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# A BILL FOR AN ACT

RELATING TO CANNABIS.

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

1 PART I

2 SECTION 1. The legislature finds that cannabis, also  
3 known as marijuana, is a plant with psychoactive properties  
4 derived primarily from its main psychoactive component  
5 tetrahydrocannabinol (THC). Today in the United States, the  
6 regulation of the cannabis plant falls into three primary  
7 categories: (1) cannabis for medical use, (2) cannabis for non-  
8 medical adult use, and (3) hemp that contains low levels of THC.

9 With the Farm Act of 2018, Congress removed hemp (cannabis  
10 with at most 0.3 per cent delta 9 THC by weight) from schedule I  
11 of the Uniform Controlled Substances Act, paving the way for  
12 hemp-derived products and the industrial use of hemp. While  
13 federal prosecutors have largely taken a hands-off approach to  
14 recent state initiatives to decriminalize intoxicating cannabis,  
15 whether for medical or non-medical adult purposes, under federal  
16 law non-hemp cannabis is an illegal drug and is classified as a  
17 schedule I controlled substance under the Uniform Controlled  
18 Substances Act.

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1           Notwithstanding the fact that cannabis has been and remains  
2 illegal under federal law, many states, including Hawaii,  
3 enacted laws legalizing and regulating medical cannabis. In  
4 Hawaii, chapter 329, part IX, Hawaii Revised Statutes, creates a  
5 safe harbor from state criminal prosecution relating to medical  
6 cannabis. Furthermore, chapter 329D, Hawaii Revised Statutes,  
7 establishes medical cannabis dispensaries authorized to operate  
8 beginning in July 2016.

9           In addition to medical cannabis, some states and  
10 jurisdictions, including Hawaii, have decriminalized the  
11 possession of small amounts of cannabis. Further, a growing  
12 number of states have legalized and begun to regulate and tax  
13 the cultivation, processing, and sale of non-medical cannabis to  
14 adults twenty-one years of age and older.

15           The legalization of non-medical adult-use cannabis is a  
16 decision worthy of careful consideration. The potency of  
17 cannabis has increased dramatically over the past decades, which  
18 has been linked to mental health issues, particularly in  
19 children who use cannabis. Legalization is also not a panacea  
20 for eliminating the illicit market in cannabis, as the  
21 experience of other states is that the illicit market continues  
22 to exist in parallel to the legal, regulated market. There are

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1 practical difficulties in identifying those driving while high,  
2 including the lack of a cannabis analogue for a breathalyzer for  
3 alcohol.

4 It is the Legislature's intent to learn lessons from the  
5 experience of our sister states that have legalized adult-use  
6 cannabis and for Hawaii to transition to a state with a legal  
7 adult-use market in a lawful, orderly fashion.

8 This legislative effort has six main pillars: (1) the  
9 enacting of the Hawaii cannabis law - a legal safe harbor from  
10 state criminal prosecution concerning activities relating to  
11 cannabis for those who strictly comply with its provisions; (2)  
12 the creation of a robust, independent body - the Hawaii cannabis  
13 authority - with the power to regulate all aspects of the  
14 cannabis plant (whether medical cannabis, adult-use cannabis, or  
15 hemp) in accordance with the Hawaii cannabis law; (3) the  
16 continuing role of law enforcement agencies in addressing  
17 illegal cannabis operations not acting in accordance with the  
18 Hawaii cannabis law, which pose threats to public order, public  
19 health, and those business operators who choose to operate in  
20 the legal market; (4) a vibrant, well-funded social equity  
21 program to be implemented by the Hawaii cannabis authority with  
22 the intent to bring greater economic opportunity to

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1 disadvantaged regions of our state and to help transition  
2 formerly illicit operators into the legal market; (5) a delayed  
3 effective date of approximately eighteen months for the  
4 legalization of adult-use cannabis and the first legal retail  
5 sales to allow the Hawaii cannabis authority, law enforcement,  
6 licensees, and the public to prepare; and (6) the implementation  
7 of extensive, well-funded public health protections, including  
8 public education campaigns to inform the public about the new  
9 laws and the continuing risks to public health - especially to  
10 children - posed by cannabis and financial assistance for public  
11 health services such as addiction and substance abuse treatment.

12 Finally, it is the legislature's intent that there should  
13 be zero tolerance toward those who distribute cannabis to  
14 persons under the age of twenty-one and those driving under the  
15 influence of cannabis.

16 Accordingly, the purpose of this act is to:

- 17 (1) Establish the Hawaii cannabis authority and the  
18 cannabis control board;
- 19 (2) Establish laws for the cultivation, manufacture, sale,  
20 and personal adult-use of cannabis;
- 21 (3) Amend or repeal existing laws relating to cannabis,  
22 including hemp;

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- 1 (4) Establish taxes for adult-use cannabis sales;
- 2 (5) Legalize the possession of certain amounts of cannabis
- 3 for individuals twenty-one years of age and over as of
- 4 January 1, 2026; and
- 5 (6) Transfer the personnel and assets of the office of
- 6 medical cannabis control and regulation of the
- 7 department of health to the Hawaii cannabis authority.

8 PART II

9 SECTION 2. The Hawaii Revised Statutes is amended by

10 adding a new chapter to be appropriately designated and to read

11 as follows:

12 "CHAPTER A

13 HAWAII CANNABIS LAW

14 PART I. GENERAL PROVISIONS

15 **§A-1 Title.** This chapter shall be known and may be cited

16 as the Hawaii cannabis law.

17 **§A-2 Purpose and intent.** The purposes and intent of the

18 Hawaii cannabis law are to:

- 19 (1) Provide a legal safe harbor from state or county
- 20 criminal prosecution concerning activities relating to
- 21 cannabis for those who strictly comply with the
- 22 provisions of the Hawaii cannabis law;

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- 1           (2) Establish the Hawaii cannabis authority as an
- 2                   independent body with the power to administratively
- 3                   regulate all aspects of the cannabis plant in
- 4                   accordance with the Hawaii cannabis law;
- 5           (3) Legalize the sale and possession of cannabis for non-
- 6                   medical adult use as of January 1, 2026, in accordance
- 7                   with the Hawaii cannabis law;
- 8           (4) Provide economic opportunities to disproportionately
- 9                   impacted areas;
- 10          (5) Encourage those currently engaging in illegal,
- 11                   unlicensed commercial cannabis activities to enter the
- 12                   legal market;
- 13          (6) Ensure that state and county law enforcement agencies
- 14                   work closely with the Hawaii cannabis authority and
- 15                   vigorously investigate and prosecute illegal cannabis
- 16                   activities that fall outside of safe harbor
- 17                   protection; and
- 18          (7) Mandate that the Hawaii cannabis authority make the
- 19                   protection of public health and public safety its
- 20                   highest priorities.

21           **§A-3 Definitions.** As used in this chapter, unless the  
22 context otherwise requires:

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1 "Adequate supply" means an amount of cannabis, including  
2 medical cannabis, jointly possessed between the medical cannabis  
3 patient and the patient's caregiver that is no more than is  
4 reasonably necessary to ensure the uninterrupted availability of  
5 cannabis for the purpose of alleviating the symptoms or effects  
6 of a medical cannabis patient's debilitating medical condition;  
7 provided that an adequate supply shall not exceed: four ounces  
8 of cannabis at any given time. The four ounces of cannabis  
9 shall include any combination of cannabis flower and cannabis  
10 products, with the cannabis in the cannabis products being  
11 calculated using information provided pursuant to section A-  
12 72(d).

13 "Adult-use cannabis" means cannabis that may be legally  
14 possessed or consumed by a person who is at least twenty-one  
15 years of age pursuant to this chapter. "Adult-use cannabis"  
16 includes adult-use cannabis product and does not include medical  
17 cannabis.

18 "Adult-use cannabis product" means any product containing  
19 or derived from cannabis, including an edible cannabis product,  
20 and cannabis concentrate, that is legally possessed or consumed  
21 by a person who is at least twenty-one years of age. "Adult-use  
22 cannabis product" does not include medical cannabis product.

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1 "Advertise," "advertisement," or "advertising" means any  
2 public communication in any medium that offers or solicits a  
3 commercial transaction involving the sale, purchase, or delivery  
4 of cannabis.

5 "Applicant" means a person that has submitted an  
6 application for licensure, permit, or registration, or for  
7 renewal of licensure, permit, or registration pursuant to this  
8 chapter, that was received by the authority for review but has  
9 not been approved or denied by the authority or board, as  
10 appropriate. If the context requires, "applicant" includes a  
11 person seeking to assume an ownership interest in a licensed  
12 business, a new proposed officer, director, manager, and general  
13 partner of the licensed business, and anyone who seeks to assume  
14 the power to direct the management, policies, and practices of a  
15 licensed business under the license transfer, reorganization, or  
16 restructuring application process pursuant to section A-48.

17 "Artificially derived cannabinoid" means a chemical  
18 substance created by a chemical reaction that changes the  
19 molecular structure of any chemical substance derived from the  
20 plant of the genus *Cannabis*. "Artificially derived cannabinoid"  
21 does not include:



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1 (1) A naturally occurring chemical substance that is  
2 separated from the plant genus *Cannabis* by a chemical  
3 or mechanical extraction process; or

4 (2) Cannabinoids that are produced by decarboxylation from  
5 naturally occurring cannabinoid acid without the use  
6 of a chemical catalyst.

7 "Authority" means the Hawaii cannabis authority established  
8 pursuant to section A-6.

9 "Business entity" means a partnership, association,  
10 company, corporation, limited liability company, or other  
11 entity, whether for profit or nonprofit, incorporated or  
12 otherwise formed or organized by law.

13 "Board" means the cannabis control board established  
14 pursuant to section A-7.

15 "Bona fide physician-patient relationship" or "bona fide  
16 advanced practice registered nurse-patient relationship" means a  
17 relationship in which the physician or advanced practice  
18 registered nurse has an ongoing responsibility for the  
19 assessment, care, and treatment of a patient's medical  
20 condition.

21 "Cannabinoid" means any of the various naturally occurring,  
22 biologically active, chemical constituents of the plant of the

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1 genus *Cannabis* that bind to or interact with receptors of the  
2 endogenous cannabinoid system.

3 "Cannabis" has the same meaning as marijuana and marijuana  
4 concentrate as provided in section 329-1 and 712-1240; provided  
5 that for the purposes of this chapter:

6 (1) "Cannabis" includes:

7 (A) Cannabis flower and cannabis products;

8 (B) Medical cannabis; and

9 (C) Adult-use cannabis; and

10 (2) "Cannabis" does not include:

11 (A) Industrial hemp;

12 (B) Hemp that is cultivated pursuant to section A-80;

13 (C) Hemp that is processed by a licensed hemp  
14 processor pursuant to section A-81; and

15 (D) Hemp flower, hemp products, or restricted  
16 cannabinoid products.

17 "Cannabis accessories" means equipment, products, devices,  
18 or materials of any kind that are intended or designed for use  
19 in planting, propagating, cultivating, growing, harvesting,  
20 manufacturing, compounding, converting, producing, processing,  
21 preparing, testing, analyzing, packaging, repackaging, storing,

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1 containing, ingesting, inhaling, or otherwise introducing  
2 cannabis into the human body.

3 "Cannabis business" means any person that holds a license  
4 or permit issued by the board pursuant to part VII or any rules  
5 adopted pursuant to this chapter.

6 "Cannabis concentrate" means the separated resin, whether  
7 crude or purified, obtained, derived, or extracted from  
8 cannabis.

9 "Cannabis cultivator" means a person licensed to cultivate  
10 cannabis pursuant to section A-71.

11 "Cannabis flower" means the flower of a plant of the genus  
12 *Cannabis* that has been harvested, dried, or cured, prior to any  
13 processing whereby the plant material is transformed into a  
14 cannabis product.

15 "Cannabis law enforcement special fund" means the fund  
16 established pursuant to section A-17.

17 "Cannabis nuisance abatement special fund" means the fund  
18 established pursuant to section A-16.

19 "Cannabis plant" means the plant of the genus *Cannabis* in  
20 the seedling, vegetative, or flowering stages, with readily  
21 observable roots and leaves with serrated edges; but does not

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1 include a germinated seed, cutting, or clone without readily  
2 observable roots and leaves with serrated edges.

3 "Cannabis processor" means a person licensed to process  
4 cannabis pursuant to section A-72.

5 "Cannabis product" means any product containing or derived  
6 from cannabis, including an edible cannabis product or cannabis  
7 concentrate. "Cannabis product" shall include adult-use  
8 cannabis product and medical cannabis product.

9 "Cannabis regulation special fund" means the fund  
10 established pursuant to section A-12.

11 "Cannabis social equity special fund" means the fund  
12 established pursuant to section A-13.

13 "Caregiver" means a person eighteen years of age or older  
14 who has agreed to undertake responsibility for managing the  
15 well-being of a medical cannabis patient with respect to the  
16 medical use of cannabis. In the case of a minor or an adult  
17 lacking legal capacity, the caregiver shall be a parent,  
18 guardian, or person having legal custody.

19 "Certifying medical professional" means a physician or an  
20 advanced practice registered nurse who issues written  
21 certifications for the medical use of cannabis to qualifying  
22 patients pursuant to section A-36.

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1 "Chief compliance officer" means the chief compliance  
2 officer of the Hawaii cannabis authority established pursuant to  
3 section A-6.

4 "Chief equity officer" means the chief equity officer of  
5 the Hawaii cannabis authority established pursuant to section A-  
6 6.

7 "Chief public health and environmental officer" means the  
8 chief public health and environmental officer of the Hawaii  
9 cannabis authority established pursuant to section A-6.

10 "Child care facility" has the same meaning as in section  
11 346-151.

12 "Child-resistant" means designed or constructed to be  
13 significantly difficult for children under five years of age to  
14 open, and not difficult for average adults to use properly.

15 "Consumer" means a natural person twenty-one years of age  
16 or older purchasing or using cannabis pursuant to this chapter.

17 "Craft cannabis dispensary" means a person licensed to  
18 operate a craft cannabis dispensary pursuant to section A-75.

19 "Crude hemp extract" means a hemp product for sale strictly  
20 to a hemp processor with a valid license issued by the authority  
21 pursuant to section A-81 or equivalent authority from a

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1 regulatory agency in another jurisdiction, and not intended for  
2 use or consumption.

3 "Cultivate" or "cultivation" means growing, cloning,  
4 propagating, harvesting, drying, curing, grading, or trimming of  
5 cannabis plants.

6 "Debilitating medical condition" means:

7 (1) Cancer, glaucoma, lupus, epilepsy, multiple sclerosis,  
8 rheumatoid arthritis, positive status for human  
9 immunodeficiency virus, acquired immune deficiency  
10 syndrome, or the treatment of these conditions;

11 (2) A chronic or debilitating disease or medical condition  
12 or its treatment that produces one or more of the  
13 following:

14 (A) Cachexia or wasting syndrome;

15 (B) Severe pain;

16 (C) Severe nausea;

17 (D) Seizures, including those characteristic of  
18 epilepsy;

19 (E) Severe and persistent muscle spasms, including  
20 those characteristic of multiple sclerosis or  
21 Crohn's disease; or

22 (F) Post-traumatic stress disorder; or

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1 (3) Any other medical condition approved by the board in  
2 consultation with the department of health pursuant to  
3 rules adopted pursuant to this chapter.

4 "Decarboxylated" means the completion of the chemical  
5 reaction that converts naturally occurring cannabinoid acid into  
6 a cannabinoid, including delta-9 tetrahydrocannabinol's acids  
7 (THCA) into delta-9-tetrahydrocannabinol.

8 "Delta 9-tetrahydrocannabinol" means one of the  
9 cannabinoids that function as the primary psychoactive component  
10 of cannabis.

11 "Dispense" or "dispensing" means to sell any cannabis to a  
12 consumer or medical cannabis patient pursuant to this chapter.

13 "Disproportionately impacted area" means historically  
14 disadvantaged communities, areas of persistent poverty, and  
15 medically underserved communities, as determined by the board  
16 and adopted as rules under this chapter.

17 "Distribute" or "distribution" means to sell at wholesale  
18 any cannabis or hemp to a cannabis business pursuant to this  
19 chapter.

20 "Edible cannabis product" means a cannabis product intended  
21 to be used orally, in whole or in part, for human consumption,  
22 including cannabis products that dissolve or disintegrate in the

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1 mouth, but does not include any product otherwise defined as  
2 "cannabis concentrate."

3 "Employment" has the same meaning as in section 378-1.

4 "Executive director" means the executive director of the  
5 Hawaii cannabis authority established pursuant to section A-6.

6 "FDA" means the United States Food and Drug Administration.

7 "Firearm" has the same meaning as in section 134-1.

8 "Hazardous material" has the same meaning as in section  
9 286-2.

10 "Hemp" means all parts of the plant of the genus *Cannabis*,  
11 whether growing or not, including the seeds thereof and all  
12 derivatives, extracts, cannabinoids, isomers, acids, salts, and  
13 salts of isomers, with a delta-9-tetrahydrocannabinol  
14 concentration of no more than 0.3 per cent on a dry weight  
15 basis, as measured post-decarboxylation or other similarly  
16 reliable methods.

17 "Hemp business" means any person that holds a license  
18 issued by the board pursuant to part VIII and any rules adopted  
19 pursuant to this chapter.

20 "Hemp flower" means the flower of a hemp plant that has  
21 been harvested, dried, or cured, prior to any processing, with a  
22 delta-9-tetrahydrocannabinol concentration of no more than 0.3



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1 per cent on a dry weight basis, as measured post-decarboxylation  
2 or other similarly reliable methods.

3 "Hemp product" means any product containing or derived from  
4 hemp with a delta-9-tetrahydrocannabinol concentration of no  
5 more than 0.3 per cent on a dry weight basis, as measured post-  
6 decarboxylation or other similarly reliable method. "Hemp  
7 product" does not include industrial hemp.

8 "Independent laboratory" means a person licensed to operate  
9 an independent laboratory pursuant to section A-70.

10 "Industrial hemp" means the mature stalks of the plant of  
11 the genus *Cannabis*, fiber produced from the stalks, oil or cake  
12 made from the seeds of the plant, any other compound,  
13 manufacture, salt, derivative, mixture, or preparation of the  
14 mature stalks (except the resin extracted therefrom), fiber  
15 produced from the stalks, oil or cake made from the seeds of the  
16 plant, or the sterilized seed of the plant that is incapable of  
17 germination.

18 "Labeling" means any label or other written, printed, or  
19 graphic matter upon any packaging, container, or wrapper that  
20 contains cannabis or hemp.

21 "Laboratory agent" means an employee of an independent  
22 laboratory, who is registered with the authority and possesses,

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1 processes, stores, transports, or tests cannabis or hemp  
2 pursuant to section A-70.

3 "Licensed business" means any person that holds a license  
4 or permit issued by the board or the authority pursuant to this  
5 chapter or any rules adopted thereunder. "Licensed business"  
6 includes "cannabis business" and "hemp business."

7 "Licensed premises" means the premises authorized to be  
8 used for the operation of a licensed business pursuant to  
9 section A-51.

10 "Marijuana" has the same meaning as in section 712-1240.

11 "Marijuana concentrate" has the same meaning as provided in  
12 section 712-1240.

13 "Medical cannabis" means cannabis that is dispensed by a  
14 medical cannabis dispensary or a retail cannabis store to a  
15 medical cannabis patient or the patient's caregiver or cannabis  
16 for the medical use of cannabis pursuant to this chapter.

17 "Medical cannabis" includes medical cannabis product.

18 "Medical cannabis cooperative" means a person licensed to  
19 operate a medical cannabis cooperative pursuant to A-76.

20 "Medical cannabis dispensary" means a person licensed to  
21 operate a medical cannabis dispensary pursuant to section A-73.

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1 "Medical cannabis patient" means a qualifying patient or  
2 out-of-state qualifying patient that has registered with the  
3 authority pursuant to this chapter.

4 "Medical cannabis product" means any product containing or  
5 derived from cannabis, including an edible cannabis product and  
6 cannabis concentrate, that is solely for medical use by a  
7 medical cannabis patient pursuant to this chapter.

8 "Medical cannabis registration card" means a card issued by  
9 the authority that certifies the card holder is a medical  
10 cannabis patient.

11 "Medical use" means the acquisition, possession,  
12 cultivation, use, or transportation of cannabis or cannabis  
13 accessories relating to the administration of cannabis to  
14 alleviate the symptoms or effects of a medical cannabis  
15 patient's debilitating medical condition.

16 "Minor" has the same meaning as in section 712-1240.

17 "Person" means a natural person, firm, corporation,  
18 partnership, association, or any form of business or legal  
19 entity.

20 "Personal adult use" means the acquisition, possession,  
21 cultivation, use, or transportation of adult-use cannabis or

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1 cannabis accessories by a person who is at least twenty-one  
2 years of age.

3 "Plant canopy" means the square footage dedicated to live  
4 plant production, such as maintaining mother plants, propagating  
5 plants from seed to plant tissue, clones, vegetative or  
6 flowering area. "Plant canopy" does not include areas such as  
7 space used for the storage of fertilizers, pesticides, or other  
8 products, quarantine, or office space.

9 "Private residence" means a house, condominium, or  
10 apartment, and excludes, unless otherwise authorized by law,  
11 dormitories or other on-campus college or university housing;  
12 bed-and-breakfast establishments, hotels, motels, or other  
13 commercial hospitality operations; and federal public housing,  
14 shelters, or residential programs.

15 "Process" or "processing" means to compound, blend,  
16 extract, infuse, or otherwise make or prepare a cannabis product  
17 or hemp product.

18 "Public health and education special fund" means the fund  
19 established pursuant to section A-14.

20 "Public housing project" has the same meaning as in section  
21 712-1249.6.

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1 "Public safety special fund" means the fund established  
2 pursuant to section A-15.

3 "Qualifying out-of-state patient" means a person residing  
4 outside of the State who has been diagnosed by a physician or  
5 advanced practice registered nurse as having a debilitating  
6 medical condition and registered as such pursuant to section A-  
7 35.

8 "Qualifying patient" means a person who has been diagnosed  
9 by a physician or advanced practice registered nurse as having a  
10 debilitating medical condition and registered as such pursuant  
11 to section A-34. Qualifying patient does not include qualifying  
12 out-of-state patient.

13 "Resealable" means a package that maintains its child-  
14 resistant effectiveness, as well as preserving the integrity of  
15 cannabis for multiple doses.

16 "Restricted area" means an enclosed and secured area within  
17 a licensed premises used to cultivate, process, test, or store  
18 cannabis that is only accessible by authorized employees of the  
19 licensed business, employees and agents of the authority, state  
20 and county law enforcement officers, emergency personnel, and  
21 other individuals authorized by law to access.

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1 "Restricted cannabinoid" means a cannabinoid on the  
2 restricted cannabinoid product list established and maintained  
3 by the authority pursuant to section A-79.

4 "Restricted cannabinoid product" means any product  
5 containing an amount of any restricted cannabinoid that exceeds  
6 the limit allowable for a hemp product, as established by the  
7 authority pursuant to section A-79.

8 "Retail cannabis store" means a person licensed to operate  
9 a retail cannabis store pursuant to section A-74.

10 "School" has the same meaning as in section 712-1249.6.

11 "School vehicle" has the same meaning as in section 286-  
12 181.

13 "Seed-to-sale tracking system" means a system for tracking  
14 the inventory of cannabis from either the seed or immature plant  
15 stage until the cannabis is dispensed or destroyed.

16 "Smoke" or "smoking" means inhaling, exhaling, burning, or  
17 carrying any lighted or heated cannabis intended for inhalation  
18 in any manner or in any form. Smoking includes the use of an  
19 electronic smoking device.

20 "Sustainability" has the same meaning as in section 226-2.

21 "Synthetic cannabinoid" means a cannabinoid that is:

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1 (1) Produced artificially, whether from chemicals or from  
2 recombinant biological agents including yeast and  
3 algae; and

4 (2) Not derived from the plant of the genus *Cannabis*,  
5 including biosynthetic cannabinoids.

6 "Tetrahydrocannabinol" or "THC" means the cannabinoids that  
7 function as the primary psychoactive component of cannabis.

8 "Under the influence" means in a state of intoxication  
9 accompanied by a perceptible act, a series of acts or the  
10 appearance of an individual that clearly demonstrates the state  
11 of intoxication.

12 "Universal symbol" means an image developed by the  
13 authority that indicates that a container, package, or product  
14 contains cannabis.

15 "Vehicle" means an automobile, airplane, motorcycle,  
16 motorboat, or other motor-propelled vehicle.

17 "Written certification" means a written statement issued  
18 and signed by a certifying medical professional to section A-33.

19 **§A-4 General exemptions.** (a) Notwithstanding any law to  
20 the contrary, including part IV of chapter 329 and part IV of  
21 chapter 712, actions authorized pursuant to this chapter shall

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1 be lawful if done in strict compliance with the requirements of  
2 this chapter and any rules adopted thereunder.

3 (b) A person may assert strict compliance with this  
4 chapter or rules adopted thereunder as an affirmative defense to  
5 any prosecution involving marijuana or marijuana concentrate,  
6 including under part IV of chapter 329 and part IV of chapter  
7 712.

8 (c) Actions that do not strictly comply with the  
9 requirements of this chapter and any rules adopted thereunder  
10 shall be unlawful and subject to criminal, civil, or  
11 administrative procedures and penalties, or all of the above, as  
12 provided by law.

13 **§A-5 Limitations; construction with other laws.** Nothing  
14 in this chapter shall be construed to:

15 (1) Supersede any law relating to operating a vehicle  
16 under the influence of an intoxicant;

17 (2) Supersede any law involving the performance of any  
18 task while impaired by cannabis that would constitute  
19 negligence or professional malpractice, or prevent the  
20 imposition of any civil, criminal, or other penalty  
21 for such conduct;



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- 1 (3) Supersede any law prohibiting or relating to smoking  
2 or vaping, including chapter 328J;
- 3 (4) Authorize the possession or use of cannabis or  
4 possession or use of cannabis accessories on the  
5 grounds of or within a childcare facility, school,  
6 daycare center, youth center, college, university, or  
7 other educational institution, including a nursery  
8 school or summer camp, school vehicle, or on the  
9 grounds of or within any correctional facility or  
10 detoxification facility;
- 11 (5) Require any person, corporation, or any other entity  
12 that occupies, owns, or controls real property to  
13 allow the consumption, cultivation, processing,  
14 display, distribution, or dispensing of cannabis on or  
15 in that property; provided that in the case of the  
16 rental of a residential dwelling, a landlord shall not  
17 prohibit the possession of cannabis or the consumption  
18 of cannabis that is not inhaled, unless:
- 19 (A) The tenant is renting a room or rooms in a larger  
20 residence;

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1 (B) The residence is incidental to detention or the  
2 provision of medical, geriatric, educational,  
3 counseling, religious, or similar service;

4 (C) The residence is a transitional housing facility;  
5 or

6 (D) Failing to prohibit the use or possession of  
7 cannabis would violate federal law or regulations  
8 or cause the landlord to lose a monetary or  
9 licensing-related benefit under federal law or  
10 regulations.

11 **PART II. ADMINISTRATION**

12 **§A-6 Hawaii cannabis authority; established.** (a) There  
13 is established the Hawaii cannabis authority, which shall be a  
14 public body corporate and politic and an instrumentality and  
15 agency of the State for the purpose of implementing this  
16 chapter. The authority shall be governed by the cannabis  
17 control board. The authority shall be placed within the  
18 department of commerce and consumer affairs for administrative  
19 purposes only. The department of commerce and consumer affairs  
20 shall not direct or exert authority over the day-to-day  
21 operations or functions of the authority.

\_\_\_\_.B. NO.\_\_\_\_

1 (b) The authority shall exercise its authority, other than  
2 powers and duties specifically granted to the board, by and  
3 through the executive director. The executive director shall be  
4 appointed by the board without regard to chapter 76 or section  
5 26-35(a) (4) and serve at the pleasure of the board. The  
6 executive director shall have expertise and training in the  
7 field of cannabis regulation or public health administration.

8 (c) At a minimum, the staff of the authority shall consist  
9 of one full-time executive secretary to the director, one full-  
10 time chief financial officer, one full-time chief equity  
11 officer, one full-time general counsel, one full-time chief  
12 public health and environment officer, one full-time chief  
13 technology officer, and one full-time chief compliance officer,  
14 each of whom shall be exempt from chapter 76 and section 26-  
15 35(a) (4) and serve at the pleasure of the executive director.

16 **§A-7 Cannabis control board; members and terms;**  
17 **organization; expenses.** (a) There is established the cannabis  
18 control board that shall carry out the duties and  
19 responsibilities as provided in this chapter. It shall consist  
20 of five members to be placed within the department of commerce  
21 and consumer affairs for administrative purposes only. The  
22 board shall govern the Hawaii cannabis authority and appoint the

\_\_\_\_.B. NO.\_\_\_\_

1 executive director of the authority, who shall be responsible  
2 for administering and enforcing laws related to the authority  
3 and each administrative unit thereof.

4 (b) The protection of public health and public safety  
5 shall be the highest priorities for the board in exercising  
6 licensing, regulatory, and disciplinary functions under this  
7 chapter. Whenever the protection of public health and public  
8 safety is inconsistent with other interests sought to be  
9 promoted, the protection of public health and public safety  
10 shall be paramount.

11 (c) The members of the board shall be appointed by the  
12 governor, subject to confirmation by the senate pursuant to  
13 section 26-34. The composition of the board shall be as  
14 follows:

15 (1) The chair who shall have a professional background in  
16 public health, mental health, substance use treatment,  
17 or toxicology;

18 (2) The vice chair who shall have a professional  
19 background in public safety or law enforcement;

20 (3) One member who shall have professional experience in  
21 corporate management or a professional background in  
22 finance;

\_\_\_\_.B. NO.\_\_\_\_\_

1           (4) One member who shall have professional experience in  
2           oversight or industry management, including  
3           commodities, production, or distribution in a  
4           regulated industry; and

5           (5) One member who shall have a professional background in  
6           legal, policy, or social justice issues related to a  
7           regulated industry.

8           The terms and the filling of a vacancy on the board shall  
9           be as provided in section 26-34; provided that initial  
10          appointments may be for less than four years to maintain the  
11          board with staggered terms.

12          (d) Prior to appointment to the board, the authority shall  
13          conduct a background investigation, which may include the  
14          criminal background check pursuant to section 846-2.7, on  
15          prospective members of the board. No person who has been  
16          convicted of a felony shall be eligible to serve on the board.

17          (e) A majority of all members to which the board is  
18          entitled shall constitute a quorum to do business, and the  
19          concurrence of a majority of all members shall be necessary to  
20          make an action of the board valid.

21          (f) Regular meetings of the board shall be held not less  
22          than once a month. Special meetings may be called by the chair

\_\_\_\_.B. NO.\_\_\_\_

1 at any time by giving notice thereof to each member present in  
2 the State at least ten days prior to the date of the special  
3 meeting; provided that notice shall not be required if all  
4 members present in the State agree and sign a written waiver of  
5 the notice. To promote efficiency in administration, the chair  
6 shall make such division or re-division of the work of the board  
7 among the board members as the chair deems expedient.

8 (g) Any member of the board may be removed for cause by  
9 vote of four of the board's members then in office. For  
10 purposes of this subsection, cause shall include without  
11 limitation:

12 (1) Malfeasance in office;

13 (2) Failure to attend regularly held meetings;

14 (3) Sentencing for conviction of a felony, to the extent  
15 allowed by section 831-2; or

16 (4) Any other cause that may render a member incapable or  
17 unfit to discharge the duties of the board required  
18 under this chapter.

19 Filing nomination papers for elective office or appointment to  
20 elective office, or conviction of a felony consistent with  
21 section 831-3.1, shall automatically and immediately disqualify  
22 a board member from office.

\_\_\_\_.B. NO.\_\_\_\_

1 (h) The members of the board shall serve without  
2 compensation but shall be entitled to reimbursement for  
3 expenses, including travel expenses, necessary for the  
4 performance of their duties.

5 **§A-8 Cannabis control board; powers and duties.** The board  
6 shall have the following powers and duties as provided for in  
7 this chapter to:

- 8 (1) Adopt a seal;
- 9 (2) Administer oaths and affirmations;
- 10 (3) Establish a procedure by which licenses or permits are  
11 awarded pursuant to this chapter, including by  
12 randomized lottery selection;
- 13 (4) Approve or deny applications, including renewal  
14 applications and change in ownership applications, for  
15 licenses or permits pursuant to this chapter;
- 16 (5) Revoke, cancel, suspend for cause any license, permit,  
17 or registration issued under this chapter;
- 18 (6) Conduct or commission studies regarding market  
19 conditions and, on a periodic basis, determine the  
20 maximum number of licenses that may be issued in  
21 order to meet estimated production demand and

\_\_\_\_.B. NO.\_\_\_\_

- 1 facilitate a reduction in the unauthorized  
2 distribution of cannabis;
- 3 (7) Establish and amend cannabis district boundaries to  
4 ensure equal access to cannabis, especially for  
5 medical use, and encourage the full participation in  
6 the regulated cannabis industry from  
7 disproportionately impacted areas;
- 8 (8) Adopt rules, which shall have the force and effect of  
9 law; provided that unless otherwise provided in this  
10 chapter the rules shall be adopted pursuant to chapter  
11 91;
- 12 (9) Take appropriate action against a person who, directly  
13 or indirectly, cultivates, processes, sells, or  
14 purchases any cannabis without being authorized  
15 pursuant to this chapter;
- 16 (10) Establish additional restrictions, requirements, or  
17 conditions, consistent with those prescribed in this  
18 chapter, relating to the standards and requirements  
19 for cultivating, processing, packaging, advertising,  
20 distributing, or dispensing cannabis or hemp,  
21 including the ability to regulate ingredients, and the  
22 types, forms, potency, and concentration of cannabis



\_\_\_\_.B. NO.\_\_\_\_

1 products or hemp products that may be processed or  
2 sold, to ensure the health and safety of the public  
3 and the use of proper ingredients and methods in the  
4 processing of all cannabis and hemp to be sold or  
5 consumed in the State and to ensure that products are  
6 not packaged, marketed, or otherwise sold in a way  
7 that targets minors or promotes excessive use of  
8 cannabis or cannabis use disorders;

9 (11) Appoint the executive director, not subject to chapter  
10 76 or section 26-35(a)(4), and discharge the executive  
11 director with or without cause by a majority vote of  
12 all members of the board; provided that removal  
13 without cause shall not prejudice any contract rights  
14 of the executive director;

15 (12) Establish and amend a plan of organization that it  
16 considers expedient;

17 (13) Conduct hearings as required by law pursuant to  
18 chapter 91; provided the board shall have authority to  
19 examine witnesses and take testimony, receive and  
20 determine the relevance of evidence, issue subpoenas,  
21 regulate the course and conduct of the hearing, and  
22 make a final ruling;

\_\_\_\_.B. NO.\_\_\_\_\_

1 (14) Appoint hearing officers to conduct hearings as  
2 provided by law and under conditions as the board by  
3 rules shall establish. Each hearing officer is deemed  
4 to be an agent of the board with all powers associated  
5 with such designation;

6 (15) Establish social equity programs to encourage the full  
7 participation in the regulated cannabis industry from  
8 disproportionately impacted areas;

9 (16) Delegate to the chair of the board or the executive  
10 director, subject to the board's control and  
11 responsibility, powers and duties as may be lawful or  
12 proper for the performance of the functions vested in  
13 the board;

14 (17) Exercise the powers and perform the duties in relation  
15 to the administration of the board and the agency as  
16 necessary but not specifically vested by this chapter,  
17 including budgetary and fiscal matters; and

18 (19) Coordinate with state and county law enforcement  
19 agencies to effectuate the purposes of this chapter.

20 **§A-9 Executive director; powers and duties.** The executive  
21 director shall have the following powers and duties as provided  
22 for in this chapter to:

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (1) Exercise the powers and perform the duties in relation  
2                   to the administration of the authority as are not  
3                   specifically vested by this chapter in, or delegated  
4                   by, the board;
- 5           (2) Execute all instruments necessary or convenient for  
6                   accomplishing the purposes of this chapter;
- 7           (3) Enter into agreements or other transactions with a  
8                   person, including a public entity or other  
9                   governmental instrumentality or authority in  
10                  connection with its powers and duties under this  
11                  chapter;
- 12          (4) Employ, subject to chapter 76, employees, permanent  
13                  and temporary, as required; provided that when in the  
14                  determination of the executive director that the  
15                  services to be performed are unique and essential to  
16                  the execution of the functions of the authority, the  
17                  executive director may employ, not subject to chapter  
18                  76 or section 26-35(a)(4), officers and employees,  
19                  prescribe their duties and qualifications, and fix  
20                  their salaries;
- 21          (5) Apply for and accept, on behalf of the authority,  
22                  grants, loans, advances, and contributions of money or

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 property, or other things of value from any source, to  
2 be held, used, and applied for its purposes;
- 3 (6) Set, charge, impose, and collect fees, fines, and  
4 civil penalties as authorized by this chapter or rules  
5 adopted thereunder; provided that all fees, fines, and  
6 civil penalties received by the authority shall be  
7 deposited into the cannabis regulation special fund;
- 8 (7) Enforce seizure, confiscation, or forfeiture pursuant  
9 to this chapter or chapter 712A of any cannabis or  
10 hemp not authorized under this chapter or rules  
11 adopted thereunder;
- 12 (8) Provide and pay for advisory services and technical  
13 assistance as may be necessary in its judgment to  
14 carry out this chapter as provided by law;
- 15 (9) Develop and maintain a seed-to-sale tracking system;
- 16 (10) Be present, through its inspectors and agents, at any  
17 time, at the premises of a licensed business for the  
18 purposes of exercising its regulatory responsibilities  
19 or inspecting the premises and all equipment and  
20 supplies located at the premises;
- 21 (11) Seize and remove from the premises of a licensed  
22 business any cannabis, hemp, equipment, supplies,

\_\_\_\_.B. NO.\_\_\_\_

1 documents, and records obtained or possessed in  
2 violation of this chapter for the purpose of  
3 examination and inspection;

4 (12) For cause, demand and be granted access to, for the  
5 purposes of inspection, examination or audit, all  
6 papers, books, and records of licensed businesses and  
7 close associates of any licensed business whom the  
8 authority suspects are involved in the financing,  
9 operation, or management of the licensed business;  
10 provided that the inspection, examination,  
11 photocopying, and audit may take place on the licensed  
12 business or its close associate's premises or  
13 elsewhere as practicable and in the presence of the  
14 licensed business or its close associate or its agent;

15 (13) Register medical cannabis patients for medical use of  
16 cannabis pursuant to sections A-34 and A-35;

17 (14) Investigate violations of this chapter, and  
18 notwithstanding any law to the contrary, violations of  
19 chapter 322 or 342F that are related to cultivation,  
20 processing, distribution, sales, dispensing,  
21 consumption, possession, or use of cannabis or hemp,  
22 to include covert operations, and to refer criminal

\_\_\_\_.B. NO.\_\_\_\_\_

1 violations to the proper federal, state, or local  
2 authorities for prosecution as appropriate.

3 Investigations of violations of chapter B shall be  
4 referred to the director of taxation to hear and  
5 determine complaints against any licensed business;

6 (15) Conduct background checks as necessary for the  
7 purposes of implementing this chapter, including  
8 criminal history record checks in accordance with  
9 section 846-2.7;

10 (16) Gather facts and information applicable to the  
11 authority's obligation to investigate applicants,  
12 permittees, or licensed businesses for:

13 (A) A violation of this chapter or any rules adopted  
14 thereunder; or

15 (B) A willful violation of an order of the board;

16 (17) Delegate the powers provided in this section to other  
17 officers or employees of the authority as may be  
18 deemed appropriate by the executive director;

19 (18) Exercise the powers and perform the duties as  
20 delegated by the board;

21 (19) Advise and assist the board in carrying out any of its  
22 functions, powers, and duties;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (20) Coordinate across state agencies and departments in  
2                   order to research and study any changes in cannabis  
3                   use and the impact that cannabis use and the number of  
4                   licensed businesses may have on access to cannabis,  
5                   public health, and public safety;
- 6           (21) Prepare, publish, and distribute, with or without  
7                   charge as the authority may determine, studies,  
8                   reports, guidance, bulletins, and other materials as  
9                   the authority considers appropriate;
- 10          (22) Implement the social equity programs established by  
11                   the board;
- 12          (23) Create and maintain a publicly available directory of  
13                   the names and locations of medical cannabis  
14                   dispensaries, retail cannabis stores, and craft  
15                   cannabis dispensaries;
- 16          (24) Create a system whereby a licensed business can verify  
17                   the status of other licensed businesses;
- 18          (25) Develop forms, licenses, identification cards, and  
19                   applications as are necessary or convenient in the  
20                   discretion of the executive director for the  
21                   administration of this chapter or rules adopted  
22                   pursuant to this chapter;

\_\_\_\_.B. NO.\_\_\_\_

- 1 (26) Administer and manage a state cannabis testing  
2 facility; and
- 3 (27) Delegate powers and duties of the executive director  
4 to other state or county departments or agencies  
5 pursuant to memoranda of agreement for the purposes of  
6 implementing the provisions of this chapter related to  
7 administration, investigation, inspection, fee  
8 collection, document management, education and  
9 outreach, distribution of individual licenses approved  
10 by the board, and technical assistance pertaining to  
11 the cultivation of cannabis.

12 **SA-10 Administrative rules; authority.** (a) No later than  
13 December 31, 2024, the board shall adopt interim rules, which  
14 shall be exempt from chapters 91 and 201M, to effectuate the  
15 purposes of this chapter; provided that the interim rules shall  
16 remain in effect until December 31, 2029, or until rules are  
17 adopted pursuant to subsection (c), whichever occurs sooner.

18 (b) The board may amend the interim rules to effectuate  
19 the purposes of this chapter, and the amendments shall be exempt  
20 from chapters 91 and 201M; provided that any amended interim  
21 rules shall remain in effect until December 31, 2029, or until



\_\_\_\_.B. NO.\_\_\_\_\_

1 rules are adopted pursuant to subsection (c), whichever occurs  
2 sooner.

3 (c) No later than December 31, 2029, the board shall adopt  
4 rules pursuant to chapter 91 to effectuate the purposes of this  
5 chapter.

6 **§A-11 Administrative rules; mandatory.** The rules adopted  
7 pursuant to section A-10 shall include:

8 (1) Procedures for application that an applicant for a  
9 license, a permit, or a registration shall follow and  
10 complete before consideration by the board or the  
11 authority;

12 (2) A schedule of fees including application, license,  
13 permit, registration, and renewal fees, in an amount  
14 necessary to pay for all regulation and enforcement  
15 costs of the authority; provided that fees may be  
16 relative to the volume of business conducted or to be  
17 conducted by the licensed business;

18 (3) Qualifications for licensure or permitting and minimum  
19 standards for employment that are directly and  
20 demonstrably related to the operation of a licensed  
21 business;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (4) Procedures and policies to promote and encourage full  
2 participation in the regulated cannabis industry by  
3 people from disproportionately impacted areas;
- 4 (5) Requirements for licensure, permitting, registration,  
5 including updating and renewing licensure, permitting,  
6 and registration;
- 7 (6) Requirements for the information to be furnished by a  
8 licensed business relating to the licensed business's  
9 employees, any necessary registration requirements for  
10 employees working at a licensed business, and  
11 requirements that all licensed business employees be  
12 properly trained in their respective professions as  
13 necessary;
- 14 (7) Requirements for fingerprinting or other method of  
15 identification for the purposes of criminal background  
16 checks as authorized by section 846-2.7;
- 17 (8) Procedures and grounds for penalties for violation of  
18 this chapter, including the revocation, suspension, or  
19 administrative hold of a license, permit, or  
20 registration;
- 21 (9) Requirements for record keeping by a licensed  
22 business, including the keeping of books, financial

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 records, statements, or other records of a licensed  
2 business;
- 3 (10) Requirements and procedures to track cannabis  
4 cultivated, processed, transported, delivered,  
5 distributed, dispensed, tested, sold, or destroyed by  
6 licensed businesses;
- 7 (11) Requirements and procedures for the seed-to-sale  
8 tracking system;
- 9 (12) Security requirements for a licensed business  
10 sufficient to deter and prevent theft and unauthorized  
11 entrance into restricted areas containing cannabis,  
12 which shall include the use of security cameras;  
13 provided that the requirements shall not prohibit the  
14 cultivation of cannabis outdoors or in greenhouses;
- 15 (13) Requirements for liability insurance coverage for a  
16 licensed business or requirements for other adequate  
17 security against liabilities, including that a  
18 licensed business place a certain sum in escrow to be  
19 expended for coverage of liabilities;
- 20 (14) Requirements and procedures sufficient to ensure the  
21 virtual separation of medical cannabis from adult-use

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           cannabis dispensed by a retail cannabis store or  
2           distributed by a cannabis processor;
- 3       (15) Requirements and procedures to prevent the sale,  
4           delivery, or transfer of cannabis to persons under  
5           twenty-one years of age, or the purchase of cannabis  
6           on behalf of a person under twenty-one years of age,  
7           including a prohibition on persons under twenty-one  
8           entering the premises of a licensed businesses unless  
9           otherwise authorized for medical use pursuant to this  
10          chapter;
- 11       (16) Standards for manufacturing or extracting cannabinoid  
12          oil or butane hash oil;
- 13       (17) The circumstances, the manner, and the process by  
14          which a licensed business may apply for a change in  
15          ownership, including procedures and requirements to  
16          enable the transfer of a license for a licensed  
17          business to another qualified person or to another  
18          suitable location subject to the board's approval;
- 19       (18) Health and safety standards, established in  
20          consultation with the department of health and the  
21          department of agriculture, for the cultivation,  
22          processing, distribution, and dispensing of cannabis,

\_\_\_\_.B. NO.\_\_\_\_

1 including standards regarding sanitation for the  
2 preparation, storage, handling, and sale of edible  
3 cannabis product; including compliance with chapter  
4 321 and health inspections by the department of  
5 health; provided that the authority to adopt rules  
6 pertaining to the use of pesticides shall remain with  
7 the department of agriculture;

8 (19) Requirements for the packaging of cannabis;

9 (20) Requirements for the potency or dosing limitations of  
10 cannabis, including separate requirements for the  
11 potency or dosing limitations of medical cannabis;

12 (21) Requirements for the labeling of a package containing  
13 cannabis;

14 (22) Procedures and policies, in consultation with the  
15 department of agriculture, to promote and encourage  
16 full participation in the regulated cannabis industry  
17 by farmers and agricultural businesses with emphasis  
18 on promoting small farms, diversified agriculture, and  
19 indigenous farming practices;

20 (23) Requirements for the safe disposal of excess,  
21 contaminated, adulterated, or deteriorated cannabis;

\_\_\_\_.B. NO.\_\_\_\_

- 1 (24) Requirements for advertising, marketing, and branding  
2 of cannabis;
- 3 (25) Requirements for a process allowing the executive  
4 director to order a prohibition on the sale of  
5 cannabis found to be detrimental to health or  
6 especially appealing to persons under twenty-one years  
7 of age;
- 8 (26) Requirements for a process allowing a cannabis  
9 business to voluntarily submit a product, its  
10 packaging, and intended marketing to the authority for  
11 review of whether the product is especially appealing  
12 to persons under twenty-one years of age;
- 13 (27) Requirements that prohibit or restrict cannabis or  
14 hemp processors from altering or utilizing  
15 commercially processed or manufactured food products  
16 when processing cannabis or hemp unless the food  
17 product was commercially manufactured specifically for  
18 use by the cannabis or hemp processors to infuse with  
19 cannabis or hemp;
- 20 (28) Energy and environmental standards for licensure and  
21 licensure renewal of cannabis cultivators, cannabis

\_\_\_\_.B.NO.\_\_\_\_\_

1 processors, medical cannabis cooperatives, craft  
2 cannabis dispensaries, and hemp processors;

3 (29) Manners in which licensed premises shall be  
4 constructed, arranged, furnished, equipped,  
5 maintained, and operated;

6 (30) Classification of any cannabis-derived compound or  
7 cannabinoid or hemp-derived compound or cannabinoid;  
8 and

9 (31) Prohibitions or restrictions on the use of a synthetic  
10 cannabinoid or artificially derived cannabinoid in any  
11 cannabis product or hemp product.

12 **§A-12 Cannabis regulation special fund; established.** (a)

13 There is created in the treasury of the State the cannabis  
14 regulation special fund to be administered and expended by the  
15 authority.

16 (b) The moneys in the cannabis regulation special fund  
17 shall be used, subject to appropriation, for the implementation,  
18 administration, and enforcement of this chapter by the  
19 authority.

20 (c) The following shall be deposited into the cannabis  
21 regulation special fund:

\_\_\_\_.B. NO.\_\_\_\_\_

1 (1) A portion of the tax collected pursuant to section  
2 237-13(9) (A);

3 (2) Fees, fines, and civil penalties received pursuant to  
4 this chapter and rules adopted thereunder;

5 (3) Appropriations made by the legislature to the fund;  
6 and

7 (4) Interest earned or accrued on moneys in the special  
8 fund.

9 (d) Moneys on balance in the cannabis regulation special  
10 fund at the close of each fiscal year shall remain in the fund  
11 and shall not lapse to the credit of the general fund.

12 **§A-13 Cannabis social equity special fund.** (a) There is  
13 created in the treasury of the State the cannabis social equity  
14 special fund to be administered and expended by the authority.

15 (b) The moneys in the cannabis social equity special fund  
16 shall be used, subject to appropriation, for the implementation  
17 and administration of the social equity program as provided in  
18 part IX.

19 (c) The following shall be deposited into the cannabis  
20 social equity special fund:

21 (1) A portion of the tax collected pursuant to section  
22 237-13(9) (B);



\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (2) Appropriations made by the legislature to the fund;  
2 (3) Interest earned or accrued on moneys in the special  
3 fund; and  
4 (4) Contributions, grants, endowments, or gifts in cash or  
5 otherwise from any source, including licensed  
6 businesses.

7 (d) Moneys on balance in the cannabis social equity  
8 special fund at the close of each fiscal year shall remain in  
9 the fund and shall not lapse to the credit of the general fund.

10 **§A-14 Public health and education special fund.** (a)

11 There is created in the treasury of the State the public health  
12 and education special fund to be administered and expended by  
13 the authority.

14 (b) The moneys in the public health and education special  
15 fund shall be used, subject to appropriation, for education and  
16 substance abuse prevention and treatment, including educating  
17 the public about cannabis use and laws, preventing and treating  
18 substance abuse among youth, and controlling and treating  
19 substance abuse, and for the implementation and administration  
20 of the public health and education campaign and public health  
21 and education grant program as provided in part X.

\_\_\_\_.B. NO.\_\_\_\_\_

1 (c) The following shall be deposited into the public  
2 health and education special fund:

3 (1) A portion of the tax collected pursuant to section  
4 237-13(9)(C);

5 (2) Appropriations made by the legislature to the fund;

6 (3) Interest earned or accrued on moneys in the special  
7 fund; and

8 (4) Contributions, grants, endowments, or gifts in cash or  
9 otherwise from any source, including licensed  
10 businesses.

11 (d) Moneys on balance in the public health and education  
12 special fund at the close of each fiscal year shall remain in  
13 the fund and shall not lapse to the credit of the general fund.

14 **SA-15 Public safety special fund.** (a) There is created  
15 in the treasury of the State the public safety special fund to  
16 be administered and expended by the authority.

17 (b) The moneys in the public safety special fund shall be  
18 used, subject to appropriation, for the implementation and  
19 administration of the public safety grant program as provided in  
20 part XI.

21 (c) The following shall be deposited into the public  
22 safety special fund:

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (1) A portion of the tax collected pursuant to section  
2 237-13(9)(D);
- 3 (2) Appropriations made by the legislature to the fund;
- 4 (3) Interest earned or accrued on moneys in the special  
5 fund; and
- 6 (4) Contributions, grants, endowments, or gifts in cash or  
7 otherwise from any source, including licensed  
8 businesses.
- 9 (d) Moneys on balance in the public safety special fund at  
10 the close of each fiscal year shall remain in the fund and shall  
11 not lapse to the credit of the general fund.

12 **§A-16 Cannabis nuisance abatement special fund;**

13 **established.** (a) There is created in the treasury of the State  
14 the cannabis nuisance abatement special fund to be administered  
15 and expended by the department of the attorney general.

16 (b) The moneys in the cannabis nuisance abatement special  
17 fund shall be used, subject to appropriation, for the  
18 implementation and administration of the drug nuisance abatement  
19 unit established by section 28-131 to provide for the effective  
20 enforcement and prosecution of those violations of the drug  
21 nuisance abatement laws under chapter 712, part V, relating to  
22 cannabis.

\_\_\_\_.B. NO.\_\_\_\_\_

1 (c) The following shall be deposited into the cannabis  
2 nuisance abatement special fund:

3 (1) A portion of the tax collected pursuant to section  
4 237-13(9) (E);

5 (2) Appropriations made by the legislature to the fund;

6 (3) Interest earned or accrued on moneys in the special  
7 fund; and

8 (4) Contributions, grants, endowments, or gifts in cash or  
9 otherwise from any source, including licensed  
10 businesses.

11 (d) Moneys on balance in the cannabis nuisance abatement  
12 special fund at the close of each fiscal year shall remain in  
13 the fund and shall not lapse to the credit of the general fund.

14 **§A-17 Cannabis law enforcement special fund; established.**

15 (a) There is created in the treasury of the State the cannabis  
16 law enforcement special fund to be administered and expended by  
17 the department of law enforcement.

18 (b) The moneys in the cannabis law enforcement special  
19 fund shall be used, subject to appropriation, for the  
20 implementation and administration of the cannabis enforcement  
21 unit established by section A-18.

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1 (c) The following shall be deposited into the cannabis law  
2 enforcement special fund:

3 (1) A portion of the tax collected pursuant to section  
4 237-13(9)(F);

5 (2) Appropriations made by the legislature to the fund;

6 (3) Interest earned or accrued on moneys in the special  
7 fund; and

8 (4) Contributions, grants, endowments, or gifts in cash or  
9 otherwise from any source, including licensed  
10 businesses.

11 (d) Moneys on balance in the cannabis law enforcement  
12 special fund at the close of each fiscal year shall remain in  
13 the fund and shall not lapse to the credit of the general fund.

14 **§A-18 Cannabis enforcement unit.** (a) There is  
15 established in the department of law enforcement the cannabis  
16 enforcement unit, which shall have a primary mission to:

17 (1) Prevent the distribution of cannabis to minors;

18 (2) Prevent revenues from the sale of cannabis from going  
19 to criminal enterprises, gangs, and cartels;

20 (3) Prevent the diversion of cannabis from the legal  
21 market;

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1 (4) Prevent state-authorized cannabis activity from being  
2 used as a cover or pretext for the trafficking of  
3 other illegal drugs or other illegal activity,  
4 including money laundering;

5 (5) Prevent violence and the use of firearms in the  
6 cultivation and distribution of cannabis; and

7 (6) Prevent the cultivation of cannabis on public lands  
8 and the attendant public safety and environmental  
9 dangers posed by cannabis production on public lands.

10 (b) The cannabis enforcement unit shall provide law  
11 enforcement assistance to the board and authority in the  
12 investigation and enforcement of Hawaii cannabis laws and  
13 criminal laws relating to marijuana or marijuana concentrate,  
14 particularly those involving illicit cannabis trade.

15 (c) In providing law enforcement assistance to the board  
16 and authority, any law enforcement officer of the cannabis  
17 enforcement unit designated by the director of law enforcement  
18 as investigators or detectives may:

19 (1) Carry firearms;

20 (2) Execute and serve search warrants, arrest warrants,  
21 administrative inspection warrants, subpoenas, and  
22 summonses issued under the authority of this State;

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1 (3) Make arrests without warrant for any offense under  
2 this chapter, chapter 329, and under part IV of  
3 chapter 712 committed in the law enforcement officer's  
4 presence, or if the law enforcement officer has  
5 probable cause to believe that the person to be  
6 arrested has committed or is committing a violation of  
7 this chapter, chapter 329, or part IV of chapter 712  
8 that may constitute a crime;

9 (4) Make seizures of property pursuant to this chapter,  
10 chapter 329, or chapter 712A; or

11 (5) Perform other law enforcement duties as the director  
12 of law enforcement designates.

13 (d) Nothing in this chapter shall be construed to relieve  
14 or diminish law enforcement officers of the department of law  
15 enforcement of any authority or responsibility to enforce, or  
16 prosecute under, criminal laws related to marijuana or marijuana  
17 concentrate in the State, including this chapter, chapter 329,  
18 and part IV of chapter 712.

19 **§A-19 County law enforcement and prosecution.** Nothing in  
20 this chapter shall be construed to relieve or diminish county  
21 law enforcement officers and prosecutors of any authority or  
22 responsibility to enforce, or prosecute under, criminal laws

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1 related to marijuana or marijuana concentrate, including this  
2 chapter, chapter 329, and part IV of chapter 712, in their  
3 respective counties.

4       **§A-20 Investigation by a law enforcement agency of**  
5 **unlawful activity.** Notwithstanding any other law, the executive  
6 director shall disclose any information, documents, and other  
7 records regarding licensed businesses, upon request, to any  
8 state, federal, or county agency engaged in the criminal  
9 investigation or prosecution of violations of applicable state,  
10 county, or federal laws or regulations related to the operations  
11 or activities of licensed businesses.

12       **§A-21 Inspection; audits; reporting; authority.** (a) Any  
13 licensed business shall:

14       (1) Be subject to an annual announced inspection and  
15       unlimited unannounced inspections of its operations by  
16       the authority; provided that inspections for license  
17       renewals shall be unannounced;

18       (2) Submit reports on at least a quarterly basis, or as  
19       otherwise required, and in the format specified by the  
20       executive director; and

21       (3) Annually cause an independent financial audit, at the  
22       licensed business's own expense, to be conducted of



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1 the accounts, funds, programs, activities, and  
2 functions of the licensed business. The licensed  
3 business shall submit the audit's findings to the  
4 executive director. All audits shall be conducted in  
5 accordance with generally accepted auditing standards  
6 established by the American Institute of Certified  
7 Public Accountants. The executive director may  
8 require a response, in writing, to the audit results.  
9 The response shall be made to the executive director  
10 within fifteen calendar days of notification.

11 (b) The authority and the attorney general may examine all  
12 records required to be kept or filed under this chapter, and  
13 books, papers, and records of any person engaged in the business  
14 of cultivating, processing, distributing, dispensing, selling,  
15 or transferring cannabis or restricted cannabinoid products, to  
16 verify compliance with this chapter and chapter B. Every person  
17 in possession of any books, papers, and records, and the  
18 person's agents and employees, are directed and required to give  
19 the authority and the attorney general the means, facilities,  
20 and opportunities for the examinations.

21 (c) The authority and the attorney general may inspect the  
22 operations, premises, and storage areas of any entity engaged in

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1 cultivating, processing, distributing, dispensing, selling, or  
2 transferring of cannabis or restricted cannabinoid products,  
3 during regular business hours. This inspection shall include  
4 inspection of all statements, books, papers, and records in  
5 whatever format, including electronic format, pertaining to the  
6 cultivation, processing, acquisition, possession,  
7 transportation, sale, or use of cannabis or restricted  
8 cannabinoid products, to verify compliance with this chapter and  
9 chapter B. This inspection may also be conducted to verify that  
10 all cannabis or restricted cannabinoid products were cultivated  
11 or processed in compliance with this chapter. Every entity in  
12 possession of any books, papers, and records, and the entity's  
13 agents and employees, are directed and required to give the  
14 authority and the attorney general the means, facilities, and  
15 opportunities for the examinations.

16 (d) If the authority or the attorney general has  
17 reasonable cause to believe and does believe that cannabis or  
18 restricted cannabinoid products are being cultivated, processed,  
19 acquired, possessed, transported, kept, sold, or offered for  
20 sale in violation of this chapter, the authority or the attorney  
21 general may investigate or search the vehicle or premises in  
22 which the cannabis or restricted cannabinoid products are

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1 believed to be located. If cannabis or restricted cannabinoid  
2 products are found in a vehicle or premises in violation of this  
3 chapter, the cannabis or restricted cannabinoid products, or  
4 other tangible personal property containing the cannabis or  
5 restricted cannabinoid products and any books and records in  
6 possession of the entity in control or possession of the  
7 cannabis or restricted cannabinoid products, may be seized by  
8 the authority or the attorney general and is subject to  
9 forfeiture as provided in this chapter and chapter 712A.

10 **§A-22 Forfeiture; confiscation and seizure; disposition.**

11 (a) Any cannabis or restricted cannabinoid product unlawfully  
12 cultivated, processed, possessed, kept, stored, retained, held,  
13 owned, received, transported, imported, or caused to be  
14 imported, acquired, distributed, sold, or offered for sale in  
15 violation of this chapter may be seized and confiscated by the  
16 attorney general and ordered forfeited pursuant to chapter 712A.

17 (b) The attorney general, the department of law  
18 enforcement, and the police department of each of the counties  
19 may seize and confiscate any cannabis or restricted cannabinoid  
20 product that is cultivated, processed, possessed, kept, stored,  
21 retained, held, owned, received, transported, imported, or  
22 caused to be imported, acquired, distributed, sold, or offered

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1 for sale in violation of this chapter. Law enforcement agencies  
2 seizing live plants as evidence shall not be responsible for the  
3 care and maintenance of the plants.

4 (c) Any cannabis or restricted cannabinoid product  
5 forfeited as provided in this section shall be ordered  
6 destroyed.

7 **SA-23 County authority.** (a) Each county may, by  
8 amendment of their zoning ordinances, pursuant to the powers  
9 granted under section 46-4, place reasonable restrictions on the  
10 location of licensed businesses.

11 (b) Nothing in this chapter shall be construed to  
12 supersede or in any manner affect a county smoking ordinance;  
13 provided that the ordinance is at least as protective of the  
14 rights of nonsmokers as this chapter.

15 **SA-24 Contracts pertaining to lawful operation of cannabis**  
16 **business; enforceable.** Notwithstanding any other law to the  
17 contrary, contracts related to lawful activities authorized by  
18 this chapter shall be enforceable. A contract entered into by a  
19 cannabis business, or by those who allow property to be used by  
20 a cannabis business, shall not be unenforceable or void solely  
21 for the reason that the activity permitted by this chapter is  
22 prohibited by federal law.

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1           **§A-25 Provision of professional services to cannabis**

2 **business.** A person engaged in a profession or occupation  
3 subject to state or county licensure shall not be subject to  
4 disciplinary action by a professional licensing authority solely  
5 for providing professional services to a cannabis business  
6 related to activity permitted by this chapter.

7           **§A-26 Authority employees; background checks.** (a) The

8 authority shall conduct background checks, which may include  
9 criminal history record checks in accordance with section 846-  
10 2.7, on:

- 11           (1) Current or prospective members of the board;  
12           (2) Current or prospective employees of the authority; and  
13           (3) Current or prospective contractors or subcontractors  
14                 and employees of current or prospective contractors or  
15                 subcontractors of the authority.

16           The authority shall develop procedures for conducting  
17 background checks.

18           (b) The authority may refuse to employ or deny employment  
19 to an applicant or terminate or refuse to secure the services of  
20 any contractor or subcontractor if the person has been convicted  
21 of a crime, and if the executive director finds by reason of the

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1 nature and circumstances of the crime that the person poses a  
2 risk to the integrity of the authority.

3 (c) Refusal, revocation, or termination may occur only  
4 after appropriate investigation and notification to the current  
5 or prospective employee or current or prospective contractor or  
6 subcontractor of results and planned action, and after the  
7 current or prospective employee or current or prospective  
8 contractor or subcontractor is given an opportunity to meet and  
9 rebut the finding. Nothing in this section shall abrogate any  
10 applicable appeal rights under chapter 76 or 89.

11 **SA-27 Annual report to legislature; report on criminal**  
12 **offenses.** (a) No later than twenty days prior to the convening  
13 of the regular session of 2026, and every year thereafter, the  
14 executive director shall submit a report to the governor and  
15 legislature on the establishment and regulation of cannabis  
16 businesses. The report shall cover the information during the  
17 prior fiscal year and, at a minimum, include the following  
18 information:

19 (1) The number of applications for each type of license  
20 and permit submitted to the authority pursuant to this  
21 chapter, including, if applicable, the number of  
22 applications for license and permit renewals;

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- 1           (2) The total number of each type of license and permit  
2                   issued pursuant to this chapter that is actively held  
3                   by a licensed business;
- 4           (3) The total square footage of plant canopy approved by  
5                   the board for cannabis cultivation and the percentage  
6                   of active cannabis cultivation by cultivation tier;
- 7           (4) The total amount of application fees and license,  
8                   registration, and permit fees collected pursuant to  
9                   this chapter and the total amount of the excise and  
10                  sales tax revenue collected on the sale of cannabis;
- 11          (5) The total reported volume and value of cannabis  
12                  cultivated by all cannabis cultivators;
- 13          (6) The total reported volume and value of cannabis  
14                  distributed and dispensed by all licensed businesses;
- 15          (7) The number of inspections of licensed businesses  
16                  performed by the authority and the results of those  
17                  inspections, including the number of inspections  
18                  resulting in license violations and the percentage of  
19                  all licensed businesses inspected;
- 20          (8) The number of license violations committed by licensed  
21                  businesses and a breakdown of those violations into  
22                  specific categories based on the type of violation and

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1 the outcome of the violation, including the total  
2 amount of monetary penalties imposed and collected by  
3 the authority and the percentage of total license  
4 violations resulting in the imposition of a monetary  
5 penalty, administrative hold, license suspension, or  
6 license revocation;

7 (9) Public health and public safety data, including  
8 accidental ingestion by minors and cannabis-related  
9 driving accidents, collected, received, or analyzed by  
10 the authority; and

11 (10) Recommendations, including any suggested legislation,  
12 to address any issues with the regulation of the  
13 cannabis industry in the State encountered by the  
14 authority, agencies, or departments.

15 (b) No later than twenty days prior to the convening of  
16 the regular session of 2027, the executive director shall submit  
17 a report to the governor and legislature regarding the  
18 advisability of expunging or sealing low-level criminal offenses  
19 related to marijuana, a recommendation regarding which offenses  
20 and records should be expunged or sealed, if any, and the best  
21 mechanism for expunging and sealing records without causing  
22 undue burden on the judiciary, the department of the attorney



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1 general, or any other agency. In creating the report, the  
2 executive director shall consult with, at a minimum, the  
3 judiciary and the department of the attorney general.

4 **PART III. AUTHORIZED CONDUCT; MEDICAL USE OF CANNABIS**

5 **§A-28 Possession of cannabis for medical use. (a)**

6 Notwithstanding any law to the contrary, except as limited by  
7 this chapter, it shall be lawful for a medical cannabis patient  
8 or the patient's caregiver to:

9 (1) Purchase, transport, or possess jointly between the  
10 medical cannabis patient and the patient's caregiver,  
11 an adequate supply of cannabis; and

12 (2) Transfer an adequate supply of cannabis, without  
13 compensation of any kind, from a caregiver to the  
14 caregiver's medical cannabis patient.

15 (b) For medical use only, it shall be lawful for a medical  
16 cannabis patient to smoke, ingest, or consume cannabis.

17 (c) Notwithstanding any law to the contrary, in addition  
18 to an adequate supply of cannabis, a qualifying patient or the  
19 patient's caregiver may lawfully possess jointly between them,  
20 in their private residence or at the licensed premises of a  
21 medical cannabis cooperative to which the qualifying patient is  
22 a member, up to one pound of cannabis produced by their

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1 cultivation of cannabis for medical use pursuant to section A-  
2 29; provided that no more than two pounds of any cannabis in  
3 total, whether for medical or personal adult use, shall be  
4 stored at any private residence, regardless of the number of  
5 people residing there.

6 (d) All cannabis shall be stored in a sealed child-  
7 resistant and resealable packaging with original labels and not  
8 easily accessible to any person under the age of twenty-one  
9 unless that person is a medical cannabis patient.

10 (e) All cannabis shall be transported in a sealed  
11 container, shall not be visible to the public, and shall not be  
12 removed from its sealed container or consumed or used in any way  
13 while in a public place or vehicle.

14 (f) The medical use of cannabis alone shall not disqualify  
15 a person from any needed medical procedure or treatment,  
16 including organ and tissue transplants, unless in the judgement  
17 of the health care provider the use of cannabis increases the  
18 risk for a bad outcome from the procedure or treatment.

19 (g) The authorization of a medical cannabis patient to use  
20 medical cannabis shall be inclusive of, and not in addition to,  
21 the authorization for personal adult use of cannabis.

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1           **§A-29 Cultivation of cannabis for medical use.** (a)

2 Notwithstanding any other law to the contrary, a qualifying  
3 patient or the patient's caregiver may:

4           (1) Possess, plant, or cultivate no more than ten cannabis  
5 plants, whether mature or immature, for medical use  
6 only; and

7           (2) Harvest, dry, and process the cannabis produced by the  
8 plants cultivated under paragraph (1) for the  
9 qualifying patient's medical use only;

10           (b) The personal cultivation of cannabis for medical use  
11 shall only be permitted within, or on the grounds of, the  
12 private residence of a qualifying patient or the patient's  
13 caregiver, or on the licensed premises of a medical cannabis  
14 cooperative to which the qualifying patient is a member;  
15 provided that no more than ten plants, whether mature or  
16 immature and whether for medical use or personal adult use,  
17 shall be cultivated at a private residence at any time  
18 regardless of the number of qualifying patients, caregivers, or  
19 other people residing at the private residence.

20           (c) Cannabis plants cultivated for medical use shall be  
21 kept in a secured place not easily accessible to any person

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1 under the age of twenty-one unless that person is a qualifying  
2 patient.

3 (d) Cannabis plants cultivated for medical use shall not  
4 be visible to the public without the use of technology.

5 (e) A landlord, condominium association, planned community  
6 association, or similar association may limit or prohibit the  
7 personal cultivation of cannabis for medical use through  
8 contracts, lease or rental agreements, bylaws, or rules.

9 (f) The board shall adopt rules pursuant to this chapter  
10 to establish requirements and restrictions for the personal  
11 cultivation of cannabis for medical use, including manners in  
12 which cannabis may be cultivated or processed and further  
13 restrictions necessary to ensure the personal cultivation of  
14 cannabis for medical use is not utilized for unlicensed illicit  
15 activity; provided that any rules adopted by the board shall not  
16 completely or essentially prohibit the personal cultivation of  
17 cannabis for medical use.

18 **§A-30 Conditions of medical use of cannabis by a**  
19 **qualifying patient.** (a) The medical use of cannabis shall only  
20 be authorized if:

21 (1) The qualifying patient has been diagnosed by and is  
22 under the continuing care of a certifying medical

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1 professional as having a debilitating medical  
2 condition;

3 (2) The qualifying patient's certifying medical  
4 professional has issued a written certification for  
5 the qualifying patient;

6 (3) The qualifying patient has paid the required fee for  
7 registration;

8 (4) The qualifying patient has registered with the  
9 authority; and

10 (5) The amount of cannabis possessed by the qualifying  
11 patient does not exceed the amount authorized in  
12 section A-28.

13 (b) Subsection (a) shall not apply to a qualifying patient  
14 under the age of eighteen years, unless:

15 (1) The qualifying patient's certifying medical  
16 professional has explained the potential risks and  
17 benefits of the medical use of cannabis to the  
18 qualifying patient and to a parent, guardian, or  
19 person having legal custody of the qualifying patient;  
20 and

21 (2) A parent, guardian, or person having legal custody  
22 consents in writing to:

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- 1 (A) Allow the qualifying patient's medical use of
- 2 cannabis;
- 3 (B) Serve as the qualifying patient's caregiver; and
- 4 (C) Control the acquisition, dosage, and frequency of
- 5 the medical use of cannabis by the qualifying
- 6 patient.

7 **§A-31 Reciprocity with other states.** (a) Notwithstanding  
8 any law to the contrary, the medical use of cannabis by a  
9 qualifying out-of-state patient aged eighteen years or older  
10 shall be authorized only if the qualifying out-of-state patient:

- 11 (1) Is legally authorized to use cannabis for medical
- 12 purposes in another state, a United States territory,
- 13 or the District of Columbia;
- 14 (2) Attests under penalty of law pursuant to section 710-
- 15 1063 that the condition for which the qualifying out-
- 16 of-state patient is legally authorized to use cannabis
- 17 for medical purposes is a debilitating medical
- 18 condition;
- 19 (3) Provides consent for the authority to obtain
- 20 information from the qualifying out-of-state patient's
- 21 certifying medical provider and from the entity that
- 22 issued the medical cannabis authorization for the

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- 1           purpose of allowing the authority to verify the  
2           information provided in the registration process;  
3       (4) Pays the required fee for out-of-state registration;  
4       (5) Registers with the authority pursuant to section A-35  
5           for the medical use of cannabis in the State;  
6       (6) Receives a medical cannabis registration card from the  
7           authority; and  
8       (7) Abides by all laws relating to the medical use of  
9           cannabis, including not possessing amounts of cannabis  
10           that exceed an adequate supply.

11       (b) The medical use of cannabis by a qualifying out-of-  
12 state patient under eighteen years of age shall be permitted  
13 only if:

14       (1) The caregiver of the qualifying out-of-state patient  
15           provides the information required pursuant to  
16           subsection (a); and

17       (2) The caregiver of the qualifying out-of-state patient  
18           consents in writing to:

19           (A) Allow the qualifying out-of-state patient's  
20           medical use of cannabis;

21           (B) Undertake the responsibility for managing the  
22           well-being of the qualifying out-of-state patient

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1                   who is under eighteen years of age with respect  
2                   to the medical use of cannabis; and

3                   (C) Control the acquisition, dosage, and frequency of  
4                   the medical use of cannabis by the qualifying  
5                   out-of-state patient.

6                   **§A-32 Limitation; scope of medical use of cannabis.** The  
7 authorization for the medical use of cannabis in this part shall  
8 not apply to:

9                   (1) The medical use of cannabis that endangers the health  
10                   or well-being of another person;

11                   (2) The medical use of cannabis:

12                   (A) In a school vehicle, public transportation, or  
13                   any vehicle;

14                   (B) In the workplace of one's employment;

15                   (C) On any school grounds;

16                   (D) At any public park, beach, public recreation  
17                   center, recreation or youth center;

18                   (E) In or on any land, facility, building, or vehicle  
19                   owned, controlled, or operated by the State or  
20                   any county;

21                   (F) In or on any federal fort or arsenal, national  
22                   park or forest, any other federal enclave, or any



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1 other property owned, controlled or operated by  
2 the federal government; or

3 (G) At any other place open to the public, including  
4 smoking or vaping cannabis in public as  
5 prohibited by chapter 328J; and

6 (3) The medical use of cannabis by anyone that is not a  
7 medical cannabis patient, including a parent or  
8 caregiver.

9 **§A-33 Written certifications.** (a) A qualifying patient  
10 shall have a valid written certification from a certifying  
11 medical professional stating that in the certifying medical  
12 professional's professional opinion:

13 (1) The qualifying patient has a debilitating medical  
14 condition; and

15 (2) The potential benefits of the medical use of cannabis  
16 would likely outweigh the health risks of cannabis use  
17 for the qualifying patient.

18 (b) The board shall adopt rules pursuant to this chapter  
19 to establish procedures and requirements for a written  
20 certification; provided that a written certification shall:

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- 1 (1) Include the name, address, patient identification  
2 number, and other identifying information of the  
3 qualifying patient;
- 4 (2) Be valid for one year from the time of signing;  
5 provided that the board may allow for the validity of  
6 any written certification for up to three years if the  
7 qualifying patient's certifying medical professional  
8 states that the patient's debilitating medical  
9 condition is chronic in nature;
- 10 (3) Be in a form prescribed by the authority and completed  
11 by or on behalf of a qualifying patient; and
- 12 (4) Be issued and certified by a certifying medical  
13 professional who has a bona fide physician-patient  
14 relationship or bona fide advanced practice registered  
15 nurse-patient relationship, as applicable, with the  
16 qualifying patient.

17 **SA-34 Registration; qualifying patients; caregivers.** (a)  
18 Qualifying patients shall register with the authority. The  
19 board shall adopt rules to establish procedures and requirements  
20 for registration of qualifying patients; provided that:  
21 (1) Every qualifying patient shall:

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- 1 (A) Provide sufficient identifying information to  
2 establish their personal identity;
- 3 (B) Provide the address of the location where the  
4 qualifying patient or the patient's caregiver  
5 intends to cultivate cannabis for medical use  
6 pursuant to section A-29; provided that if the  
7 qualifying patient or patient's caregiver intends  
8 to cultivate cannabis for medical use at a  
9 medical cannabis cooperative pursuant to section  
10 A-76, the license number and documentation  
11 verifying that the qualifying patient is a valid  
12 member of the medical cannabis cooperative shall  
13 be required; and
- 14 (C) Report a change in any information provided to  
15 the authority for registration within ten working  
16 days of the change;
- 17 (2) The registration form prescribed by the authority  
18 shall require information from the qualifying patient,  
19 the patient's caregiver, and the patient's certifying  
20 medical professional as specifically required by this  
21 chapter or rules adopted thereunder;

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1 (3) The authority shall issue to the qualifying patient a  
2 medical cannabis registration card and may charge a  
3 fee for the registration in an amount set in rules by  
4 the board; and

5 (4) The registration shall be effective until the  
6 expiration of the written certification provided by  
7 the certifying medical professional.

8 (b) The caregiver of a qualifying patient shall register  
9 with the authority. The board shall adopt rules to establish  
10 procedures and requirements for registration of caregivers;  
11 provided that:

12 (1) Every caregiver shall provide sufficient identifying  
13 information to establish their personal identity;

14 (2) No caregiver shall be registered for more than one  
15 qualifying patient at any given time; provided that  
16 the authority may permit the parent, guardian, or  
17 person having legal custody of more than one  
18 qualifying patient who is under eighteen years of age  
19 to be the caregiver for each of the qualifying  
20 patients who are under eighteen years of age and in  
21 their legal custody; and

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1 (3) Every qualifying patient shall have only one  
2 caregiver; provided that the authority may permit the  
3 parents, guardians, or persons having legal custody of  
4 a qualifying patient who is under eighteen years of  
5 age to each register as caregivers.

6 (c) Upon inquiry by a law enforcement agency, the  
7 authority shall immediately verify whether a person who is the  
8 subject of the inquiry has registered with the authority and the  
9 location of the person's registered cultivation site and shall  
10 provide reasonable access to the registry information for  
11 official law enforcement purposes. An inquiry and verification  
12 under this subsection may be made twenty-four hours a day, seven  
13 days a week.

14 (d) This section shall not apply to registration of a  
15 qualifying out-of-state patient or a caregiver of a qualifying  
16 out-of-state patient.

17 **§A-35 Registration; qualifying out-of-state patients;**  
18 **caregivers.** (a) A qualifying out-of-state patient shall  
19 register with the authority. The board shall adopt rules to  
20 establish procedures and requirements for registration of  
21 qualifying out-of-state patients; provided that:

22 (1) Every qualifying out-of-state patient shall:

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- 1 (A) Provide a valid government-issued medical  
2 cannabis card or any equivalent certificate  
3 issued by another state, United States territory,  
4 or the District of Columbia;
- 5 (B) Provide a valid photographic identification card  
6 or driver's license issued by the same  
7 jurisdiction that issued the medical cannabis  
8 card; and
- 9 (C) Have a debilitating medical condition as defined  
10 in section A-3;
- 11 (2) The registration shall be effective for no more than  
12 sixty days and may be renewed for no more than one  
13 additional sixty-day period that begins no later than  
14 twelve months after the preceding registration date;  
15 provided that the authority shall not register any  
16 qualifying out-of-state patient for a period that  
17 exceeds the term of validity of the qualifying out-of-  
18 state patient's authority for the medical use of  
19 cannabis in their home jurisdiction; and
- 20 (3) The authority shall issue to the qualifying out-of-  
21 state patient a medical cannabis registration card and

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1 shall charge a fee for the registration in an amount  
2 set in rules by the board.

3 (b) The caregiver of a qualifying out-of-state patient  
4 shall register with the authority. The board shall adopt rules  
5 to establish procedures and requirements for registration of  
6 caregivers; provided that:

7 (1) Every caregiver shall provide sufficient identifying  
8 information to establish their personal identity; and

9 (2) In the case of any qualifying out-of-state patient who  
10 is under eighteen years of age, the authority shall  
11 register the qualifying out-of-state patient and the  
12 patient's caregiver; provided that the authority may  
13 register two caregivers for a qualifying out-of-state  
14 patient if each caregiver is the parent, guardian, or  
15 person having legal custody of the qualifying out-of-  
16 state patient who is under eighteen years of age.

17 (c) Upon inquiry by a law enforcement agency, the  
18 authority shall immediately verify whether a person who is the  
19 subject of the inquiry has registered with the authority and  
20 shall provide reasonable access to the registry information for  
21 official law enforcement purposes. An inquiry and verification

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1 under this subsection may be made twenty-four hours a day, seven  
2 days a week.

3 (d) The board may temporarily suspend the registration of  
4 qualifying out-of-state patients or their caregivers for a  
5 period of up to thirty days if the board determines that the  
6 registration process for qualifying patients or their caregivers  
7 is being adversely affected or the supply of cannabis for  
8 medical use available in medical cannabis dispensaries and  
9 retail cannabis stores is insufficient to serve both qualifying  
10 patients and qualifying out-of-state patients. A temporary  
11 suspension may be extended by thirty-day periods until the board  
12 determines that:

13 (1) Adequate capacity exists to register qualifying out-  
14 of-state patients and their caregivers in addition to  
15 qualifying patients and their caregivers; and

16 (2) The medical cannabis dispensaries and retail cannabis  
17 stores are able to meet the demands of both qualifying  
18 patients and qualifying out-of-state patients.

19 **§A-36 Certifying medical professionals.** (a) The board  
20 shall adopt rules to establish requirements for certifying  
21 medical professionals that issue written certifications for the  
22 medical use of cannabis to qualifying patients.



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1 (b) No certifying medical professional shall be subject to  
2 arrest or prosecution, penalized in any manner, or denied any  
3 right or privilege for providing a written certification for the  
4 medical use of cannabis for a qualifying patient; provided that:

5 (1) The certifying medical professional has diagnosed the  
6 patient as having a debilitating medical condition, as  
7 defined in section A-3;

8 (2) The certifying medical professional has explained the  
9 potential risks and benefits of the medical use of  
10 cannabis; and

11 (3) The written certification is based upon the certifying  
12 medical professional's professional opinion after  
13 having completed a full assessment of the patient's  
14 medical history and current medical condition made in  
15 the course of a bona fide physician-patient  
16 relationship or bona fide advanced practice registered  
17 nurse-patient relationship, as applicable.

18 (c) For purposes of this part, a bona fide physician-  
19 patient relationship may be established via telehealth, as  
20 defined in section 453-1.3(j), and a bona fide advanced practice  
21 registered nurse-patient relationship may be established via  
22 telehealth, as defined in section 457-2; provided that

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1 certifying a patient for the medical use of cannabis via  
2 telehealth shall be allowed only after an initial in-person  
3 consultation between the certifying physician or advanced  
4 practice registered nurse and the patient.

5 **PART IV. AUTHORIZED CONDUCT; PERSONAL ADULT USE OF CANNABIS**

6 **§A-37 Personal adult use of cannabis. (a)**

7 Notwithstanding any other provision of law to the contrary,  
8 except as limited by this chapter, beginning January 1, 2026, it  
9 shall be lawful for persons twenty-one years of age or older to:

- 10 (1) Smoke, ingest, or consume adult-use cannabis;
- 11 (2) Purchase, transport, or possess up to one ounce of  
12 cannabis flower and up to five grams of adult-use  
13 cannabis products as calculated using information  
14 provided pursuant to section A-72(d);
- 15 (3) Within a person's private residence only, possess up  
16 to ten ounces of adult-use cannabis produced by their  
17 personal cultivation of cannabis pursuant to section  
18 A-38, provided that no more than two pounds of  
19 cannabis in total, whether for medical or personal  
20 adult-use, shall be stored at any private residence,  
21 regardless of the number of people residing there; and

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1 (4) Purchase, obtain, transport, or possess cannabis  
2 accessories.

3 (b) All adult-use cannabis shall be stored in a sealed  
4 child-resistant and resealable packaging with original label and  
5 not easily accessible to any person under the age of twenty-one.

6 (c) All adult-use cannabis shall be transported in a  
7 sealed container, shall not be visible to the public, and shall  
8 not be removed from its sealed container or consumed or used in  
9 any way while in a public place or vehicle.

10 (d) The use of adult-use cannabis alone shall not  
11 disqualify a person from any needed medical procedure or  
12 treatment, including organ and tissue transplants, unless in the  
13 judgement of the health care provider the use of cannabis  
14 increases the risk for a bad outcome from the procedure or  
15 treatment.

16 **§A-38 Personal cultivation of adult-use cannabis.** (a)  
17 Notwithstanding any other provision of law to the contrary,  
18 except as limited by this part, beginning January 1, 2026, it  
19 shall be lawful for persons twenty-one years of age or older to:

20 (1) Possess, plant, or cultivate no more than six living  
21 cannabis plants, whether mature or immature, for  
22 personal adult-use only; and

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1           (2) Harvest, dry, and process the cannabis produced by the  
2           plants under paragraph (1) for personal adult-use  
3           only.

4           (b) Personal cultivation of adult-use cannabis shall only  
5 be permitted within, or on the grounds of, a person's private  
6 residence, provided that no more than ten plants, whether mature  
7 or immature and whether for medical use or for personal adult  
8 use, shall be cultivated at a private residence at any time  
9 regardless of the number of people residing at the private  
10 residence.

11           (c) Cannabis plants cultivated for personal adult use  
12 shall be kept in a secured place not easily accessible to any  
13 person under the age of twenty-one.

14           (d) Cannabis plants cultivated for personal adult use  
15 shall not be visible to the public without the use of  
16 technology.

17           (e) A landlord, condominium association, planned community  
18 association, or similar association may limit or prohibit the  
19 personal cultivation of adult-use cannabis through contracts,  
20 lease or rental agreements, bylaws, or rules.

21           (f) The board shall adopt rules pursuant to this chapter  
22 to establish requirements and restrictions for personal

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1 cultivation of adult-use cannabis, including manners in which  
2 the adult use cannabis may be cultivated or processed and  
3 further restrictions necessary to ensure that personal  
4 cultivation of adult-use cannabis is not utilized for unlicensed  
5 illicit activity.

6 **§A-39 Limitation; scope of personal adult use.** The  
7 authorization for the use of adult-use cannabis in this part  
8 shall not apply to:

- 9 (1) Any use of cannabis that endangers the health or well-  
10 being of another person;
- 11 (2) Any use of cannabis:
- 12 (A) In a school vehicle, public transportation, or  
13 any vehicle;
- 14 (B) In the workplace of one's employment;
- 15 (C) On any school grounds;
- 16 (D) At any public park, beach, public recreation  
17 center, recreation or youth center;
- 18 (E) In or on any land, facility, building, or vehicle  
19 owned, controlled, or operated by the State or  
20 any county;
- 21 (F) In or on any federal fort or arsenal, national  
22 park or forest, any other federal enclave, or any

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1 other property owned, controlled or operated by  
2 the federal government; or

3 (G) At any other place open to the public, including  
4 smoking or vaping cannabis in public as  
5 prohibited by chapter 328J.

6 (3) The use of cannabis by anyone under twenty-one years  
7 of age.

8 **PART V. UNLAWFUL CONDUCT**

9 **§A-40 Prohibited acts; flammable solvents; criminal**  
10 **offense.** (a) No person shall intentionally or knowingly use  
11 butane to extract cannabinoids or any compound from cannabis or  
12 hemp.

13 (b) This section shall not apply to licensed businesses  
14 acting pursuant to this chapter.

15 (c) Any person who violates this section shall be guilty  
16 of a class C felony.

17 **§A-41 Unlawful sale of cannabis; persons under twenty-one**  
18 **years of age; criminal offense.** (a) It shall be unlawful to  
19 sell cannabis to a person under twenty-one of age unless that  
20 person is a medical cannabis patient.

21 (b) All persons engaged in the retail sale of cannabis, as  
22 authorized under this chapter, shall check the government-issued

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1 photographic identification of a cannabis purchaser to establish  
2 the age of the purchaser prior to the sale of cannabis.

3 (c) It shall be an affirmative defense to subsection (a)  
4 that the licensed seller of cannabis had requested, examined,  
5 and reasonably relied upon a government-issued photographic  
6 identification establishing the cannabis purchaser's age as at  
7 least twenty-one years of age prior to selling cannabis to the  
8 person. The failure of a seller to request and examine a  
9 government-issued photographic identification pursuant to  
10 subsection (b) shall be construed against the seller and form a  
11 conclusive basis for the seller's violation of subsection (a).

12 (e) Any person who violates subsection (a) shall be guilty  
13 of the offense under section 712-1244 or 712-1249.5, as  
14 appropriate.

15 **PART VI. CANNABIS AND HEMP BUSINESSES; GENERAL**

16 **§A-42 Cannabis business; hemp business; authorized.**

17 (a) Notwithstanding any law to the contrary, a cannabis  
18 business or a hemp business may operate only as authorized by  
19 this chapter.

20 (b) No person shall operate a cannabis business or a hemp  
21 business unless that person holds a valid license or permit  
22 issued by the board pursuant to this chapter or rules adopted

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1 thereunder; provided that a hemp cultivator shall hold a valid  
2 license to produce hemp, issued by the Secretary of the United  
3 States Department of Agriculture, and be in compliance with  
4 section A-80.

5 (c) Each license or permit issued by the board or the  
6 authority to a cannabis business or a hemp business shall be  
7 separate and distinct from any other license or permit issued to  
8 the same cannabis business or hemp business pursuant to this  
9 chapter or rules adopted thereunder.

10 (d) In addition to any other penalties allowed by law,  
11 operating a cannabis business, including distributing, selling,  
12 or offering for sale a restricted cannabinoid product, or a hemp  
13 business without a valid license or permit issued by the board  
14 pursuant to this chapter or rules adopted thereunder shall  
15 constitute an unfair or deceptive act or practice and unfair  
16 method of competition pursuant to section 480-2 and shall be  
17 subject to a civil penalty as provided in section 480-3.1. Each  
18 package of cannabis or restricted cannabinoid product sold in  
19 violation of this part shall constitute a separate violation.

20 **§A-43 Applicant criteria.** (a) An applicant for a license  
21 under this chapter shall meet each of the following criteria, if  
22 applicable.



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1 (b) If the applicant is a natural person, the applicant  
2 shall establish at a minimum that the applicant:

3 (1) Is at least twenty-one years of age;

4 (2) Has been a legal resident of the State for no less  
5 than five years preceding the date of application;

6 (3) Has a Hawaii tax identification number and is  
7 compliant with the tax laws of the State;

8 (4) Has not been convicted of a felony; provided that:

9 (A) A conviction that is pardoned or expunged; or

10 (B) A conviction solely for a marijuana-related

11 offense, unless the offense involved a minor,

12 including the offense under section 712-1249.6,

13 or a firearm, including the offense under section

14 134-7(b);

15 shall not disqualify a person from applying for a

16 license; and

17 (5) Has not had any license, permit, certificate,

18 registration, or other government-issued authorization

19 related to cannabis revoked in any jurisdiction.

20 (c) If the applicant is a business entity, the applying

21 business entity shall establish at a minimum that:

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- 1           (1) Every officer, director, manager, and general partner  
2           of the applying business entity or any person who has  
3           the power to direct the management, policies, and  
4           practices of the applying business entity:
- 5           (A) Is at least twenty-one years of age;
- 6           (B) Is a natural person who has been a legal resident  
7           of the State for no less than five years  
8           preceding the date of application;
- 9           (C) Has not been convicted of a felony; provided  
10          that:
- 11           (i) A conviction that is pardoned or expunged;  
12           or
- 13           (ii) A conviction solely for a marijuana-related  
14           offense, unless the offense involved a  
15           minor, including the offense under section  
16           712-1249.6, or a firearm, including the  
17           offense under section 134-7(b);
- 18          shall not disqualify a person from applying for a  
19          license;
- 20           (D) Has not had any license, permit, certificate,  
21          registration, or other government-issued

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1 authorization related to cannabis revoked in any  
2 jurisdiction; and

3 (2) The applying business entity:

4 (A) Is controlled by a majority of the shares,  
5 membership interests, partnership interests, or  
6 other equity ownership interests that is held or  
7 owned by natural persons who are legal residents  
8 of the State or by business entities whose owners  
9 are all natural persons who are legal residents  
10 of the State;

11 (B) Has been organized under the laws of the State;

12 (C) Has a Hawaii tax identification number and is  
13 compliant with the tax laws of the State;

14 (D) Has a department of commerce and consumer affairs  
15 business registration number and suffix; and

16 (E) Has a federal employer identification number.

17 (d) An applicant shall disclose in or include with its  
18 application the names and addresses of the applicant and all  
19 persons having a direct or indirect financial interest in the  
20 applied-for license and the nature and extent of the financial  
21 interest held by each person and the nature and extent of any

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1 financial interest the person has in any other license applied  
2 for or issued under this chapter.

3 (e) An applicant shall complete all application forms  
4 prescribed by the authority fully and truthfully and comply with  
5 all information requests by the authority relating to the  
6 license application.

7 (f) A license shall be denied or revoked if an applicant  
8 knowingly or recklessly makes any false statement of material  
9 fact to the authority in applying for a license under this  
10 chapter.

11 (g) The board may adopt rules to require additional  
12 criteria for licensure for the purposes of protecting the public  
13 health and public safety, promoting sustainability and  
14 agriculture, and encouraging the full participation in the  
15 regulated cannabis industry from disproportionately impacted  
16 areas.

17 **SA-44 Ownership restrictions.** No person shall be issued  
18 or have any direct or indirect interest in more than three  
19 licenses for each class of license, but no more than nine  
20 licenses in total; provided that:

21 (1) No person holding a license pursuant to this chapter,  
22 or having a direct or indirect interest in a cannabis

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1 cultivator, cannabis processor, hemp cultivator, hemp  
2 processor, medical cannabis dispensary, or retail  
3 cannabis store, shall be issued a license for, or have  
4 any direct or indirect interest in, an independent  
5 laboratory, a craft cannabis dispensary, or a medical  
6 cannabis cooperative;

7 (2) No person holding a license for, or having a direct or  
8 indirect interest in, an independent laboratory shall  
9 be issued a license for, or have any direct or  
10 indirect interest in, any other licensed business  
11 authorized under this chapter or rules adopted  
12 thereunder;

13 (3) No person holding a license for, or having a direct or  
14 indirect interest in, a craft cannabis dispensary  
15 shall be issued a license for, or have any direct or  
16 indirect interest in, any other licensed business  
17 authorized under this chapter or rules adopted  
18 thereunder;

19 (4) No person holding a license for, or having a direct or  
20 indirect interest in, a medical cannabis cooperative  
21 shall be issued a license for, or have any direct or

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1 indirect interest in, any other licensed business  
2 authority by this chapter or rules adopted thereunder.

3 **§A-45 Criminal history background check.** (a) The  
4 following shall be subject to background checks conducted by the  
5 authority or its designee, which may include criminal history  
6 record checks in accordance with section 846-2.7:

7 (1) Each applicant for a license or a permit, including  
8 every officer, director, manager, and general partner  
9 of an applying business entity or any person who has  
10 the power to direct the management, policies, and  
11 practices of the applying business entity;

12 (2) Each current or prospective employee of a licensed  
13 business;

14 (3) Each current or prospective contractor of a licensed  
15 business; and

16 (4) Each current or prospective laboratory agent of an  
17 independent laboratory.

18 (b) A person who is required to undergo the background  
19 check shall provide written consent and all applicable  
20 processing fees to the authority or its designee to conduct the  
21 background check.

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1           **§A-46 License; application; approval; denial; appeal.** (a)

2   The board shall adopt rules to establish procedures for  
3   licensure application, review, approval, and denial, including  
4   an application fee for each license.

5           (b) The board shall set an open application period for  
6   each available license. The authority shall not accept an  
7   application outside the open application period.

8           (c) The authority shall publish a notice of the open  
9   application period on its website no less than thirty calendar  
10   days prior to the start of the application period. The notice  
11   shall contain:

12           (1) The class or classes of licenses available;

13           (2) The number of licenses available for each class of  
14           license;

15           (3) The application criteria for each class of license  
16           available; and

17           (4) The procedure to select applications for approval from  
18           among the applicants that meet the criteria required  
19           for each class of license available.

20           (d) The authority shall review and investigate whether the  
21   information submitted in the application is complete and valid  
22   and meets the criteria required pursuant to this chapter or

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1 rules adopted thereunder, and whether the applicant is otherwise  
2 disqualified pursuant to this chapter or rules adopted  
3 thereunder.

4 (e) If an application form is incomplete or invalid, the  
5 authority may request additional information or documentation;  
6 provided that if an applicant fails to cure an incomplete or  
7 invalid application within a timeframe prescribed by the  
8 authority, the application shall be deemed withdrawn, and the  
9 application fee shall be forfeited to the authority.

10 (f) Upon completion of the review and investigation of the  
11 applications submitted for each open application period, the  
12 authority shall refer any application that meets the criteria  
13 required under this chapter or rules adopted thereunder and is  
14 not otherwise disqualified pursuant to this chapter or rules  
15 adopted thereunder to the board with its findings.

16 (g) The board shall approve or deny the applications in  
17 accordance with this chapter and rules adopted thereunder;  
18 provided that the board may deny an application that meets all  
19 of the criteria required for a license if the application was  
20 not selected to be approved pursuant to the selection procedure  
21 published in the notice pursuant to subsection (c).



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1 (h) Upon the board's determination to deny a license  
2 application, the board shall notify the applicant in writing of  
3 the denial and the basis for the denial.

4 (i) Any person aggrieved by the board's denial of a  
5 license application may request a contested case hearing  
6 pursuant to chapter 91. To request a contested case hearing,  
7 the person shall submit a written request to the board within  
8 thirty calendar days of the date of the written notice of  
9 denial. Appeal to the circuit court under section 91-14 or any  
10 other applicable statute shall only be taken from the board's  
11 final order pursuant to a contested case.

12 **SA-47 License term; renewal.** (a) All licenses under this  
13 chapter shall be effective for one year from the date of  
14 issuance and may be renewed annually pursuant to this section.  
15 The board shall adopt rules to set forth requirements and  
16 procedures for the submission, processing, and approval of a  
17 renewal application, including a renewal application fee.

18 (b) An applicant for renewal shall submit to the authority  
19 information, on the form prescribed by the authority, and  
20 documentation necessary to verify that the applicant continues  
21 to meet the criteria required pursuant to this chapter and rules  
22 adopted thereunder and is in compliance with all the

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1 requirements pursuant to this chapter and rules adopted  
2 thereunder, including compliance with chapter B and all other  
3 laws governing entities doing business in the State, including  
4 chapters 237, 383, 386, 392, and 393.

5 (c) In addition to the review and verification of the  
6 information and documentation submitted by the applicant, the  
7 authority shall conduct an unannounced inspection of the  
8 applicant to verify compliance as required by subsection (b).

9 (d) Upon submission of the renewal application fee and  
10 verification that the applicant meets the requirements under  
11 subsection (b), the authority shall renew the applicant's  
12 license.

13 (e) If the authority determines that the applicant is  
14 disqualified for renewal for any reason, the authority shall  
15 refer the renewal application to the board with its findings.  
16 Upon the board's determination to deny the renewal application,  
17 the board shall notify the applicant in writing of the denial  
18 and the basis for the denial, or if held for further action, the  
19 conditions for approval. The failure to meet the conditions set  
20 by the board shall result in denial of the renewal application.

21 (f) Any person aggrieved by the board's denial of license  
22 renewal may request a contested case hearing pursuant to chapter

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1 91. To request a contested case hearing, the person shall  
2 submit a written request to the board within thirty calendar  
3 days of the date of the written notice of denial. Appeal to the  
4 circuit court under section 91-14 or any other applicable  
5 statute shall only be taken from the board's final order  
6 pursuant to a contested case.

7 (g) A licensee that files a renewal application and pays  
8 all required fees under this section prior to the expiration of  
9 the license may continue to operate under that license  
10 notwithstanding its expiration until such time as the authority  
11 or board takes final action on the renewal application, except  
12 when the board suspends or revokes the license prior to taking  
13 final action on the renewal application.

14 (h) Except as provided in subsection (g), upon expiration  
15 of a license, the licensed business shall immediately cease all  
16 activities previously authorized by the license and ensure that  
17 all cannabis in the licensed business's possession is forfeited  
18 to the authority for destruction pursuant to section A-62.

19 **§A-48 Transfer of ownership; structural reorganization.**

20 (a) A licensed business shall not sell or otherwise transfer  
21 any license issued under this chapter to another person,

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1 reorganize its ownership structure, or restructure its business  
2 entity, unless otherwise authorized under this section.

3 (b) The board shall adopt rules to establish procedures  
4 and requirements for the submission of a license transfer,  
5 reorganization, or restructuring application and standards for  
6 the approval or denial of the application.

7 (c) A licensed business may apply to the authority, on the  
8 form prescribed by the authority, for approval to transfer  
9 ownership interests in the license, reorganize its ownership  
10 structure, or restructure its business entity.

11 (d) A person seeking to assume an ownership interest in  
12 the licensed business, a new proposed officer, director,  
13 manager, or general partner of the licensed business, or anyone  
14 who seeks to assume any power to directly or indirectly control  
15 the management, policies, and practices of the licensed business  
16 shall demonstrate that the person meets all applicable criteria  
17 and requirements for licensure pursuant to this chapter and  
18 rules adopted thereunder, including the criminal history record  
19 checks and ownership restrictions.

20 (e) Any license transfer, reorganization, or restructuring  
21 done without board approval, or that results in a violation of

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1 the ownership restrictions pursuant to section A-44, shall be  
2 void and the license shall be subject to immediate revocation.

3       **§A-49 Fees; disposition of fees.** All fees charged  
4 pursuant to this chapter or rules adopted thereunder shall be  
5 paid to the authority in the form required by the authority.  
6 All fees collected under this chapter or rules adopted  
7 thereunder shall be deposited in the cannabis regulation special  
8 fund established in section A-12.

9       **§A-50 Licensed business operations.** (a) The board shall  
10 adopt rules to establish requirements for the operation of a  
11 licensed business.

12       (b) In addition to requirements established by any other  
13 provision of this chapter and rules adopted thereunder, a  
14 licensed business shall:

15       (1) Secure every entrance to the restricted areas of  
16 licensed premises so that access to restricted areas  
17 is restricted to employees and others permitted by the  
18 law to access the restricted area; and

19       (2) Secure its inventory and equipment during and after  
20 operating hours to deter and prevent theft of  
21 cannabis.

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1 (c) No licensed business shall cultivate, process, test,  
2 or store cannabis at any location other than within an area that  
3 is enclosed and secured in a manner that prevents access by  
4 persons not authorized to access the restricted area. A  
5 greenhouse or outdoor cannabis cultivation area shall have  
6 sufficient security measures to demonstrate that outdoor areas  
7 are not readily accessible by unauthorized individuals,  
8 including perimeter security fencing designed to prevent  
9 unauthorized entry.

10 (d) No licensed business shall refuse employees or agents  
11 of the authority the right at any time of operation to inspect  
12 the entire licensed premises or to audit the books and records  
13 of the licensed business.

14 (e) No licensed business shall allow any person under  
15 twenty-one years of age to work for the licensed business.

16 (f) No licensed business shall allow any person that has  
17 been convicted of a felony to work for the licensed business;  
18 provided that:

- 19 (1) A conviction that is pardoned or expunged; or  
20 (2) A conviction solely for a marijuana-related offense,  
21 unless the offense involved a minor, including the

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1 offense under section 712-1249.6, or a firearm,  
2 including the offense under section 134-7(b),  
3 shall not disqualify a person from working for the licensed  
4 business.

5 (g) A licensed business shall:

6 (1) Register each employee with the authority; and

7 (2) Notify the authority within one working day if an  
8 employee ceases to be associated with the licensed  
9 business.

10 (h) A person under twenty-one years of age shall not enter  
11 a licensed business; provided that a medical cannabis patient  
12 who is eighteen years of age or older may enter a medical  
13 cannabis dispensary, retail cannabis store, or medical cannabis  
14 cooperative of which the patient is a member.

15 (i) A licensed business shall ensure that unauthorized  
16 persons under twenty-one years of age do not enter the licensed  
17 premises, except the board may adopt rules to allow a medical  
18 cannabis dispensary and retail cannabis store to use a  
19 controlled, indoor entry area in a medical cannabis dispensary  
20 and retail cannabis store to verify the identification and age  
21 of persons before allowing access beyond the entry area.

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1 (j) No licensed business shall cultivate, process,  
2 distribute, dispense, or otherwise transact business with any  
3 products containing cannabis other than those that were  
4 cultivated, processed, distributed, and taxed in accordance with  
5 this chapter and chapter B.

6 **§A-51 Licensed premises; where.** (a) Each license issued  
7 under this chapter shall authorize the operation of the licensed  
8 business only at the single place described in the license.

9 (b) A licensed premises shall not be located within a  
10 seven hundred fifty feet radius of an existing school, public  
11 park, or public housing project or complex, as defined in  
12 section 712-1249.6.

13 **§A-52 Laboratory standards and testing.** (a) No person or  
14 licensed business shall distribute, dispense, or otherwise sell  
15 cannabis or hemp unless the cannabis or hemp has been tested and  
16 shown to meet the requirements and standards established under  
17 this chapter and rules adopted thereunder for content,  
18 contamination, and consistency.

19 (b) The board shall adopt rules to establish requirements  
20 and standards for the mandatory laboratory testing of cannabis  
21 and hemp that conform with the best practices generally used  
22 within the cannabis industry, including:



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- 1 (1) The processes, protocols, and standards regarding the  
2 collection of samples of cannabis and hemp;
- 3 (2) Mandatory laboratory testing for cannabis flower and  
4 hemp flower that shall include:
- 5 (A) Dangerous molds and mildew;
- 6 (B) Harmful microbes, including *Escherichia coli* and  
7 salmonella;
- 8 (C) Pesticides, fungicides, and insecticides; and
- 9 (D) THC potency, homogeneity, and cannabinoid  
10 profiles to ensure correct labeling;
- 11 (3) Mandatory laboratory testing for cannabis products,  
12 medical cannabis products, and hemp products, except  
13 for crude hemp extract, that shall include:
- 14 (A) Residual solvents, poisons, and toxins;
- 15 (B) Harmful chemicals;
- 16 (C) Dangerous molds and mildew;
- 17 (D) Harmful microbes, including *Escherichia coli* and  
18 salmonella;
- 19 (E) Pesticides, fungicides, and insecticides; and
- 20 (F) THC potency, homogeneity, and cannabinoid  
21 profiles to ensure correct labeling; and

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1 (4) Mandatory laboratory testing for crude hemp extract  
2 that shall include:

3 (A) Residual solvents, poisons, and toxins; and

4 (B) THC potency, homogeneity, and cannabinoid  
5 profiles to ensure correct labeling.

6 (c) A licensed business shall maintain a record of all  
7 laboratory testing that includes a description of the cannabis  
8 or hemp provided to the independent laboratory, the identity of  
9 the independent laboratory, and the results of the test.

10 (d) The board may adopt rules to establish other quality  
11 assurance mechanisms that may include the designation or  
12 creation of a state cannabis testing facility, creation of a  
13 secret shopper program, round-robin testing, or any other  
14 mechanism to ensure the accuracy of product testing and  
15 labeling.

16 **§A-53 Packaging.** (a) No cannabis or hemp shall be  
17 distributed, dispensed, or otherwise sold unless it is packaged  
18 in accordance with this section and rules adopted pursuant to  
19 this chapter.

20 (b) The board shall adopt rules to establish requirements  
21 for the packaging of cannabis and the packaging of hemp;  
22 provided that the rules for the packaging of cannabis shall:

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- 1 (1) Require the packaging to be opaque and certified  
2 child-resistant and resealable;
- 3 (2) Restrict packaging containing cannabis for medical use  
4 to black lettering on a white background with no  
5 pictures or graphics;
- 6 (3) Restrict packaging containing cannabis for personal  
7 adult use to black lettering on a background of a  
8 singular, solid color approved by the authority with  
9 no pictures or graphics;
- 10 (4) Restrict the use of colors, pictures, graphics, or  
11 designs on or inside packaging to ensure that  
12 packaging is not designed to appeal particularly to a  
13 person less than twenty-one years of age;
- 14 (5) Require the division of each serving within a package  
15 containing multiple servings in a manner that allows  
16 consumers and medical cannabis patients to easily  
17 identify a single serving; and
- 18 (6) Prohibit packaging that imitates or resembles any  
19 existing branded consumer products, including foods  
20 and beverages, that do not contain cannabis.

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1 (c) No licensed business shall offer, at no cost or at  
2 cost, any packaging that does not meet the requirements under  
3 this chapter or rules adopted thereunder.

4 **SA-54 Labeling.** (a) No cannabis or hemp shall be  
5 distributed, dispensed, or otherwise sold unless it is labeled  
6 in accordance with this section and rules adopted pursuant to  
7 this chapter.

8 (b) The board shall adopt rules to establish labeling  
9 requirements for cannabis and hemp; provided that labeling on  
10 each cannabis package shall, at a minimum, contain:

- 11 (1) A universal symbol prescribed by the authority that  
12 indicates that the package contains cannabis;
- 13 (2) The name and contact information of the cultivator or  
14 the processor who produced the cannabis;
- 15 (3) The results of sampling, testing, and analysis  
16 conducted by an independent laboratory;
- 17 (4) A list of pharmacologically active ingredients and  
18 possible allergens;
- 19 (5) The number of servings in the package if there are  
20 multiple servings;

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- 1 (6) The amount of cannabinoids in the package and in each  
2 serving as expressed in absolute terms and as a  
3 percentage of volume;
- 4 (7) The appellation of origin;
- 5 (8) If the product is medical cannabis, the statement "For  
6 medical use only"; and
- 7 (9) The following statement in bold print, including  
8 capitalization: "This product has not been analyzed  
9 or approved by the FDA. There is limited information  
10 on the side effects of using this product, and there  
11 may be associated health risks. Cannabis use during  
12 pregnancy and breast-feeding may pose potential harms.  
13 It is against the law to drive when under the  
14 influence of this product. KEEP THIS PRODUCT AWAY FROM  
15 CHILDREN."

16 **§A-55 Cannabis and cannabis product standards.** (a) The  
17 board shall adopt rules to establish requirements, restrictions,  
18 and standards regarding the types, ingredients, and designs of  
19 cannabis and hemp, including potency limits and limits on  
20 servings per package; provided that each cannabis product shall  
21 be registered with the authority on forms prescribed by the  
22 authority.

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1 (b) Edible products shall not be designed to resemble  
2 commercially available candy or other products marketed to  
3 children. The words "candy" and "candies" shall not be used on  
4 packaging, labeling, advertising, product lists, or product  
5 menus. Edible cannabis products shall not be in the shape of or  
6 contain a depiction of a human, animal, or fruit, or a shape or  
7 depiction that bears the likeness or contains characteristics of  
8 a realistic or fictional human, animal, or fruit, including  
9 artistic, caricature, or cartoon renderings.

10 (c) Except for a cannabis product intended for external  
11 topical application to the skin or hair, no person shall  
12 distribute, dispense, sell, or offer for sale any cannabis  
13 product intended to be introduced via non-oral routes of entry  
14 to the body, including use in eyes, ears, and nasal cavities.

15 **SA-56 Advertising; marketing.** (a) The board shall adopt  
16 rules to establish requirements for advertising, marketing, and  
17 branding of cannabis or hemp, and any licensed business, that  
18 include at a minimum:

19 (1) A prohibition on advertising, marketing, and branding  
20 in such a manner that is deemed to be deceptive,  
21 false, or misleading;

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- 1           (2) A prohibition or restriction on advertising,  
2                   marketing, and branding through or on certain medium,  
3                   method, or location, as determined by the authority,  
4                   to minimize advertising, marketing, and brand exposure  
5                   of licensed businesses to a person less than twenty-  
6                   one years of age;
- 7           (3) A prohibition on advertising, marketing, and branding  
8                   that utilizes statements, designs, representations,  
9                   pictures, or illustrations that portray anyone less  
10                  than twenty-one years of age;
- 11          (4) A prohibition on advertising, marketing, and branding  
12                  including mascots, cartoons, candies, toys, fruits,  
13                  brand sponsorships, and celebrity endorsements, that  
14                  is deemed to appeal to a person less than twenty-one  
15                  years of age;
- 16          (5) A prohibition on advertising, marketing, and branding,  
17                  including statements by a licensed business, that  
18                  makes any false or misleading statements concerning  
19                  other licensed businesses and the conduct and products  
20                  of the other licensed businesses;
- 21          (6) A prohibition on advertising, marketing, and branding  
22                  through certain identified promotional items as

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1 determined by the authority, including giveaways,  
2 coupons, samples, prizes, or "free," "donated," or  
3 "premium" cannabis or hemp;

4 (7) A prohibition on advertising, marketing, and branding  
5 by a licensed business that asserts its products are  
6 safe, other than labeling required pursuant to this  
7 chapter or rules adopted thereunder;

8 (8) A reasonable restriction on timing and use of  
9 illuminated external signage, which shall comply with  
10 any other provisions of law applicable thereto,  
11 including local ordinances and requirements, and a  
12 prohibition on neon signage;

13 (9) A requirement that any website or social media account  
14 of a licensed business shall verify that the entrant  
15 is at least twenty-one years of age;

16 (10) A prohibition on the use of unsolicited pop-up  
17 advertisements on the internet;

18 (11) A requirement that all advertising, marketing, or  
19 branding materials for cannabis or hemp contain a  
20 standard health warning developed by the authority in  
21 consultation with the department of health; and



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1 (12) A requirement that all advertising, marketing, or  
2 branding accurately and legibly identify the licensed  
3 business responsible for its content, by adding, at a  
4 minimum, the licensed business's name and license  
5 number.

6 (b) No person, other than the holder of a license or  
7 permit issued pursuant to this chapter or rules adopted  
8 thereunder or a person who provides professional services  
9 related to a licensed business, shall advertise any cannabis or  
10 services related to cannabis in the State.

11 (c) No person shall place or maintain, or cause to be  
12 placed or maintained, any sign or other advertisement for a  
13 business or product related to cannabis, in any form or through  
14 any medium whatsoever, within seven hundred fifty feet of the  
15 real property comprising of a school, public park, or public  
16 housing project or complex.

17 **SA-57 Signage.** The board shall adopt rules to establish  
18 requirements for signage at the licensed premises that shall, at  
19 a minimum, require that:

20 (1) All cannabis businesses that are open to the public  
21 conspicuously post a notice at each entry to all  
22 licensed premises that persons under twenty-one years

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1 of age are not allowed on the premises unless they are  
2 a medical cannabis patient who is at least eighteen  
3 years of age;

4 (2) All cannabis businesses that are open to the public  
5 conspicuously post a sign in or about the premises  
6 notifying all customers and other persons of the  
7 dangers of, and possible sanctions that may be imposed  
8 for, operating a vehicle under the influence of  
9 cannabis;

10 (3) All cannabis businesses that are open to the public  
11 conspicuously post a sign in or about the premises  
12 notifying all customers and other persons that the  
13 possession and sale of cannabis is illegal under  
14 federal law and a person is subject to federal law  
15 while traveling interisland; and

16 (4) Every license issued and in effect under this chapter  
17 shall at all times be conspicuously posted to view,  
18 convenient for inspection, on the licensed premises.

19 **§A-58 Seed-to-sale tracking.** (a) The authority shall  
20 establish, maintain, and control a seed-to-sale tracking system  
21 that shall have real time, twenty-four-hour access to the data  
22 of all licensed businesses. The board shall adopt rules

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1 pursuant to this chapter to establish procedures and  
2 requirements for the seed-to-sale tracking system.

3 (b) The seed-to-sale tracking system shall collect data  
4 including:

5 (1) The total amount of cannabis in possession of all  
6 cannabis businesses from either seed or immature plant  
7 state, including all plants that are derived from  
8 cuttings or cloning, until the cannabis is sampled,  
9 dispensed, or destroyed;

10 (2) The total amount of cannabis products and medical  
11 cannabis products inventory, as appropriate, including  
12 the equivalent physical weight of cannabis that is  
13 used to produce the products;

14 (3) The amount of waste produced by each plant at harvest;  
15 and

16 (4) The transport of cannabis between cannabis businesses,  
17 including tracking the quantity and type of cannabis,  
18 the identity of the person transporting the cannabis,  
19 and the make, model, and license number of the vehicle  
20 being used for the transport.

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1 (c) The procurement of the seed-to-sale tracking system  
2 established pursuant to this section shall be exempt from  
3 chapter 103D; provided that:

4 (1) The authority shall publicly solicit at least three  
5 proposals for the seed-to-sale tracking system; and

6 (2) The selection of the seed-to-sale tracking system  
7 shall be approved by the board and the chief  
8 information officer.

9 (d) Notwithstanding any other provision of this section to  
10 the contrary, if the authority's seed-to-sale tracking system is  
11 inoperable, as an alternative to requiring a cannabis business  
12 to temporarily cease operations, the authority may implement an  
13 alternate tracking system that will enable a cannabis business  
14 to operate on a temporary basis.

15 (e) A cannabis business shall purchase, operate, and  
16 maintain a computer software tracking system that shall  
17 interface with the authority's seed-to-sale tracking system  
18 established pursuant to subsection (a) and allow each cannabis  
19 business to submit to the authority any required data.

20 **§A-59 Violations; penalties.** (a) In addition to any  
21 other penalties allowed by law, any person who violates this  
22 chapter or rules adopted thereunder shall be fined no more than

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1 \$1,000 for each separate violation. Unless otherwise provided  
2 by applicable law, each day on which a violation occurs or  
3 continues shall be counted as a separate violation.

4 (b) Upon the authority's determination to impose an  
5 administrative penalty on a person pursuant to section (a), the  
6 authority shall provide the person with written notice of the  
7 administrative penalty and the basis for the administrative  
8 penalty. Any notice of an administrative penalty may be  
9 accompanied by a cease-and-desist order or a corrective action  
10 order. The violation of the cease-and-desist order or  
11 corrective action order shall constitute a further violation of  
12 this chapter.

13 (c) Any person aggrieved by the imposition of an  
14 administrative penalty may request a contested case hearing  
15 pursuant to chapter 91. To request a contested case hearing,  
16 the person shall submit a written request to the board within  
17 thirty calendar days of the date of the written notice. Appeal  
18 to the circuit court under section 91-14 or any other applicable  
19 statute shall only be taken from the board's final order  
20 pursuant to a contested case.

21 (d) Any action taken to recover, collect, or enforce the  
22 penalty provided for in this section shall be considered a civil

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1 action. For any judicial proceeding to recover or collect an  
2 administrative penalty imposed pursuant to subsection (a) or to  
3 enforce a cease-and-desist order or a corrective action order  
4 issued pursuant to subsection (b), the authority may petition  
5 any court of appropriate jurisdiction and need only show that:

- 6 (1) Notice was given;
- 7 (2) A hearing was held, or the time granted for requesting  
8 a hearing has expired without such a request;
- 9 (3) The administrative penalty, cease-and-desist order, or  
10 corrective action order was imposed on the person; and
- 11 (4) The penalty remains unpaid, or the order was not  
12 complied with.

13 (e) All monetary penalties imposed pursuant to this  
14 chapter shall be paid by the person to the authority in the form  
15 required by the authority. All monetary penalties paid to the  
16 authority pursuant to this chapter shall be deposited into the  
17 cannabis regulation special fund established in section A-12.

18 **§A-60 License; permit; suspension; revocation.** (a) In  
19 addition to any other actions authorized by law, the board may  
20 suspend or revoke any license or permit issued by the board or  
21 the authority under this chapter or rules adopted thereunder for

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1 violating this chapter, rules adopted thereunder, chapter B, or  
2 for any good cause including:

3 (1) Procuring a license or permit through fraud,  
4 misrepresentation, or deceit;

5 (2) Professional misconduct, gross carelessness, or  
6 manifest incapacity;

7 (3) False, fraudulent, or deceptive advertising;

8 (4) Any other conduct constituting fraudulent or dishonest  
9 dealings;

10 (5) Failure to comply with an order from the board or the  
11 authority; and

12 (6) Making a false statement on any document submitted or  
13 required to be filed by this chapter, including  
14 furnishing false or fraudulent material information in  
15 any application.

16 (b) The board shall adopt rules to establish procedures  
17 and standards for the revocation and suspension of a license or  
18 permit.

19 (c) If the authority determines that conduct by a licensed  
20 business warrants suspension or revocation, the authority shall  
21 refer the matter to the board with its findings. Upon the  
22 board's determination to suspend or revoke a license or permit,

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1 the board shall provide the licensed business with written  
2 notice and order describing the basis for the suspension or  
3 revocation.

4 (d) Any person aggrieved by the board's suspension or  
5 revocation determination may request a contested case hearing  
6 pursuant to chapter 91. To request a contested case hearing,  
7 the person shall submit a written request to the board within  
8 thirty calendar days of the date of the notice of the suspension  
9 or revocation. Appeal to the circuit court under section 91-14,  
10 or any other applicable statute, shall only be taken from the  
11 board's final order pursuant to a contested case.

12 (e) A licensed business whose license or permit has been  
13 suspended shall not, for the duration of the period of  
14 suspension, engage in any activities relating to the operation  
15 of the licensed business, including:

16 (1) Distributing, dispensing, selling, transferring,  
17 transporting, or otherwise disposing of any cannabis  
18 or hemp owned by or in the possession of the licensed  
19 business; or

20 (2) Processing any cannabis or hemp.

21 (f) A person whose license or permit has been revoked  
22 shall immediately cease all activities relating to the operation



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1 of the licensed business and ensure that all cannabis or hemp  
2 owned by or in the possession of the person pursuant to that  
3 license or permit shall be forfeited to the authority for  
4 destruction pursuant to section A-62.

5 (g) If any license or permit is revoked or otherwise  
6 terminated by the board, any fees paid for the license or permit  
7 shall be forfeited to the State.

8 **§A-61 Relinquishment no bar to jurisdiction.** The  
9 forfeiture, nonrenewal, surrender, voluntary relinquishment or  
10 abandonment of a license or permit issued by the board or the  
11 authority under this chapter or rules adopted thereunder shall  
12 not bar jurisdiction by the board or the authority to proceed  
13 with any investigation, action, or proceeding to revoke,  
14 suspend, restrict, condition, limit the license or permit, or  
15 otherwise penalize a licensed business or an individual  
16 licensee, or both.

17 **§A-62 Forfeiture; destruction.** (a) In addition to any  
18 action authorized by law, the board may order the forfeiture and  
19 destruction of all or a portion of the cannabis or hemp, owned  
20 by or in the possession of a licensed business, if it makes a  
21 determination that the cannabis or hemp is not authorized by, or  
22 is in violation of, this chapter.

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1           (b) The board shall adopt rules to establish procedures  
2 and standards for the forfeiture and destruction of cannabis or  
3 hemp.

4           (c) If the authority determines that a violation by a  
5 licensed business warrants forfeiture and destruction of all or  
6 a portion of the cannabis or hemp held by that licensed  
7 business, the authority shall refer the matter to the board with  
8 its findings. Upon the board's determination to order the  
9 forfeiture and destruction of cannabis or hemp, the board shall  
10 provide the licensed business with a written notice and order  
11 describing the basis for the forfeiture and destruction, a  
12 description of the cannabis or hemp subject to forfeiture and  
13 destruction, and a timeframe in which the cannabis or hemp must  
14 be forfeited.

15           (d) A licensed business subject to an order directing the  
16 destruction of any cannabis or hemp in the possession of the  
17 licensed business shall forfeit the cannabis or hemp described  
18 in the order to the authority for destruction within the  
19 timeframe described in the order.

20           (e) Any person aggrieved by the board's forfeiture and  
21 destruction determination may request a contested case hearing  
22 pursuant to chapter 91. To request a contested case hearing,

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1 the person shall submit a written request to the board within  
2 thirty calendar days of the date of the notice and order of  
3 forfeiture and destruction. Appeal to the circuit court under  
4 section 91-14, or any other applicable statute, shall only be  
5 taken from the board's final order pursuant to a contested case.

6 (f) If the authority is notified by a law enforcement  
7 agency that there is a pending investigation of a licensed  
8 business subject to an order for forfeiture and destruction of  
9 cannabis or hemp, the authority shall not destroy any cannabis  
10 or hemp of that licensed business until the destruction is  
11 approved by the law enforcement agency.

12 **§A-63 Administrative holds.** (a) In addition to any  
13 action authorized by law, the authority may impose an  
14 administrative hold on a licensed business if there are  
15 reasonable grounds to believe the licensed business has  
16 committed or is committing a violation of this chapter or rules  
17 adopted thereunder.

18 (b) The authority shall provide a licensed business  
19 subject to an administrative hold with written notice of the  
20 imposition of that hold, which shall:

21 (1) Include a statement of the basis for the  
22 administrative hold;

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1 (2) Detail the cannabis or hemp subject to the  
2 administrative hold;

3 (3) Describe any operational restrictions to be placed on  
4 the licensed business during the duration of the  
5 administrative hold; and

6 (4) Indicate actions that must be taken by the licensed  
7 business as a result of the administrative hold.

8 (c) An administrative hold takes effect at the time that  
9 the written notice is provided to the licensed business.

10 (d) A licensed business subject to an administrative hold  
11 shall physically segregate, in a limited access area approved by  
12 the authority, any cannabis or hemp subject to the  
13 administrative hold from any other cannabis or hemp not subject  
14 to the administrative hold.

15 (e) For the duration of the administrative hold, the  
16 licensed business shall not sell, transfer, transport,  
17 distribute, dispense, dispose of, or destroy any cannabis or  
18 hemp subject to the administrative hold, but may, as applicable,  
19 cultivate or otherwise maintain any cannabis plants or hemp  
20 plants subject to the administrative hold unless specifically  
21 restricted by the authority from engaging in such activities.

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1 (f) A licensed business subject to an administrative hold,  
2 for the duration of the administrative hold, shall maintain the  
3 licensed premises and may otherwise continue to operate the  
4 licensed business in compliance with this chapter, rules adopted  
5 thereunder, and the provisions of the administrative hold.  
6 Except as specifically restricted by the authority, the licensed  
7 business may, for the duration of the administrative hold,  
8 cultivate, process, distribute, or dispense any cannabis or hemp  
9 not subject to the administrative hold pursuant to its license.

10 (g) The authority may terminate an administrative hold at  
11 any time following the imposition of the administrative hold,  
12 except that an administrative hold under this section may not be  
13 imposed for a period exceeding thirty business days from the  
14 date notice is issued. The authority shall provide the licensed  
15 business with written notice of termination of an administrative  
16 hold.

17 **§A-64 Liability to the State under this chapter as debt.**

18 (a) Any liability to the State under this chapter shall  
19 constitute a debt to the State. Once a statement naming a  
20 licensed business is recorded, registered, or filed, any such  
21 debt shall constitute a lien on all commercial property owned by  
22 the business in the State and shall have priority over an

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1 encumbrance recorded, registered, or filed with respect to any  
2 property.

3 (b) If a lien imposed by subsection (a) is properly  
4 recorded, registered, or filed, and three hundred sixty-five  
5 calendar days have elapsed from the date of recording with no  
6 response or action by the debtor against whom the lien was  
7 recorded, the executive director may apply to the circuit court  
8 to have the lien converted into a civil judgment. The circuit  
9 court shall issue a civil judgment for an amount equivalent to  
10 the value of the lien.

11 **§A-65 Unauthorized access to a restricted area; criminal**  
12 **offense.** (a) No person shall intentionally or knowingly enter  
13 or remain in a restricted area unless the person is:

14 (1) An individual licensee or registered employee of the  
15 licensed business;

16 (2) A government employee or official acting in the  
17 person's official capacity; or

18 (3) Escorted by an individual licensee or registered  
19 employee of the licensed business at all times while  
20 in the restricted area; provided that:

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- 1 (A) The person is at least twenty-one years of age,  
2 as verified by a valid government-issued  
3 identification card;
- 4 (B) The person is only permitted within those  
5 portions of the restricted area as necessary to  
6 fulfill the person's purpose for entering;
- 7 (C) The person is only permitted within the  
8 restricted area during the times and for the  
9 duration necessary to fulfill the person's  
10 purpose for entering; and
- 11 (D) The licensed business shall keep a photographic  
12 copy of the valid government-issued  
13 identification card and an accurate record of the  
14 date and times upon entering and exiting the  
15 restricted area, the purpose for entering, and  
16 the identity of the escort.
- 17 (b) No individual licensee or registered employee of the  
18 licensed business with control over or responsibility for the  
19 licensed premises shall intentionally or knowingly allow another  
20 person to enter or remain in a restricted area, unless that  
21 person is permitted to enter and remain as specified in  
22 subsection (a).

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1 (c) A violation of this section is a petty misdemeanor.

2 **§A-66 Diversion from a licensed business; criminal**

3 **offense.** (a) A person commits diversion from a licensed  
4 business if the person is a licensed business or an operator,  
5 agent, or employee of a licensed business and intentionally or  
6 knowingly diverts to the person's own use or other unauthorized  
7 or illegal use, or takes, makes away with, or secretes, with  
8 intent to divert to the person's own use or other unauthorized  
9 or illegal use, any cannabis under the person's possession,  
10 care, or custody as a licensed business or an operator, agent,  
11 or employee of a licensed business.

12 (b) Any person who violates this section shall be guilty  
13 of a class C felony.

14 **§A-67 Alteration or falsification of licensed business**

15 **records; criminal offense.** (a) A person commits the offense of  
16 alteration or falsification of licensed business records if the  
17 person intentionally or knowingly:

18 (1) Makes or causes a false entry in licensed business  
19 records;

20 (2) Alters, erases, obliterates, deletes, removes, or  
21 destroys a true entry in licensed business records;



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1 (3) Omits to make a true entry in licensed business  
2 records in violation of a duty that the person knows  
3 to be imposed upon the person by law or by the nature  
4 of the person's position; or

5 (4) Prevents the making of a true entry or causes the  
6 omission thereof in licensed business records.

7 (b) Alteration or falsification of licensed business  
8 records is a class C felony.

9 (c) For the purposes of this section:

10 "Electronic" means relating to technology having  
11 electrical, digital, magnetic, wireless, optical,  
12 electromagnetic, or other similar capabilities.

13 "Information" includes data, text, images, sounds, codes,  
14 computer programs, software, or databases.

15 "Licensed business records" means any inventory tracking  
16 records and other records maintained by a licensed business that  
17 are required by law to be created and retained or provided to  
18 the authority or the department of taxation.

19 "Record" means information that is written or printed or  
20 that is stored in an electronic or other medium and is  
21 retrievable in a perceivable form.

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1           **§A-68 Unlawful restricted cannabinoid product**

2 **retailing.** (a) A person required to obtain a restricted  
3 cannabinoid product permit commits the offense of unlawful  
4 restricted cannabinoid product retailing if the person  
5 recklessly fails to obtain a valid permit required under  
6 section A-78 and recklessly distributes, sells, or offers for  
7 sale any restricted cannabinoid product or possesses, stores,  
8 or acquires any restricted cannabinoid product for the  
9 purpose of distribution, sale, or offering for sale.

10           (b) Unlawful restricted cannabinoid product retailing  
11 is a petty misdemeanor, except that any offense under  
12 subsection (a) that occurs within five years of a conviction  
13 for unlawful restricted cannabinoid product retailing is a  
14 misdemeanor.

15           **§A-69 Law enforcement access to licensed business records.**

16 Notwithstanding any other law, a licensed business shall  
17 disclose information, documents, tax records, and other records  
18 regarding its licensed business operation, upon request, to any  
19 state, federal, or county agency engaged in the administrative  
20 regulation, the criminal investigation, or prosecution of  
21 violations of applicable state, county, or federal laws or

\_\_\_\_.B. NO.\_\_\_\_\_

1 regulations related to the operations or activities of a  
2 licensed business.

3 **PART VII. CANNABIS BUSINESSES; AUTHORIZED**

4 **§A-70 Independent laboratory; license required.** (a) An  
5 independent laboratory license shall authorize the sampling,  
6 limited possession, and testing of cannabis and hemp pursuant to  
7 this chapter and rules adopted thereunder.

8 (b) The board shall adopt rules for the licensure,  
9 operations, and oversight of independent laboratories, including  
10 protocols for the sampling, testing, and analysis of cannabis  
11 and hemp. The rules shall address sampling and analysis related  
12 to cannabinoid profiles and biological and chemical  
13 contaminants, including terpenoids, pesticides, plant growth  
14 regulators, metals, microbiological contaminants, mycotoxins,  
15 and residual solvents introduced through cultivation of cannabis  
16 plants or hemp plants and post-harvest processing and handling  
17 of cannabis, hemp, or any related ingredients.

18 (c) An independent laboratory shall report any results  
19 indicating contamination to the authority within seventy-two  
20 hours of identification of contamination.

21 (d) No independent laboratory shall have a direct or  
22 indirect interest, including by stock ownership, interlocking

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1 directors, mortgage or lien, personal or real property,  
2 management agreement, shared parent companies or affiliated  
3 organizations, or any other means, in any other type of licensed  
4 business authorized by this chapter or rules adopted thereunder.

5 (e) No other licensed business shall have a direct or  
6 indirect interest, including by stock ownership, interlocking  
7 directors, mortgage or lien, personal or real property,  
8 management agreement, shared parent companies or affiliated  
9 organizations, or any other means, in an independent laboratory.

10 (f) No individual who possesses an interest in or is a  
11 laboratory agent employed by an independent laboratory, and no  
12 immediate family member of that individual, shall possess an  
13 interest in or be employed by any other licensed business  
14 authorized by this chapter or rules adopted thereunder.

15 (g) No independent laboratory, laboratory agent, or  
16 employee of an independent laboratory shall receive direct or  
17 indirect compensation, other than such reasonable contractual  
18 fees to conduct testing, from any entity for which it is  
19 conducting testing pursuant to this chapter or rules adopted  
20 thereunder.

21 (h) An independent laboratory shall:

22 (1) Register each laboratory agent with the authority; and

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1 (2) Notify the authority within one working day if a  
2 laboratory agent ceases to be associated with the  
3 independent laboratory.

4 (i) No one who has been convicted of a felony drug offense  
5 shall be a laboratory agent or an employee of an independent  
6 laboratory. The authority shall conduct criminal history record  
7 checks of laboratory agents and employees of an independent  
8 laboratory in accordance with section 846-2.7, and the board may  
9 by rules set standards and procedures to enforce this  
10 subsection.

11 (j) A registered laboratory agent shall not be subject to  
12 arrest, prosecution, civil penalty, sanctions, or  
13 disqualifications, and shall not be subject to seizure or  
14 forfeiture of assets under laws of the State, for actions taken  
15 under the authority of an independent laboratory, including  
16 possessing, processing, storing, transferring, or testing  
17 cannabis; provided that the laboratory agent:

18 (1) Is registered with the authority; and

19 (2) Is acting in accordance with all the requirements  
20 under this chapter and rules adopted thereunder.

21 **§A-71 Cannabis cultivator; license required.** (a) A  
22 cannabis cultivator license shall authorize:

\_\_\_\_.B. NO.\_\_\_\_\_

1 (1) The acquisition and cultivation of cannabis plants,  
2 seeds, cuttings, or clones; and

3 (2) The distribution of cannabis plants and cannabis  
4 flower to:

5 (A) A cannabis cultivator;

6 (B) A cannabis processor;

7 (C) A medical cannabis dispensary; and

8 (E) A retail cannabis store.

9 (b) A cannabis cultivator shall track the cannabis it  
10 cultivates from acquisition to testing, distribution, or  
11 destruction.

12 (c) A cannabis cultivator shall maintain a record of all  
13 samples provided to an independent laboratory, the identity of  
14 the independent laboratory, and the testing results.

15 (d) The maximum size of plant canopy the board may  
16 authorize for each cannabis cultivator license shall be two  
17 thousand square feet of plant canopy for indoor cultivations and  
18 five thousand square feet of plant canopy for outdoor  
19 cultivations.

20 (e) A cannabis cultivator shall comply with all laws and  
21 regulations applicable to an agricultural operation, including  
22 laws and regulations regarding pesticide use, water use, and the

\_\_\_\_.B. NO.\_\_\_\_

1 environment, and all other requirements and standards as  
2 prescribed by rules adopted by the board. The requirements and  
3 standards prescribed by the board shall be guided by sustainable  
4 farming principles and practices such as organic, regenerative,  
5 and integrated pest management models to the extent possible,  
6 limit the use of pesticides, whenever possible, and encourage  
7 the use of renewable energies or resources.

8 **§A-72 Cannabis processor; license required.** (a) A  
9 cannabis processor license shall authorize the acquisition,  
10 possession, and processing of cannabis into cannabis products,  
11 and distribution of cannabis to:

- 12 (1) A cannabis processor;
- 13 (2) A medical cannabis dispensary; and
- 14 (3) A retail cannabis store.

15 (b) A cannabis processor shall track the cannabis it  
16 processes from acquisition to testing, distribution, or  
17 destruction.

18 (c) A cannabis processor shall maintain a record of all  
19 samples provided to an independent laboratory, the identity of  
20 the independent laboratory, and the testing results.

21 (d) A cannabis processor shall calculate the equivalent  
22 physical weight of the cannabis flower that is used to process

\_\_\_\_.B. NO.\_\_\_\_

1 the cannabis product and shall make the equivalency calculations  
2 available to the authority, consumer, and medical cannabis  
3 patient.

4 **§A-73 Medical cannabis dispensary; license required.** (a)

5 A medical cannabis dispensary license shall authorize:

- 6 (1) The acquisition and possession of cannabis;  
7 (2) The distribution of cannabis to a retail cannabis  
8 store or a medical cannabis dispensary; and  
9 (3) The dispensing of cannabis from the licensed premises  
10 only to medical cannabis patients or their caregivers.

11 (b) A medical cannabis dispensary shall track all cannabis  
12 it possesses from acquisition to testing, distribution,  
13 dispensing, or destruction.

14 (c) A medical cannabis dispensary shall maintain a record  
15 of all samples provided to an independent laboratory, the  
16 identity of the independent laboratory, and the testing results.

17 (d) Notwithstanding any other law to the contrary, a  
18 medical cannabis dispensary shall not be subject to the  
19 prescription requirement of section 329-38 or the board of  
20 pharmacy licensure or regulatory requirements under chapter 461.

21 **§A-74 Retail cannabis store; license required.** (a) A

22 retail cannabis store license shall authorize:



\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (1) The acquisition and possession of cannabis;  
2 (2) The distribution of cannabis to a retail cannabis  
3 store or a medical cannabis dispensary;  
4 (3) The dispensing of adult-use cannabis from the licensed  
5 premises to consumers; and  
6 (4) The dispensing of cannabis from the licensed premises  
7 to medical cannabis patients or a medical cannabis  
8 patient's caregiver.

9 (b) A retail cannabis store shall ensure adequate access  
10 and product supply to accommodate medical cannabis patients.  
11 The board shall adopt rules to implement this section, including  
12 requirements for:

- 13 (1) Priority access or business hours, or both, for  
14 medical cannabis patients; and  
15 (2) Product supply to ensure medical cannabis patients  
16 have access to the cannabis used to treat their  
17 debilitating condition.

18 (c) A retail cannabis store shall track all cannabis it  
19 possesses from acquisition to testing, distribution, dispensing,  
20 or destruction.

\_\_\_\_.B. NO.\_\_\_\_\_

1 (d) A retail cannabis store shall maintain a record of all  
2 samples provided to an independent laboratory, the identity of  
3 the independent laboratory, and the testing results.

4 (b) Notwithstanding any other law to the contrary, a  
5 retail cannabis store shall not be subject to the prescription  
6 requirement of section 329-38 or the board of pharmacy licensure  
7 or regulatory requirements under chapter 461.

8 **SA-75 Craft cannabis dispensary; license required.** (a) A  
9 craft cannabis dispensary license shall authorize:

10 (1) The limited acquisition and cultivation of cannabis  
11 plants, seeds, cuttings, or clones, and possession and  
12 processing of adult-use cannabis;

13 (2) The limited distribution of adult-use cannabis to:

14 (A) A cannabis processor;

15 (B) A medical cannabis dispensary; and

16 (C) A retail cannabis store; and

17 (3) The limited dispensing of adult-use cannabis from the  
18 licensed premises to consumers.

19 (c) A craft cannabis dispensary shall dispense only its  
20 own cannabis directly to consumers.

21 (d) A craft cannabis dispensary shall distribute only its  
22 own cannabis.

\_\_\_\_.B. NO.\_\_\_\_

1 (e) A craft cannabis dispensary shall not process,  
2 distribute, or dispense medical cannabis products.

3 (f) No craft cannabis dispensary shall have a direct or  
4 indirect interest, including by stock ownership, interlocking  
5 directors, mortgage or lien, personal or real property, or any  
6 other means, in any other licensed business authorized by this  
7 chapter or rules adopted thereunder, including another craft  
8 cannabis dispensary.

9 (g) No licensed business shall have a direct or indirect  
10 interest, including by stock ownership, interlocking directors,  
11 mortgage or lien, personal or real property, or any other means,  
12 in any craft cannabis dispensary.

13 (h) A craft cannabis dispensary shall track all cannabis  
14 it possesses from acquisition to testing, distribution,  
15 dispensing, or destruction.

16 (i) A craft cannabis dispensary shall maintain a record of  
17 all samples provided to an independent laboratory, the identity  
18 of the independent laboratory, and the testing results.

19 (j) The size, scope, and eligibility criteria of a craft  
20 cannabis dispensary shall be determined by rules adopted  
21 pursuant to this chapter; provided that the granting of a craft  
22 cannabis dispensary license shall promote social equity

\_\_\_\_.B. NO.\_\_\_\_

1 applicants as provided for in this chapter and small farms with  
2 a focus on indigenous crops or farming practices.

3 **§A-76 Medical cannabis cooperative; license required.** (a)

4 A medical cannabis cooperative license shall authorize  
5 cultivation, possession, and processing of cannabis for medical  
6 use only on the licensed premises, and limited dispensing of  
7 medical cannabis only by and between the members of the  
8 cooperative.

9 (b) A medical cannabis cooperative shall be comprised of  
10 up to five qualifying patients. A medical cannabis cooperative  
11 member shall be a natural person and shall not be a member of  
12 more than one medical cannabis cooperative. An out-of-state  
13 qualifying patient shall not be a member.

14 (c) A medical cannabis cooperative shall not acquire,  
15 cultivate, possess, or process cannabis for medical use that  
16 exceeds the quantities allowed for each of its members combined.

17 (d) A medical cannabis cooperative shall not dispense any  
18 cannabis for medical use to any of its members that exceeds the  
19 quantities allowed for that member.

20 (e) Each medical cannabis cooperative member shall  
21 designate the licensed premises as their grow site and shall not  
22 cultivate cannabis on any other premises.

\_\_\_\_.B. NO.\_\_\_\_

1 (f) No medical cannabis cooperative may operate on the  
2 same premises as any other licensed business, including another  
3 medical cannabis cooperative.

4 (g) No medical cannabis cooperative member shall have a  
5 direct or indirect financial or controlling interest in any  
6 other licensed business authorized by this chapter or rules  
7 adopted thereunder, including another medical cannabis  
8 cooperative.

9 (h) No medical cannabis cooperative shall have a direct or  
10 indirect interest, including by stock ownership, interlocking  
11 directors, mortgage or lien, personal or real property, or any  
12 other means, in any other licensed business authorized by this  
13 chapter or rules adopted thereunder, including another medical  
14 cannabis cooperative.

15 (i) No other licensed business authorized by this chapter  
16 or rules adopted thereunder shall have a direct or indirect  
17 interest, including by stock ownership, interlocking directors,  
18 mortgage or lien, personal or real property, or any other means,  
19 in any medical cannabis cooperative.

20 (j) The board shall adopt rules related to medical  
21 cannabis cooperatives, including the size and scope of medical

\_\_\_\_.B. NO.\_\_\_\_

1 cannabis cooperatives and other measures designed to incentivize  
2 the use and licensure of medical cannabis cooperatives.

3       **§A-77 Other licenses authorized.** The board may establish  
4 additional license types and grant temporary licenses of any  
5 type specified in this part, in accordance with conditions set  
6 forth in rules adopted pursuant to this chapter.

7       **§A-78 Special use permits.** (a) The board may issue  
8 permits for carrying on activities consistent with the policy  
9 and purpose of this chapter with respect to cannabis and hemp.

10       (b) The board may adopt rules to implement this section,  
11 including reasonable fees, eligibility criteria, types of  
12 permits, and time limits for any permit issued. The types of  
13 permits may include:

14       (1) Industrial hemp permits to authorize the purchase of  
15 industrial hemp from a licensed business for use in  
16 the manufacture and sale of a legal product containing  
17 industrial hemp, such as textiles, construction  
18 materials, and products that are generally recognized  
19 as safe (GRAS) by the FDA for use in foods;

20       (2) Special event and social consumption permits;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (3) Trucking permits to allow for the trucking or  
2 transportation of cannabis by a person other than a  
3 licensed business; and
- 4 (4) Restricted cannabinoid product permits that allow for  
5 the distribution, dispensing, or sale of a restricted  
6 cannabinoid product.

7 **PART VIII. HEMP**

8 **§A-79 Restricted cannabinoid product list.** (a) The  
9 authority shall create and maintain a list of restricted  
10 cannabinoid products, derived from hemp, that shall only be sold  
11 pursuant to a permit issued by the board under section A-78;  
12 provided that the authority may establish an amount of any  
13 restricted cannabinoid that may be allowed in a hemp product;  
14 provided further that the authority may prohibit any restricted  
15 cannabinoid product from being distributed, sold, or offered for  
16 sale entirely. The authority shall publish and make available  
17 the list of restricted cannabinoid products.

18 (b) The board shall adopt rules establishing a process and  
19 procedure for the authority to create and maintain the  
20 restricted cannabinoid product list; provided that the  
21 procedures shall include at a minimum:

\_\_\_\_.B. NO.\_\_\_\_\_

1 (1) Criteria based on public health and public safety for  
2 the authority to determine what constitutes a  
3 restricted cannabinoid product;

4 (2) Criteria based on public health and public safety for  
5 the authority to establish allowable limits for  
6 restricted cannabinoids in hemp products; provided  
7 that the authority may prohibit the restricted  
8 cannabinoid entirely; and

9 (3) A process for petitioning the board to add or remove a  
10 cannabinoid or restricted cannabinoid product from the  
11 restricted cannabinoid list.

12 **SA-80 Hemp cultivator; license required.** (a) No person  
13 shall cultivate hemp except in accordance with this section.  
14 Cultivating hemp without a license to produce hemp issued by the  
15 Secretary of the United States Department of Agriculture  
16 pursuant to title 7 United States Code section 1639q, shall be  
17 considered unlicensed cultivation of cannabis.

18 (b) Notwithstanding any law to the contrary, it shall be  
19 legal for a person to cultivate hemp only if they hold a license  
20 to produce hemp, issued by the Secretary of the United States  
21 Department of Agriculture pursuant to title 7 United States Code  
22 section 1639q; provided that:



\_\_\_\_.B. NO.\_\_\_\_\_

1 (1) Hemp shall not be cultivated within three hundred feet  
2 of pre-existing real property comprising a playground,  
3 childcare facility, or school;

4 (2) Hemp shall not be cultivated within one hundred feet  
5 of any pre-existing house, dwelling unit, residential  
6 apartment, or other residential structure that is not  
7 owned or controlled by the license holder;

8 (3) Hemp shall not be cultivated, stored, or comingled  
9 with cannabis; and

10 (4) Hemp shall not be cultivated on any premises licensed  
11 under this chapter, except on the licensed premises of  
12 a hemp processor.

13 (c) A hemp cultivator may distribute or sell hemp flower;  
14 provided that:

15 (1) The hemp flower has passed all compliance testing  
16 required by the United States Department of  
17 Agriculture; and

18 (2) The hemp flower meets all other requirements for  
19 selling hemp, including testing, packaging, and  
20 labeling, as provided in this chapter and rules  
21 adopted thereunder.

\_\_\_\_.B. NO.\_\_\_\_\_

1 (d) A hemp cultivator licensed by the United States  
2 Department of Agriculture to cultivate hemp in the State shall  
3 comply with all regulations established by the United States  
4 Department of Agriculture, including all inspection, sampling,  
5 and compliance testing requirements.

6 (e) The board shall adopt rules pursuant to this chapter  
7 to implement this section; provided that the rules adopted by  
8 the board shall not require pre-harvest inspections, pre-harvest  
9 sampling, or pre-harvest compliance testing with respect to the  
10 cultivation of hemp as regulated by the United States Department  
11 of Agriculture.

12 (f) In addition to any other penalties allowed by law, any  
13 person who violates this section or any rule adopted pursuant to  
14 this section shall be fined no more than \$1,000 for each  
15 separate violation. Each day on which a violation occurs or  
16 continues shall be counted as a separate violation.

17 (g) Any notice of violation of this section may be  
18 accompanied by a cease-and-desist order. The violation of the  
19 cease-and-desist order shall constitute a further violation of  
20 this section.

21 (h) Any person aggrieved by a notice of violation issued  
22 under this section may request a contested case hearing pursuant

\_\_\_\_.B. NO.\_\_\_\_\_

1 to chapter 91. To request a contested case hearing, the person  
2 shall submit a written request to the board within thirty  
3 calendar days of the date of the notice of violation. Appeal to  
4 the circuit court under section 91-14, or any other applicable  
5 statute, shall only be taken from the board's final order  
6 pursuant to a contested case.

7 (i) Any action taken to recover, collect, or enforce the  
8 administrative penalty provided for in this section shall be  
9 considered a civil action. For any judicial proceeding to  
10 recover an administrative penalty imposed pursuant to subsection  
11 (f) or to enforce a cease-and-desist order issued pursuant to  
12 subsection (g), the authority may petition any court of  
13 appropriate jurisdiction and need only show that:

- 14 (1) Notice was given;
- 15 (2) A hearing was held, or the time granted for requesting  
16 a hearing has expired without such a request;
- 17 (3) The administrative penalty was imposed on the  
18 individual or entity cultivating hemp; and
- 19 (4) The penalty remains unpaid, or the order was not  
20 complied with.

21 **§A-81 Hemp processor; license required.** (a) No person  
22 shall process hemp without a hemp processor license issued

\_\_\_\_.B. NO.\_\_\_\_\_

1 pursuant to this chapter and any rules adopted thereunder;  
2 provided that this section shall not apply to industrial hemp.

3 (b) A hemp processor license shall authorize the  
4 acquisition, possession, and processing of hemp into hemp  
5 products and the distribution of hemp products in compliance  
6 with this chapter.

7 (c) A hemp processor license shall not authorize the  
8 distribution, dispensing, or sale of any cannabis or restricted  
9 cannabinoid product.

10 (d) Hemp shall be processed within an indoor facility in  
11 compliance with all applicable state laws and city ordinance,  
12 including zoning ordinances, building codes, and fire codes.  
13 Hemp may be processed in an agricultural building or structure  
14 pursuant to section 46-88; provided that the hemp is processed  
15 without the use of heat, volatile compounds, or gases under  
16 pressure and the building and processing operation is in  
17 compliance with all applicable state laws and city ordinances,  
18 including zoning ordinances and fire codes.

19 **§A-82 Hemp products.** (a) The board shall adopt rules  
20 pursuant to this chapter to establish requirements,  
21 restrictions, and standards regarding the types, ingredients,  
22 and designs of hemp and hemp products, including potency limits

\_\_\_\_.B. NO.\_\_\_\_\_

1 and cannabinoid limits on hemp products; provided that this  
2 section shall not apply to industrial hemp.

3 (b) No person shall distribute, sell, or offer for sale  
4 crude hemp extract to any person; except that crude hemp extract  
5 may be sold only to a hemp processor with a valid license issued  
6 by the authority pursuant to section A-81 or equivalent  
7 authority from a regulatory agency in another jurisdiction.

8 (c) No person shall distribute, sell, or offer for sale  
9 any restricted cannabinoid product unless that person holds a  
10 permit to distribute, sell, or offer for sale, restricted  
11 cannabinoid products issued by the board pursuant to section A-  
12 78.

13 (d) No person shall distribute, sell, or offer for sale  
14 any hemp product used to aerosolize for respiratory routes of  
15 delivery, such as an inhaler, vape pen, or other device designed  
16 for such purpose.

17 (e) Except for a hemp product intended for external  
18 topical application to the skin or hair, no person shall  
19 distribute, sell, or offer for sale any hemp product intended to  
20 be introduced via non-oral routes of entry to the body,  
21 including use in eyes, ears, and nasal cavities.

\_\_\_\_.B. NO.\_\_\_\_\_

1       **§A-83 Definitions.** As used in this part, unless the  
2 context otherwise requires:

3       "Social equity applicant" means an applicant for  
4 licensure or permit under this chapter, or for a grant  
5 pursuant to the social equity program established under  
6 section A-84, who is a resident of the State that meets one  
7 or more of the following criteria:

8       (1) An applicant with at least fifty-one per cent  
9 ownership and control by one or more individuals  
10 who have resided for at least five of the  
11 preceding ten years in a disproportionately  
12 impacted area;

13       (2) For applicants with a minimum of ten full-time  
14 employees, an applicant with at least fifty-one  
15 per cent of current employees who currently reside  
16 in a disproportionately impacted area; or

17       (3) An applicant satisfying any other criteria determined  
18 by the board and adopted as rules under this chapter.

19       **§A-84 Social equity program.** (a) The board shall  
20 establish a social equity program for the purposes of  
21 providing grants to social equity applicants.

\_\_\_\_.B. NO.\_\_\_\_\_

1 (b) The authority, through the chief equity officer or  
2 the executive director shall have the power to:

3 (1) Provide grants to assist social equity applicants  
4 in gaining entry to, and successfully operating  
5 in, the State's regulated cannabis industry,  
6 including grants for financial assistance,  
7 industry training, and technical assistance;

8 (2) Provide grants to assist social equity applicants  
9 that are community-based organizations for the  
10 purpose of developing, implementing, and  
11 supporting non-profit projects, services, and  
12 programs that address community needs of  
13 disproportionately impacted areas, including  
14 housing and childcare programs;

15 (3) Provide staff, administration, and related support  
16 required to administer this section;

17 (4) Enter into agreements that set forth terms and  
18 conditions of the grants, accept funds or grants,  
19 and cooperate with private entities and state or  
20 county agencies to carry out the purposes of this  
21 section;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (5) Fix, determine, charge, and collect any premiums,  
2           fees, charges, costs, and expenses, including  
3           application fees, commitment fees, program fees,  
4           financing charges, and publication fees in  
5           connection with the social equity program;
- 6           (6) Take whatever actions are necessary or appropriate  
7           to protect the State's interest in the event of  
8           bankruptcy, default, foreclosure, or noncompliance  
9           with the terms and conditions of grants provided  
10          under this section, including the ability to  
11          recapture funds if the grant recipient is found to  
12          be noncompliant with the terms and conditions of  
13          the grant agreement;
- 14          (7) Establish application, notification, contract, and  
15          other forms and procedures deemed necessary and  
16          appropriate to implement the social equity  
17          program; and
- 18          (8) Utilize vendors or contract work to carry out the  
19          purposes of this part.
- 20          (c) The board shall adopt rules pursuant to this chapter  
21          to implement this part, including:



\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (1) Additional requirements and qualifications for  
2 determining eligibility of social equity  
3 applicants for grants;
- 4 (2) Preferences and priorities in determining  
5 eligibility for grants;
- 6 (3) Conditions, consistent with the purpose of this  
7 chapter, for the awarding of grants;
- 8 (4) Requirements for the inspection at reasonable  
9 hours of facilities, books, and records of a  
10 social equity applicant or a grant recipient;
- 11 (5) Requirements for the submission of progress and  
12 final reports by grant recipients; and
- 13 (6) Appropriate management counseling and monitoring  
14 of business activities for grant recipients.
- 15 (d) The authority shall submit an annual report on the  
16 social equity program to the governor and the legislature no  
17 later than twenty days prior to the convening of each regular  
18 session. The report shall detail the outcomes and  
19 effectiveness of this section during the prior fiscal year,  
20 including the following:
- 21 (1) The number of social equity applicants who received  
22 financial assistance under this section;

\_\_\_\_.B. NO.\_\_\_\_

1 (2) The amount of grants awarded in the aggregate;

2 (3) The location of the project engaged in by each grant  
3 recipient; and

4 (4) If applicable, the number of new jobs and other  
5 forms of economic output created as a result of the  
6 grants.

7 (e) The authority shall include engagement with  
8 individuals with limited English proficiency as part of the  
9 social equity program.

10 (f) The authority shall make available to the public  
11 its rubric for determining eligibility for social equity  
12 grants.

13 **§A-85 Social equity grants; standards and conditions.** (a)  
14 Grants made under this part shall be awarded on a competitive  
15 and annual basis. Grants made under this part shall further and  
16 promote the goals of the social equity program.

17 (b) Applications for grants shall be made to the authority  
18 and contain such information as shall be required by rules  
19 adopted thereunder. At a minimum, an applicant shall show:

20 (1) The name of the applying business entity or  
21 individual;

\_\_\_\_.B. NO.\_\_\_\_\_

1 (2) That the applicant meets the criteria for a social  
2 equity applicant;

3 (3) The intended use of the grant; and

4 (4) The target group or community to be benefited by the  
5 grants.

6 (c) Recipients of grants shall be subject to the following  
7 conditions:

8 (1) The recipient of a grant shall not use public funds  
9 for purposes of entertainment or perquisites,  
10 including lobbying activities;

11 (2) The recipient of a grant shall comply with state laws  
12 and county ordinances;

13 (3) The recipient of a grant shall comply with any other  
14 requirements that may be prescribed by rules adopted  
15 pursuant to this chapter;

16 (4) The recipient of a grant shall allow the authority,  
17 the legislative bodies, and the legislative auditor  
18 full access to records, reports, files, and other  
19 related documents so that the program, management, and  
20 fiscal practices of the grant recipient may be  
21 monitored and evaluated to assure the proper and  
22 effective expenditure of public funds;

\_\_\_\_.B. NO.\_\_\_\_

1 (5) Every grant shall be monitored according to rules  
2 adopted pursuant to this chapter to ensure compliance  
3 with this part; and

4 (6) Any recipient of a grant under this part who withholds  
5 or omits any material fact or deliberately  
6 misrepresents facts to the authority or who violates  
7 the terms of the grant agreement shall be in violation  
8 of this section and, in addition to any other  
9 penalties provided by law, shall be prohibited from  
10 applying for a grant or any other benefits under this  
11 part for a period of five years from the date of  
12 termination.

13 **SA-86 Fee waivers.** (a) For social equity applicants,  
14 the authority shall waive fifty per cent of any license  
15 application fees and any fees associated with purchasing a  
16 license to operate a licensed business for the first five  
17 years of the applicant's operations; provided that the social  
18 equity applicant meets the following qualifications at the  
19 time the payment is due:

20 (1) The applicant, including all persons with a direct  
21 or indirect interest in the applicant, has less

\_\_\_\_.B. NO.\_\_\_\_

1 than a total of \$750,000 of income in the previous  
2 calendar year; and

3 (2) The applicant, including all persons with a direct  
4 or indirect interest in the applicant, has no more  
5 than three other licenses under this chapter.

6 (b) The authority shall require social equity  
7 applicants to attest that they meet the requirements for a  
8 fee waiver as provided in subsection (a) and to provide  
9 evidence of annual total income in the previous calendar  
10 year.

11 (c) If the authority determines that an applicant who  
12 applied for a fee waiver is not eligible as a social equity  
13 applicant, the applicant shall be provided an additional ten  
14 calendar days to provide alternative evidence that the  
15 applicant qualifies as a social equity applicant.

16 Alternatively, the applicant may pay the remainder of the  
17 waived fee and be considered as a non-social equity  
18 applicant. If the applicant fails to do either, the  
19 authority may retain the initial application fee and the  
20 application shall be deemed withdrawn.

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1           **§A-87 Public health and education campaigns.** No later  
2 than July 1, 2025, the authority shall develop and implement a  
3 comprehensive public health and education campaign regarding the  
4 legalization of cannabis and the impact of cannabis use on  
5 public health and public safety, including the health risks  
6 associated with cannabis and ways to protect children. The  
7 public health and education campaign shall also include  
8 education to the public about the Hawaii cannabis law, including  
9 the potential risks associated with patronizing unlicensed  
10 dispensary locations, or otherwise procuring cannabis through  
11 persons not authorized by the authority. After the initial  
12 campaign, the authority shall continue to develop and implement  
13 a comprehensive public health and education campaign on issues  
14 related to cannabis periodically, as necessary.

15           **§A-88 Public health and education grant program.** (a)  
16 The board shall establish a public health and education grant  
17 program for the purposes of providing grants to substance abuse  
18 prevention and treatment programs and programs dedicated to  
19 educating the public about cannabis use and laws, and  
20 preventing and treating substance abuse, especially among  
21 youth.

\_\_\_\_.B. NO.\_\_\_\_

1 (b) The authority, through the chief public health and  
2 environmental officer or the executive director, shall have the  
3 power to:

4 (1) Provide grants to assist substance abuse prevention  
5 and substance abuse treatment programs in the State;

6 (2) Provide grants to assist community-based  
7 organizations with developing, implementing, and  
8 supporting youth services, including youth  
9 recreational centers, services for housing,  
10 counseling, and preventing or treating youth  
11 substance abuse;

12 (3) Provide grants to assist community-based  
13 organizations with developing, implementing, and  
14 supporting programs for individuals with a dual  
15 diagnosis of mental disorder and substance abuse  
16 problem, including services for housing, residential  
17 treatment, outpatient treatment, counseling, and  
18 other related services;

19 (4) Provide staff, administration, and related support  
20 required to administer this part;

21 (5) Enter into agreements that set forth terms and  
22 conditions of the grants, accept funds or grants, and

\_\_\_\_.B. NO.\_\_\_\_\_

1 cooperate with private entities and state or county  
2 agencies to carry out the purposes of this part;

3 (6) Fix, determine, charge, and collect any premiums,  
4 fees, charges, costs, and expenses, including  
5 application fees, commitment fees, program fees,  
6 financing charges, or publication fees in connection  
7 with its activities under this section;

8 (7) Take whatever actions are necessary or appropriate to  
9 protect the State's interest in the event of  
10 bankruptcy, default, foreclosure, or noncompliance  
11 with the terms and conditions of grants provided  
12 under this section, including the ability to  
13 recapture funds if the grant recipient is found to be  
14 noncompliant with the terms and conditions of the  
15 grant agreement;

16 (8) Establish application, notification, contract, and  
17 other forms and procedures deemed necessary and  
18 appropriate to administer this part; and

19 (9) Utilize vendors or contract work to carry out the  
20 purposes of this part.

21 (c) The board shall adopt rules pursuant to this chapter  
22 to implement this part, including:



\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (1) Additional requirements and qualifications for  
2 determining eligibility of applicants for grants;
- 3 (2) Preferences and priorities in determining eligibility  
4 for grants;
- 5 (3) Conditions, consistent with the purpose of this  
6 chapter, for the awarding of grants;
- 7 (4) Requirements for the inspection at reasonable hours  
8 of facilities, books, and records of a grant  
9 applicant or grant recipient;
- 10 (5) Requirements for the submission of progress and final  
11 reports by grant recipients; and
- 12 (6) Appropriate management counseling and monitoring of  
13 business activities for grant recipients.
- 14 (d) The authority shall submit an annual report on the  
15 public health and education grant program to the governor and  
16 the legislature no later than twenty days prior to the convening  
17 of each regular session. The report shall detail the outcomes  
18 and effectiveness of this section during the prior fiscal year,  
19 including the following:
- 20 (1) The number of persons or businesses who received  
21 financial assistance under this section;
- 22 (2) The amount of grants awarded in the aggregate;

\_\_\_\_.B. NO.\_\_\_\_\_

1 (3) The location of the project engaged in by each grant  
2 recipient; and

3 (4) If applicable, the number of new jobs and other forms  
4 of economic output created as a result of the grants.

5 **§A-89 Public health and education grants; standards and**

6 **conditions.** (a) Grants made under this part shall be awarded  
7 on a competitive and annual basis. Grants made under this part  
8 shall further and promote the goals of this chapter.

9 (b) Applications for grants shall be made to the authority  
10 and contain such information as shall be required by rules  
11 adopted thereunder. At a minimum, an applicant shall show:

12 (1) The name of the applying organization or individual;

13 (2) That the applicant meets the criteria for the grant;

14 (3) The intended use of the grant; and

15 (4) The target group or community to be benefited by the  
16 grant.

17 (c) Recipients of grants shall be subject to the following  
18 conditions:

19 (1) The recipient of a grant shall not use public funds  
20 for purposes of entertainment or perquisites,  
21 including lobbying activities;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (2) The recipient of a grant shall comply with state laws  
2                   and county ordinances;
- 3           (3) The recipient of a grant shall comply with any other  
4                   requirements that may be prescribed by rules adopted  
5                   pursuant to this chapter;
- 6           (4) The recipient of a grant shall allow the authority,  
7                   the legislative bodies, and the legislative auditor  
8                   full access to records, reports, files, and other  
9                   related documents so that the program, management, and  
10                  fiscal practices of the grant recipient may be  
11                  monitored and evaluated to assure the proper and  
12                  effective expenditure of public funds;
- 13          (5) Every grant shall be monitored according to rules  
14                  adopted pursuant to this chapter to ensure compliance  
15                  with this part; and
- 16          (6) Any recipient of a grant under this part who withholds  
17                  or omits any material fact or deliberately  
18                  misrepresents facts to the authority or who violates  
19                  the terms of the grant agreement shall be in violation  
20                  of this section and, in addition to any other  
21                  penalties provided by law, shall be prohibited from  
22                  applying for a grant or any other benefits under this

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1 part for a period of five years from the date of  
2 termination.

3 **PART XI. PUBLIC SAFETY**

4 **SA-90 Public safety grant program.** (a) The board shall  
5 establish a public safety grant program for the purposes of  
6 providing grants to state and county agencies and private  
7 entities to assist with public safety resources relating to  
8 cannabis, including law enforcement resources.

9 (b) The authority, through the chief compliance officer  
10 or executive director, shall have the power to:

11 (1) Provide grants to train and certify state and county  
12 law enforcement officers as drug recognition experts  
13 for detecting, identifying, and apprehending  
14 individuals operating a vehicle under the influence  
15 of an intoxicant or otherwise impaired;

16 (2) Provide grants to develop, implement, and support  
17 crisis intervention services, including alternative  
18 response programs and co-response programs that  
19 provide trained social service providers or mental  
20 health counsellors to respond to, or assist law  
21 enforcement agencies with responding to, non-violent

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- 1 emergencies, including welfare checks, public  
2 intoxication, and mental health episodes;
- 3 (3) Provide grants to train state and county law  
4 enforcement officers in mental health first aid;
- 5 (4) Provide grants for the effective enforcement and  
6 prosecution of violations of the nuisance abatement  
7 laws under chapter 712, part V;
- 8 (5) Provide grants to harm reduction programs, including  
9 crisis outreach programs, food banks, mental health  
10 support, homeless outreach, outpatient treatment  
11 programs, and housing assistance;
- 12 (6) Provide grants to improve data sharing across law  
13 enforcement agencies and the judiciary;
- 14 (7) Provide grants to state and county law enforcement  
15 agencies for equipment and training to assist with  
16 investigating and prosecuting illegal activities  
17 related to cannabis;
- 18 (8) Provide staff, administration, and related support  
19 required to administer this part;
- 20 (9) Enter into agreements that set forth terms and  
21 conditions of the grants, accept funds or grants, and

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1 cooperate with private entities and state or county  
2 agencies to carry out the purposes of this part;

3 (10) Fix, determine, charge, and collect any premiums,  
4 fees, charges, costs, and expenses, including  
5 application fees, commitment fees, program fees,  
6 financing charges, or publication fees in connection  
7 with its activities under this section;

8 (11) Take whatever actions are necessary or appropriate to  
9 protect the State's interest in the event of  
10 bankruptcy, default, foreclosure, or noncompliance  
11 with the terms and conditions of grants provided  
12 under this section, including the ability to  
13 recapture funds if the grant recipient is found to  
14 be noncompliant with the terms and conditions of the  
15 grant agreement;

16 (12) Establish application, notification, contract, and  
17 other forms and procedures deemed necessary and  
18 appropriate to administer this part; and

19 (13) Utilize vendors or contract work to carry out the  
20 purposes of this part.

21 (c) The board shall adopt rules pursuant to this chapter  
22 to implement this part, including:

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- 1 (1) Additional requirements and qualifications for  
2 determining eligibility of applicants for grants;
- 3 (2) Preferences and priorities in determining eligibility  
4 for grants;
- 5 (3) Conditions, consistent with the purpose of this  
6 chapter, for the awarding of grants;
- 7 (4) Requirements for the inspection at reasonable hours  
8 of facilities, books, and records of a grant  
9 applicant or grant recipient;
- 10 (5) Requirements for the submission of progress and final  
11 reports by grant recipients; and
- 12 (6) Appropriate management counseling and monitoring of  
13 business activities for grant recipients.
- 14 (d) The authority shall submit an annual report on the  
15 public safety grant program to the governor and the legislature  
16 no later than twenty days prior to the convening of each regular  
17 session. The report shall detail the outcomes and effectiveness  
18 of this section during the prior fiscal year, including the  
19 following:
- 20 (1) The number of persons, businesses, or agencies  
21 receiving financial assistance under this section;
- 22 (2) The amount of grants awarded in the aggregate;

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1 (3) The location of the project engaged in by the person,  
2 business, or agency; and

3 (4) If applicable, the number of new jobs and other forms  
4 of economic output created as a result of the grants.

5 **§A-91 Public safety grants; standards and conditions.**

6 (a) Grants made under this part shall be awarded on a  
7 competitive and annual basis. Grants made under this part shall  
8 further and promote the goals of this chapter.

9 (b) Applications for grants shall be made to the authority  
10 and contain such information as shall be required by rules  
11 adopted thereunder. At a minimum, an applicant shall show:

12 (1) The name of the applying organization or individual;

13 (2) That the applicant meets the criteria for the grant;

14 (3) The intended use of the grant; and

15 (4) The target group or community to be benefited by the  
16 grant.

17 (c) Recipients of grants shall be subject to the following  
18 conditions:

19 (1) The recipient of a grant shall not use public funds  
20 for purposes of entertainment or perquisites,  
21 including lobbying activities;



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- 1           (2) The recipient of a grant shall comply with state laws  
2                   and county ordinances;
- 3           (3) The recipient of a grant shall comply with any other  
4                   requirements that may be prescribed by rules adopted  
5                   pursuant to this chapter;
- 6           (4) The recipient of a grant shall allow the authority,  
7                   the legislative bodies, and the legislative auditor  
8                   full access to records, reports, files, and other  
9                   related documents so that the program, management, and  
10                  fiscal practices of the grant recipient may be  
11                  monitored and evaluated to assure the proper and  
12                  effective expenditure of public funds;
- 13          (5) Every grant shall be monitored according to rules  
14                  adopted pursuant to this chapter to ensure compliance  
15                  with this part; and
- 16          (6) Any recipient of a grant under this part who withholds  
17                  or omits any material fact or deliberately  
18                  misrepresents facts to the authority or who violates  
19                  the terms of the grant agreement shall be in violation  
20                  of this section and, in addition to any other  
21                  penalties provided by law, shall be prohibited from  
22                  applying for a grant or any other benefits under this

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1 part for a period of five years from the date of  
2 termination.

3 **PART XII. MISCELLANEOUS**

4 **§A-92 Banking.** (a) A financial institution that receives  
5 deposits, extends credit, conducts fund transfers, transports  
6 cash or financial instruments, or provides other financial  
7 services customarily provided by financial institutions shall  
8 not be penalized or punished under any criminal law, including  
9 chapter 708A, or under any provision of the code of financial  
10 institutions, chapter 412, solely by virtue of the fact that the  
11 person receiving the benefit of any of those services engages in  
12 commercial cannabis activity as a cannabis business licensed  
13 pursuant to this chapter.

14 (b) A cannabis business may request in writing that the  
15 authority share the cannabis business's application, license,  
16 and other regulatory and financial information, with a financial  
17 institution of the cannabis business's designation. The  
18 cannabis business shall include in that written request a waiver  
19 authorizing the transfer of that information and waiving any  
20 confidentiality or privilege that applies to that information.

21 (c) Notwithstanding any other law to the contrary, upon  
22 receipt of a written request and waiver pursuant to subsection

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1 (b), the authority may share the cannabis business's  
2 application, license, and other regulatory and financial  
3 information with the financial institution designated by the  
4 cannabis business in that request for the purpose of  
5 facilitating the provision of financial services for that  
6 cannabis business.

7 (d) A cannabis business that provides a waiver may  
8 withdraw that waiver in writing at any time. Upon receipt of  
9 the written withdrawal of the waiver, the authority shall cease  
10 to share application, license, or other regulatory or financial  
11 information with the financial institution.

12 (e) This section shall be construed to refer only to the  
13 disclosure of information by the authority reasonably necessary  
14 to facilitate the provision of financial services for the  
15 cannabis business making a request pursuant to this section.  
16 Nothing in this section shall be construed to authorize the  
17 disclosure of confidential or privileged information, nor waive  
18 a cannabis business's rights to assert confidentiality or  
19 privilege, except to a financial institution as provided herein  
20 and except as reasonably necessary to facilitate the provision  
21 of financial services for the cannabis business making the  
22 request.

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1 (f) For the purpose of this section:

2 "Application, license, and other regulatory and financial  
3 information" includes, but is not limited to, information in the  
4 tracking system established pursuant to section A-58.

5 "Financial institution" has the same meaning as in section  
6 412:1-109.

7 **§A-93 Hawaii-grown labeling.** In addition to all other  
8 labeling requirements, the identity statement used for labeling  
9 or advertising cannabis or hemp shall identify the percentage of  
10 Hawaii-grown cannabis or hemp; provided that any hemp product  
11 containing hemp not grown or processed in Hawaii shall identify  
12 the origin and percentage of the hemp from outside Hawaii in the  
13 hemp product; provided further that if the hemp product contains  
14 hemp from multiple origins, the hemp product shall identify the  
15 percentage of hemp origin as "United States" or "Foreign" if the  
16 hemp product includes hemp from a source outside of the United  
17 States.

18 **§A-94 Data collection and research.** (a) The authority  
19 shall collect data and develop a research agenda in order to  
20 understand the social and economic trends of cannabis in the  
21 State, to inform future decisions that would aid in the closure  
22 of the illicit marketplace, and to inform the authority on the

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1 public health impacts of cannabis. The research agenda shall  
2 include:

3 (1) Patterns of use, methods of consumption, sources of  
4 purchase and general perceptions of cannabis among  
5 minors, among college and university students and  
6 among adults;

7 (2) Incidents of driving under the influence,  
8 hospitalization, and use of other health care services  
9 related to cannabis use;

10 (3) Economic and fiscal impacts for the State, including  
11 the impact of legalization on the production and  
12 distribution of cannabis in the illicit market and the  
13 costs and benefits to state revenue;

14 (4) Ownership and employment trends in the cannabis  
15 industry;

16 (5) A market analysis examining the expansion or  
17 contraction of the illicit marketplace and the  
18 expansion or contraction of the legal marketplace,  
19 including estimates and comparisons of pricing and  
20 product availability in both markets;

21 (6) A compilation of data on the number of incidents of  
22 discipline in schools, including suspensions or

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1 expulsions, resulting from the use or possession of  
2 cannabis; and

3 (7) A compilation of data on the number of civil  
4 penalties, arrests, prosecutions, incarcerations, and  
5 sanctions imposed for violations of chapter A for  
6 possession, distribution, or trafficking of cannabis.

7 (b) The authority shall incorporate available data into  
8 its research agenda, including baseline studies, and coordinate  
9 and form partnerships with the department of health, the  
10 department of education, the department of agriculture, the  
11 department of the attorney general, the department of law  
12 enforcement, and the police department of each county. The  
13 departments listed in this subsection shall:

14 (1) Provide the authority with any existing data requested  
15 by the authority, subject to any applicable  
16 confidentiality laws and regulations regarding  
17 personally identifying information and personal health  
18 information; and

19 (2) Collect data, as reasonably requested by the  
20 authority, to complete the authority's research  
21 agenda.

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1 (c) Any personally identifiable information or personal  
2 health information contained in data acquired through this  
3 section shall not be considered a public record and shall not be  
4 subject to disclosure.

5 (d) The authority shall annually report on the results of  
6 its research agenda and, when appropriate, make recommendations  
7 for further research or policy changes. The annual reports  
8 shall be posted online in a machine-readable format on the  
9 authority's website.

10 PART III

11 SECTION 3. The purpose of this part is to impose a tax on  
12 the retail sale of cannabis for personal adult use.

13 SECTION 4. The Hawaii Revised Statutes is amended by  
14 adding to title 14 a new chapter to be appropriately designated  
15 and to read as follows:

16 "CHAPTER B

17 HAWAII CANNABIS TAX LAW

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

20 "Cannabis" has the same meaning as in section A-3.

21 "Cannabis retailer" means a person who engages in the  
22 retail sale of cannabis pursuant to a license or permit issued

\_\_\_\_.B. NO.\_\_\_\_\_

1 under chapter A. For the purposes of this chapter, "cannabis  
2 retailer" includes a retail cannabis store, a craft cannabis  
3 dispensary, and any permit holder who engages in the retail sale  
4 of cannabis pursuant to a permit issued under chapter A and does  
5 not include a medical cannabis dispensary.

6 "Craft cannabis dispensary" has the same meaning as in  
7 section A-3.

8 "Department" means the department of taxation.

9 "Director" means the director of taxation.

10 "Medical cannabis" has the same meaning as in section A-3.

11 "Medical cannabis dispensary" has the same meaning as in  
12 section A-3.

13 "Person" includes one or more individuals, a company, a  
14 corporation, a partnership, an association, or any other type of  
15 legal entity, and also includes an officer or employee of a  
16 corporation, a partner or employee of a partnership, a trustee  
17 of a trust, a fiduciary of an estate, or a member, employee, or  
18 principal of any other entity, who as such officer, employee,  
19 partner, trustee, fiduciary, member, or principal is under a  
20 duty to perform and is principally responsible for performing  
21 the act.



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1 "Retail cannabis store" has the same meaning as in section  
2 A-3.

3 "Retail sale" has the same meaning as "Retailing" or "sales  
4 at retail" in section 237-1.

5 **§B-2 Cannabis tax permit.** (a) No person shall engage in  
6 the retail sale of cannabis unless a permit has been issued to  
7 the person as hereinafter prescribed, and the permit is in full  
8 force and effect.

9 (b) Beginning January 1, 2025, every person engaged in  
10 sales at retail of cannabis shall obtain a cannabis tax permit  
11 prior to engaging in such sales.

12 (c) The cannabis tax permit shall be issued by the  
13 department upon application and compliance with all requirements  
14 of the permit by the applicant. The cannabis tax permit shall  
15 be issued in the form and manner prescribed by the department  
16 and following the payment of an application fee of \$25.

17 (d) No cannabis tax permit shall be issued to a cannabis  
18 retailer that is not compliant with the tax filing and payment  
19 obligations under title 14.

20 (e) Cannabis tax permits shall be valid for no more than  
21 one year and expire on December 31 of the permit application  
22 year. Cannabis tax permits may be renewed annually upon

\_\_\_\_.B. NO.\_\_\_\_

1 application by a cannabis retailer in the form and manner  
2 prescribed by the department and the payment of a renewal fee of  
3 \$25. Whenever a cannabis tax permit is defaced, destroyed, or  
4 lost, or the permittee relocates the permittee's business, the  
5 department may issue a duplicate cannabis tax permit to the  
6 permittee for a fee of \$5 per copy.

7 (g) A separate cannabis tax permit shall be obtained for  
8 each place of business owned, controlled, or operated by a  
9 cannabis retailer. A cannabis retailer who owns or controls  
10 more than one place of business may submit a single application  
11 for more than one cannabis tax permit; provided that the  
12 application fee of \$25 shall be required for each permit. Each  
13 cannabis tax permit issued shall clearly describe the place of  
14 business where the operation of the cannabis retailer is  
15 conducted.

16 (h) A cannabis tax permit shall be non-assignable and non-  
17 transferable. A cannabis tax permit may be transferred from one  
18 business location to another business location after an  
19 application has been filed with the department requesting that  
20 transfer, the applicant has paid a transfer fee of \$25, and  
21 approval has been obtained from the department.

\_\_\_\_.B. NO.\_\_\_\_

1 (i) Any cannabis tax permit issued under this chapter  
2 shall be displayed at all times in a conspicuous place at each  
3 of the licensed premises of the cannabis retailer.

4 **SB-3 Tax.** (a) Upon every person engaging or continuing  
5 in the retail sale of cannabis there is hereby levied and shall  
6 be assessed and collected a tax pursuant to section 237-13(9).  
7 Where the tax imposed has been paid on cannabis that thereafter  
8 becomes the subject of a casualty loss deduction allowable under  
9 chapter 235, the tax paid shall be refunded or credited to the  
10 account of the permittee.

11 (b) The taxes imposed under subsection (a) shall not apply  
12 to sales of medical cannabis by a cannabis retailer.

13 **SB-4 Return; forms; contents.** Every person engaging or  
14 continuing in the retail sale of cannabis shall, on or before  
15 the twentieth day of each month, file with the department in the  
16 taxation district in which the person's places of business are  
17 located, or with the department in Honolulu, a return showing  
18 all sales of cannabis and of the taxes chargeable against the  
19 person engaging or continuing in the retail sale of cannabis  
20 under section B-3 made by the person during the preceding month,  
21 showing separately the amount of the nontaxable sales, the  
22 amount of the taxable sales, and the tax payable thereon. The

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1 form of return shall be prescribed by the department and shall  
2 contain such information as it may deem necessary for the proper  
3 administration of this chapter.

4 **§B-5 Payment of tax; penalties.** (a) At the time of the  
5 filing of the return required under section B-4 and within the  
6 time prescribed therefor, each person engaging or continuing in  
7 the retail sale of cannabis shall pay to the department the tax  
8 imposed by this chapter, required to be shown by the return.

9 (b) Penalties and interest shall be added to and become a  
10 part of the tax, when and as provided by section 231-39.

11 **§B-6 Limitation period for assessment levy, collection, or**  
12 **credit; net operating loss carrybacks.** (a) General rule. The  
13 amount of taxes imposed by this chapter shall be assessed or  
14 levied and the overpayment, if any, shall be credited within  
15 three years after filing of the return for the taxable period,  
16 or within three years of the due date prescribed for the filing  
17 of the return, whichever is later. No proceeding in court  
18 without assessment for the collection of the taxes or the  
19 enforcement of the liability shall be begun after the expiration  
20 of the period. Where the assessment of the tax imposed by this  
21 chapter has been made within the period of limitation applicable  
22 thereto, the tax may be collected by levy or by a proceeding in

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1 court under chapter 231; provided that the levy is made, or the  
2 proceeding was begun within fifteen years after the assessment  
3 of the tax.

4 Notwithstanding any other provision to the contrary in this  
5 section, the limitation on collection after assessment in this  
6 section shall be suspended for the period:

7 (1) The taxpayer agrees to suspend the period;

8 (2) The assets of the taxpayer are in control or custody  
9 of a court in any proceeding before any court of the  
10 United States or any state, and for six months  
11 thereafter;

12 (3) An offer in compromise under section 231-3(10) is  
13 pending; and

14 (4) During which the taxpayer is outside the State for a  
15 continuous period of at least six months; provided  
16 that if at the time of the taxpayer's return to the  
17 State the period of limitations on collection after  
18 assessment would expire before the expiration of six  
19 months from the date of the taxpayer's return, the  
20 period shall not expire before the expiration of the  
21 six months.

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1 (b) Limitations on credit or refund. Claim for credit or  
2 refund of an overpayment of any tax imposed by this chapter  
3 shall be filed by the taxpayer or employer within three years  
4 from the time the return was filed or from the due date  
5 prescribed for the filing of the return, or within two years  
6 from the time the tax was paid, whichever is later. For the  
7 purposes of this section, taxes paid before the due date of the  
8 return shall be deemed to have been paid on the due date of the  
9 return determined without regard to any extensions.

10 (1) If the claim was filed by the taxpayer during the  
11 three-year period prescribed in this subsection, the  
12 amount of the credit or refund shall not exceed the  
13 portion of the tax paid within the period, immediately  
14 preceding the filing of the claim, equal to three  
15 years plus the period of any extension of time for  
16 filing the return.

17 (2) If the claim was not filed within the three-year  
18 period, the amount of the credit or refund shall not  
19 exceed the portion of the tax paid during the two  
20 years immediately preceding the filing of the claim.

21 (3) If no claim was filed, the credit or refund shall not  
22 exceed the amount which would be allowable under

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1 paragraph (1) or (2), as the case may be, if the claim  
2 was filed on the date the credit or refund is allowed.

3 (c) Exceptions; fraudulent return or no return. In the  
4 case of a false or fraudulent return with intent to evade tax or  
5 liability, or of a failure to file return, the tax or liability  
6 may be assessed or levied at any time; provided that the burden  
7 of proof with respect to the issues of falsity or fraud and  
8 intent to evade tax shall be upon the State.

9 (d) Extension by agreement. Where, before the expiration  
10 of the time prescribed in subsection (a) for the assessment,  
11 levy, and collection of the tax or liability, or in subsection  
12 (b) for the credit or refund of an overpayment, both the  
13 department and the taxpayer have consented in writing to its  
14 assessment or levy after that date, the tax or liability may be  
15 assessed or levied or the overpayment, if any, may be credited  
16 at any time prior to the expiration of the period previously  
17 agreed upon. The period so agreed upon may be extended by  
18 subsequent agreements in writing made before the expiration of  
19 the period previously agreed upon.

20 (e) Overpayment of carrybacks. If an overpayment results  
21 from a net operating loss carryback, the statute of limitations  
22 in subsections (a) and (b) shall not apply. The overpayment

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1 shall be credited within three years of the due date prescribed  
2 for filing the return (including extensions thereof) for the  
3 taxable year of the net operating loss, or the period agreed to  
4 under subsection (d) with respect to the taxable year, whichever  
5 expires later.

6       **§B-7 Disposition of revenues.** The tax collected pursuant  
7 to this chapter shall be distributed as provided in section 237-  
8 13(9).

9       **§B-8 Records to be kept.** (a) Every person engaging or  
10 continuing in the retail sale of cannabis shall keep records of  
11 all sales of cannabis, in a form prescribed by the department.  
12 All such records shall be offered for inspection and examination  
13 at any time upon demand by the department or the Hawaii cannabis  
14 authority and shall be preserved for a period of five years;  
15 provided that the department may in writing consent to their  
16 destruction within such period or may adopt rules that require  
17 that they be kept longer.

18       The department may by rule require the person engaging or  
19 continuing in the retail sale of cannabis to keep such other  
20 records as it may deem necessary for the proper enforcement of  
21 this chapter.



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1 (b) If any person engaging or continuing in the retail  
2 sale of cannabis fails to keep records from which a proper  
3 determination of the tax due under this chapter may be made, the  
4 department may fix the amount of tax for any period from the  
5 best information obtainable by it, and assess the tax as  
6 hereinbefore provided.

7 (c) Every person engaging or continuing in the retail sale  
8 of cannabis shall keep a complete and accurate record of that  
9 person's cannabis inventory. The records shall:

10 (1) Include:

11 (A) A written statement containing the name and  
12 address of the source of cannabis;

13 (B) The date of delivery, quantity, weight, and price  
14 of the cannabis; and

15 (C) Documentation in the form of any purchase orders,  
16 invoices, bills of lading, other written  
17 statements, books, papers, or records in whatever  
18 format, including electronic format, which  
19 substantiate the purchase or acquisition of the  
20 cannabis stored or offered for sale; and

21 (2) Be offered for inspection and examination within  
22 twenty-four hours of demand by the department or the

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1 Hawaii cannabis authority and shall be preserved for a  
2 period of five years; provided that the department may  
3 in writing consent to their destruction within such  
4 period or may adopt rules that require that they be  
5 kept longer.

6 **§B-9 Inspection.** (a) A person engaging or continuing in  
7 the retail sale of cannabis shall be subject to the inspection  
8 and investigation provisions in chapters 231 and 237 and shall  
9 provide the department with any information deemed necessary to  
10 verify compliance with the requirements of this chapter.

11 (b) The department and the Hawaii cannabis authority may  
12 examine all records required to be kept under this chapter, and  
13 books, papers, and records of any person engaging or continuing  
14 in the retail sale of cannabis to verify the accuracy of the  
15 payment of the tax imposed by this chapter and other compliance  
16 with this chapter and rules adopted pursuant thereto. Every  
17 person in possession of such books, papers, and records and the  
18 person's agents and employees shall give the department and the  
19 Hawaii cannabis authority the means, facilities, and  
20 opportunities for such examination.

21 (c) Returns, return information, or reports under this  
22 chapter and relating only to this chapter may be provided to the

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1 Hawaii cannabis authority by the department for the purpose of  
2 enforcing or ensuring compliance with chapter A.

3 Notwithstanding the foregoing, the inspection, review, or  
4 production of any and all federal tax return and return  
5 information shall only be provided as permitted in accordance  
6 with applicable federal law.

7 **§B-10 Tax in addition to other taxes.** The tax imposed by  
8 this chapter, unless expressly prohibited, shall be in addition  
9 to any other tax imposed upon the business of selling cannabis  
10 or upon any of the transactions, acts, or activities taxed by  
11 law.

12 **§B-11 Suspensions, revocations, and renewal denials.** (a)  
13 In addition to any other acts or conditions provided by law, the  
14 department may suspend, revoke, condition, or decline to issue  
15 or renew any cannabis tax permit required under this chapter  
16 whenever the department finds that the person engaging or  
17 continuing in the retail sale of cannabis has failed to comply  
18 with this chapter or any rule adopted under this chapter, or for  
19 any other good cause. Good cause includes instances where a  
20 person engaging or continuing in the retail sale of cannabis  
21 has:

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- 1 (1) Failed to comply with the provisions of title 14, or
- 2 any rule or order of the director of taxation;
- 3 (2) Submitted a false or fraudulent application or
- 4 provided a false statement in an application;
- 5 (3) Possessed or displayed a false or fraudulent cannabis
- 6 tax permit;
- 7 (4) Failed to comply with, violated, or been convicted of
- 8 violating any county or state law directly pertaining
- 9 to the sale of cannabis;
- 10 (5) Been fined under this chapter or had a cannabis tax
- 11 permit revoked, suspended, or declined to be issued or
- 12 renewed within two years of the permit application;
- 13 (6) Sold cannabis without a permit within two years of the
- 14 permit application;
- 15 (7) Failed to maintain complete and accurate records when
- 16 and if required to be kept; or
- 17 (8) Had a license or permit issued under chapter A
- 18 revoked, suspended, or declined to be renewed within
- 19 two years of the permit application.
- 20 (b) Upon suspending or revoking any cannabis tax permit,
- 21 the department may request that the person engaging or
- 22 continuing in the retail sale of cannabis immediately surrender

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1 any cannabis tax permit or duplicate issued to or printed by the  
2 person engaging or continuing in the retail sale of cannabis,  
3 and the person engaging or continuing in the retail sale of  
4 cannabis shall surrender the permit and the duplicate, if  
5 applicable, promptly to the department as requested.

6 (c) Whenever the department suspends, revokes, or declines  
7 to issue or renew a cannabis tax permit, the department shall  
8 notify the person engaging or continuing in the retail sale of  
9 cannabis immediately and afford a hearing, if requested;  
10 provided that a hearing has not already been afforded. The  
11 department shall provide no less than thirty-day notice to the  
12 person engaging or continuing in the retail sale of cannabis of  
13 a hearing afforded under this subsection. After the hearing,  
14 the department shall:

- 15 (1) Rescind its order of suspension;
- 16 (2) Continue the suspension;
- 17 (3) Revoke the cannabis tax permit;
- 18 (4) Rescind its order of revocation;
- 19 (5) Decline to issue or renew the cannabis tax permit;
- 20 (6) Issue or renew the cannabis tax permit; or
- 21 (7) Take other appropriate action.

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1 (d) No cannabis tax permit shall be suspended by the  
2 department for a period exceeding five years. A person whose  
3 permit has been suspended may apply for reinstatement of the  
4 permit to the extent authorized by law and upon complete  
5 compliance with any term or condition imposed by the order of  
6 suspension. The application for reinstatement shall be  
7 accompanied by all applicable fees, including reinstatement  
8 fees.

9 (e) Upon the final order or decision to revoke, suspend,  
10 or decline to renew a cannabis tax permit, the department shall  
11 notify the Hawaii cannabis authority of the name and address of  
12 every cannabis retailer whose permit has been revoked,  
13 suspended, or declined to be renewed. Any license or permit  
14 issued under chapter A to the cannabis retailer whose cannabis  
15 tax permit has been revoked or declined to be renewed shall be  
16 deemed forfeited. Any license or permit issued under chapter A  
17 to the cannabis retailer whose cannabis tax permit has been  
18 suspended shall be suspended until the suspension on the  
19 cannabis tax permit is lifted.

20 (f) A cannabis retailer may apply for a new permit after  
21 the time designated in an order of revocation has passed, or if  
22 the order does not specify a time period, after five years from

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1 the effective date of the revocation of the permit, by filing an  
2 application and upon complete compliance with any term or  
3 condition imposed by the order of revocation. The application  
4 for reinstatement shall be accompanied by all applicable fees.

5 (g) In every case in which the department refuses to  
6 issue, renew, or reinstate a permit, the proceeding before the  
7 department shall be conducted in accordance with section 231-7.

8 (h) Any person aggrieved by a final decision or order of  
9 the director in a "contested case", as defined in chapter 91,  
10 relating to this section, is entitled to judicial review thereof  
11 by the circuit court of the circuit in which the person has its  
12 principal place of business. The judicial review of contested  
13 cases shall be as provided by chapter 91.

14 (i) The department shall notify the Hawaii cannabis  
15 authority of the name and address of every cannabis retailer who  
16 has failed to file any return required, to pay any tax  
17 prescribed, to secure a permit, or to perform any duty or act  
18 imposed under this chapter, and the Hawaii cannabis authority  
19 shall thereupon suspend any license or permit issued under  
20 chapter A until the time as the cannabis retailer complies with  
21 this chapter and chapter A.

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1           **§B-12 Appeals.** Any person aggrieved by any assessment of  
2 the tax imposed by this chapter may appeal from the assessment  
3 in the manner and within the time and in all other respects as  
4 provided in the case of income tax appeals by section 235-114.  
5 The hearing and disposition of the appeal, including the  
6 distribution of costs, shall be as provided in chapter 232.

7           **§B-13 Other provisions applicable.** All of the provisions  
8 of chapters 231, 235, and 237 not inconsistent with this chapter  
9 and which may appropriately be applied to the taxes, persons,  
10 circumstances, and situations involved in this chapter,  
11 including (without prejudice to the generality of the foregoing)  
12 provisions as to penalties and interest, and provisions granting  
13 administrative powers to the director, and provisions for the  
14 assessment, levy, and collection of taxes, shall be applicable  
15 to the taxes imposed by this chapter, and to the assessment,  
16 levy, and collection thereof.

17           **§B-14 Audits, investigations, hearings, and subpoenas.**  
18 The director, and any agent authorized by the director, shall  
19 have the authority to conduct any inquiry, civil audit, criminal  
20 investigation, investigation, or hearing relating to any  
21 assessment, the amount of any tax, or the collection of any  
22 delinquent tax, including any audit or investigation into the



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1 financial resources of any delinquent taxpayer or the  
2 collectability of any delinquent tax, in the manner provided in  
3 section 231-7.

4 **§B-15 Administration by director; rules and regulations.**

5 The administration of this chapter is vested in the director who  
6 may adopt and enforce rules for the enforcement and  
7 administration of this chapter.

8 The director shall adopt rules pursuant to chapter 91.

9 **§B-16 Penalties.** (a) The penalties provided by this  
10 chapter shall apply to any person, whether acting as principal,  
11 agent, officer, or director, for oneself, itself, or for another  
12 person and shall apply to each single violation.

13 (b) In addition to the penalties imposed under title 14,  
14 including this chapter, and under chapter A, any person or  
15 cannabis retailer who sells cannabis without a permit as  
16 required by this chapter shall be fined no more than \$1,000 per  
17 violation. Each day a violation continues shall constitute a  
18 separate violation."

19 PART IV

20 SECTION 5. The purpose of this part is to:

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1 (1) Prohibit consuming or possessing an open container of  
2 marijuana or marijuana concentrate while operating a  
3 vehicle; and

4 (2) Prohibit operating a vehicle under the influence of  
5 marijuana or marijuana concentrate.

6 SECTION 6. Chapter 291, Hawaii Revised Statutes, is  
7 amended by adding to part I three new sections to be  
8 appropriately designated and to read as follows:

9 "§291- \_\_\_\_\_ Consuming or possessing marijuana or marijuana  
10 concentrate while operating motor vehicle or moped. (a) No  
11 person shall consume, including through secondhand or passive  
12 smoking, any marijuana or marijuana concentrate while operating  
13 a motor vehicle or moped upon any public street, road, or  
14 highway.

15 (b) No person shall possess within any passenger area of a  
16 motor vehicle or a moped, while operating the motor vehicle or  
17 the moped upon any public street, road, or highway, any bottle,  
18 can, package, wrapper, smoking device, cartridge, or other  
19 receptacle containing any marijuana or marijuana concentrate  
20 that has been opened, or a seal broken, or the contents of which  
21 have been partially removed, or loose marijuana or marijuana  
22 concentrate not in a container.

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1       (c) Any person violating this section shall be guilty of a  
2 petty misdemeanor and shall be fined not more than \$2,000 or  
3 imprisoned not more than thirty days, or both.

4       §291- Consuming or possessing marijuana or marijuana  
5 concentrate while a passenger in a motor vehicle. (a) No  
6 person shall consume any marijuana or marijuana concentrate  
7 while a passenger in any motor vehicle or on any moped upon any  
8 public street, road, or highway.

9       (b) No person shall possess within any passenger area of a  
10 motor vehicle or moped, while a passenger in the motor vehicle  
11 or on the moped upon any public street, road, or highway, any  
12 bottle, can, package, wrapper, smoking device, cartridge, or  
13 other receptacle containing any marijuana or marijuana  
14 concentrate that has been opened, or a seal broken, or the  
15 contents of which have been partially removed, or loose  
16 marijuana or marijuana concentrate not in a container.

17       (c) Any person violating this section shall be guilty of a  
18 petty misdemeanor and shall be fined not more than \$2,000 or  
19 imprisoned not more than thirty days, or both.

20       §291- Marijuana or marijuana concentrate; prima facie  
21 evidence. Any bottle, can, package, wrapper, smoking device,  
22 cartridge, or other receptacle that displays or is imprinted

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1 with a label indicating that the contents contain marijuana or  
2 marijuana concentrate shall be prima facie evidence that the  
3 contents of the bottle, can, package, wrapper, smoking device,  
4 cartridge, or other receptacle contains marijuana or marijuana  
5 concentrate."

6 SECTION 7. Section 291-1, Hawaii Revised Statutes, is  
7 amended by adding two new definitions to be appropriately  
8 inserted and to read as follows:

9 "Marijuana" has the same meaning as in section 712-1240.

10 "Marijuana concentrate" has the same meaning as in section  
11 712-1240."

12 SECTION 8. Chapter 291E, Hawaii Revised Statutes, is  
13 amended by adding to part IV a new section to be appropriately  
14 designated and to read as follows:

15 **"§291E-A Refusal to submit to testing for measurable**  
16 **amount of THC; district court hearing; sanctions; appeals;**

17 **admissibility.** (a) If a person under arrest for operating a  
18 vehicle after consuming a measurable amount of THC or, if the  
19 person is a medical cannabis patient, THC at a concentration of  
20 five or more nanograms per milliliter of blood, pursuant to  
21 section 291E-B, refuses to submit to a blood test, none shall be  
22 given, except as provided in section 291E-21, but the arresting

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1 law enforcement officer, as soon as practicable, shall submit an  
2 affidavit to a district judge of the circuit in which the arrest  
3 was made, stating:

4       (1) That at the time of the arrest, the arresting officer  
5           had probable cause to believe the arrested person was  
6           under the age of twenty-one and had been operating a  
7           vehicle upon a public way, street, road, or highway or  
8           on or in the waters of the State with a measurable  
9           amount of THC or, if the person is a medical cannabis  
10          patient, THC at a concentration of five or more  
11          nanograms per milliliter of blood;

12       (2) That the arrested person was informed that the person  
13           may refuse to submit to a blood test, in compliance  
14           with section 291E-11;

15       (3) That the person had refused to submit to a blood test;

16       (4) That the arrested person was:  
17           (A) Informed of the sanctions of this section; and  
18               then  
19           (B) Asked if the person still refuses to submit to a  
20               blood test, in compliance with the requirements  
21               of section 291E-15; and

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1       (5) That the arrested person continued to refuse to submit  
2           to a blood test.

3       (b) Upon receipt of the affidavit, the district judge  
4 shall hold a hearing within twenty days. The district judge  
5 shall hear and determine:

6       (1) Whether the arresting law enforcement officer had  
7           probable cause to believe that the person was under  
8           the age of twenty-one and had been operating a vehicle  
9           upon a public way, street, road, or highway or on or  
10          in the waters of the State with a measurable amount of  
11          THC or, if the person is the medical cannabis patient,  
12          THC at a concentration of five or more nanograms per  
13          milliliter of blood;

14       (2) Whether the person was lawfully arrested;

15       (3) Whether the person was informed that the person may  
16          refuse to submit to a blood test, in compliance with  
17          section 291E-11;

18       (4) Whether the person refused to submit to a test of the  
19          person's blood;

20       (5) Whether the person was:

21          (A) Informed of the sanctions of this section; and  
22               then

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1           (B) Asked if the person still refuses to submit to a  
2           blood test, in compliance with the requirements  
3           of section 291E-15; and

4           (6) Whether the person continued to refuse to submit to a  
5           blood test.

6           (c) If the district judge finds the statements contained  
7           in the affidavit are true, the judge shall suspend the arrested  
8           person's license and privilege to operate a vehicle as follows:

9           (1) For a first suspension, or any suspension not preceded  
10           within a five-year period by a suspension under this  
11           section, for a period of twelve months; and

12           (2) For any subsequent suspension under this section, for  
13           a period not less than two years and not more than  
14           five years.

15           (d) An order of a district court issued under this section  
16           may be appealed to the supreme court."

17           SECTION 9. Chapter 291E, Hawaii Revised Statutes, is  
18           amended by adding to part IV a new section to be appropriately  
19           designated and to read as follows:

20           "**§291E-B Operating a vehicle after consuming a measurable**  
21           **amount of THC; persons under the age of twenty-one; exception.**

22           (a) It shall be unlawful for any person under the age of

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1 twenty-one years to operate any vehicle with a measurable amount  
2 of THC; provided that if the person under the age of twenty-one  
3 years is a medical cannabis patient as defined in section A-2,  
4 it shall be unlawful to operate any vehicle with THC at a  
5 concentration of five or more nanograms per milliliter of blood.  
6 A law enforcement officer may arrest a person under this section  
7 when the officer has probable cause to believe the arrested  
8 person is under the age of twenty-one and had been operating a  
9 vehicle upon a public way, street, road, or highway or on or in  
10 the waters of the State with a measurable amount of THC or with  
11 THC at a concentration of five or more nanograms per milliliter  
12 of blood for a medical cannabis patient who provides a valid  
13 proof that the person is a medical cannabis patient. The valid  
14 proof shall include a current and valid medical cannabis  
15 registration card issued by the Hawaii cannabis authority under  
16 section A-34 or A-35.

17 (b) A person who violates this section shall be sentenced  
18 as follows:

19 (1) For a first violation or any violation not preceded  
20 within a five-year period by a prior drug enforcement  
21 contact:

22 (A) The court shall impose:



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- (i) A requirement that the person and, if the person is under the age of eighteen, the person's parent or guardian, attend a substance abuse education and counseling program for not more than ten hours; and
- (ii) A one hundred eighty-day prompt suspension of license and privilege to operate a vehicle with absolute prohibition from operating a vehicle during the suspension period; provided that in the case of a person eighteen years of age or older the court may impose, in lieu of the one hundred eighty-day prompt suspension of license, a minimum thirty-day prompt suspension of license with absolute prohibition from operating a vehicle and, for the remainder of the one hundred eighty-day period, a restriction on the license that allows the person to drive for limited work-related purposes and to participate in substance abuse education and treatment programs; and

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1           (B) In addition, the court may impose any one or more  
2           of the following:

3           (i) Not more than thirty-six hours of community  
4           service work; or

5           (ii) A fine of not less than \$150 but not more  
6           than \$500;

7           (2) For a violation that occurs within five years of a  
8           prior drug enforcement contact:

9           (A) The court shall impose prompt suspension of  
10           license and privilege to operate a vehicle for a  
11           period of one year with absolute prohibition from  
12           operating a vehicle during the suspension period;  
13           and

14           (B) In addition, the court may impose any of the  
15           following:

16           (i) Not more than fifty hours of community  
17           service work; or

18           (ii) A fine of not less than \$300 but not more  
19           than \$1,000; and

20           (3) For a violation that occurs within five years of two  
21           or more prior drug enforcement contacts:

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1           (A) The court shall impose revocation of license and  
2           privilege to operate a vehicle for a period of  
3           two years; and

4           (B) In addition, the court may impose any of the  
5           following:

6           (i) Not more than one hundred hours of community  
7           service work; or

8           (ii) A fine of not less than \$300 but not more  
9           than \$1,000.

10          (c) Notwithstanding any other law to the contrary, any  
11          conviction or plea under this section shall be considered a  
12          prior drug enforcement contact.

13          (d) Whenever a court sentences a person pursuant to  
14          subsection (b) (2) or (3), it also shall require that the person  
15          be referred to the driver's education program for an assessment,  
16          by a certified substance abuse counselor, of the person's  
17          substance abuse or dependence and the need for appropriate  
18          treatment. The counselor shall submit a report with  
19          recommendations to the court. The court shall require the  
20          person to obtain appropriate treatment if the counselor's  
21          assessment establishes the person's substance abuse or  
22          dependence. All costs for assessment and treatment shall be

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1 borne by the person or by the person's parent or guardian, if  
2 the person is under the age of eighteen.

3 (e) Notwithstanding section 831-3.2 or any other law to  
4 the contrary, a person convicted of a first-time violation under  
5 subsection (b) (1), who had no prior drug enforcement contacts,  
6 may apply to the court for an expungement order upon attaining  
7 the age of twenty-one, or thereafter, if the person has  
8 fulfilled the terms of the sentence imposed by the court and has  
9 had no subsequent alcohol or drug related enforcement contacts.

10 (f) Notwithstanding any other law to the contrary,  
11 whenever a court revokes a person's driver's license pursuant to  
12 this section, the examiner of drivers shall not grant to the  
13 person an application for a new driver's license for a period to  
14 be determined by the court.

15 (g) Any person sentenced under this section may be ordered  
16 to reimburse the county for the cost of any blood tests  
17 conducted pursuant to section 291E-11. The court shall order  
18 the person to make restitution in a lump sum, or in a series of  
19 prorated installments, to the police department or other agency  
20 incurring the expense of the blood test.

.B.NO.    

1       (h) The requirement to provide proof of financial  
2 responsibility pursuant to section 287-20 shall not be based  
3 upon a sentence imposed under subsection (b)(1).

4       (i) Any person who violates this section shall be guilty  
5 of a violation.

6       (j) As used in this section, the terms "driver's license"  
7 and "examiner of drivers" have the same meanings as provided in  
8 section 286-2."

9       SECTION 10. Section 291E-1, Hawaii Revised Statutes, is  
10 amended by adding five new definitions to be appropriately  
11 inserted and to read:

12       "Marijuana" has the same meaning as in section 712-1240.

13       "Marijuana concentrate" has the same meaning as in section  
14 712-1240."

15       "Medical cannabis patient" has the same meaning as in  
16 section A-3.

17       "Medical cannabis registration card" has the same meaning  
18 as in section A-3.

19       "Tetrahydrocannabinol" or "THC" means the cannabinoids that  
20 function as the primary psychoactive component of marijuana or  
21 marijuana concentrate."

\_\_\_\_.B. NO.\_\_\_\_\_

1 SECTION 11. Section 291E-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3 "(a) In any criminal prosecution for a violation of  
4 section 291E-61 or 291E-61.5 or in any proceeding under part  
5 III:

6 (1) .08 or more grams of alcohol per one hundred  
7 milliliters or cubic centimeters of the person's  
8 blood;

9 (2) .08 or more grams of alcohol per two hundred ten  
10 liters of the person's breath; [~~or~~]

11 (3) THC at a concentration of five or more nanograms per  
12 milliliter of blood; or

13 [~~(3)~~] (4) The presence of one or more drugs in an amount  
14 sufficient to impair the person's ability to operate a  
15 vehicle in a careful and prudent manner,

16 within three hours after the time of the alleged violation as  
17 shown by chemical analysis or other approved analytical  
18 techniques of the person's blood, breath, or urine shall be  
19 competent evidence that the person was under the influence of an  
20 intoxicant at the time of the alleged violation."

21 SECTION 12. Section 291E-11, Hawaii Revised Statutes, is  
22 amended by amending subsections (d) and (e) to read as follows:

\_\_\_\_.B. NO.\_\_\_\_\_

1           "(d) If there is probable cause to believe that a person  
2 is in violation of section 291E-61 or 291E-61.5, as a result of  
3 having consumed any drug[~~r~~] except for THC, then the person  
4 shall elect to take a blood or urine test, or both, for the  
5 purpose of determining the drug content. Drug content shall be  
6 measured by the presence of any drug or its metabolic products,  
7 or both. If there is probable cause to believe that a person is  
8 in violation of section 291E-B, as a result of being under the  
9 age of twenty-one and having consumed a measurable amount of THC  
10 or, if the person is a medical cannabis patient, having consumed  
11 THC at a concentration of five or more nanograms per milliliter  
12 of blood, or section 291E-61 or 291E-61.5, as a result of having  
13 consumed THC at a concentration of five or more nanograms per  
14 milliliter of blood, then the person shall take a blood test,  
15 and may also elect to take a urine test in addition to the blood  
16 test.

17           (e) A person who chooses to submit to a breath test under  
18 subsection (c) also may be requested to submit to a blood or  
19 urine test, if the law enforcement officer has probable cause to  
20 believe that the person was operating a vehicle while under the  
21 influence of any drug under section 291E-61 or 291E-61.5 and the  
22 officer has probable cause to believe that a blood or urine test

\_\_\_\_.B. NO.\_\_\_\_

1 will reveal evidence of the person being under the influence of  
2 any drug. The law enforcement officer shall state in the  
3 officer's report the facts upon which that belief is based. The  
4 person shall elect to take a blood or urine test, or both, for  
5 the purpose of determining the person's drug content[~~+~~], unless  
6 the drug being tested for is THC in which case the person shall  
7 take a blood test and may also elect to take a urine test in  
8 addition to the blood test. Results of a blood or urine test  
9 conducted to determine drug content also shall be admissible for  
10 the purpose of determining the person's alcohol concentration.  
11 Submission to testing for drugs under subsection (d) or this  
12 subsection shall not be a substitute for alcohol tests requested  
13 under subsection (c)."

14 SECTION 13. Section 291E-21, Hawaii Revised Statutes, is  
15 amended by amending subsection (b) to read as follows:

16 "(b) If a health care provider who is providing medical  
17 care, in a health care facility, to any person involved in a  
18 vehicle collision:

19 (1) Becomes aware, as a result of any blood or urine test  
20 performed in the course of medical treatment, that:



\_\_\_\_.B. NO.\_\_\_\_

1 (A) The alcohol concentration in the person's blood  
2 meets or exceeds the amount specified in section  
3 291E-61(a)(4) or 291E-61.5(a)(2)(D); [~~or~~]

4 (B) The THC concentration in the person's blood meets  
5 or exceeds the amount specified in section 291E-  
6 61(a)(5) or 291E-61.5(a)(2)(E); or

7 [~~(B)~~] (C) The person's blood or urine contains one or more  
8 drugs that are capable of impairing a person's  
9 ability to operate a vehicle in a careful and  
10 prudent manner; and

11 (2) Has a reasonable belief that the person was the  
12 operator of a vehicle involved in the collision,  
13 the health care provider shall notify, as soon as reasonably  
14 possible, any law enforcement officer present at the health care  
15 facility to investigate the collision. If no law enforcement  
16 officer is present, the health care provider shall notify the  
17 county police department in the county where the collision  
18 occurred. If the health care provider is aware of any blood or  
19 urine test result, as provided in paragraph (1), but lacks  
20 information to form a reasonable belief as to the identity of  
21 the operator involved in a vehicle collision, as provided in  
22 paragraph (2), then the health care provider shall give notice

\_\_\_\_.B. NO.\_\_\_\_\_

1 to a law enforcement officer present or to the county police  
2 department, as applicable, for each person involved in a vehicle  
3 collision whose alcohol concentration in the person's blood  
4 meets or exceeds the amount specified in section 291E-61(a) (4)  
5 or 291E-61.5(a) (2) (D), whose THC concentration in the person's  
6 blood meets or exceeds the amount specified in section 291E-  
7 61(a) (5) or 291E-61.5(a) (2) (E), or whose blood or urine contains  
8 one or more drugs. The notice by the health care provider shall  
9 consist of the name of the person being treated, the blood  
10 alcohol concentration, THC concentration in the person's blood,  
11 or drug content disclosed by the test, and the date and time of  
12 the administration of the test. This notice shall be deemed to  
13 satisfy the intoxication element necessary to establish the  
14 probable cause requirement set forth in subsection (c)."

15 SECTION 14. Section 291E-33, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:

17 "(a) Whenever a person is arrested for a violation of  
18 section 291E-61 or 291E-61.5 on a determination by the arresting  
19 law enforcement officer that:

20 (1) There was reasonable suspicion to stop the vehicle or  
21 the vehicle was stopped at an intoxicant control

\_\_\_\_.B. NO.\_\_\_\_\_

1 roadblock established and operated in compliance with  
2 sections 291E-19 and 291E-20; and  
3 (2) There was probable cause to believe that the person  
4 was operating the vehicle while under the influence of  
5 an intoxicant;  
6 the law enforcement officer shall take possession of any license  
7 held by the person and request the person to take a test for  
8 alcohol concentration, in the case of an alcohol related  
9 offense, or a test for drug content in the blood or urine, in  
10 the case of a drug related offense. The law enforcement officer  
11 shall inform the person that, in the case of an alcohol related  
12 offense, the person shall elect to take a breath test, a blood  
13 test, or both, pursuant to section 291E-11, but that the person  
14 may refuse to submit to testing under this chapter. In the case  
15 of a drug related offense, the person shall elect to take a  
16 blood test, a urine test, or both, unless the drug being tested  
17 for is THC in which case the person shall take a blood test and  
18 may also elect to take a urine test in addition to the blood  
19 test pursuant to section 291E-11, after being informed that the  
20 person may refuse to submit to testing under this chapter."  
21 SECTION 15. Section 291E-35, Hawaii Revised Statutes, is  
22 amended by amending subsection (b) to read as follows:

\_\_\_\_.B. NO.\_\_\_\_

1           "(b) In cases involving a drug related offense, if a test  
2 conducted in accordance with part II and section 321-161 and the  
3 rules adopted thereunder shows that a respondent had a THC  
4 concentration of less than five nanograms per milliliter of  
5 blood, or fails to show the presence, in the respondent's blood  
6 or urine, of any drug that is capable of impairing the  
7 respondent's ability to operate a vehicle in a careful and  
8 prudent manner, the director or the arresting law enforcement  
9 agency immediately shall return the respondent's license along  
10 with a certified statement that administrative revocation  
11 proceedings have been terminated with prejudice."

12           SECTION 16. Section 291E-36, Hawaii Revised Statutes, is  
13 amended by amending subsection (a) to read as follows:

14           "(a) Whenever a respondent has been arrested for a  
15 violation of section 291E-61 or 291E-61.5 and submits to a test  
16 that establishes: the respondent's alcohol concentration was .08  
17 or more; the respondent's THC concentration was five or more  
18 nanograms per milliliter of blood; the presence, in the  
19 respondent's blood or urine, of any drug that is capable of  
20 impairing the respondent's ability to operate a vehicle in a  
21 careful and prudent manner; or whenever a respondent has been  
22 involved in a collision resulting in injury or death and a blood

\_\_\_\_.B. NO.\_\_\_\_\_

1 or urine test performed pursuant to section 291E-21 establishes  
2 that the respondent's alcohol concentration was .08 or more, the  
3 respondent's THC concentration was five or more nanograms per  
4 milliliter of blood, or establishes the presence in the  
5 respondent's blood or urine of any drug that is capable of  
6 impairing the respondent's ability to operate a vehicle in a  
7 careful and prudent manner, the following shall be forwarded  
8 immediately to the director:

9 (1) A copy of the arrest report or the report of the law  
10 enforcement officer who issued the notice of  
11 administrative revocation to the person involved in a  
12 collision resulting in injury or death and the sworn  
13 statement of the arresting law enforcement officer or  
14 the officer who issued the notice of administrative  
15 revocation, stating facts that establish that:

16 (A) There was reasonable suspicion to stop the  
17 vehicle, the vehicle was stopped at an intoxicant  
18 control roadblock established and operated in  
19 compliance with sections 291E-19 and 291E-20, or  
20 the respondent was tested pursuant to section  
21 291E-21;

\_\_\_\_.B. NO.\_\_\_\_

1 (B) There was probable cause to believe that the  
2 respondent had been operating the vehicle while  
3 under the influence of an intoxicant; and

4 (C) The respondent agreed to be tested or the person  
5 was tested pursuant to section 291E-21;

6 (2) In a case involving an alcohol related offense, the  
7 sworn statement of the person responsible for  
8 maintenance of the testing equipment, stating facts  
9 that establish that, pursuant to section 321-161 and  
10 rules adopted thereunder:

11 (A) The equipment used to conduct the test was  
12 approved for use as an alcohol testing device in  
13 this State;

14 (B) The person had been trained and at the time the  
15 test was conducted was certified and capable of  
16 maintaining the testing equipment; and

17 (C) The testing equipment used had been properly  
18 maintained and was in good working condition when  
19 the test was conducted;

20 (3) In a case involving an alcohol related offense, the  
21 sworn statement of the person who conducted the test,

\_\_\_\_.B. NO.\_\_\_\_

1           stating facts that establish that, pursuant to section  
2           321-161 and rules adopted thereunder:

3           (A) The person was trained and at the time the test  
4           was conducted was certified and capable of  
5           operating the testing equipment;

6           (B) The person followed the procedures established  
7           for conducting the test;

8           (C) The equipment used to conduct the test functioned  
9           in accordance with operating procedures and  
10          indicated that the respondent's alcohol  
11          concentration was at, or above, the prohibited  
12          level; and

13          (D) The person whose breath or blood was tested is  
14          the respondent;

15          (4) In a case involving a drug related offense, including  
16          THC, the sworn statement of the person responsible for  
17          maintenance of the testing equipment, stating facts  
18          that establish that, pursuant to section 321-161 and  
19          rules adopted thereunder:

20          (A) The equipment used to conduct the test was  
21          approved for use in drug testing;

\_\_\_\_.B. NO.\_\_\_\_

1 (B) The person conducting the test had been trained  
2 and, at the time of the test, was certified and  
3 capable of maintaining the testing equipment; and

4 (C) The testing equipment used had been properly  
5 maintained and was in good working condition when  
6 the test was conducted;

7 (5) In a case involving a drug related offense, including  
8 THC, the sworn statement of the person who conducted  
9 the test, stating facts that establish that, pursuant  
10 to section 321-161 and rules adopted thereunder:

11 (A) At the time the test was conducted, the person  
12 was trained and capable of operating the testing  
13 equipment;

14 (B) The person followed the procedures established  
15 for conducting the test;

16 (C) The equipment used to conduct the test functioned  
17 in accordance with operating procedures and  
18 indicated the presence of one or more drugs or  
19 their metabolites in the respondent's blood or  
20 urine; and

21 (D) The person whose blood or urine was tested is the  
22 respondent;



\_\_\_\_.B. NO.\_\_\_\_\_

1 (6) A copy of the notice of administrative revocation  
2 issued by the law enforcement officer to the  
3 respondent;

4 (7) Any license taken into possession by the law  
5 enforcement officer; and

6 (8) A listing of any prior alcohol or drug enforcement  
7 contacts involving the respondent."

8 SECTION 17. Section 291E-61, Hawaii Revised Statutes, is  
9 amended by amending subsection (a) to read as follows:

10 "(a) A person commits the offense of operating a vehicle  
11 under the influence of an intoxicant if the person operates or  
12 assumes actual physical control of a vehicle:

13 (1) While under the influence of alcohol in an amount  
14 sufficient to impair the person's normal mental  
15 faculties or ability to care for the person and guard  
16 against casualty;

17 (2) While under the influence of any drug that impairs the  
18 person's ability to operate the vehicle in a careful  
19 and prudent manner;

20 (3) With .08 or more grams of alcohol per two hundred ten  
21 liters of breath; [~~or~~]

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- 1           (4) With .08 or more grams of alcohol per one hundred  
2                    milliliters or cubic centimeters of blood~~[-]~~; or  
3           (5) With THC at a concentration of five or more nanograms  
4                   per milliliter of blood."

5           SECTION 18. Section 291E-61.5, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7           "(a) A person commits the offense of habitually operating  
8 a vehicle under the influence of an intoxicant if:

9           (1) The person is a habitual operator of a vehicle while  
10                   under the influence of an intoxicant; and

11           (2) The person operates or assumes actual physical control  
12                   of a vehicle:

13           (A) While under the influence of alcohol in an amount  
14                   sufficient to impair the person's normal mental  
15                   faculties or ability to care for the person and  
16                   guard against casualty;

17           (B) While under the influence of any drug that  
18                   impairs the person's ability to operate the  
19                   vehicle in a careful and prudent manner;

20           (C) With .08 or more grams of alcohol per two hundred  
21                   ten liters of breath; [~~or~~]

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- 1 (D) With .08 or more grams of alcohol per one hundred  
2 milliliters or cubic centimeters of blood[-]; or  
3 (E) With THC at a concentration of five or more  
4 nanograms per milliliter of blood."

5 PART V

6 SECTION 19. Section 26-35.5, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) For purposes of this section, "member" means any  
9 person who is appointed, in accordance with the law, to serve on  
10 a temporary or permanent state board, including members of the  
11 board of education, the governing board of any charter school  
12 established under chapter 302D, council, authority, committee,  
13 or commission, established by law or elected to the board of  
14 trustees of the employees' retirement system under section 88-  
15 24, the cannabis control board under section A-7, or the  
16 corporation board of the Hawaii health systems corporation under  
17 section 323F-3 and its regional system boards under section  
18 323F-3.5; provided that "member" shall not include any person  
19 elected to serve on a board or commission in accordance with  
20 chapter 11."

21 SECTION 20. Section 28-8.3, Hawaii Revised Statutes, is  
22 amended as follows:

\_\_\_\_.B. NO.\_\_\_\_\_

1           1. By amending subsection (a) to read:

2           "(a) No department of the State other than the attorney  
3 general may employ or retain any attorney, by contract or  
4 otherwise, for the purpose of representing the State or the  
5 department in any litigation, rendering legal counsel to the  
6 department, or drafting legal documents for the department;  
7 provided that the foregoing provision shall not apply to the  
8 employment or retention of attorneys:

9           (1) By the public utilities commission, the labor and  
10           industrial relations appeals board, and the Hawaii  
11           labor relations board;

12           (2) By any court or judicial or legislative office of the  
13           State; provided that if the attorney general is  
14           requested to provide representation to a court or  
15           judicial office by the chief justice or the chief  
16           justice's designee, or to a legislative office by the  
17           speaker of the house of representatives and the  
18           president of the senate jointly, and the attorney  
19           general declines to provide such representation on the  
20           grounds of conflict of interest, the attorney general  
21           shall retain an attorney for the court, judicial, or

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- 1 legislative office, subject to approval by the court,  
2 judicial, or legislative office;
- 3 (3) By the legislative reference bureau;
- 4 (4) By any compilation commission that may be constituted  
5 from time to time;
- 6 (5) By the real estate commission for any action involving  
7 the real estate recovery fund;
- 8 (6) By the contractors license board for any action  
9 involving the contractors recovery fund;
- 10 (7) By the office of Hawaiian affairs;
- 11 (8) By the department of commerce and consumer affairs for  
12 the enforcement of violations of chapters 480 and  
13 485A;
- 14 (9) As grand jury counsel;
- 15 (10) By the Hawaii health systems corporation, or its  
16 regional system boards, or any of their facilities;
- 17 (11) By the auditor;
- 18 (12) By the office of ombudsman;
- 19 (13) By the insurance division;
- 20 (14) By the University of Hawaii;
- 21 (15) By the Kahoolawe island reserve commission;
- 22 (16) By the division of consumer advocacy;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (17) By the office of elections;
- 2 (18) By the campaign spending commission;
- 3 (19) By the Hawaii tourism authority, as provided in
- 4 section 201B-2.5;
- 5 (20) By the division of financial institutions;
- 6 (21) By the office of information practices;
- 7 (22) By the school facilities authority;
- 8 (23) By the Mauna Kea stewardship and oversight authority;
- 9 [~~24~~]

10 (24) By the Hawaii cannabis authority; or

11 [~~(24)~~] (25) By a department, if the attorney general, for  
12 reasons deemed by the attorney general to be good and  
13 sufficient, declines to employ or retain an attorney  
14 for a department; provided that the governor waives  
15 the provision of this section.

16 2. By amending subsection (c) to read:

17 "(c) Every attorney employed by any department on a full-  
18 time basis, except an attorney employed by the public utilities  
19 commission, the labor and industrial relations appeals board,  
20 the Hawaii labor relations board, the office of Hawaiian  
21 affairs, the Hawaii health systems corporation or its regional  
22 system boards, the department of commerce and consumer affairs

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1 in prosecution of consumer complaints, insurance division, the  
2 division of consumer advocacy, the University of Hawaii, the  
3 Hawaii tourism authority as provided in section 201B-2.5, the  
4 Mauna Kea stewardship and oversight authority, the Hawaii  
5 cannabis authority, the office of information practices, or as  
6 grand jury counsel, shall be a deputy attorney general."

7 SECTION 21. Section 46-4, Hawaii Revised Statutes, is  
8 amended by amending subsection (f) to read as follows:

9 "(f) Neither this section nor any other law, county  
10 ordinance, or rule shall prohibit the use of land for [~~medical~~]  
11 ~~cannabis [production centers or medical cannabis dispensaries]~~  
12 businesses established and licensed pursuant to chapter [~~329D;~~  
13 ~~provided that the land is otherwise zoned for agriculture,~~  
14 ~~manufacturing, or retail purposes.~~] A, except as provided in  
15 section A-23."

16 SECTION 22. Section 76-16, Hawaii Revised Statutes, is  
17 amended by amending subsection (b) to read as follows:

18 "(b) The civil service to which this chapter applies shall  
19 comprise all positions in the State now existing or hereafter  
20 established and embrace all personal services performed for the  
21 State, except the following:

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (1) Commissioned and enlisted personnel of the Hawaii  
2                   National Guard as such, and positions in the Hawaii  
3                   National Guard that are required by state or federal  
4                   laws or regulations or orders of the National Guard to  
5                   be filled from those commissioned or enlisted  
6                   personnel;
- 7           (2) Positions filled by persons employed by contract where  
8                   the director of human resources development has  
9                   certified that the service is special or unique or is  
10                  essential to the public interest and that, because of  
11                  circumstances surrounding its fulfillment, personnel  
12                  to perform the service cannot be obtained through  
13                  normal civil service recruitment procedures. Any such  
14                  contract may be for any period not exceeding one year;
- 15          (3) Positions that must be filled without delay to comply  
16                  with a court order or decree if the director  
17                  determines that recruitment through normal recruitment  
18                  civil service procedures would result in delay or  
19                  noncompliance, such as the Felix-Cayetano consent  
20                  decree;
- 21          (4) Positions filled by the legislature or by either house  
22                  or any committee thereof;



\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (5) Employees in the office of the governor and office of  
2 the lieutenant governor, and household employees at  
3 Washington Place;
- 4 (6) Positions filled by popular vote;
- 5 (7) Department heads, officers, and members of any board,  
6 commission, or other state agency whose appointments  
7 are made by the governor or are required by law to be  
8 confirmed by the senate;
- 9 (8) Judges, referees, receivers, masters, jurors, notaries  
10 public, land court examiners, court commissioners, and  
11 attorneys appointed by a state court for a special  
12 temporary service;
- 13 (9) One bailiff for the chief justice of the supreme court  
14 who shall have the powers and duties of a court  
15 officer and bailiff under section 606-14; one  
16 secretary or clerk for each justice of the supreme  
17 court, each judge of the intermediate appellate court,  
18 and each judge of the circuit court; one secretary for  
19 the judicial council; one deputy administrative  
20 director of the courts; three law clerks for the chief  
21 justice of the supreme court, two law clerks for each  
22 associate justice of the supreme court and each judge

\_\_\_\_.B. NO.\_\_\_\_

1 of the intermediate appellate court, one law clerk for  
2 each judge of the circuit court, two additional law  
3 clerks for the civil administrative judge of the  
4 circuit court of the first circuit, two additional law  
5 clerks for the criminal administrative judge of the  
6 circuit court of the first circuit, one additional law  
7 clerk for the senior judge of the family court of the  
8 first circuit, two additional law clerks for the civil  
9 motions judge of the circuit court of the first  
10 circuit, two additional law clerks for the criminal  
11 motions judge of the circuit court of the first  
12 circuit, and two law clerks for the administrative  
13 judge of the district court of the first circuit; and  
14 one private secretary for the administrative director  
15 of the courts, the deputy administrative director of  
16 the courts, each department head, each deputy or first  
17 assistant, and each additional deputy, or assistant  
18 deputy, or assistant defined in paragraph (16);  
19 (10) First deputy and deputy attorneys general, the  
20 administrative services manager of the department of  
21 the attorney general, one secretary for the  
22 administrative services manager, an administrator and

\_\_\_\_.B. NO.\_\_\_\_\_

1 any support staff for the criminal and juvenile  
2 justice resources coordination functions, and law  
3 clerks;

4 (11) (A) Teachers, principals, vice-principals, complex  
5 area superintendents, deputy and assistant  
6 superintendents, other certificated personnel, no  
7 more than twenty noncertificated administrative,  
8 professional, and technical personnel not engaged  
9 in instructional work;

10 (B) Effective July 1, 2003, teaching assistants,  
11 educational assistants, bilingual/bicultural  
12 school-home assistants, school psychologists,  
13 psychological examiners, speech pathologists,  
14 athletic health care trainers, alternative school  
15 work study assistants, alternative school  
16 educational/supportive services specialists,  
17 alternative school project coordinators, and  
18 communications aides in the department of  
19 education;

20 (C) The special assistant to the state librarian and  
21 one secretary for the special assistant to the  
22 state librarian; and

\_\_\_\_.B. NO.\_\_\_\_

- 1 (D) Members of the faculty of the University of  
2 Hawaii, including research workers, extension  
3 agents, personnel engaged in instructional work,  
4 and administrative, professional, and technical  
5 personnel of the university;
- 6 (12) Employees engaged in special, research, or  
7 demonstration projects approved by the governor;
- 8 (13) (A) Positions filled by inmates, patients of state  
9 institutions, persons with severe physical or  
10 mental disabilities participating in the work  
11 experience training programs;
- 12 (B) Positions filled with students in accordance with  
13 guidelines for established state employment  
14 programs; and
- 15 (C) Positions that provide work experience training  
16 or temporary public service employment that are  
17 filled by persons entering the workforce or  
18 persons transitioning into other careers under  
19 programs such as the federal Workforce Investment  
20 Act of 1998, as amended, or the Senior Community  
21 Service Employment Program of the Employment and  
22 Training Administration of the United States

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1 Department of Labor, or under other similar state  
2 programs;

3 (14) A custodian or guide at Iolani Palace, the Royal  
4 Mausoleum, and Hulihee Palace;

5 (15) Positions filled by persons employed on a fee,  
6 contract, or piecework basis, who may lawfully perform  
7 their duties concurrently with their private business  
8 or profession or other private employment and whose  
9 duties require only a portion of their time, if it is  
10 impracticable to ascertain or anticipate the portion  
11 of time to be devoted to the service of the State;

12 (16) Positions of first deputies or first assistants of  
13 each department head appointed under or in the manner  
14 provided in section 6, article V, of the Hawaii State  
15 Constitution; three additional deputies or assistants  
16 either in charge of the highways, harbors, and  
17 airports divisions or other functions within the  
18 department of transportation as may be assigned by the  
19 director of transportation, with the approval of the  
20 governor; one additional deputy in the department of  
21 human services either in charge of welfare or other  
22 functions within the department as may be assigned by

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1 the director of human services; four additional  
2 deputies in the department of health, each in charge  
3 of one of the following: behavioral health,  
4 environmental health, hospitals, and health resources  
5 administration, including other functions within the  
6 department as may be assigned by the director of  
7 health, with the approval of the governor; two  
8 additional deputies in charge of the law enforcement  
9 programs, administration, or other functions within  
10 the department of law enforcement as may be assigned  
11 by the director of law enforcement, with the approval  
12 of the governor; three additional deputies each in  
13 charge of the correctional institutions,  
14 rehabilitation services and programs, and  
15 administration or other functions within the  
16 department of corrections and rehabilitation as may be  
17 assigned by the director of corrections and  
18 rehabilitation, with the approval of the governor; an  
19 administrative assistant to the state librarian; and  
20 an administrative assistant to the superintendent of  
21 education;

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1 (17) Positions specifically exempted from this part by any  
2 other law; provided that:

3 (A) Any exemption created after July 1, 2014, shall  
4 expire three years after its enactment unless  
5 affirmatively extended by an act of the  
6 legislature; and

7 (B) All of the positions defined by paragraph (9)  
8 shall be included in the position classification  
9 plan;

10 (18) Positions in the state foster grandparent program and  
11 positions for temporary employment of senior citizens  
12 in occupations in which there is a severe personnel  
13 shortage or in special projects;

14 (19) Household employees at the official residence of the  
15 president of the University of Hawaii;

16 (20) Employees in the department of education engaged in  
17 the supervision of students during meal periods in the  
18 distribution, collection, and counting of meal  
19 tickets, and in the cleaning of classrooms after  
20 school hours on a less than half-time basis;

21 (21) Employees hired under the tenant hire program of the  
22 Hawaii public housing authority; provided that not

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- 1 more than twenty-six per cent of the authority's  
2 workforce in any housing project maintained or  
3 operated by the authority shall be hired under the  
4 tenant hire program;
- 5 (22) Positions of the federally funded expanded food and  
6 nutrition program of the University of Hawaii that  
7 require the hiring of nutrition program assistants who  
8 live in the areas they serve;
- 9 (23) Positions filled by persons with severe disabilities  
10 who are certified by the state vocational  
11 rehabilitation office that they are able to perform  
12 safely the duties of the positions;
- 13 (24) The sheriff;
- 14 (25) A gender and other fairness coordinator hired by the  
15 judiciary;
- 16 (26) Positions in the Hawaii National Guard youth and adult  
17 education programs;
- 18 (27) In the state energy office in the department of  
19 business, economic development, and tourism, all  
20 energy program managers, energy program specialists,  
21 energy program assistants, and energy analysts;



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- 1 (28) Administrative appeals hearing officers in the  
2 department of human services;
- 3 (29) In the Med-QUEST division of the department of human  
4 services, the division administrator, finance officer,  
5 health care services branch administrator, medical  
6 director, and clinical standards administrator;
- 7 (30) In the director's office of the department of human  
8 services, the enterprise officer, information security  
9 and privacy compliance officer, security and privacy  
10 compliance engineer, security and privacy compliance  
11 analyst, information technology implementation  
12 manager, assistant information technology  
13 implementation manager, resource manager,  
14 community/project development director, policy  
15 director, special assistant to the director, and  
16 limited English proficiency project  
17 manager/coordinator;
- 18 (31) The Alzheimer's disease and related dementia services  
19 coordinator in the executive office on aging;
- 20 (32) In the Hawaii emergency management agency, the  
21 executive officer, public information officer, civil  
22 defense administrative officer, branch chiefs, and

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1 emergency operations center state warning point  
2 personnel; provided that for state warning point  
3 personnel, the director shall determine that  
4 recruitment through normal civil service recruitment  
5 procedures would result in delay or noncompliance;

6 (33) The executive director and seven full-time  
7 administrative positions of the school facilities  
8 authority;

9 (34) Positions in the Mauna Kea stewardship and oversight  
10 authority;

11 (35) In the office of homeland security of the department  
12 of law enforcement, the statewide interoperable  
13 communications coordinator; ~~and~~

14 ~~+~~ (36) ~~+~~ In the social services division of the department of  
15 human services, the business technology analyst~~-~~;

16 (37) In the Hawaii cannabis authority, the executive  
17 director, executive secretary to the executive  
18 director, chief financial officer, chief equity  
19 officer, general counsel, chief public health and  
20 environment officer, chief technology officer, and  
21 chief compliance officer; and



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1 described in section 237-4, or a service business as  
2 defined in this section;

3 (2) Production of agricultural products where the business  
4 is a producer as defined in section 237-5, or the  
5 processing of agricultural products, all or some of  
6 which were grown within an enterprise zone;

7 (3) Research, development, sale, or production of all  
8 types of genetically-engineered medical, agricultural,  
9 or maritime biotechnology products; or

10 (4) Production of electric power from wind energy for sale  
11 primarily to a public utility company for resale to  
12 the public;

13 provided that [~~medical-cannabis-dispensary~~] the activities of a  
14 cannabis business pursuant to chapter [329D] A shall not be  
15 considered an eligible business activity for the purposes of  
16 this chapter."

17 SECTION 25. Section 235-1, Hawaii Revised Statutes, is  
18 amended by adding a new definition to be appropriately inserted  
19 and to read as follows:

20 ""Cannabis" has the same meaning as in section A-3."

21 SECTION 26. Section 235-2.4, Hawaii Revised Statutes, is  
22 amended by amending subsection (v) to read as follows:



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1 processing, refining, or preparing for sale,  
2 profit, or commercial use, either directly or  
3 through the activity of others, in whole or in  
4 part, any article or articles, substance or  
5 substances, commodity or commodities, the amount  
6 of the tax to be equal to the value of the  
7 articles, substances, or commodities,  
8 manufactured, compounded, canned, preserved,  
9 packed, printed, milled, processed, refined, or  
10 prepared for sale, as shown by the gross proceeds  
11 derived from the sale thereof by the manufacturer  
12 or person compounding, preparing, or printing  
13 them, multiplied by one-half of one per cent.

14 (B) The measure of the tax on manufacturers is the  
15 value of the entire product for sale.

16 (2) Tax on business of selling tangible personal property;  
17 producing.

18 (A) Upon every person engaging or continuing in the  
19 business of selling any tangible personal  
20 property whatsoever, there is likewise hereby  
21 levied, and shall be assessed and collected, a  
22 tax equivalent to four per cent of the gross

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1           proceeds of sales of the business; provided that,  
2           in the case of a wholesaler, the tax shall be  
3           equal to one-half of one per cent of the gross  
4           proceeds of sales of the business; and provided  
5           further that insofar as the sale of tangible  
6           personal property is a wholesale sale under  
7           section 237-4(a)(8), the tax shall be one-half of  
8           one per cent of the gross proceeds. Upon every  
9           person engaging or continuing within this State  
10          in the business of a producer, the tax shall be  
11          equal to one-half of one per cent of the gross  
12          proceeds of sales of the business, or the value  
13          of the products, for sale.

14          (B) Gross proceeds of sales of tangible property in  
15          interstate and foreign commerce shall constitute  
16          a part of the measure of the tax imposed on  
17          persons in the business of selling tangible  
18          personal property, to the extent, under the  
19          conditions, and in accordance with the provisions  
20          of the Constitution of the United States and the  
21          Acts of the Congress of the United States which  
22          may be now in force or may be hereafter adopted,

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1 and whenever there occurs in the State an  
2 activity to which, under the Constitution and  
3 Acts of Congress, there may be attributed gross  
4 proceeds of sales, the gross proceeds shall be so  
5 attributed.

6 (C) No manufacturer or producer, engaged in such  
7 business in the State and selling the  
8 manufacturer's or producer's products for  
9 delivery outside of the State (for example,  
10 consigned to a mainland purchaser via common  
11 carrier f.o.b. Honolulu), shall be required to  
12 pay the tax imposed in this chapter for the  
13 privilege of so selling the products, and the  
14 value or gross proceeds of sales of the products  
15 shall be included only in determining the measure  
16 of the tax imposed upon the manufacturer or  
17 producer.

18 (D) A manufacturer or producer, engaged in such  
19 business in the State, shall pay the tax imposed  
20 in this chapter for the privilege of selling its  
21 products in the State, and the value or gross  
22 proceeds of sales of the products, thus subjected



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1 to tax, may be deducted insofar as duplicated as  
2 to the same products by the measure of the tax  
3 upon the manufacturer or producer for the  
4 privilege of manufacturing or producing in the  
5 State; provided that no producer of agricultural  
6 products who sells the products to a purchaser  
7 who will process the products outside the State  
8 shall be required to pay the tax imposed in this  
9 chapter for the privilege of producing or selling  
10 those products.

11 (E) A taxpayer selling to a federal cost-plus  
12 contractor may make the election provided for by  
13 paragraph (3) (C), and in that case the tax shall  
14 be computed pursuant to the election,  
15 notwithstanding this paragraph or paragraph (1)  
16 to the contrary.

17 (F) The department, by rule, may require that a  
18 seller take from the purchaser of tangible  
19 personal property a certificate, in a form  
20 prescribed by the department, certifying that the  
21 sale is a sale at wholesale; provided that:

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- 1 (i) Any purchaser who furnishes a certificate  
2 shall be obligated to pay to the seller,  
3 upon demand, the amount of the additional  
4 tax that is imposed upon the seller whenever  
5 the sale in fact is not at wholesale; and  
6 (ii) The absence of a certificate in itself shall  
7 give rise to the presumption that the sale  
8 is not at wholesale unless the sales of the  
9 business are exclusively at wholesale.

10 (3) Tax upon contractors.

11 (A) Upon every person engaging or continuing within  
12 the State in the business of contracting, the tax  
13 shall be equal to four per cent of the gross  
14 income of the business.

15 (B) In computing the tax levied under this paragraph,  
16 there shall be deducted from the gross income of  
17 the taxpayer so much thereof as has been included  
18 in the measure of the tax levied under  
19 subparagraph (A), on another taxpayer who is a  
20 contractor, as defined in section 237-6; provided  
21 that any person claiming a deduction under this  
22 paragraph shall be required to show in the

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1 person's return the name and general excise  
2 number of the person paying the tax on the amount  
3 deducted by the person.

4 (C) In computing the tax levied under this paragraph  
5 against any federal cost-plus contractor, there  
6 shall be excluded from the gross income of the  
7 contractor so much thereof as fulfills the  
8 following requirements:

9 (i) The gross income exempted shall constitute  
10 reimbursement of costs incurred for  
11 materials, plant, or equipment purchased  
12 from a taxpayer licensed under this chapter,  
13 not exceeding the gross proceeds of sale of  
14 the taxpayer on account of the transaction;  
15 and

16 (ii) The taxpayer making the sale shall have  
17 certified to the department that the  
18 taxpayer is taxable with respect to the  
19 gross proceeds of the sale, and that the  
20 taxpayer elects to have the tax on gross  
21 income computed the same as upon a sale to  
22 the state government.

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1 (D) A person who, as a business or as a part of a  
2 business in which the person is engaged, erects,  
3 constructs, or improves any building or  
4 structure, of any kind or description, or makes,  
5 constructs, or improves any road, street,  
6 sidewalk, sewer, or water system, or other  
7 improvements on land held by the person (whether  
8 held as a leasehold, fee simple, or otherwise),  
9 upon the sale or other disposition of the land or  
10 improvements, even if the work was not done  
11 pursuant to a contract, shall be liable to the  
12 same tax as if engaged in the business of  
13 contracting, unless the person shows that at the  
14 time the person was engaged in making the  
15 improvements the person intended, and for the  
16 period of at least one year after completion of  
17 the building, structure, or other improvements  
18 the person continued to intend to hold and not  
19 sell or otherwise dispose of the land or  
20 improvements. The tax in respect of the  
21 improvements shall be measured by the amount of  
22 the proceeds of the sale or other disposition

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1 that is attributable to the erection,  
2 construction, or improvement of such building or  
3 structure, or the making, constructing, or  
4 improving of the road, street, sidewalk, sewer,  
5 or water system, or other improvements. The  
6 measure of tax in respect of the improvements  
7 shall not exceed the amount which would have been  
8 taxable had the work been performed by another,  
9 subject as in other cases to the deductions  
10 allowed by subparagraph (B). Upon the election  
11 of the taxpayer, this paragraph may be applied  
12 notwithstanding that the improvements were not  
13 made by the taxpayer, or were not made as a  
14 business or as a part of a business, or were made  
15 with the intention of holding the same. However,  
16 this paragraph shall not apply in respect of any  
17 proceeds that constitute or are in the nature of  
18 rent, which shall be taxable under paragraph (9);  
19 provided that insofar as the business of renting  
20 or leasing real property under a lease is taxed  
21 under section 237-16.5, the tax shall be levied  
22 by section 237-16.5.

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1 (4) Tax upon theaters, amusements, radio broadcasting  
2 stations, etc.

3 (A) Upon every person engaging or continuing within  
4 the State in the business of operating a theater,  
5 opera house, moving picture show, vaudeville,  
6 amusement park, dance hall, skating rink, radio  
7 broadcasting station, or any other place at which  
8 amusements are offered to the public, the tax  
9 shall be equal to four per cent of the gross  
10 income of the business, and in the case of a sale  
11 of an amusement at wholesale under section 237-  
12 4(a)(13), the tax shall be one-half of one per  
13 cent of the gross income.

14 (B) The department may require that the person  
15 rendering an amusement at wholesale take from the  
16 licensed seller a certificate, in a form  
17 prescribed by the department, certifying that the  
18 sale is a sale at wholesale; provided that:

19 (i) Any licensed seller who furnishes a  
20 certificate shall be obligated to pay to the  
21 person rendering the amusement, upon demand,  
22 the amount of additional tax that is imposed

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1                   upon the seller whenever the sale is not at  
2                   wholesale; and

3                   (ii) The absence of a certificate in itself shall  
4                   give rise to the presumption that the sale  
5                   is not at wholesale unless the person  
6                   rendering the sale is exclusively rendering  
7                   the amusement at wholesale.

8           (5) Tax upon sales representatives, etc. Upon every  
9           person classified as a representative or purchasing  
10          agent under section 237-1, engaging or continuing  
11          within the State in the business of performing  
12          services for another, other than as an employee, there  
13          is likewise hereby levied and shall be assessed and  
14          collected a tax equal to four per cent of the  
15          commissions and other compensation attributable to the  
16          services so rendered by the person.

17          (6) Tax on service business.

18               (A) Upon every person engaging or continuing within  
19               the State in any service business or calling  
20               including professional services not otherwise  
21               specifically taxed under this chapter, there is  
22               likewise hereby levied and shall be assessed and

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1 collected a tax equal to four per cent of the  
2 gross income of the business, and in the case of  
3 a wholesaler under section 237-4(a)(10), the tax  
4 shall be equal to one-half of one per cent of the  
5 gross income of the business.

6 (B) The department may require that the person  
7 rendering a service at wholesale take from the  
8 licensed seller a certificate, in a form  
9 prescribed by the department, certifying that the  
10 sale is a sale at wholesale; provided that:

11 (i) Any licensed seller who furnishes a  
12 certificate shall be obligated to pay to the  
13 person rendering the service, upon demand,  
14 the amount of additional tax that is imposed  
15 upon the seller whenever the sale is not at  
16 wholesale; and

17 (ii) The absence of a certificate in itself shall  
18 give rise to the presumption that the sale  
19 is not at wholesale unless the person  
20 rendering the sale is exclusively rendering  
21 services at wholesale.



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1 (C) Where any person is engaged in the business of  
2 selling interstate or foreign common carrier  
3 telecommunication services within and without the  
4 State, other than as a home service provider, the  
5 tax shall be imposed on that portion of gross  
6 income received by a person from service which is  
7 originated or terminated in this State and is  
8 charged to a telephone number, customer, or  
9 account in this State notwithstanding any other  
10 state law (except for the exemption under section  
11 237-23(a)(1)) to the contrary. If, under the  
12 Constitution and laws of the United States, the  
13 entire gross income as determined under this  
14 paragraph of a business selling interstate or  
15 foreign common carrier telecommunication services  
16 cannot be included in the measure of the tax, the  
17 gross income shall be apportioned as provided in  
18 section 237-21; provided that the apportionment  
19 factor and formula shall be the same for all  
20 persons providing those services in the State.

21 (D) Where any person is engaged in the business of a  
22 home service provider, the tax shall be imposed

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1 on the gross income received or derived from  
2 providing interstate or foreign mobile  
3 telecommunications services to a customer with a  
4 place of primary use in this State when the  
5 services originate in one state and terminate in  
6 another state, territory, or foreign country;  
7 provided that all charges for mobile  
8 telecommunications services which are billed by  
9 or for the home service provider are deemed to be  
10 provided by the home service provider at the  
11 customer's place of primary use, regardless of  
12 where the mobile telecommunications originate,  
13 terminate, or pass through; provided further that  
14 the income from charges specifically derived from  
15 interstate or foreign mobile telecommunications  
16 services, as determined by books and records that  
17 are kept in the regular course of business by the  
18 home service provider in accordance with section  
19 239-24, shall be apportioned under any  
20 apportionment factor or formula adopted under  
21 subparagraph (C). Gross income shall not  
22 include:

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1 (i) Gross receipts from mobile  
2 telecommunications services provided to a  
3 customer with a place of primary use outside  
4 this State;

5 (ii) Gross receipts from mobile  
6 telecommunications services that are subject  
7 to the tax imposed by chapter 239;

8 (iii) Gross receipts from mobile  
9 telecommunications services taxed under  
10 section 237-13.8; and

11 (iv) Gross receipts of a home service provider  
12 acting as a serving carrier providing mobile  
13 telecommunications services to another home  
14 service provider's customer.

15 For the purposes of this paragraph, "charges for  
16 mobile telecommunications services", "customer",  
17 "home service provider", "mobile  
18 telecommunications services", "place of primary  
19 use", and "serving carrier" have the same meaning  
20 as in section 239-22.

21 (7) Tax on insurance producers. Upon every person engaged  
22 as a licensed producer pursuant to chapter 431, there

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1 is hereby levied and shall be assessed and collected a  
2 tax equal to 0.15 per cent of the commissions due to  
3 that activity.

4 (8) Tax on receipts of sugar benefit payments. Upon the  
5 amounts received from the United States government by  
6 any producer of sugar (or the producer's legal  
7 representative or heirs), as defined under and by  
8 virtue of the Sugar Act of 1948, as amended, or other  
9 Acts of the Congress of the United States relating  
10 thereto, there is hereby levied a tax of one-half of  
11 one per cent of the gross amount received; provided  
12 that the tax levied hereunder on any amount so  
13 received and actually disbursed to another by a  
14 producer in the form of a benefit payment shall be  
15 paid by the person or persons to whom the amount is  
16 actually disbursed, and the producer actually making a  
17 benefit payment to another shall be entitled to claim  
18 on the producer's return a deduction from the gross  
19 amount taxable hereunder in the sum of the amount so  
20 disbursed. The amounts taxed under this paragraph  
21 shall not be taxable under any other paragraph,  
22 subsection, or section of this chapter.

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1       (9) Tax on persons engaging or continuing in the business  
2       of retailing cannabis. In addition to the tax levied,  
3       assessed, and collected pursuant to other applicable  
4       provisions of this section, beginning on January 1,  
5       2025, and thereafter, upon every person engaging  
6       within the State in the business of selling cannabis  
7       at retail the tax shall be equal to ten per cent of  
8       the gross proceeds of sales from cannabis; provided  
9       that this tax shall not apply to the sales of medical  
10       cannabis as defined in section A-3; provided further  
11       that any amounts levied, assessed, and collected  
12       pursuant to this section, including amounts levied,  
13       assessed, and collected on the sales of cannabis at  
14       wholesale and the amounts levied, assessed, and  
15       collected on the sales of medical cannabis, shall be  
16       deposited quarterly as follows:

17       (A) Thirty-five per cent of the tax collected shall  
18       be deposited into the cannabis regulation special  
19       fund established by section A-12;

20       (B) Twenty-five per cent of the tax collected shall  
21       be deposited into the cannabis social equity  
22       special fund established by section A-13;

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1            (C) Fifteen per cent of the tax collected shall be  
2            deposited into the public health and education  
3            special fund established by section A-14;

4            (D) Ten per cent of the tax collected shall be  
5            deposited into the public safety special fund  
6            established by section A-15;

7            (E) Seven and one-half per cent of the tax collected  
8            shall be deposited into the cannabis nuisance  
9            abatement special fund established by section A-  
10           16; and

11           (F) Seven and one-half per cent of the tax collected  
12           shall be deposited into the cannabis law  
13           enforcement special fund established by section  
14           A-17.

15    ~~(9)~~ (10) Tax on other business. Upon every person engaging  
16            or continuing within the State in any business, trade,  
17            activity, occupation, or calling not included in the  
18            preceding paragraphs or any other provisions of this  
19            chapter, there is likewise hereby levied and shall be  
20            assessed and collected, a tax equal to four per cent  
21            of the gross income thereof. In addition, the rate  
22            prescribed by this paragraph shall apply to a business

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1 taxable under one or more of the preceding paragraphs  
2 or other provisions of this chapter, as to any gross  
3 income thereof not taxed thereunder as gross income or  
4 gross proceeds of sales or by taxing an equivalent  
5 value of products, unless specifically exempted."

6 SECTION 28. Section 237-24.3, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "**§237-24.3 Additional amounts not taxable.** In addition to  
9 the amounts not taxable under section 237-24, this chapter shall  
10 not apply to:

11 (1) Amounts received from the loading, transportation, and  
12 unloading of agricultural commodities shipped for a  
13 producer or produce dealer on one island of this State  
14 to a person, firm, or organization on another island  
15 of this State. The terms "agricultural commodity",  
16 "producer", and "produce dealer" shall be defined in  
17 the same manner as they are defined in section 147-1;  
18 provided that agricultural commodities need not have  
19 been produced in the State;

20 (2) Amounts received by the manager, submanager, or board  
21 of directors of:

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- 1 (A) An association of a condominium property regime  
2 established in accordance with chapter 514B or  
3 any predecessor thereto; or
- 4 (B) A nonprofit homeowners or community association  
5 incorporated in accordance with chapter 414D or  
6 any predecessor thereto and existing pursuant to  
7 covenants running with the land,  
8 in reimbursement of sums paid for common expenses;
- 9 (3) Amounts received or accrued from:
- 10 (A) The loading or unloading of cargo from ships,  
11 barges, vessels, or aircraft, including  
12 stevedoring services as defined in section 382-1,  
13 whether or not the ships, barges, vessels, or  
14 aircraft travel between the State and other  
15 states or countries or between the islands of the  
16 State;
- 17 (B) Tugboat services including pilotage fees  
18 performed within the State, and the towage of  
19 ships, barges, or vessels in and out of state  
20 harbors, or from one pier to another;
- 21 (C) The transportation of pilots or governmental  
22 officials to ships, barges, or vessels offshore;



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1                   rigging gear; checking freight and similar  
2                   services; standby charges; and use of moorings  
3                   and running mooring lines; and  
4                   (D) Wharfage and demurrage imposed under chapter 266  
5                   that is paid to the department of transportation;  
6                   (4) Amounts received by an employee benefit plan by way of  
7                   contributions, dividends, interest, and other income;  
8                   and amounts received by a nonprofit organization or  
9                   office, as payments for costs and expenses incurred  
10                  for the administration of an employee benefit plan;  
11                  provided that this exemption shall not apply to any  
12                  gross rental income or gross rental proceeds received  
13                  after June 30, 1994, as income from investments in  
14                  real property in this State; and provided further that  
15                  gross rental income or gross rental proceeds from  
16                  investments in real property received by an employee  
17                  benefit plan after June 30, 1994, under written  
18                  contracts executed prior to July 1, 1994, shall not be  
19                  taxed until the contracts are renegotiated, renewed,  
20                  or extended, or until after December 31, 1998,  
21                  whichever is earlier. For the purposes of this  
22                  paragraph, "employee benefit plan" means any plan as

\_\_\_\_.B. NO.\_\_\_\_

1 defined in title 29 United States Code section  
2 1002(3), as amended;  
3 (5) Amounts received for purchases made with United States  
4 Department of Agriculture food coupons under the  
5 federal food stamp program, and amounts received for  
6 purchases made with United States Department of  
7 Agriculture food vouchers under the Special  
8 Supplemental Foods Program for Women, Infants and  
9 Children;

10 (6) Amounts received by a hospital, infirmary, medical  
11 clinic, health care facility, pharmacy, or a  
12 practitioner licensed to administer the drug to an  
13 individual for selling prescription drugs or  
14 prosthetic devices to an individual; provided that  
15 this paragraph shall not apply to any amounts received  
16 for services provided in selling prescription drugs or  
17 prosthetic devices. As used in this paragraph:

18 "Prescription drugs" are those drugs defined  
19 under section 328-1 and dispensed by filling or  
20 refilling a written or oral prescription by a  
21 practitioner licensed under law to administer the drug  
22 and sold by a licensed pharmacist under section 328-16

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1 or practitioners licensed to administer drugs;  
2 provided that "prescription drugs" shall not include  
3 any cannabis [~~or manufactured cannabis products~~]  
4 authorized pursuant to [~~chapters 329 and 329D;~~]  
5 chapter A; and

6 "Prosthetic device" means any artificial device  
7 or appliance, instrument, apparatus, or contrivance,  
8 including their components, parts, accessories, and  
9 replacements thereof, used to replace a missing or  
10 surgically removed part of the human body, which is  
11 prescribed by a licensed practitioner of medicine,  
12 osteopathy, or podiatry and that is sold by the  
13 practitioner or that is dispensed and sold by a dealer  
14 of prosthetic devices; provided that "prosthetic  
15 device" shall not mean any auditory, ophthalmic,  
16 dental, or ocular device or appliance, instrument,  
17 apparatus, or contrivance;

18 (7) Taxes on transient accommodations imposed by chapter  
19 237D and passed on and collected by operators holding  
20 certificates of registration under that chapter;

21 (8) Amounts received as dues by an unincorporated  
22 merchants association from its membership for

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1 advertising media, promotional, and advertising costs  
2 for the promotion of the association for the benefit  
3 of its members as a whole and not for the benefit of  
4 an individual member or group of members less than the  
5 entire membership;

6 (9) Amounts received by a labor organization for real  
7 property leased to:

8 (A) A labor organization; or

9 (B) A trust fund established by a labor organization  
10 for the benefit of its members, families, and  
11 dependents for medical or hospital care, pensions  
12 on retirement or death of employees,  
13 apprenticeship and training, and other membership  
14 service programs.

15 As used in this paragraph, "labor organization" means  
16 a labor organization exempt from federal income tax  
17 under section 501(c)(5) of the Internal Revenue Code,  
18 as amended;

19 (10) Amounts received from foreign diplomats and consular  
20 officials who are holding cards issued or authorized  
21 by the United States Department of State granting them  
22 an exemption from state taxes; and

\_\_\_\_.B. NO.\_\_\_\_

1 (11) Amounts received as rent for the rental or leasing of  
2 aircraft or aircraft engines used by the lessees or  
3 renters for interstate air transportation of  
4 passengers and goods. For purposes of this paragraph,  
5 payments made pursuant to a lease shall be considered  
6 rent regardless of whether the lease is an operating  
7 lease or a financing lease. The definition of  
8 "interstate air transportation" is the same as in 49  
9 U.S.C. section 40102."

10 SECTION 29. Section 245-1, Hawaii Revised Statutes, is  
11 amended by amending the definition of "e-liquid" to read as  
12 follows:

13 "E-liquid" means any liquid or like substance, which may  
14 or may not contain nicotine, that is designed or intended to be  
15 used in an electronic smoking device, whether or not packaged in  
16 a cartridge or other container.

17 "E-liquid" does not include:

- 18 (1) Prescription drugs;
- 19 (2) Cannabis [~~for medical use pursuant to chapter 329 or~~  
20 ~~manufactured~~], cannabis products, or cannabis  
21 accessories authorized pursuant to chapter [~~329D7~~] A;
- 22 or

.B. NO.    

1           (3) Medical devices used to aerosolize, inhale, or ingest  
2           prescription drugs~~[, including manufactured cannabis~~  
3           ~~products described in section 329D-10]."~~

4           SECTION 30. Section 329-43.5, Hawaii Revised Statutes, is  
5 amended by amending subsection (e) to read as follows:

6           "(e) Subsections (a) and (b) shall not apply to a person  
7 who is ~~[authorized to:~~

8           ~~(1) Acquire, possess, cultivate, use, distribute, or~~  
9           ~~transport cannabis pursuant to the definition of~~  
10           ~~"medical use" under section 329-121, while the person~~  
11           ~~is facilitating the medical use of cannabis by a~~  
12           ~~qualifying patient; or~~

13           ~~(2) Dispense, manufacture, or produce cannabis or~~  
14           ~~manufactured cannabis products pursuant to and in~~  
15           ~~compliance with chapter 329D, while the person is~~  
16           ~~facilitating the medical use of cannabis by a~~  
17           ~~qualifying patient pursuant to part IX of chapter~~  
18           ~~329.] acting in strict compliance with chapter A with~~  
19           ~~respect to marijuana."~~

20           SECTION 31. Section 378-2.5, Hawaii Revised Statutes, is  
21 amended by amending subsection (d) to read as follows:

\_\_\_\_.B. NO.\_\_\_\_\_

1           "(d) Notwithstanding subsections (b) and (c), the  
2 requirement that inquiry into and consideration of a prospective  
3 employee's conviction record may take place only after the  
4 individual has received a conditional job offer, and the  
5 limitation to the most recent seven-year period for felony  
6 convictions and the most recent five-year period for misdemeanor  
7 convictions, excluding the period of incarceration, shall not  
8 apply to employers who are expressly permitted to inquire into  
9 an individual's criminal history for employment purposes  
10 pursuant to any federal or state law other than subsection (a),  
11 including:

12           (1) The State or any of its branches, political  
13 subdivisions, or agencies pursuant to sections 78-2.7  
14 and 831-3.1;

15           (2) The department of education pursuant to section 302A-  
16 601.5;

17           (3) The department of health with respect to employees,  
18 providers, or subcontractors in positions that place  
19 them in direct contact with clients when providing  
20 non-witnessed direct mental health services pursuant  
21 to section 321-171.5;

22           (4) The judiciary pursuant to section 571-34;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (5) The counties pursuant to section 846-2.7(b) (5), (33),  
2 (34), (35), (36), and (38);
- 3 (6) Armed security services pursuant to section 261-17(b);
- 4 (7) Providers of a developmental disabilities domiciliary  
5 home pursuant to section 321-15.2;
- 6 (8) Private schools pursuant to sections 302C-1 and 378-  
7 3(8);
- 8 (9) Financial institutions in which deposits are insured  
9 by a federal agency having jurisdiction over the  
10 financial institution pursuant to section 378-3(9);
- 11 (10) Detective agencies and security guard agencies  
12 pursuant to sections 463-6(b) and 463-8(b);
- 13 (11) Employers in the business of insurance pursuant to  
14 section 431:2-201.3;
- 15 (12) Employers of individuals or supervisors of individuals  
16 responsible for screening passengers or property under  
17 title 49 United States Code section 44901 or  
18 individuals with unescorted access to an aircraft of  
19 an air carrier or foreign carrier or in a secured area  
20 of an airport in the United States pursuant to title  
21 49 United States Code section 44936(a);



\_\_\_\_.B. NO.\_\_\_\_

- 1 (13) The department of human services pursuant to sections
- 2 346-97 and 352-5.5;
- 3 (14) The public library system pursuant to section 302A-
- 4 601.5;
- 5 (15) The department of law enforcement pursuant to section
- 6 353C-5;
- 7 (16) The board of directors of a cooperative housing
- 8 corporation or the manager of a cooperative housing
- 9 project pursuant to section 421I-12;
- 10 (17) The board of directors of an association under chapter
- 11 514B, or the managing agent or resident manager of a
- 12 condominium pursuant to section 514B-133;
- 13 (18) The department of health pursuant to section 321-15.2;
- 14 [~~and~~]
- 15 (19) The department of corrections and rehabilitation
- 16 pursuant to section 353-1.5[~~+~~];
- 17 (20) Licensed business pursuant to section A-45; and
- 18 (21) The cannabis control board and Hawaii cannabis
- 19 authority pursuant to sections A-7 and A-26."

20 SECTION 32. Section 421J-16, Hawaii Revised Statutes, is  
21 amended to read as follows:

\_\_\_\_.B.NO.\_\_\_\_\_

1           "**§421J-16 Medical cannabis; discrimination.** A provision  
2 in any association document allowing for any of the  
3 discriminatory practices listed in section 515-3(a)(1) to (7)  
4 against a person residing in a unit who has a valid  
5 [~~certificate~~] medical cannabis registration card for the medical  
6 use of cannabis as provided in section [~~329-123~~] A-34 in any  
7 form is void, unless the association document prohibits the  
8 smoking of tobacco and the medical cannabis is used by means of  
9 smoking. Nothing in this section shall be construed to diminish  
10 the obligation of a planned community association to provide  
11 reasonable accommodations for persons with disabilities pursuant  
12 to section 515-3(a)(9)."

13           SECTION 33. Section 453-8, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15           "(a) In addition to any other actions authorized by law,  
16 any license to practice medicine and surgery may be revoked,  
17 limited, or suspended by the board at any time in a proceeding  
18 before the board, or may be denied, for any cause authorized by  
19 law, including but not limited to the following:

20           (1) Procuring, or aiding or abetting in procuring, an  
21           abortion that is unlawful under the laws of this State

\_\_\_\_.B. NO.\_\_\_\_\_

1 or that would be unlawful under the laws of this State  
2 if performed within this State;

3 (2) Employing any person to solicit patients for one's  
4 self;

5 (3) Engaging in false, fraudulent, or deceptive  
6 advertising, including but not limited to:

7 (A) Making excessive claims of expertise in one or  
8 more medical specialty fields;

9 (B) Assuring a permanent cure for an incurable  
10 disease; or

11 (C) Making any untruthful and improbable statement in  
12 advertising one's medical or surgical practice or  
13 business;

14 (4) Being habituated to the excessive use of drugs or  
15 alcohol; or being addicted to, dependent on, or a  
16 habitual user of a narcotic, barbiturate, amphetamine,  
17 hallucinogen, or other drug having similar effects;

18 (5) Practicing medicine while the ability to practice is  
19 impaired by alcohol, drugs, physical disability, or  
20 mental instability;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1 (6) Procuring a license through fraud, misrepresentation,  
2 or deceit, or knowingly permitting an unlicensed  
3 person to perform activities requiring a license;
- 4 (7) Professional misconduct, hazardous negligence causing  
5 bodily injury to another, or manifest incapacity in  
6 the practice of medicine or surgery;
- 7 (8) Incompetence or multiple instances of negligence,  
8 including but not limited to the consistent use of  
9 medical service, which is inappropriate or  
10 unnecessary;
- 11 (9) Conduct or practice contrary to recognized standards  
12 of ethics of the medical profession as adopted by the  
13 Hawaii Medical Association, the American Medical  
14 Association, the Hawaii Association of Osteopathic  
15 Physicians and Surgeons, or the American Osteopathic  
16 Association;
- 17 (10) Violation of the conditions or limitations upon which  
18 a limited or temporary license is issued;
- 19 (11) Revocation, suspension, or other disciplinary action  
20 by another state or federal agency of a license,  
21 certificate, or medical privilege, except when the  
22 revocation, suspension, or other disciplinary action

\_\_\_\_.B. NO.\_\_\_\_\_

1 was based on the provision or assistance in receipt or  
2 provision of medical, surgical, pharmaceutical,  
3 counseling, or referral services relating to the human  
4 reproductive system, including but not limited to  
5 services relating to pregnancy, contraception, or the  
6 termination of a pregnancy, so long as the provision  
7 or assistance in receipt or provision of the services  
8 was in accordance with the laws of this State or would  
9 have been in accordance with the laws of this State if  
10 it occurred within this State;

11 (12) Conviction, whether by nolo contendere or otherwise,  
12 of a penal offense substantially related to the  
13 qualifications, functions, or duties of a physician or  
14 osteopathic physician, notwithstanding any statutory  
15 provision to the contrary, except when the conviction  
16 was based on the provision or assistance in receipt or  
17 provision of medical, surgical, pharmaceutical,  
18 counseling, or referral services relating to the human  
19 reproductive system, including but not limited to  
20 services relating to pregnancy, contraception, or the  
21 termination of a pregnancy, so long as the provision  
22 or assistance in receipt or provision of the services

\_\_\_\_.B. NO.\_\_\_\_\_

1 was in accordance with the laws of this State or would  
2 have been in accordance with the laws of this State if  
3 it occurred within this State;

4 (13) Violation of chapter 329, the uniform controlled  
5 substances act, or any rule adopted thereunder except  
6 as provided in section [~~329-122;~~] A-36;

7 (14) Failure to report to the board, in writing, any  
8 disciplinary decision issued against the licensee or  
9 the applicant in another jurisdiction within thirty  
10 days after the disciplinary decision is issued; or

11 (15) Submitting to or filing with the board any notice,  
12 statement, or other document required under this  
13 chapter, which is false or untrue or contains any  
14 material misstatement or omission of fact."

15 SECTION 34. Section 457-12, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:

17 "(a) In addition to any other actions authorized by law,  
18 the board shall have the power to deny, revoke, limit, or  
19 suspend any license to practice nursing as a registered nurse or  
20 as a licensed practical nurse applied for or issued by the board  
21 in accordance with this chapter, and to fine or to otherwise

\_\_\_\_.B. NO.\_\_\_\_\_

1 discipline a licensee for any cause authorized by law, including  
2 but not limited to the following:

3 (1) Fraud or deceit in procuring or attempting to procure  
4 a license to practice nursing as a registered nurse or  
5 as a licensed practical nurse;

6 (2) Gross immorality;

7 (3) Unfitness or incompetence by reason of negligence,  
8 habits, or other causes;

9 (4) Habitual intemperance, addiction to, or dependency on  
10 alcohol or other habit-forming substances;

11 (5) Mental incompetence;

12 (6) Unprofessional conduct as defined by the board in  
13 accordance with its own rules;

14 (7) Wilful or repeated violation of any of the provisions  
15 of this chapter or any rule adopted by the board;

16 (8) Revocation, suspension, limitation, or other  
17 disciplinary action by another state of a nursing  
18 license, except when the revocation, suspension,  
19 limitation, or other disciplinary action by another  
20 state was based on the provision or assistance in  
21 receipt or provision of medical, surgical,  
22 pharmaceutical, counseling, or referral services

\_\_\_\_.B. NO.\_\_\_\_

1 relating to the human reproductive system, including  
2 but not limited to services relating to pregnancy,  
3 contraception, or the termination of a pregnancy, so  
4 long as the provision or assistance in receipt or  
5 provision of the services was in accordance with the  
6 laws of this State or would have been in accordance  
7 with the laws of this State if it occurred within this  
8 State;

9 (9) Conviction, whether by nolo contendere or otherwise,  
10 of a penal offense substantially related to the  
11 qualifications, functions, or duties of a nurse,  
12 notwithstanding any statutory provision to the  
13 contrary, except when the conviction was based on the  
14 provision or assistance in receipt or provision of  
15 medical, surgical, pharmaceutical, counseling, or  
16 referral services relating to the human reproductive  
17 system, including but not limited to services relating  
18 to pregnancy, contraception, or the termination of a  
19 pregnancy, so long as the provision or assistance in  
20 receipt or provision of the services was in accordance  
21 with the laws of this State or would have been in



\_\_\_\_.B. NO.\_\_\_\_

1           accordance with the laws of this State if it occurred  
2           within this State;

3           (10) Failure to report to the board any disciplinary action  
4           taken against the licensee in another jurisdiction  
5           within thirty days after the disciplinary action  
6           becomes final;

7           (11) Submitting to or filing with the board any notice,  
8           statement, or other document required under this  
9           chapter, which is false or untrue or contains any  
10          material misstatement of fact, including a false  
11          attestation of compliance with continuing competency  
12          requirements;

13          (12) Violation of the conditions or limitations upon which  
14          any license is issued; or

15          (13) Violation of chapter 329, the uniform controlled  
16          substances act, or any rule adopted thereunder except  
17          as provided in section [~~329-122.~~] A-36."

18          SECTION 35. Section 514B-113, Hawaii Revised Statutes, is  
19          amended to read as follows:

20                "**§514B-113 Medical cannabis; discrimination.** A provision  
21          in any articles of incorporation, declaration, bylaws,  
22          administrative rules, house rules, or association documents of a

\_\_\_\_.B. NO.\_\_\_\_\_

1 condominium allowing for any of the discriminatory practices  
2 listed in section 515-3(a) (1) to (7) against a person residing  
3 in a unit who has a valid [~~certificate~~] medical cannabis  
4 registration card for the medical use of cannabis as provided in  
5 section [~~329-123~~] A-34 in any form is void, unless the documents  
6 prohibit the smoking of tobacco and the medical cannabis is used  
7 by means of smoking. Nothing in this section shall be construed  
8 to diminish the obligation of a condominium association to  
9 provide reasonable accommodations for persons with disabilities  
10 pursuant to section 515-3(a) (9)."

11 SECTION 36. Section 521-39, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "**§521-39 Medical cannabis; tenant use; eviction.** A  
14 provision in a rental agreement allowing for eviction of a  
15 tenant who has a valid [~~certificate~~] medical cannabis  
16 registration card for the medical use of cannabis as provided in  
17 section [~~329-123~~] A-34 in any form is void, unless the rental  
18 agreement allows for eviction for smoking tobacco and the  
19 medical cannabis is used by means of smoking; provided that this  
20 section shall not apply where the articles of incorporation,  
21 declaration, bylaws, administrative rules, house rules,  
22 association documents, or a similar document of a condominium

.B.NO.    

1 property regime or planned community association prohibits the  
2 ~~[medical]~~ use of cannabis."

3 SECTION 37. Section 709-903.5, Hawaii Revised Statutes, is  
4 amended by amending subsection (1) to read as follows:

5 "(1) Except as provided in subsection (2), a person  
6 commits the offense of endangering the welfare of a minor in the  
7 first degree if, having care or custody of a minor, the person:

8 (a) Intentionally or knowingly allows another person to  
9 inflict serious or substantial bodily injury on the  
10 minor; or

11 (b) Intentionally or knowingly causes or permits the minor  
12 to inject, ingest, inhale, or otherwise introduce into  
13 the minor's body any controlled substance listed in  
14 sections 329-14, 329-16, 329-18, and 329-20 that has  
15 not been prescribed by a physician for the minor,  
16 except as permitted under ~~[section 329-122.]~~ section  
17 A-28."

18 SECTION 38. Section 709-904, Hawaii Revised Statutes, is  
19 amended by amending subsection (1) to read as follows:

20 "(1) Except as provided in section 709-903.5(2), a person  
21 commits the offense of endangering the welfare of a minor in the  
22 second degree if, having care or custody of a minor, the person:

.B.NO.    

- 1           (a) Recklessly allows another person to inflict serious or  
2                   substantial bodily injury on the minor; or
- 3           (b) Recklessly causes or permits the minor to inject,  
4                   ingest, inhale, or otherwise introduce into the  
5                   minor's body any controlled substance listed in  
6                   sections 329-14, 329-16, 329-18, and 329-20 that has  
7                   not been prescribed by a physician for the minor,  
8                   except as permitted under [~~section 329-122.~~] section  
9                   A-28. This subsection shall not apply to nursing  
10                  mothers who may cause the ingestion or introduction of  
11                  detectable amounts of any controlled substance listed  
12                  in sections 329-14, 329-16, 329-18, and 329-20 to  
13                  their minor children through breastfeeding."

14           SECTION 39. Section 712-1240.1, Hawaii Revised Statutes,  
15 is amended by amending subsection (2) to read as follows:

16           "(2) It is an affirmative defense to prosecution for any  
17 marijuana-related offense defined in this part that the person  
18 who possessed or distributed the marijuana was authorized to  
19 possess or distribute the marijuana [~~for medical purposes~~  
20 ~~pursuant to part IX of chapter 329.~~] pursuant to chapter A."

21           SECTION 40. Section 712-1244, Hawaii Revised Statutes, is  
22 amended to read as follows:

\_\_\_\_.B. NO.\_\_\_\_\_

1            "**§712-1244 Promoting a harmful drug in the first degree.**

2       (1) A person commits the offense of promoting a harmful drug in  
3 the first degree if the person knowingly:

4           (a) Possesses one hundred or more capsules or tablets or  
5 dosage units containing one or more of the harmful  
6 drugs or one or more of the marijuana concentrates, or  
7 any combination thereof;

8           (b) Possesses one or more preparations, compounds,  
9 mixtures, or substances, of an aggregate weight of one  
10 ounce or more containing one or more of the harmful  
11 drugs or one or more of the marijuana concentrates, or  
12 any combination thereof;

13          (c) Distributes twenty-five or more capsules or tablets or  
14 dosage units containing one or more of the harmful  
15 drugs or one or more of the marijuana concentrates, or  
16 any combination thereof;

17          (d) Distributes one or more preparations, compounds,  
18 mixtures, or substances, of an aggregate weight of  
19 one-eighth ounce or more, containing one or more of  
20 the harmful drugs or one or more of the marijuana  
21 concentrates, or any combination thereof; [~~or~~]

\_\_\_\_.B. NO.\_\_\_\_\_

1 (e) Distributes any harmful drug [~~or any marijuana~~  
2 ~~concentrate~~] in any amount to a minor[-]; or  
3 (f) Distributes any marijuana concentrate in any amount to  
4 a person under the age of twenty-one.

5 (2) Promoting a harmful drug in the first degree is a  
6 class A felony."

7 SECTION 41. Section 712-1249, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 **"§712-1249 Promoting a detrimental drug in the third**

10 **degree.** (1) A person commits the offense of promoting a  
11 detrimental drug in the third degree if the person knowingly  
12 possesses any marijuana or any Schedule V substance in any  
13 amount.

14 (2) Promoting a detrimental drug in the third degree is a  
15 petty misdemeanor; provided that possession by a person twenty-  
16 one years old or older of three grams or less of marijuana is a  
17 violation, punishable by a fine of \$130.

18 (3) Any person under the age of eighteen who violates this  
19 section based on the possession of three grams or less of  
20 marijuana shall be subject to the jurisdiction of the family  
21 court.

\_\_\_\_.B. NO.\_\_\_\_\_

1       (4) Whenever any person is charged with a violation of  
2 this section based on the possession of three grams or less of  
3 marijuana and the person was under twenty-one years of age at  
4 the time of the offense, the court, without entering a judgment  
5 of guilt or adjudication of the matter and with the consent of  
6 the accused, may defer further proceedings and place the accused  
7 on probation upon terms and conditions. Upon a violation of a  
8 term or condition of probation, the court may enter an  
9 adjudication of guilt or law violation and proceed as otherwise  
10 provided. In cases in which the court has deferred further  
11 proceedings:

12       (a) The court shall order as a term of probation that the  
13       person complete a drug education program or substance  
14       abuse assessment or substance abuse treatment;

15       (b) Upon fulfillment of the terms and conditions ordered  
16       by the court, the court shall discharge and dismiss  
17       the proceedings against the person; and

18       (c) Discharge and dismissal under this section shall be  
19       without adjudication of guilt or law violation and is  
20       not a conviction for purposes of this section or for  
21       purposes of disqualifications or disabilities imposed  
22       by law upon conviction of a crime.

\_\_\_\_.B. NO.\_\_\_\_\_

1       (5) Upon the dismissal of such person and discharge of the  
2 proceeding against the person pursuant to subsection (4), the  
3 person may apply to the court for an order to expunge from all  
4 official records all recordation relating to the person's  
5 arrest, indictment, complaint, information, trial, adjudication,  
6 finding of guilt, and dismissal and discharge pursuant to this  
7 section.

8       (a) If the court determines, after hearing, that such  
9 person was dismissed and the proceedings against the  
10 person discharged and that the person was under  
11 twenty-one years of age at the time of the offense, it  
12 shall enter such order.

13       (b) The effect of such order shall be to restore such  
14 person, in the contemplation of the law, to the status  
15 the person occupied before such arrest, indictment,  
16 complaint, or information.

17       (c) No person as to whom such order has been entered shall  
18 be held thereafter under any provision of any law to  
19 be guilty of perjury or otherwise giving a false  
20 statement by reason of the person's failures to recite  
21 or acknowledge such arrest, indictment, complaint,  
22 information, trial, adjudication, finding of guilt,



\_\_\_\_.B. NO.\_\_\_\_\_

1           and dismissal and discharge in response to any inquiry  
2           made of the person for any purpose.

3           (6) Nothing contained in subsections (4) and (5) shall  
4 prohibit a person from seeking a conditional discharge pursuant  
5 to section 712-1255 or a deferral of the person's plea pursuant  
6 to section 853-1."

7           SECTION 42. Section 712-1249.5, Hawaii Revised Statutes,  
8 is amended by amending subsection (1) to read as follows:

9           "(1) A person commits the offense of commercial promotion  
10 of marijuana in the second degree if the person knowingly:

11           (a) Possesses marijuana having an aggregate weight of two  
12           pounds or more;

13           (b) Distributes marijuana having an aggregate weight of  
14           one pound or more;

15           (c) Possesses, cultivates, or has under the person's  
16           control fifty or more marijuana plants;

17           (d) Cultivates on land owned by another person, including  
18           land owned by the government or other legal entity,  
19           any marijuana plant, unless the person has the express  
20           permission from the owner of the land to cultivate the  
21           marijuana or the person has a legal or an equitable

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1 ownership interest in the land or the person has a  
2 legal right to occupy the land; [~~or~~]

3 (e) Sells or barterers [~~any marijuana or~~] any Schedule V  
4 substance in any amount to a minor[~~or~~]; or

5 (f) Distributes any marijuana in any amount to a person  
6 who is less than twenty-one years old."

7 SECTION 43. Section 712-1252, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "**§712-1252 Knowledge of character, nature, or quantity of**  
10 **substance, or age of transferee; prima facie evidence.** (1) The  
11 fact that a person engaged in the conduct specified by any  
12 section in this part is prima facie evidence that the person  
13 engaged in that conduct with knowledge of the character, nature,  
14 and quantity of the dangerous drug, harmful drug, detrimental  
15 drug, or intoxicating compounds possessed, distributed, or sold.

16 (2) The fact that the defendant distributed or sold a  
17 dangerous drug, harmful drug, detrimental drug, or intoxicating  
18 compound to a minor is prima facie evidence that the defendant  
19 knew the transferee to be a minor.

20 (3) The fact that the defendant distributed or sold  
21 marijuana or marijuana concentrate to a person who is less than  
22 twenty-one years old is prima facie evidence that the defendant

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1 knew the transferee to be a person who is less than twenty-one  
2 years old."

3 SECTION 44. Section 712A-4, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§712A-4 Covered offenses.** Offenses for which property is  
6 subject to forfeiture under this chapter are:

- 7 (a) All offenses that specifically authorize forfeiture;
- 8 (b) Murder; kidnapping; labor trafficking; unlicensed sale  
9 of liquor; unlicensed manufacture of liquor; gambling;  
10 criminal property damage; robbery; bribery; extortion;  
11 theft; unauthorized entry into motor vehicle;  
12 burglary; money laundering; trademark counterfeiting;  
13 insurance fraud; promoting a dangerous, harmful, or  
14 detrimental drug; commercial promotion of marijuana;  
15 methamphetamine trafficking; manufacturing of a  
16 controlled substance with a child present; promoting  
17 child abuse; promoting prostitution; sex trafficking;  
18 commercial sexual exploitation of a minor; habitual  
19 commercial sexual exploitation; or electronic  
20 enticement of a child that is chargeable as a felony  
21 offense under state law;

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1 (c) The manufacture, sale, or distribution of a controlled  
2 substance in violation of chapter 329, promoting  
3 detrimental drugs or intoxicating compounds, promoting  
4 pornography, promoting pornography for minors, or  
5 commercial sexual exploitation near schools or public  
6 parks, which is chargeable as a felony or misdemeanor  
7 offense, but not as a petty misdemeanor, under state  
8 law; provided that the activities authorized under  
9 chapter A shall not be subject to forfeiture under  
10 this chapter; and

11 (d) The attempt, conspiracy, solicitation, coercion, or  
12 intimidation of another to commit any offense for  
13 which property is subject to forfeiture."

14 SECTION 45. Section 846-2.7, Hawaii Revised Statutes, is  
15 amended by amending subsection (b) to read as follows:

16 "(b) Criminal history record checks may be conducted by:

17 (1) The department of health or its designee on operators  
18 of adult foster homes for individuals with  
19 developmental disabilities or developmental  
20 disabilities domiciliary homes and their employees, as  
21 provided by section 321-15.2;

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- 1           (2) The department of health or its designee on  
2           prospective employees, persons seeking to serve as  
3           providers, or subcontractors in positions that place  
4           them in direct contact with clients when providing  
5           non-witnessed direct mental health or health care  
6           services as provided by section 321-171.5;
- 7           (3) The department of health or its designee on all  
8           applicants for licensure or certification for,  
9           operators for, prospective employees, adult  
10          volunteers, and all adults, except adults in care, at  
11          healthcare facilities as defined in section 321-15.2
- 12          (4) The department of education on employees, prospective  
13          employees, and teacher trainees in any public school  
14          in positions that necessitate close proximity to  
15          children as provided by section 302A-601.5;
- 16          (5) The counties on employees and prospective employees  
17          who may be in positions that place them in close  
18          proximity to children in recreation or child care  
19          programs and services;
- 20          (6) The county liquor commissions on applicants for liquor  
21          licenses as provided by section 281-53.5;

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- 1           (7) The county liquor commissions on employees and  
2           prospective employees involved in liquor  
3           administration, law enforcement, and liquor control  
4           investigations;
- 5           (8) The department of human services on operators and  
6           employees of child caring institutions, child placing  
7           organizations, and resource family homes as provided  
8           by section 346-17;
- 9           (9) The department of human services on prospective  
10          adoptive parents as established under section 346-  
11          19.7;
- 12          (10) The department of human services or its designee on  
13          applicants to operate child care facilities, household  
14          members of the applicant, prospective employees of the  
15          applicant, and new employees and household members of  
16          the provider after registration or licensure as  
17          provided by section 346-154, and persons subject to  
18          section 346-152.5;
- 19          (11) The department of human services on persons exempt  
20          pursuant to section 346-152 to be eligible to provide  
21          child care and receive child care subsidies as  
22          provided by section 346-152.5;

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- 1           (12) The department of health on operators and employees of  
2                   home and community-based case management agencies and  
3                   operators and other adults, except for adults in care,  
4                   residing in community care foster family homes as  
5                   provided by section 321-15.2;
- 6           (13) The department of human services on staff members of  
7                   the Hawaii youth correctional facility as provided by  
8                   section 352-5.5;
- 9           (14) The department of human services on employees,  
10                   prospective employees, and volunteers of contracted  
11                   providers and subcontractors in positions that place  
12                   them in close proximity to youth when providing  
13                   services on behalf of the office or the Hawaii youth  
14                   correctional facility as provided by section 352D-4.3;
- 15           (15) The judiciary on employees and applicants at detention  
16                   and shelter facilities as provided by section 571-34;
- 17           (16) The department of corrections and rehabilitation on  
18                   employees and prospective employees who are directly  
19                   involved with the treatment and care of persons  
20                   committed to a correctional facility as provided by  
21                   section 353-1.5 and the department of law enforcement  
22                   on employees and prospective employees whose duties

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1           involve or may involve the exercise of police powers  
2           including the power of arrest as provided by section  
3           353C-5;

4       (17)   The board of private detectives and guards on  
5           applicants for private detective or private guard  
6           licensure as provided by section 463-9;

7       (18)   Private schools and designated organizations on  
8           employees and prospective employees who may be in  
9           positions that necessitate close proximity to  
10          children; provided that private schools and designated  
11          organizations receive only indications of the states  
12          from which the national criminal history record  
13          information was provided pursuant to section 302C-1;

14       (19)   The public library system on employees and prospective  
15          employees whose positions place them in close  
16          proximity to children as provided by section 302A-  
17          601.5;

18       (20)   The State or any of its branches, political  
19          subdivisions, or agencies on applicants and employees  
20          holding a position that has the same type of contact  
21          with children, vulnerable adults, or persons committed  
22          to a correctional facility as other public employees



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1           who hold positions that are authorized by law to  
2           require criminal history record checks as a condition  
3           of employment as provided by section 78-2.7;

4           (21) The department of health on licensed adult day care  
5           center operators, employees, new employees,  
6           subcontracted service providers and their employees,  
7           and adult volunteers as provided by section 321-15.2;

8           (22) The department of human services on purchase of  
9           service contracted and subcontracted service providers  
10          and their employees and volunteers, as provided by  
11          sections 346-2.5 and 346-97;

12          (23) The department of human services on foster grandparent  
13          program, senior companion program, and respite  
14          companion program participants as provided by section  
15          346-97;

16          (24) The department of human services on contracted and  
17          subcontracted service providers and their current and  
18          prospective employees that provide home and community-  
19          based services under section 1915(c) of the Social  
20          Security Act, title 42 United States Code section  
21          1396n(c), or under any other applicable section or  
22          sections of the Social Security Act for the purposes

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1 of providing home and community-based services, as  
2 provided by section 346-97;

3 (25) The department of commerce and consumer affairs on  
4 proposed directors and executive officers of a bank,  
5 savings bank, savings and loan association, trust  
6 company, and depository financial services loan  
7 company as provided by section 412:3-201;

8 (26) The department of commerce and consumer affairs on  
9 proposed directors and executive officers of a  
10 nondepository financial services loan company as  
11 provided by section 412:3-301;

12 (27) The department of commerce and consumer affairs on the  
13 original chartering applicants and proposed executive  
14 officers of a credit union as provided by section  
15 412:10-103;

16 (28) The department of commerce and consumer affairs on:  
17 (A) Each principal of every non-corporate applicant  
18 for a money transmitter license;  
19 (B) Each person who upon approval of an application  
20 by a corporate applicant for a money transmitter  
21 license will be a principal of the licensee; and

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1 (C) Each person who upon approval of an application  
2 requesting approval of a proposed change in  
3 control of licensee will be a principal of the  
4 licensee,

5 as provided by sections 489D-9 and 489D-15;

6 (29) The department of commerce and consumer affairs on  
7 applicants for licensure and persons licensed under  
8 title 24;

9 (30) The Hawaii health systems corporation on:

10 (A) Employees;

11 (B) Applicants seeking employment;

12 (C) Current or prospective members of the corporation  
13 board or regional system board; or

14 (D) Current or prospective volunteers, providers, or  
15 contractors,

16 in any of the corporation's health facilities as  
17 provided by section 323F-5.5;

18 (31) The department of commerce and consumer affairs on:

19 (A) An applicant for a mortgage loan originator  
20 license, or license renewal; and

21 (B) Each control person, executive officer, director,  
22 general partner, and managing member of an

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1                   applicant for a mortgage loan originator company  
2                   license or license renewal,  
3                   as provided by chapter 454F;

4           (32) The state public charter school commission or public  
5           charter schools on employees, teacher trainees,  
6           prospective employees, and prospective teacher  
7           trainees in any public charter school for any position  
8           that places them in close proximity to children, as  
9           provided in section 302D-33;

10          (33) The counties on prospective employees who work with  
11          children, vulnerable adults, or senior citizens in  
12          community-based programs;

13          (34) The counties on prospective employees for fire  
14          department positions that involve contact with  
15          children or vulnerable adults;

16          (35) The counties on prospective employees for emergency  
17          medical services positions that involve contact with  
18          children or vulnerable adults;

19          (36) The counties on prospective employees for emergency  
20          management positions and community volunteers whose  
21          responsibilities involve planning and executing  
22          homeland security measures including viewing,

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1 handling, and engaging in law enforcement or  
2 classified meetings and assisting vulnerable citizens  
3 during emergencies or crises;

4 (37) The State and counties on employees, prospective  
5 employees, volunteers, and contractors whose position  
6 responsibilities require unescorted access to secured  
7 areas and equipment related to a traffic management  
8 center;

9 (38) The State and counties on employees and prospective  
10 employees whose positions involve the handling or use  
11 of firearms for other than law enforcement purposes;

12 (39) The State and counties on current and prospective  
13 systems analysts and others involved in an agency's  
14 information technology operation whose position  
15 responsibilities provide them with access to  
16 proprietary, confidential, or sensitive information;

17 (40) The department of commerce and consumer affairs on:  
18 (A) Applicants for real estate appraiser licensure or  
19 certification as provided by chapter 466K;  
20 (B) Each person who owns more than ten per cent of an  
21 appraisal management company who is applying for

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1 registration as an appraisal management company,  
2 as provided by section 466L-7; and

3 (C) Each of the controlling persons of an applicant  
4 for registration as an appraisal management  
5 company, as provided by section 466L-7;

6 (41) The [~~department of health~~] Hawaii cannabis authority  
7 or its designee on all license or permit applicants,  
8 [~~licensees,~~] current or prospective employees[ ~~of~~  
9 licensed businesses, current or prospective  
10 contractors [~~, and prospective employees of medical~~  
11 ~~cannabis dispensaries, and individuals permitted to~~  
12 ~~enter and remain in medical cannabis dispensary~~  
13 ~~facilities as provided under sections 329D-15(a)(4)~~  
14 ~~and 329D-16(a)(3);~~] of licensed businesses, and  
15 laboratory agents of independent laboratories, as  
16 provided by section A-45, current or prospective  
17 members of the cannabis control board, and current or  
18 prospective employees and current or prospective  
19 contractors and subcontractors of the Hawaii cannabis  
20 authority, as provided by sections A-7 and A-26;

21 (42) The department of commerce and consumer affairs on  
22 applicants for nurse licensure or license renewal,

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1 reactivation, or restoration as provided by sections  
2 457-7, 457-8, 457-8.5, and 457-9;

3 (43) The county police departments on applicants for  
4 permits to acquire firearms pursuant to section 134-2,  
5 on individuals registering their firearms pursuant to  
6 section 134-3, and on applicants for new or renewed  
7 licenses to carry a pistol or revolver and ammunition  
8 pursuant to section 134-9;

9 (44) The department of commerce and consumer affairs on:

10 (A) Each of the controlling persons of the applicant  
11 for licensure as an escrow depository, and each  
12 of the officers, directors, and principals who  
13 will be in charge of the escrow depository's  
14 activities upon licensure; and

15 (B) Each of the controlling persons of an applicant  
16 for proposed change in control of an escrow  
17 depository licensee, and each of the officers,  
18 directors, and principals who will be in charge  
19 of the licensee's activities upon approval of the  
20 application,

21 as provided by chapter 449;

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1 (45) The department of taxation on current or prospective  
2 employees or contractors who have access to federal  
3 tax information in order to comply with requirements  
4 of federal law, regulation, or procedure, as provided  
5 by section 231-1.6;

6 (46) The department of labor and industrial relations on  
7 current or prospective employees or contractors who  
8 have access to federal tax information in order to  
9 comply with requirements of federal law, regulation,  
10 or procedure, as provided by section 383-110;

11 (47) The department of human services on current or  
12 prospective employees or contractors who have access  
13 to federal tax information in order to comply with  
14 requirements of federal law, regulation, or procedure,  
15 and on current or prospective employees, volunteers,  
16 contractors, or contractors' employees or volunteers,  
17 subcontractors, or subcontractors' employees or  
18 volunteers, whose position places or would place them  
19 in close proximity to minors, young adults, or  
20 vulnerable adults, as provided by section 346-2.5;

21 (48) The child support enforcement agency on current or  
22 prospective employees, or contractors who have access



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1 to federal tax information in order to comply with  
2 federal law, regulation, or procedure, as provided by  
3 section 576D-11.5;

4 (49) The department of the attorney general on current or  
5 prospective employees or employees or agents of  
6 contractors who have access to federal tax information  
7 to comply with requirements of federal law,  
8 regulation, or procedure, as provided by section 28-  
9 17;

10 (50) The department of commerce and consumer affairs on  
11 each control person, executive officer, director,  
12 general partner, and managing member of an installment  
13 loan licensee, or an applicant for an installment loan  
14 license, as provided in chapter 480J;

15 (51) The University of Hawaii on current and prospective  
16 employees and contractors whose duties include  
17 ensuring the security of campus facilities and  
18 persons; and

19 (52) Any other organization, entity, or the State, its  
20 branches, political subdivisions, or agencies as may  
21 be authorized by state law."

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1 SECTION 46. Act 14, Session Laws of Hawaii 2020, as  
2 amended by section 2 of Act 137, Session Laws of Hawaii 2022, as  
3 amended by section 15 of Act 263, Session Laws of Hawaii 2023,  
4 is amended by amending section 9 to read as follows:

5 "SECTION 9. This Act shall take effect upon its approval,  
6 and shall be repealed on July 1, [~~2027~~] 2024; provided that the  
7 definition of "marijuana" in section 329-1, Hawaii Revised  
8 Statutes, and the definitions of "marijuana" and "marijuana  
9 concentrate" in section 712-1240, Hawaii Revised Statutes, shall  
10 be reenacted in the form in which they read on the day prior to  
11 the effective date of this Act."

12 SECTION 47. Act 263, Session Laws of Hawaii 2023, is  
13 amended by amending section 19 to read as follows:

14 "SECTION 19. This Act shall take effect on July 1, 2023,  
15 and shall be repealed on July 1, [~~2027~~] 2024; provided that  
16 part III of the Act shall be repealed on August 30, 2024."

17 PART VI

18 SECTION 48. Chapter 329, part IX, Hawaii Revised Statutes,  
19 is repealed.

20 SECTION 49. Chapter 329D, Hawaii Revised Statutes, is  
21 repealed.

22 PART VII

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1 SECTION 50. Licenses previously issued under chapters 329D  
2 or 328G shall remain in full effect until the previously issued  
3 licenses expire on their own terms; provided that the licensees  
4 shall be regulated under chapter A and rules adopted thereunder.

5 SECTION 51. (a) Each existing medical cannabis dispensary  
6 whose license remains effective pursuant to section 50 of this  
7 Act may convert their operation into licenses under chapter A  
8 before January 1, 2025; provided that the existing medical  
9 cannabis dispensary may only convert existing licensed  
10 operations and premises; provided further that an existing  
11 medical cannabis dispensary may only be issued up to three  
12 cannabis cultivation licenses, three cannabis processor  
13 licenses, three medical cannabis dispensary licenses, and three  
14 retail cannabis store licenses, but not to exceed nine licenses  
15 in total, in accordance with chapter A and rules adopted  
16 thereunder.

17 (b) To convert an existing medical cannabis dispensary  
18 license into a license or licenses under chapter A, prior to the  
19 expiration of the existing license, but no later than October 1,  
20 2025, the existing medical cannabis dispensary shall apply to  
21 the authority, on forms prescribed by the authority, and shall  
22 establish to the authority's satisfaction:

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- 1 (1) The existing medical cannabis dispensary's current  
2 ownership structure;
- 3 (2) All persons with a direct or indirect interest in the  
4 existing medical cannabis dispensary;
- 5 (3) The existing medical cannabis dispensary is currently  
6 in full compliance with the terms and conditions under  
7 which the license was issued;
- 8 (4) The existing medical cannabis dispensary meets the  
9 application criteria required by chapter A and rules  
10 adopted thereunder;
- 11 (5) The existing medical cannabis dispensary is in  
12 compliance with any other requirements of chapter A,  
13 including the ownership restrictions; and
- 14 (5) The existing medical cannabis dispensary is capable of  
15 sustaining the product supply and access for the  
16 registered qualifying patients they serve.
- 17 (c) An existing medical cannabis dispensary shall pay a  
18 one-time conversion fee of \$50,000 per retail dispensing  
19 location being converted and \$25,000 per production facility  
20 being converted. The one-time conversion fee may be paid in  
21 separate installments; provided that it be paid in full on or  
22 before January 1, 2026. If the conversion fee is not paid by

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1 January 1, 2026, any license held by the licensee shall be  
2 subject to revocation in accordance with chapter A and rules  
3 adopted thereunder.

4 (d) The authority shall audit the existing medical  
5 cannabis dispensary ownership to ensure compliance with the  
6 ownership restrictions in chapter A.

7 (e) Upon full or partial payment of the conversion fee,  
8 and a complete and valid conversion application, the authority  
9 shall issue licenses under chapter A for the premises and  
10 operations of the existing medical cannabis dispensary that have  
11 been approved for conversion by the authority. The converted  
12 licenses shall be issued no later than January 1, 2025.

13 SECTION 52. All functions of the department of health  
14 office of cannabis control and regulation shall be transferred  
15 to the Hawaii cannabis authority. All employees who occupy  
16 civil service positions and whose functions are transferred by  
17 this Act shall retain their civil service status (permanent or  
18 temporary). Employees shall be transferred without loss of  
19 salary, seniority (except as prescribed by collective bargaining  
20 agreements), retention points, prior service credit, any  
21 vacation and sick leave credits previously earned, and other  
22 rights, benefits, and privileges, in accordance with state

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1 personnel laws and this Act; provided that the employees possess  
2 the minimum qualifications and public employment requirements  
3 for the class or position to which transferred or appointed, as  
4 applicable; provided further that subsequent changes in status  
5 may be made pursuant to applicable civil service and  
6 compensation laws.

7 Any employee who, before this Act, is exempt from civil  
8 service and is transferred as a consequence of this Act may  
9 continue to retain the employee's exempt status but shall not be  
10 appointed to a civil service position because of this Act. An  
11 exempt employee who is transferred by this Act shall not suffer  
12 any loss of prior service credit, any vacation and sick leave  
13 credits previously earned, or other employee benefits or  
14 privileges as a consequence of this Act; provided that the  
15 employee possesses legal and public employment requirements for  
16 the position to which transferred or appointed, as applicable;  
17 provided further that subsequent changes in status may be made  
18 pursuant to applicable employment and compensation laws. The  
19 Hawaii cannabis authority to which the employee is transferred  
20 may prescribe the duties and qualifications of the employees and  
21 fix their salaries without regard to chapter 76, Hawaii Revised  
22 Statutes.

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1 SECTION 53. All leases, contracts, loans, agreements,  
2 permits, or other documents executed or entered into by or on  
3 behalf of the department of health or the department of  
4 agriculture pursuant to the provisions of the Hawaii Revised  
5 Statutes that are reenacted or made applicable to the Hawaii  
6 cannabis authority by this Act shall remain in full force and  
7 effect. On the effective date of this Act, every reference to  
8 the department of health or the director of health or the  
9 department of agriculture or the chairperson of agriculture in  
10 those leases, contracts, loans, agreements, permits, or other  
11 documents shall be construed as a reference to the Hawaii  
12 cannabis authority or the executive director of the Hawaii  
13 cannabis authority, as appropriate.

14 SECTION 54. All appropriations, records, equipment,  
15 machines, files, supplies, contracts, books, papers, documents,  
16 maps, and other personal property heretofore made, used,  
17 acquired, or held by the department of health and the department  
18 of agriculture relating to the functions transferred to the  
19 Hawaii cannabis authority shall be transferred with the  
20 functions to which they relate.

21 SECTION 55. All rules, policies, procedures, guidelines,  
22 and other material adopted or developed by the department of

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1 health or the department of agriculture to implement provisions  
2 of the Hawaii Revised Statutes that are reenacted or made  
3 applicable to the cannabis control board, the executive director  
4 of the Hawaii cannabis authority, or the Hawaii cannabis  
5 authority by this Act, as appropriate, shall remain in full  
6 force and effect until amended or repealed by the Hawaii  
7 cannabis control board pursuant to chapter 91, Hawaii Revised  
8 Statutes. In the interim, every reference to the department of  
9 health or the director of health or the department of  
10 agriculture or the chairperson of agriculture in those rules,  
11 policies, procedures, guidelines, and other material is amended  
12 to refer to the cannabis control board, the executive director  
13 of the Hawaii cannabis authority, or the Hawaii cannabis  
14 authority, as appropriate.

15 SECTION 56. The right of appeal from administrative  
16 actions or determinations as provided by law shall not be  
17 impaired by this Act. Except as otherwise provided by this Act,  
18 whenever a right of appeal from administrative actions or  
19 determinations is provided by law to or from any officer, board,  
20 department, bureau, commission, administrative agency, or  
21 instrumentality of the State that, or any of the programs of  
22 which, is transferred by this Act to the cannabis control board,



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1 the executive director of the Hawaii cannabis authority, or the  
2 Hawaii cannabis authority, as the case may be, the right of  
3 appeal shall lie to or from the cannabis control board, the  
4 executive director of the Hawaii cannabis authority, or the  
5 Hawaii cannabis authority, as the case may be, when the transfer  
6 is made. The right of appeal shall exist to the same extent and  
7 in accordance with the applicable procedures that are in effect  
8 immediately before the effective date of the applicable part.

9 If the provisions of the preceding paragraph relating to  
10 appeals cannot be effected by reason of abolishment, splitting,  
11 or shifting of functions or otherwise, the right of appeal shall  
12 lie to the circuit court of the State pursuant to the Hawaii  
13 rules of civil procedure.

14 SECTION 57. Notwithstanding any other provision of law to  
15 the contrary, from the effective date of this Act to December  
16 31, 2027, the Hawaii cannabis authority is exempt from  
17 procurement requirements under chapter 103D if the procurement  
18 is for:

- 19 (1) Banking services for the Hawaii cannabis authority or  
20 the department of taxation, or both, to collect fees  
21 and tax revenue;

\_\_\_\_.B. NO.\_\_\_\_\_

- 1           (2) Banking services to help support cannabis businesses
- 2                   to transition from an all-cash system;
- 3           (3) A consultant to support the Hawaii cannabis authority
- 4                   in the process for cannabis licensure, including
- 5                   services related to investigations and the financial
- 6                   or criminal history review of applicants or licensed
- 7                   businesses;
- 8           (4) A consultant to support the Hawaii cannabis authority
- 9                   to draft rules to implement this chapter;
- 10          (5) A consultant to provide technical assistance regarding
- 11                   the social equity program;
- 12          (6) Communication services for public and consumer
- 13                   education campaigns on cannabis laws and rules and
- 14                   potential health and safety risks associated with
- 15                   cannabis use;
- 16          (7) Establishing a state cannabis testing facility; and
- 17          (8) A consultant to support the Hawaii cannabis authority
- 18                   in administering grant programs.

19           SECTION 58. The following positions are established within  
20 the Hawaii cannabis authority:

- 21           (1) Executive director;
- 22           (2) Executive secretary to the director;

\_\_\_\_.B. NO.\_\_\_\_

- 1 (3) Chief financial officer;
- 2 (4) Chief equity officer;
- 3 (5) General counsel;
- 4 (6) Chief public health and environment officer;
- 5 (7) Chief technology officer; and
- 6 (8) Chief compliance officer.

7 SECTION 59. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$10,000,000 or so  
9 much thereof as may be necessary for fiscal year 2024-2025 to be  
10 deposited into the cannabis regulation special fund.

11 SECTION 60. There is appropriated out of the cannabis  
12 regulation special fund the sum of \$10,000,000 or so much  
13 thereof as may be necessary for fiscal year 2024-2025 for the  
14 hiring and filling of the eight full-time equivalent (8.0 FTE)  
15 positions established by this Act and fifteen full-time  
16 equivalent positions (15.0 FTE) within the Hawaii cannabis  
17 authority established by this Act, for the administration and  
18 enforcement of the Hawaii cannabis law by the Hawaii cannabis  
19 authority, and other associated administrative costs.

20 The sum appropriated shall be expended by the Hawaii  
21 cannabis authority for the purposes of this Act.

\_\_\_\_.B. NO.\_\_\_\_\_

1 SECTION 61. The following positions are established within  
2 the department of taxation to implement part III of this Act:

3 (1) One full-time equivalent (1.0 FTE) analyst position;

4 (2) One full-time equivalent (1.0 FTE) auditor position;

5 (3) One full-time equivalent (1.0 FTE) investigator  
6 position;

7 (4) Three full-time equivalent (3.0 FTE) cashier  
8 positions; and

9 (5) One full-time equivalent (1.0 FTE) tax law change  
10 specialist.

11 In filling these positions, the director of taxation may  
12 appoint a tax law change specialist that shall be exempt from  
13 chapter 76.

14 SECTION 62. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$750,000 or so much  
16 thereof as may be necessary for fiscal year 2024-2025 for the  
17 department of taxation to carry out part III of this Act,  
18 including the hiring and filling of seven full-time equivalent  
19 (7.0 FTE) positions within the department established by this  
20 Act, and other associated administrative costs.

21 The sum appropriated shall be expended by the department of  
22 taxation for the purposes of this Act.

\_\_\_\_.B. NO.\_\_\_\_\_

1 SECTION 63. The following positions are established within  
2 the department of attorney general for the drug nuisance  
3 abatement unit pursuant to section 28-131, Hawaii Revised  
4 Statutes, to carry out part II of this Act:

5 (1) One full-time equivalent (1.0 FTE) supervising deputy  
6 attorney general position;

7 (2) One full-time equivalent (1.0 FTE) deputy attorney  
8 general position;

9 (3) One full-time equivalent (1.0 FTE) administrative  
10 assistant position;

11 (4) One full-time equivalent (1.0 FTE) supervisory special  
12 agent (investigator VI) position; and

13 (5) Four full-time equivalent (4.0 FTE) special agent  
14 (investigator V) positions.

15 SECTION 64. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$1,500,000 or so much  
17 thereof as may be necessary for fiscal year 2024-2025 to be  
18 deposited into the cannabis nuisance abatement special fund.

19 SECTION 65. There is appropriated out of the cannabis  
20 nuisance abatement special fund the sum of \$1,500,000 or so much  
21 thereof as may be necessary for fiscal year 2024-2025 for the  
22 department of attorney general to carry out part II of this Act,

\_\_\_\_.B. NO.\_\_\_\_\_

1 including the hiring and filling of eight full-time equivalent  
2 (8.0 FTE) positions within the department established by this  
3 Act, equipment costs, and other associated administrative costs.

4 The sum appropriated shall be expended by the department of  
5 attorney general for the purposes of this Act.

6 SECTION 66. The following positions are established within  
7 the department of law enforcement for the cannabis enforcement  
8 unit pursuant to part II of this Act:

- 9 (1) Three full-time equivalent (3.0 FTE) permanent  
10 supervisory positions;  
11 (2) Eleven full-time equivalent (11.0 FTE) permanent  
12 investigator or detective positions; and  
13 (3) Three full-time equivalent (3.0 FTE) permanent  
14 administrative support positions.

15 SECTION 67. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$2,500,000 or so much  
17 thereof as may be necessary for fiscal year 2024-2025 to be  
18 deposited into the cannabis law enforcement special fund.

19 SECTION 68. There is appropriated out of the cannabis law  
20 enforcement special fund the sum of \$2,500,000 or so much  
21 thereof as may be necessary for fiscal year 2024-2025 for the  
22 department of law enforcement to carry out part II of this Act,

\_\_\_\_.B.NO.\_\_\_\_\_

1 including the hiring and filling of the seventeen full-time  
2 equivalent (17.0 FTE) positions established by this Act, and  
3 other associated administrative costs.

4 The sum appropriated by this Act shall be expended by the  
5 department of law enforcement for the purposes of this Act.

6 SECTION 69. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$10,000,000 or so  
8 much thereof as may be necessary for fiscal year 2024-2025 to be  
9 deposited into the cannabis social equity special fund.

10 SECTION 70. There is appropriated out of the cannabis  
11 social equity special fund the sum of \$10,000,000 or so much  
12 thereof as may be necessary for fiscal year 2024-2025 for the  
13 implementation and administration of the social equity program  
14 established by this Act.

15 The sum appropriated shall be expended by the Hawaii  
16 cannabis authority for the purposes of this Act.

17 SECTION 71. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$5,000,000 or so much  
19 thereof as may be necessary for fiscal year 2024-2025 to be  
20 deposited into the public health and education special fund.

21 SECTION 72. There is appropriated out of the public health  
22 and education special fund the sum of \$5,000,000 or so much

\_\_\_\_.B. NO.\_\_\_\_\_

1 thereof as may be necessary for fiscal year 2024-2025 for the  
2 purposes of this Act.

3 The sum appropriated shall be expended by the Hawaii  
4 cannabis authority for the administration and implementation of  
5 the public health and education program.

6 SECTION 73. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$4,000,000 or so much  
8 thereof as may be necessary for fiscal year 2024-2025 to be  
9 deposited into the public safety special fund.

10 SECTION 74. There is appropriated out of the public safety  
11 special fund the sum of \$4,000,000 or so much thereof as may be  
12 necessary for fiscal year 2024-2025 for the implementation and  
13 administration of the public safety grant program.

14 The sum appropriated shall be expended by the Hawaii  
15 cannabis authority for the purposes of this Act.

16 SECTION 75. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$5,000,000 or so much  
18 thereof as may be necessary for fiscal year 2024-2025 for the  
19 purposes of establishing a state cannabis testing facility  
20 within the Hawaii cannabis authority.

21 The sum appropriated shall be expended by the Hawaii  
22 cannabis authority for the purposes of this Act.



\_\_\_\_.B. NO.\_\_\_\_\_

1           SECTION 76. The appropriations made by this Act shall not  
2 lapse at the end of the fiscal biennium for which the  
3 appropriations are made; provided that all moneys from the  
4 appropriations unencumbered as of June 30, 2026, shall lapse as  
5 of that date.

6           SECTION 77. Any unexpended or unencumbered balance in the:

7           (1) Industrial hemp special fund, established by section  
8           141-14;

9           (2) Medical cannabis registry and regulatory special fund,  
10           established by section 321-30.1; and

11           (3) Hawaii hemp processing special fund, established by  
12           section 328G-7,

13 shall be transferred to the cannabis regulation special fund,  
14 established by section A-12, as of the close of business on the  
15 effective date of this Act.

16           SECTION 78. This Act shall not be applied to impair any  
17 contract existing as of the effective date of this Act in a  
18 manner violative of either the Constitution of the State of  
19 Hawaii or Article I, section 10, of the United States  
20 Constitution.

\_\_\_\_.B. NO.\_\_\_\_

1 SECTION 79. This Act shall not affect rights and duties  
2 that matured, penalties and forfeitures that were incurred, and  
3 proceedings that were begun before its effective date.

4 SECTION 80. If any provision of this Act or the  
5 application thereof to any person or circumstance is held  
6 invalid, the invalidity does not affect other provisions or  
7 applications of the Act that can be given effect without the  
8 invalid provision or application, and to this end the provisions  
9 of this Act are severable.

10 SECTION 81. If any part of this Act is found to be in  
11 conflict with federal requirements that are prescribed condition  
12 for the allocation of federal funds to the State, the  
13 conflicting part of this Act is inoperative solely to the extent  
14 of the conflict and with respect to the agencies directly  
15 affected, and this finding does not affect the operation of the  
16 remainder of this Act in its application to the agencies  
17 concerned. The rules under this Act shall meet federal  
18 requirements that are a necessary condition to the receipt of  
19 federal funds by the State.

20 SECTION 82. In codifying the new sections added by  
21 sections 2, 4, 8, and 9 of the Act and referenced in sections 2,  
22 4, 8, 9, 19, 21, 22, 24 through 39, 44, 45, and 84 of this Act,

\_\_\_\_.B. NO.\_\_\_\_\_

1 the revisor of statutes shall substitute appropriate section  
2 numbers for the letters used in designating the new sections in  
3 this Act.

4 SECTION 83. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 84. This Act shall take effect on July 1, 2024;  
7 provided that:

8 (1) Sections A-37 through A-39, Hawaii Revised Statutes,  
9 of section 2 of this Act shall take effect on January  
10 1, 2026; and

11 (2) Amendments made to section 291E-61, Hawaii Revised  
12 Statutes, by section 17 of this Act and to 291E-61.5,  
13 Hawaii Revised Statutes, by section 18 of this Act  
14 shall not be repealed when those sections are  
15 reenacted on June 30, 2028, pursuant to section 11 of  
16 Act 196, Session Laws of Hawaii 2021, as amended by  
17 section 8 of Act 148, Session Laws of Hawaii 2023.

18

19

INTRODUCED BY: \_\_\_\_\_

\_\_\_\_.B. NO.\_\_\_\_\_

**Report Title:**

Hawaii Cannabis Authority; Hawaii Cannabis Control Board; Adult-use Cannabis; Medical Cannabis; Hemp; DCCA

**Description:**

Establishes the Hawaii Cannabis Authority and the Cannabis Control Board within the Department of Commerce and Consumer Affairs; establishes laws for the cultivation, manufacture, sale, and personal adult-use of cannabis, including hemp; establishes taxes for adult-use cannabis sales; legalizes the possession of certain amounts of cannabis for individuals twenty-one years of age and older as of January 1, 2026; transfers the personnel and assets of the Office of Medical Cannabis Control and Regulation of the Department of Health to the Hawaii Cannabis Authority.

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