cannabis dispensary licensees in the State. We operate a production facility and 3 retail locations on the Big Island of Hawaii. Our medical cannabis operation currently employs and contracts with over 80 Big Island residents.

Mahalo for the opportunity to provide **comments** for **SB375**.

Big Island Grown supports and appreciates the intent of this bill which would establish a program to allow for the adult-use of cannabis. While we are supportive of many of the provisions in this measure, other jurisdictions across the country have had difficulty implementing complex regulations causing substantial delays in the issuance of new licenses resulting in the proliferation of criminal activity. The time period between legalization and decriminalization beginning, and access to legal channels must be addressed. As written, SB375 provides a gap that requires attention.

<https://nypost.com/2023/01/18/1400-illegal-pot-shops-now-open-in-nyc-already-wreaking-havoc/>

Please consider language in SB669 which would allow for more cost-effective state oversight, and streamline implementation through rule making.

Thank you for the opportunity to testify.

Jaclyn L. Moore, Pharm.D.
CEO
Big Island Grown Dispensaries

Lau Ola LLC, dba Big Island Grown Dispensaries
HILO WAIMEA KONA



SB 375, SD1, RELATING TO CANNABIS

MARCH 1, 2023 · SENATE JUDICIARY AND WAYS
AND MEANS COMMITTEES · CHAIRS SEN. KARL
RHOADS AND SEN. DONOVAN DELA CRUZ

POSITION: Support with amendments.

RATIONALE: Imua Alliance supports and suggests amendments for SB 375, SD1, relating to cannabis, which establishes the Hawai'i Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State; establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful and requires all convictions for such acts be expunged; and transfers the powers and duties of the Department of Health under state law governing medical cannabis dispensary system, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to the Hawai'i cannabis authority.

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

Similarly, cannabis abuse and dependence afflicts approximately 1.7 percent of the U.S. population, while alcohol abuse afflicts roughly 7.5 percent—over four times as many individuals. Cannabis is also not conclusively linked to an increase in violent behavior. Rather, reports supposedly linking cannabis to violent crimes typically rely on information gathered by the Office of National Drug Control Policy, which, in turn, relies on source material that a) does not account for drug-trafficking and dispositional or psychological disorders; and b) fails to account for levels of deviancy (increased usage beyond average consumption rates). A more stark statistical correlation exists between increased alcohol consumption and violent crime, including child and intimate partner abuse, yet, again, no one is introducing, much less considering the merits of, limiting the personal consumption of alcohol. Additionally, only 30 percent of frequent (every other day or more) cannabis users report symptoms suggesting dependence, in contrast to nearly 70 percent for nicotine and 88 percent for harder drugs, like cocaine, calling into question legal opinions asserting that cannabis and hard drugs can be readily correlated to one another. If we do not criminalize overconsumption of the more dangerous drug of alcohol, in and of itself, why, once more, do we unduly criminalize cannabis consumption, particularly in small amounts?

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

Legalizing recreational cannabis could generate at least \$81.7 million in tax revenue annually for our state according to a study published by the Hawai'i Cannabis Industry Association in January and would produce substantial additional criminal justice savings that could be spent delivering a quality education to our keiki, building basic infrastructure, expanding access to healthcare, and constructing truly affordable housing. Even the more conservative \$50 million revenue estimate

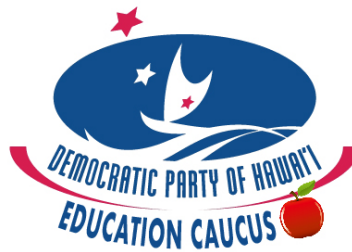
produced by the Hawai'i Department of Taxation last year is enough to “stand up” a local cannabis industry. Many states have established well-regulated recreational cannabis industries that include restorative justice components for less than \$5 million.

Yet, we have concerns about the inadequacy of this measure as it currently stands. **To begin, this measure does not include any provisions regarding social equity.** As we struggle to fix our state's overcrowded prisons, we must enact systemic solutions that promote social justice and help to alleviate Hawai'i's mass incarceration problem. If implemented sensibly, cannabis legalization could lead to the most comprehensive mass expungement program ever seen on our shores, with people who have been incarcerated for cannabis infractions having their criminal records expunged and being released from the legal constraints that have unjustly impeded their ability to attain financial security and, in many cases, stolen their basic freedom.

Social equity must form the heart of any forward-thinking cannabis legalization program. Our society's most marginalized people should be first in line to participate in the cannabis industry that we are seeking to grow. Agricultural and business practices should be based on regenerative, sustainable, and indigenous cultivation methods to ensure that cannabis operations uplift the needs and values of Hawai'i residents, not the profits of multistate corporations. **Yet, again, the SD1 for this proposal lacks any reference to social equity, which would only exacerbate the harm endured by those who have been prosecuted for cannabis and their families.**

Accordingly, we urge your committee to pass language found in the original draft of SB 375 regarding social equity. We also encourage you to look at the fee and tax structure that was originally proposed in SB 375, which would guarantee that everyone pays their fair share to participate in the cannabis marketplace, including current medical dispensaries. Finally, we invite you to consider inserting additional protections for local cannabis operations into the bill to prevent multistate corporations—the so-called “Walmarts of cannabis”—from controlling our islands' cannabis industry, including the adoption of language that would allow a Hawai'i Cannabis Authority to set fees for non-local operators that far exceed those charged to local businesses (which should cost no more than a contractor's license), and provisions that would give people of Native Hawaiian ancestry preference in obtaining cannabis licenses.

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



SENATE BILL 375, SD1, RELATING TO CANNABIS

MARCH 1, 2023 · SENATE JUDICIARY AND WAYS
AND MEANS COMMITTEES · CHAIRS SEN. KARL
RHOADS AND SEN. DONOVAN DELA CRUZ

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports and suggests amendments for SB 375, SD1, relating to cannabis, which establishes the Hawai'i Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State; establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful and requires all convictions for such acts be expunged; and transfers the powers and duties of the Department of Health under state law governing medical cannabis dispensary system, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to the Hawai'i cannabis authority.

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

Similarly, cannabis abuse and dependence afflicts approximately 1.7 percent of the U.S. population, while alcohol abuse afflicts roughly 7.5 percent—over four times as many individuals. Cannabis is also not conclusively linked to an increase in violent behavior. Rather, reports supposedly linking cannabis to violent crimes typically rely on information gathered by the Office of National Drug Control Policy, which, in turn, relies on source material that a) does not account for drug-trafficking and dispositional or psychological disorders; and b) fails to account for levels of deviancy (increased usage beyond average consumption rates). A more stark statistical correlation exists between increased alcohol consumption and violent crime, including child and intimate partner abuse, yet, again, no one is introducing, much less considering the merits of, limiting the personal consumption of alcohol. Additionally, only 30 percent of frequent (every other day or more) cannabis users report symptoms suggesting dependence, in contrast to nearly 70 percent for nicotine and 88 percent for harder drugs, like cocaine, calling into question legal opinions asserting that cannabis and hard drugs can be readily correlated to one another. If we do not criminalize overconsumption of the more dangerous drug of alcohol, in and of itself, why, once more, do we unduly criminalize cannabis consumption, particularly in small amounts?

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

Legalizing recreational cannabis could generate at least \$81.7 million in tax revenue annually for our state according to a study published by the Hawai'i Cannabis Industry Association in January and would produce substantial additional criminal justice savings that could be spent delivering a quality education to our keiki, building basic infrastructure, expanding access to healthcare, and constructing truly affordable housing. Even the more conservative \$50 million revenue estimate

produced by the Hawai'i Department of Taxation last year is enough to “stand up” a local cannabis industry. Many states have established well-regulated recreational cannabis industries that include restorative justice components for less than \$5 million.

Yet, we have concerns about the inadequacy of this measure as it currently stands. **To begin, this measure does not include any provisions regarding social equity.** As we struggle to fix our state's overcrowded prisons, we must enact systemic solutions that promote social justice and help to alleviate Hawai'i's mass incarceration problem. If implemented sensibly, cannabis legalization could lead to the most comprehensive mass expungement program ever seen on our shores, with people who have been incarcerated for cannabis infractions having their criminal records expunged and being released from the legal constraints that have unjustly impeded their ability to attain financial security and, in many cases, stolen their basic freedom.

Social equity must form the heart of any forward-thinking cannabis legalization program. Our society's most marginalized people should be first in line to participate in the cannabis industry that we are seeking to grow. Agricultural and business practices should be based on regenerative, sustainable, and indigenous cultivation methods to ensure that cannabis operations uplift the needs and values of Hawai'i residents, not the profits of multistate corporations. **Yet, again, the SD1 for this proposal lacks any reference to social equity, which would only exacerbate the harm endured by those who have been prosecuted for cannabis and their families.**

Accordingly, we urge your committee to pass language found in the original draft of SB 375 regarding social equity. We also encourage you to look at the fee and tax structure that was originally proposed in SB 375, which would guarantee that everyone pays their fair share to participate in the cannabis marketplace, including current medical dispensaries. Finally, we invite you to consider inserting additional protections for local cannabis operations into the bill to prevent multistate corporations—the so-called “Walmarts of cannabis”—from controlling our islands' cannabis industry, including the adoption of language that would allow a Hawai'i Cannabis Authority to set fees for non-local operators that far exceed those charged to local businesses (which should cost no more than a contractor's license), and provisions that would give people of Native Hawaiian ancestry preference in obtaining cannabis licenses.

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



Submitted Online: February 28, 2023

HEARING: Wednesday, March 1, 2023

TO: Senate Committee on Ways & Means Senate Committee on Judiciary
Sen. Donovan Dela Cruz, Chair Sen Karl Rhoads, Chair
Sen. Gilbert Keith-Agaran, Vice Chair Sen. Mike Gabbard, Vice Chair

FROM: Eva Andrade, President

RE: Opposition to SB375 SD1 Relating to Cannabis

Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii. As such, we have serious concerns about this bill and its ultimate ramifications on the wider community – especially with regards to our keiki. Although we leave the discussion as to the regulatory functions and applicability of its passage to the experts, establishing legal recreational marijuana is a serious and major policy change for our community.

Let’s fix the vaping problem in Hawaii before we create a situation that may very well be exacerbated by legalized recreational marijuana. On February 16, 2021, Governor David Ige presented a report on the Hawaii Student Health Behaviors. Although some positive results were mentioned, he also expressed great concern regarding “the high number of youth who have tried electronic smoking devices, with 31% (or almost 1 in 3) of high school students using electronic vapor products”ⁱ News stories at that time referred to an effort by the State Department of Health to reduce that number,ⁱⁱ but it continues to grow.

If the youth in Hawai’i are already dabbling in an illegal substance at such high rates, even with the attempt to provide deeper restrictions, do we really believe that marijuana will somehow escape their attention and use? Marijuana concentrates are being used in vaping devices and even the DEA has recognizedⁱⁱⁱ that the marijuana used in vaping contains a higher concentrate. Because marijuana is a performance-degrading drug, school aged keiki who access it will most certainly be put at a disadvantage.

The use of edible products is another way that our youth could access marijuana and that could be a huge unintended consequence. According to Smart Approaches to Marijuana^{iv}, youth drug use has risen in every state that has legalized recreational marijuana.^v We must do everything in our power to ensure that does not happen Hawaii.

According to Jonathan P. Caulkins, “The Real Dangers of Marijuana,” (2019) “[o]ne could speculate that legalization might make marijuana abuse and dependence less common, because generally healthy people will start to use occasionally, and that influx could dilute the proportion who abuse or are dependent. But one could just as easily speculate that legalization will bring more marketing, more potent products (like "dabs"), or products that are more pleasant to use (like "vaping" pens), any of which could increase the risk that experimenting could progress to problematic use. This is all speculation, of course. But what can be said empirically is that, within the context of aggregate use in the United States at this time, the best available data suggest that marijuana creates abuse and dependence at higher rates than does alcohol.”^{vi}

Legalization and the perceived societal acceptance are detrimental to the overall safety and wellbeing of our keiki. Family factors can serve both protective and risk functions in adolescents' substance use. We hear stories of access to illegal substances because of an adult in their own family network. These same individuals have been the connection for their ability to gain easy access to marijuana purchased by adults for "medicinal" use. Legalization of recreational marijuana will make this worse.

Marijuana may impair judgment, motor function, and reaction time. Studies have found a direct relationship between blood THC concentration and impaired driving abilities. According to the Conference of National State Legislatures, "[t]esting for drug impairment is problematic due to the limitations of drug-detecting technology and the lack of an agreed-upon limit to determine impairment. The nationally recognized level of impairment for drunken driving is .08 g/mL blood alcohol concentration. But there is no similar national standard for drugged driving."^{vii}

The bottom line is that by legalizing the recreational use of marijuana, we believe it will affect adolescents' use by increasing its availability through social connections, by creating a message within social norms that show marijuana use as a normal thing, and by reinforcing beliefs that marijuana use is not harmful. If marijuana possession and use is no longer a punishable offense it will be more readily available, as users of marijuana will no longer be deterred by fear of punishment. Surely Hawai'i deserves better than that!

Mahalo for the opportunity to submit our strong concerns.

ⁱ [21-026-New-findings-show-promising-trends-in-Hawaii-student-health-behaviors.pdf](#) (February 16, 2021) (accessed 02/10/23)

ⁱⁱ (2022, October 29). *Hawaii DOH launches new campaign to stamp out teen vaping*. KITV 4. Retrieved February 10, 2023, from https://www.kitv.com/video/news/hawaii-doh-launches-new-campaign-to-stamp-out-teen-vaping/video_49d69be0-7890-5c29-99a3-d8e712fb4007.html

ⁱⁱⁱ (2019, May 8). *Vaping and Marijuana Concentrates*. DEA.gov. Retrieved February 10, 2023, from https://www.dea.gov/sites/default/files/2019-10/VapingMarijuana_Brochure_2019_508.pdf

^{iv} Smart Approaches to Marijuana (n.d.). *2020 Impact Report*. Learnaboutsam.org. Retrieved February 13, 2023, from <https://learnaboutsam.org/wp-content/uploads/2020/12/2020-Impact-Report1.pdf>

^v (n.d.). *SAM Frequently Asked Questions*. SAM Smart Approaches to Marijuana. Retrieved February 10, 2023, from <https://learnaboutsam.org/faq/#sam19>

^{vi} Caulkins, J. P. (n.d.). *The Real Dangers of Marijuana*. National Affairs. Retrieved February 10, 2023, from <https://www.nationalaffairs.com/publications/detail/the-real-dangers-of-marijuana>

^{vii} National Conference of State Legislators (2022, November 11). *Drugged Driving | Marijuana-Impaired Driving*. NCSL. Retrieved February 10, 2023, from <https://www.ncsl.org/transportation/drugged-driving-marijuana-impaired-driving>



ROMAN CATHOLIC CHURCH IN THE STATE OF HAWAII
DIOCESE OF HONOLULU
Witness to Jesus



Online Submittal: February 27, 2023

HEARING: March 1, 2023

TO: Senate Committee on Judiciary
Sen. Karl Rhoads, Chair
Sen. Mike Gabbard, Vice-Chair

Senate Committee on Ways & Means
Sen. Donovan Dela Cruz, Chair
Sen. Gilbert Keith-Agaran, Vice Chair

FROM: Eva Andrade, Executive Director, Hawaii Catholic Conference

POSITION: Opposition to SB375 SD1 Relating to Cannabis

Honorable members of the Senate Health & Human Services and Consumer Protection Committees, I am Eva Andrade, representing Bishop Larry Silva and the Hawaii Catholic Conference, the public policy voice for the Roman Catholic Church in the State of Hawaii. Thank you for the opportunity to provide testimony in opposition to SB 375 SD1.

While the Catholic Church does not teach that the use of marijuana specifically is inherently sinful, paragraph 2291 of the Catechism describes the use of drugs in general, describing it as a “grave offense” when used apart from strictly therapeutic reasons. It also states in paragraph 2211 that the political community has a duty to protect the security and health of families, especially with respect to drugs.

Legalizing marijuana for recreational usage will adversely affect families, communities, workers, and health outcomes. In fact, the American Medical Association (AMA) believes that cannabis is a “dangerous drug and...is a serious public health concern” and that the sale of cannabis for adult recreational use should not be legalized.¹

Once you go this route, you will ultimately send a message to children that drug use is socially and morally acceptable. We have witnessed the rise of vaping among our youth, and thereby we remain strongly concerned that this attempt to raise revenue will ultimately come at a social cost that will permanently harm our community. As people of faith, we must speak out against this effort and the damaging effects its passage would have on children and families.

Please do not pass this bill. Mahalo for the opportunity to submit written testimony in opposition.

¹ <https://www.ama-assn.org/system/files/2019-05/a19-y-ps-resolution-05.pdf> (accessed 02/10/23)

HAWAII CATHOLIC CONFERENCE

(The public policy voice for the Roman Catholic Church in the State of Hawaii)



To: Senator Karl Rhoads, Chair of the Senate Judiciary Committee,
Senator Donovan Dela Cruz, Chair of the Senate Ways and Means Committee,
Members of the Senate Judiciary Committee and the Senate Ways and Means
Committee,

Fr: Casey Rothstein, CEO Green Aloha Ltd.

Re: **Testimony In Support of Senate Bill (SB) 375 with comments**

RELATING TO CANNABIS.

Legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use.
Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax.
Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis
law. Allows qualifying out-of-state patients to cultivate medical cannabis.

Dear Chairs, Vice-Chairs, and Members of the Joint Committee:

Green Aloha Ltd is the Kauai Medical Cannabis Dispensary License. Green Aloha **supports SB 375 with comments** as an important bill for cannabis reform in the State of Hawai'i.

This measure would implement an Adult-Use of cannabis program and legalize cannabis for anyone over the age of 21 in the State of Hawai'i. This policy is extremely important to finally safeguard our communities and youth from the already large and existent illicit market that exists statewide that operates unregulated, untaxed, and untested.

As written SB 375 could potentially create difficulties for implementation of a new program such as requiring the state to appropriate funding up front and delays in licensing leading to a period of time where there is a gap in regulation leading to the strengthening of the illicit market.

Green Aloha prefers the language in SB 669 but if the Senate decides to move this measure forward, Green Aloha is available to work with lawmakers and stakeholders to amend SB 375 to fix the issues stated above.

Thank you for considering this extremely important and timely piece of legislation and the opportunity to testify.



Date: February 28, 2023

To: Senator Donovan Dela Cruz, Chair of the Senate Ways and Means Committee,
Senator Jarrett Keoholalole, Chair of Senate Commerce and Consumer
Protection Committee
Members of the Committees

Fr: Bill Jarvis, Chief Executive Officer on behalf of Manoa Botanicals, LLC

Re: Testimony **In Strong Support of Senate Bill (SB) 375**

RELATING TO CANNABIS.

Legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use. Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax. Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law. Allows qualifying out-of-state patients to cultivate medical cannabis.

Dear Chairs, Vice-Chairs, and Members of the Joint Committee:

Manoa Botanicals, LLC is one of eight statewide licensees that operates on the island of Oahu, **supports SB 375 with comments** as an important bill for cannabis reform in the State of Hawai'i.

This measure would implement an Adult-Use of cannabis program and legalize cannabis for anyone over the age of 21 in the State of Hawai'i. This policy is extremely important to finally safeguard our communities and youth from the already large and existent illicit market that exists statewide that operates unregulated, untaxed, and untested.

Comments:

As written SB 375 would create delays in implementation of a new program after signing into law. It states that the new authority should be put together, funded, and adopt rules for adult use sales by December 2024. If Hawai'i passed a legalization law and waited for the process to set up the new authority and rulemaking, the illicit market would use the time to shift market share from legally operating licensees to unlicensed, untaxed and unregulated operators. This has already happened in New York and many other states. New York legalized adult use in March 2021 but did not issue licenses until eight months later in November 2021. During the time between legalization and the first sale of Adult Use cannabis illegal, unregulated, and untaxed cannabis stores and operations became commonplace. Even now, there are more than 1,000 illegal operations masquerading as legitimate operations and New York residents do not understand that these operations are illegal. The issue has grown so problematic that the Mayor of New York City and the D.A. have formed a task force to try and address the issue^[1]. Hawaii saw the same type of explosion in illicit cannabis when the state legalized medicinal cannabis in 2000 but did not standup the first medicinal dispensaries until 2015. Hawaii has also already seen illegal dispensary operations like, "Pinky's" selling untaxed, unregulated, highly potent cannabis products to the public.



There will be claims from opponents that this bill creates no new local jobs. That statement is patently false. In fact, the legal medical cannabis industry has already created hundreds of jobs, and adult-use legalization will create hundreds more. In the case of Noa, every single employee employed by Noa, lives and works in Hawai'i and our plans call for us to double our local employee base within three years of adult-use legalization.

Manoa Botanicals, LLC prefers the language in **SB669** that would fix the issues stated above and it addresses concerns raised by the Hawai'i AG and the Department of Health. If the Senate decides to move this measure forward, Manoa Botanicals is available to work with lawmakers and stakeholders to amend SB 375 to fix the issues stated above.

Thank you for considering this extremely important and timely piece of legislation and the opportunity to testify.

SB-375-SD-1

Submitted on: 2/28/2023 10:02:11 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Michal C Cohen	Testifying for Michal Cohen, LCSW	Oppose	Written Testimony Only

Comments:

Dear Members of the Committee,

My name is Michal Cohen. I am a resident of Kaka'ako. I am a psychotherapist who specializes in the treatment of PTSD. I have extensive experience working with veterans who have combat trauma or military sexual trauma. I also have extensive experience working with people who have been diagnosed with PTSD.

I strongly oppose SB 375. This bill is quite punitive to people who have decided to collectively grow their medicine. This bill highly favors the dispensaries and actually targets local famers and growers who are working collaboratively to help people access cannabis as medicine at a reasonable price.

Many of my clients use cannabis to manage their symptoms of PTSD. They often cannot afford cannabis that is sold at the dispensaries. They rely on cannabis collectives as a way to get their medicine. Care Wailua has been instrumental in helping my patients access affordable medicine. This proposed bill would be devastating to my patients who rely on Care Wailua to obtain their medicine.

For these reasons, as a health care provider, I strongly oppose SB 375.

Thank you.

Michal Cohen, LCSW

Dedicated to safe, responsible, humane and effective drug policies since 1993

TESTIMONY IN SUPPORT OF SB 375, SD 1

TO: Chair Rhoads, Vice Chair Gabbard, and JDC Committee Members
Chair Dela Cruz, Vice Chair Keith-Agaran, and WAM Committee Members

FROM: Nikos Leverenz
DPFH Board President

DATE: March 1, 2023 (10:05 AM)

Drug Policy Forum of Hawai'i (DPFH) **strongly supports** SB 375, SD 1, which would legalize, regulate, and tax cannabis and manufactured cannabis products for responsible adult use. It is welcome to see that Hawai'i now has a governor who supports adult-use legalization, which also has longstanding bipartisan support.

The provision establishing the composition of a prospective Hawai'i Cannabis Authority, Section A-11, is commendable for including those who work in public health, civil rights, and the Native Hawaiian affairs, as is the redress of harms caused by prohibition and enforcement, including expungement of cannabis related offenses; the preservation of existing rights and privileges under current medical cannabis statutes; and legalizing the possession and use of cannabis paraphernalia. This bill could be strengthened by providing employment protections for cannabis consumers, and it is distressing that the Legislature has yet to provide such for registered medical cannabis patients.

As the Legislature moves forward in its deliberations, it should continue to carefully consider how best to forward social justice measures that ensure meaningful levels of participation in every segment of the emerging adult-use cannabis economy for those who have been marginalized and criminalized through cannabis prohibition and the larger drug war.

[The current regime of cannabis prohibition deepens the already extensive impact of the criminal legal system on Native Hawaiians](#) and residents from under-resourced communities, including those who are unhoused. Cannabis prohibition lengthens terms of probation or parole apart from a more calibrated determination of increased safety risks to the community. Prolonged periods of probation or parole increase the likelihood of a return to jail or prison at

great cost to state taxpayers. [A 2020 report from the Pew Charitable Trusts found that this state has the longest average term of probation at almost five years.](#)

Social equity centers impacted communities in every stage of production and distribution, from the growth of cannabis plants to the distribution and delivery of cannabis flower and manufactured cannabis products, as well as licensing and the provision of technical assistance. Employment opportunities should be made available to formerly incarcerated persons and those otherwise involved in the criminal legal system. Businesses should be required to develop social responsibility programs that include equity initiatives.

Related to equity concerns, those with retail licenses should be encouraged to formally engage growers and producers in the current legacy market for supplies of cannabis flower and manufactured cannabis products.

The participation of [craft cannabis growers](#)—and businesses owned and operated by Native Hawaiians, women, and other groups underrepresented in other commercial sectors—is a vital way to promote social equity and help Hawai'i develop products that will command a premium in prospective national and international markets. [Interstate cannabis commerce may soon be on the horizon.](#) Craft cannabis growers can be supported by prospective authorization to provide direct-to-consumer on site and delivery sales.

Craft cannabis can also serve as a centerpiece of cannabis tourism in our state. Last year, *Forbes* [valued the cananbis tourism sector at \\$17 billion.](#) The availability of legal cannabis products will be attractive to many visitors from domestic and international jurisdictions that do not permit legal adult use. This is currently the case with Hawai'i residents who visit Nevada, every other state with a Pacific coastline, and other states that now include Montana and Missouri.

Social equity also includes baseline statutory provisions providing for the expungement of cannabis-related offenses on a person's criminal records. [Long term arrest data](#) indicate that Native Hawaiians are disproportionately impacted by overcriminalization of cannabis in every county. [A misdemeanor conviction features many "collateral consequences" that impact an individual's ability to obtain employment, housing, and education.](#) Adult-use cannabis legalization will curb the negative impact of our state's drug law enforcement on those from Native Hawaiian and under resourced communities.

Recent domestic and international developments in the cannabis industry indicate that a system of workable regulations can provide new opportunities for prospective investors and local business owners to facilitate well-paid regular employment for kama'aina in the production and distribution of a range of quality consumer products. Once established, these businesses can attract an increased level of capital investment that might not otherwise be available to Hawai'i's economy. [Even a smaller state like Alaska, which has a modest adult-use cannabis sector that has been online for three years, now sees \\$25 million in excise tax revenue.](#)

While cannabis use is not entirely devoid of individual health risks, its use does not produce the injury, illness, and death resulting from regular or problematic use of alcohol or tobacco, two widely used licit substances that are not included in the federal Controlled Substances Act.

As a general matter, DPFH supports evidence-based education for all persons, from students to seniors, that includes science-based information on alcohol and other drugs and the promotion of resilience through harm reduction.

DPFH also supports policies that would move toward expeditious treatment upon request for those with diagnosed substance use disorders, including alcohol and other drugs, mental health issues, and sufficient numbers of stabilizaiton beds in every county to facilitate a person's engagement in treatment. As noted by the American Public Health Association (APHA):

Public health approaches offer effective, evidence-based responses, but some of the most effective interventions are not currently allowed in the United States

owing to outdated drug laws, attitudes, and stigma. Substance misuse treatment is too often unavailable or unaffordable for the people who want it. A criminal justice response, including requiring arrest to access health services, is ineffective and leads to other public health problems. (Policy Statement, "[Defining and Implementing a Public Health Response to Drug Use and Misuse.](#)")

DPFH also supports APHA in "ending the criminalization of drugs and drug consumers, prioritizing proven treatment and harm reduction strategies, and expanding (and removing barriers to) treatment and harm reduction services." (*Id.*)

Thank you for the opportunity to testify in support of this timely reform. Hawai'i can uniquely position itself to participate in an emerging industry that will likely experience protracted growth on a domestic and international basis in the coming years.

SB-375-SD-1

Submitted on: 3/1/2023 8:29:54 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Richard Ng	Testifying for Hawaii Cannabis Hui	Oppose	Written Testimony Only

Comments:

While the Hawaii Cannabis Hui supports legalization, decriminalization, and social equity, we oppose this bill SB 375 and also SB 669. Not all legalization approaches are equal or even good policy.

Among other reason the DOH task force social equity strong recommendation to consult with OHA and DHHL before legalizing has been completely ignored.

It is an urgent matter to understand why there has no consultation with OHA nd DHHL and other key Native Hawaiiak stakeholders in this whole process. It is very concerning for the community and shows the negligence for community input by the proponents of these bills.

The bills give the existing medical dispensaries a free monopoly head start for an indefinite number of years. That's a government giveaway to private businesses worth tens of millions of dollars. How will social equity/Native Hawaiian businesses ever catch up to that? Will the government give them a similar boost?

The respected cannabis policy think tank Parabola Center strongly suggests not limiting the number of licenses, but instead limiting the size of the licensees and discouraging vertical integration, as the best market structure for consumers and the most inherently just for social equity.

Mahalo for your time and consideration.

To: Committee on Judiciary

02-28-23

Regarding : SB375 SD1 Relating to Cannabis

Stance : Testimony in opposition

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Kai Luke, a representative of Cannabis Society of Hawai'i a diverse group of Community members made up of Native Hawaiians, People of Hawai'i, 329 Patients, Health Care Professionals, Dispensary workers, Previous Dispensary workers, Industry Professionals, Concerned Citizens, and Advocates in Health and Wellness.

We appreciate the work that goes into drafting these bills. While we do not support this bill, we do support Legalization and Adult use. Social Equity is a great start and along with Inclusion, Decriminalization, and Expungement which should be considered with any forward progressing bill with Cannabis. Our state has a rare chance to support our Native Hawaiian Community by providing Inclusion from the start of expansion in a more thoughtful and considerate way as other states have with Indigenous People throughout the United States.

Unfortunately, this bill doesn't address the issues that our Community is currently facing and in fact will harm the Medical Cannabis Patients that use the plant medicine to heal.

The ability for Medical Patients to cultivate their own plants is vital. Some may want to cross-pollinate their own Cultivars and create a unique blend of Terpenes for their own liking in which Male plants that do not provide any source of THC products and is still be counted as part of plant count.

Having a restriction on how many Medical Patients that can register to one TMK is unethical and does not make any sense with the Ohana style of living residents are forced to live with and access to land to grow on. While some have acres avail, some don't have a grow space and this bill will enforce harsh restrictions for Medical Cannabis Patients that will further handicap quality of life in the islands.

As much as we believe in Cannabis and want to see it more access for the people, we should not harm the people as a trade off. The current industry leaders should lead us into creating more space, equal playing field and opportunity rather than gatekeep and create special preference to a select few current producers.

We hope to see more transparency and inclusion as bills that continue to get created around Cannabis going forward. Reasonable will beat Perfect, if we can get in alignment. There is a way.

Thank you for the opportunity to testify on this matter.

Please consider this a NO vote for SB375 SD1.

Mahalo,

Kai Luke, Cannabis Society of Hawai'i
cannabissocietyofhawaii@gmail.com

SB-375-SD-1

Submitted on: 2/24/2023 6:47:01 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Cards Pintor	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support this bill.

Mahalo nui,

Cards Pintor

SB-375-SD-1

Submitted on: 2/25/2023 12:19:09 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Dara Yatsushiro	Individual	Oppose	Written Testimony Only

Comments:

SB375 is self-indulgent and IRRESPONSIBLE making no provisions for what'll happen when this cannabis falls into the hands of our teens and children.

Despite laws currently in-place to outlaw and prohibit children and teens from acquiring cigarettes, vaping, alcohol, marijuana and other illicit drugs, all of these are somehow available and accessible to our island teens and children anyways.

I see lots of decriminalization and expungement language in SB375 but NOTHING about the duty and responsibility of cannabis users to ensure their recreation doesn't fall even accidentally into the hands of a minor and what those criminal penalties should be for such oversight or irresponsibility. So when a child ODs on laced marijuana or has a bad reaction to it, *no adult* will be charged, accountable or responsible for that?

The children of Hawaii already have enough on their plates to deal with - PLEASE do not give them easy access to cannabis contingent upon the diligence and responsibility of a recreational user.

SB-375-SD-1

Submitted on: 2/25/2023 5:15:32 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

As of 2022, 37 states and four U.S. territories allow the use of cannabis for either or both medical and personal purposes. Hawaii enacted Chapter 329, part IX, Hawai‘i Revised Statutes to create a medical use of cannabis exemption from criminal sanctions and chapter 329D, Hawai‘i Revised Statutes, was enacted to authorize medical cannabis dispensaries to operate beginning July 2016.

In addition to medical cannabis laws, some states and jurisdictions have legalized or decriminalized cannabis. In each state, cannabis users no longer face jail time for the possession or use of cannabis in the amount permitted by statute. As of 2020, 21 states and three United States territories have legalized recreational cannabis.

Colorado was the first state to remove the prohibition on commercial production of cannabis for general use. During the first year of legal cannabis sales in 2014, Colorado collected \$67,594,323 in taxes and fees from medical and retail cannabis. As of November 2020, Colorado has collected \$1,563,063,859 in total revenue from cannabis taxes and fees.

The federal government has also signaled its approval of decriminalization at the federal level. On December 4, 2020, the United States House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act, or MORE Act, which removes cannabis from the list of federally controlled substances and facilitates cancelling low-level federal convictions and arrests related to cannabis. This was the first time Congress has acted on the issue of decriminalizing cannabis.

Legalization of cannabis for personal or recreational use is a natural, logical, and reasonable outgrowth of the current science of cannabis and attitude toward cannabis. Cannabis cultivation and sales hold potential for economic development, increased tax revenues, and reduction in crime. Please pass SB375 SD1.

SB-375-SD-1

Submitted on: 2/25/2023 8:12:48 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Tristin Manuel	Individual	Support	Written Testimony Only

Comments:

Aloha,

Welina mai, o Tristin kou Inoa, no Kailua mai au. I am a Hawaiian by blood and a full time resident.

I support SB375, and believe marijuana should be decriminalized, and the State should create its own Cannabis Authority as set forth in Senate Bill375.

As an advocate & consumer of THC & CBD, I know first hand how it immediately provides pain relief, subside nausea, and helps me & my mental health.

We hope Hawaii moves toward legalizing marijuana, and the State will be able to tap in to a huge million dollar market. I suggest the state use marijuana in their Tourism industry. FYI, In the world of marijuana, strains from Hawaii are marketable at a premium price point!

... And people would come (just FYI they already are & Hawaii State is missing out on that money to the black market) from around the WORLD to taste test HAWAII's Grown.

anyway, yes I Tristin Manuel support this bill

aloha

Tristin M. Manuel

support SB375,

SB-375-SD-1

Submitted on: 2/26/2023 6:38:45 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Ben L.	Individual	Support	Written Testimony Only

Comments:

Cannabis was banned for racist reasons in 1910-1911. The law against cannabis in 1937 "marihuana tax act" was ruled unconstitutional by the US supreme court in 1969 , US v Leary. Cannabis was then made illegal again with the controlled substances act of 1970. The controlled substances act, too, is unconstitutional, but challenging it in the courts is difficult, as you can see the "marihuana tax act" was law for 32 years before being found unconstitutional.

Hawaii needs to make cannabis legal again. The prohibition of marijuana was created by racists for racists to enforce laws against racial minorities. The state of Hawaii has recognized that cannabis is a medicine, so it cannot be listed in the state controlled substances schedule 1. Which according to HRS §329-13 , schedule 1 drugs are reserved for "the highest degree of danger or probable danger".

Since the year 2000 when Hawaii's medical marijuana program was enacted, medical marijuana patients have been using marijuana without any danger at all, because there is no danger with marijuana use. It is non toxic.

Even if you do not agree with marijuana legalization, at least look at the truth and reality that the war on drugs is a failure. Criminalizing marijuana possession , manufacture and use has done nothing to stop marijuana use, possession or manufacture. Prohibition has only wasted our precious tax dollars spent on turning our police force into drug sniffing dogs.

The laws against marijuana have , in turn, made our police force neglect solving of other, more important crimes, including rape , burglaries, armed robberies and murder. The people of Hawaii want those crimes solved and the people responsible stopped. The people of Hawaii want marijuana legal.

SB-375-SD-1

Submitted on: 2/26/2023 6:41:41 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Phil Robertson	Individual	Support	Written Testimony Only

Comments:

I have previously testified that I think most juries, when given the testimony to Congress in 1937 regarding marijuana by Harry J. Anslinger and the conclusions of the LaGuardia Report in 1944 by the New York Academy of Medicine, most all the juries will believe the LaGuardia Report.

I do not think it should be a standard of American justice to incarcerate people based on lies like Anslingers' lies. Criminal records should be expunged.

The American people have had 86 years to figure out marijuana and cannabis.

I think Harry J. Anslinger lied to Congress in 1937 and kept lying on the taxpayers' dime, for years to conceal his original lies.

Thank you for letting me testify.

SB-375-SD-1

Submitted on: 2/26/2023 7:20:00 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Keao NeSmith	Individual	Support	Written Testimony Only

Comments:

Please support legal marijuana use in Hawaii as is legal in Washington, Oregon, California and other states.

Thank you,

Keao NeSmith

SB-375-SD-1

Submitted on: 2/27/2023 10:04:31 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Troy Abraham	Individual	Support	Written Testimony Only

Comments:

I support legalization of Marijuana in Hawaii.

SB-375-SD-1

Submitted on: 2/27/2023 10:25:42 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support

SB-375-SD-1

Submitted on: 2/27/2023 2:38:23 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Karl Michael Kvalvik	Individual	Oppose	Written Testimony Only

Comments:

Greetings Chair, Vice Chair, and Representatives of this Council.

I oppose SB375.

SB375 represents a "Turf War" initiated by Dispensaries (HICIA) against Cannabis Cultivators (Oahu Cannabis Farms Alliance).

Please re-consider passing this bill, as it only resresents corporate interest. The patients and cooperative cannabis farms are being targeted by this legislation in a blatant attempt to control the market.

SB375 is not in the best interest of the people.

Kind Regards,
Karl Michael Kvalvik
808-518-7806

SB-375-SD-1

Submitted on: 2/27/2023 3:48:14 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Chrissie Brown	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose SB375 and SB375 SD1.

SB-375-SD-1

Submitted on: 2/27/2023 6:32:49 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Janet Pascua	Individual	Oppose	Written Testimony Only

Comments:

I am opposed to any bill that takes away my medical grow rights. Dispensaries are way too expensive. Dispensary product is often old and or dry.

From: M Stacy <luckcitypipes@gmail.com>

Sent: Sunday, February 6, 2022 08:02

To: paulbrewbaker tzeconomics.com <paulbrewbaker@tzeconomics.com>

Subject: Recent cannabis market research.

Hello!

I'm interested in the research you've done for HICIA and Randy Gonce, on behalf of the Hawaiian dispensary owners.

May I request some background on how you arrived at some of the percentages of market sales?

A simple quick example of the concerns being expressed by the patient community online: how did you ascertain that 60% of medical cannabis sales in Hawaii are 'black market'?

Your work is being used to advance interests that are not the publicly stated interests of the patient community. There's a patient boycott of the dispensary system that is effecting their sales. Did they mention that the public testimony for last years version of this bill included the willful misrepresentation of statistics (purgery) on the part of Randy's associates?

Question: do you differentiate between recreational (illegal) sales, and medical (legal market) consumption?

Question: is a transactional exchange assumed when patient use exceeds the total weight supplied through dispensary sales? OBSERVATION: there is no patient 'plant/weight/harvest' tracking data for Hawaiian medical cannabis patients. It is not required.

The question of where the cannabis patients use comes from is an important question, and I don't remember anyone taking surveys in the areas being most effected. I do not remember a patient outreach.

If it was conducted within dispensary premises, using dispensary personel.. I would like to remind you of their attempt at purgery and the mis-representation of statistics in public testimony.

Thank you for your help. There's about to be a lot of BAD press coverage. It's important to get the statistics behind the story, before the story becomes detrimental to the dispensary system.

It's useful to patients. That's it's only justification. That's it's only purpose. It's not a sanctioned recreational sales enterprise, so, it is VERY important to place rec sales in the proper category when evaluating the need for further legislation, in regards to a market the dispensaries SHOULDN'T consider when calculating market sales in a pre-legal recreational medical cannabis state.

That would have detrimental effects to patients rights. They might find cause for legal action.

On Wed, Feb 9, 2022 at 8:27 PM paulbrewbaker tzeconomics.com <paulbrewbaker@tzeconomics.com> wrote:

Hi M I insert *my responses* in italics below. [Sorry I realize I never sent this; it's been sitting in my Drafts file. Here is my detailed reply to your inquiry.]

I'm interested in the research you've done for HICIA and Randy Gonce, on behalf of the Hawaiian dispensary owners.

May I request some background on how you arrived at some of the percentages of market sales?

A simple quick example of the concerns being expressed by the patient community online: how did you ascertain that 60% of medical cannabis sales in Hawaii are 'black market'?

I did not ascertain that medical cannabis sales were any proportion of black market sales. I think you are referring to a calculation that did not originate in my research. I did not have the denominator, only the numerator. If that appeared in the newspaper article its source was somebody else who was cited, it didn't come from my work.

Your work is being used to advance interests that are not the publicly stated interests of the patient community. There's a patient boycott of the dispensary system that is effecting their sales. Did they mention that the public testimony for last years version of this bill included the willful mis-representation of statistics (purgery) on the part of Randy's associates?

I don't know the publicly stated interests of the patient community. This may be a reflection of my ignorance rather than the effectiveness of the patient community's communication, but then I couldn't know. Your inquiry is my first knowledge of this community's aspiration.

I am unaware of any testimony from anybody ever on any medical cannabis bill.

Question: do you differentiate between recreational (illegal) sales, and medical (legal market) consumption?

Personally, I presume one is not legally sanctioned and the other is. I have the impression this repeats the first question and refer you to my answer there.

Question: is a transactional exchange assumed when patient use exceeds the total weight supplied through dispensary sales? OBSERVATION: there is no patient 'plant/weight/harvest' tracking data for Hawaiian medical cannabis patients. It is not required.

I don't understand the question. I cited ratios of unique patient visits to the total of registered patients, both data sets reported at monthly frequencies by the Hawaii Department of Health.

With regard to the tracking data you mentioned, if you say there are none then I take your word for it. I never saw any tracking data.

The question of where the cannabis patients use comes from is an important question, and I don't remember anyone taking surveys in the areas being most effected. I do not remember a patient outreach.

Well, in an e-mail exchange about cannabis use invoking memory reliability is at least ironic. (Ha-ha, my joke.)

But seriously, as I mentioned above, the ratio of monthly unique patient visits to total patient enumerations was used as a utilization index, a proxy for transactions velocity. I imagine others could be constructed if, for example, the tracking data you say do not exist did exist. If wishes were horses, etc.

It's conceivable that the Department of Health in its regulatory capacity has other data not shared with the public.

It occurs to me that Google probably has smartphone GPS tracking data which would provide an alternate utilization metric. I'm told that Facebook knows where you are even if you don't have a Facebook account; there are multiple providers of geolocation data. I routinely use Google anonymized GPS tracking data on time spent in retail and recreation locations, in grocery and pharmacy stores, and at home or away from home—at daily frequencies, by county—to infer behavioral responses to evolving covid morbidity and mortality (but only because they freely are available at <https://raw.githubusercontent.com/OpportunityInsights/EconomicTracker/main/data/Google%20Mobility%20-%20State%20-%20Daily.csv>). Big Data are the new surveys. Entire companies exist to mine these data.

I'm just saying that there are newer, passive ways of inferring anonymized transactions velocity which don't have any of the problems associated with survey design. I just don't know what they are and have no incentive to find out. Distributors do have such incentives. I have met several younger people who are adept at scraping databases for such information, so I know the work routinely is undertaken.

A supermarket operator once described how many times they need a catsup bottle to move off the shelf to be profitable: they knew. I think it was five times but I can't remember the denominator in this instance; daily can that be right? I take that back I think it was a nickel a bottle so the faster it moved the better, the point was they tracked every item with UPC codes. I've worked with ocean surface carriers who track every container with GPS, know when the trucker stops on Sand Island Road, and track every box in a container passively with RFID, from command centers in Arizona and Utah. I read a paper by a young PhD candidate once who estimated the resale value of gift cards in secondary markets from ebay auctions--Target gift cards sold closest to par (95 cent on the dollar); Tiffany's sold at the deepest discount (55 cents

on the dollar). There are many novel ways to infer behavior, especially with smartphones everywhere. If somebody hires me to look into the underground economy I have no doubt it is easier to quantify today than in the 1970s when I learned about it.

At any rate I used only what the state published.

If it was conducted within dispensary premises, using dispensary personnel.. I would like to remind you of their attempt at purgery and the mis-representation of statistics in public testimony.

It would be a reminder if I knew what you were talking about. I am unfamiliar with the subject and again will have to take your word for it.

Thank you for your help. There's about to be a lot of BAD press coverage. It's important to get the statistics behind the story, before the story becomes detrimental to the dispensary system.

The only statistics I had, other than those I created from the surveys I designed (to elicit parameterization information anonymously regarding value-added by NAICS codes, and to elicit financial indicators anonymously to inform industry aggregation) were those calculated from data made available to me from the Hawaii Department of Health. For example, I calculated nonlinear projections and associated statistics such as confidence intervals from sales data provided by the state.

I had never read medical cannabis industry press coverage until I saw the Star-Advertiser coverage a few days ago, on the front page below the fold, in a story with whose reporter I have never spoken and am unfamiliar. (This is unusual as I know many reporters at the Star-Advertiser, most of its editors, and most of its board, and have worked with many of them.) The reporter may have been a woman and I believe she fairly represented the aspects of my report in her story, to my best recollection of the story's and my report's contents at that time.

It's useful to patients. That's its only justification. That's its only purpose. It's not a sanctioned recreational sales enterprise, so, it is VERY important to place rec sales in the proper category when evaluating the need for further legislation, in regards to a market the dispensaries SHOULDN'T consider when calculating market sales in a pre-legal recreational medical cannabis state.

I had no data on recreational cannabis sales and never took the leap of examining data from states in which recreational cannabis sales have been decriminalized in my research on Hawaii's medical cannabis industry, nor from those with neither recreational or medical accommodation. There are other industry consultants from whose work I infer are well-versed in cross-jurisdictional comparisons and contrasts. It would be a steep learning curve for me. Initially, as I approached this project, I thought cross-jurisdiction comparison would play a bigger role in the report, both for context but also because of pertinence of potential, prospective cannabis decriminalization in Hawaii. But the report was not about recreational

cannabis at all, neither about recreational use nor sales, nor about underground economy industry structure or any other characteristic. It also was not about decriminalization at all.

This is a little bit ironic because forty years ago, while I was not his student, I paid attention to work by Professor Earl Brubaker on the underground economy because I was his graduate teaching assistant at the University of Wisconsin. (I know, what are the odds, Brewbaker, Brubaker? It was only one semester, but, seriously.) (Even more intriguing, he as a B-26 Marauder bomber pilot in the second world war and after his 25 missions as a captain he signed up for a second rotation. Trust me, if you knew him, he would not have come across as that guy. I may be confusing him with someone else with whom I TAed, but someone equally nondescript.) At the time (1970s) I thought underground economics could be an important area of research in Hawaii, to which I returned in the 1980s as a commercial bank economist. (This was in the days of Operation Green Harvest, Reaganomics and Magnum, P.I., when it was not lost to me working in banking in Hawaii that spraying herbicide on or pulling up cannabis plants growing in Puna with strike teams from helicopters—or shooting paintballs of Roundup at plants from them—was not unlike, in economic equivalency, picking up tourists from the beach with helicopters and deporting them to their home origins. One plant, one tourist, I remember thinking during some tourism research we did at the time, way back when.

But as I say, the occasion for me formally to engage in this economic research never has arisen.

That would have detrimental effects to patients rights. They might find cause for legal action.

I realize I don't have a good idea of what you are talking about but I wish you well in your advocacy efforts.

Aloha,
pb

Paul H. Brewbaker, Ph.D., CBE
TZ Economics
606 Ululani Street
Kailua, Hawaii 96734-4430
paulbrewbaker@tzeconomics.com
1-(808)-220-1538

From: **Randy Gonce** <director@808hicia.org>
Date: Thu, Feb 10, 2022, 2:14 PM
Subject: Re: Recent cannabis market research.
To: paulbrewbaker tzeconomics.com <paulbrewbaker@tzeconomics.com>
Cc: M Stacy <luckcitypipes@gmail.com>

Aloha Paul,

Thanks for this. I am familiar with the guy. He is a real pain and tends to go on rants on social media. Fairly new to Hawaii as well, so his goal is just to disrupt the current industry. It would be virtually impossible to survey all 35,000 patients as the only entity that has names and contacts are DOH. Licensees may have SOME patient names and contacts but they for sure don't have many. Additionally, guys like these players are "grey" market guys. They either have their own card and grow for themselves or are caregivers but are exceeding limitations and selling their excess, which is illicit or black market operations. I wouldn't bother responding to them to be honest. I've tried engaging even inviting them for coffee to chat and its usually pretty nasty responses in return. This guy in particular is pretty aggressive when he doesn't get what he wants.

I appreciate you keeping me in the loop!

--



Randy Gonce

Executive Director

Phone: 808-829-5042
Email: Director@808hicia.org
Address: Hawai'i Cannabis Industry Association
220 South King St., Suite 1600
Honolulu, Hawai'i 96813, United States
Website: 808hicia.org

The content of this email is confidential and intended for the recipient specified in message only. It is strictly forbidden to share any part of this message with any third party, without a written consent of the sender. If you received this message by mistake, please reply to this message and follow with its deletion, so that we can ensure such a mistake does not occur in the future.

SB-375-SD-1

Submitted on: 2/27/2023 7:48:37 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Chad Cromer	Individual	Oppose	Written Testimony Only

Comments:

My name is Chad Cromer and I oppose SB375. It would set everyone that grows legally now back.

SB-375-SD-1

Submitted on: 2/27/2023 7:49:51 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Henry Bell	Individual	Oppose	Written Testimony Only

Comments:

I am a native Hawaiian and I cannot support this bill. It only seems to profit dispensaries. Aloha and thank you

SB-375-SD-1

Submitted on: 2/27/2023 9:46:25 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
celia tapp	Individual	Oppose	Written Testimony Only

Comments:

Our current 329 medical cannabis registry program is not as inclusive as it could be. While we have 35,000 registered patients that meet DOH's qualifying conditions, we are aware that there are many more responsible adults using and administering cannabis as medicine.

Politically it has been a tough road to navigate, and we are grateful for the protections the state has provided us. These simple protections tell me that at the very least- we can all agree: Cannabis should be federally rescheduled and decriminalized.

We must move forward with reasonable expansions to our citizen protections, not vile acts of diminishment.

I don't support limited licensing schemes. I don't support impaired driving or increased access for juveniles. I don't support the idea that everyone 21+ should be targeted for cannabis consumption.

we need to go back to the drawing board, and we have time. we need to protect our patients and caregivers. This is an exit strategy for the 8. We don't need multi state operators buying up our limited licenses. We need small farms diversifying the market providing superior quality medicine at an affordable price. Expunge, decrim, then advance an inclusive "adult use" bill

SB-375-SD-1

Submitted on: 2/27/2023 9:48:53 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Rusty Tapp	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill

SB-375-SD-1

Submitted on: 2/27/2023 9:53:06 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Jerome Brynda	Individual	Oppose	Written Testimony Only

Comments:

As a patient and caregiver I am in strong opposition to any bill that attempts to limit a patients access to medical cannabis products by designating the currently licensed dispensaries as the only legitmate point of sale for these products, and in doing so, crimilaizes the cultivators and patients that they have already been serving. I am all for legalization but this is not the way. Lets have a fair market that promotes competetion not a select few that will monoplolize the industry.

SB-375-SD-1

Submitted on: 2/27/2023 11:09:38 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Simmons	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chairs Keohokalole and Dela Cruz, I am very pleased to see the amendments made since the last hearing! It is almost a good foundation however I am concerned with no disclosure of the amount of license to be issued. I worry that the authority may limit the amount of license to few like we see with the medical dispensaries, Monopolies are not good for the consumer and limiting license to a small handful also limits the opportunity for the job potential and trickle down effect of profits spread amongst many and not only a few! Because of this I oppose moving sb375 forward.

Thanks for your time, Andrew Simmons

SB-375-SD-1

Submitted on: 2/27/2023 11:44:39 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Fehren Jones	Individual	Oppose	Written Testimony Only

Comments:

Aloha

I am in opposition of SB 375. As per my previous testimony submission and reasons in HB1217 and SB 669.

Mahalo for you time for allowing us to testify.

Have a blessed day.

February 27, 2023

Re: **SB375 SD1**

COMMITTEE ON JUDICIARY

Senator Karl Rhoads, Chair

Senator Mike Gabbard, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

The Coalition for a Drug-Free Hawaii opposes SB375 SD1

Aloha Chairs and Vice Chairs, my name is Greg Tjapkes, and I am the Executive Director of the Coalition for a Drug-Free Hawaii (CDFH), as a drug abuse prevention youth-serving agency we **STRONGLY OPPOSE SB375 SD1**

The Public Health and Safety Working Group of the Dual Use of Cannabis Task Force, made a number of recommendations to protect public health, including dedicated funding from taxation of cannabis products to support evidence-based drug prevention and health education campaigns.

Further, there should be dedicated funding for treatment of cannabis use disorder as cannabis is the primary substance of admission in state funded adolescent substance abuse treatment.

THC potency should be limited. THC has increased from 3% in the 1970s, to over 25% today. THC concentrates can reach 90-95% potency.¹ Legalizing cannabis without THC limits would pose a danger to our keiki. Calling cannabis 'natural' and 'just a plant', is analogous to legalizing the poppy or coca leaves and all of their potential by-products and derivatives.

Other areas of great concern:

1. Costs will outweigh underwhelming Revenue Projections

- Cannabis tax revenues are expected to range from \$36-\$51 million in year five, which represents approximately 0.5% of total tax collections.²
- Colorado spends \$4.50 counteracting legalization's effects³ for every \$1 of tax revenue.
- **We should not proceed without a cost/benefit analysis.**

¹ Cannabis Policy: Public Health and Safety Issues and Recommendations. Caucus on International Narcotics Control, United States Senate, March 3, 2021, Washington, D.C. Report, <https://www.drugcaucus.senate.gov/sites/default/files/02%20March%202021%20-%20Cannabis%20Policy%20Report%20-%20Final.pdf>.

² <https://health.hawaii.gov/medicalcannabis/files/2022/08/CANNABIS-TAX-PIG-REPORT-FINAL.pdf>

³ Economic and Social Costs of Legalized Marijuana [Study]. (2018, November 15). In Centennial Institute. Retrieved February 1, 2019, from <http://www.ccu.edu/centennial/policy-briefs/marijuana-costs/>

2. Harms to Mothers and Children

- **Pregnancy:** “No amount of marijuana use during pregnancy or adolescence is known to be safe.” - Dr. Jerome Adams, U.S. Surgeon General, 2019
- **Pediatric poisonings:** Calls to poison control centers about kids 5 and under consuming edibles containing THC rose 1375% from 2017 to 2021.⁴

3. Youth Use, Mental Health, and Suicide

- **Cannabis Use Disorder:** Marijuana is the #1 drug in Hawaii (64.7%) for adolescent substance abuse treatment⁵
- **Psychosis and Suicidal ideation:** Frequency and higher THC potency are associated with psychosis, suicidality, reshaping of brain matter, and addiction⁶
- **Vaping Marijuana:** 12.5% of Hawaii teens report vaping marijuana⁷

4. Increased Drugged Driving Deaths

- THC positivity among fatally injured drivers in Hawaii increased nearly threefold, from 5.5% in 1993-2000, to 16.3% in 2011-2015.⁸
- Marijuana is involved in more than **1 in 4** road deaths in Colorado.⁹

We don't need to legalize another intoxicating and addictive substance to solve social justice issues. Decriminalization, when done properly, can address these issues. It is not in the best interest of the state of Hawaii or the health of our people.

- **In 1998 we received the tobacco settlement from deceptive practices of an addiction for profit industry.**
- **This past year we were awarded an opioid settlement from big pharma's lies.**
- **We have a huge youth vaping problem, and an industry preying on them.**
- **Hawaii also has an enormous meth problem.**

Please vote no on SB375 SD1.

Thank you,

Greg Tjapkes
Executive Director
Coalition for a Drug-Free Hawaii

⁴<https://www.nbcnews.com/health/health-news/reports-young-children-accidentally-eating-marijuana-edibles-soar-rcna63501>

⁵ ADAD Report to the Legislature 2021, p. 37

⁶ Cinnamon Bidwell et al., 2018; Di Forti et al., 2019; Fischer et al., 2017; Pierre et al., 2016.

⁷ 2019-2020 Hawai'i Student Alcohol, Tobacco and Other Drug Use (ATOD) Survey, p. 38

⁸ Motor vehicle crash fatalities and undercompensated care associated with legalization of marijuana. Susan Steinemann, MD, Daniel Galanis, PhD, Tiffany Nguyen, and Walter Biffi, MD, Honolulu, Hawaii

⁹ Rocky Mountain High Intensity Drug Trafficking Area. (2019). The legalization of marijuana in Colorado: The impact. <https://rmhidta.org/files/D2DF/FINAL-Volume6.pdf>.

SB-375-SD-1

Submitted on: 2/28/2023 12:29:01 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
kenneth choi	Individual	Support	Written Testimony Only

Comments:

Please support this bill as other states have. They have used the money from the taxes on marijuana sales to fund education, roads, and the people. As a Hawaii resident, we are behind the curve on marijuana legislation. Look at Colorado or Washington on their legislation! No increases in crime due to marijuana, nor increased risk of the unfounded myth of "gateway drug."

Your constituents are watching how you vote.

SB-375-SD-1

Submitted on: 2/28/2023 12:54:51 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark Tamosiunas	Individual	Oppose	Written Testimony Only

Comments:

Aloha! I oppose this bill for two reasons. Reason One, it "Establishes the Hawaii Cannabis Authority within the Department of Health to adopt rules to regulate responsible, adult-use of cannabis in the State." There was a lot of misinformation and scare tactics that Mr. Randy Gonce used to inflate "the numbers" of black market sales. Mr. Gonce should be removed from any public authority regarding cannabis. Reason Two, "Establishes that possession of cannabis by an adult in the amount of four ounces or less without a prescription shall be lawful. As a medical 329 card holder I am currently allowed the same amounts and any non medical users obtaining four ounces is either selling it on the side or simply buying for others such as minors. Therefore, I must oppose SB375 SD1 and I urge lawmakers to listen to the farmers and medical 329 card holders for better understanding cannabis than listening to Mr. Gonce's fabrications as he is simply trying to make a name for himself after his failed attempt in running for House of Representatives a couple years ago. Mahalo for reading my testimony on the opposition of SB375 sd1

SB-375-SD-1

Submitted on: 2/28/2023 6:25:43 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Loretta Black	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill Strongly

SB-375-SD-1

Submitted on: 2/28/2023 6:54:23 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Virginia Milton	Individual	Oppose	Written Testimony Only

Comments:

My name is Virginia Milton.

I was born in Honokaa and lived in Waimea with my family where my father taught at HPA.

I now live in Maine where I work with my three adult sons in a family medical cannabis cultivation business. Neither my sons nor I ever could have imagined a scenario where we would work together growing cannabis. I was fiercely opposed to them using any drugs and they knew it. Things changed when a loved one made the decision to stop taking prescribed narcotics and to use medical cannabis instead. In watching the process I learned so much about cannabis as medicine as well as about the Maine Medical program which is made up of many small businesses who care deeply about their patients and helping them have safe and effective medicine treat all sorts of conditions. I am constantly awed by members of the community and the lengths that they go to to support their patients, their employees and their communities. It is Aloha.

Like Hawaii, Maine is a state of many small communities. If patients could only get their medicine by going to a dispensary in a larger town or city many patients would not have access to their medicine. Normal people can not take time off work or away from family responsibilities to travel long distances regularly. Nor is it possible to create the necessary relationship with the caregiver to find and dial in an effective treatment plan if the patient does not have reasonable access to the caregiver. Favoring dispensaries in highly populated areas is not in support of the majority of Hawaiians. Favoring large corporate companies over small businesses is not in support of the majority of Hawaiians.

Hawaii has an opportunity to create a program that supports the immediate and long term needs of the Hawaiian people. Hawaiians care deeply about their culture and its values. Aloha means something. Don't let that die at the hands of large companies who are just interested in making money. Create a program that creates lots of local jobs and allows families to create generational businesses that can be passed down. Create a program that involves the local legacy growers who are a part of Hawaii's rich history.

I fear that if Hawaii does not make the right choices now there will be no cannabis industry in Hawaii's future. If the only companies who are allowed to participate in the industry are the large corporate companies they have no loyalty to Hawaii and Hawaiian jobs. When cannabis becomes

federally legal they will close up shop in Hawaii where doing business is more expensive and they will just ship product from elsewhere to Hawaii.

Make a plan now that will ensure a rich and profitable industry for Hawaii and its people. I strongly oppose SB375.

Aloha,

Virginia Milton

SB-375-SD-1

Submitted on: 2/28/2023 7:09:15 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Pat Fondren	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose SB 375

this bill will hurt so many legacy farmers , prop in big multi state operations in our state , cut out Kamaiana in the cannabis industry and create an even stronger BLACK MARKET.

Please stop this horrendous bill from moveing further

Mahalo

SB-375-SD-1

Submitted on: 2/28/2023 7:34:28 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
William Peters	Individual	Oppose	Written Testimony Only

Comments:

This bill doesn't seem like its in the best interest of the plant or the people of this Aina I Oppose this bill respectfully.

SB-375-SD-1

Submitted on: 2/28/2023 7:36:29 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Manuel Newman	Individual	Oppose	Written Testimony Only

Comments:

This bill is another step in the right direction, but also misses the mark.

there should be some allowances and exemptions for individuals to be able to produce their own medicine, in their own backyard, without having to report to the METRC tracking system (or any similar online database).

a reasonable compromise would be to require online tracking from license holders who provide for other individuals. But to allow home-growers who are ONLY growing/manufacturing for themselves and NO ONE ELSE to remain exempt from tracking systems.

four ounces as a personal limit, is a little more reasonable, but still not enough to account for the weight produced when harvesting 3 Mature plants.

some plants yield 4 ounces at harvest, other plants yield 4 pounds. It really depends on the specific cannabis variety, and the skills of the growers

SB-375-SD-1

Submitted on: 2/28/2023 8:00:29 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Alexis Muller	Individual	Support	Written Testimony Only

Comments:

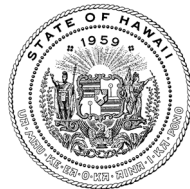
Thank you for your time today and the ability to submit written testimony on SB375 which I am in favor of with a few comments.

1. Establish the Hawaii cannabis authority within the department of health to adopt rules to regulate responsible, adult use of cannabis in the State;

This entity should be its own branch, if the Hawaii cannabis authority is to function lawfully and justly it must stand on its own, for far to long the DOH has given its written opinion on cannabis legislation yet no one in the DOH is fully educated on exactly what cannabis is, how it works and why it is important to be available to patients and adult use. The DOH employees are not equipped with the knowledge needed to be making decisions for the cannabis industry, this was very apparent and stated many times during the PIG meetings. Many attempts were made to educate the PIG groups, with only 1 participant showing interest.

1. should be more participants from the public who are cannabis experts, a total of 4 not 2 and those persons should not be appointed by the head of senate or house speaker. They should represent the patients and the plant and be advocates for making sure laws are reasonably enacted. The third person should have a vested interest in creating education that the Hawaii cannabis authority is required to distribute to the public.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON JUDICIARY AND WAYS AND MEANS
ON
SENATE BILL NO. 375, S.D. 1

March 1, 2023
10:05 a.m.
Room 211 and Videoconference

RELATING TO CANNABIS

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 375, S.D. 1: 1) establishes the Hawai'i Cannabis Authority (HCA) within the Department of Health (DOH) for administrative purposes only; 2) establishes the HCA Special Fund; 3) establishes that possession of cannabis by an adult without a prescription in the amount of four ounces or less shall be lawful and requires all records relating to the arrest, criminal charge, or convictions for such acts be expunged; 4) transfers the powers and duties of DOH under Chapter 329D, HRS, including powers and duties over medical marijuana dispensary operations, licensing, testing, and administration, to HCA; 5) appropriates an unspecified amount of general funds for FY 24 and FY 25 to be deposited into the HCA Special Fund; 6) appropriates an unspecified amount out of the HCA Special Fund for FY 24 and FY 25; and 7) clarifies the legality of adult-use cannabis with the Uniform Controlled Substances Act and the Hawai'i Penal Code.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding S.B. No. 375, S.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

SB-375-SD-1

Submitted on: 2/28/2023 8:37:13 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Tyler Crook	Individual	Oppose	Written Testimony Only

Comments:

I do not support this bill. Please Oppose.

SB-375-SD-1

Submitted on: 2/28/2023 8:39:06 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Hawaii Cannabis Union	Individual	Oppose	Written Testimony Only

Comments:

We do not believe this bill fits the current needs for Cannabis legislation in Hawaii. Please oppose. Thank you.

SB-375-SD-1

Submitted on: 2/28/2023 8:54:26 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Beverly Heiser	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chairs, Vice Chairs, and Committee Members,

I STRONGLY OPPOSE SB375 that legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use.

“Recreational” cannabis, unlike “medical” cannabis, does not contain CBD to modulate the adverse effects of THC. Some in the general public, without doing research, may not understand the difference. Recreational cannabis is just another way to get high.

The THC in cannabis is known to affect the heart, lungs, and mental health of individuals.

Health Effects Listed by the CDC:

<https://www.cdc.gov/marijuana/health-effects/index.html>

Legalizing will increase cannabis use in our community, including our youth. The effects vary from person to person, depending on the type, the mode of use, the amount, and frequency. It can cause anxiety, paranoia, psychosis, and other mental disorders. There is evidence linking it to depression and suicide. There are already so many that need mental health care and are not getting it due to the lack of services and facilities.

Regulation will not work. Recent media showed an authorized “medical” cannabis grower exceeded the amount of plants allowed, so how do we expect to control the “recreational” type? Individuals will illegally grow and start selling their own varieties. The THC in cannabis today is much stronger than years past. People will steal plants, causing a need to protect them. This will cause a rise in crime that is already out of control.

There will be an increase of impaired drivers and vehicle accidents.

Effects of secondhand smoke listed by the National Institute on Drug Abuse:

<https://nida.nih.gov/publications/research-reports/marijuana/what-are-effects-secondhand-exposure-to-marijuana-smoke>

Secondhand cannabis smoke is as bad as tobacco and contains the same toxic and cancer-causing chemicals, some in higher amounts. Secondhand smoke has also caused THC to be detected in

the blood or urine of those who do not use cannabis. It has also been detected in children and infants in homes where cannabis is used. How will this secondhand smoke affect their developing brains? A “contact high” resulting in mild impairment can be experienced by non-users when in a confined space around someone smoking.

Addictions will grow and may lead to the use of other drugs. We already DO NOT have enough drug treatment programs to treat those that need help.

Any amount of taxes collected is NOT worth the risk to our community. Other states legalizing is a poor justification to follow suit. It will NOT reduce crime or prison space or prevent people from using black market sources. What are the statistics of people spending extended time in jail for cannabis possession? Our prison is known to be a revolving door. It is also outdated and overcrowded.

Please OPPOSE SB375.

Thank you for the opportunity to testify

SB-375-SD-1

Submitted on: 2/28/2023 9:08:11 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
John Adams	Individual	Support	Written Testimony Only

Comments:

Of all legislation introduced in regard to adult use cannabis, this bill is the most fair and agreeable, and I am in support.

LATE

SB-375-SD-1

Submitted on: 2/28/2023 12:55:00 PM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Martin Choy	Individual	Oppose	Written Testimony Only

Comments:

There is already too much crime in Hawaii and our police is overworked. Stop only the recreational use of Marijuana, but not the medical use.

SB-375-SD-1

Submitted on: 2/28/2023 1:41:39 PM

Testimony for JDC on 3/1/2023 10:05:00 AM



Submitted By	Organization	Testifier Position	Testify
Hector Hoyos (aka) SisterFace	Individual	Support	Written Testimony Only

Comments:

I support this bill loudly!

As a Hawaii Medical patient card holder for over eight years I support this bill not just for legalization not just because it should be put under a department of course that can manage engage, amend, correct and anything else you need it in the future is great for our state to become a legal state. I hope you all realize that people in a legal state aren't perfect as I've traveled to many legal states, and come from won the state of Maryland, and the District of Columbia, which is kind of like a wild west version of all the other legal states because it's a district not a state, and the mayor and city Council have had to do all kinds of wrangling to make it even happen here in our state I hope you all think outside the box going forward. I did notice that there were places that you can and cannot and I shall say it seems like just every place you can not. I think this makes it difficult in a legal state I went through a lot of discrimination just through the smell of actual fresh flour, or making oil in a crockpot , or just storing my flower in my apartment condo in the tightest Ziploc and Rubbermaid's that you can but still got complaints and actual harassment that became more than about herb. It became about my gay lifestyle and the association did not now and still has not know how to deal with it in the state, Civil Rights Dept commission of Hawaii has me and my partner's case simply because we kept fresh flour in our home did not smoke in our condo and went through hell and that's being a medical patient so I hope you all are thinking about oh you have a traveler from Australia they're smoking a joint and it is on the sidewalk or down the beach access out of you know anyone's I meaning a police officer or someone that might not you not want to deal with marijuana smoke Meanwhile, you have cigarette smokers everywhere in the damn state, smoking on our beaches in a throwing their butts out rarely do you find a marijuana smoker littering or throwing a cigarette but anywhere because usually there's nothing left for the joint or they're vaping yet I guess what I'm trying to say here is I hope you all figure out maybe I know this is outside the box, but maybe legal areas where people are allowed to partake in their marijuana without fear of prosecution , this could be new condominiums being built are required to have a smoking area and keep at a smoking area for medicinal or legal marijuana legal marijuana and medicinal has not been proven to kill anyone through secondhand anything and nor will it probably ever honestly cigarettes, Duke Hill, and they're finding that even the vaping cigarette smoke is dangerous, unlike vaping, marijuana smoke you all should please make the very distinct distinction between the both when you're thinking about where you can, and cannot smoke, because as it seems as a legal state, you're only gonna be able to smoke way up on the mountain trail out of sight or down at a beach with no one on it or in your own home but you're still going to have neighbors complaining about it so I hope you all are thinking in every direction because me and my partner that went

through severe injuries to even become medical patients have had to worry being legit legal, I can't imagine what's gonna happen with people trying to harass and deter actual legal marijuana and where you can, and cannot partake in when you're in a city that's one of the most traveled destinations in the world that is going to bring an untold amount of economic wealth, at least in the few first years before it levels out, and it will still always be a major source of economy, and actually keeping locals and people that have lived here a long time fruitful in possibilities. I also hope as your whom banker and whom Cook artisan of edibles and small batch oil that you all think about may be the medical patients and being able to contribute in a farmers market type once a week event, where marijuana, artisans and producers of actual products that aren't multi million dollar industry and corporations that none of us can actually afford to create here on the island and left in less you do have a lot of money and Capital, so please, in all that you're hearing me say think about the normal person on the island that needs the ability to have their product tested so they can make good money extra money if not a career so they're not chased off the loss of a gas or other desolate places on the mainland they can live here and become part of the green economy not just the multi millionaire corporations I know this is a lot to hear in this testimony, but I kind of wanted to put it all under the fact that you all will need this kind of department to really dive into all these issues and I'll obviously make recommendations to our state legislative body I am allowed civil rights, gay minister advocate, and worldwide Diva drag queen, fashion, designer and baker of really fabulous, wholesome low sugar, marijuana, edibles, and a medical patient in the state of Hawaii as my partner is also four years and we have literally been through so much just being patient I really hope you all figure all the different facets that need to be with marijuana, legalization and protecting and further enabling the medical marijuana patients. Also if you ever need to just chitchat with me on the committee anyone ever wants to reach out, please do I always love to be just one of the many years for our legislative body in the ideas of marijuana, legalization in medical marijuana, and the small artisan that needs to become part of Hawaii's future not just the big corporations, but I support the big corporations, too, because without them it's it makes it more expensive for the the smaller artist. I loudly support this bill and any common sense marijuana legalization legislation going forward and I hope you all down there and the governor make this happen as quick as you can for our state. The people here really do need to grab Owen tonight just technology that needs to come here to the island to produce more jobs and more construction for local and native Hawaiian and Polynesian Pacific island Housing but it will be awesome to see what our green economy can do for our state of Hawaii everything from homelessness to housing to producing farming, a new arts culture, a new green economy. We will thrive with Aloha. I appreciate you all and my partner, grant larson does also. Mahalos for ur time

LATE



Kuakini Hawaiian Civic Club of Kona

Kona, Hawai'i

SB 375 SD1

RELATING TO CANNABIS

Senate Committees on Health and Human Services and Commerce and Consumer Protection

March 01, 2023 10:05 a.m. Room 211

The Kuakini Hawaiian Civic Club of Kona **STRONGLY SUPPORTS SB375 SD1**, which legalizes, regulates, and taxes cannabis and manufactured cannabis products for responsible, adult use. Exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax. Clarifies that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law. Allos qualifying out-of-state patients to cultivate medical cannabis.

We support this measure based on the following bullet points:

- According to the American Civil Liberties Union (ACLU), enforcing cannabis prohibition laws costs taxpayers approximately \$3.6 billion a year.
- Legal cannabis sales totaled \$20 billion in 2020 with a projection to reach \$40.5 billion by 2025.
- Native Hawaiians and people of color have been historically targeted by discriminatory sentencing practices resulting in receiving drug sentences that are 13% longer than others.
- The ability to capitalize on the potential industry that diversifies our economy and strengthen our state's agricultural heritage.
- The current science of cannabis provides a different sociological approach to its benefits.

Kuakini Hawaiian Civic Club of Kona is chartered by the Association of Hawaiian Civic Clubs, whose strategic point include "advocating for preservation, protection, and stewardship of land, watersheds, ocean resources, significant cultural sites, traditional practices, and cultural intellectual property, while balancing our use of resources for housing, employment, economic opportunity, health and wellness, and education."

We urge you to **PASS** this measure.

Mahalo nui,
Shane Palacat-Nelsen
President

SB-375-SD-1

Submitted on: 3/1/2023 8:15:53 AM

Testimony for JDC on 3/1/2023 10:05:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark Nelson	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill sb375. It does nothing to cover or encompass the overall economic state of the current Cannabis of Hawai'i status. The black market on all islands is and has been deluged with tons of cannabis being shipped in from California, Oregon, Washington, Nevada & Colorado, as well as grown here. This has and is also decimating any Medical Cannabis sales here. The average wholesale price of Lbs. is between \$600 to \$800 per pound. Local Dispensaries charge over \$300.00 per ounce, with a lower quality compared to what is being shipped into Hawaii, or grown here locally. In other words the Hawaii Legislature has encouraged this reaction to its market here, solely as the result of its lack of understanding the cannabis markets in Hawaii. Hawaii's own laws have wrecked havoc for all medical dispensary owners here. And openly encouraged the Underground Market to thrive to heights as never seen before in Hawai'i. Something, that cannot be put back in the genie's bottle. Hawai'i legislature has failed the patients & people of Hawai'i, in securing a Medical as well as a Recreational Cannabis Program.

Regards

Mark Nelson

Big Island Resident since 1975