
A BILL FOR AN ACT

RELATING TO CANNABIS.

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

PART I

1
2 SECTION 1. The legislature finds that the legal history of
3 cannabis or marijuana in the United States primarily addresses
4 the regulation of cannabis for medical use, and secondarily the
5 use of cannabis for personal or recreational purposes. By the
6 mid-1930s, cannabis was regulated as a drug in every state,
7 including thirty-five states that adopted the Uniform State
8 Narcotic Drug Act, which was subsequently replaced in 1970 with
9 the federal Uniform Controlled Substances Act. Under the
10 federal Uniform Controlled Substances Act, marijuana and
11 tetrahydrocannabinol, the primary psychoactive compound in
12 cannabis, are classified as schedule I controlled substances.

13 Notwithstanding the prospect of federal prosecution,
14 several states, including Hawaii, enacted medical cannabis laws.
15 Chapter 329, part IX, Hawaii Revised Statutes, was enacted to
16 create a medical use of cannabis exemption from criminal
17 sanctions. As of 2022, thirty-seven states and four United



1 States territories also allow the use of cannabis for either or
2 both medical and personal purposes. Furthermore, chapter 329D,
3 Hawaii Revised Statutes, was enacted to establish medical
4 cannabis dispensaries authorized to operate beginning in July
5 2016. As Hawaii expands its medical cannabis program through
6 the use of highly regulated and monitored dispensaries, more
7 patients are anticipated to consider medical cannabis as a
8 viable treatment.

9 In addition to medical cannabis laws, some states have
10 legalized or decriminalized cannabis. The jurisdictions of
11 Alaska, Arizona, California, Colorado, Connecticut, Delaware,
12 District of Columbia, Hawaii, Illinois, Maine, Maryland,
13 Massachusetts, Michigan, Minnesota, Mississippi, Missouri,
14 Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York,
15 North Carolina, North Dakota, Ohio, Oregon, Rhode Island, South
16 Dakota, Vermont, Virginia, and Washington have all
17 decriminalized cannabis in small amounts. In each state,
18 cannabis users no longer face jail time for the possession or
19 use of cannabis in the amount permitted by statute. Most places
20 that decriminalized small amounts of cannabis replaced
21 incarceration or criminal charges with civil fines,



1 confiscation, drug education, or drug treatment, or made various
2 cannabis offenses the lowest priority for law enforcement.

3 In addition to the majority of states that have
4 decriminalized possession of cannabis, the federal government
5 has also signaled its approval of decriminalization at the
6 federal level. On December 4, 2020, the United States House of
7 Representatives passed the Marijuana Opportunity Reinvestment
8 and Expungement Act, or MORE Act, which removes cannabis from
9 the list of federally controlled substances and facilitates
10 cancelling low-level federal convictions and arrests related to
11 cannabis. This is the first time Congress has acted on the
12 issue of decriminalizing cannabis.

13 In 2012, voters in Colorado and Washington voted to
14 legalize and regulate the production, possession, and
15 distribution of cannabis for persons who are twenty-one years of
16 age or older. Following Colorado and Washington's lead, Alaska,
17 California, District of Columbia, Maine, Massachusetts,
18 Michigan, Nevada, Oregon, and Vermont also legalized small
19 amounts of cannabis for adult recreational use. As of 2020,
20 twenty-one states and three United States territories have
21 legalized recreational cannabis.



1 Colorado was the first state to remove the prohibition on
2 commercial production of cannabis for general use. During the
3 first year of legal cannabis sales in 2014, Colorado collected
4 \$67,594,323 in taxes and fees from medical and retail cannabis.
5 As of November 2020, Colorado has collected \$1,563,063,859 in
6 total revenue from cannabis taxes and fees.

7 The legislature finds that the legalization of cannabis for
8 personal or recreational use is a natural, logical, and
9 reasonable outgrowth of the current science of cannabis and
10 attitude toward cannabis.

11 The legislature further finds that cannabis cultivation and
12 sales hold potential for economic development, increased tax
13 revenues, and reduction in crimes involving the unregulated and
14 illicit sales of cannabis.

15 The purpose of this Act is to:

- 16 (1) Establish the Hawaii cannabis regulatory authority,
17 which shall have oversight over the personal use of
18 cannabis;
- 19 (2) Legalize and regulate the personal use of small
20 amounts of cannabis;



- 1 (3) Regulate the cultivation and sale of small amounts of
- 2 cannabis;
- 3 (4) Transfer certain regulatory powers regarding medical
- 4 cannabis dispensaries to the Hawaii cannabis
- 5 regulatory authority; and
- 6 (5) Impose taxes upon cannabis sales.

7 PART II

8 SECTION 2. The Hawaii Revised Statutes is amended by
9 adding a new chapter to be appropriately designated and to read
10 as follows:

11 "CHAPTER A

12 LEGALIZATION OF CANNABIS FOR PERSONAL USE

13 §A-1 Definitions. As used in this chapter, unless the
14 context otherwise requires:

15 "Authority" means the Hawaii cannabis regulatory authority
16 established by section A-4.

17 "Cannabis" means all parts of the plant of the genus
18 cannabis, whether growing or not; the seeds thereof; the resin
19 extracted from any part of the plant; and every compound,
20 manufacture, salt, derivative, mixture, or preparation of the
21 plant, its seeds, or its resin, including cannabis concentrate.



1 "Cannabis" does not include industrial hemp; fiber produced from
2 the stalks, oil, or cake made from the seeds of the plant;
3 sterilized seed of the plant which is incapable of germination;
4 or the weight of any other ingredient combined with cannabis to
5 prepare topical or oral administrations, food, drink, or other
6 product. For purposes of this definition, "industrial hemp"
7 means the plant of the genus cannabis and any part of such
8 plant, whether growing or not, with a delta-9
9 tetrahydrocannabinol concentration that does not exceed 0.3 per
10 cent on a dry weight basis.

11 "Cannabis accessories" means any equipment, products, or
12 materials of any kind that are used, intended for use, or
13 designed for use in planting, propagating, cultivating, growing,
14 harvesting, composting, manufacturing, compounding, converting,
15 producing, processing, preparing, testing, analyzing, packaging,
16 repackaging, storing, vaporizing, or containing cannabis, or for
17 ingesting, inhaling, or otherwise introducing cannabis into the
18 human body.

19 "Cannabis cultivation facility" means an entity licensed
20 pursuant to section A-6(b)(1).



1 "Cannabis establishment" means a cannabis cultivation
2 facility, cannabis testing facility, retail cannabis store, dual
3 use cannabis dispensary or any other type of licensed
4 cannabis-related business.

5 "Cannabis products" means cannabis concentrate products and
6 products that comprise cannabis and other ingredients intended
7 for use or consumption and include but are not limited to edible
8 products, ointments, and tinctures.

9 "Cannabis testing facility" means an entity licensed
10 pursuant to section A-6(b)(3).

11 "Consumer" means a person who is twenty-one years of age or
12 older, and who is authorized by law to consume or use cannabis.

13 "Department" means the department of health.

14 "Dual use cannabis dispensary" means an entity licensed
15 pursuant to section A-6(b)(4).

16 "Executive director" means the executive director of the
17 Hawaii cannabis regulatory authority, as appointed by the
18 governor pursuant to section A-4(b).

19 "License" means a license issued by the authority to
20 authorize the operation of a cannabis establishment.



1 "Licensee" means a person or entity licensed by the
2 authority pursuant to this chapter.

3 "Medical cannabis dispensary" means a person licensed as a
4 medical cannabis dispensary pursuant to chapter 329D.

5 "Personal use" means an amount of cannabis not exceeding
6 thirty grams that is used for private, personal, or recreational
7 purposes by a person who is twenty-one years of age or older.

8 "Personal use" includes display, possession, transport,
9 transfer, or processing of cannabis or cannabis products.

10 "Premises" or "location" means the real estate, together
11 with any buildings or improvements thereon, designated in the
12 application for a license as the place at which the cultivation,
13 sale, or testing of cannabis shall be performed.

14 "Retail cannabis store" means an entity licensed pursuant
15 to section A-6(b)(2).

16 "Transition period" means the period described in
17 section A-7.

18 §A-2 Personal use of cannabis. (a) Notwithstanding any
19 law to the contrary, the personal use of cannabis is permitted.

20 (b) Personal use of cannabis shall not be the basis for
21 arrest, seizure, or forfeiture of assets.



1 (c) The possession, use, display, purchase, transfer, or
2 transport of cannabis, cannabis accessories, or cannabis
3 paraphernalia for personal use shall be immune from criminal
4 prosecution.

5 (d) The possession, growing, processing, or transporting
6 of no more than six cannabis plants, with three or fewer being
7 mature, flowering plants, and possession of the cannabis
8 produced by the plants on the premises where the plants are
9 grown shall not be subject to criminal prosecution; provided
10 that the growing takes place in an enclosed and locked space and
11 is not conducted openly or publicly, and that the plants are not
12 made available for sale.

13 (e) The transfer of thirty grams or less of cannabis
14 without remuneration to a person who is twenty-one years of age
15 or older is permitted.

16 (f) The transfer of cannabis with remuneration to a person
17 who is twenty-one years of age or older, including transfer with
18 a delayed payment or in return for reciprocal gifts, items, or
19 services of value, is prohibited, except as otherwise provided
20 in this chapter.



1 (g) The consumption of cannabis products by a person who
2 is twenty-one years of age or older is permitted; provided that
3 consumption of flavored e-liquids and juices containing cannabis
4 for vaporizing devices is prohibited.

5 (h) Assisting, advising, or abetting another person who is
6 twenty-one years of age or older in any action authorized by
7 this section is permitted.

8 (i) Personal use of cannabis shall be prohibited on public
9 highways, public sidewalks, federal property, and any location
10 where the consumption of alcohol is prohibited.

11 **§A-3 Lawful operation of cannabis establishments.** (a)
12 Notwithstanding any law to the contrary, except as otherwise
13 provided in this chapter or in rules adopted pursuant to this
14 chapter, the following acts are permitted and shall not
15 constitute a criminal offense or be the basis for search,
16 seizure, or forfeiture of assets of a person who is twenty-one
17 years of age or older:

18 (1) Manufacturing, possessing, or purchasing cannabis
19 accessories or selling cannabis accessories to a
20 person who is twenty-one years of age or older;



- 1 (2) Possessing, displaying, or transporting cannabis or
2 cannabis products; purchasing cannabis from a cannabis
3 cultivation facility or dual use cannabis dispensary;
4 or selling cannabis or cannabis products to consumers;
5 provided that the person has obtained a current, valid
6 license to operate a dual use cannabis dispensary or
7 retail cannabis store or is acting in the capacity of
8 an owner, employee, or agent of a licensed dual use
9 cannabis dispensary or retail cannabis store;
- 10 (3) Cultivating, harvesting, processing, packaging,
11 transporting, displaying, or possessing cannabis;
12 delivering or transferring cannabis to a dual use
13 cannabis dispensary or cannabis testing facility;
14 selling cannabis to a dual use cannabis dispensary,
15 cannabis cultivation facility or retail cannabis
16 store; or purchasing cannabis from a dual use cannabis
17 dispensary or cannabis cultivation facility; provided
18 that the person has obtained a current, valid license
19 to operate a dual use cannabis dispensary or cannabis
20 cultivation facility or is acting in the capacity of



1 an owner, employee, or agent of a licensed dual use
2 cannabis dispensary or cannabis cultivation facility;

3 (4) Possessing, processing, repackaging, storing,
4 transporting, displaying, transferring, or delivering
5 cannabis or cannabis products; provided that the
6 person has obtained a current, valid license to
7 operate a cannabis testing facility or is acting in
8 the capacity as an owner, employee, or agent of a
9 licensed cannabis testing facility; and

10 (5) Leasing or otherwise allowing the use of property
11 owned, occupied, or controlled by any person,
12 corporation, or other entity for any of the activities
13 conducted lawfully in accordance with this section.

14 (b) Cannabis products shall be contained in generic
15 packaging that uses only black lettering and contains no colors,
16 pictures, cartoons, or images that may appeal to children and
17 youth; provided that the authority shall adopt rules pursuant to
18 section A-8 to implement restrictions on labeling requirements
19 for cannabis and cannabis products sold or distributed by a
20 cannabis establishment.



1 (c) Cannabis advertising shall be prohibited near
2 youth-centered areas, including:

- 3 (1) State and private parks;
- 4 (2) Schools;
- 5 (3) Recreational facilities;
- 6 (4) Public transit stations; and
- 7 (5) Bus stops;

8 provided that the authority shall adopt rules pursuant to
9 section A-8 to implement restrictions on the advertising and
10 display of cannabis and cannabis products.

11 **§A-4 Hawaii cannabis regulatory authority; established.**

12 (a) There is hereby established an independent agency known as
13 the Hawaii cannabis regulatory authority. The purpose of the
14 authority is to oversee the regulation and licensing of cannabis
15 pursuant to this chapter and upon transfer of powers pursuant to
16 section A-7, to exercise primary responsibility to oversee the
17 regulation and licensing of medical cannabis dispensaries. The
18 authority shall be attached to the department of health for
19 administrative purposes. The authority shall be a public body
20 and a body corporate and politic.



1 (b) The authority shall be led by an executive director,
2 appointed by the governor pursuant to section 26-34.

3 (c) The authority shall report annually to the governor
4 and the legislature on the regulation of cannabis
5 establishments, including the number and location of cannabis
6 establishments licensed by license type, the total licensing
7 fees collected, the total amount of taxes collected from
8 cannabis establishments, and any licensing violations determined
9 by the authority.

10 **§A-5 Powers; generally.** The authority shall have all the
11 powers necessary and reasonable to carry out and effectuate its
12 purposes, including the power to:

- 13 (1) Sue and be sued;
- 14 (2) Adopt, use, and alter at will a common seal;
- 15 (3) Make and execute contracts and all other instruments
16 necessary or convenient for the exercise of its powers
17 and functions under this chapter;
- 18 (4) Establish and amend policies for its organization and
19 internal management; provided that this paragraph
20 shall not be construed to the authorize the authority



- 1 to implement policies as a substitute for adopting
2 rules as required by this chapter or chapter 91;
- 3 (5) Adopt, amend, and repeal rules, pursuant to this
4 chapter and chapter 91, for the implementation,
5 administration, and enforcement of this chapter;
- 6 (6) Through its executive director, appoint officers,
7 agents, and employees; prescribe their duties and
8 qualifications; and fix their salaries; without regard
9 to chapter 76;
- 10 (7) Determine which applicants shall be awarded licenses;
- 11 (8) Deny any application and limit, condition, restrict,
12 revoke or suspend any license;
- 13 (9) Determine and establish the process and methodology by
14 which the authority shall award licenses;
- 15 (10) Appear on its own behalf before boards, commissions,
16 departments, or other governmental agencies;
- 17 (11) Review data and market conditions before the adoption
18 of rules pursuant to this chapter, and on a periodic
19 basis thereafter, to determine the maximum number of
20 licenses that may be issued to meet estimated



- 1 production demand and to facilitate the reduction in
2 the unauthorized distribution of cannabis;
- 3 (12) Conduct and administer procedures and hearings
4 pursuant to chapter 91 for the adoption of rules; the
5 review of the issuance, denial, or revocation of
6 licenses; and violations of this chapter or rules
7 adopted pursuant to this chapter and chapter 91;
- 8 (13) Impose and collect fees, sanctions, and administrative
9 penalties, as authorized by this chapter and by rules
10 adopted pursuant to this chapter and chapter 91;
- 11 (14) Conduct investigations into the qualifications of all
12 applicants for employment with the authority and all
13 applicants for licensure pursuant to this chapter;
- 14 (15) Inspect any cannabis establishment, and access all
15 equipment and supplies in a cannabis establishment, to
16 enforce this chapter and rules adopted pursuant to
17 this chapter and chapter 91;
- 18 (16) Require a licensee to keep the relevant books,
19 financial records, statements, and other records in a
20 manner that the authority deems proper;
- 21 (17) Adjudicate contested cases pursuant to chapter 91;



- 1 (18) Maintain an official website;
- 2 (19) Form advisory boards and submit any matter to an
- 3 advisory board for study, review, or recommendation;
- 4 (20) Delegate any administrative, procedural, or
- 5 operational matter to the executive director;
- 6 (21) Issue temporary emergency orders, directives, or
- 7 instructions, with or without prior notice or hearing,
- 8 in any instance in which the public health or safety
- 9 is in substantial or imminent danger from the
- 10 activities, conduct, or practices of a licensee or
- 11 from a defective or dangerous product offered for sale
- 12 by a licensee; and
- 13 (22) Take any action necessary to carry out its purposes
- 14 and exercise its powers pursuant to this chapter.

15 **§A-6 Licenses.** (a) Licenses may be granted by the
16 authority as provided in this section.

17 (b) The authority may issue any of the following licenses:

18 (1) Cannabis cultivation facility licenses, which shall
19 authorize each licensee to:

20 (A) Cultivate, process, prepare, label, and package
21 cannabis and cannabis products for sale to retail



- 1 cannabis stores and dual use cannabis
- 2 dispensaries;
- 3 (B) Purchase or take possession of cannabis from
- 4 other licensed cannabis cultivation facilities or
- 5 dual use cannabis dispensaries; and
- 6 (C) Transfer possession of and sell cannabis and
- 7 cannabis products to retail cannabis stores and
- 8 dual use cannabis dispensaries;
- 9 (2) Retail cannabis store licenses, which shall authorize
- 10 each licensee to:
- 11 (A) Purchase or take possession of cannabis or
- 12 cannabis products from a cannabis cultivation
- 13 facility or dual use cannabis dispensary; and
- 14 (B) Sell cannabis and cannabis products to consumers
- 15 on premises approved by the authority;
- 16 (3) Cannabis testing facility licenses, which shall
- 17 authorize each licensee to develop, research, and test
- 18 cannabis and cannabis products for that licensee's
- 19 facility or for another licensee; and
- 20 (4) Dual use cannabis licenses, which shall authorize each
- 21 licensee to:



1 (A) Cultivate, process, manufacture, transport, and
2 sell cannabis and cannabis products for both
3 medical and personal use; and

4 (B) Purchase or take possession of cannabis or
5 cannabis products from a cannabis cultivation
6 facility or dual use cannabis dispensary; and to
7 transfer possession of and sell cannabis and
8 cannabis products to retail cannabis stores,
9 other dual use cannabis dispensaries, and
10 consumers.

11 (c) The authority may establish additional license types
12 and grant temporary licenses of any type specified in subsection
13 (b) (1), (2), or (3), in accordance with conditions set forth in
14 the rules adopted pursuant to this chapter and chapter 91.

15 (d) Except as otherwise authorized by this chapter or
16 rules adopted pursuant to this chapter and chapter 91, no person
17 shall be granted or have any interest in licenses in more than
18 one of the four license categories listed in subsection (b). As
19 used in this subsection, "interest" means an equity ownership
20 interest or partial equity ownership interest or any other type



1 of financial interest, including an interest as an investor or a
2 manager.

3 (e) Cannabis shall not be sold or otherwise marketed
4 pursuant to this chapter if the cannabis has not been tested by
5 a cannabis testing laboratory and has not met the authority's
6 testing requirements set forth in the rules adopted pursuant to
7 chapter 91 and either this chapter or chapter 329D.

8 (f) Each license granted by the authority shall designate
9 the location where the licensee will conduct business. Except
10 as otherwise permitted by the rules adopted pursuant to chapter
11 91 and this chapter, no license shall be transferable from one
12 person to another or from one location to another.

13 (g) The privilege of any licensee to cultivate, transport,
14 sell, or test cannabis or cannabis products shall extend to all
15 agents and employees of the licensee for the purpose of
16 operating under the license. The licensee may be held liable
17 for the agents' or employees' violations of this chapter or the
18 rules adopted pursuant to chapter 91 and this chapter.

19 **§A-7 Transition; management plan.** (a) The authority
20 shall have a transition period of two years beginning July 1,
21 2023. During the transition period, the authority shall jointly



1 manage the medical cannabis dispensary system with the
2 department of health.

3 (b) The authority shall develop a management plan with
4 respect to the administration of this chapter and chapter 329D.
5 The management plan, at minimum shall:

- 6 (1) Be developed during the transition period;
- 7 (2) Propose appropriate amendments to chapter 329D;
- 8 (3) Be finalized, approved, and operational by the end of
9 the transition period;
- 10 (4) Be updated at least every years; and
- 11 (5) Consider residents' needs for cannabis.

12 (c) During the transition period, the authority may take
13 any actions necessary to prepare for the assumption of total
14 authority over the administration of this chapter and
15 chapter 329D at the end of the transition period, including the
16 adoption of rules pursuant to section A-8.

17 (d) During the transition period, any licensed medical
18 cannabis dispensary under chapter 329D may cultivate, process,
19 manufacture, transport, and sell cannabis and cannabis products
20 under this chapter as a dual use cannabis dispensary.



1 (e) During the transition period, the authority shall
2 monitor and study relevant data, market conditions, and
3 regulations to make informed decisions in the development and
4 adoption of rules and statutory recommendations to effectuate
5 the purpose of this chapter.

6 (f) During the transition period, dual use cannabis
7 dispensaries shall comply with directives of state agencies,
8 departments, and offices with regulatory authority pursuant to
9 subsection (e) and directives provided or issued by the
10 authority to protect public health and public safety. A dual
11 use cannabis dispensary's failure to comply with applicable
12 rules or directives may result in the revocation or suspension
13 of the authorization granted pursuant to subsection (b).

14 (g) During the transition period, the authority may
15 prescribe forms, procedures, and requirements as necessary to
16 facilitate the operation of medical cannabis dispensaries as
17 dual use cannabis dispensaries.

18 (h) All prospective and approved dual use cannabis
19 dispensaries under this chapter shall maintain compliance with
20 chapter 329D during the transition period, except that the
21 transfer of cannabis for personal use shall be exempt from



1 sections 329D-11(a)(3), 329D-11(a)(9)(B)(i), 329D-13, and
2 329D-15.

3 (i) Forms, procedures, and requirements relating to this
4 transition period may be amended by the authority until the end
5 of the transition period, at which time, the forms, procedures,
6 and requirements will be superseded by rules adopted pursuant to
7 section A-8 and chapter 91.

8 (j) All rights, powers, functions, and duties of the
9 department of health, including the office of medical cannabis
10 control and regulation, with respect to the regulation,
11 administration, and enforcement of the provisions of chapter
12 329D, shall be transferred to the authority upon the expiration
13 of the transition period, except:

14 (1) The registration of qualifying patients and primary
15 caregivers pursuant to part IX of chapter 329, as
16 specified in section 329D-2.5(b); and

17 (2) Powers, functions, and duties delegated to the
18 department of health pursuant to this chapter or by
19 the authority's rules, as adopted pursuant to this
20 chapter and chapter 91.



1 (k) Upon the expiration of the transition period, the
2 authority shall carry out the powers and duties transferred
3 pursuant to this subsection.

4 **§A-8 Regulation of cannabis; rules.** (a) The authority
5 shall adopt rules pursuant to chapter 91 necessary for
6 implementation of this chapter. The rules shall not require so
7 high an investment of risk, money, time, or any other resource
8 or asset as to make the operation of a cannabis establishment
9 unduly burdensome for a reasonably prudent business person. The
10 rules shall include:

- 11 (1) Procedures for the application, issuance, renewal,
12 denial, suspension, and revocation of a license to
13 operate a cannabis establishment; provided that any
14 license to be issued shall be issued no later than
15 thirty days after receipt of an application;
- 16 (2) A schedule of application, licensing, and renewal
17 fees; provided that application fees shall not exceed
18 \$10,000, adjusted annually for inflation, unless the
19 department determines a greater fee is necessary to
20 carry out its responsibilities under this section;



- 1 (3) Qualifications for licensure that are directly and
2 demonstrably related to the operation of a cannabis
3 establishment;
- 4 (4) Security requirements for the premises of cannabis
5 establishments;
- 6 (5) Requirements to prevent the sale or diversion of
7 cannabis and cannabis products to persons under the
8 age of twenty-one;
- 9 (6) Labeling requirements for cannabis and cannabis
10 products sold or distributed by a cannabis
11 establishment;
- 12 (7) Health and safety regulations and standards for the
13 manufacture of cannabis products and the cultivation
14 of cannabis;
- 15 (8) Restrictions on the number of licenses that may be
16 approved under this chapter; provided that the
17 authority shall give consideration to geography,
18 socio-economic conditions, and other factors that may
19 impact communities where cannabis establishments are
20 located;



1 (9) Restrictions on the advertising and display of
2 cannabis and cannabis products; and

3 (10) Civil penalties for the failure to comply with rules
4 adopted pursuant to this section.

5 (b) To ensure the protection of individual privacy, the
6 authority shall not require a consumer purchasing cannabis for
7 personal use to provide a retail cannabis store or dual use
8 cannabis dispensary with personal information, other than
9 government-issued identification to determine the consumer's
10 age. A retail cannabis store or dual use cannabis dispensary
11 shall not be required to acquire and record personal information
12 about consumers purchasing cannabis for personal use.

13 (c) If an application for a license under this section is
14 denied, the applicant shall be notified in writing of the
15 specific reason for the denial. The applicant may be entitled
16 to resubmit the application at any time after denial of the
17 initial application.

18 §A-9 Effect on employers. This chapter shall not be
19 construed to:



- 1 (1) Require an employer to permit or accommodate the use,
- 2 consumption, possession, transfer, display, transport,
- 3 sale, or growing of cannabis in the workplace; or
- 4 (2) Affect the ability of an employer to implement
- 5 policies restricting employees' use of cannabis.

6 **§A-10 Effect on intoxicated driving laws.** This chapter
7 shall not be construed as a defense, exemption, or immunity from
8 chapter 291E.

9 **§A-11 Effect on medical cannabis law.** This chapter shall
10 not be construed to affect medical use of cannabis as provided
11 in part IX of chapter 329 and shall not be deemed to expand the
12 medical use of cannabis beyond the uses provided in part IX of
13 chapter 329.

14 **§A-12 Effect on medical cannabis dispensary law.** This
15 chapter shall not be construed to affect the dispensing of
16 medical cannabis as provided in chapter 329D and shall not be
17 deemed to expand the dispensing of medical cannabis beyond the
18 uses provided in chapter 329D.

19 **§A-13 Effect on property rights.** This chapter shall not
20 be construed to prohibit a person, employer, school, hospital,
21 detention facility, corporation, or any other entity who



1 occupies, owns, or controls a property from prohibiting or
2 otherwise regulating the possession, consumption, use, display,
3 transfer, distribution, sale, transportation, or growing of
4 cannabis on or in that property."

5 SECTION 3. Chapter 712, Hawaii Revised Statutes, is
6 amended by adding a new section to part IV to be appropriately
7 designated and to read as follows:

8 "§712- Legalization of marijuana. The following acts
9 shall be exempt from arrest, prosecution, and criminal
10 culpability under this part:

- 11 (a) Any act permitted under section A-2;
- 12 (b) Any act permitted under section A-3; and
- 13 (c) An act of any person who is appropriately and
14 currently licensed if the act requires a license under
15 chapter A."

16 SECTION 4. Section 235-2.4, Hawaii Revised Statutes, is
17 amended by amending subsection (v) to read as follows:

18 "(v) Section 280E (with respect to expenditures in
19 connection with the illegal sale of drugs) of the Internal
20 Revenue Code shall be operative for the purposes of this



1 chapter, except that section 280E shall not be operative with
2 respect to ~~[the]~~:

3 (1) The production and sale of medical cannabis and
4 manufactured cannabis products by dispensaries
5 licensed under chapter 329D and their subcontractors,
6 as defined in section 329D-1[-]; and

7 (2) Any activity authorized by chapter A."

8 SECTION 5. Section 329-14, Hawaii Revised Statutes, is
9 amended by amending subsection (d) to read as follows:

10 "(d) Any material, compound, mixture, or preparation that
11 contains any quantity of the following hallucinogenic
12 substances, their salts, isomers, and salts of isomers, unless
13 specifically excepted, whenever the existence of these salts,
14 isomers, and salts of isomers is possible within the specific
15 chemical designation:

- 16 (1) Alpha-ethyltryptamine (AET);
- 17 (2) 2,5-dimethoxy-4-ethylamphetamine (DOET);
- 18 (3) 2,5-dimethoxyamphetamine (2,5-DMA);
- 19 (4) 3,4-methylenedioxy amphetamine;
- 20 (5) 3,4-methylenedioxymethamphetamine (MDMA);



- 1 (6) N-hydroxy-3,4-methylenedioxyamphetamine
- 2 (N-hydroxy-MDA);
- 3 (7) 3,4-methylenedioxy-N-ethylamphetamine (MDE);
- 4 (8) 5-methoxy-3,4-methylenedioxy-amphetamine;
- 5 (9) 4-bromo-2,5-dimethoxy-amphetamine (4-bromo-2,5-DMA);
- 6 (10) 4-Bromo-2,5-dimethoxyphenethylamine (Nexus);
- 7 (11) 3,4,5-trimethoxy amphetamine;
- 8 (12) Bufotenine;
- 9 (13) 4-methoxyamphetamine (PMA);
- 10 (14) Diethyltryptamine;
- 11 (15) Dimethyltryptamine;
- 12 (16) 4-methyl-2,5-dimethoxy-amphetamine;
- 13 (17) Gamma hydroxybutyrate (GHB) (some other names include
- 14 gamma hydroxybutyric acid; 4-hydroxybutyrate;
- 15 4-hydroxybutanoic acid; sodium oxybate; sodium
- 16 oxybutyrate);
- 17 (18) Ibogaine;
- 18 (19) Lysergic acid diethylamide;
- 19 [~~(20)~~] ~~Marijuana~~;
- 20 [~~(21)~~] (20) Parahexyl;
- 21 [~~(22)~~] (21) Mescaline;



- 1 [~~(23)~~] (22) Peyote;
- 2 [~~(24)~~] (23) N-ethyl-3-piperidyl benzilate;
- 3 [~~(25)~~] (24) N-methyl-3-piperidyl benzilate;
- 4 [~~(26)~~] (25) Psilocybin;
- 5 [~~(27)~~] (26) Psilocyn;
- 6 [~~(28)~~] (27) 1-[1-(2-Thienyl) cyclohexyl] Pyrrolidine (TCPy);
- 7 [~~(29)~~] (28) Ethylamine analog of phencyclidine (PCE);
- 8 [~~(30)~~] (29) Pyrrolidine analog of phencyclidine (PCPy, PHP);
- 9 [~~(31)~~] (30) Thiophene analog of phencyclidine (TPCP; TCP);
- 10 [~~(32)~~] (31) Gamma-butyrolactone, including butyrolactone;
- 11 butyrolactone gamma; 4-butyrolactone; 2(3H)-furanone
- 12 dihydro; dihydro-2(3H)furanone; tetrahydro-2-furanone;
- 13 1,2-butanolide; 1,4-butanolide; 4-butanolide;
- 14 gamma-hydroxybutyric acid lactone; 3-hydroxybutyric
- 15 acid lactone and 4-hydroxybutanoic acid lactone with
- 16 Chemical Abstract Service number 96-48-0 when any such
- 17 substance is intended for human ingestion;
- 18 [~~(33)~~] (32) 1,4 butanediol, including butanediol;
- 19 butane-1,4-diol; 1,4- butylenes glycol; butylene
- 20 glycol; 1,4-dihydroxybutane; 1,4- tetramethylene
- 21 glycol; tetramethylene glycol; tetramethylene



- 1 1,4- diol with Chemical Abstract Service number
2 110-63-4 when any such substance is intended for human
3 ingestion;
- 4 ~~[(34)]~~ (33) 2,5-dimethoxy-4-(n)-propylthiophenethylamine
5 (2C-T-7), its optical isomers, salts, and salts of
6 isomers;
- 7 ~~[(35)]~~ (34) N-benzylpiperazine (BZP; 1-benzylpiperazine) its
8 optical isomers, salts, and salts of isomers;
- 9 ~~[(36)]~~ (35) 1-(3-trifluoromethylphenyl)piperazine (TFMPP),
10 its optical isomers, salts, and salts of isomers;
- 11 ~~[(37)]~~ (36) Alpha-methyltryptamine (AMT), its isomers,
12 salts, and salts of isomers;
- 13 ~~[(38)]~~ (37) 5-methoxy-N,N-diisopropyltryptamine
14 (5-MeO-DIPT), its isomers, salts, and salts of
15 isomers;
- 16 ~~[(39)]~~ (38) Salvia divinorum;
- 17 ~~[(40)]~~ (39) Salvinorin A;
- 18 ~~[(41)]~~ (40) Divinorin A;
- 19 ~~[(42)]~~ (41) 5-Methoxy-N,N-Dimethyltryptamine (5-MeO-DIPT)
20 (some trade or other names: 5-methoxy-3-
21 [2-(dimethylamino)ethyl]indole; 5-MeO-DMT);



- 1 [~~(43)~~] (42) 2-(2,5-Dimethoxy-4-ethylphenyl)ethanamine
2 (2C-E);
- 3 [~~(44)~~] (43) 2-(2,5-Dimethoxy-4-methylphenyl)ethanamine
4 (2C-D);
- 5 [~~(45)~~] (44) 2-(4-Chloro-2,5-dimethoxyphenyl)ethanamine
6 (2C-C);
- 7 [~~(46)~~] (45) 2-(4-Iodo-2,5-dimethoxyphenyl)ethanamine (2C-I);
- 8 [~~(47)~~] (46) 2-[4-(Ethylthio)-2,5-dimethoxyphenyl]ethanamine
9 (2C-T-2);
- 10 [~~(48)~~] (47) 2-[4-(Isopropylthio)-2,5-
11 dimethoxyphenyl]ethanamine (2C-T-4);
- 12 [~~(49)~~] (48) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);
- 13 [~~(50)~~] (49) 2-(2,5-Dimethoxy-4-nitro-phenyl)ethanamine
14 (2C-N);
- 15 [~~(51)~~] (50) 2-(2,5-Dimethoxy-4-(n)-propylphenyl)ethanamine
16 (2C-P);
- 17 [~~(52)~~] (51) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-
18 methoxybenzyl)ethanamine, its optical, positional, and
19 geometric isomers, salts, and salts of isomers (Other
20 names: 25I-NBOMe; 2C-I-NBOMe; 25I; Cimbi-5);



1 [~~53~~] (52) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-
2 methoxybenzyl)ethanamine, its optical, positional, and
3 geometric isomers, salts, and salts of isomers (Other
4 names: 25C-NBOMe; 2C-C-NBOMe; 25C; Cimbi-82); and

5 [~~54~~] (53) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-
6 methoxybenzyl)ethanamine, its optical, positional, and
7 geometric isomers, salts, and salts of isomers (Other
8 names: 25B-NBOMe; 2C-B-NBOMe; 25B; Cimbi-36)."

9 SECTION 6. Section 712-1244, Hawaii Revised Statutes, is
10 amended by amending subsection (1) to read as follows:

11 "(1) [A] Except as otherwise provided in chapter A, a
12 person commits the offense of promoting a harmful drug in the
13 first degree if the person knowingly:

14 (a) Possesses one hundred or more capsules or tablets or
15 dosage units containing one or more of the harmful
16 drugs or one or more of the marijuana concentrates, or
17 any combination thereof;

18 (b) Possesses one or more preparations, compounds,
19 mixtures, or substances, of an aggregate weight of one
20 ounce or more containing one or more of the harmful



1 drugs or one or more of the marijuana concentrates, or
2 any combination thereof;

3 (c) Distributes twenty-five or more capsules or tablets or
4 dosage units containing one or more of the harmful
5 drugs or one or more of the marijuana concentrates, or
6 any combination thereof;

7 (d) Distributes one or more preparations, compounds,
8 mixtures, or substances, of an aggregate weight of
9 one- eighth ounce or more, containing one or more of
10 the harmful drugs or one or more of the marijuana
11 concentrates, or any combination thereof; or

12 (e) Distributes any harmful drug or any marijuana
13 concentrate in any amount to a minor."

14 SECTION 7. Section 712-1245, Hawaii Revised Statutes, is
15 amended by amending subsection (1) to read as follows:

16 "(1) [A] Except as otherwise provided in chapter A, a
17 person commits the offense of promoting a harmful drug in the
18 second degree if the person knowingly:

19 (a) Possesses fifty or more capsules or tablets or dosage
20 units containing one or more of the harmful drugs or



1 one or more of the marijuana concentrates, or any
2 combination thereof;

3 (b) Possesses one or more preparations, compounds,
4 mixtures, or substances, of an aggregate weight of
5 one- eighth ounce or more, containing one or more of
6 the harmful drugs or one or more of the marijuana
7 concentrates, or any combination thereof; or

8 (c) Distributes any harmful drug or any marijuana
9 concentrate in any amount."

10 SECTION 8. Section 712-1246, Hawaii Revised Statutes, is
11 amended by amending subsection (1) to read as follows:

12 "(1) [A] Except as otherwise provided in chapter A, a
13 person commits the offense of promoting a harmful drug in the
14 third degree if the person knowingly possesses twenty-five or
15 more capsules or tablets or dosage units containing one or more
16 of the harmful drugs or one or more of the marijuana
17 concentrates, or any combination thereof."

18 SECTION 9. Section 712-1247, Hawaii Revised Statutes, is
19 amended by amending subsection (1) to read as follows:



- 1 " (1) [A] Except as otherwise provided in chapter A, a
2 person commits the offense of promoting a detrimental drug in
3 the first degree if the person knowingly:
- 4 (a) Possesses four hundred or more capsules or tablets
5 containing one or more of the Schedule V substances;
- 6 (b) Possesses one or more preparations, compounds,
7 mixtures, or substances of an aggregate weight of one
8 ounce or more, containing one or more of the Schedule
9 V substances;
- 10 (c) Distributes fifty or more capsules or tablets
11 containing one or more of the Schedule V substances;
- 12 (d) Distributes one or more preparations, compounds,
13 mixtures, or substances of an aggregate weight of
14 one-eighth ounce or more, containing one or more of
15 the Schedule V substances;
- 16 (e) Possesses one or more preparations, compounds,
17 mixtures, or substances of an aggregate weight of one
18 pound or more, containing any marijuana;
- 19 (f) Distributes one or more preparations, compounds,
20 mixtures, or substances of an aggregate weight of one
21 ounce or more, containing any marijuana;



- 1 (g) Possesses, cultivates, or has under the person's
- 2 control twenty-five or more marijuana plants; or
- 3 (h) Sells or barterers any marijuana or any Schedule V
- 4 substance in any amount."

5 SECTION 10. Section 712-1248, Hawaii Revised Statutes, is
6 amended by amending subsection (1) to read as follows:

7 "(1) [A] Except as otherwise provided in chapter A, a
8 person commits the offense of promoting a detrimental drug in
9 the second degree if the person knowingly:

- 10 (a) Possesses fifty or more capsules or tablets containing
- 11 one or more of the Schedule V substances;
- 12 (b) Possesses one or more preparations, compounds,
- 13 mixtures, or substances, of an aggregate weight of
- 14 one- eighth ounce or more, containing one or more of
- 15 the Schedule V substances;
- 16 (c) Possesses one or more preparations, compounds,
- 17 mixtures, or substances, of an aggregate weight of one
- 18 ounce or more, containing any marijuana; or
- 19 (d) Distributes any marijuana or any Schedule V substance
- 20 in any amount."



1 SECTION 11. Section 712-1249, Hawaii Revised Statutes, is
2 amended by amending subsection (1) to read as follows:

3 "(1) [A] Except as otherwise provided in chapter A, a
4 person commits the offense of promoting a detrimental drug in
5 the third degree if the person knowingly possesses any marijuana
6 or any Schedule V substance in any amount."

7 SECTION 12. Section 712-1249.4, Hawaii Revised Statutes,
8 is amended by amending subsection (1) to read as follows:

9 "(1) [A] Except as otherwise provided in chapter A, a
10 person commits the offense of commercial promotion of marijuana
11 in the first degree if the person knowingly:

- 12 (a) Possesses marijuana having an aggregate weight of
13 twenty-five pounds or more;
- 14 (b) Distributes marijuana having an aggregate weight of
15 five pounds or more;
- 16 (c) Possesses, cultivates, or has under the person's
17 control one hundred or more marijuana plants;
- 18 (d) Cultivates on land owned by another person, including
19 land owned by the government or other legal entity,
20 twenty-five or more marijuana plants, unless the
21 person has the express permission from the owner of



1 the land to cultivate the marijuana or the person has
2 a legal or an equitable ownership interest in the land
3 or the person has a legal right to occupy the land; or
4 (e) Uses, or causes to be used, any firearm or other
5 weapon, device, instrument, material, or substance,
6 whether animate or inanimate, which in the manner used
7 is capable of causing death, serious bodily injury,
8 substantial bodily injury, or other bodily injury, as
9 defined in chapter 707 in order to prevent the theft,
10 removal, search and seizure, or destruction of
11 marijuana."

12 SECTION 13. Section 712-1249.5, Hawaii Revised Statutes,
13 is amended by amending subsection (1) to read as follows:

14 "(1) [A] Except as otherwise provided in chapter A, a
15 person commits the offense of commercial promotion of marijuana
16 in the second degree if the person knowingly:

17 (a) Possesses marijuana having an aggregate weight of two
18 pounds or more;

19 (b) Distributes marijuana having an aggregate weight of
20 one pound or more;



- 1 (c) Possesses, cultivates, or has under the person's
- 2 control fifty or more marijuana plants;
- 3 (d) Cultivates on land owned by another person, including
- 4 land owned by the government or other legal entity,
- 5 any marijuana plant, unless the person has the express
- 6 permission from the owner of the land to cultivate the
- 7 marijuana or the person has a legal or an equitable
- 8 ownership interest in the land or the person has a
- 9 legal right to occupy the land; or
- 10 (e) Sells or barterers any marijuana or any Schedule V
- 11 substance in any amount to a minor."

12 PART III

13 SECTION 14. The Hawaii Revised Statutes is amended by
14 adding a new chapter to title 14 to be appropriately designated
15 and to read as follows:

16 "CHAPTER B

17 CANNABIS TAX LAW

18 §B-1 Definitions. As used in this chapter, unless the
19 context otherwise requires:

20 "Authority", "cannabis", "cannabis cultivation facility",
21 "cannabis products", "consumer", "dual use cannabis dispensary",



1 "license", "licensee", "personal use", and "retail cannabis
2 store" shall have the same meaning as in section A-1.

3 "Medical cannabis dispensary" means a person licensed as a
4 medical cannabis dispensary under chapter 329D.

5 "Permittee" means the holder of a permit under section B-2.

6 "Place" or "premises" means the real estate, together with
7 any buildings or improvements thereon, designated in the
8 application for a license as the place at which the cultivation,
9 sale or testing of cannabis shall be performed.

10 **§B-2 Permit.** (a) It shall be unlawful for any retail
11 cannabis store or dual use cannabis dispensary to sell cannabis
12 to consumers for personal use unless a permit has been issued to
13 the retail cannabis store or dual use cannabis dispensary as
14 hereinafter prescribed, and the permit is in full force and
15 effect.

16 (b) The authority or the department of health shall
17 certify to the department of taxation the name of every retail
18 cannabis store and dual use cannabis dispensary, together with
19 the place of business and the period covered by the license held
20 by the retail cannabis store or dual use cannabis dispensary.

21 The department shall issue a permit to the retail cannabis store



1 or dual use cannabis dispensary upon the payment of a permit fee
2 of \$2.50. The permit shall be issued by the department:

3 (1) To retail cannabis stores as of the date when the
4 authority issued the retail cannabis store license;
5 and

6 (2) To dual use cannabis dispensaries as of the date when
7 the transition period under section A-7 begins.

8 (c) Any permit issued under this chapter:

9 (1) Shall expire upon the expiration of the period covered
10 by the permittee's license, or on June 30 next
11 succeeding the date upon which it is issued, whichever
12 is earlier, unless sooner suspended, surrendered, or
13 revoked for good cause by the department;

14 (2) Shall not be assignable;

15 (3) Shall be conspicuously displayed on the licensed
16 premises of the permittee;

17 (4) Shall be renewed in a timely manner, upon fulfillment
18 of all requirements, as in the case of an original
19 permit, with a renewal fee of \$2.50; and



1 (5) May be replaced by a duplicate permit, for a fee of 50
2 cents, if the permit is defaced, destroyed, or lost,
3 or if the licensed premises are relocated.

4 (d) The department may suspend, revoke, or decline to
5 renew any permit issued under this chapter whenever the
6 department finds that the applicant or permittee has failed to
7 comply with this chapter or any rule adopted pursuant to this
8 chapter, or for any other good cause. Good cause includes
9 instances in which an applicant or permittee:

- 10 (1) Submits a false or fraudulent application or makes a
11 false statement in an application;
- 12 (2) Possesses or displays a false or fraudulent permit; or
- 13 (3) Fails to maintain complete and accurate records when
14 and if required to be kept.

15 Upon suspending or revoking any permit, the department may
16 request that the permittee surrender the permit or any duplicate
17 issued to, or printed by the permittee, and the permittee shall
18 surrender the permit or duplicate promptly to the department as
19 requested.

20 (e) Whenever the department suspends, revokes, or declines
21 to renew a permit, the department shall notify the applicant or

1 permittee immediately and afford the applicant or permittee a
2 hearing, if desired; provided that an opportunity for a hearing
3 has not already been afforded. The department shall provide no
4 fewer than thirty days of notice to the applicant or permittee
5 of a hearing conducted pursuant to this subsection. After the
6 hearing, the department shall:

- 7 (1) Rescind its order of suspension or revocation;
- 8 (2) Continue the suspension;
- 9 (3) Revoke the permit;
- 10 (4) Decline to renew the permit; or
- 11 (5) Renew the permit.

12 **§B-3 Permit.** (a) The department of taxation shall
13 cooperate with the authority or department of health in the
14 enforcement of this chapter.

15 (b) The department shall notify the authority or
16 department of health of the name and address of every permittee
17 from which permit has been revoked, and any license issued to
18 the permittee under chapter A thereupon shall be deemed
19 forfeited.



1 (c) The department may notify the authority or department
2 of health of the name and address of every person who has failed
3 to:

- 4 (1) File any return required;
- 5 (2) Pay any tax prescribed;
- 6 (3) Secure a permit; or
- 7 (4) Perform any other duty or act imposed,

8 under this chapter, and the authority or department of health
9 shall thereupon suspend any license that may have been issued to
10 any the person under chapter A until the person complies with
11 this chapter.

12 **§B-4 Tax; limitations.** (a) Every person who sells any
13 cannabis in the State shall pay a tax that is hereby imposed at
14 the rate of ten per cent of the sales price.

15 (b) The tax levied pursuant to subsection (a) shall be
16 paid only once upon the same cannabis; provided further that the
17 tax shall not apply to cannabis sold:

- 18 (1) By one licensee to another licensee under chapter A;
- 19 and
- 20 (2) For medical use by a medical cannabis dispensary under
21 chapter 329D.

1 **§B-5 Return; form; contents.** Every taxpayer subject to
2 this chapter, on or before the twentieth day of each month,
3 shall file with the department a return showing all sales of
4 cannabis made by the taxpayer during the preceding month by
5 dollar, volume, and taxed under section B-4(a), and showing
6 separately the amount of the nontaxable sales, the amount of the
7 taxable sales, and the tax payable thereon. The form and manner
8 of the return shall be prescribed by the department and shall
9 contain any information the department may deem necessary for
10 the proper administration of this chapter.

11 **§B-6 Payment of tax; penalties.** At the time of the filing
12 of the return required under section B-5 and within the time
13 prescribed therefor, each taxpayer subject to this chapter shall
14 pay to the department of taxation the tax imposed by this
15 chapter and required to be shown by the return. Penalties and
16 interest shall be added to and become a part of the tax, when
17 and as provided by section 231-39.

18 **§B-7 Determination of tax; additional assessments; credit;**
19 **refunds.** (a) As soon as practicable after each return has been
20 filed, the department of taxation shall cause it to be examined



1 and shall compute and determine the amount of the tax payable
2 thereon.

3 (b) If it appears upon the foregoing examination or within
4 five years after the filing of the return, or at any time if no
5 return has been filed, as a result of the examination or as a
6 result of any examination of the records of the taxpayer or of
7 any other inquiry or investigation, that the correct amount of
8 the tax is greater than that shown on the return, or that any
9 tax imposed by the chapter has not been paid, an assessment of
10 the applicable tax may be made in the manner provided in
11 section 235-108(b). The amount of the tax for the period
12 covered by the assessment shall not be reduced below the amount
13 determined by the assessment, except upon appeal or in a
14 proceeding brought pursuant to section 40-35.

15 (c) If the taxpayer has paid or returned with respect to
16 any month more than the amount determined to be the correct
17 amount of tax for the month, the amount of the tax returned and
18 any assessment of tax made pursuant to the return may be
19 reduced, and any overpayment of tax may be credited upon the tax
20 imposed by this chapter, or at the election of the taxpayer, the
21 taxpayer not being delinquent in the payment of any taxes owing



1 to the State, may be refunded in the manner provided in
2 section 231-23(c); provided that no reduction of tax may be made
3 when forbidden by subsection (b), or more than five years after
4 the filing of the return.

5 **§B-8 Records to be kept.** (a) Every permittee under this
6 chapter shall keep a record of all sales of cannabis and
7 cannabis products made by the permittee, in a form as the
8 department of taxation may prescribe. Every person holding a
9 license under chapter A, other than a cannabis testing facility
10 or cannabis cultivation facility license, shall keep a record of
11 all purchases by the person of cannabis and cannabis products
12 and taxed under section B-4(a), in a form as the department may
13 prescribe. All applicable records shall be offered for
14 inspection and examination at any time upon demand by the
15 department or authority and shall be preserved for a period of
16 five years, except that the department may in writing consent to
17 their destruction within the period or may require that the
18 records be kept longer. The department, pursuant to rules
19 adopted pursuant to chapter 91, may require the permittee to
20 keep other records as the department may deem necessary for the
21 proper enforcement of this chapter.



1 (b) If any permittee or any other taxpayer subject to this
2 chapter fails to keep records from which a proper determination
3 of the tax due under this chapter may be made, the department
4 may fix the amount of tax for any period from the best
5 information available, and assess the tax as provided by this
6 chapter.

7 **§B-9 Inspection.** The director of taxation, the authority,
8 or the duly authorized agent of either the director or
9 authority, may examine all records required to be kept under
10 this chapter, and books, papers, and records of any person
11 engaged in the sale of cannabis, for the purposes of verifying
12 the accuracy of a person's payment of the tax imposed by this
13 chapter and the person's compliance with other provisions this
14 chapter and rules adopted pursuant thereto. Every person in
15 possession of the books, papers, and records, and the person's
16 agents and employees, shall give the director, the authority, or
17 the duly authorized agent of either of them, the means,
18 facilities, and opportunities for an examination. The
19 authority's powers under this section shall not conflict with
20 section 231-18 and shall not extend to the inspection of any
21 documents not directly related to this chapter.



1 **§B-10 Tax in addition to other taxes.** The tax imposed by
2 this chapter shall be in addition to any other tax imposed upon
3 the business of selling cannabis or upon any of the
4 transactions, acts, or activities taxed by this chapter.

5 **§B-11 Appeals.** Any person aggrieved by any assessment of
6 the tax imposed by this chapter may appeal from the assessment
7 in the manner, within the time, and according to all other
8 procedures as provided in the case of income tax appeals
9 pursuant to section 235-114. The hearing and disposition of the
10 appeal, including the distribution of costs, shall be as
11 provided in chapter 232.

12 **§B-12 Other provisions applicable.** All of the provisions
13 of chapters 235 and 237 not inconsistent with this chapter and
14 which may appropriately be applied to the taxes, persons,
15 circumstances, and situations involved in this chapter,
16 including (without prejudice to the generality of the foregoing)
17 provisions as to penalties and interest, and provisions granting
18 administrative powers to the director of taxation, and
19 provisions for the assessment, levy, and collection of taxes,
20 shall be applicable to the taxes imposed by this chapter, and to
21 the assessment, levy, and collection thereof, except that



1 returns, return information, or reports under this chapter and
2 relating only to this chapter may be made known to the authority
3 by the department of taxation, if not in conflict with
4 section 231-18.

5 **§B-13 Investigations; contempt; fees.** (a) The director
6 of taxation, and any agent authorized by the director to conduct
7 any inquiry, investigation, or hearing hereunder, shall have
8 power to administer oaths and take testimony under oath relative
9 to the matter of inquiry or investigation. At any hearing
10 ordered by the director, the director or the director's agent
11 authorized to conduct the hearing may subpoena witnesses and
12 require the production of books, papers, and documents pertinent
13 to the inquiry. No witness under subpoena authorized to be
14 issued by this section shall be excused from testifying or from
15 producing books or papers on the ground that the testimony or
16 the production of the books or other documentary evidence would
17 tend to incriminate the witness; provided that the evidence or
18 the books or papers so produced shall not be used in any
19 criminal proceeding against the witness.

20 (b) If any person disobeys the foregoing process or,
21 having appeared in obedience thereto, refuses to answer any



1 pertinent question put to the person by the director or the
2 director's authorized agent or to produce any books and papers
3 pursuant thereto, the director or the agent may apply to the
4 circuit court of the circuit wherein the taxpayer resides or
5 wherein the transaction, act, or activity under investigation
6 has occurred, or to any judge of the court, setting forth the
7 disobedience to process or refusal to answer, and the court or
8 the judge shall cite the person to appear before the court or
9 the judge to answer the question or to produce the books and
10 papers, and, upon the person's refusal so to do, shall commit
11 the person to jail until the person testifies, but not for a
12 longer period than sixty days. Notwithstanding the serving of
13 the term of the commitment to jail by any person, the director
14 may proceed in all respects with the inquiry and examination as
15 if the witness had not previously been called upon to testify.

16 (c) Officers who serve subpoenas issued by the director or
17 under the director's authority and witnesses attending hearings
18 conducted by the director hereunder shall receive like fees and
19 compensation as officers and witnesses in the circuit courts of
20 the State, to be paid on vouchers of the director, from any



1 this chapter or by the authority's rules adopted pursuant to
2 chapter 91, Hawaii Revised Statutes.

3 (b) Effective July 1, 2025, every reference to the
4 department of health in those deeds, leases, subleases,
5 contracts, loans, agreements, permits, or other documents
6 relating to chapter 329D, Hawaii Revised Statutes, shall be
7 construed as a reference to the Hawaii cannabis regulatory
8 authority or the executive director of the authority, as
9 appropriate; provided that all deeds, leases, subleases,
10 contracts, loans, agreements, permits, or other documents
11 executed or entered into prior to the effective date of this
12 Act, by or on behalf of the department of health that are
13 reenacted or made applicable to the Hawaii cannabis regulatory
14 authority by this Act, shall remain in full force and effect
15 until its expiration unless otherwise specifically amended
16 pursuant to an agreement by the Hawaii cannabis regulatory
17 authority and the department of health.

18 SECTION 17. (a) All employees who occupy civil service
19 positions and whose functions are transferred to the Hawaii
20 cannabis regulatory authority by this Act shall retain their
21 civil service status, whether permanent or temporary. Employees



1 shall be transferred without loss of salary, seniority (except
2 as prescribed by applicable collective bargaining agreements),
3 retention points, prior service credit, any vacation and sick
4 leave credits previously earned, and other rights, benefits, and
5 privileges, in accordance with state personnel laws and this
6 Act; provided that the employees possess the minimum
7 qualifications and public employment requirements for the class
8 or position to which transferred or appointed, as applicable;
9 provided further that subsequent changes in status may be made
10 pursuant to applicable civil service and compensation laws.

11 (b) Any employee who, prior to this Act, is exempt from
12 civil service and is transferred as a consequence of this Act
13 may retain the employee's exempt status but shall not be
14 appointed to a civil service position as a consequence of this
15 Act. An exempt employee who is transferred by this Act shall
16 not suffer any loss of prior service credit, vacation or sick
17 leave credits previously earned, or other employee benefits or
18 privileges as a consequence of this Act; provided that the
19 employees possess legal and public employment requirements for
20 the position to which transferred or appointed, as applicable;
21 provided further that subsequent changes in status may be made



1 pursuant to applicable employment and compensation laws. The
2 director of health may prescribe the duties and qualifications
3 of these employees and fix their salaries without regard to
4 chapter 76, Hawaii Revised Statutes.

5 SECTION 18. All appropriations, records, equipment,
6 machines, files, supplies, contracts, books, papers, documents,
7 maps, and other personal property heretofore made, used,
8 acquired, or held by the department of health relating to the
9 functions transferred to the Hawaii cannabis regulatory
10 authority shall be transferred with the functions to which they
11 relate.

12 SECTION 19. During the transition period, the department
13 of health shall exercise the authority granted to it by
14 chapter 329D, Hawaii Revised Statutes, only to the extent as
15 necessary to allow the Hawaii cannabis regulatory authority,
16 established pursuant to part II of this Act, to assume its
17 powers, functions, and duties with respect to the medical
18 cannabis dispensary system pursuant to this Act; provided that
19 the department of health shall cooperate and work
20 collaboratively with the authority to support and ensure the



1 successful transition of oversight of the medical cannabis
2 dispensary system.

3 SECTION 20. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2023-2024 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2024-2025 for startup and transition planning costs for the
8 Hawaii cannabis regulatory authority.

9 The sums appropriated shall be expended by the Hawaii
10 cannabis regulatory authority for the purposes of this Act.

11 PART V

12 SECTION 21. In codifying the new chapters added by
13 sections 2 and 14 of this Act, the revisor of statutes shall
14 substitute appropriate chapter numbers for the letters used in
15 designating the new chapters in this Act.

16 SECTION 22. This Act does not affect rights and duties
17 that matured, penalties that were incurred, and proceedings that
18 were begun before its effective date.

19 SECTION 23. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 24. This Act shall take effect upon its approval;
2 provided that section 20 shall take effect on July 1, 2023.

3

INTRODUCED BY: Allen A. Deletti

JAN 24 2023



H.B. NO. 1216

Report Title:

Cannabis; Marijuana; Personal Use; Legalization; Administration; Sales; Taxation; Appropriations

Description:

Establishes the Hawaii cannabis regulatory authority, which shall have oversight over the personal use of cannabis. Legalizes and regulates the personal use of small amounts of cannabis. Regulates the cultivation and sale of small amounts of cannabis. Transfers certain regulatory powers regarding medical cannabis dispensaries to the Hawaii cannabis regulatory authority. Imposes taxes upon cannabis sales. Appropriates moneys.

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

