
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 adult non-medical 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 and prosecutors 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 and
22 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 to the Hawaii
- 7 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 non-medical adult
6 use of cannabis as of January 1, 2026, in accordance
7 with the Hawaii cannabis law;
- 8 (4) Provide economic opportunities to historically
9 disadvantaged communities, areas of persistent
10 poverty, and medically underserved communities;
- 11 (5) Encourage those currently engaging in illegal,
12 unlicensed commercial cannabis activities to enter the
13 legal market;
- 14 (6) Ensure that state and county law enforcement agencies
15 work closely with the Hawaii cannabis authority and
16 vigorously investigate and prosecute illegal cannabis
17 activities that fall outside of safe harbor
18 protection; and
- 19 (7) Mandate that the Hawaii cannabis authority make the
20 protection of public health and public safety its
21 highest priorities.

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

3 "Adequate supply" means an amount of cannabis, including
4 medical cannabis, jointly possessed between the medical cannabis
5 patient and the patient's caregiver that is not more than is
6 reasonably necessary to ensure the uninterrupted availability of
7 cannabis for the purpose of alleviating the symptoms or effects
8 of a medical cannabis patient's debilitating medical condition;
9 provided that an adequate supply shall not exceed: four ounces
10 of cannabis at any given time. The four ounces of cannabis
11 shall include any combination of cannabis flower and cannabis
12 products, with the cannabis in the cannabis products being
13 calculated using information provided pursuant to section A-
14 68(d).

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

19 "Adult use cannabis product" means any product containing
20 or derived from cannabis, including an edible cannabis product,
21 concentrated cannabis, and restricted cannabinoid product, that
22 is legally possessed or consumed by a person who is at least

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1 twenty-one years of age. "Adult use cannabis product" does not
2 include "medical cannabis product."

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

7 "Applicant" means a person that has submitted an
8 application for licensure, permit, or registration, or for
9 renewal of licensure, permit, or registration pursuant to this
10 chapter, that was received by the authority for review but has
11 not been approved or denied by the authority or board, as
12 appropriate. If the context requires, the term applicant
13 includes a person seeking to assume an ownership interest in a
14 licensed business, a new proposed officer, director, manager,
15 and general partner of the licensed business, and anyone who
16 seeks to assume the power to direct the management, policies,
17 and practices of a licensed business under the license transfer,
18 reorganization, or restructuring application process pursuant to
19 section A-46.

20 "Artificially derived cannabinoid" means a chemical
21 substance created by a chemical reaction that changes the
22 molecular structure of any chemical substance derived from the

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1 plant of the genus *Cannabis*. "Artificially derived cannabinoid"
2 does not include:

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

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

9 "Authority" means the Hawaii cannabis authority established
10 pursuant to section A-6.

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

15 "Board" means the cannabis control board established
16 pursuant to section A-7.

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

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1 "Cannabinoid" means any of the various naturally occurring,
2 biologically active, chemical constituents of the plant of the
3 genus *Cannabis* that bind to or interact with receptors of the
4 endogenous cannabinoid system.

5 "Cannabis" has the same meaning as marijuana and marijuana
6 concentrate as provided in section 329-1 and 712-1240.

7 "Cannabis" includes:

- 8 (1) Cannabis flower and cannabis products;
- 9 (2) Medical cannabis;
- 10 (3) Adult use cannabis; and
- 11 (4) Restricted cannabinoid products.

12 "Cannabis" does not include:

- 13 (1) Industrial hemp;
- 14 (2) Hemp that is cultivated pursuant to section A-76;
- 15 (3) Hemp that is processed by a licensed hemp processor
16 pursuant to section A-77; and
- 17 (4) Hemp flower or hemp products.

18 "Cannabis accessories" means equipment, products, devices,
19 or materials of any kind that are intended or designed for use
20 in planting, propagating, cultivating, growing, harvesting,
21 manufacturing, compounding, converting, producing, processing,
22 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-67.

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-15.

17 "Cannabis plant" means the plant of the genus *Cannabis* in
18 the seedling, vegetative, or flowering stages, with readily
19 observable roots and leaves with serrated edges; but does not
20 include a germinated seed, cutting, or clone without readily
21 observable roots and leaves with serrated edges.

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1 "Cannabis processor" means a person licensed to process
2 cannabis pursuant to section A-68.

3 "Cannabis product" means any product containing or derived
4 from cannabis, including an edible cannabis product, cannabis
5 concentrate, or restricted cannabinoid product.

6 "Cannabis public health and education special fund" means
7 the fund established pursuant to section A-14.

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

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

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

18 "Certifying medical professional" means a physician or
19 advanced practice registered nurse that issues written
20 certifications for the medical use of cannabis to qualifying
21 patients pursuant to section A-34.

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1 "Child care facilities" has the same meaning as in section
2 346-151.

3 "Child-resistant" means designed or constructed to be
4 significantly difficult for children under five years of age to
5 open, and not difficult for adults to use properly.

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

8 "Craft cannabis dispensary" means a person licensed to
9 operate a craft cannabis dispensary pursuant to section A-71.

10 "Cultivate" or "cultivation" means growing, cloning,
11 propagating, harvesting, drying, curing, grading, or trimming of
12 cannabis plants.

13 "Debilitating medical condition" means:

14 (1) Cancer, glaucoma, lupus, epilepsy, multiple sclerosis,
15 rheumatoid arthritis, positive status for human
16 immunodeficiency virus, acquired immune deficiency
17 syndrome, or the treatment of these conditions;

18 (2) A chronic or debilitating disease or medical condition
19 or its treatment that produces one or more of the
20 following:

21 (A) Cachexia or wasting syndrome;

22 (B) Severe pain;

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- 1 (C) Severe nausea;
- 2 (D) Seizures, including those characteristic of
- 3 epilepsy;
- 4 (E) Severe and persistent muscle spasms, including
- 5 those characteristic of multiple sclerosis or
- 6 Crohn's disease; or
- 7 (F) Post-traumatic stress disorder; or
- 8 (3) Any other medical condition approved by the board in
- 9 consultation with the department of health pursuant to
- 10 administrative rules adopted pursuant to this chapter.

11 "Decarboxylated" means the completion of the chemical

12 reaction that converts naturally occurring cannabinoid acid into

13 a cannabinoid, including delta-9 tetrahydrocannabinol's acids

14 (THCA) into delta-9-tetrahydrocannabinol.

15 "Delta 9-tetrahydrocannabinol" means one of the

16 cannabinoids that function as the primary psychoactive component

17 of cannabis.

18 "Dispense" or "dispensing" means to sell any cannabis to a

19 consumer or medical cannabis patient pursuant to this chapter.

20 "Distribute" or "distribution" means to sell at wholesale

21 any cannabis or hemp to a cannabis business pursuant to this

22 chapter.

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1 "Edible cannabis product" means a cannabis product intended
2 to be used orally, in whole or in part, for human consumption,
3 including cannabis products that dissolve or disintegrate in the
4 mouth, but does not include any product otherwise defined as
5 "cannabis concentrate."

6 "Employer" has the same meaning as in section 378-1.

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

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

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

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

12 "Hazardous material" has the same meaning as in section
13 286-2.

14 "Hemp" means all parts of the plant of the genus *Cannabis*,
15 whether growing or not, including the seeds thereof and all
16 derivatives, extracts, cannabinoids, isomers, acids, salts, and
17 salts of isomers, with a delta-9-tetrahydrocannabinol
18 concentration of not more than 0.3 per cent on a dry weight
19 basis, as measured post-decarboxylation or other similarly
20 reliable methods. Hemp does not include restricted cannabinoid
21 products.

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

4 "Hemp flower" means the flower of a hemp plant that has
5 been harvested, dried, or cured, prior to any processing, with a
6 delta-9-tetrahydrocannabinol concentration of not more than 0.3
7 per cent on a dry weight basis, as measured post-decarboxylation
8 or other similarly reliable methods.

9 "Hemp product" means any product containing or derived from
10 hemp with a delta-9-tetrahydrocannabinol concentration of not
11 more than 0.3 per cent on a dry weight basis, as measured post-
12 decarboxylation or other similarly reliable method. "Hemp
13 product" does not include restricted cannabinoid products.

14 "Independent laboratory" means a person licensed to operate
15 an independent laboratory pursuant to section A-66.

16 "Industrial hemp" means the mature stalks of the plant of
17 the genus *Cannabis*, fiber produced from the stalks, oil or cake
18 made from the seeds of the plant, any other compound,
19 manufacture, salt, derivative, mixture, or preparation of the
20 mature stalks (except the resin extracted therefrom), fiber
21 produced from the stalks, oil or cake made from the seeds of the

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1 plant, or the sterilized seed of the plant that is incapable of
2 germination.

3 "Labeling" means any label or other written, printed, or
4 graphic matter upon any packaging, container, or wrapper that
5 contains cannabis or hemp.

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

10 "Licensed premises" means the premises authorized to be
11 used for the operation of a licensed business pursuant to
12 section A-49.

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

14 "Marijuana concentrate" has the same meaning as provided in
15 section 712-1240.

16 "Medical cannabis" means cannabis that is dispensed by a
17 medical cannabis dispensary or a retail cannabis dispensary to a
18 medical cannabis patient or the patient's caregiver or cannabis
19 for the medical use of cannabis pursuant to this chapter.

20 "Medical cannabis cooperative" means a person licensed to
21 operate a medical cannabis cooperative pursuant to A-72.

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1 "Medical cannabis dispensary" means a person licensed to
2 operate a medical cannabis dispensary pursuant to section A-69.

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

6 "Medical cannabis product" means any product containing or
7 derived from cannabis, including an edible cannabis product,
8 concentrated cannabis, and restricted cannabinoid product, that
9 is solely for medical use by a medical cannabis patient pursuant
10 to this chapter.

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
17 product, medical cannabis product, or hemp product.

18 "Public housing project" has the same meaning as in section
19 712-1249.6.

20 "Qualifying out-of-state patient" means a person residing
21 outside of the state who has been diagnosed by a physician or
22 advanced practice registered nurse as having a debilitating

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1 medical condition and registered as such pursuant to section A-
2 33.

3 "Qualifying patient" means a person who has been diagnosed
4 by a physician or advanced practice registered nurse as having a
5 debilitating medical condition and registered as such pursuant
6 to section A-32. Qualifying patient does not include qualifying
7 out-of-state patient.

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

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

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

19 "Restricted cannabinoid" means a cannabinoid on the
20 restricted cannabinoid list established and maintained by the
21 authority pursuant to section A-75.

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1 "Restricted cannabinoid product" means any product
2 containing an amount of any restricted cannabinoid that exceeds
3 the limit allowable for a hemp product, as established by the
4 authority pursuant to section A-75.

5 "Retail Cannabis dispensary" means a person licensed to
6 operate a retail cannabis dispensary pursuant to section A-70.

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

8 "School vehicle" has the same meaning as in section 286-
9 181.

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

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

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

18 "Synthetic cannabinoid" means a cannabinoid that is:

- 19 (1) Produced artificially, whether from chemicals or from
20 recombinant biological agents including yeast and
21 algae; and

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

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

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

9 "Universal symbol" means an image developed by the
10 authority that indicates that a container, package, or product
11 contains cannabis.

12 "Written certification" means a written statement issued
13 and signed by a certifying medical professional to section A-31.

14 **§A-4 General exemptions.** (a) Notwithstanding any law to
15 the contrary, including part IV of chapter 329 and part IV of
16 chapter 712, actions authorized pursuant to this chapter shall
17 be lawful if done in strict compliance with the requirements of
18 this chapter and any rules adopted thereunder.

19 (b) A person may assert strict compliance with this
20 chapter or rules adopted thereunder as an affirmative defense to
21 any prosecution involving marijuana or marijuana concentrate,

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1 including under part IV of chapter 329 and part IV of chapter
2 712.

3 (c) Actions that do not strictly comply with the
4 requirements of this chapter and any rules adopted thereunder
5 shall be unlawful and subject to criminal, civil, or
6 administrative procedures and penalties, or all of the above, as
7 provided by law.

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

- 10 (1) Supersede any law relating to operating a vehicle
11 under the influence of an intoxicant;
- 12 (2) Supersede any law involving the performance of any
13 task while impaired by cannabis that would constitute
14 negligence or professional malpractice, or prevent the
15 imposition of any civil, criminal, or other penalty
16 for such conduct;
- 17 (3) Supersede any law prohibiting or relating to smoking
18 or vaping, including chapter 328J;
- 19 (4) Authorize the possession or use of cannabis or
20 possession or use of cannabis accessories on the
21 grounds of or within a childcare facility, school,
22 daycare center, youth center, college, university, or

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1 other educational institution, including a nursery
2 school or summer camp, school vehicle, or on the
3 grounds of or within any correctional facility or
4 detoxification facility;

5 (5) Require any person, corporation, or any other entity
6 that occupies, owns, or controls real property to
7 allow the consumption, cultivation, processing,
8 display, distribution, or dispensing of cannabis on or
9 in that property; provided further that in the case of
10 the rental of a residential dwelling, a landlord shall
11 not prohibit the possession of cannabis or the
12 consumption of cannabis that is not inhaled, unless:

13 (A) The tenant is renting a room or rooms in a larger
14 residence;

15 (B) The residence is incidental to detention or the
16 provision of medical, geriatric, educational,
17 counseling, religious, or similar service;

18 (C) The residence is a transitional housing facility;
19 or

20 (D) Failing to prohibit the use or possession of
21 cannabis would violate federal law or regulations
22 or cause the landlord to lose a monetary or

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1 licensing-related benefit under federal law or
2 regulations.

3 **PART II. ADMINISTRATION**

4 **§A-6 Hawaii cannabis authority; established.** (a) There
5 is established the Hawaii cannabis authority, which shall be a
6 public body corporate and politic and an instrumentality and
7 agency of the State for the purpose of implementing this
8 chapter. The authority shall be governed by the cannabis
9 control board. The authority shall be placed within the
10 department of [reserved] for administrative purposes only. The
11 department of [reserved] shall not direct or exert authority
12 over the day-to-day operations or functions of the authority.

13 (b) The authority shall exercise its authority, other than
14 powers and duties specifically granted to the board, by and
15 through the executive director. The executive director shall be
16 appointed by the board without regard to chapter 76 and serve at
17 the pleasure of the board. The executive director shall have
18 expertise and training in the field of cannabis regulation or
19 public health administration.

20 (c) At a minimum, the staff of the authority shall consist
21 of one full-time executive secretary to the director, one full-
22 time chief financial officer, one full-time chief equity

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1 officer, one full-time general counsel, one full-time chief
2 public health and environment officer, one full-time chief
3 technology officer, and one full-time chief compliance officer,
4 each of whom shall be exempt from chapter 76 and serve at the
5 pleasure of the executive director.

6 **§A-7 Cannabis control board; members and terms;**
7 **organization; expenses.** (a) There is established the cannabis
8 control board that shall carry out the duties and
9 responsibilities as provided in this chapter. It shall consist
10 of five members to be placed within the department of [reserved]
11 for administrative purposes only. The board shall govern the
12 Hawaii cannabis authority and appoint the executive director of
13 the authority, who shall be responsible for administering and
14 enforcing laws related to the authority and each administrative
15 unit thereof.

16 (b) The protection of public health and public safety
17 shall be the highest priorities for the board in exercising
18 licensing, regulatory, and disciplinary functions under this
19 chapter. Whenever the protection of public health and public
20 safety is inconsistent with other interests sought to be
21 promoted, the protection of public health and public safety
22 shall be paramount.

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1 (c) The members of the board shall be appointed by the
2 governor, subject to confirmation by the senate pursuant to
3 section 26-36. The composition of the board shall be as
4 follows:

5 (1) The chair who shall have a professional background in
6 public health, mental health, substance use treatment,
7 or toxicology;

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

10 (3) One member who shall have professional experience in
11 corporate management or a professional background in
12 finance;

13 (4) One member who shall have professional experience in
14 oversight or industry management, including
15 commodities, production, or distribution in a
16 regulated industry; and

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

20 The terms and the filling of a vacancy on the board shall
21 be as provided in section 26-34; provided that initial

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1 appointments may be for less than four years to maintain the
2 board with staggered terms.

3 (d) Prior to appointment to the board, a background
4 investigation, including the criminal background check pursuant
5 to section 846-2.7, shall be conducted. No person who has been
6 convicted of a felony shall be eligible to serve on the board.

7 (e) A majority of all members to which the board is
8 entitled shall constitute a quorum to do business, and the
9 concurrence of a majority of all members shall be necessary to
10 make an action of the board valid.

11 (f) Regular meetings of the board shall be held not less
12 than once a month. Special meetings may be called by the chair
13 at any time by giving notice thereof to each member present in
14 the State at least five days prior to the date of the special
15 meeting; provided that notice shall not be required if all
16 members present in the State agree and sign a written waiver of
17 the notice. To promote efficiency in administration, the chair
18 shall make such division or re-division of the work of the board
19 among the board members as the chair deems expedient.

20 (g) Any member of the board may be removed for cause by
21 vote of four of the board's members then in office. For

.B. NO.

1 purposes of this subsection, cause shall include without
2 limitation:

- 3 (1) Malfeasance in office;
- 4 (2) Failure to attend regularly held meetings;
- 5 (3) Sentencing for conviction of a felony, to the extent
6 allowed by section 831-2; or
- 7 (4) Any other cause that may render a member incapable or
8 unfit to discharge the duties of the board required
9 under this chapter.

10 Filing nomination papers for elective office or appointment to
11 elective office, or conviction of a felony consistent with
12 section 831-3.1, shall automatically and immediately disqualify
13 a board member from office.

14 (h) The members of the board shall serve without
15 compensation but shall be entitled to reimbursement for
16 expenses, including travel expenses, necessary for the
17 performance of their duties.

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

- 21 (1) Adopt a seal;
- 22 (2) Administer oaths and affirmations;

.B. NO.

- 1 (3) Establish a procedure by which licenses or permits are
2 awarded pursuant to this chapter, including by
3 randomized lottery selection;
- 4 (4) Approve or deny applications, including renewal
5 applications and change in ownership applications, for
6 licenses or permits pursuant to this chapter;
- 7 (5) Revoke, cancel, or suspend for cause any license,
8 permit, or registration issued under this chapter;
- 9 (6) Conduct studies regarding market conditions and, on a
10 periodic basis, determine the maximum number of
11 licenses that may be issued in order to meet
12 estimated production demand and facilitate a
13 reduction in the unauthorized distribution of
14 cannabis;
- 15 (7) Establish and amend cannabis district boundaries to
16 ensure equal access to cannabis, especially for
17 medical use, and encourage the full participation in
18 the regulated cannabis industry from historically
19 disadvantaged communities, areas of persistent
20 poverty, and medically underserved communities;
- 21 (8) Adopt rules, which shall have the force and effect of
22 law; provided that unless otherwise provided in this

.B. NO.

- 1 chapter, the rules shall be adopted pursuant to
2 chapter 91;
- 3 (9) Take appropriate action against a person who, directly
4 or indirectly, cultivates, processes, sells, or
5 purchases any cannabis without being authorized
6 pursuant to this chapter;
- 7 (10) Establish additional restrictions, requirements, or
8 conditions, consistent with those prescribed in this
9 chapter, relating to the standards and requirements
10 for cultivating, processing, packaging, advertising,
11 distributing, or dispensing cannabis or hemp,
12 including the ability to regulate ingredients, and the
13 types, forms, potency, and concentration of products
14 that may be processed or sold, to ensure the health
15 and safety of the public and the use of proper
16 ingredients and methods in the processing of all
17 cannabis to be sold or consumed in the State and to
18 ensure that products are not packaged, marketed, or
19 otherwise sold in a way that targets minors or
20 promotes excessive use or cannabis use disorders;
- 21 (11) Appoint the executive director, not subject to chapter
22 76, and discharge the executive director with or

.B. NO.

1 without cause by a majority vote of all members of the
2 board; provided that removal without cause shall not
3 prejudice any contract rights of the executive
4 director;

5 (12) Establish and amend a plan of organization that it
6 considers expedient;

7 (13) Conduct hearings as required by law pursuant to
8 chapter 91; provided the board shall have authority to
9 examine witnesses and take testimony, receive and
10 determine the relevance of evidence, issue subpoenas,
11 regulate the course and conduct of the hearing, and
12 make a final ruling;

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

18 (15) Establish social equity programs to encourage the full
19 participation in the regulated cannabis industry from
20 historically disadvantaged communities, areas of
21 persistent poverty, and medically underserved
22 communities;

.B. NO.

1 (16) Delegate to the chair of the board or the executive
2 director, subject to the board's control and
3 responsibility, powers and duties as may be lawful or
4 proper for the performance of the functions vested in
5 the board;

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

10 (18) Administer and manage a state cannabis testing
11 facility; and

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

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

17 (1) Exercise the powers and perform the duties in relation
18 to the administration of the authority as are not
19 specifically vested by this chapter in, or delegated
20 by, the board;

21 (2) Execute all instruments necessary or convenient for
22 accomplishing the purposes of this chapter;

.B. NO.

- 1 (3) Enter into agreements or other transactions with a
2 person, including a public entity or other
3 governmental instrumentality or authority in
4 connection with its powers and duties under this
5 chapter;
- 6 (4) Apply for and accept, on behalf of the authority,
7 grants, loans, advances, and contributions of money or
8 property, or other things of value from any source, to
9 be held, used, and applied for its purposes;
- 10 (5) Set, charge, impose, and collect fees, fines, and
11 civil penalties as authorized by this chapter or rules
12 adopted thereunder; provided that all fees, fines, and
13 civil penalties received by the authority shall be
14 deposited into the cannabis regulation special fund;
- 15 (6) Enforce forfeiture pursuant to this chapter or chapter
16 712A of any cannabis not authorized under this chapter
17 or rules adopted thereunder;
- 18 (7) Provide and pay for advisory services and technical
19 assistance as may be necessary in its judgment to
20 carry out this chapter as provided by law;
- 21 (8) Develop and maintain a seed-to-sale tracking system;

.B. NO.

- 1 (9) Be present, through its inspectors and agents, at any
2 time, at the premises of a licensed business for the
3 purposes of exercising its regulatory responsibilities
4 or inspecting the premises and all equipment and
5 supplies located at the premises;
- 6 (10) Seize and remove from the premises of a licensed
7 business any cannabis, equipment, supplies, documents,
8 and records obtained or possessed in violation of this
9 chapter for the purpose of examination and inspection;
- 10 (11) For cause, demand and be granted access to, for the
11 purposes of inspection, examination or audit, all
12 papers, books, and records of licensed businesses and
13 close associates of any licensed business whom the
14 authority suspects are involved in the financing,
15 operation, or management of the licensed business;
16 provided that the inspection, examination,
17 photocopying, and audit may take place on the
18 affiliate's premises or elsewhere as practicable and
19 in the presence of the affiliate or its agent;
- 20 (12) Register medical cannabis patients for medical use of
21 cannabis pursuant to sections A-32 and A-33;

.B. NO.

- 1 (13) Investigate violations of this chapter, and
2 notwithstanding any law to the contrary, violations of
3 chapters 322 and 342F, related to cultivation,
4 processing, distribution, sales, dispensing,
5 consumption, possession or use of cannabis, to include
6 covert operations, and to refer criminal violations to
7 the proper federal, state, or local authorities for
8 prosecution as appropriate. Investigations of
9 violations of chapter B shall be referred to the
10 director of taxation to hear and determine complaints
11 against any licensee;
- 12 (14) Conduct background checks as necessary for the
13 purposes of implementing this chapter, including but
14 not limited to, criminal history record checks in
15 accordance with section 846-2.7;
- 16 (15) Gather facts and information applicable to the
17 authority's obligation to investigate applicants,
18 permittees, or licensed businesses for:
- 19 (A) A violation of this chapter or any rules adopted
20 thereunder; or
- 21 (B) A willful violation of an order of the board;

.B. NO.

- 1 (16) Delegate the powers provided in this section to such
- 2 other officers or employees of the authority as may be
- 3 deemed appropriate by the executive director;
- 4 (17) Exercise the powers and perform the duties as
- 5 delegated by the board in relation to the
- 6 administration of the authority as are necessary,
- 7 including budgetary and fiscal matters;
- 8 (18) Advise and assist the board in carrying out any of its
- 9 functions, powers, and duties;
- 10 (19) Coordinate across state agencies and departments in
- 11 order to research and study any changes in cannabis
- 12 use and the impact that cannabis use and the number of
- 13 licensed businesses may have on access to cannabis,
- 14 public health, and public safety;
- 15 (20) Prepare, publish, and distribute, with or without
- 16 charge as the authority may determine, studies,
- 17 reports, guidance, bulletins, and other materials as
- 18 the authority considers appropriate;
- 19 (21) Implement the social equity programs established by
- 20 the board;
- 21 (22) Create and maintain a publicly available directory of
- 22 the names and locations of medical cannabis

.B. NO.

1 dispensaries, retail cannabis dispensaries, and craft
2 cannabis dispensaries;

3 (23) Create a system whereby a licensed business can verify
4 the status of other licensed businesses;

5 (24) Develop forms, licenses, identification cards, and
6 applications as are necessary or convenient in the
7 discretion of the executive director for the
8 administration of this chapter or rules adopted
9 pursuant to this chapter; and

10 (25) Delegate powers and duties of the executive director
11 to other state or county departments or agencies
12 pursuant to memoranda of agreement for the purposes of
13 implementing the provisions of this chapter related to
14 administration, investigation, inspection, fee
15 collection, document management, education and
16 outreach, distribution of individual licenses approved
17 by the board, and technical assistance pertaining to
18 the cultivation of cannabis.

19 **§A-10 Administrative rules; authority.** (a) No later than
20 December 31, 2024, the board shall adopt interim rules, which
21 shall be exempt from chapters 91 and 201M, to effectuate the
22 purposes of this chapter; provided that the interim rules shall

.B. NO.

1 remain in effect until December 31, 2029, or until rules are
2 adopted pursuant to subsection (c), whichever occurs sooner.

3 (b) The board may amend the interim rules to effectuate
4 the purposes of this chapter, and the amendments shall be exempt
5 from chapters 91 and 201M; provided that any amended interim
6 rules shall remain in effect until December 31, 2029, or until
7 rules are adopted pursuant to subsection (c), whichever occurs
8 sooner.

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

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

14 (1) Procedures for application that an applicant for a
15 license shall follow and complete before consideration
16 by the board;

17 (2) Procedures for registration that a person shall follow
18 and complete before being registered as a medical
19 cannabis patient;

20 (3) Procedures for permit application that a person shall
21 follow and complete before consideration by the board;

.B. NO.

- 1 (4) A schedule of fees including application, license,
2 registration, permit, certification, and renewal fees,
3 in an amount necessary to pay for all regulation and
4 enforcement costs of the authority; provided that fees
5 may be relative to the volume of business conducted or
6 to be conducted by the licensed business;
- 7 (5) Qualifications for licensure or permitting and minimum
8 standards for employment that are directly and
9 demonstrably related to the operation of a licensed
10 business;
- 11 (6) Procedures and policies to promote and encourage full
12 participation in the regulated cannabis industry by
13 people from historically disadvantaged communities,
14 areas of persistent poverty, and medically underserved
15 communities;
- 16 (7) Requirements for licensure, registration, and
17 permitting, including updating and renewing licensure,
18 registration, and permitting;
- 19 (8) Requirements for the information to be furnished by a
20 licensee relating to the licensee's employees, any
21 necessary registration requirements for employees
22 working at a licensed business, and requirements that

.B. NO.

- 1 all licensed business employees be properly trained in
2 their respective professions as necessary;
- 3 (9) Requirements for fingerprinting or other method of
4 identification for the purposes of criminal background
5 checks as authorized by section 846-2.7;
- 6 (10) Procedures and grounds for penalties, including the
7 revocation or suspension of a license, permit, or
8 registration;
- 9 (11) Requirements for record keeping by a licensed
10 business, including the keeping of the books,
11 financial records, statements, or other records of a
12 licensed businesses;
- 13 (12) Requirements and procedures to track cannabis
14 cultivated, processed, transported, delivered,
15 distributed, dispensed, tested, sold, or destroyed by
16 licensed businesses;
- 17 (13) Requirements and procedures for the seed-to-sale
18 tracking system;
- 19 (14) Security requirements for a licensed business
20 sufficient to deter and prevent theft and unauthorized
21 entrance into restricted areas containing cannabis,
22 which shall include the use of security cameras;

.B. NO.

- 1 provided that the requirements shall not prohibit the
2 cultivation of cannabis outdoors or in greenhouses;
- 3 (15) Requirements for liability insurance coverage for a
4 licensee or requirements for other adequate security
5 against liabilities, including that a licensee place a
6 certain sum in escrow to be expended for coverage
7 liabilities;
- 8 (16) Requirements and procedures sufficient to ensure the
9 virtual separation of medical cannabis from other
10 cannabis dispensed by a retail cannabis dispensary or
11 distributed by a cannabis processor;
- 12 (17) Requirements and procedures to prevent the sale,
13 delivery, or transfer of cannabis to persons under
14 twenty-one years of age, or the purchase of cannabis
15 on behalf of a person under twenty-one years of age,
16 including a prohibition on persons under twenty-one
17 entering the premises of a licensed businesses unless
18 otherwise authorized for medical use pursuant to this
19 chapter;
- 20 (18) Standards for manufacturing or extracting cannabinoid
21 oil or butane hash oil;

.B. NO.

- 1 (19) The circumstances, manner, and process by which a
2 licensed business may apply for a change in ownership,
3 including procedures and requirements to enable the
4 transfer of a license for a licensed business to
5 another qualified person or to another suitable
6 location subject to the board's approval;
- 7 (20) Health and safety standards, established in
8 consultation with the department of health and the
9 department of agriculture, for the cultivation,
10 processing, distribution, and dispensing of cannabis,
11 including standards regarding sanitation for the
12 preparation, storage, handling, and sale of edible
13 cannabis product; including compliance with chapter
14 321 and health inspections by the department of
15 health; provided that the authority to adopt rules
16 pertaining to the use of pesticides shall remain with
17 the department of agriculture;
- 18 (21) Requirements for the packaging of cannabis;
- 19 (22) Requirements for the potency or dosing limitations of
20 cannabis, including separate requirements for the
21 potency or dosing limitations of medical cannabis;

.B. NO.

- 1 (23) Requirements for the labeling of a package containing
2 cannabis;
- 3 (24) Procedures and policies, in consultation with the
4 department of agriculture, to promote and encourage
5 full participation in the regulated cannabis industry
6 by farmers and agricultural businesses with emphasis
7 on promoting small farms, diversified agriculture, and
8 indigenous farming practices;
- 9 (25) Requirements for the safe disposal of excess,
10 contaminated, adulterated, or deteriorated cannabis;
- 11 (26) Requirements for advertising, marketing, and branding
12 of cannabis;
- 13 (27) Requirements for a process allowing the executive
14 director to order a prohibition on the sale of
15 cannabis;
- 16 (28) Requirements for a process allowing a cannabis
17 processor to voluntarily submit a product, its
18 packaging, and intended marketing to the authority for
19 review of whether the product is especially appealing
20 to persons under twenty-one years of age;
- 21 (29) Requirements that prohibit or restrict cannabis or
22 hemp processors from altering or utilizing

.B. NO.

1 commercially processed or manufactured food products
2 when processing cannabis unless the food product was
3 commercially manufactured specifically for use by the
4 cannabis or hemp processors to infuse with cannabis;

5 (30) Energy and environmental standards for licensure and
6 licensure renewal of cannabis cultivators, cannabis
7 processors, and hemp processors;

8 (31) Manners in which licensed premises shall be
9 constructed, arranged, furnished, equipped,
10 maintained, and operated;

11 (32) Classification of any cannabis-derived compound or
12 cannabinoid or hemp-derived compound or cannabinoid;
13 and

14 (33) Prohibitions or restrictions on the use of a synthetic
15 cannabinoid or artificially derived cannabinoid in any
16 cannabis product or hemp product.

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

18 There is created in the treasury of the State the cannabis
19 regulation special fund to be administered and expended by the
20 authority.

.B. NO.

1 (b) The moneys in the special fund shall be used, subject
2 to appropriation, for the implementation, administration, and
3 enforcement of this chapter by the authority.

4 (c) The following shall be deposited into the special
5 fund:

- 6 (1) A portion of the cannabis tax pursuant to chapter B;
- 7 (2) Fees, fines, and civil penalties received pursuant to
8 this chapter and rules adopted thereunder;
- 9 (3) Interest earned or accrued on moneys in the special
10 fund; and
- 11 (4) Appropriations made by the legislature to the fund.

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

15 **SA-13 Cannabis social equity special fund.** (a) There is
16 created in the treasury of the State the cannabis social equity
17 special fund to be administered and expended by the authority.

18 (b) The moneys in the special fund shall be used, subject
19 to appropriation, for the implementation and administration of
20 the cannabis social equity program.

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

.B. NO.

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

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

11 **SA-14 Public health and education special fund.** (a)

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

15 (b) The moneys in the special fund shall be used, subject
16 to appropriation, for education and substance abuse prevention
17 and treatment, including educating the public about cannabis use
18 and laws, preventing and treating substance abuse among youth,
19 and controlling and treating substance abuse.

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

- 22 (1) A portion of the cannabis tax pursuant to chapter 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 special fund at the close of
8 each fiscal year shall remain in the fund and shall not lapse to
9 the credit of the general fund.

10 **§A-15 Cannabis law enforcement special fund.** (a) There
11 is created in the treasury of the State the cannabis law
12 enforcement special fund to be administered and expended by the
13 department of law enforcement.

14 (b) The moneys in the special fund shall be used, subject
15 to appropriation, for the implementation and administration of
16 the cannabis enforcement unit established by section A-16.

17 (c) The following shall be deposited into the special
18 fund:

- 19 (1) A portion of the cannabis tax pursuant to chapter B;
- 20 (2) Appropriations by made by the legislature to the fund;
- 21 (3) Interest earned or accrued on moneys in the special
- 22 fund; and

.B. NO.

1 (4) Contributions, grants, endowments, or give in cash or
2 otherwise from any source, including licensed
3 businesses.

4 (d) Moneys on balance in the special fund at the close of
5 each fiscal year shall remain in the fund and shall not lapse to
6 the credit of the general fund.

7 **§A-16 Department of law enforcement.** There is established
8 in the department of law enforcement the cannabis enforcement
9 unit with a prime mission to investigate illegal cannabis
10 activity. 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. The
15 cannabis enforcement unit shall be staffed by at least fourteen
16 law enforcement officers. Nothing in this chapter shall be
17 construed to relieve or diminish the department of law
18 enforcement officers of any authority or responsibility to
19 enforce, or prosecute under, criminal laws related to marijuana
20 or marijuana concentrate, including chapter 712, in the state.

21 **§A-17 County law enforcement and prosecution.** Nothing in
22 this chapter shall be construed to relieve or diminish county

.B. NO.

1 law enforcement officers and prosecutors of any authority or
2 responsibility to enforce, or prosecute under, criminal laws
3 related to marijuana or marijuana concentrate, including chapter
4 712, in their respective counties.

5 **§A-18 Investigation by a law enforcement agency of**
6 **unlawful activity.** Notwithstanding any other law, the executive
7 director shall disclose information, documents, and other
8 records regarding cannabis businesses, upon request, to any
9 state, federal, or county agency engaged in the criminal
10 investigation or prosecution of violations of applicable state,
11 county, or federal laws or regulations related to the operations
12 or activities of licensed businesses.

13 **§A-19 Inspection; audits; reporting; authority.** (a) Any
14 licensed business shall:

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

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

.B. NO.

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

13 **§A-20 RESERVED**

14 **§A-21 County authority.** (a) Each county may, by
15 amendment of their zoning ordinances, pursuant to the powers
16 granted under section 46-4, place reasonable restrictions on the
17 location of licensed businesses.

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

.B. NO.

1 **§A-22 Contracts pertaining to lawful operation of cannabis**
2 **business; enforceable.** Notwithstanding any other law to the
3 contrary, contracts related to lawful activities authorized by
4 this chapter shall be enforceable. A contract entered into by a
5 cannabis business, or by those who allow property to be used by
6 a cannabis business, shall not be unenforceable or void solely
7 for the reason that the activity permitted by this chapter is
8 prohibited by federal law.

9 **§A-23 Provision of professional services to cannabis**
10 **business.** A person engaged in a profession or occupation
11 subject to state or county licensure shall not be subject to
12 disciplinary action by a professional licensing authority solely
13 for providing professional services to a cannabis business
14 related to activity permitted by this chapter.

15 **§A-24 Authority employees; background checks.** (a) The
16 authority shall conduct background checks, including criminal
17 history record checks in accordance with section 846-2.7, of
18 persons, including persons appointed to the board, persons who
19 are employed or seeking employment for the authority, and
20 current or prospective contractors or subcontractors and
21 employees of current or prospective contractors or

.B. NO.

1 subcontractors of the authority. The authority shall develop
2 procedures for conducting background checks.

3 (b) The authority may refuse to employ or deny employment
4 to an applicant or terminate or refuse to secure the services of
5 any contractor or subcontractor if the person has been convicted
6 of a crime, and if the executive director finds by reason of the
7 nature and circumstances of the crime that the person poses a
8 risk to the integrity of the authority.

9 (c) Refusal, revocation, or termination may occur only
10 after appropriate investigation and notification to the
11 employee, applicant for employment, contractor, or subcontractor
12 of results and planned action, and after the employee, applicant
13 for employment, contractor, or subcontractor is given an
14 opportunity to meet and rebut the finding. Nothing in this
15 section shall abrogate any applicable appeal rights under
16 chapter 76 or 89.

17 **§A-25 Annual report to legislature; report on criminal**
18 **offenses.** (a) No later than twenty days prior to the convening
19 of the regular session of 2026, and every year thereafter, the
20 executive director shall submit a report to the governor and
21 legislature on the establishment and regulation of cannabis
22 businesses. The report shall cover the information during the

.B. NO.

1 prior fiscal year and, at a minimum, include the following
2 information:

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

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1 inspections, including the number of inspections
2 resulting in license violations and the percentage of
3 all licensed businesses inspected;

4 (8) The number of license violations committed by licensed
5 businesses and a breakdown of those violations into
6 specific categories based on the type of violation and
7 the outcome of the violation, including the total
8 amount of monetary penalties imposed and collected by
9 the authority and the percentage of total license
10 violations resulting in the imposition of a monetary
11 penalty, administrative hold, license suspension, or
12 license revocation;

13 (9) Public health and safety data, including accidental
14 ingestion by minors and cannabis related driving
15 accidents, collected, received, or analyzed by the
16 authority; and

17 (10) Recommendations, including any suggested legislation,
18 to address any issues with the regulation of the
19 cannabis industry in the State encountered by the
20 authority or agencies or departments.

21 (b) No later than twenty days prior to the convening of
22 the regular session of 2027, the executive director shall submit

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1 a report to the governor and legislature regarding the
2 advisability of expunging or sealing low level criminal
3 offenses, a recommendation regarding which offenses and records
4 should be expunged or sealed, if any, and the best mechanism for
5 expunging and sealing records without causing undue burden on
6 the judiciary or any administrative agency. In creating the
7 report, the executive director shall consult with, at a minimum,
8 the attorney general and the judiciary.

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

10 **§A-26 Possession of cannabis for medical use. (a)**

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

- 14 (1) Purchase, transport, or possess jointly between the
15 medical cannabis patient and the patient's caregiver,
16 an adequate supply of cannabis for medical use; and
- 17 (2) Transfer an adequate supply of cannabis for medical
18 use, without compensation of any kind, from a
19 caregiver to the caregiver's medical cannabis patient.

20 (b) For medical purposes only, it shall be lawful for a
21 medical cannabis patient to smoke, ingest, or consume cannabis.

.B. NO.

1 (c) Notwithstanding any law to the contrary, in addition
2 to an adequate supply of cannabis for medical use, a qualifying
3 patient or the patient's caregiver may lawfully possess jointly
4 between them, in their private residence or at the licensed
5 premises of a medical cannabis cooperative to which the
6 qualifying patient is a member, up to one pound of cannabis
7 produced by their cultivation of cannabis for medical use
8 pursuant to section A-27; provided that no more than two pounds
9 of cannabis in total, whether for medical or personal adult use,
10 shall be stored at any private residence, regardless of the
11 number of people residing there.

12 (d) All cannabis shall be stored in a sealed container and
13 not accessible to any person under the age of twenty-one, unless
14 that person is a medical cannabis patient.

15 (e) All cannabis shall be transported in a sealed
16 container, shall not be visible to the public, and shall not be
17 removed from its sealed container or consumed or used in any way
18 while in a public place or vehicle.

19 (f) The medical use of cannabis alone shall not disqualify
20 a person from any needed medical procedure or treatment,
21 including organ and tissue transplants, unless in the judgement

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1 of the health care provider the use of cannabis increases the
2 risk for a bad outcome from the procedure or treatment.

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

6 **§A-27 Cultivation of cannabis for medical use.** (a)
7 Notwithstanding any other law to the contrary, a qualifying
8 patient or the patient's caregiver may:

9 (1) Possess, plant, or cultivate not more than ten
10 cannabis plants, whether mature or immature, for
11 medical use only; and

12 (2) Harvest, dry, and process the cannabis produced by the
13 plants cultivated under paragraph (1) for medical use
14 only;

15 (b) The personal cultivation of cannabis for medical use
16 shall only be permitted within, or on the grounds of, the
17 private residence of a qualifying patient or the patient's
18 caregiver, or on the licensed premises of a medical cannabis
19 cooperative to which the qualifying patient is a member;
20 provided that no more than ten plants, whether mature or
21 immature and whether for medical use or personal adult use,
22 shall be cultivated at a private residence at any time

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1 regardless of the number of qualifying patients, caregivers, or
2 other people residing at the private residence.

3 (c) Cannabis plants cultivated for medical use shall be
4 kept in a secured place not accessible to any person under the
5 age of twenty-one, unless that person is a qualifying patient.

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

8 (e) A landlord, condominium association, planned community
9 association, or similar association may limit or prohibit the
10 personal cultivation of cannabis for medical use through bylaws
11 or rules.

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

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1 **§A-28 Conditions of medical use of cannabis by a**
2 **qualifying patient.** (a) The medical use of cannabis shall only
3 be authorized if:

4 (1) The qualifying patient has been diagnosed by and is
5 under the continuing care of a certifying medical
6 professional as having a debilitating medical
7 condition;

8 (2) The qualifying patient's certifying medical
9 professional has issued a written certification for
10 the qualifying patient;

11 (3) The qualifying patient has paid the required fee for
12 registration;

13 (4) The qualifying patient has registered with the
14 authority; and

15 (5) The amount of cannabis possessed by the qualifying
16 patient does not exceed the amount authorized in
17 section A-26.

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

20 (1) The qualifying patient's certifying medical
21 professional has explained the potential risks and
22 benefits of the medical use of cannabis to the

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1 qualifying patient and to a parent, guardian, or
2 person having legal custody of the qualifying patient;
3 and

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

6 (A) Allow the qualifying patient's medical use of
7 cannabis;

8 (B) Serve as the qualifying patient's caregiver; and

9 (C) Control the acquisition, dosage, and frequency of
10 the medical use of cannabis by the qualifying
11 patient.

12 **SA-29 Reciprocity with other states.** (a) Notwithstanding
13 any law to the contrary, the medical use of cannabis by a
14 qualifying out-of-state patient aged eighteen years or older
15 shall be authorized only if the qualifying out-of-state patient:

16 (1) Is legally authorized to use cannabis for medical
17 purposes in another state, a United States territory,
18 or the District of Columbia;

19 (2) Attests under penalty of law pursuant to section 710-
20 1063 that the condition for which the qualifying out-
21 of-state patient is legally authorized to use cannabis

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- 1 for medical purposes is a debilitating medical
2 condition;
- 3 (3) Provides consent for the authority to obtain
4 information from the qualifying out-of-state patient's
5 certifying medical provider and from the entity that
6 issued the medical cannabis authorization for the
7 purpose of allowing the authority to verify the
8 information provided in the registration process;
- 9 (4) Pays the required fee for out-of-state registration;
- 10 (5) Registers with the authority pursuant to section A-33
11 for the medical use of cannabis in the State;
- 12 (6) Receives a medical cannabis registry card from the
13 authority; and
- 14 (7) Abides by all laws relating to the medical use of
15 cannabis, including not possessing amounts of cannabis
16 that exceed an adequate supply.
- 17 (b) The medical use of cannabis by a qualifying out-of-
18 state patient under eighteen years of age shall be permitted
19 only if:
- 20 (1) The caregiver of the qualifying out-of-state patient
21 provides the information required pursuant to
22 subsection (a); and

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

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

5 (B) Undertake the responsibility for managing the
6 well-being of the qualifying out-of-state patient
7 who is under eighteen years of age with respect
8 to the medical use of cannabis; and

9 (C) Control the acquisition, dosage, and frequency of
10 the medical use of cannabis by the qualifying
11 out-of-state patient.

12 **§A-30 Limitation; scope of medical use of cannabis.** The
13 authorization for the medical use of cannabis in this part shall
14 not apply to:

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

17 (2) The medical use of cannabis:

18 (A) In a school vehicle, public transportation, or
19 any vehicle;

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

21 (C) On any school grounds;

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- 1 (D) At any public park, beach, public recreation
2 center, recreation or youth center;
- 3 (E) In or on any land, facility, building, or vehicle
4 owned, controlled, or operated by the State or
5 any county;
- 6 (F) In or on any federal fort or arsenal, national
7 park or forest, any other federal enclave, or any
8 other property owned, controlled or operated by
9 the federal government; or
- 10 (G) At any other place open to the public, including
11 smoking or vaping cannabis in public as
12 prohibited by chapter 328J; and
- 13 (3) The medical use of cannabis by anyone that is not a
14 medical cannabis patient, including a parent or
15 caregiver.

16 **§A-31 Written certifications.** (a) A qualifying patient
17 shall have a valid written certification from a certifying
18 medical professional stating that in the certifying medical
19 professional's professional opinion:

- 20 (1) The qualifying patient has a debilitating medical
21 condition; and

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

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

7 (1) Include the name, address, patient identification
8 number, and other identifying information of the
9 qualifying patient;

10 (2) Be valid for one year from the time of signing;
11 provided that the board may allow for the validity of
12 any written certification for up to three years if the
13 qualifying patient's certifying medical professional
14 states that the patient's debilitating medical
15 condition is chronic in nature;

16 (3) Be in a form prescribed by the authority and completed
17 by or on behalf of a qualifying patient; and

18 (4) Be issued and certified by a certifying medical
19 professional who has a bona fide physician-patient
20 relationship or bona fide advanced practice registered
21 nurse-patient relationship, as applicable, with the
22 qualifying patient.

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1 **§A-32 Registration; qualifying patients; caregivers.** (a)

2 Qualifying patients shall register with the authority. The
3 board shall adopt rules to establish procedures and requirements
4 for registration of qualifying patients; provided that:

5 (1) Every qualifying patient shall:

6 (A) Provide sufficient identifying information to
7 establish their personal identity;

8 (B) Provide the address of the location where the
9 qualifying patient or the patient's caregiver
10 intends to cultivate cannabis for medical use
11 pursuant to section A-27; provided that if the
12 qualifying patient or patient's caregiver intends
13 to cultivate cannabis for medical use at a
14 medical cannabis cooperative pursuant to section
15 A-72, the license number and documentation
16 verifying that the qualifying patient is a valid
17 member of the cooperative shall be required; and

18 (C) Report a change in any information provided to
19 the authority for registration within ten working
20 days of the change;

21 (2) The registration form prescribed by the authority
22 shall require information from the qualifying patient,

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1 the patient's caregiver, and the patient's certifying
2 medical professional as specifically required by this
3 chapter or rules adopted thereunder;

4 (3) The authority shall issue to the qualifying patient a
5 registration card and may charge a fee for the
6 registration in an amount set in rules;

7 (4) The registration shall be effective until the
8 expiration of the written certificate provided by the
9 certifying medical professional; and

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

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

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

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1 patients who are under eighteen years of age and in
2 their legal custody; and

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

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

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

19 **§A-33 Registration; qualifying out-of-state patients;**
20 **caregivers.** (a) A qualifying out-of-state patient shall
21 register with the authority. The board shall adopt rules to

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1 establish procedures and requirements for registration of
2 qualifying out-of-state patients; provided that:

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

4 (A) Provide a valid government-issued medical
5 cannabis card or any equivalent certificate
6 issued by another state, United States territory,
7 or the District of Columbia;

8 (B) Provide a valid photographic identification card
9 or driver's license issued by the same
10 jurisdiction that issued the medical cannabis
11 card; and

12 (C) Have a debilitating medical condition as defined
13 in this chapter;

14 (2) The registration shall be effective for no more than
15 sixty days and may be renewed for no more than one
16 additional sixty-day period that begins no later than
17 twelve months after the preceding registration date;
18 provided that the authority shall not register any
19 qualifying out-of-state patient for a period that
20 exceeds the term of validity of the qualifying out-of-
21 state patient's authority for the medical use of
22 cannabis in their home jurisdiction; and

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1 (3) Each qualifying out-of-state patient shall pay a fee
2 in an amount established by rules adopted by the board
3 for each registration and renewal.

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

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

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

18 (c) Upon inquiry by a law enforcement agency, the
19 authority shall immediately verify whether a person who is the
20 subject of the inquiry has registered with the authority and may
21 provide reasonable access to the registry information for
22 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 dispensaries is insufficient to serve both
10 qualifying patients and qualifying out-of-state patients. A
11 temporary suspension may be extended by thirty-day periods until
12 the board 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 dispensaries are able to meet the demands of both
18 qualifying patients and qualifying out-of-state
19 patients.

20 **§A-34 Certifying medical professionals.** (a) The board
21 shall adopt rules to establish requirements for certifying

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1 medical professionals that issue written certifications for the
2 medical use of cannabis to qualifying patients.

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

7 (1) The certifying medical professional has diagnosed the
8 patient as having a debilitating medical condition, as
9 defined in this chapter;

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

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

20 (b) For purposes of this part, a bona fide physician-
21 patient relationship may be established via telehealth, as
22 defined in section 453-1.3(j), and a bona fide advanced practice

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1 registered nurse-patient relationship may be established via
2 telehealth, as defined in section 457-2; provided that
3 certifying a patient for the medical use of cannabis via
4 telehealth shall be allowed only after an initial in-person
5 consultation between the certifying physician or advanced
6 practice registered nurse and the patient.

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

8 **§A-35 Personal adult use of cannabis. (a)**

9 Notwithstanding any other provision of law to the contrary,
10 except as limited by this chapter, it shall be lawful for
11 persons twenty-one years of age or older to:

- 12 (1) Smoke, ingest, or consume adult use cannabis;
- 13 (2) Purchase, transport, or possess up to one ounce of
14 cannabis flower and up to five grams of adult use
15 cannabis products as calculated using information
16 provided pursuant to section A-68;
- 17 (3) Within a person's private residence only, possess up
18 to ten ounces of adult use cannabis produced by their
19 personal cultivation of cannabis pursuant to section
20 A-36, provided that no more than two pounds of
21 cannabis in total, whether for medical or personal

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1 adult use, shall be stored at any private residence,
2 regardless of the number of people residing there; and

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

5 (b) All adult use cannabis shall be stored in a sealed
6 container and not accessible to any person under the age of
7 twenty-one.

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

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

18 **§A-36 Personal cultivation of adult use cannabis.** (a)

19 Notwithstanding any other provision of law to the contrary,
20 except as limited by this part, it shall be lawful for persons
21 twenty-one years of age or older to:

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1 (1) Possess, plant, or cultivate not more than six living
2 cannabis plants, whether mature or immature, for
3 personal adult use only; and

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

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

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

17 (d) Cannabis plants cultivated for personal adult use
18 shall not be visible to the public without the use of
19 technology.

20 (e) A landlord, condominium association, planned community
21 association, or similar association may limit or prohibit the

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1 personal cultivation of adult use cannabis through bylaws or
2 rules.

3 (f) The board shall adopt rules pursuant to this chapter
4 to establish requirements and restrictions for personal adult
5 use cannabis cultivation, including manners in which the adult
6 use cannabis may be cultivated or processed and further
7 restrictions necessary to ensure that personal adult use
8 cannabis cultivation is not utilized for unlicensed or illicit
9 activity.

10 **§A-37 Limitation; scope of personal adult use.** The
11 authorization for the use of adult use cannabis in this part
12 shall not apply to:

- 13 (1) Any use of cannabis that endangers the health or well-
14 being of another person;
- 15 (2) The use of cannabis:
- 16 (A) In a school vehicle, public transportation, or
17 any vehicle;
- 18 (B) In the workplace of one's employment;
- 19 (C) On any school grounds;
- 20 (D) At any public park, beach, public recreation
21 center, recreation or youth center;

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1 (E) In or on any land, facility, building, or vehicle
2 owned, controlled, or operated by the State or
3 any county;

4 (F) In or on any federal fort or arsenal, national
5 park or forest, any other federal enclave, or any
6 other property owned, controlled or operated by
7 the federal government; or

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

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

13 **PART V. UNLAWFUL CONDUCT**

14 **§A-38 Prohibited acts; flammable solvents; criminal**

15 **offense.** (a) No person shall intentionally or knowingly use
16 butane to extract cannabinoids or any compound from cannabis.

17 (b) This section shall not apply to licensed businesses
18 issued a license by the board and acting pursuant to this
19 chapter.

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

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1 **§A-39 Unlawful sale of cannabis; persons under twenty-one**
2 **years of age; criminal offense.** (a) It shall be unlawful to
3 sell cannabis to a person under twenty-one of age, unless that
4 person is a medical cannabis patient.

5 (b) All persons engaged in the retail sale of cannabis, as
6 authorized under this chapter, shall check the government-issued
7 photographic identification of a cannabis purchaser to establish
8 the age of the purchaser prior to the sale of cannabis.

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

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

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

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1 §A-40 Cannabis business; hemp business; authorized.

2 (a) Notwithstanding any law to the contrary, a cannabis
3 business or a hemp business may operate only as authorized by
4 this chapter.

5 (b) No person shall operate a cannabis business or a hemp
6 business unless that person holds a valid license or permit
7 issued by the board pursuant to this chapter or rules adopted
8 thereunder; provided that a hemp cultivator shall hold a valid
9 license to produce hemp, issued by the Secretary of the United
10 States Department of Agriculture, and be in compliance with
11 section A-76.

12 (c) Each license or permit issued by the board to a
13 cannabis business or a hemp business shall be separate and
14 distinct from any other license or permit issued to the same
15 cannabis business or hemp business pursuant to this chapter or
16 rules adopted thereunder.

17 (d) In addition to any other penalties allowed by law,
18 operating a cannabis business or hemp business without a valid
19 license or permit issued by the board pursuant to this chapter
20 or rules adopted thereunder shall be considered an unfair or
21 deceptive act and unfair method of competition pursuant to
22 section 480-2.

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1 **SA-41 Applicant criteria.** (a) An applicant for a license
2 under this chapter shall meet each of the following criteria, if
3 applicable.

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

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

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

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

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

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

13 (B) A conviction solely for a marijuana-related
14 offense, unless the offense involved a minor,
15 including the offense under section 712-1249.6,
16 or a firearm, including the offense under section
17 134-7(b);

18 shall not disqualify a person from applying for a
19 license; and

20 (5) Has not had any license, permit, certificate,
21 registration, or other government-issued authorization
22 related to cannabis revoked in any jurisdiction; and

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1 (c) If the applicant is a business entity, the applying
2 entity shall establish at a minimum that:

3 (1) Every officer, director, manager, and general partner
4 of the applying entity or any person who has the power
5 to direct the management, policies, and practices of
6 the applying entity:

7 (A) Is at least twenty-one years of age;

8 (B) Is a natural person who has been a legal resident
9 of the State for no less than five years
10 preceding the date of application;

11 (C) Has not been convicted of a felony; provided
12 that:

13 (i) A conviction that is pardoned or expunged;
14 or

15 (ii) A conviction solely for a marijuana-related
16 offense, unless the offense involved a
17 minor, including the offense under section
18 712-1249.6, or a firearm, including the
19 offense under section 134-7(b);

20 shall not disqualify a person from applying for a
21 license;

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1 (D) Has not had any license, permit, certificate,
2 registration, or other government-issued
3 authorization related to cannabis revoked in any
4 jurisdiction; and

5 (2) The applying entity:

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

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

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

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

18 (E) Has a federal employer identification number.

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

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1 interest held by each person and the nature and extent of any
2 financial interest the person has in any other license applied
3 for or issued under this chapter.

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

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

12 (g) The board may adopt rules to require additional
13 criteria for licensure for the purposes of protecting the public
14 health and safety, promoting sustainability and agriculture, and
15 encouraging the full participation in the regulated cannabis
16 industry from historically disadvantaged communities, areas of
17 persistent poverty, and medically underserved communities.

18 **§A-42 Ownership restrictions.** No person shall be issued
19 or have any direct or indirect interest in more than three
20 licenses for each class of license, but no more than nine total
21 licenses; provided that:

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- 1 (1) No person holding a license pursuant to this chapter,
2 or having a direct or indirect interest in a cannabis
3 cultivator, cannabis processor, hemp cultivator, hemp
4 processor, medical cannabis dispensary, or retail
5 cannabis dispensary, shall be issued a license for, or
6 have any direct or indirect interest in, an
7 independent laboratory, craft cannabis dispensary, or
8 medical cannabis cooperative;
- 9 (2) No person holding a license for, or having a direct or
10 indirect interest in, an independent laboratory shall
11 be issued a license for, or have any direct or
12 indirect interest in, any business holding any other
13 class of license under this chapter;
- 14 (3) No person holding a license for, or having a direct or
15 indirect interest in, a craft cannabis dispensary
16 shall be issued a license for, or have any direct or
17 indirect interest in, any business holding any other
18 class of license under this chapter or another craft
19 cannabis dispensary;
- 20 (4) No person holding a license for, or having a direct or
21 indirect interest in, a medical cannabis cooperative
22 shall be issued a license for, or have any direct or

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1 indirect interest in, any business holding any other
2 class of license under this chapter or another medical
3 cannabis cooperative.

4 **§A-43 Criminal history background check.** (a) The
5 following shall be subject to background checks conducted by the
6 authority or its designee, including criminal history record
7 checks in accordance with section 846-2.7:

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

13 (2) Each employee of a licensee;

14 (3) Each laboratory agent of an independent laboratory;
15 and

16 (4) Any person permitted to enter and remain in the
17 restricted areas of a licensed premises pursuant to
18 section A-62.

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

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1 (c) This section shall not apply to government officials
2 and employees acting in an official capacity who enter or remain
3 on a restricted area for any purpose authorized by this chapter.

4 **SA-44 License; application; approval; denial; appeal.** (a)

5 The board shall adopt rules to establish procedures for
6 licensure application, review, approval, and denial, including
7 an application fee for each license.

8 (b) The board shall set an open application period for
9 each available license. The authority shall not accept an
10 application outside the open application period.

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

- 15 (1) The class or classes of licenses available;
- 16 (2) The number of licenses available for each class of
17 license;
- 18 (3) The application criteria for each class of license
19 available; and
- 20 (4) The procedure selecting approved applications from
21 among the applicants that meet the criteria required
22 for each class of license available.

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1 (d) The authority shall review and investigate whether the
2 information submitted in the application is complete and valid
3 and meets the criteria required pursuant to this chapter or
4 rules adopted thereunder, and whether the applicant is otherwise
5 disqualified pursuant to this chapter or rules adopted
6 thereunder.

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

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

19 (g) The board shall approve or deny the applications in
20 accordance with this chapter and rules adopted thereunder;
21 provided that the board may deny an application that meets all
22 of the criteria required for a license if the application was

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1 not selected to be approved pursuant to the selection procedure
2 published in the notice pursuant to subsection (c).

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

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

14 **§A-45 License term; renewal.** (a) All licenses under this
15 chapter shall be effective for one year from the date of
16 issuance and may be renewed annually pursuant to this section.
17 The board shall adopt rules to set forth requirements and
18 procedures for the submission, processing, and approval of a
19 renewal application, including a renewal application fee.

20 (b) An applicant for renewal shall submit to the authority
21 information, on the form prescribed by the authority, and
22 documentation necessary to verify that the applicant continues

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

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

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

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

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

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

16 (h) Except as provided in subsection (g), upon expiration
17 of a license, the licensee shall immediately cease all
18 activities previously authorized by the license and ensure that
19 all cannabis in the licensee's possession is forfeited to the
20 authority for destruction pursuant to section A-59.

21 **§A-46 Transfer of ownership; structural reorganization.**

22 (a) A licensed business shall not sell or otherwise transfer

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1 any license issued under this chapter to another person,
2 reorganize its ownership structure, or restructure its business
3 entity, unless otherwise authorized under this section.

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

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

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

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

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1 the ownership restrictions pursuant to section A-42, shall be
2 void and the license shall be subject to immediate revocation.

3 **§A-47 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-48 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 licensed premises so that
16 access to areas containing cannabis is restricted to
17 employees and others permitted by the law to access
18 the restricted area, employees and agents of the
19 authority, and state and local law enforcement
20 officers and emergency personnel; and

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1 (2) Secure its inventory and equipment during and after
2 operating hours to deter and prevent theft of
3 cannabis.

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

13 (d) No licensed business shall allow cultivation,
14 processing, distribution, dispensing, or display of cannabis to
15 be visible from a public place without the use of technology.

16 (e) No licensed business shall refuse employees or agents
17 of the authority the right at any time of operation to inspect
18 the entire licensed premises or to audit the books and records
19 of the licensed business.

20 (f) No licensed business shall allow any person under
21 twenty-one years of age to volunteer or work for the licensed
22 business.

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1 (g) No licensed business shall allow any person that has
2 been convicted of a felony to volunteer or work for the licensed
3 business; provided that:

- 4 (1) A conviction that is pardoned or expunged; or
5 (2) A conviction solely for a marijuana-related offense,
6 unless the offense involved a minor, including the
7 offense under section 712-1249.6, or a firearm,
8 including the offense under section 134-7(b);
9 shall not disqualify a person from volunteering or working for
10 the licensed business.

11 (h) A licensed business shall:

- 12 (1) Register each employee with the authority; and
13 (2) Notify the authority within one working day if an
14 employee ceases to be associated with the licensed
15 business.

16 (i) A person under twenty-one years of age shall not enter
17 a licensed business; provided that a medical cannabis patient
18 who is eighteen years of age or older may enter a medical
19 cannabis dispensary, retail cannabis dispensary, or medical
20 cannabis cooperative of which the patient is a member.

21 (j) A licensed business shall ensure that unauthorized
22 persons under twenty-one years of age do not enter the licensed

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1 premises, except the board may adopt rules to allow a cannabis
2 dispensary to use a controlled, indoor entry area in a medical
3 cannabis dispensary and retail cannabis dispensary to verify the
4 identification and age of persons before allowing access beyond
5 the entry area.

6 (k) No licensed business shall cultivate, process,
7 distribute, dispense, or otherwise transact business with any
8 products containing cannabis other than those that were
9 cultivated, processed, distributed, and taxed in accordance with
10 this chapter and chapter B.

11 **§A-49 Licensed premises; where.** (a) Each license issued
12 under this chapter shall authorize the operation of the licensed
13 business only at the single place described in the license.

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

18 **§A-50 Laboratory standards and testing.** (a) No person or
19 licensed business shall distribute, dispense, or otherwise sell
20 cannabis or hemp unless the cannabis or hemp has been tested and
21 shown to meet the requirements and standards established under

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1 this chapter and rules adopted thereunder for content,
2 contamination, and consistency.

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

7 (1) The processes, protocols, and standards regarding the
8 collection of samples of cannabis and hemp;

9 (2) Mandatory laboratory testing for cannabis flower and
10 hemp flower that shall include:

11 (A) Dangerous molds and mildew;

12 (B) Harmful microbes, including Escherichia coli and
13 salmonella;

14 (C) Pesticides, fungicides, and insecticides; and

15 (D) THC potency, homogeneity, and cannabinoid
16 profiles to ensure correct labeling; and

17 (3) Mandatory laboratory testing for cannabis products,
18 medical cannabis products, and hemp products that
19 shall include:

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

21 (B) Harmful chemicals;

22 (C) Dangerous molds and mildew;

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1 (D) Harmful microbes, including Escherichia coli and
2 salmonella;

3 (E) Pesticides, fungicides, and insecticides; and

4 (F) 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 reference laboratory, creation of a secret shopper
13 program, round-robin testing, or any other mechanism to ensure
14 the accuracy of product testing and labeling.

15 **SA-51 Packaging.** (a) No cannabis or hemp shall be
16 distributed, dispensed, or otherwise sold unless it is packaged
17 in accordance with this section and rules adopted pursuant to
18 this chapter.

19 (b) The board shall adopt rules to establish requirements
20 for the packaging of cannabis and hemp; provided that the rules
21 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 **§A-52 Labeling.** (a) No cannabis or hemp shall be
5 distributed, dispensed, or otherwise sold unless it is labelled
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 (57) 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 or operate machinery
- 14 when under the influence of this product. KEEP THIS
- 15 PRODUCT AWAY FROM CHILDREN."

16 **§A-53 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; provided that each

20 cannabis product shall be registered with the authority on forms

21 prescribed by the 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 **SA-54 Advertising; marketing.** (a) The board shall adopt
11 rules to establish requirements for advertising, marketing, and
12 branding of cannabis or hemp, and any licensed business, that
13 include at a minimum:

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

17 (2) A prohibition or restriction on advertising,
18 marketing, and branding through or on certain medium,
19 method, or location, as determined by the authority,
20 to minimize advertising, marketing, and brand exposure
21 of licensed businesses to a person less than twenty-
22 one years of age;

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

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1 safe, other than labeling required pursuant to this
2 chapter or rules adopted thereunder;

3 (8) A reasonable restriction on timing and use of
4 illuminated external signage, which shall comply with
5 any other provisions of law applicable thereto,
6 including local ordinances and requirements, and a
7 prohibition on neon signage;

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

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

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

17 (12) A requirement that all advertising, marketing, or
18 branding accurately and legibly identify the licensee
19 responsible for its content, by adding, at a minimum,
20 the licensee's name and license number.

21 (b) No person, other than the holder of a license or
22 permit issued pursuant to this chapter or a person who provides

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1 professional services related to a licensed business, shall
2 advertise any cannabis or services related to cannabis in the
3 State.

4 (c) No person shall place or maintain, or cause to be
5 placed or maintained, any sign or other advertisement for a
6 business or product related to cannabis, in any form or through
7 any medium whatsoever, within seven hundred fifty feet of the
8 real property comprising of a school, public park, or public
9 housing project or complex.

10 **SA-55 Signage.** The board shall adopt rules to establish
11 requirements for signage at the licensed premises that shall, at
12 a minimum, require that:

13 (1) All licensed businesses that are open to the public
14 conspicuously post a notice at each entry to all
15 licensed premises that persons under twenty-one years
16 of age are not allowed on the premises unless they are
17 a medical cannabis patient who is at least eighteen
18 years of age;

19 (2) All licensed businesses that are open to the public
20 conspicuously post a sign in or about the premises
21 notifying all customers and other persons of the
22 dangers of, and possible sanctions that may be imposed

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1 for, operating a vehicle under the influence of
2 cannabis;

3 (3) All licensed businesses that are open to the public
4 conspicuously post a sign in or about the premises
5 notifying all customers and other persons that the
6 possession and sale of cannabis is illegal under
7 federal law and a person is subject to federal law
8 while traveling interisland; and

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

12 **§A-56 Seed-to-sale tracking.** (a) The authority shall
13 establish, maintain, and control a seed-to-sale tracking system
14 that shall have real time, twenty-four-hour access to the data
15 of all licensed businesses. The board shall adopt rules
16 pursuant to this chapter to establish procedures and
17 requirements for the seed-to-sale tracking system.

18 (b) The computer software tracking system shall collect
19 data including:

20 (1) The total amount of cannabis in possession of all
21 licensed businesses from either seed or immature plant
22 state, including all plants that are derived from

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1 cuttings or cloning, until the cannabis is sampled,
2 dispensed, or destroyed;

3 (2) The total amount of cannabis products and medical
4 cannabis products inventory, including the equivalent
5 physical weight of cannabis that is used to produce
6 the products;

7 (3) The amount of waste produced by each plant at harvest;
8 and

9 (4) The transport of cannabis between licensed businesses,
10 including tracking the quantity and type of cannabis,
11 the identity of the person transporting the cannabis,
12 and the make, model, and license number of the vehicle
13 being used for the transport.

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

17 (1) The authority shall publicly solicit at least three
18 proposals for the computer software tracking system;
19 and

20 (2) The selection of the computer software tracking system
21 shall be approved by the board and the chief
22 information officer.

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1 (d) Notwithstanding any other provision of this section to
2 the contrary, if the authority's seed-to-sale tracking system is
3 inoperable, as an alternative to requiring a licensed business
4 to temporarily cease operations, the authority may implement an
5 alternate tracking system that will enable a licensed business
6 to operate on a temporary basis.

7 (e) A cannabis business shall purchase, operate, and
8 maintain a computer software tracking system that shall
9 interface with the authority's seed-to-sale tracking system
10 established pursuant to subsection (a) and allow each cannabis
11 business to submit to the authority any required data.

12 **§A-57 Violations; penalties.** (a) In addition to any
13 other penalties allowed by law, any person who violates this
14 chapter or rules adopted thereunder shall be fined no more than
15 \$1,000 for each separate violation. Each day on which a
16 violation occurs or continues shall be counted as a separate
17 violation.

18 (b) Upon the authority's determination to impose an
19 administrative penalty on a person pursuant to section (a), the
20 authority shall provide the person with written notice of the
21 administrative penalty and the basis for the administrative
22 penalty. Any notice of an administrative penalty may be

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1 accompanied by a cease and desist order or a corrective action
2 order. The violation of the cease and desist order or
3 corrective action order shall constitute a further violation of
4 this chapter.

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

13 (d) Any action taken to collect the penalty provided for
14 in this section shall be considered a civil action. For any
15 judicial proceeding to recover or collect an administrative
16 penalty imposed pursuant to subsection (b) or to enforce a cease
17 and desist or corrective action order issued pursuant to
18 subsection (b), the authority may petition any court of
19 appropriate jurisdiction and need only show that:

- 20 (1) Notice was given;
- 21 (2) A hearing was held or the time granted for requesting
22 a hearing has expired without such a request;

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1 (3) The administrative penalty, cease and desist order, or
2 corrective action order was imposed on the person; and

3 (4) The penalty remains unpaid or the order was not
4 complied with.

5 (e) All monetary penalties imposed pursuant to this
6 chapter shall be paid by the person to the authority in the form
7 required by the authority. All monetary penalties paid to the
8 authority pursuant to this chapter shall be deposited into the
9 cannabis regulation special fund established in section A-12.

10 **§A-58 License; permit; certification; suspension;**

11 **revocation.** (a) In addition to any other actions authorized by
12 law, the board may suspend or revoke any license, permit, or
13 certification issued by the board under this chapter or rules
14 adopted thereunder for violating this chapter, rules adopted
15 thereunder, chapter B, or for any good cause including:

16 (1) Procuring a license, permit, or certification through
17 fraud, misrepresentation, or deceit;

18 (2) Professional misconduct, gross carelessness, or
19 manifest incapacity;

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

21 (4) Any other conduct constituting fraudulent or dishonest
22 dealings;

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1 (5) Failure to comply with an order from the authority;
2 and

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

7 (b) The board shall adopt rules to establish procedures
8 and standards for the revocation and suspension of a license,
9 permit, or certification.

10 (c) If the authority determines that conduct by a licensed
11 business warrants suspension or revocation, the authority shall
12 refer the matter to the board with its findings. Upon the
13 board's determination to suspend or revoke a license, permit, or
14 certification, the board shall provide the licensed business
15 with written notice and order describing the basis for the
16 suspension or revocation.

17 (d) Any person aggrieved by the board's suspension or
18 revocation determination may request a contested case hearing
19 pursuant to chapter 91. To request a contested case hearing,
20 the person shall submit a written request to the board within
21 thirty calendar days of the date of the notice of the suspension
22 or revocation. Appeal to the circuit court under section 91-14,

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1 or any other applicable statute, shall only be taken from the
2 board's final order pursuant to a contested case.

3 (e) A licensed business whose license, permit, or
4 certification has been suspended shall not, for the duration of
5 the period of suspension, engage in any activities relating to
6 the operation of the licensed business, including:

7 (1) Distributing, dispensing, selling, transferring,
8 transporting, or otherwise disposing of any cannabis
9 or hemp owned by or in the possession of the licensed
10 business; or

11 (2) Processing any cannabis or hemp.

12 (f) A person whose license, permit, or certification has
13 been revoked shall immediately cease all activities relating to
14 the operation of the licensed business and ensure that all
15 cannabis or hemp owned by or in the possession of the person
16 pursuant to that license or permit shall be forfeited to the
17 authority for destruction pursuant to section A-59.

18 (g) If any license is revoked or otherwise terminated by
19 the board, the fee paid for the license shall be forfeited to
20 the State.

21 **§A-59 Forfeiture; destruction.** (a) In addition to any
22 action authorized by law, the board may order the forfeiture and

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1 destruction of all or a portion of the cannabis or hemp, owned
2 by or in the possession of a licensed business, if it makes a
3 determination that the cannabis or hemp is not authorized by, or
4 is in violation of, this chapter.

5 (b) The board shall adopt rules to establish procedures
6 and standards for the forfeiture and destruction of cannabis or
7 hemp.

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

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

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

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

15 **SA-60 Administrative holds.** (a) In addition to any
16 action authorized by law, the authority may impose an
17 administrative hold on a licensed business if there are
18 reasonable grounds to believe the licensed business has
19 committed or is committing a violation of the provisions of this
20 chapter or rules adopted thereunder.

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

4 (1) Include a statement of the basis for the
5 administrative hold;

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

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

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

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

15 (d) A licensed business subject to an administrative hold
16 shall physically segregate, in a limited access area approved by
17 the authority, any cannabis or hemp subject to the hold from any
18 other cannabis or hemp not subject to the hold.

19 (e) For the duration of the administrative hold, the
20 licensed business shall not sell, transfer, transport,
21 distribute, dispense, dispose of, or destroy any cannabis or
22 hemp subject to the hold, but may, as applicable, cultivate or

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1 otherwise maintain any cannabis plants or hemp plants subject to
2 the hold unless specifically restricted by the authority from
3 engaging in such activities.

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

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

19 **§A-61 Liability to the State under this chapter as debt.**

20 (a) Any liability to the State under this chapter shall
21 constitute a debt to the State. Once a statement naming a
22 licensed business is recorded, registered, or filed, any such

.B. NO.

1 debt shall constitute a lien on all commercial property owned by
2 the business in the State and shall have priority over an
3 encumbrance recorded, registered, or filed with respect to any
4 property.

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

13 **§A-62 Unauthorized access to a restricted area; criminal**
14 **offense.** (a) No person shall intentionally or knowingly enter
15 or remain in a restricted area unless the person is:

- 16 (1) An individual licensee or registered employee of the
17 licensed business;
- 18 (2) A government employee or official acting in the
19 person's official capacity; or
- 20 (3) Previously included on a current authority-approved
21 list provided to the authority by the licensed
22 business of those persons who are allowed into that

.B. NO.

1 restricted area for a specific purpose for operating
2 the business, including construction, maintenance,
3 repairs, legal counsel, or investors; provided that:
4 (A) The person has been individually approved by the
5 authority to be included on the list;
6 (B) The person is at least twenty-one years of age,
7 as verified by a valid government-issued
8 identification card;
9 (C) The authority has confirmed that the person has
10 no felony convictions;
11 (D) The person is escorted by an individual licensee
12 or registered employee of the licensed business
13 at all times while in the restricted area;
14 provided that construction and maintenance
15 personnel not normally engaged in the business of
16 cultivating, processing, distributing, or
17 dispensing cannabis need not be accompanied on a
18 full-time basis, but shall be reasonably
19 monitored by an individual licensee or registered
20 employee of the licensed business while in areas
21 not containing any cannabis;

.B. NO.

1 (E) The person is only permitted within those
2 portions of the premises of the licensed business
3 as necessary to fulfill the person's purpose for
4 entering;

5 (F) The person is only permitted within the
6 restricted area of the licensed business during
7 the times and for the duration necessary to
8 fulfill the person's purpose for entering;

9 (G) The licensed business shall keep an accurate
10 record of each person's identity, date and times
11 upon entering and exiting the restricted area,
12 purpose for entering, and the identity of the
13 escort; and

14 (H) The approved list shall be effective for one year
15 from the date of authority approval.

16 (b) No individual licensee or registered employee of the
17 licensed business with control over or responsibility for the
18 licensed premises shall intentionally or knowingly allow another
19 person to enter or remain in a restricted area, unless that
20 person is permitted to enter and remain as specified in
21 subsection (a), except in an emergency situation to repair
22 infrastructure at the licensed premises by a person not on the

.B.NO.

1 authority-approved list; provided that the repair worker shall
2 be escorted at all times, and the licensed business shall notify
3 the authority of the presence of this person in a restricted
4 area immediately.

5 (c) Unauthorized access to a restricted area is a
6 misdemeanor.

7 **§A-63 Diversion from a licensed business; criminal**

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

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

19 **§A-64 Alteration or falsification of licensed business**

20 **records; criminal offense.** (a) A person commits the offense of
21 alteration or falsification of licensed business records if the
22 person intentionally or knowingly:

.B. NO.

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

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

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

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

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

13 (c) For the purposes of this section:

14 "Electronic" means relating to technology having
15 electrical, digital, magnetic, wireless, optical,
16 electromagnetic, or other similar capabilities.

17 "Information" includes data, text, images, sounds, codes,
18 computer programs, software, or databases.

19 "Licensed business records" means any inventory tracking
20 records and other records maintained by a licensed business that
21 are required by law to be created and retained or provided to
22 the authority or the department of taxation.

.B. NO.

1 "Record" means information that is written or printed or
2 that is stored in an electronic or other medium and is
3 retrievable in a perceivable form.

4 **§A-65 Law enforcement access to licensed business records.**

5 Notwithstanding any other law, a licensed business shall
6 disclose information, documents, tax records, and other records
7 regarding its licensed business operation, upon request, to any
8 state, federal, or county agency engaged in the administrative
9 regulation, the criminal investigation, or prosecution of
10 violations of applicable state, county, or federal laws or
11 regulations related to the operations or activities of a
12 licensed business.

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

14 **§A-66 Independent laboratory; license required.** (a) An
15 independent laboratory license shall authorize the sampling,
16 limited possession, and testing of cannabis and hemp pursuant to
17 this chapter and rules adopted thereunder.

18 (b) The board shall adopt rules for the licensure,
19 operations, and oversight of independent laboratories, including
20 protocols for the sampling, testing, and analysis of cannabis
21 and hemp. The rules shall address sampling and analysis related
22 to cannabinoid profiles and biological and chemical

.B. NO.

1 contaminants, including terpenoids, pesticides, plant growth
2 regulators, metals, microbiological contaminants, mycotoxins,
3 and residual solvents introduced through cultivation of cannabis
4 plants or hemp plants and post-harvest processing and handling
5 of cannabis, hemp, or ingredients.

6 (c) An independent laboratory shall report any results
7 indicating contamination to the authority within seventy-two
8 hours of identification of contamination.

9 (d) No independent laboratory shall have a direct or
10 indirect interest, including by stock ownership, interlocking
11 directors, mortgage or lien, personal or real property,
12 management agreement, shared parent companies or affiliated
13 organizations, or any other means, in any other type of licensed
14 business authorized by this chapter.

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

20 (f) No individual who possesses an interest in or is a
21 laboratory agent employed by an independent laboratory, and no

.B. NO.

1 immediate family member of that individual, shall possess an
2 interest in or be employed by a licensed business.

3 (g) No independent laboratory, laboratory agent, or
4 employee of an independent laboratory shall receive direct or
5 indirect compensation, other than such reasonable contractual
6 fees to conduct testing, from any entity for which it is
7 conducting testing pursuant to this chapter or rules adopted
8 thereunder.

9 (h) An independent laboratory shall:

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

11 (2) Notify the authority within one working day if a
12 laboratory agent ceases to be associated with the
13 laboratory.

14 (i) No one who has been convicted of a felony drug offense
15 shall be a laboratory agent or an employee of an independent
16 laboratory. The authority shall conduct criminal history record
17 checks of laboratory agents and employees of an independent
18 laboratory in accordance with section 846-2.7, and the board may
19 set standards and procedures to enforce this subsection.

20 (j) A registered laboratory agent shall not be subject to
21 arrest, prosecution, civil penalty, sanctions, or
22 disqualifications, and shall not be subject to seizure or

.B. NO.

1 forfeiture of assets under laws of the State, for actions taken
2 under the authority of an independent laboratory, including
3 possessing, processing, storing, transferring, or testing
4 cannabis; provided that the laboratory agent:

- 5 (1) Is registered with the authority; and
- 6 (2) Is acting in accordance with all the requirements
7 under this chapter and rules adopted thereunder.

8 **§A-67 Cannabis cultivator; license required.** (a) A
9 cannabis cultivator license shall authorize:

- 10 (1) The acquisition and cultivation of cannabis plants,
11 seeds, cuttings, or clones; and
- 12 (2) The distribution of cannabis plants and cannabis
13 flower to:
 - 14 (A) A cannabis cultivator;
 - 15 (B) A cannabis processor;
 - 16 (C) A medical cannabis dispensary; and
 - 17 (E) A retail cannabis dispensary.

18 (b) A cannabis cultivator shall track the cannabis it
19 cultivates from acquisition to testing, distribution, or
20 destruction.

.B. NO.

1 (c) A cannabis cultivator 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 (d) to the maximum size of plant canopy the board may
5 authorize for each cannabis cultivator license shall be 10,000
6 square feet of plant canopy for indoor grows and 5,000 square
7 feet for outdoor grows.

8 (e) A cannabis cultivator shall comply with all federal,
9 state, and county laws and regulations applicable to an
10 agricultural operation, including laws and regulations regarding
11 pesticide use, water use, and the environment, and all other
12 requirements and standards as prescribed by rules adopted by the
13 board. The requirements and standards prescribed by the board
14 shall be guided by sustainable farming principles and practices
15 such as organic, regenerative, and integrated pest management
16 models to the extent possible, limit the use of pesticides,
17 whenever possible, and encourage the use of renewable energies
18 or resources.

19 **§A-68 Cannabis processor; license required.** (a) A
20 cannabis processor license shall authorize the acquisition,
21 possession, and processing of cannabis into cannabis products,
22 and distribution of cannabis to:

.B. NO.

1 (1) A cannabis processor;

2 (2) A medical cannabis dispensary; and

3 (3) A retail cannabis dispensary.

4 (b) A cannabis processor shall track the cannabis it
5 processes from acquisition to testing, distribution, or
6 destruction.

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

10 (d) A cannabis processor shall calculate the equivalent
11 physical weight of the cannabis flower or hemp flower that is
12 used to process the cannabis product or medical cannabis product
13 and shall make the equivalency calculations available to the
14 authority, consumer, and medical cannabis patient.

15 **§A-69 Medical cannabis dispensary; license required.** (a)

16 A medical cannabis dispensary license shall authorize:

17 (1) The acquisition and possession of cannabis;

18 (2) The distribution of cannabis to a retail cannabis
19 dispensary or medical cannabis dispensary; and

20 (3) The dispensing of cannabis from the licensed premises
21 only to medical cannabis patients or their caregivers.

.B. NO.

1 (b) A medical cannabis dispensary shall track all cannabis
2 it possesses from acquisition to testing, distribution,
3 dispensing, or destruction.

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

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

11 **SA-70 Retail cannabis dispensary; license required.** (a)

12 A retail cannabis dispensary license shall authorize:

- 13 (1) The acquisition and possession of cannabis;
- 14 (2) The distribution of cannabis to a retail cannabis
15 dispensary or medical cannabis dispensary;
- 16 (3) The dispensing of adult use cannabis from the licensed
17 premises to consumers; and
- 18 (4) The dispensing of cannabis from the licensed premises
19 to medical cannabis patients or a medical cannabis
20 patient's caregiver.

21 (b) A retail cannabis dispensary shall ensure adequate
22 access and product supply to accommodate medical cannabis

.B. NO.

1 patients. The board shall adopt rules to implement this
2 section, including requirements for:

3 (1) Priority access, business hours, or both, for medical
4 cannabis patients; and

5 (2) Product supply to ensure medical cannabis patients
6 have access to the cannabis used to treat their
7 debilitating condition.

8 (c) A retail cannabis dispensary shall track all cannabis
9 it possesses from acquisition to testing, distribution,
10 dispensing, or destruction.

11 (d) A retail cannabis dispensary shall maintain a record
12 of all samples provided to an independent laboratory, the
13 identity of the independent laboratory, and the testing results.

14 (b) Notwithstanding any other law to the contrary, a
15 retail cannabis dispensary shall not be subject to the
16 prescription requirement of section 329-38 or the board of
17 pharmacy licensure or regulatory requirements under chapter 461.

18 **§A-71 Craft cannabis dispensary; license required.** (a) A
19 craft cannabis dispensary license shall authorize:

20 (1) The limited acquisition and cultivation of cannabis
21 plants, seeds, cuttings, or clones, and possession and

.B. NO.

1 processing of cannabis, except for medical cannabis
2 products;

3 (2) The limited distribution of cannabis, except for
4 medical cannabis products, to:

5 (A) A cannabis processor;

6 (B) A medical cannabis dispensary; and

7 (C) A retail cannabis dispensary; and

8 (3) The limited dispensing of cannabis, except for medical
9 cannabis, from the licensed premises to consumers.

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

12 (d) A craft cannabis dispensary shall distribute only its
13 own cannabis.

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

16 (f) No craft cannabis dispensary shall have a direct or
17 indirect interest, including by stock ownership, interlocking
18 directors, mortgage or lien, personal or real property, or any
19 other means, in any other licensed business, including another
20 craft cannabis dispensary, pursuant to this chapter.

21 (g) No licensed business shall have a direct or indirect
22 interest, including by stock ownership, interlocking directors,

.B. NO.

1 mortgage or lien, personal or real property, or any other means,
2 in any craft cannabis dispensary.

3 (h) A craft cannabis dispensary shall track all cannabis
4 it possesses from acquisition to testing, distribution,
5 dispensing, or destruction.

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

9 (j) The size, scope, and eligibility criteria of a craft
10 cannabis dispensary shall be determined by rules adopted
11 pursuant to this chapter; provided that the granting of a craft
12 cannabis dispensary license shall promote social equity
13 applicants as provided for in this chapter and small farms with
14 a focus on indigenous crops or farming practices.

15 **SA-72 Medical cannabis cooperative; license required.** (a)

16 A medical cannabis cooperative license shall authorize
17 cultivation, possession, and processing of cannabis for medical
18 use only on the licensed premises, and limited dispensing of
19 medical cannabis only by and between the members of the
20 cooperative.

21 (b) A medical cannabis cooperative shall be comprised of
22 up to five qualifying patients. A cooperative member shall be a

.B. NO.

1 natural person and shall not be a member of more than one
2 medical cannabis cooperative. An out-of-state qualifying
3 patient shall not be a member.

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

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

10 (e) Each cooperative member shall designate the licensed
11 premises as their grow site, and shall not cultivate cannabis on
12 any other premises.

13 (f) No medical cannabis cooperative may operate on the
14 same premises as any other licensed business, including another
15 medical cannabis cooperative.

16 (g) No cooperative member shall have a direct or indirect
17 financial or controlling interest in any other business licensed
18 under this chapter, including another medical cannabis
19 cooperative.

20 (h) No medical cannabis cooperative shall have a direct or
21 indirect interest, including by stock ownership, interlocking
22 directors, mortgage or lien, personal or real property, or any

.B. NO.

1 other means, in any other licensed business, including another
2 medical cannabis cooperative.

3 (i) No other business licensed under this chapter shall
4 have a direct or indirect interest, including by stock
5 ownership, interlocking directors, mortgage or lien, personal or
6 real property, or any other means, in any medical cannabis
7 cooperative.

8 (j) The board shall adopt rules related to medical
9 cannabis cooperatives, including the size and scope of medical
10 cannabis cooperatives and other measures designed to incentivize
11 the use and licensure of medical cannabis cooperatives.

12 **§A-73 Other licenses authorized.** The board may establish
13 additional license types and grant temporary licenses of any
14 type specified in this part, in accordance with conditions set
15 forth in rules adopted thereunder.

16 **§A-74 Special use permits.** (a) The board may issue
17 permits for carrying on activities consistent with the policy
18 and purpose of this chapter with respect to cannabis and hemp.

19 (b) The board may adopt rules to implement this section,
20 including reasonable fees, eligibility criteria, types of
21 permits, and time limits for any permit issued. The types of
22 permits may include:

.B. NO.

- 1 (1) Industrial hemp permits to authorize the purchase of
- 2 industrial hemp from a licensed business for use in
- 3 the manufacture and sale of a legal product containing
- 4 industrial hemp, such as textiles, construction
- 5 materials, and products that are generally recognized
- 6 as safe (GRAS) by the FDA for use in foods;
- 7 (2) Special event and social consumption permits; and
- 8 (3) Trucking permits to allow for the trucking or
- 9 transportation of cannabis by a person other than a
- 10 licensed business.

11 **PART VIII. HEMP**

12 **§A-75 Restricted cannabinoid list.** (a) The authority

13 shall create and maintain a list of restricted cannabinoids,

14 whether originating from hemp or cannabis, that shall only be

15 sold as cannabis products; provided that the authority may

16 establish an amount of any restricted cannabinoid that may be

17 allowed in a hemp product. The authority shall publish and make

18 available the list of restricted cannabinoids.

19 (b) The board shall adopt rules establishing a process and

20 procedure for the authority to create and maintain the

21 restricted cannabinoid list; provided that the procedures shall

22 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;
- 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 from the restricted cannabinoid list.
- 11 (b) The restricted cannabinoid list shall include:
- 12 (1) Delta-9-tetrahydrocannabinol that exceeds five
- 13 milligrams per package; and
- 14 (2) Delta-8-tetrahydrocannabinol that exceeds five
- 15 milligrams per package.

16 **SA-76 Hemp cultivator; license required.** (a) No person
17 shall cultivate hemp except in accordance with this section.
18 Cultivating hemp without a license to produce hemp, issued by
19 the Secretary of the United States Department of Agriculture
20 pursuant to title 7 United States Code section 1639q, shall be
21 considered unlicensed cultivation of cannabis.

.B. NO.

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

6 (1) Hemp shall not be cultivated outside of a state
7 agricultural district;

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

11 (3) Hemp shall not be cultivated within one hundred feet
12 of any pre-existing house, dwelling unit, residential
13 apartment, or other residential structure that is not
14 owned or controlled by the license holder;

15 (4) Hemp shall not be cultivated in any house, dwelling
16 unit, residential apartment, or other residential
17 structure; and

18 (5) Hemp shall not be cultivated on any premises licensed
19 under this chapter, except on the licensed premises of
20 a hemp processor.

21 (c) A hemp cultivator may distribute or sell hemp flower,
22 provided that:

.B. NO.

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

4 (2) The hemp flower meets all other requirements for
5 selling hemp, including testing, packaging, and
6 labeling, included in this chapter and rules adopted
7 thereunder.

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

13 (e) Any notice of violation of this section may be
14 accompanied by a cease and desist order. The violation of the
15 cease and desist order shall constitute a further violation of
16 this section. Any action taken to collect the administrative
17 penalty provided for in this subsection shall be considered a
18 civil action.

19 (f) Any person aggrieved by a notice of violation issued
20 under this section may request a contested case hearing pursuant
21 to chapter 91. To request a contested case hearing, the person
22 shall submit a written request to the board within thirty days

.B. NO.

1 of the date of the notice of violation. Appeal to the circuit
2 court under section 91-14, or any other applicable statute,
3 shall only be taken from the board's final order pursuant to a
4 contested case.

5 (g) For any judicial proceeding to recover an
6 administrative penalty imposed or to enforce a cease and desist
7 order, the authority may petition any court of appropriate
8 jurisdiction and need only show that:

- 9 (1) Notice was given;
- 10 (2) A hearing was held or the time granted for requesting
11 a hearing has expired without such a request;
- 12 (3) The administrative penalty was imposed on the
13 individual or entity cultivating hemp; and
- 14 (4) The penalty remains unpaid or the individual or entity
15 continues to produce hemp.

16 **§A-77 Hemp processor; license required.** (a) No person
17 shall process hemp without a hemp processor license issued
18 pursuant to this chapter and any rules adopted thereunder;
19 provided that a license shall not be required to process
20 industrial hemp.

21 (b) A hemp processor license shall authorize the
22 acquisition, possession, and processing of hemp into hemp

.B. NO.

1 products and the distribution of hemp products in compliance
2 with this chapter.

3 (c) A hemp processor license shall not authorize the
4 distribution or dispensing of any cannabis.

5 **§A-78 Hemp products.** The board shall adopt rules pursuant
6 to this chapter to establish requirements, restrictions, and
7 standards regarding the types, ingredients, and designs of hemp
8 and hemp products, including potency limits and cannabinoid
9 limits on hemp products.

10 **PART IX. SOCIAL EQUITY**

11 **§A-79 Definitions.** As used in this part, unless the
12 context otherwise requires:

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 "Social equity applicant" means an applicant that is a
18 resident of the State that meets one or more of the
19 following criteria:

20 (1) An applicant with at least fifty-one per cent
21 ownership and control by one or more individuals
22 who have resided for at least five of the

.B. NO.

1 preceding ten years in a disproportionately
2 impacted area;

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

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

9 **SA-80 Cannabis social equity program.** (a) The board
10 shall establish a cannabis social equity program for the
11 purposes of providing grants to social equity applicants.

12 (b) The authority, through the chief equity officer,
13 shall have the power to:

14 (1) Provide grants to assist social equity applicants
15 in gaining entry to, and successfully operating
16 in, the State's regulated cannabis industry,
17 including grants for financial assistance,
18 industry training, and technical assistance;

19 (2) Provide grants to assist social equity applicants
20 that are community-based organizations for the
21 purpose of developing, implementing, and
22 supporting non-profit projects, services, and

.B. NO.

- 1 programs that address community needs of
2 disproportionately impacted areas, including
3 housing and childcare programs;
- 4 (3) Provide staff, administration, and related support
5 required to administer this section;
- 6 (4) Enter into agreements that set forth terms and
7 conditions of the grants, accept funds or grants,
8 and engage in cooperation with private entities
9 and State or County agencies to carry out the
10 purposes of this section;
- 11 (5) Fix, determine, charge, and collect any premiums,
12 fees, charges, costs, and expenses, including
13 application fees, commitment fees, program fees,
14 financing charges, and publication fees in
15 connection with the social equity program;
- 16 (6) Take whatever actions are necessary or appropriate
17 to protect the State's interest in the event of
18 bankruptcy, default, foreclosure, or noncompliance
19 with the terms and conditions of grants provided
20 under this section, including the ability to
21 recapture funds if the recipient is found to be

.B. NO.

1 noncompliant with the terms and conditions of the
2 grant agreement;

3 (7) Establish application, notification, contract, and
4 other forms and procedures deemed necessary and
5 appropriate to implement the social equity
6 program; and

7 (8) Utilize vendors or contract work to carry out the
8 purposes of this section.

9 (c) The board shall adopt rules pursuant to this chapter
10 to implement this section, including:

11 (1) Additional requirements and qualifications for
12 determining eligibility of social equity
13 applicants for grants;

14 (2) Preferences and priorities in determining
15 eligibility for grants;

16 (3) Conditions, consistent with the purpose of this
17 chapter, for the awarding of grants;

18 (4) Requirements for the inspection at reasonable
19 hours of facilities, books, and records of a
20 social equity applicant or a grant recipient;

21 (5) Requirements for the submission of progress and
22 final reports by grant recipients; and

.B. NO.

1 (6) Appropriate management counseling and monitoring
2 of business activities for grant recipients.

3 (d) The authority shall submit an annual report on the
4 social equity program to the governor and the legislature no
5 later than twenty days prior to the convening of each regular
6 session. The report shall detail the outcomes and
7 effectiveness of this section, including the following:

8 (1) The number of persons or businesses receiving
9 financial assistance under this section;

10 (2) The amount of grants awarded in the aggregate

11 (3) The location of the project engaged in by the person
12 or business; and

13 (4) If applicable, the number of new jobs and other
14 forms of economic output created as a result of the
15 grants.

16 (e) The authority shall include engagement with
17 individuals with limited English proficiency as part of the
18 social equity program.

19 (f) The authority shall make available to the public
20 its rubric for determining eligibility.

.B. NO.

1 §A-81 Social equity grants; standards and conditions. (a)

2 Grants made under this section shall be awarded on a competitive
3 and annual basis. Grants made under this section shall further
4 and promote the goals of the social equity program.

5 (b) Applications for grants shall be made to the authority
6 and contain such information as shall be required by rules
7 adopted thereunder. At a minimum, an applicant must show:

8 (1) The name of the requesting business entity or
9 individual;

10 (2) That the applicant meets the criteria for a social
11 equity applicant;

12 (3) The intended use of the grant; and

13 (4) The target group or community to be benefited.

14 (c) Recipients of grants shall be subject to the following
15 conditions:

16 (1) The recipient of a grant shall not use public funds
17 for purposes of entertainment or perquisites,
18 including lobbying activities;

19 (2) The recipient of a grant shall comply with state laws
20 and county ordinances;

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- 1 (3) The recipient of a grant shall comply with any other
2 requirements that may be prescribed by rules adopted
3 thereunder;
- 4 (4) The recipient of a grant shall allow the authority,
5 the legislative bodies, and the legislative auditor
6 full access to records, reports, files, and other
7 related documents so that the program, management, and
8 fiscal practices of the grant recipient may be
9 monitored and evaluated to assure the proper and
10 effective expenditure of public funds;
- 11 (5) Every grant shall be monitored according to rules
12 adopted pursuant to this chapter to ensure compliance
13 with this section; and
- 14 (6) Any recipient of a grant under this section who
15 withholds or omits any material fact or deliberately
16 misrepresents facts to the authority or who violates
17 the terms of the recipient's contract shall be in
18 violation of this section and, in addition to any
19 other penalties provided by law, shall be prohibited
20 from applying for a grant under this section for a
21 period of five years from the date of termination.

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1 **SA-82 Fee waivers.** (a) For social equity applicants,
2 the authority shall waive fifty per cent of any license
3 application fees and any fees associated with purchasing a
4 license to operate a licensed business for the first five
5 years of the applicant's operations; provided that the social
6 equity applicant meets the following qualifications at the
7 time the payment is due:

8 (1) The applicant, including all persons with a direct
9 or indirect interest in the applicant, has less
10 than a total of \$750,000 of income in the previous
11 calendar year; and

12 (2) The applicant, including all persons with a direct
13 or indirect interest in the applicant, has no more
14 than three other licenses under this chapter.

15 (b) The authority shall require social equity
16 applicants to attest that they meet the requirements for a
17 fee waiver as provided in subsection (a) and to provide
18 evidence of annual total income in the previous calendar
19 year.

20 (c) If the authority determines that an applicant who
21 applied for a fee waiver is not eligible as a social equity

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1 applicant, the applicant shall be provided an additional ten
2 days to provide alternative evidence that the applicant
3 qualifies as a social equity applicant. Alternatively, the
4 applicant may pay the remainder of the waived fee and be
5 considered as a non-social equity applicant. If the
6 applicant fails to do either, the authority may retain the
7 initial application fee and the application shall be deemed
8 withdrawn.

9 **PART X. PUBLIC HEALTH AND EDUCATION**

10 **§A-83 Public health and education campaigns.** No later
11 than July 1, 2025, the authority shall develop and implement a
12 comprehensive public health and education campaign regarding the
13 legalization of cannabis and the impact of cannabis use on
14 public health and public safety, including the health risks
15 associated with cannabis and ways to protect children. The
16 public health and education campaign shall also include
17 education to the public about the Hawaii cannabis law, including
18 the potential risks associated with patronizing unlicensed
19 dispensary locations, or otherwise procuring cannabis through
20 persons not authorized by the authority.

21 **§A-84 Cannabis public health and education grant**

22 **program.** (a) The board shall establish a cannabis public

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1 health and education grant program for the purposes of
2 providing grants to substance abuse prevention and treatment
3 programs and programs dedicated to educating the public about
4 cannabis use and laws, and preventing and treating substance
5 abuse, especially among youth.

6 (b) The authority, through the chief equity officer and
7 executive director, shall have the power to:

8 (1) Provide grants to assist substance abuse prevention
9 and treatment programs in the State;

10 (2) Provide grants to assist community-based
11 organizations with developing, implementing, and
12 supporting youth services, including youth
13 recreational centers, services for housing,
14 counseling, and preventing or treating youth
15 substance abuse;

16 (3) Provide grants to assist community-based
17 organizations with developing, implementing, and
18 supporting programs for individuals with a dual
19 diagnosis of mental disorder and substance abuse
20 problem, including services for housing, residential
21 treatment, outpatient treatment, counseling, and
22 other related services.

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- 1 (4) Provide staff, administration, and related support
2 required to administer this section;
- 3 (5) Enter into agreements that set forth terms and
4 conditions of the grants, accept funds or grants, and
5 engage in cooperation with private entities and State
6 or County agencies to carry out the purposes of this
7 section;
- 8 (6) Fix, determine, charge, and collect any premiums,
9 fees, charges, costs, and expenses, including
10 application fees, commitment fees, program fees,
11 financing charges, or publication fees in connection
12 with its activities under this section;
- 13 (7) Take whatever actions are necessary or appropriate to
14 protect the State's interest in the event of
15 bankruptcy, default, foreclosure, or noncompliance
16 with the terms and conditions of grants provided
17 under this section, including the ability to
18 recapture funds if the grant recipient is found to be
19 noncompliant with the terms and conditions of the
20 grant agreement;

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1 (8) Establish application, notification, contract, and
2 other forms and procedures deemed necessary and
3 appropriate; and

4 (9) Utilize vendors or contract work to carry out the
5 purposes of this section.

6 (c) The board shall adopt rules pursuant to this chapter
7 to implement this section, including:

8 (1) Additional requirements and qualifications for
9 determining eligibility of applicants for grants;

10 (2) Preferences and priorities in determining eligibility
11 for grants;

12 (3) Conditions, consistent with the purpose of this
13 chapter, for the awarding of grants;

14 (4) Requirements for the inspection at reasonable hours
15 of facilities, books, and records of a grant
16 applicant or grant recipient;

17 (5) Requirements for the submission of progress and final
18 reports by grant recipients; and

19 (6) Appropriate management counseling and monitoring of
20 business activities for grant recipients.

21 (d) The authority shall submit an annual report on the
22 cannabis public health and education grant program to the

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1 governor and the legislature no later than twenty days prior to
2 the convening of each regular session. The report shall detail
3 the outcomes and effectiveness of this section, including the
4 following:

- 5 (1) The number of persons or businesses receiving
6 financial assistance under this section;
- 7 (2) The amount in financial or technical assistance
8 awarded in the aggregate, in addition to the amount of
9 grants awarded;
- 10 (3) The location of the project engaged in by the person
11 or business; and
- 12 (4) If applicable, the number of new jobs and other forms
13 of economic output created as a result of the
14 financial assistance.

15 **SA-85 Public health and education grants; standards and**
16 **conditions.** (a) Grants made under this section shall be
17 awarded on a competitive and annual basis. Grants made under
18 this section shall further and promote the goals of this
19 chapter.

20 (b) Applications for grants shall be made to the authority
21 and contain such information as shall be required by rules
22 adopted thereunder. At a minimum, an applicant must show:

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- 1 (1) The name of the requesting organization or
- 2 individual;
- 3 (2) That the applicant meets the criteria for the grant;
- 4 (3) The intended use of the grant; and
- 5 (4) The target group or community to be benefited.
- 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 thereunder;
- 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;

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1 (b) A cannabis business may request in writing that the
2 authority share the cannabis business's application, license,
3 and other regulatory and financial information, with a financial
4 institution of the cannabis business's designation. The
5 cannabis business shall include in that written request a waiver
6 authorizing the transfer of that information and waiving any
7 confidentiality or privilege that applies to that information.

8 (c) Notwithstanding any other law to the contrary, upon
9 receipt of a written request and waiver pursuant to subsection
10 (b), the authority may share the cannabis business's
11 application, license, and other regulatory and financial
12 information with the financial institution designated by the
13 cannabis business in that request for the purpose of
14 facilitating the provision of financial services for that
15 cannabis business.

16 (d) A cannabis business that provides a waiver may
17 withdraw that waiver in writing at any time. Upon receipt of
18 the written withdrawal of the waiver, the authority shall cease
19 to share application, license, or other regulatory or financial
20 information with the financial institution.

21 (e) This section shall be construed to refer only to the
22 disclosure of information by the authority reasonably necessary

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1 to facilitate the provision of financial services for the
2 cannabis business making a request pursuant to this section.
3 Nothing in this section shall be construed to authorize the
4 disclosure of confidential or privileged information, nor waive
5 a cannabis business's rights to assert confidentiality or
6 privilege, except to a financial institution as provided herein
7 and except as reasonably necessary to facilitate the provision
8 of financial services for the cannabis business making the
9 request.

10 (f) For the purpose of this section:

11 "Application, license, and other regulatory and financial
12 information" includes, but is not limited to, information in the
13 tracking system established pursuant to section A-56.

14 "Financial institution" has the same meaning as in section
15 412:1-109.

16 **§A-87 Hawaii-grown labeling.** In addition to all other
17 labeling requirements, the identity statement used for labeling
18 or advertising cannabis or hemp shall identify the percentage of
19 Hawaii-grown cannabis or hemp; provided that any hemp product
20 containing hemp not grown or processed in Hawaii shall identify
21 the origin and percentage of the hemp from outside Hawaii in the
22 hemp product; provided further that if the hemp product contains

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1 hemp from multiple origins, the hemp product shall identify the
2 percentage of hemp origin as "United States" or "Foreign" if the
3 hemp product includes hemp from a source outside of the United
4 States.

5 **§A-88 Data collection and research.** (a) The authority
6 shall collect data and develop a research agenda in order to
7 understand the social and economic trends of cannabis in the
8 State, to inform future decisions that would aid in the closure
9 of the illicit marketplace, and to inform the authority on the
10 public health impacts of cannabis. The research agenda shall
11 include:

- 12 (1) Patterns of use, methods of consumption, sources of
13 purchase and general perceptions of cannabis among
14 minors, among college and university students and
15 among adults;
- 16 (2) Incidents of driving under the influence,
17 hospitalization, and use of other health care services
18 related to cannabis use;
- 19 (3) Economic and fiscal impacts for the State, including
20 the impact of legalization on the production and
21 distribution of cannabis in the illicit market and the
22 costs and benefits to state revenue;

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- 1 (4) Ownership and employment trends in the cannabis
2 industry;
- 3 (5) A market analysis examining the expansion or
4 contraction of the illicit marketplace and the
5 expansion or contraction of the legal marketplace,
6 including estimates and comparisons of pricing and
7 product availability in both markets;
- 8 (6) A compilation of data on the number of incidents of
9 discipline in schools, including suspensions or
10 expulsions, resulting from the use or possession of
11 cannabis; and
- 12 (7) A compilation of data on the number of civil
13 penalties, arrests, prosecutions, incarcerations, and
14 sanctions imposed for violations of chapter A for
15 possession, distribution, or trafficking of cannabis.
- 16 (b) The authority shall incorporate available data into
17 its research agenda, including baseline studies, and coordinate
18 and form partnerships with the department of health, the
19 department of education, the department of agriculture, and the
20 department of law enforcement. The departments listed in this
21 subsection shall:

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1 SECTION 4. The Hawaii Revised Statutes is amended by
2 adding to title 14 a new chapter to be appropriately designated
3 and to read as follows:

4 **"CHAPTER B**

5 **HAWAII CANNABIS TAX LAW**

6 **§B-1 Definitions.** As used in this chapter, unless the
7 context otherwise requires:

8 "Cannabis" has the same meaning as in section A-3.

9 "Cannabis dispensary" means a person who dispenses cannabis
10 pursuant to a license or permit issued under chapter A. For the
11 purposes of this chapter, "cannabis dispensary" includes a
12 retail cannabis dispensary, a craft cannabis dispensary, and any
13 permit holder that dispenses cannabis pursuant to a license or
14 permit issued under chapter A and does not include a medical
15 cannabis dispensary.

16 "Department" means the department of taxation.

17 "Medical cannabis" has the same meaning as in section A-3.

18 "Person" includes one or more individuals, a company, a
19 corporation, a partnership, an association, or any other type of
20 legal entity, and also includes an officer or employee of a
21 corporation, a partner or employee of a partnership, a trustee
22 of a trust, a fiduciary of an estate, or a member, employee, or

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1 principal of any other entity, who as such officer, employee,
2 partner, trustee, fiduciary, member, or principal is under a
3 duty to perform and is principally responsible for performing
4 the act.

5 "Retail sale" has the same meaning as "Retailing" or "sales
6 at retail" in section 237-1.

7 **§B-2 Cannabis tax permit.** (a) No person shall engage in
8 the retail sale of cannabis unless a permit has been issued to
9 the person as hereinafter prescribed, and the permit is in full
10 force and effect.

11 (b) Beginning January 1, 2025, every person engaged in
12 sales at retail of cannabis shall obtain a cannabis tax permit
13 prior to engaging in such sales.

14 (c) The cannabis tax permit shall be issued by the
15 department upon application and compliance with all requirements
16 of the permit by the applicant. The cannabis tax permit shall
17 be issued in the form and manner prescribed by the department
18 and following the payment of an application fee of \$25.

19 (d) No cannabis tax permit shall be issued until the
20 department receives a certification by the Hawaii cannabis
21 authority that the applicant for a cannabis tax permit is a
22 cannabis dispensary pursuant to chapter A, and the cannabis

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1 dispensary's license or permit issued pursuant to chapter A is
2 in full force and effect.

3 (e) No cannabis tax permit shall be issued to a cannabis
4 dispensary that is not compliant with the tax filing and payment
5 obligations under title 14.

6 (f) Cannabis tax permits shall be valid for no more than
7 one year and expire on December 31 of the permit application
8 year. Cannabis tax permits may be renewed annually upon
9 application by a cannabis dispensary in the form and manner
10 prescribed by the department and the payment of a renewal fee of
11 \$25. Whenever a cannabis tax permit is defaced, destroyed, or
12 lost, or the permittee relocates the permittee's business, the
13 department may issue a duplicate cannabis tax permit to the
14 permittee for a fee of \$5 per copy.

15 (g) A separate cannabis tax permit shall be obtained for
16 each place of business owned, controlled, or operated by a
17 cannabis dispensary. A cannabis dispensary that owns or
18 controls more than one place of business may submit a single
19 application for more than one cannabis tax permit; provided that
20 the application fee of \$25 shall be required for each permit.
21 Each cannabis tax permit issued shall clearly describe the place

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1 of business where the operation of the cannabis dispensary is
2 conducted.

3 (h) A cannabis tax permit shall be non-assignable and non-
4 transferable. A cannabis tax permit may be transferred from one
5 business location to another business location after an
6 application has been filed with the department requesting that
7 transfer, the applicant has paid a transfer fee of \$25, and
8 approval has been obtained from the department.

9 (i) Any cannabis tax permit issued under this chapter
10 shall be displayed at all times in a conspicuous place at the
11 licensed premises of the cannabis dispensary.

12 **§B-3 Tax.** (a) Upon every person engaging or continuing
13 in the retail sale of cannabis there is hereby levied and shall
14 be assessed and collected a tax pursuant to section 237-13(9).
15 Where the tax imposed has been paid on cannabis that thereafter
16 becomes the subject of a casualty loss deduction allowable under
17 chapter 235, the tax paid shall be refunded or credited to the
18 account of the permittee.

19 (b) The taxes imposed under subsection (a) shall not apply
20 to sales of medical cannabis by a cannabis dispensary.

21 **§B-4 Return; forms; contents.** Every person engaging or
22 continuing in the retail sale of cannabis at retail shall, on or

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1 before the twentieth day of each month, file with the department
2 in the taxation district in which the person's places of
3 business are located, or with the department in Honolulu, a
4 return showing all sales of cannabis and of the taxes chargeable
5 against the person engaging or continuing in the retail sale of
6 cannabis under section B-3 made by the person during the
7 preceding month, showing separately the amount of the nontaxable
8 sales, the amount of the taxable sales, and the tax payable
9 thereon. The form of return shall be prescribed by the
10 department and shall contain such information as it may deem
11 necessary for the proper administration of this chapter.

12 **§B-5 Payment of tax; penalties.** (a) At the time of the
13 filing of the return required under section B-4 and within the
14 time prescribed therefor, each person engaging or continuing in
15 the retail sale of cannabis shall pay to the department the tax
16 imposed by this chapter, required to be shown by the return.

17 (b) Penalties and interest shall be added to and become a
18 part of the tax, when and as provided by section 231-39.

19 **§B-6 Limitation period for assessment levy, collection, or**
20 **credit; net operating loss carrybacks.** (a) General rule. The
21 amount of taxes imposed by this chapter shall be assessed or
22 levied and the overpayment, if any, shall be credited within

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1 three years after filing of the return for the taxable period,
2 or within three years of the due date prescribed for the filing
3 of the return, whichever is later. No proceeding in court
4 without assessment for the collection of the taxes or the
5 enforcement of the liability shall be begun after the expiration
6 of the period. Where the assessment of the tax imposed by this
7 chapter has been made within the period of limitation applicable
8 thereto, the tax may be collected by levy or by a proceeding in
9 court under chapter 231; provided that the levy is made or the
10 proceeding was begun within fifteen years after the assessment
11 of the tax.

12 Notwithstanding any other provision to the contrary in this
13 section, the limitation on collection after assessment in this
14 section shall be suspended for the period:

- 15 (1) The taxpayer agrees to suspend the period;
- 16 (2) The assets of the taxpayer are in control or custody
17 of a court in any proceeding before any court of the
18 United States or any state, and for six months
19 thereafter;
- 20 (3) An offer in compromise under section 231-3(10) is
21 pending; and

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1 (4) During which the taxpayer is outside the State for a
2 continuous period of at least six months; provided
3 that if at the time of the taxpayer's return to the
4 State the period of limitations on collection after
5 assessment would expire before the expiration of six
6 months from the date of the taxpayer's return, the
7 period shall not expire before the expiration of the
8 six months.

9 (b) Limitations on credit or refund. Claim for credit or
10 refund of an overpayment of any tax imposed by this chapter
11 shall be filed by the taxpayer or employer within three years
12 from the time the return was filed or from the due date
13 prescribed for the filing of the return, or within two years
14 from the time the tax was paid, whichever is later. For the
15 purposes of this section, taxes paid before the due date of the
16 return shall be deemed to have been paid on the due date of the
17 return determined without regard to any extensions.

18 (1) If the claim was filed by the taxpayer during the
19 three-year period prescribed in this subsection, the
20 amount of the credit or refund shall not exceed the
21 portion of the tax paid within the period, immediately
22 preceding the filing of the claim, equal to three

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1 years plus the period of any extension of time for
2 filing the return.

3 (2) If the claim was not filed within the three-year
4 period, the amount of the credit or refund shall not
5 exceed the portion of the tax paid during the two
6 years immediately preceding the filing of the claim.

7 (3) If no claim was filed, the credit or refund shall not
8 exceed the amount which would be allowable under
9 paragraph (1) or (2), as the case may be, if the claim
10 was filed on the date the credit or refund is allowed.

11 (c) Exceptions; fraudulent return or no return. In the
12 case of a false or fraudulent return with intent to evade tax or
13 liability, or of a failure to file return, the tax or liability
14 may be assessed or levied at any time; provided that the burden
15 of proof with respect to the issues of falsity or fraud and
16 intent to evade tax shall be upon the State.

17 (d) Extension by agreement. Where, before the expiration
18 of the time prescribed in subsection (a) for the assessment,
19 levy, and collection of the tax or liability, or in subsection
20 (b) for the credit or refund of an overpayment, both the
21 department and the taxpayer have consented in writing to its
22 assessment or levy after that date, the tax or liability may be

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1 assessed or levied or the overpayment, if any, may be credited
2 at any time prior to the expiration of the period previously
3 agreed upon. The period so agreed upon may be extended by
4 subsequent agreements in writing made before the expiration of
5 the period previously agreed upon.

6 (e) Overpayment of carrybacks. If an overpayment results
7 from a net operating loss carryback, the statute of limitations
8 in subsections (a) and (b) shall not apply. The overpayment
9 shall be credited within three years of the due date prescribed
10 for filing the return (including extensions thereof) for the
11 taxable year of the net operating loss, or the period agreed to
12 under subsection (d) with respect to the taxable year, whichever
13 expires later.

14 **§B-7 Disposition of revenues.** The tax collected pursuant
15 to this chapter shall be distributed as provided in section 237-
16 13(9).

17 **§B-8 Records to be kept.** (a) Every person engaging or
18 continuing in the retail sale of cannabis shall keep records of
19 all sales of cannabis, in a form prescribed by the department.
20 All such records shall be offered for inspection and examination
21 at any time upon demand by the department or Hawaii cannabis
22 authority and shall be preserved for a period of five years;

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1 provided that the department may in writing consent to their
2 destruction within such period or may adopt rules that require
3 that they be kept longer.

4 The department may by rule require the person engaging or
5 continuing in the retail sale of cannabis to keep such other
6 records as it may deem necessary for the proper enforcement of
7 this chapter.

8 (b) If any person engaging or continuing in the retail
9 sale of cannabis fails to keep records from which a proper
10 determination of the tax due under this chapter may be made, the
11 department may fix the amount of tax for any period from the
12 best information obtainable by it, and assess the tax as
13 hereinbefore provided.

14 (c) Every person engaging or continuing in the retail sale
15 of cannabis shall keep a complete and accurate record of that
16 person's cannabis inventory. The records shall:

17 (1) Include:

18 (A) A written statement containing the name and
19 address of the source of cannabis;

20 (B) The date of delivery, quantity, weight, and price
21 of the cannabis; and

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1 (C) Documentation in the form of any purchase orders,
2 invoices, bills of lading, other written
3 statements, books, papers, or records in whatever
4 format, including electronic format, which
5 substantiate the purchase or acquisition of the
6 cannabis stored or offered for sale; and

7 (2) Be offered for inspection and examination within
8 twenty-four hours of demand by the department or
9 Hawaii cannabis authority and shall be preserved for a
10 period of five years; provided that the department may
11 in writing consent to their destruction within such
12 period or may adopt rules that require that they be
13 kept longer.

14 **SB-9 Inspection.** (a) A person engaging or continuing in
15 the retail sale of cannabis shall be subject to the inspection
16 and investigation provisions in chapters 231 and 237 and shall
17 provide the department with any information deemed necessary to
18 verify compliance with the requirements of this chapter.

19 (b) The department and Hawaii cannabis authority may
20 examine all records required to be kept under this chapter, and
21 books, papers, and records of any person engaging or continuing
22 in the retail sale of cannabis to verify the accuracy of the

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1 payment of the tax imposed by this chapter and other compliance
2 with this chapter and rules adopted pursuant thereto. Every
3 person in possession of such books, papers, and records and the
4 person's agents and employees shall give the department and the
5 Hawaii cannabis authority the means, facilities, and
6 opportunities for such examination.

7 (c) Returns, return information, or reports under this
8 chapter and relating only to this chapter may be provided to the
9 Hawaii cannabis authority by the department for the purpose of
10 enforcing or ensuring compliance with chapter A.

11 Notwithstanding the foregoing, the inspection, review, or
12 production of any and all federal tax return and return
13 information shall only be provided as permitted in accordance
14 with applicable federal law.

15 **§B-10 Tax in addition to other taxes.** The tax imposed by
16 this chapter, unless expressly prohibited, shall be in addition
17 to any other tax imposed upon the business of selling cannabis
18 or upon any of the transactions, acts, or activities taxed by
19 this chapter.

20 **§B-11 Suspensions, revocations, and renewal denials.** (a)
21 In addition to any other acts or conditions provided by law, the
22 department may suspend, revoke, condition, or decline to issue

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1 or renew any cannabis tax permit required under this chapter
2 whenever the department finds that the person engaging or
3 continuing in the retail sale of cannabis has failed to comply
4 with this chapter or any rule adopted under this chapter, or for
5 any other good cause. Good cause includes instances where a
6 person engaging or continuing in the retail sale of cannabis
7 has:

- 8 (1) Failed to comply with the provisions of title 14, or
9 any rule or order of the director of taxation;
- 10 (2) Submitted a false or fraudulent application or
11 provided a false statement in an application;
- 12 (3) Possessed or displayed a false or fraudulent cannabis
13 tax permit;
- 14 (4) Failed to comply with, violated, or been convicted of
15 violating any county or state law directly pertaining
16 to the sale of cannabis;
- 17 (5) Been fined under this chapter or had a cannabis tax
18 permit revoked, suspended, or declined to be issued or
19 renewed within two years of the permit application;
- 20 (6) Sold cannabis without a permit within two years of the
21 permit application;

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1 (7) Failed to maintain complete and accurate records when
2 and if required to be kept; or,

3 (8) Had a license or permit issued under chapter A
4 revoked, suspended, or declined to be renewed within
5 two years of the permit application.

6 (b) Upon suspending or revoking any cannabis tax permit,
7 the department may request that the person engaging or
8 continuing in the retail sale of cannabis immediately surrender
9 any cannabis tax permit or duplicate issued to or printed by the
10 cannabis dispensary, and the person engaging or continuing in
11 the retail sale of cannabis shall surrender the permit or
12 duplicate promptly to the department as requested.

13 (c) Whenever the department suspends, revokes, or declines
14 to issue or renew a cannabis tax permit, the department shall
15 notify the person engaging or continuing in the retail sale of
16 cannabis immediately and afford a hearing, if requested;
17 provided that a hearing has not already been afforded. The
18 department shall provide no less than thirty-day notice to the
19 person engaging or continuing in the retail sale of cannabis of
20 a hearing afforded under this subsection. After the hearing,
21 the department shall:

22 (1) Rescind its order of suspension;

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- 1 (2) Continue the suspension;
- 2 (3) Revoke the cannabis tax permit;
- 3 (4) Rescind its order of revocation;
- 4 (5) Decline to issue or renew the cannabis tax permit;
- 5 (6) Issue or renew the cannabis tax permit; or
- 6 (7) Take other appropriate action.

7 (d) No cannabis tax permit shall be suspended by the
8 department for a period exceeding five years. A person whose
9 permit has been suspended may apply for reinstatement of the
10 permit to the extent authorized by law and upon complete
11 compliance with any term or condition imposed by the order of
12 suspension. The application for reinstatement shall be
13 accompanied by all applicable fees, including reinstatement
14 fees.

15 (e) Upon the final order or decision to revoke, suspend,
16 or decline to renew a cannabis tax permit, the department shall
17 notify the Hawaii cannabis authority of the name and address of
18 every cannabis dispensary whose permit has been revoked,
19 suspended, or declined to be renewed. Any license or permit
20 issued under chapter A to the cannabis dispensary whose cannabis
21 tax permit has been revoked or declined to be renewed shall be
22 deemed forfeited. Any license or permit issued under chapter A

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1 to the cannabis dispensary whose cannabis tax permit has been
2 suspended shall be suspended until the suspension on the
3 cannabis tax permit is lifted.

4 (f) A cannabis dispensary may apply for a new permit after
5 the time designated in an order of revocation has passed, or if
6 the order does not specify a time period, after five years from
7 the effective date of the revocation of the permit, by filing an
8 application and upon complete compliance with any term or
9 condition imposed by the order of revocation. The application
10 for reinstatement shall be accompanied by all applicable fees.

11 (g) In every case in which the department refuses to
12 issue, renew, or reinstate a permit, the proceeding before the
13 department shall be conducted in accordance with section 231-7.

14 (h) Any person aggrieved by a final decision or order of
15 the director in a "contested case", as defined in chapter 91,
16 relating to this section, is entitled to judicial review thereof
17 by the circuit court of the circuit in which the person has its
18 principal place of business. The judicial review of contested
19 cases shall be as provided by chapter 91.

20 (i) The department shall notify the Hawaii cannabis
21 authority of the name and address of every cannabis dispensary
22 who has failed to file any return required, to pay any tax

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1 prescribed, to secure a permit, or to perform any duty or act
2 imposed under this chapter, and the Hawaii cannabis authority
3 shall thereupon suspend any license or permit issued under
4 chapter A until the time as the cannabis dispensary complies
5 with this chapter.

6 **§B-12 Appeals.** Any person aggrieved by any assessment of
7 the tax imposed by this chapter may appeal from the assessment
8 in the manner and within the time and in all other respects as
9 provided in the case of income tax appeals by section 235-114.
10 The hearing and disposition of the appeal, including the
11 distribution of costs, shall be as provided in chapter 232.

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

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1 §B-14 Audits, investigations, hearings, and subpoenas

2 The director of taxation, and any agent authorized by the
3 director, shall have the authority to conduct any inquiry, civil
4 audit, criminal investigation, investigation, or hearing
5 relating to any assessment, the amount of any tax, or the
6 collection of any delinquent tax, including any audit or
7 investigation into the financial resources of any delinquent
8 taxpayer or the collectability of any delinquent tax, in the
9 manner provided in section 231-7.

10 §B-15 Administration by director; rules and regulations.

11 The administration of this chapter is vested in the director of
12 taxation who may adopt and enforce rules for the enforcement and
13 administration of this chapter.

14 The director shall adopt rules pursuant to chapter 91.

15 §B-16 Penalties. (a) The penalties provided by this
16 chapter shall apply to any person, whether acting as principal,
17 agent, officer, or director, for oneself, itself, or for another
18 person and shall apply to each single violation.

19 (b) In addition to the penalties imposed under title 14,
20 including this chapter, and under chapter A, any person or
21 cannabis dispensary who sells cannabis without a permit as

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1 required by this chapter shall be fined no more than \$1,000 per
2 violation."

3 PART IV

4 SECTION 5. The purpose of this part is to:

- 5 (1) Prohibit consuming or possessing an open container of
6 marijuana or marijuana concentrate while operating a
7 vehicle; and
8 (2) Prohibit operating a vehicle under the influence of
9 marijuana or marijuana concentrate.

10 SECTION 6. Chapter 291, Hawaii Revised Statutes, is
11 amended by adding to part I three new sections to be
12 appropriately designated and to read as follows:

13 **"§291- Consuming or possessing marijuana or marijuana**
14 **concentrate while operating motor vehicle or moped. (a) No**
15 **person shall consume, including through secondhand or passive**
16 **smoking, any marijuana or marijuana concentrate while operating**
17 **a motor vehicle or moped upon any public street, road, or**
18 **highway.**

19 **(b) No person shall possess within any passenger area of a**
20 **motor vehicle or a moped, while operating the motor vehicle or**
21 **the moped upon any public street, road, or highway, any bottle,**
22 **can, package, wrapper, smoking device, cartridge, or other**

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1 receptacle containing any marijuana or marijuana concentrate
2 that has been opened, or a seal broken, or the contents of which
3 have been partially removed, or loose marijuana or marijuana
4 concentrate not in a container.

5 (c) Any person violating this section shall be guilty of a
6 misdemeanor, and shall be fined not more than \$5,000 or
7 imprisoned not more than one year, or both.

8 §291- Consuming or possessing marijuana or marijuana
9 concentrate while a passenger in a motor vehicle. (a) No

10 person shall consume any marijuana or marijuana concentrate
11 while a passenger in any motor vehicle or on any moped upon any
12 public street, road, or highway.

13 (b) No person shall possess within any passenger area of a
14 motor vehicle or moped, while a passenger in the motor vehicle
15 or on the moped upon any public street, road, or highway, any
16 bottle, can, package, wrapper, smoking device, cartridge, or
17 other receptacle containing any marijuana or marijuana
18 concentrate that has been opened, or a seal broken, or the
19 contents of which have been partially removed, or loose
20 marijuana or marijuana 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- Marijuana or marijuana concentrate; prima facie**
5 **evidence.** Any bottle, can, package, wrapper, smoking device,
6 cartridge, or other receptacle that displays or is imprinted
7 with a label indicating that the contents contain marijuana or
8 marijuana concentrate shall be prima facie evidence that the
9 contents of the bottle, can, package, wrapper, smoking device,
10 cartridge, or other receptacle contains marijuana or marijuana
11 concentrate."

12 SECTION 7. Section 291-1, Hawaii Revised Statutes, is
13 amended by adding two new definitions to be appropriately
14 inserted and to read as follows:

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

16 "Marijuana concentrate" has the same meaning as in section
17 712-1240."

18 SECTION 8. Chapter 291E, Hawaii Revised Statutes, is
19 amended by adding to part II a new section to be appropriately
20 designated and to read as follows:

21 **§291E-A Refusal to submit to testing for measurable**
22 **amount of THC; district court hearing; sanctions; appeals;**

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1 admissibility. (a) If a person under arrest for operating a
2 vehicle after consuming a measurable amount of THC, pursuant to
3 section 291E-B, refuses to submit to a blood test, none shall be
4 given, except as provided in section 291E-21, but the arresting
5 law enforcement officer, as soon as practicable, shall submit an
6 affidavit to a district judge of the circuit in which the arrest
7 was made, stating:

8 (1) That at the time of the arrest, the arresting officer
9 had probable cause to believe the arrested person was
10 under the age of twenty-one and had been operating a
11 vehicle upon a public way, street, road, or highway or
12 on or in the waters of the State with a measurable
13 amount of THC;

14 (2) That the arrested person was informed that the person
15 may refuse to submit to a blood test, in compliance
16 with section 291E-11;

17 (3) That the person had refused to submit to a blood test;

18 (4) That the arrested person was:

19 (A) Informed of the sanctions of this section; and
20 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 (5) That the arrested person continued to refuse to submit
5 to a blood test.

6 (b) Upon receipt of the affidavit, the district judge
7 shall hold a hearing within twenty days. The district judge
8 shall hear and determine:

9 (1) Whether the arresting law enforcement officer had
10 probable cause to believe that the person was under
11 the age of twenty-one and had been operating a vehicle
12 upon a public way, street, road, or highway or on or
13 in the waters of the State with a measurable amount of
14 THC;

15 (2) Whether the person was lawfully arrested;

16 (3) Whether the person was informed that the person may
17 refuse to submit to a blood test, in compliance with
18 section 291E-11;

19 (4) Whether the person refused to submit to a test of the
20 person's blood;

21 (5) Whether the person was:

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1 (A) Informed of the sanctions of this section; and
2 then

3 (B) Asked if the person still refuses to submit to a
4 blood test, in compliance with the requirements
5 of section 291E-15; and

6 (6) Whether the person continued to refuse to submit to a
7 blood test.

8 (c) If the district judge finds the statements contained
9 in the affidavit are true, the judge shall suspend the arrested
10 person's license and privilege to operate a vehicle as follows:

11 (1) For a first suspension, or any suspension not preceded
12 within a five-year period by a suspension under this
13 section, for a period of twelve months; and

14 (2) For any subsequent suspension under this section, for
15 a period not less than two years and not more than
16 five years.

17 (d) An order of a district court issued under this section
18 may be appealed to the supreme court."

19 SECTION 9. Chapter 291E, Hawaii Revised Statutes, is
20 amended by adding to part IV a new section to be appropriately
21 designated and to read as follows:

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1 "§291E-B Operating a vehicle after consuming a measurable
2 amount of THC; persons under the age of twenty-one. (a) It
3 shall be unlawful for any person under the age of twenty-one
4 years to operate any vehicle with a measurable amount of THC. A
5 law enforcement officer may arrest a person under this section
6 when the officer has probable cause to believe the arrested
7 person is under the age of twenty-one and had been operating a
8 vehicle upon a public way, street, road, or highway or on or in
9 the waters of the State with a measurable amount of THC.

10 (b) A person who violates this section shall be sentenced
11 as follows:

12 (1) For a first violation or any violation not preceded
13 within a five-year period by a prior drug enforcement
14 contact:

15 (A) The court shall impose:

16 (i) A requirement that the person and, if the
17 person is under the age of eighteen, the
18 person's parent or guardian, attend a
19 substance abuse education and counseling
20 program for not more than ten hours; and

21 (ii) A one hundred eighty-day prompt suspension
22 of license and privilege to operate a

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1 vehicle with absolute prohibition from
2 operating a vehicle during the suspension
3 period; provided that in the case of a
4 person eighteen years of age or older the
5 court may impose, in lieu of the one hundred
6 eighty-day prompt suspension of license, a
7 minimum thirty-day prompt suspension of
8 license with absolute prohibition from
9 operating a vehicle and, for the remainder
10 of the one hundred eighty-day period, a
11 restriction on the license that allows the
12 person to drive for limited work-related
13 purposes and to participate in substance
14 abuse education and treatment programs; and

15 (B) In addition, the court may impose any one or more
16 of the following:

17 (i) Not more than thirty-six hours of community
18 service work; or

19 (ii) A fine of not less than \$150 but not more
20 than \$500;

21 (2) For a violation that occurs within five years of a
22 prior drug enforcement contact:

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1 (A) The court shall impose prompt suspension of
2 license and privilege to operate a vehicle for a
3 period of one year with absolute prohibition from
4 operating a vehicle during the suspension period;
5 and

6 (B) In addition, the court may impose any of the
7 following:

8 (i) Not more than fifty hours of community
9 service work; or

10 (ii) A fine of not less than \$300 but not more
11 than \$1,000; and

12 (3) For a violation that occurs within five years of two
13 or more prior drug enforcement contacts:

14 (A) The court shall impose revocation of license and
15 privilege to operate a vehicle for a period of
16 two years; and

17 (B) In addition, the court may impose any of the
18 following:

19 (i) Not more than one hundred hours of community
20 service work; or

21 (ii) A fine of not less than \$300 but not more
22 than \$1,000.

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1 (c) Notwithstanding any other law to the contrary, any
2 conviction or plea under this section shall be considered a
3 prior drug enforcement contact.

4 (d) Whenever a court sentences a person pursuant to
5 subsection (b) (2) or (3), it also shall require that the person
6 be referred to the driver's education program for an assessment,
7 by a certified substance abuse counselor, of the person's
8 substance abuse or dependence and the need for appropriate
9 treatment. The counselor shall submit a report with
10 recommendations to the court. The court shall require the
11 person to obtain appropriate treatment if the counselor's
12 assessment establishes the person's substance abuse or
13 dependence. All costs for assessment and treatment shall be
14 borne by the person or by the person's parent or guardian, if
15 the person is under the age of eighteen.

16 (e) Notwithstanding section 831-3.2 or any other law to
17 the contrary, a person convicted of a first-time violation under
18 subsection (b) (1), who had no prior drug enforcement contacts,
19 may apply to the court for an expungement order upon attaining
20 the age of twenty-one, or thereafter, if the person has
21 fulfilled the terms of the sentence imposed by the court and has
22 had no subsequent alcohol or drug related enforcement contacts.

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1 (f) Notwithstanding any other law to the contrary,
2 whenever a court revokes a person's driver's license pursuant to
3 this section, the examiner of drivers shall not grant to the
4 person an application for a new driver's license for a period to
5 be determined by the court.

6 (g) Any person sentenced under this section may be ordered
7 to reimburse the county for the cost of any blood tests
8 conducted pursuant to section 291E-11. The court shall order
9 the person to make restitution in a lump sum, or in a series of
10 prorated installments, to the police department or other agency
11 incurring the expense of the blood test.

12 (h) The requirement to provide proof of financial
13 responsibility pursuant to section 287-20 shall not be based
14 upon a sentence imposed under subsection (b) (1).

15 (i) Any person who violates this section shall be guilty
16 of a violation.

17 (j) As used in this section, the terms "driver's license"
18 and "examiner of drivers" have the same meanings as provided in
19 section 286-2."

20 SECTION 10. Section 291E-1, Hawaii Revised Statutes, is
21 amended by adding three new definitions to be appropriately
22 inserted and to read:

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

2 "Marijuana concentrate" has the same meaning as in section
3 712-1240."

4 "Tetrahydrocannabinol" or "THC" means the cannabinoids
5 that function as the primary psychoactive component of marijuana
6 or marijuana concentrate.

7 SECTION 11. Section 291E-3, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) In any criminal prosecution for a violation of
10 section 291E-61 or 291E-61.5 or in any proceeding under part
11 III:

12 (1) .08 or more grams of alcohol per one hundred
13 milliliters or cubic centimeters of the person's
14 blood;

15 (2) .08 or more grams of alcohol per two hundred ten
16 liters of the person's breath; [~~or~~]

17 (3) THC at a concentration of five or more nanograms per
18 milliliter of blood; or

19 ~~(3)~~ (4) The presence of one or more drugs in an amount
20 sufficient to impair the person's ability to operate a
21 vehicle in a careful and prudent manner,

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1 within three hours after the time of the alleged violation as
2 shown by chemical analysis or other approved analytical
3 techniques of the person's blood, breath, or urine shall be
4 competent evidence that the person was under the influence of an
5 intoxicant at the time of the alleged violation."

6 SECTION 12. Section 291E-11, Hawaii Revised Statutes, is
7 amended by amending subsections (d) and (e) to read as follows:

8 "(d) If there is probable cause to believe that a person
9 is in violation of section 291E-61 or 291E-61.5, as a result of
10 having consumed any drug[~~r~~] except for THC, then the person
11 shall elect to take a blood or urine test, or both, for the
12 purpose of determining the drug content. If there is probable
13 cause to believe that a person is in violation of section 291E-
14 B, as a result of being under the age of twenty-one and having
15 consumed a measurable amount of THC, or section 291E-61 or 291E-
16 61.5, as a result of having consumed THC, then the person shall
17 take a blood test, and may also elect to take a urine test in
18 addition to the blood test. Drug content shall be measured by
19 the presence of any drug or its metabolic products, or both.

20 (e) A person who chooses to submit to a breath test under
21 subsection (c) also may be requested to submit to a blood or
22 urine test, if the law enforcement officer has probable cause to

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1 believe that the person was operating a vehicle while under the
2 influence of any drug under section 291E-61 or 291E-61.5 and the
3 officer has probable cause to believe that a blood or urine test
4 will reveal evidence of the person being under the influence of
5 any drug. The law enforcement officer shall state in the
6 officer's report the facts upon which that belief is based. The
7 person shall elect to take a blood or urine test, or both, for
8 the purpose of determining the person's drug content~~[.]~~, unless
9 the drug being tested for is THC in which case the person shall
10 take a blood test, and may also elect to take a urine test in
11 addition to the blood test. Results of a blood or urine test
12 conducted to determine drug content also shall be admissible for
13 the purpose of determining the person's alcohol concentration.
14 Submission to testing for drugs under subsection (d) or this
15 subsection shall not be a substitute for alcohol tests requested
16 under subsection (c)."

17 SECTION 13. Section 291E-21, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) If a health care provider who is providing medical
20 care, in a health care facility, to any person involved in a
21 vehicle collision:

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1 (1) Becomes aware, as a result of any blood or urine test
2 performed in the course of medical treatment, that:

3 (A) The alcohol concentration in the person's blood
4 meets or exceeds the amount specified in section
5 291E-61(a)(4) or 291E-61.5(a)(2)(D); [~~or~~]

6 (B) The THC concentration in the person's blood meets
7 or exceeds the amount specified in section 291E-
8 61(a)(5) or 291E-61.5(a)(2)(E); or

9 [~~(B)~~] (C) The person's blood or urine contains one or more
10 drugs that are capable of impairing a person's
11 ability to operate a vehicle in a careful and
12 prudent manner; and

13 (2) Has a reasonable belief that the person was the
14 operator of a vehicle involved in the collision,
15 the health care provider shall notify, as soon as reasonably
16 possible, any law enforcement officer present at the health care
17 facility to investigate the collision. If no law enforcement
18 officer is present, the health care provider shall notify the
19 county police department in the county where the collision
20 occurred. If the health care provider is aware of any blood or
21 urine test result, as provided in paragraph (1), but lacks
22 information to form a reasonable belief as to the identity of

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1 the operator involved in a vehicle collision, as provided in
2 paragraph (2), then the health care provider shall give notice
3 to a law enforcement officer present or to the county police
4 department, as applicable, for each person involved in a vehicle
5 collision whose alcohol concentration in the person's blood
6 meets or exceeds the amount specified in section 291E-61(a) (4)
7 or 291E-61.5(a) (2) (D), whose THC concentration in the person's
8 blood meets or exceeds the amount specified in section 291E-
9 61(a) (5) or 291E-61.5(a) (2) (E), or whose blood or urine contains
10 one or more drugs. The notice by the health care provider shall
11 consist of the name of the person being treated, the blood
12 alcohol concentration, THC concentration in the person's blood,
13 or drug content disclosed by the test, and the date and time of
14 the administration of the test. This notice shall be deemed to
15 satisfy the intoxication element necessary to establish the
16 probable cause requirement set forth in subsection (c)."

17 SECTION 14. Section 291E-33, Hawaii Revised Statutes, is
18 amended by amending subsection (a) to read as follows:

19 "(a) Whenever a person is arrested for a violation of
20 section 291E-61 or 291E-61.5 on a determination by the arresting
21 law enforcement officer that:

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1 (1) There was reasonable suspicion to stop the vehicle or
2 the vehicle was stopped at an intoxicant control
3 roadblock established and operated in compliance with
4 sections 291E-19 and 291E-20; and

5 (2) There was probable cause to believe that the person
6 was operating the vehicle while under the influence of
7 an intoxicant;

8 the law enforcement officer shall take possession of any license
9 held by the person and request the person to take a test for
10 alcohol concentration, in the case of an alcohol related
11 offense, or a test for drug content in the blood or urine, in
12 the case of a drug related offense. The law enforcement officer
13 shall inform the person that, in the case of an alcohol related
14 offense, the person shall elect to take a breath test, a blood
15 test, or both, pursuant to section 291E-11, but that the person
16 may refuse to submit to testing under this chapter. In the case
17 of a drug related offense, the person shall elect to take a
18 blood test, a urine test, or both, unless the drug being tested
19 for is THC, in which case the person shall take a blood test,
20 and may also elect to take a urine test in addition to a blood
21 test, pursuant to section 291E-11, after being informed that the
22 person may refuse to submit to testing under this chapter."

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1 SECTION 15. Section 291E-35, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) In cases involving a drug related offense, if a test
4 conducted in accordance with part II and section 321-161 and the
5 rules adopted thereunder shows that a respondent had a THC
6 concentration of less than five nanograms per milliliter of
7 blood, or fails to show the presence, in the respondent's blood
8 or urine, of any drug that is capable of impairing the
9 respondent's ability to operate a vehicle in a careful and
10 prudent manner, the director or the arresting law enforcement
11 agency immediately shall return the respondent's license along
12 with a certified statement that administrative revocation
13 proceedings have been terminated with prejudice."

14 SECTION 16. Section 291E-36, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) Whenever a respondent has been arrested for a
17 violation of section 291E-61 or 291E-61.5 and submits to a test
18 that establishes: the respondent's alcohol concentration was .08
19 or more; the respondent's THC concentration was five or more
20 nanograms per milliliter of blood; the presence, in the
21 respondent's blood or urine, of any drug that is capable of
22 impairing the respondent's ability to operate a vehicle in a

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1 careful and prudent manner; or whenever a respondent has been
2 involved in a collision resulting in injury or death and a blood
3 or urine test performed pursuant to section 291E-21 establishes
4 that the respondent's alcohol concentration was .08 or more, the
5 respondent's THC concentration was five or more nanograms per
6 milliliter of blood, or establishes the presence in the
7 respondent's blood or urine of any drug that is capable of
8 impairing the respondent's ability to operate a vehicle in a
9 careful and prudent manner, the following shall be forwarded
10 immediately to the director:

11 (1) A copy of the arrest report or the report of the law
12 enforcement officer who issued the notice of
13 administrative revocation to the person involved in a
14 collision resulting in injury or death and the sworn
15 statement of the arresting law enforcement officer or
16 the officer who issued the notice of administrative
17 revocation, stating facts that establish that:

18 (A) There was reasonable suspicion to stop the
19 vehicle, the vehicle was stopped at an intoxicant
20 control roadblock established and operated in
21 compliance with sections 291E-19 and 291E-20, or

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1 the respondent was tested pursuant to section
2 291E-21;

3 (B) There was probable cause to believe that the
4 respondent had been operating the vehicle while
5 under the influence of an intoxicant; and

6 (C) The respondent agreed to be tested or the person
7 was tested pursuant to section 291E-21;

8 (2) In a case involving an alcohol related offense, the
9 sworn statement of the person responsible for
10 maintenance of the testing equipment, stating facts
11 that establish that, pursuant to section 321-161 and
12 rules adopted thereunder:

13 (A) The equipment used to conduct the test was
14 approved for use as an alcohol testing device in
15 this State;

16 (B) The person had been trained and at the time the
17 test was conducted was certified and capable of
18 maintaining the testing equipment; and

19 (C) The testing equipment used had been properly
20 maintained and was in good working condition when
21 the test was conducted;

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1 (3) In a case involving an alcohol related offense, the
2 sworn statement of the person who conducted the test,
3 stating facts that establish that, pursuant to section
4 321-161 and rules adopted thereunder:

5 (A) The person was trained and at the time the test
6 was conducted was certified and capable of
7 operating the testing equipment;

8 (B) The person followed the procedures established
9 for conducting the test;

10 (C) The equipment used to conduct the test functioned
11 in accordance with operating procedures and
12 indicated that the respondent's alcohol
13 concentration was at, or above, the prohibited
14 level; and

15 (D) The person whose breath or blood was tested is
16 the respondent;

17 (4) In a case involving a drug related offense, the sworn
18 statement of the person responsible for maintenance of
19 the testing equipment, stating facts that establish
20 that, pursuant to section 321-161 and rules adopted
21 thereunder:

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- 1 (A) The equipment used to conduct the test was
2 approved for use in drug testing;
- 3 (B) The person conducting the test had been trained
4 and, at the time of the test, was certified and
5 capable of maintaining the testing equipment; and
- 6 (C) The testing equipment used had been properly
7 maintained and was in good working condition when
8 the test was conducted;
- 9 (5) In a case involving a drug related offense, the sworn
10 statement of the person who conducted the test,
11 stating facts that establish that, pursuant to section
12 321-161 and rules adopted thereunder:
- 13 (A) At the time the test was conducted, the person
14 was trained and capable of operating the testing
15 equipment;
- 16 (B) The person followed the procedures established
17 for conducting the test;
- 18 (C) The equipment used to conduct the test functioned
19 in accordance with operating procedures and
20 indicated the presence of one or more drugs or
21 their metabolites in the respondent's blood or
22 urine; and

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1 SECTION 20. Section 28-8.3, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending subsection (a) to read:

4 "(a) No department of the State other than the attorney
5 general may employ or retain any attorney, by contract or
6 otherwise, for the purpose of representing the State or the
7 department in any litigation, rendering legal counsel to the
8 department, or drafting legal documents for the department;
9 provided that the foregoing provision shall not apply to the
10 employment or retention of attorneys:

11 (1) By the public utilities commission, the labor and
12 industrial relations appeals board, and the Hawaii
13 labor relations board;

14 (2) By any court or judicial or legislative office of the
15 State; provided that if the attorney general is
16 requested to provide representation to a court or
17 judicial office by the chief justice or the chief
18 justice's designee, or to a legislative office by the
19 speaker of the house of representatives and the
20 president of the senate jointly, and the attorney
21 general declines to provide such representation on the
22 grounds of conflict of interest, the attorney general

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- 1 shall retain an attorney for the court, judicial, or
2 legislative office, subject to approval by the court,
3 judicial, or legislative office;
- 4 (3) By the legislative reference bureau;
- 5 (4) By any compilation commission that may be constituted
6 from time to time;
- 7 (5) By the real estate commission for any action involving
8 the real estate recovery fund;
- 9 (6) By the contractors license board for any action
10 involving the contractors recovery fund;
- 11 (7) By the office of Hawaiian affairs;
- 12 (8) By the department of commerce and consumer affairs for
13 the enforcement of violations of chapters 480 and
14 485A;
- 15 (9) As grand jury counsel;
- 16 (10) By the Hawaii health systems corporation, or its
17 regional system boards, or any of their facilities;
- 18 (11) By the auditor;
- 19 (12) By the office of ombudsman;
- 20 (13) By the insurance division;
- 21 (14) By the University of Hawaii;
- 22 (15) By the Kahoolawe island reserve commission;

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- 1 (16) By the division of consumer advocacy;
- 2 (17) By the office of elections;
- 3 (18) By the campaign spending commission;
- 4 (19) By the Hawaii tourism authority, as provided in
- 5 section 201B-2.5;
- 6 (20) By the division of financial institutions;
- 7 (21) By the office of information practices;
- 8 (22) By the school facilities authority;
- 9 (23) By the Mauna Kea stewardship and oversight authority;
- 10 [~~or~~]
- 11 (24) By the Hawaii cannabis authority; or
- 12 [~~(24)~~] (25) By a department, if the attorney general, for
- 13 reasons deemed by the attorney general to be good and
- 14 sufficient, declines to employ or retain an attorney
- 15 for a department; provided that the governor waives
- 16 the provision of this section.
- 17 2. By amending subsection (c) to read:
- 18 "(c) Every attorney employed by any department on a full-
- 19 time basis, except an attorney employed by the public utilities
- 20 commission, the labor and industrial relations appeals board,
- 21 the Hawaii labor relations board, the office of Hawaiian
- 22 affairs, the Hawaii health systems corporation or its regional

.B. NO.

1 system boards, the department of commerce and consumer affairs
2 in prosecution of consumer complaints, insurance division, the
3 division of consumer advocacy, the University of Hawaii, the
4 Hawaii tourism authority as provided in section 201B-2.5, the
5 Mauna Kea stewardship and oversight authority, the Hawaii
6 cannabis authority, the office of information practices, or as
7 grand jury counsel, shall be a deputy attorney general."

8 SECTION 21. Section 46-4, Hawaii Revised Statutes, is
9 amended by amending subsection (f) to read as follows:

10 "(f) Neither this section nor any other law, county
11 ordinance, or rule shall prohibit the use of land for ~~[medical]~~
12 ~~cannabis [production centers or medical cannabis dispensaries]~~
13 businesses established and licensed pursuant to chapter ~~[329D;~~
14 ~~provided that the land is otherwise zoned for agriculture,~~
15 ~~manufacturing, or retail purposes.]~~ A, except as provided in
16 section A-21."

17 SECTION 22. Section 76-16, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) The civil service to which this chapter applies shall
20 comprise all positions in the State now existing or hereafter
21 established and embrace all personal services performed for the
22 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

.B. NO.

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

.B. NO.

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;

.B. NO.

- 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

.B. NO.

- 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;

.B. NO.

- 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, and security and privacy
11 compliance analyst, information technology
12 implementation manager, assistant information
13 technology 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

.B. NO.

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

.B. NO.

1 (38) In the department of taxation, the cannabis tax
2 administrator, and five cannabis tax specialists to
3 assist the cannabis tax administrator.

4 The director shall determine the applicability of this
5 section to specific positions.

6 Nothing in this section shall be deemed to affect the civil
7 service status of any incumbent as it existed on July 1, 1955."

8 SECTION 23. Section 91-13.5, Hawaii Revised Statutes, is
9 amended by amending subsection (f) to read as follows:

10 "(f) This section shall not apply to:

11 (1) Any proceedings of the public utilities commission;

12 ~~[or]~~

13 (2) Any proceedings of the Hawaii cannabis control board

14 or the Hawaii cannabis authority; or

15 ~~[(2)]~~ (3) Any county or county agency that is exempted by
16 county ordinance from this section."

17 SECTION 24. Section 209E-2, Hawaii Revised Statutes, is
18 amended by amending the definition of "eligible business
19 activity" to read as follows:

20 ""Eligible business activity" means the:

21 (1) Manufacture of tangible personal property, the

22 wholesale sale of tangible personal property as

.B. NO.

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:

.B. NO.

1 "(v) Section 280E (with respect to expenditures in
2 connection with the illegal sale of drugs) of the Internal
3 Revenue Code shall be operative for the purposes of this
4 chapter, except that section 280E shall not be operative with
5 respect to the [~~production~~] cultivation, processing, and sale of
6 [~~medical~~] cannabis [~~and manufactured cannabis products~~] by
7 [~~dispensaries~~] cannabis businesses licensed under chapter [~~329D~~]
8 A. [~~and their subcontractors, as defined in section 329D-1.~~]

9 SECTION 27. Section 237-13, Hawaii Revised Statutes is
10 amended to read as follows:

11 "**§237-13 Imposition of tax.** There is hereby levied and
12 shall be assessed and collected annually privilege taxes against
13 persons on account of their business and other activities in the
14 State measured by the application of rates against values of
15 products, gross proceeds of sales, or gross income, whichever is
16 specified, as follows:

17 (1) Tax on manufacturers.

18 (A) Upon every person engaging or continuing within
19 the State in the business of manufacturing,
20 including compounding, canning, preserving,
21 packing, printing, publishing, milling,
22 processing, refining, or preparing for sale,

.B. NO.

1 profit, or commercial use, either directly or
2 through the activity of others, in whole or in
3 part, any article or articles, substance or
4 substances, commodity or commodities, the amount
5 of the tax to be equal to the value of the
6 articles, substances, or commodities,
7 manufactured, compounded, canned, preserved,
8 packed, printed, milled, processed, refined, or
9 prepared for sale, as shown by the gross proceeds
10 derived from the sale thereof by the manufacturer
11 or person compounding, preparing, or printing
12 them, multiplied by one-half of one per cent.

13 (B) The measure of the tax on manufacturers is the
14 value of the entire product for sale.

15 (2) Tax on business of selling tangible personal property;
16 producing.

17 (A) Upon every person engaging or continuing in the
18 business of selling any tangible personal
19 property whatsoever, there is likewise hereby
20 levied, and shall be assessed and collected, a
21 tax equivalent to four per cent of the gross
22 proceeds of sales of the business; provided that,

.B. NO.

1 in the case of a wholesaler, the tax shall be
2 equal to one-half of one per cent of the gross
3 proceeds of sales of the business; and provided
4 further that insofar as the sale of tangible
5 personal property is a wholesale sale under
6 section 237-4(a)(8), the tax shall be one-half of
7 one per cent of the gross proceeds. Upon every
8 person engaging or continuing within this State
9 in the business of a producer, the tax shall be
10 equal to one-half of one per cent of the gross
11 proceeds of sales of the business, or the value
12 of the products, for sale.

13 (B) Gross proceeds of sales of tangible property in
14 interstate and foreign commerce shall constitute
15 a part of the measure of the tax imposed on
16 persons in the business of selling tangible
17 personal property, to the extent, under the
18 conditions, and in accordance with the provisions
19 of the Constitution of the United States and the
20 Acts of the Congress of the United States which
21 may be now in force or may be hereafter adopted,
22 and whenever there occurs in the State an

.B. NO.

1 activity to which, under the Constitution and
2 Acts of Congress, there may be attributed gross
3 proceeds of sales, the gross proceeds shall be so
4 attributed.

5 (C) No manufacturer or producer, engaged in such
6 business in the State and selling the
7 manufacturer's or producer's products for
8 delivery outside of the State (for example,
9 consigned to a mainland purchaser via common
10 carrier f.o.b. Honolulu), shall be required to
11 pay the tax imposed in this chapter for the
12 privilege of so selling the products, and the
13 value or gross proceeds of sales of the products
14 shall be included only in determining the measure
15 of the tax imposed upon the manufacturer or
16 producer.

17 (D) A manufacturer or producer, engaged in such
18 business in the State, shall pay the tax imposed
19 in this chapter for the privilege of selling its
20 products in the State, and the value or gross
21 proceeds of sales of the products, thus subjected
22 to tax, may be deducted insofar as duplicated as

.B. NO.

1 to the same products by the measure of the tax
2 upon the manufacturer or producer for the
3 privilege of manufacturing or producing in the
4 State; provided that no producer of agricultural
5 products who sells the products to a purchaser
6 who will process the products outside the State
7 shall be required to pay the tax imposed in this
8 chapter for the privilege of producing or selling
9 those products.

10 (E) A taxpayer selling to a federal cost-plus
11 contractor may make the election provided for by
12 paragraph (3) (C), and in that case the tax shall
13 be computed pursuant to the election,
14 notwithstanding this paragraph or paragraph (1)
15 to the contrary.

16 (F) The department, by rule, may require that a
17 seller take from the purchaser of tangible
18 personal property a certificate, in a form
19 prescribed by the department, certifying that the
20 sale is a sale at wholesale; provided that:

21 (i) Any purchaser who furnishes a certificate
22 shall be obligated to pay to the seller,

.B. NO.

1 upon demand, the amount of the additional
2 tax that is imposed upon the seller whenever
3 the sale in fact is not at wholesale; and

4 (ii) The absence of a certificate in itself shall
5 give rise to the presumption that the sale
6 is not at wholesale unless the sales of the
7 business are exclusively at wholesale.

8 (3) Tax upon contractors.

9 (A) Upon every person engaging or continuing within
10 the State in the business of contracting, the tax
11 shall be equal to four per cent of the gross
12 income of the business.

13 (B) In computing the tax levied under this paragraph,
14 there shall be deducted from the gross income of
15 the taxpayer so much thereof as has been included
16 in the measure of the tax levied under
17 subparagraph (A), on another taxpayer who is a
18 contractor, as defined in section 237-6; provided
19 that any person claiming a deduction under this
20 paragraph shall be required to show in the
21 person's return the name and general excise

.B. NO.

1 number of the person paying the tax on the amount
2 deducted by the person.

3 (C) In computing the tax levied under this paragraph
4 against any federal cost-plus contractor, there
5 shall be excluded from the gross income of the
6 contractor so much thereof as fulfills the
7 following requirements:

8 (i) The gross income exempted shall constitute
9 reimbursement of costs incurred for
10 materials, plant, or equipment purchased
11 from a taxpayer licensed under this chapter,
12 not exceeding the gross proceeds of sale of
13 the taxpayer on account of the transaction;
14 and

15 (ii) The taxpayer making the sale shall have
16 certified to the department that the
17 taxpayer is taxable with respect to the
18 gross proceeds of the sale, and that the
19 taxpayer elects to have the tax on gross
20 income computed the same as upon a sale to
21 the state government.

.B.NO.

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

.B. NO.

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.

.B. NO.

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

.B. NO.

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

.B. NO.

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.

.B. NO.

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

.B. NO.

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:

.B. NO.

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

.B. NO.

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.

.B. NO.

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 paragraph (2) (A),
4 beginning on January 1, 2025, and thereafter, upon
5 every person engaging within the State in the business
6 of selling cannabis at retail the tax shall be equal
7 to ten per cent of the gross proceeds of sales from
8 cannabis; provided that this tax shall not apply to
9 the sales of medical cannabis by a cannabis
10 dispensary, as defined by chapter B; provided further
11 that amounts levied, assessed, and collected pursuant
12 to this paragraph shall be deposited quarterly as
13 follows:
14 (A) Forty per cent of the excess tax collected shall
15 be deposited into the cannabis regulation special
16 fund;
17 (B) Twenty per cent of the excess tax collected shall
18 be deposited into the cannabis social equity
19 fund;
20 (C) Twenty per cent of the excess tax collected shall
21 be deposited into the public health and education
22 special fund; and

.B. NO.

1 (D) Twenty per cent of the excess tax collected shall
2 be deposited into the cannabis law enforcement
3 special fund.

4 [~~9~~] (10) Tax on other business. Upon every person engaging
5 or continuing within the State in any business, trade,
6 activity, occupation, or calling not included in the
7 preceding paragraphs or any other provisions of this
8 chapter, there is likewise hereby levied and shall be
9 assessed and collected, a tax equal to four per cent
10 of the gross income thereof. In addition, the rate
11 prescribed by this paragraph shall apply to a business
12 taxable under one or more of the preceding paragraphs
13 or other provisions of this chapter, as to any gross
14 income thereof not taxed thereunder as gross income or
15 gross proceeds of sales or by taxing an equivalent
16 value of products, unless specifically exempted."

17 SECTION 28. Section 237-24.3, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "In addition to the amounts not taxable under section 237-
20 24, this chapter shall not apply to:

21 (1) Amounts received from the loading, transportation, and
22 unloading of agricultural commodities shipped for a

.B. NO.

1 producer or produce dealer on one island of this State
2 to a person, firm, or organization on another island
3 of this State. The terms "agricultural commodity",
4 "producer", and "produce dealer" shall be defined in
5 the same manner as they are defined in section 147-1;
6 provided that agricultural commodities need not have
7 been produced in the State;

8 (2) Amounts received by the manager, submanager, or board
9 of directors of:

10 (A) An association of a condominium property regime
11 established in accordance with chapter 514B or
12 any predecessor thereto; or

13 (B) A nonprofit homeowners or community association
14 incorporated in accordance with chapter 414D or
15 any predecessor thereto and existing pursuant to
16 covenants running with the land,

17 in reimbursement of sums paid for common expenses;

18 (3) Amounts received or accrued from:

19 (A) The loading or unloading of cargo from ships,
20 barges, vessels, or aircraft, including
21 stevedoring services as defined in section 382-1,
22 whether or not the ships, barges, vessels, or

.B. NO.

1 aircraft travel between the State and other
2 states or countries or between the islands of the
3 State;

4 (B) Tugboat services including pilotage fees
5 performed within the State, and the towage of
6 ships, barges, or vessels in and out of state
7 harbors, or from one pier to another;

8 (C) The transportation of pilots or governmental
9 officials to ships, barges, or vessels offshore;
10 rigging gear; checking freight and similar
11 services; standby charges; and use of moorings
12 and running mooring lines; and

13 (D) Wharfage and demurrage imposed under chapter 266
14 that is paid to the department of transportation;

15 (4) Amounts received by an employee benefit plan by way of
16 contributions, dividends, interest, and other income;
17 and amounts received by a nonprofit organization or
18 office, as payments for costs and expenses incurred
19 for the administration of an employee benefit plan;
20 provided that this exemption shall not apply to any
21 gross rental income or gross rental proceeds received
22 after June 30, 1994, as income from investments in

.B. NO.

1 real property in this State; and provided further that
2 gross rental income or gross rental proceeds from
3 investments in real property received by an employee
4 benefit plan after June 30, 1994, under written
5 contracts executed prior to July 1, 1994, shall not be
6 taxed until the contracts are renegotiated, renewed,
7 or extended, or until after December 31, 1998,
8 whichever is earlier. For the purposes of this
9 paragraph, "employee benefit plan" means any plan as
10 defined in title 29 United States Code section
11 1002(3), as amended;

12 (5) Amounts received for purchases made with United States
13 Department of Agriculture food coupons under the
14 federal food stamp program, and amounts received for
15 purchases made with United States Department of
16 Agriculture food vouchers under the Special
17 Supplemental Foods Program for Women, Infants and
18 Children;

19 (6) Amounts received by a hospital, infirmary, medical
20 clinic, health care facility, pharmacy, or a
21 practitioner licensed to administer the drug to an
22 individual for selling prescription drugs or

.B. NO.

1 prosthetic devices to an individual; provided that
2 this paragraph shall not apply to any amounts received
3 for services provided in selling prescription drugs or
4 prosthetic devices. As used in this paragraph:

5 "Prescription drugs" are those drugs defined
6 under section 328-1 and dispensed by filling or
7 refilling a written or oral prescription by a
8 practitioner licensed under law to administer the drug
9 and sold by a licensed pharmacist under section 328-16
10 or practitioners licensed to administer drugs;
11 provided that "prescription drugs" shall not include
12 cannabis or [~~manufactured~~] cannabis products
13 authorized pursuant to [~~chapters 329 and 329D;~~]
14 chapter A; and

15 "Prosthetic device" means any artificial device
16 or appliance, instrument, apparatus, or contrivance,
17 including their components, parts, accessories, and
18 replacements thereof, used to replace a missing or
19 surgically removed part of the human body, which is
20 prescribed by a licensed practitioner of medicine,
21 osteopathy, or podiatry and that is sold by the
22 practitioner or that is dispensed and sold by a dealer

.B. NO.

1 of prosthetic devices; provided that "prosthetic
2 device" shall not mean any auditory, ophthalmic,
3 dental, or ocular device or appliance, instrument,
4 apparatus, or contrivance;

5 (7) Taxes on transient accommodations imposed by chapter
6 237D and passed on and collected by operators holding
7 certificates of registration under that chapter;

8 (8) Amounts received as dues by an unincorporated
9 merchants association from its membership for
10 advertising media, promotional, and advertising costs
11 for the promotion of the association for the benefit
12 of its members as a whole and not for the benefit of
13 an individual member or group of members less than the
14 entire membership;

15 (9) Amounts received by a labor organization for real
16 property leased to:

17 (A) A labor organization; or

18 (B) A trust fund established by a labor organization
19 for the benefit of its members, families, and
20 dependents for medical or hospital care, pensions
21 on retirement or death of employees,

.B. NO.

1 apprenticeship and training, and other membership
2 service programs.

3 As used in this paragraph, "labor organization" means
4 a labor organization exempt from federal income tax
5 under section 501(c)(5) of the Internal Revenue Code,
6 as amended;

7 (10) Amounts received from foreign diplomats and consular
8 officials who are holding cards issued or authorized
9 by the United States Department of State granting them
10 an exemption from state taxes; and

11 (11) Amounts received as rent for the rental or leasing of
12 aircraft or aircraft engines used by the lessees or
13 renters for interstate air transportation of
14 passengers and goods. For purposes of this paragraph,
15 payments made pursuant to a lease shall be considered
16 rent regardless of whether the lease is an operating
17 lease or a financing lease. The definition of
18 "interstate air transportation" is the same as in 49
19 U.S.C. section 40102."

20 SECTION 29. Section 245-1, Hawaii Revised Statutes, is
21 amended by amending the definition of "e-liquid" to read as
22 follows:

.B. NO.

1 ""E-liquid" means any liquid or like substance, which may
2 or may not contain nicotine, that is designed or intended to be
3 used in an electronic smoking device, whether or not packaged in
4 a cartridge or other container. "E-liquid" does not include:

- 5 (1) Prescription drugs;
- 6 (2) Cannabis [~~for medical use pursuant to chapter 329 or~~
7 ~~manufactured~~], cannabis products, or cannabis
8 accessories pursuant to [~~chapter 329D,~~] chapter A; or
- 9 (3) Medical devices used to aerosolize, inhale, or ingest
10 prescription drugs[~~, including manufactured cannabis~~
11 ~~products described in section 329D-10~~]."

12 SECTION 30. Section 329-43.5, Hawaii Revised Statutes, is
13 amended by amending subsection (e) to read as follows:

14 "(e) Subsections (a) and (b) shall not apply to a person
15 who is [~~authorized to:~~

- 16 ~~(1) Acquire, possess, cultivate, use, distribute, or~~
17 ~~transport cannabis pursuant to the definition of~~
18 ~~"medical use" under section 329-121, while the person~~
19 ~~is facilitating the medical use of cannabis by a~~
20 ~~qualifying patient; or~~
- 21 ~~(2) Dispense, manufacture, or produce cannabis or~~
22 ~~manufactured cannabis products pursuant to and in~~

.B. NO.

1 ~~compliance with chapter 329D, while the person is~~
2 ~~facilitating the medical use of cannabis by a~~
3 ~~qualifying patient pursuant to part IX of chapter~~
4 ~~329.] acting in strict compliance with chapter A with~~
5 ~~respect to cannabis.~~"

6 SECTION 31. Section 378-2.5, Hawaii Revised Statutes, is
7 amended by amending subsection (d) to read as follows:

8 "(d) Notwithstanding subsections (b) and (c), the
9 requirement that inquiry into and consideration of a prospective
10 employee's conviction record may take place only after the
11 individual has received a conditional job offer, and the
12 limitation to the most recent seven-year period for felony
13 convictions and the most recent five-year period for misdemeanor
14 convictions, excluding the period of incarceration, shall not
15 apply to employers who are expressly permitted to inquire into
16 an individual's criminal history for employment purposes
17 pursuant to any federal or state law other than subsection (a),
18 including:

- 19 (1) The State or any of its branches, political
20 subdivisions, or agencies pursuant to sections 78-2.7
21 and 831-3.1;

.B. NO.

- 1 (2) The department of education pursuant to section 302A-
- 2 601.5;
- 3 (3) The department of health with respect to employees,
- 4 providers, or subcontractors in positions that place
- 5 them in direct contact with clients when providing
- 6 non-witnessed direct mental health services pursuant
- 7 to section 321-171.5;
- 8 (4) The judiciary pursuant to section 571-34;
- 9 (5) The counties pursuant to section 846-2.7(b) (5), (33),
- 10 (34), (35), (36), and (38);
- 11 (6) Armed security services pursuant to section 261-17(b);
- 12 (7) Providers of a developmental disabilities domiciliary
- 13 home pursuant to section 321-15.2;
- 14 (8) Private schools pursuant to sections 302C-1 and 378-
- 15 3(8);
- 16 (9) Financial institutions in which deposits are insured
- 17 by a federal agency having jurisdiction over the
- 18 financial institution pursuant to section 378-3(9);
- 19 (10) Detective agencies and security guard agencies
- 20 pursuant to sections 463-6(b) and 463-8(b);
- 21 (11) Employers in the business of insurance pursuant to
- 22 section 431:2-201.3;

.B. NO.

- 1 (12) Employers of individuals or supervisors of individuals
2 responsible for screening passengers or property under
3 title 49 United States Code section 44901 or
4 individuals with unescorted access to an aircraft of
5 an air carrier or foreign carrier or in a secured area
6 of an airport in the United States pursuant to title
7 49 United States Code section 44936(a);
- 8 (13) The department of human services pursuant to sections
9 346-97 and 352-5.5;
- 10 (14) The public library system pursuant to section 302A-
11 601.5;
- 12 (15) The department of law enforcement pursuant to section
13 353C-5;
- 14 (16) The board of directors of a cooperative housing
15 corporation or the manager of a cooperative housing
16 project pursuant to section 421I-12;
- 17 (17) The board of directors of an association under chapter
18 514B, or the managing agent or resident manager of a
19 condominium pursuant to section 514B-133;
- 20 (18) The department of health pursuant to section 321-15.2;
21 [and]

.B. NO.

1 (19) The department of corrections and rehabilitation
2 pursuant to section 353-1.5[~~-~~];

3 (20) Cannabis businesses or hemp businesses pursuant to
4 chapter A; and

5 (21) The cannabis control board and Hawaii cannabis
6 authority pursuant to chapter A."

7 SECTION 32. Section 421J-16, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§421J-16 Medical cannabis; discrimination.** A provision
10 in any association document allowing for any of the
11 discriminatory practices listed in section 515-3(a)(1) to (7)
12 against a person residing in a unit who has a valid certificate
13 for the medical use of cannabis as provided in section [~~329-123~~]
14 A-31 in any form is void, unless the association document
15 prohibits the smoking of tobacco and the medical cannabis is
16 used by means of smoking. Nothing in this section shall be
17 construed to diminish the obligation of a planned community
18 association to provide reasonable accommodations for persons
19 with disabilities pursuant to section 515-3(a)(9)."

20 SECTION 33. Section 453-8, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:

.B. NO.

1 "(a) In addition to any other actions authorized by law,
2 any license to practice medicine and surgery may be revoked,
3 limited, or suspended by the board at any time in a proceeding
4 before the board, or may be denied, for any cause authorized by
5 law, including but not limited to the following:

6 (1) Procuring, or aiding or abetting in procuring, an
7 abortion that is unlawful under the laws of this State
8 or that would be unlawful under the laws of this State
9 if performed within this State;

10 (2) Employing any person to solicit patients for one's
11 self;

12 (3) Engaging in false, fraudulent, or deceptive
13 advertising, including but not limited to:

14 (A) Making excessive claims of expertise in one or
15 more medical specialty fields;

16 (B) Assuring a permanent cure for an incurable
17 disease; or

18 (C) Making any untruthful and improbable statement in
19 advertising one's medical or surgical practice or
20 business;

21 (4) Being habituated to the excessive use of drugs or
22 alcohol; or being addicted to, dependent on, or a

.B. NO.

- 1 habitual user of a narcotic, barbiturate, amphetamine,
2 hallucinogen, or other drug having similar effects;
- 3 (5) Practicing medicine while the ability to practice is
4 impaired by alcohol, drugs, physical disability, or
5 mental instability;
- 6 (6) Procuring a license through fraud, misrepresentation,
7 or deceit, or knowingly permitting an unlicensed
8 person to perform activities requiring a license;
- 9 (7) Professional misconduct, hazardous negligence causing
10 bodily injury to another, or manifest incapacity in
11 the practice of medicine or surgery;
- 12 (8) Incompetence or multiple instances of negligence,
13 including but not limited to the consistent use of
14 medical service, which is inappropriate or
15 unnecessary;
- 16 (9) Conduct or practice contrary to recognized standards
17 of ethics of the medical profession as adopted by the
18 Hawaii Medical Association, the American Medical
19 Association, the Hawaii Association of Osteopathic
20 Physicians and Surgeons, or the American Osteopathic
21 Association;

.B. NO.

- 1 (10) Violation of the conditions or limitations upon which
2 a limited or temporary license is issued;
- 3 (11) Revocation, suspension, or other disciplinary action
4 by another state or federal agency of a license,
5 certificate, or medical privilege, except when the
6 revocation, suspension, or other disciplinary action
7 was based on the provision or assistance in receipt or
8 provision of medical, surgical, pharmaceutical,
9 counseling, or referral services relating to the human
10 reproductive system, including but not limited to
11 services relating to pregnancy, contraception, or the
12 termination of a pregnancy, so long as the provision
13 or assistance in receipt or provision of the services
14 was in accordance with the laws of this State or would
15 have been in accordance with the laws of this State if
16 it occurred within this State;
- 17 (12) Conviction, whether by nolo contendere or otherwise,
18 of a penal offense substantially related to the
19 qualifications, functions, or duties of a physician or
20 osteopathic physician, notwithstanding any statutory
21 provision to the contrary, except when the conviction
22 was based on the provision or assistance in receipt or

.B. NO.

1 provision of medical, surgical, pharmaceutical,
2 counseling, or referral services relating to the human
3 reproductive system, including but not limited to
4 services relating to pregnancy, contraception, or the
5 termination of a pregnancy, so long as the provision
6 or assistance in receipt or provision of the services
7 was in accordance with the laws of this State or would
8 have been in accordance with the laws of this State if
9 it occurred within this State;

10 (13) Violation of chapter 329, the uniform controlled
11 substances act, or any rule adopted thereunder except
12 as provided in section [~~329-122;~~] A-34;

13 (14) Failure to report to the board, in writing, any
14 disciplinary decision issued against the licensee or
15 the applicant in another jurisdiction within thirty
16 days after the disciplinary decision is issued; or

17 (15) Submitting to or filing with the board any notice,
18 statement, or other document required under this
19 chapter, which is false or untrue or contains any
20 material misstatement or omission of fact."

21 SECTION 34. Section 457-12, Hawaii Revised Statutes, is
22 amended by amending subsection (a) to read as follows:

.B. NO.

1 "(a) In addition to any other actions authorized by law,
2 the board shall have the power to deny, revoke, limit, or
3 suspend any license to practice nursing as a registered nurse or
4 as a licensed practical nurse applied for or issued by the board
5 in accordance with this chapter, and to fine or to otherwise
6 discipline a licensee for any cause authorized by law, including
7 but not limited to the following:

- 8 (1) Fraud or deceit in procuring or attempting to procure
9 a license to practice nursing as a registered nurse or
10 as a licensed practical nurse;
- 11 (2) Gross immorality;
- 12 (3) Unfitness or incompetence by reason of negligence,
13 habits, or other causes;
- 14 (4) Habitual intemperance, addiction to, or dependency on
15 alcohol or other habit-forming substances;
- 16 (5) Mental incompetence;
- 17 (6) Unprofessional conduct as defined by the board in
18 accordance with its own rules;
- 19 (7) Wilful or repeated violation of any of the provisions
20 of this chapter or any rule adopted by the board;
- 21 (8) Revocation, suspension, limitation, or other
22 disciplinary action by another state of a nursing

.B. NO.

1 license, except when the revocation, suspension,
2 limitation, or other disciplinary action by another
3 state was based on the provision or assistance in
4 receipt or provision of medical, surgical,
5 pharmaceutical, counseling, or referral services
6 relating to the human reproductive system, including
7 but not limited to services relating to pregnancy,
8 contraception, or the termination of a pregnancy, so
9 long as the provision or assistance in receipt or
10 provision of the services was in accordance with the
11 laws of this State or would have been in accordance
12 with the laws of this State if it occurred within this
13 State;

14 (9) Conviction, whether by nolo contendere or otherwise,
15 of a penal offense substantially related to the
16 qualifications, functions, or duties of a nurse,
17 notwithstanding any statutory provision to the
18 contrary, except when the conviction was based on the
19 provision or assistance in receipt or provision of
20 medical, surgical, pharmaceutical, counseling, or
21 referral services relating to the human reproductive
22 system, including but not limited to services relating

.B. NO.

1 to pregnancy, contraception, or the termination of a
2 pregnancy, so long as the provision or assistance in
3 receipt or provision of the services was in accordance
4 with the laws of this State or would have been in
5 accordance with the laws of this State if it occurred
6 within this State;

7 (10) Failure to report to the board any disciplinary action
8 taken against the licensee in another jurisdiction
9 within thirty days after the disciplinary action
10 becomes final;

11 (11) 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 of fact, including a false
15 attestation of compliance with continuing competency
16 requirements;

17 (12) Violation of the conditions or limitations upon which
18 any license is issued; or

19 (13) Violation of chapter 329, the uniform controlled
20 substances act, or any rule adopted thereunder except
21 as provided in section ~~[329-122.]~~ A-34."

.B. NO.

1 SECTION 35. Section 514B-113, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§514B-113 Medical cannabis; discrimination.** A provision
4 in any articles of incorporation, declaration, bylaws,
5 administrative rules, house rules, or association documents of a
6 condominium allowing for any of the discriminatory practices
7 listed in section 515-3(a)(1) to (7) against a person residing
8 in a unit who has a valid certificate for the medical use of
9 cannabis as provided in section [~~329-123~~] A-31 in any form is
10 void, unless the documents prohibit the smoking of tobacco and
11 the medical cannabis is used by means of smoking. Nothing in
12 this section shall be construed to diminish the obligation of a
13 condominium association to provide reasonable accommodations for
14 persons with disabilities pursuant to section 515-3(a)(9)."

15 SECTION 36. Section 521-39, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§521-39 Medical cannabis; tenant use; eviction.** A
18 provision in a rental agreement allowing for eviction of a
19 tenant who has a valid certificate for the medical use of
20 cannabis as provided in section [~~329-123~~] A-31 in any form is
21 void, unless the rental agreement allows for eviction for
22 smoking tobacco and the medical cannabis is used by means of

.B. NO.

1 smoking; provided that this section shall not apply where the
2 articles of incorporation, declaration, bylaws, administrative
3 rules, house rules, association documents, or a similar document
4 of a condominium property regime or planned community
5 association prohibits the medical use of cannabis."

6 SECTION 37. Section 709-903.5, Hawaii Revised Statutes, is
7 amended by amending subsection (1) to read as follows:

8 "(1) Except as provided in subsection (2), a person
9 commits the offense of endangering the welfare of a minor in the
10 first degree if, having care or custody of a minor, the person:

11 (a) Intentionally or knowingly allows another person to
12 inflict serious or substantial bodily injury on the
13 minor; or

14 (b) Intentionally or knowingly causes or permits the minor
15 to inject, ingest, inhale, or otherwise introduce into
16 the minor's body any controlled substance listed in
17 sections 329-14, 329-16, 329-18, and 329-20 that has
18 not been prescribed by a physician for the minor,
19 except as permitted under [~~section 329-122.~~] chapter
20 A."

21 SECTION 38. Section 709-904, Hawaii Revised Statutes, is
22 amended by amending subsection (1) to read as follows:

.B. NO.

1 "(1) Except as provided in section 709-903.5(2), a person
2 commits the offense of endangering the welfare of a minor in the
3 second degree if, having care or custody of a minor, the person:

4 (a) Recklessly allows another person to inflict serious or
5 substantial bodily injury on the minor; or

6 (b) Recklessly causes or permits the minor to inject,
7 ingest, inhale, or otherwise introduce into the
8 minor's body any controlled substance listed in
9 sections 329-14, 329-16, 329-18, and 329-20 that has
10 not been prescribed by a physician for the minor,
11 except as permitted under [~~section 329-122.~~] chapter
12 A. This subsection shall not apply to nursing mothers
13 who may cause the ingestion or introduction of
14 detectable amounts of any controlled substance listed
15 in sections 329-14, 329-16, 329-18, and 329-20 to
16 their minor children through breastfeeding."

17 SECTION 39. Section 712-1240.1, Hawaii Revised Statutes,
18 is amended by amending subsection (2) to read as follows:

19 "(2) It is an affirmative defense to prosecution for any
20 marijuana-related offense defined in this part that the person
21 who possessed or distributed the marijuana was authorized to

.B. NO.

1 possess or distribute the marijuana [~~for medical purposes~~
2 ~~pursuant to part IX of chapter 329.~~] pursuant to chapter A."

3 SECTION 40. Section 712-1244, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§712-1244 Promoting a harmful drug in the first degree.**

6 (1) A person commits the offense of promoting a harmful drug in
7 the first degree if the person knowingly:

8 (a) Possesses one hundred or more capsules or tablets or
9 dosage units containing one or more of the harmful
10 drugs or one or more of the marijuana concentrates, or
11 any combination thereof;

12 (b) Possesses one or more preparations, compounds,
13 mixtures, or substances, of an aggregate weight of one
14 ounce or more containing one or more of the harmful
15 drugs or one or more of the marijuana concentrates, or
16 any combination thereof;

17 (c) Distributes twenty-five or more capsules or tablets or
18 dosage units containing one or more of the harmful
19 drugs or one or more of the marijuana concentrates, or
20 any combination thereof;

21 (d) Distributes one or more preparations, compounds,
22 mixtures, or substances, of an aggregate weight of

.B. NO.

1 one-eighth ounce or more, containing one or more of
2 the harmful drugs or one or more of the marijuana
3 concentrates, or any combination thereof; [~~or~~]

4 (e) Distributes any harmful drug [~~or any marijuana~~
5 concentrate] in any amount to a minor[~~or~~]; or

6 (f) Distributes any marijuana concentrate in any amount to
7 a person under the age of twenty-one.

8 (2) Promoting a harmful drug in the first degree is a
9 class A felony."

10 SECTION 41. Section 712-1249, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§712-1249 Promoting a detrimental drug in the third**

13 **degree.** (1) A person commits the offense of promoting a
14 detrimental drug in the third degree if the person knowingly
15 possesses any marijuana or any Schedule V substance in any
16 amount.

17 (2) Promoting a detrimental drug in the third degree is a
18 petty misdemeanor; provided that possession by a person twenty-
19 one years old or older of three grams or less of marijuana is a
20 violation, punishable by a fine of \$130.

.B. NO.

1 (3) Any person under age eighteen who violates this
2 section shall be subject to the jurisdiction of the family
3 court.

4 (4) Whenever any person is charged with a violation of
5 this section based on the possession of three grams or less of
6 marijuana and the person was under twenty-one years of age at
7 the time of the offense, the court, without entering a judgment
8 of guilt or adjudication of the matter and with the consent of
9 the accused, may defer further proceedings and place the accused
10 on probation upon terms and conditions. Upon a violation of a
11 term or condition of probation, the court may enter an
12 adjudication of guilt or law violation and proceed as otherwise
13 provided. In cases in which the court has deferred further
14 proceedings:

15 (a) The court shall order as a term of probation that the
16 person complete a drug education program or substance
17 abuse assessment or substance abuse treatment.

18 (b) Upon fulfillment of the terms and conditions ordered
19 by the court, the court shall discharge and dismiss
20 the proceedings against the person.

21 (c) Discharge and dismissal under this section shall be
22 without adjudication of guilt or law violation and is

.B. NO.

1 not a conviction for purposes of this section or for
2 purposes of disqualifications or disabilities imposed
3 by law upon conviction of a crime.

4 (5) Upon the dismissal of such person and discharge of the
5 proceeding against the person pursuant to subsection (4), the
6 person may apply to the court for an order to expunge from all
7 official records all recordation relating to the person's
8 arrest, indictment, complaint, information, trial, adjudication,
9 finding of guilt, and dismissal and discharge pursuant to this
10 section.

11 (a) If the court determines, after hearing, that such
12 person was dismissed and the proceedings against the
13 person discharged and that the person was under
14 twenty-one years of age at the time of the offense, it
15 shall enter such order.

16 (b) The effect of such order shall be to restore such
17 person, in the contemplation of the law, to the status
18 the person occupied before such arrest, indictment,
19 complaint, or information.

20 (c) No person as to whom such order has been entered shall
21 be held thereafter under any provision of any law to
22 be guilty of perjury or otherwise giving a false

.B. NO.

1 statement by reason of the person's failures to recite
2 or acknowledge such arrest, indictment, complaint,
3 information, trial, adjudication, finding of guilt,
4 and dismissal and discharge in response to any inquiry
5 made of the person for any purpose.

6 (6) Nothing contained in subsections (4) and (5) shall
7 prohibit a person from seeking a conditional discharge pursuant
8 to section 712-1255, or a deferral of the person's plea pursuant
9 to section 853-1."

10 SECTION 42. Section 712-1249.5, Hawaii Revised Statutes,
11 is amended by amending subsection (1) to read as follows:

12 "(1) A person commits the offense of commercial promotion
13 of marijuana in the second degree if the person knowingly:

14 (a) Possesses marijuana having an aggregate weight of two
15 pounds or more;

16 (b) Distributes marijuana having an aggregate weight of
17 one pound or more;

18 (c) Possesses, cultivates, or has under the person's
19 control fifty or more marijuana plants;

20 (d) Cultivates on land owned by another person, including
21 land owned by the government or other legal entity,
22 any marijuana plant, unless the person has the express

.B. NO.

1 permission from the owner of the land to cultivate the
2 marijuana or the person has a legal or an equitable
3 ownership interest in the land or the person has a
4 legal right to occupy the land; [~~or~~]

5 (e) Sells or barter[s] [~~any marijuana or~~] any Schedule V
6 substance in any amount to a minor[~~er~~]; or

7 (f) Distributes any marijuana in any amount to a person
8 who is less than twenty-one years old."

9 SECTION 43. Section 712-1252, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§712-1252 Knowledge of character, nature, or quantity of**
12 **substance, or age of transferee; prima facie evidence.** (1) The
13 fact that a person engaged in the conduct specified by any
14 section in this part is prima facie evidence that the person
15 engaged in that conduct with knowledge of the character, nature,
16 and quantity of the dangerous drug, harmful drug, detrimental
17 drug, or intoxicating compounds possessed, distributed, or sold.

18 (2) The fact that the defendant distributed or sold a
19 dangerous drug, harmful drug, detrimental drug, or intoxicating
20 compound to a minor is prima facie evidence that the defendant
21 knew the transferee to be a minor.

.B.NO.

1 (3) The fact that the defendant distributed or sold
2 marijuana or marijuana concentrate to a person who is less than
3 twenty-one years old is prima facie evidence that the defendant
4 knew the transferee to be a person who is less than twenty-one
5 years old."

6 SECTION 44. Section 712A-4, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "**§712A-4 Covered offenses.** Offenses for which property is
9 subject to forfeiture under this chapter are:

- 10 (a) All offenses that specifically authorize forfeiture;
- 11 (b) Murder; kidnapping; labor trafficking; unlicensed sale
12 of liquor; unlicensed manufacture of liquor; gambling;
13 criminal property damage; robbery; bribery; extortion;
14 theft; unauthorized entry into motor vehicle;
15 burglary; money laundering; trademark counterfeiting;
16 insurance fraud; promoting a dangerous, harmful, or
17 detrimental drug; commercial promotion of marijuana;
18 methamphetamine trafficking; manufacturing of a
19 controlled substance with a child present; promoting
20 child abuse; promoting prostitution; sex trafficking;
21 commercial sexual exploitation of a minor; habitual
22 commercial sexual exploitation; or electronic

.B. NO.

1 enticement of a child that is chargeable as a felony
2 offense under state law;

3 (c) The manufacture, sale, or distribution of a controlled
4 substance in violation of chapter 329, promoting
5 detrimental drugs or intoxicating compounds, promoting
6 pornography, promoting pornography for minors, or
7 commercial sexual exploitation near schools or public
8 parks, which is chargeable as a felony or misdemeanor
9 offense, but not as a petty misdemeanor, under state
10 law; provided that the activities authorized under
11 chapter A shall not be subject to forfeiture under
12 this chapter; and

13 (d) The attempt, conspiracy, solicitation, coercion, or
14 intimidation of another to commit any offense for
15 which property is subject to forfeiture."

16 SECTION 45. Section 846-2.7, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Criminal history record checks may be conducted by:

19 (1) The department of health or its designee on operators
20 of adult foster homes for individuals with
21 developmental disabilities or developmental

.B. NO.

1 disabilities domiciliary homes and their employees, as
2 provided by section 321-15.2;

3 (2) The department of health or its designee on
4 prospective employees, persons seeking to serve as
5 providers, or subcontractors in positions that place
6 them in direct contact with clients when providing
7 non-witnessed direct mental health or health care
8 services as provided by section 321-171.5;

9 (3) The department of health or its designee on all
10 applicants for licensure or certification for,
11 operators for, prospective employees, adult
12 volunteers, and all adults, except adults in care, at
13 healthcare facilities as defined in section 321-15.2

14 (4) The department of education on employees, prospective
15 employees, and teacher trainees in any public school
16 in positions that necessitate close proximity to
17 children as provided by section 302A-601.5;

18 (5) The counties on employees and prospective employees
19 who may be in positions that place them in close
20 proximity to children in recreation or child care
21 programs and services;

.B. NO.

- 1 (6) The county liquor commissions on applicants for liquor
2 licenses as provided by section 281-53.5;
- 3 (7) The county liquor commissions on employees and
4 prospective employees involved in liquor
5 administration, law enforcement, and liquor control
6 investigations;
- 7 (8) The department of human services on operators and
8 employees of child caring institutions, child placing
9 organizations, and resource family homes as provided
10 by section 346-17;
- 11 (9) The department of human services on prospective
12 adoptive parents as established under section 346-
13 19.7;
- 14 (10) The department of human services or its designee on
15 applicants to operate child care facilities, household
16 members of the applicant, prospective employees of the
17 applicant, and new employees and household members of
18 the provider after registration or licensure as
19 provided by section 346-154, and persons subject to
20 section 346-152.5;
- 21 (11) The department of human services on persons exempt
22 pursuant to section 346-152 to be eligible to provide

.B. NO.

- 1 child care and receive child care subsidies as
2 provided by section 346-152.5;
- 3 (12) The department of health on operators and employees of
4 home and community-based case management agencies and
5 operators and other adults, except for adults in care,
6 residing in community care foster family homes as
7 provided by section 321-15.2;
- 8 (13) The department of human services on staff members of
9 the Hawaii youth correctional facility as provided by
10 section 352-5.5;
- 11 (14) The department of human services on employees,
12 prospective employees, and volunteers of contracted
13 providers and subcontractors in positions that place
14 them in close proximity to youth when providing
15 services on behalf of the office or the Hawaii youth
16 correctional facility as provided by section 352D-4.3;
- 17 (15) The judiciary on employees and applicants at detention
18 and shelter facilities as provided by section 571-34
- 19 (16) The department of corrections and rehabilitation on
20 employees and prospective employees who are directly
21 involved with the treatment and care of persons
22 committed to a correctional facility as provided by

.B. NO.

1 section 353-1.5 and the department of law enforcement
2 on employees and prospective employees whose duties
3 involve or may involve the exercise of police powers
4 including the power of arrest as provided by section
5 353C-5;

6 (17) The board of private detectives and guards on
7 applicants for private detective or private guard
8 licensure as provided by section 463-9;

9 (18) Private schools and designated organizations on
10 employees and prospective employees who may be in
11 positions that necessitate close proximity to
12 children; provided that private schools and designated
13 organizations receive only indications of the states
14 from which the national criminal history record
15 information was provided pursuant to section 302C-1;

16 (19) The public library system on employees and prospective
17 employees whose positions place them in close
18 proximity to children as provided by section 302A-
19 601.5;

20 (20) The State or any of its branches, political
21 subdivisions, or agencies on applicants and employees
22 holding a position that has the same type of contact

.B. NO.

1 with children, vulnerable adults, or persons committed
2 to a correctional facility as other public employees
3 who hold positions that are authorized by law to
4 require criminal history record checks as a condition
5 of employment as provided by section 78-2.7;

6 (21) The department of health on licensed adult day care
7 center operators, employees, new employees,
8 subcontracted service providers and their employees,
9 and adult volunteers as provided by section 321-15.2;

10 (22) The department of human services on purchase of
11 service contracted and subcontracted service providers
12 and their employees and volunteers, as provided by
13 sections 346-2.5 and 346-97;

14 (23) The department of human services on foster grandparent
15 program, senior companion program, and respite
16 companion program participants as provided by section
17 346-97;

18 (24) The department of human services on contracted and
19 subcontracted service providers and their current and
20 prospective employees that provide home and community-
21 based services under section 1915(c) of the Social
22 Security Act, title 42 United States Code section

.B. NO.

1 1396n(c), or under any other applicable section or
2 sections of the Social Security Act for the purposes
3 of providing home and community-based services, as
4 provided by section 346-97;

5 (25) The department of commerce and consumer affairs on
6 proposed directors and executive officers of a bank,
7 savings bank, savings and loan association, trust
8 company, and depository financial services loan
9 company as provided by section 412:3-201;

10 (26) The department of commerce and consumer affairs on
11 proposed directors and executive officers of a
12 nondepository financial services loan company as
13 provided by section 412:3-301;

14 (27) The department of commerce and consumer affairs on the
15 original chartering applicants and proposed executive
16 officers of a credit union as provided by section
17 412:10-103;

18 (28) The department of commerce and consumer affairs on:

19 (A) Each principal of every non-corporate applicant
20 for a money transmitter license;

.B. NO.

1 (B) Each person who upon approval of an application
2 by a corporate applicant for a money transmitter
3 license will be a principal of the licensee; and

4 (C) Each person who upon approval of an application
5 requesting approval of a proposed change in
6 control of licensee will be a principal of the
7 licensee,

8 as provided by sections 489D-9 and 489D-15;

9 (29) The department of commerce and consumer affairs on
10 applicants for licensure and persons licensed under
11 title 24;

12 (30) The Hawaii health systems corporation on:

13 (A) Employees;

14 (B) Applicants seeking employment;

15 (C) Current or prospective members of the corporation
16 board or regional system board; or

17 (D) Current or prospective volunteers, providers, or
18 contractors,

19 in any of the corporation's health facilities as
20 provided by section 323F-5.5;

21 (31) The department of commerce and consumer affairs on:

.B. NO.

- 1 (A) An applicant for a mortgage loan originator
- 2 license, or license renewal; and
- 3 (B) Each control person, executive officer, director,
- 4 general partner, and managing member of an
- 5 applicant for a mortgage loan originator company
- 6 license or license renewal,
- 7 as provided by chapter 454F;
- 8 (32) The state public charter school commission or public
- 9 charter schools on employees, teacher trainees,
- 10 prospective employees, and prospective teacher
- 11 trainees in any public charter school for any position
- 12 that places them in close proximity to children, as
- 13 provided in section 302D-33;
- 14 (33) The counties on prospective employees who work with
- 15 children, vulnerable adults, or senior citizens in
- 16 community-based programs;
- 17 (34) The counties on prospective employees for fire
- 18 department positions that involve contact with
- 19 children or vulnerable adults;
- 20 (35) The counties on prospective employees for emergency
- 21 medical services positions that involve contact with
- 22 children or vulnerable adults;

.B. NO.

- 1 (36) The counties on prospective employees for emergency
2 management positions and community volunteers whose
3 responsibilities involve planning and executing
4 homeland security measures including viewing,
5 handling, and engaging in law enforcement or
6 classified meetings and assisting vulnerable citizens
7 during emergencies or crises;
- 8 (37) The State and counties on employees, prospective
9 employees, volunteers, and contractors whose position
10 responsibilities require unescorted access to secured
11 areas and equipment related to a traffic management
12 center;
- 13 (38) The State and counties on employees and prospective
14 employees whose positions involve the handling or use
15 of firearms for other than law enforcement purposes;
- 16 (39) The State and counties on current and prospective
17 systems analysts and others involved in an agency's
18 information technology operation whose position
19 responsibilities provide them with access to
20 proprietary, confidential, or sensitive information;
- 21 (40) The department of commerce and consumer affairs on:

.B. NO.

- 1 (A) Applicants for real estate appraiser licensure or
2 certification as provided by chapter 466K;
- 3 (B) Each person who owns more than ten per cent of an
4 appraisal management company who is applying for
5 registration as an appraisal management company,
6 as provided by section 466L-7; and
- 7 (C) Each of the controlling persons of an applicant
8 for registration as an appraisal management
9 company, as provided by section 466L-7;
- 10 (41) The [~~department of health~~] Hawaii cannabis authority
11 or its designee on all license applicants, licensees,
12 current or prospective employees, and current or
13 prospective contractors[~~, and prospective employees of~~
14 ~~medical cannabis dispensaries, and~~] of cannabis
15 businesses and hemp businesses, as defined in section
16 A-3, individuals permitted to enter and remain in
17 [~~medical cannabis dispensary facilities~~] the
18 restricted areas of a cannabis business or hemp
19 business as provided under [~~sections 329D-15(a)(4) and~~
20 ~~329D-16(a)(3);~~] section A-62, members of the cannabis
21 control board, and current or prospective employees
22 and current or prospective contractors and

.B. NO.

1 subcontractors of the Hawaii cannabis authority
2 involved in cannabis administration, cannabis
3 regulation investigation and enforcement, or law
4 enforcement;

5 (42) The department of commerce and consumer affairs on
6 applicants for nurse licensure or license renewal,
7 reactivation, or restoration as provided by sections
8 457-7, 457-8, 457-8.5, and 457-9;

9 (43) The county police departments on applicants for
10 permits to acquire firearms pursuant to section 134-2,
11 on individuals registering their firearms pursuant to
12 section 134-3, and on applicants for new or renewed
13 licenses to carry a pistol or revolver and ammunition
14 pursuant to section 134-9;

15 (44) The department of commerce and consumer affairs on:

16 (A) Each of the controlling persons of the applicant
17 for licensure as an escrow depository, and each
18 of the officers, directors, and principals who
19 will be in charge of the escrow depository's
20 activities upon licensure; and

21 (B) Each of the controlling persons of an applicant
22 for proposed change in control of an escrow

.B. NO.

1 depository licensee, and each of the officers,
2 directors, and principals who will be in charge
3 of the licensee's activities upon approval of the
4 application,

5 as provided by chapter 449;

6 (45) The department of taxation on current or prospective
7 employees or contractors who have access to federal
8 tax information in order to comply with requirements
9 of federal law, regulation, or procedure, as provided
10 by section 231-1.6;

11 (46) The department of labor and industrial relations on
12 current or prospective employees or contractors who
13 have access to federal tax information in order to
14 comply with requirements of federal law, regulation,
15 or procedure, as provided by section 383-110;

16 (47) The department of human services on current or
17 prospective employees or contractors who have access
18 to federal tax information in order to comply with
19 requirements of federal law, regulation, or procedure,
20 and on current or prospective employees, volunteers,
21 contractors, or contractors' employees or volunteers,
22 subcontractors, or subcontractors' employees or

.B. NO.

1 volunteers, whose position places or would place them
2 in close proximity to minors, young adults, or
3 vulnerable adults, as provided by section 346-2.5;

4 (48) The child support enforcement agency on current or
5 prospective employees, or contractors who have access
6 to federal tax information in order to comply with
7 federal law, regulation, or procedure, as provided by
8 section 576D-11.5;

9 (49) The department of the attorney general on current or
10 prospective employees or employees or agents of
11 contractors who have access to federal tax information
12 to comply with requirements of federal law,
13 regulation, or procedure, as provided by section 28-
14 17;

15 (50) The department of commerce and consumer affairs on
16 each control person, executive officer, director,
17 general partner, and managing member of an installment
18 loan licensee, or an applicant for an installment loan
19 license, as provided in chapter 480J;

20 (51) The University of Hawaii on current and prospective
21 employees and contractors whose duties include

.B.NO.

1 SECTION 49. 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 50. (a) Each existing medical cannabis dispensary
6 whose license remains effective pursuant to section 49 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 dispensary licenses, in accordance with chapter
15 A and rules adopted thereunder.

16 (b) To convert an existing medical cannabis dispensary
17 license into a license or licenses under chapter A, prior to the
18 expiration of the existing license, but no later than October 1,
19 2025, the existing medical cannabis dispensary shall apply to
20 the authority, on forms prescribed by the authority, and must
21 establish to the authority's satisfaction:

.B. NO.

- 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 ten per cent of the total gross
19 revenue of the business in 2023; provided that the amount of the
20 conversion fee shall be no less than \$100,000 and no more than
21 \$2,000,000. The one-time conversion fee may be paid in separate
22 installments; provided that it be paid in full on or before

.B. NO.

1 January 1, 2026. If the conversion fee is not paid by January
2 1, 2026, any license held by the licensee shall be subject to
3 revocation in accordance with chapter A and rules adopted
4 thereunder.

5 (d) The authority shall audit the existing medical
6 cannabis dispensary ownership to ensure compliance with the
7 ownership restrictions in chapter A.

8 (e) Upon full or partial payment of the conversion fee,
9 and a complete and valid conversion application, the authority
10 shall issue licenses under chapter A for the premises and
11 operations of the existing medical cannabis dispensary that have
12 been approved for conversion by the authority. The converted
13 licenses shall be issued no later than January 1, 2025.

14 SECTION 51. All functions of the department of health
15 office of cannabis control and regulation shall be transferred
16 to the Hawaii cannabis authority. All employees who occupy
17 civil service positions and whose functions are transferred by
18 this Act shall retain their civil service status (permanent or
19 temporary). Employees shall be transferred without loss of
20 salary, seniority (except as prescribed by collective bargaining
21 agreements), retention points, prior service credit, any
22 vacation and sick leave credits previously earned, and other

.B. NO.

1 rights, benefits, and privileges, in accordance with state
2 personnel laws and this Act; provided that the employees possess
3 the minimum qualifications and public employment requirements
4 for the class or position to which transferred or appointed, as
5 applicable; provided further that subsequent changes in status
6 may be made pursuant to applicable civil service and
7 compensation laws.

8 Any employee who, before this Act, is exempt from civil
9 service and is transferred as a consequence of this Act may
10 continue to retain the employee's exempt status but shall not be
11 appointed to a civil service position because of this Act. An
12 exempt employee who is transferred by this Act shall not suffer
13 any loss of prior service credit, any vacation and sick leave
14 credits previously earned, or other employee benefits or
15 privileges as a consequence of this Act; provided that the
16 employee possesses legal and public employment requirements for
17 the position to which transferred or appointed, as applicable;
18 provided further that subsequent changes in status may be made
19 pursuant to applicable employment and compensation laws. The
20 Hawaii cannabis authority to which the employee is transferred
21 may prescribe the duties and qualifications of the employees and

.B. NO.

1 fix their salaries without regard to chapter 76, Hawaii Revised
2 Statutes.

3 SECTION 52. All leases, contracts, loans, agreements,
4 permits, or other documents executed or entered into by or on
5 behalf of the department of health or the department of
6 agriculture pursuant to the provisions of the Hawaii Revised
7 Statutes that are reenacted or made applicable to the Hawaii
8 cannabis authority by this Act shall remain in full force and
9 effect. On the effective date of this Act, every reference to
10 the department of health or the director of health or the
11 department of agriculture or the chairperson of agriculture in
12 those leases, contracts, loans, agreements, permits, or other
13 documents shall be construed as a reference to the Hawaii
14 cannabis authority or the executive director of the Hawaii
15 cannabis authority, as appropriate.

16 SECTION 53. All appropriations, records, equipment,
17 machines, files, supplies, contracts, books, papers, documents,
18 maps, and other personal property heretofore made, used,
19 acquired, or held by the department of health and the department
20 of agriculture relating to the functions transferred to the
21 Hawaii cannabis authority shall be transferred with the
22 functions to which they relate.

.B. NO.

1 SECTION 54. All rules, policies, procedures, guidelines,
2 and other material adopted or developed by the department of
3 health or the department of agriculture to implement provisions
4 of the Hawaii Revised Statutes that are reenacted or made
5 applicable to the cannabis control board, the executive director
6 of the Hawaii cannabis authority, or the Hawaii cannabis
7 authority by this Act, as appropriate, shall remain in full
8 force and effect until amended or repealed by the Hawaii
9 cannabis control board pursuant to chapter 91, Hawaii Revised
10 Statutes. In the interim, every reference to the department of
11 health or the director of health or the department of
12 agriculture or the chairperson of agriculture in those rules,
13 policies, procedures, guidelines, and other material is amended
14 to refer to the cannabis control board, the executive director
15 of the Hawaii cannabis authority, or the Hawaii cannabis
16 authority, as appropriate.

17 SECTION 55. The right of appeal from administrative
18 actions or determinations as provided by law shall not be
19 impaired by this Act. Except as otherwise provided by this Act,
20 whenever a right of appeal from administrative actions or
21 determinations is provided by law to or from any officer, board,
22 department, bureau, commission, administrative agency, or

.B. NO.

1 instrumentality of the State that, or any of the programs of
2 which, is transferred by this Act to the cannabis control board,
3 the executive director of the Hawaii cannabis authority, or the
4 Hawaii cannabis authority, as the case may be, the right of
5 appeal shall lie to or from the cannabis control board, the
6 executive director of the Hawaii cannabis authority, or the
7 Hawaii cannabis authority, as the case may be, when the transfer
8 is made. The right of appeal shall exist to the same extent and
9 in accordance with the applicable procedures that are in effect
10 immediately before the effective date of the applicable part.

11 If the provisions of the preceding paragraph relating to
12 appeals cannot be effected by reason of abolishment, splitting,
13 or shifting of functions or otherwise, the right of appeal shall
14 lie to the circuit court of the State pursuant to the Hawaii
15 rules of civil procedure.

16 SECTION 56. Notwithstanding any other provision of law to
17 the contrary, from the effective date of this Act to December
18 31, 2027, the Hawaii cannabis authority is exempt from
19 procurement requirements under chapter 103D if the procurement
20 is for:

- 21 (1) Banking services for the Hawaii cannabis authority to
22 collect fees 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;
- 7 (4) A consultant to support the Hawaii cannabis authority
- 8 to draft rules to implement this chapter;
- 9 (5) A consultant to provide technical assistance to grant
- 10 recipients of the cannabis social equity program;
- 11 (6) Communication services for public and consumer
- 12 education campaigns on cannabis laws and rules and
- 13 potential health and safety risks associated with
- 14 cannabis use; and
- 15 (7) Establishing a state cannabis testing facility.

16 SECTION 57. The following positions are established within
17 the Hawaii cannabis agency:

- 18 (1) Executive director;
- 19 (2) Executive secretary to the director;
- 20 (3) Chief financial officer;
- 21 (4) Chief equity officer;
- 22 (5) General counsel;

.B. NO.

1 (6) Chief public health and environment officer;

2 (7) Chief technology officer; and

3 (8) Chief compliance officer.

4 SECTION 58. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$[RESERVED] or so
6 much thereof as may be necessary for fiscal year 2024-2025 for
7 the hiring and filling of the positions within the Hawaii
8 cannabis authority established by this Act, and other associated
9 administrative costs.

10 The sum appropriated shall be expended by the Hawaii
11 cannabis authority for the purpose of this Act.

12 SECTION 59. The following positions are established within
13 the department of taxation: (1) seven full-time equivalent (7
14 FTE) xxxxx positions within the department to process cannabis
15 tax applications, implement the allocation of cannabis tax funds
16 to the appropriate funds, and assist with audits related to the
17 cannabis tax pursuant to part III of this Act; and (2) three
18 full-time equivalent (3 FTE) positions to serve as
19 administrative support to the department in implementing part
20 III of this Act. In filling these positions, the director of
21 taxation may appoint a cannabis tax administrator, and cannabis
22 tax specialists as necessary to assist the cannabis tax

.B. NO.

1 administrator. The cannabis tax administrator and cannabis tax
2 specialists shall be exempt from chapter 76.

3 SECTION 60. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$1,420,000 or so much
5 thereof as may be necessary for fiscal year 2024-2025 for the
6 department of taxation to carry out part III of this chapter,
7 including the hiring and filling of positions within the
8 department established by this Act, and other associated
9 administrative costs.

10 The sum appropriated shall be expended by the department of
11 taxation for the purposes of this Act.

12 SECTION 61. The following positions are established within
13 the department of law enforcement: (1) fourteen full-time
14 equivalent (14 FTE) xxxxx positions within the department to
15 [position description] for the cannabis enforcement unit
16 pursuant to part II of this Act; and (2) three full-time
17 equivalent (3 FTE) positions to serve as administrative support
18 to the department in implementing part II of this Act.

19 SECTION 62. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$[RESERVED] or so
21 much thereof as may be necessary for fiscal year 2024-2025 for
22 the department of law enforcement to carry out the purposes of

.B. NO.

1 this Act, including the hiring and filling of positions within
2 the department established by this Act, and other associated
3 administrative costs.

4 The sum appropriated shall be expended by the department of
5 law enforcement for the purposes of this Act.

6 SECTION 63. 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 regulation special fund.

10 SECTION 64. There is appropriated out of the cannabis
11 regulation 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 administration and enforcement of the Hawaii cannabis law by the
14 Hawaii cannabis authority.

15 The sum appropriated shall be expended by the Hawaii
16 cannabis authority for the purposes of this Act.

17 SECTION 65. 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 cannabis social equity special fund.

21 SECTION 66. There is appropriated out of the cannabis
22 social equity 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 implementation and administration of the cannabis social equity
3 program.

4 The sum appropriated shall be expended by the Hawaii
5 cannabis authority for the purposes of this Act.

6 SECTION 67. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$5,000,000 or so much
8 thereof as may be necessary for fiscal year 2024-2025 to be
9 deposited into the public health and education special fund.

10 SECTION 68. There is appropriated out of the public health
11 and education special fund the sum of \$5,000,000 or so much
12 thereof as may be necessary for fiscal year 2024-2025 for the
13 purposes of this Act.

14 The sum appropriated shall be expended by the Hawaii
15 cannabis authority for the administration and implementation of
16 the cannabis public health and education program.

17 SECTION 69. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of [RESERVED] or so much
19 thereof as may be necessary for fiscal year 2024-2025 to be
20 deposited into the cannabis law enforcement special fund.

21 SECTION 70. There is appropriated out of the cannabis law
22 enforcement special fund the sum of [RESERVED] or so much

.B. NO.

1 thereof as may be necessary for fiscal year 2024-2025 for the
2 implementation and administration of the cannabis enforcement
3 unit.

4 The sum appropriated shall be expended by the department of
5 law enforcement for the purposes of this Act.

6 SECTION 71. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$5,000,000 or so much
8 thereof as may be necessary for fiscal year 2024-2025 for the
9 purposes of establishing a state cannabis testing facility
10 within the Hawaii cannabis authority.

11 The sum appropriated shall be expended by the Hawaii
12 cannabis authority for the purposes of this Act.

13 SECTION 72. The appropriations made by this Act shall not
14 lapse at the end of the fiscal biennium for which the
15 appropriations are made; provided that all moneys from the
16 appropriations unencumbered as of June 30, 2026, shall lapse as
17 of that date.

18 SECTION 73. On the effective date of this Act, all
19 unencumbered balances remaining in the accounts and funds
20 repealed by this Act shall lapse to the credit of the cannabis
21 regulation special fund.

.B. NO.

1 SECTION 74. This Act shall not be applied to impair any
2 contract existing as of the effective date of this Act in a
3 manner violative of either the Constitution of the State of
4 Hawaii or Article I, section 10, of the United States
5 Constitution.

6 SECTION 75. This Act shall not affect rights and duties
7 that matured, penalties and forfeitures that were incurred, and
8 proceedings that were begun before its effective date.

9 SECTION 76. If any provision of this Act or the
10 application thereof to any person or circumstance is held
11 invalid, the invalidity does not affect other provisions or
12 applications of the Act that can be given effect without the
13 invalid provision or application, and to this end the provisions
14 of this Act are severable.

15 SECTION 77. In codifying the new sections added by section
16 xx-xxx and referenced in section xx-xxx of this Act, the revisor
17 of statutes shall substitute appropriate section numbers for the
18 letters used in designating the new sections in this Act.

19 SECTION 78. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 79. This Act shall take effect upon its approval;
22 provided that:

____.B. NO.____

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