

Honolulu, Hawaii
MAR 22, 2024

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

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 3335, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CANNABIS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Enact the Hawaii Cannabis Law to:
 - (A) Provide a legal safe harbor from state or county criminal prosecution concerning activities relating to cannabis for those who strictly comply with the provisions of the law;
 - (B) Establish the Hawaii Cannabis and Hemp Authority as an independent body with the power to administratively regulate all aspects of the cannabis plant;
 - (C) Legalize the sale and possession of cannabis for personal adult use beginning January 1, 2026;
 - (D) Provide economic opportunities to disproportionately impacted areas;



- (E) Encourage those currently engaging in illegal, unlicensed commercial cannabis activities to enter the legal market;
 - (F) Ensure that state and county law enforcement agencies work closely with the Hawaii Cannabis and Hemp Authority and vigorously investigate and prosecute illegal cannabis activities that fall outside any safe harbor protection; and
 - (G) Mandate that the Hawaii Cannabis and Hemp Authority make the protection of public health and safety its highest priorities;
- (2) Establish a tax on the retail sale of cannabis and a tax on the sale of medical cannabis and require every business engaged in the sale of cannabis to obtain a cannabis tax permit;
 - (3) Add new traffic offenses relating to the consumption or possession of marijuana or marijuana concentrate and clarifying existing traffic offenses as they relate to marijuana and marijuana concentrate;
 - (4) Making conforming amendments relating to the legalization of personal adult use of cannabis under the Hawaii Cannabis Law;
 - (5) Establish the temporary Cannabis and Hemp Control Implementation Advisory Committee to advise and assist the Cannabis and Hemp Control Board regarding the Hawaii Cannabis Law;
 - (6) Transfer the personnel and assets of the Department of Health and assets of the Department of Agriculture relating to cannabis and hemp to the Hawaii Hemp and Cannabis Authority;
 - (7) Establish positions and appropriate funds; and
 - (8) Make other conforming and housekeeping amendments.



Your Committee received testimony in support of this measure from the Department of Agriculture; Office of the Public Defender; Lau Ola LLC, dba Big Island Grown Dispensaries; Hawaii Cannabis Industry Association; Democratic Party of Hawai'i; Doctors for Drug Policy Reform; Marijuana Policy Project; National Organization for the Reform of Marijuana; Love Sandwich, LLC; Techmana LLC; Hawai'i Alliance for Cannabis Reform; Cultivation Sector Consulting, LLC; Green Aloha Ltd.; Pakalolo for the People; Law Enforcement Action Partnership; Hawaiian Ethos LLC; Noa Botanicals; Kauai Hemp Company; Cannabis Society of Hawai'i; Hawaii Cannabis Industry Solutions; Drug Policy Forum of Hawai'i; Cure Oahu; 808 Viral; and numerous individuals. Your Committee received testimony in opposition to this measure from the Department of Law Enforcement; University of Hawai'i System; Department of the Prosecuting Attorney of the City and County of Honolulu; Department of the Prosecuting Attorney of the County of Maui; Hawai'i Police Department; Honolulu Police Department; Kaua'i Police Department; Maui Police Department; Hawaii Family Forum; One Impact Hawaii; Hawaii Substance Abuse Coalition; Care Waialua; Smart Approaches to Marijuana Hawaii; Hawaii Federation of Republican Women; Retail Merchants of Hawaii; Hawaii Council on Child and Adolescent Psychiatry; American Cancer Society Cancer Action Network; ABC Stores; Hawai'i Lodging & Tourism Association; and numerous individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs; Department of Taxation; Department of Education; Department of Budget and Finance; Department of the Attorney General; Department of Health; Department of Human Resources Development; Office of Information Practices; State Council on Developmental Disabilities; Chamber of Sustainable Commerce; Hawaii Psychiatric Medical Association; Akamai Cannabis Consulting; Council for Native Hawaiian Advancement; Healthcare Association of Hawaii; Catholic Charities Hawai'i; Reason Foundation; Hawai'i Afterschool Alliance; Hawai'i Hemp Farmers Association; American Civil Liberties Union of Hawai'i; GreenWave Advisors LLC; and eight individuals.

Your Committee finds that the existing prohibition on cannabis has allowed an illicit market to flourish in the State. In an illicit market, there are no regulations ensuring the safety of the products made available to consumers. By legalizing cannabis, a well-structured regulatory framework may protect consumers and ensure public safety by enforcing potency and purity standards and testing, labeling, and packaging requirements. The



legalization of cannabis allows the regulatory authority to control access to cannabis, including which individuals may sell and purchase cannabis, and ensure safety.

Your Committee further finds that there is a growing body of evidence demonstrating the beneficial aspects of cannabis. The State was among the earliest entities to recognize the beneficial aspects of cannabis and was the first state to authorize the medical use of cannabis through the enactment of Act 228, Session Laws of Hawaii 2000. More recently, the United States Department of Health and Human Services, on August 29, 2023, recommended that cannabis be rescheduled from Schedule I to Schedule III under the federal Controlled Substances Act.

Your Committee also finds that the recognition of cannabis as having beneficial properties has led to a growing trend of adult use legalization. Twenty-four states and the District of Columbia have enacted laws authorizing the personal possession and consumption of cannabis by adults. This measure will promote consumer protection and safety through the establishment of a framework for the legal regulation of cannabis in the State.

Your Committee has amended this measure by:

- (1) Requiring cannabis businesses to enter into, maintain, and abide by the terms of a labor peace agreement with a bona fide labor organization as an ongoing material condition of initial application and renewal of a license or permit;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3335, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 3335, S.D. 2, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASIMA, Chair



