

STAND. COM. REP. NO. **3057**

Honolulu, Hawaii

**MAR 01 2024**

RE: S.B. No. 3335  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Ways and Means, to which was referred S.B. No. 3335, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CANNABIS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Hawaii Cannabis Authority and Cannabis Control Board within the Department of Commerce and Consumer Affairs to regulate all aspects of the cannabis plant;
- (2) Establish the Cannabis Control Implementation Advisory Committee;
- (3) Beginning January 1, 2026, legalize the personal adult use of cannabis;
- (4) Establish taxes for adult-use cannabis and medical cannabis sales;
- (5) Transfer the personnel and assets of the Department of Health and assets of the Department of Agriculture to the Hawaii Cannabis Authority; and
- (6) Make appropriations.



Your Committees received testimony in support of this measure from the Department of Agriculture; Hawaii Cannabis Industry Association; Big Island Grown, LLC; Cultivation Sector Consulting, LLC; Techmana, LLC; Hawaiian Ethos; THC Ministry; two members of the Kaua'i County Council; and twenty-six individuals.

Your Committees received testimony in opposition to this measure from the Department of the Prosecuting Attorney for the City and County of Honolulu, Retail Merchants of Hawaii, Keiki Injury Prevention Coalition, Hawaii Substance Abuse Coalition, Smart Approaches to Marijuana Hawaii, Coalition for a Drug-Free Hawaii, Hawaii Family Forum, and sixty-eight individuals.

Your Committees received comments on this measure from the Department of Health, Department of Commerce and Consumer Affairs, Department of Law Enforcement, Department of the Attorney General, Department of Budget and Finance, Department of Education, Department of Taxation, Catholic Charities Hawai'i, Healthcare Association of Hawaii, Tax Foundation of Hawaii, Hawai'i Alliance for Cannabis Reform, Hawaii Appleseed Center for Law and Economic Justice, Last Prisoner Project, Akamai Cannabis Consulting, Democratic Party of Hawai'i, American Cancer Society Cancer Action Network, Oahu Cannabis Farms Alliance, Hawai'i Public Health Institute, Cannabis Society of Hawai'i, and seven individuals.

Your Committees find that the legalization of cannabis in Hawaii has been the subject of an ongoing conversation within the Legislature that has now spanned nearly twenty-five years. Beginning in 2000, Governor Ben Cayetano first signed into law Act 228, Session Laws of Hawaii 2000, which legalized the use of marijuana for strictly medical purposes under the Medical Cannabis Registry Program, codified as chapter 329, Hawaii Revised Statutes (HRS), making Hawaii the eighth state to do so at that time. However, access to medical cannabis remained a challenge for many patients, as there were no legal markets or dispensaries available. To resolve this issue, Act 241 Session Laws of Hawaii 2015, established the Hawaii Medical Marijuana Dispensary System, codified as chapter 329D, HRS, creating the regulated statewide dispensary system for medical marijuana that exists today, ensuring that qualifying patients have access to medical marijuana.



The following year, Act 228, Session Laws of Hawaii 2016, established the State's Industrial Hemp Pilot Program, allowing the cultivation of industrial hemp and distribution for purposes of agricultural or academic research. Further, Act 14, Session Laws of Hawaii 2020, amended state law to allow for the growth and cultivation of hemp in the State through the United States Department of Agriculture (USDA) Hemp Production Program, in alignment with the federal 2018 "Farm Bill". In 2020, Act 273, Session Laws of Hawaii 2019, was enacted to decriminalize small amounts of cannabis.

Your Committees find that, after years of debate and discussion, now is the time for the State to legalize cannabis to include non-medical adult use. The legalization of cannabis for adult use is a natural, logical, and reasonable outgrowth of the current science of, and evolving attitude towards, cannabis. Twenty-four other jurisdictions across the United States have already enacted laws to regulate the sale and adult use of non-medical cannabis. The State is familiar with and has successfully administered the Medical Marijuana Dispensary Program since 2015; has had ample time to study the costs and benefits of establishing an adult-use cannabis program through, among others, the Dual Use Cannabis Task Force established pursuant to S.B. 1139, H.D. 1, S.D. 2, C.D. 1 (2021); and has been able to observe and learn lessons from other States regarding the best practices for the legalization of adult-use cannabis. Your Committees further find that cannabis cultivation and sales hold great potential for economic development, reduced crime, and increased tax revenues--revenues that the State urgently needs to fund various institutions and programs following the August 2023 Maui wildfire.

Accordingly, your Committees therefore find it is appropriate to move forward with the legalization of adult-use cannabis, and this measure will, among other things, establish a framework to centralize all forms of cannabis under a single regulatory authority.

Notwithstanding, your Committees have heard the concerns raised by testifiers on behalf of the hemp industry, requesting certain amendments to help facilitate and transition the regulation of hemp under a single regulatory authority. Therefore, amendments to this measure are necessary to address these various issues.



Accordingly, your Committees have amended this measure by:

- (1) Changing the names of the Cannabis Control Board, Hawaii Cannabis Authority, and Cannabis Control Implementation Advisory Committee to the Hemp and Cannabis Control Board, Hawaii Hemp and Cannabis Authority, and Hemp and Cannabis Control Implementation Advisory Committee, respectively;
- (2) Clarifying the definitions of "cannabis", "crude hemp extract", "cultivate" or "cultivation", "hemp product", "smoke" or "smoking", and "tetrahydrocannabinol" or "THC";
- (3) Inserting definitions for the terms "hemp coordinator", "hemp extract product", and "industrial hemp product";
- (4) Deleting the definition of the term "industrial hemp";
- (5) Adding one full-time equivalent position of Hemp Coordinator to the Hawaii Hemp and Cannabis Authority;
- (6) Clarifying the use of the terms "hemp extract products" and "hemp extract processor" throughout;
- (7) Adjusting the membership of the Hemp and Cannabis Control Implementation Advisory Committee to include representatives of the hemp industry;
- (8) Deleting language that would have required the rules adopted by the Hemp and Cannabis Control Board to include requirements that prohibit or restrict cannabis processors or hemp processors from altering or utilizing commercially processed or manufactured food products when processing cannabis or hemp unless the food product was commercially manufactured specifically for use by the cannabis processors or hemp processors to infuse with cannabis or hemp;
- (9) Authorizing the Cannabis Social Equity, Public Health and Education, and Public Safety Special Fund to be



expended for the implementation and administration of the Hawaii Hemp Grant Program;

- (10) Clarifying that the permissible use of cannabis shall not result in the denial of certain rights relating to custody, visitation, and the parenting of a child or be construed as a violation of any condition of parole, probation, or pre-trial release;
- (11) Clarifying that the State and any of its political subdivisions shall not impose any penalty or deny any benefit or entitlement for the permissible use of cannabis for a person who is at least twenty-one years of age;
- (12) Inserting language authorizing the possession and distribution of cannabis paraphernalia;
- (13) Clarifying that the five-year durational residency requirement for a person or business entity shall not apply to an applicant for a hemp cultivator or hemp processor license;
- (14) Clarifying that the controlling interest residency requirement for a business entity shall not apply to an applicant for a hemp cultivator or hemp processor license;
- (15) Clarifying that a person convicted of a felony that resulted in a term of probation, incarceration, or supervised release that was completed more than ten years ago may apply for a cannabis business or hemp business license, as well as manage, control, and work for a licensed cannabis or hemp business;
- (16) Clarifying the Board's adoption of rules to establish requirements, restrictions, and standards regarding the types, ingredients, and designs of cannabis and restricted cannabis products;
- (17) Deleting language that would have authorized the Hemp and Cannabis Control Board to issue industrial hemp permits;



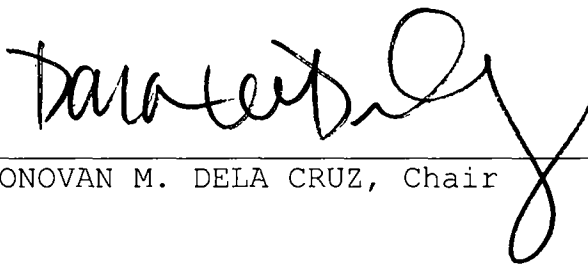
- (18) Inserting language to specify that the restricted cannabinoid product list shall not include hemp extract products that are intended only for external topical application to the skin or hair and certain tinctures;
- (19) Clarifying that no person shall process hemp into a hemp extract product without a hemp extract processor license, the requirement for which shall not apply to processing hemp into an industrial hemp product;
- (20) Clarifying that hemp shall be processed into a hemp extract product in an indoor facility or within an agricultural building or structure pursuant to section 46-88, Hawaii Revised Statutes; provided that the hemp is processed without the use of heat, volatile compounds, or gases under pressure except for carbon dioxide (CO2);
- (21) Clarifying that hemp extract processors shall comply with all applicable building ordinances;
- (22) Clarifying that a permit shall not be required to sell hemp products that are not restricted cannabinoid products;
- (23) Exempting from certain regulations industrial hemp products; provided that any industrial hemp products comply with all other applicable laws, rules, and regulations;
- (24) Inserting language to establish the Hawaii Hemp Grant Program;
- (25) Exempting from certain nuisance regulations hemp and cannabis products and any foul or noxious odor, gas, or vapor derived from hemp and cannabis products;
- (26) Amending section 1 to reflect its amended purpose;
- (27) Inserting unspecified amounts for all appropriations and full-time equivalent positions, to encourage further discussion; and



(28) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3335, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 3335, S.D. 2.

Respectfully submitted on behalf of the members of the Committees on Commerce and Consumer Protection and Ways and Means,



DONOVAN M. DELA CRUZ, Chair



JARRETT KEOHOKALOLE, Chair







The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3339 S/D1	HHS/JDC, CPN/WAM	3/1/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)			X	
AQUINO, Henry J.C.		X		
DECOITE, Lynn		X		
HASHIMOTO, Troy N.	X	MS		
INOUE, Lorraine R.			X	
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.			X	
KIM, Donna Mercado	X			
LEE, Chris	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn			X	
FEVELLA, Kurt			X	
<b>TOTAL</b>	5	2	5	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; margin-top:10px;"> </div>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes