

STAND. COM. REP. NO. 650

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 375
S.D. 1

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

Sir:

Your Committees on Health and Human Services and Commerce and Consumer Protection, to which was referred S.B. No. 375 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) Legalize, regulate, and tax cannabis and manufactured cannabis products for responsible, adult use;
- (2) Exempt sales of cannabis and manufactured cannabis products for medical use from the general excise tax;
- (3) Clarify that qualifying out-of-state patients have the same rights and privileges under the medical cannabis law; and
- (4) Allow qualifying out-of-state patients to cultivate medical cannabis.

Your Committees received testimony in support of this measure from the Office of the Public Defender; Drug Policy Forum of Hawai'i; Marijuana Policy Project; Aloha Green Holdings Inc.; Hawai'i Cannabis Industry Association; Noa Botanicals; Green Aloha, Ltd.; Doctors for Cannabis Regulation; Kauakini Hawaiian Civic Club of Kona; Habilitat, Inc.; National Organization for the



Reform of Marijuana Laws; Associated Students of the University of Hawai'i; Imua Alliance; Education Caucus of the Democratic Party of Hawai'i; and eighteen individuals. Your Committees received testimony in opposition to this measure from the Department of the Attorney General, State Procurement Office, Department of the Prosecuting Attorney of the City and County of Honolulu, Honolulu Police Department, American Cancer Society Cancer Action Network, Maine Craft Cannabis Association, Cannabis Society of Hawai'i, Hawaii Catholic Conference, Coalition for a Drug-Free Hawaii, Hawaii Family Forum, Kauai Farm Planning, Hawaii Substance Abuse Coalition, and thirty-four individuals. Your Committees received comments on this measure from the Department of Health; Department of Taxation; Department of Commerce and Consumer Affairs; Department of Transportation; Department of Budget and Finance; Lau Ola LLC dba Big Island Dispensaries; Last Prisoner Project; Tax Foundation of Hawaii; Reason Foundation; and two individuals.

Your Committees find that several states, including Hawaii, have enacted medical cannabis laws. Part IX of chapter 329, Hawaii Revised Statutes, was enacted to create a medical use of cannabis exemption from criminal sanctions. Additionally, chapter 329D, Hawaii Revised Statutes, was enacted to establish and regulate medical cannabis dispensaries, which allow cannabis to be cultivated, manufactured, and sold for medical use. Moreover, many states have decriminalized cannabis. The 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. This measure provides for the legalization, regulation, and taxation of responsible, adult-use cannabis; exempts sales of cannabis and manufactured cannabis products for medical use from the general excise tax; provides that qualifying out-of-state patients have the same rights and privileges as qualifying patients with respect to medical cannabis; and allows qualifying out-of-state patients to cultivate medical cannabis.

Your Committees acknowledge the numerous concerns raised by multiple testifiers pertaining to various aspects of this measure. Therefore, your Committees finds it to be in the best interest of the people of the State for the Hawaii Cannabis Authority, established pursuant to this measure, to adopt rules in accordance with chapter 91, Hawaii Revised Statutes, to carry out the purposes of this measure, including rules concerning licensing,



fees, operations, and testing, and all issues concerning the dispensing, sale, and taxation of adult-use cannabis. In doing so, your Committees strongly urge the Hawaii Cannabis Authority to work in collaboration with the Dual Use Cannabis Taskforce and other stakeholders, and consider the contents of this measure, public testimony submitted for this measure, and reports submitted by the Dual Use Cannabis Taskforce in its drafting of the rules required by this measure. Amendments to this measure are therefore necessary to reflect this finding.

Accordingly, your Committees have amended this measure by:

- (1) Deleting from section 3 of this measure, language that would have established provisions relating to the issuance of licenses, licensee operations and testing, licensing sanctions, lawful and prohibited acts, and miscellaneous provisions of the Hawaii Responsible, Adult-Use Cannabis Law;
- (2) Inserting language requiring the Hawaii Cannabis Authority to, no later than December 1, 2024, adopt rules pursuant to chapter 91 to effectuate the Hawaii Responsible, Adult-Use Cannabis Law and to carry out its purpose of protecting the health, safety, and welfare of consumers, including rules concerning licensing, fees, operations, and testing, and all issues concerning the dispensing, sale, and taxation of adult-use cannabis;
- (3) Inserting language that requires the filing of license applications pursuant rules adopted by the Hawaii Cannabis Authority to begin no later than January 31, 2025; and the issuance of licenses thereunder to begin no later than March 30, 2025;
- (4) Inserting language legalizing the possession of cannabis by an adult aged twenty-one and over in the amount of not more than four ounces;
- (5) Deleting section 4 of this measure, which would have prohibited counties from restricting use of land for medical cannabis production centers, responsible, adult-use cannabis cultivators; responsible, adult-use cannabis distributors; responsible, adult-use cannabis



manufacturers; or responsible, adult-use cannabis retailers pursuant to the Hawaii Responsible, Adult-Use Cannabis Law;

- (6) Deleting sections 5 of this measure, which would have allowed existing medical cannabis dispensaries licensed under chapter 329D, Hawaii Revised Statutes, to apply for licenses pursuant to the Hawaii Responsible, Adult-Use Cannabis Law;
- (7) Deleting section 6 of this measure, which would have allowed the Department of Health to adopt interim rules to carry out the purposes of this the Hawaii Responsible, Adult-Use Cannabis Law;
- (8) Deleting sections 7 and 8 of this measure, which would have appropriated funds for the Hawaii Responsible, Adult-Use Cannabis Law;
- (9) Deleting sections 9 through 27 of this measure, which would have clarified the legality of cannabis and manufactured cannabis products for responsible, adult use with respect to the Uniform Controlled Substances Act and the Hawaii Penal Code;
- (10) Deleting sections 28 through 31 of this measure, which would have imposed an additional tax on the sale of cannabis and manufactured cannabis products for responsible, adult-use and exempted sales for cannabis and manufactured cannabis products from the general excise tax;
- (11) Deleting sections 32 through 34 of this measure, which would have amended the Uniform Controlled Substances Act and law governing medical cannabis dispensary system in the State to provide qualifying out-of-state patients the same rights and privileges as qualifying patients under certain provisions;
- (12) Inserting language that transfers all rights, powers, and responsibilities of the Department of Health pursuant to chapter 329D, Hawaii Revised Statutes, to the Hawaii Cannabis Authority;



- (13) Inserting language requiring the expungement of records relating to the arrest, criminal charge, or conviction of a person for an offense of possessing cannabis in the amount of no more than four ounces;
- (14) Inserting language permitting a person convicted of certain crimes to petition the court for an adjustment of sentence;
- (15) Inserting a blank appropriation amount to be expended by the Department of Health to implement this measure;
- (16) Amending section 1 to reflect its amended purpose; and
- (17) 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 Health and Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 375, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 375, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Health and Human
Services and Commerce and
Consumer Protection,



JERRETT KEOHOKALOLE, Chair



JOY A. SAN BUENAVENTURA, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i


Record of Votes
Committee on Health and Human Services
HHS

Bill / Resolution No.:* SR 375	Committee Referral: HHS/CPN, JDC/LIAM	Date: 2/16/23		
<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
SAN BUENAVENTURA, Joy A. (C)	✓			
AQUINO, Henry J.C. (VC)		✓		
MORIWAKI, Sharon Y.				✓
SHIMABUKURO, Maile S.L.				✓
AWA, Brenton			✓	
TOTAL	1	1	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB370	Committee Referral: HHS/CPN, JDC/WAM	Date: 2/16/23		
<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
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.				✓
RICHARDS, III, Herbert M. "Tim"			✓	
AWA, Brenton	✓			
TOTAL	3	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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