DAVID Y. IGE GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D. DIRECTOR OF HEALTH

STATE OF HAWAII DEPARTMENT OF HEALTH P. O. Box 3378 Honolulu, HI 96801-3378 doh.testimony@doh.hawaii.gov

Testimony COMMENTING on H.B. 477 HD2 SD1 RELATING TO CANNABIS

SENATOR KARL RHOADS, CHAIR SENATE COMMITTEE ON JUDICIARY

SENATOR DONOVAN M. DELA CRUZ, CHAIR SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: Tuesday, April 6, 2021

Room Number: Via Videoconference

1 **Fiscal Implications:** This measure will require additional resources and may impact the

2 priorities identified in the Governor's Executive Budget Request for the Department of Health's

3 appropriations and personnel priorities. Permitting licensees to purchase cannabis and

4 manufactured cannabis products from each other and increasing the number of licensed facilities

5 will require a minimum of two (2) additional Surveyors, one (1) additional Office Assistant, and

6 supplemental mileage and interisland travel at an estimated cost of \$295,000, to maintain

7 adequate regulatory oversight to ensure patient, product, and public safety.

8 Department Testimony: The Department of Health (DOH) appreciates the intent of H.B. 477

9 H.D.2, S.D.1 to improve patient access, patient safety, and product safety by: (1) authorizing

10 DOH to allow licensed dispensary-to-dispensary sales of cannabis or manufactured cannabis

11 products; (2) increasing the allowable number of production centers and retail dispensing

12 locations per license; (3) limiting where qualifying patients can obtain medical cannabis or

13 manufacture cannabis products after December 31, 2021; (4) authorizing DOH to set the fee

1	structure for submission of applications for each additional production center and retail
2	dispensing location and for dispensary-to-dispensary sales; (5) authorizing DOH or law
3	enforcement, upon the request of DOH, to conduct administrative inspections of registered grow
4	sites to ensure compliance with cannabis plant limits; (6) clarifying that dispensary-to-dispensary
5	sales transports may only occur between licensees on the same island until such time that federal
6	law allows for interisland transport of cannabis; and (7) clarifying that transport of cannabis for
7	laboratory testing to another county or island is permissible only if no certified testing laboratory
8	is located on that county or island. Additional personnel and operational costs will be required to
9	implement these measures. DOH provides the following COMMENTS:
10	(1) Allowing dispensary-to-dispensary sales of cannabis or manufactured cannabis
11	products will require additional resources to maintain adequate regulatory
12	oversight. This provision moves the current dispensary licensing system away from the
13	strict vertical structure established by the legislature in 2015 to effect "strong and
14	effective regulatory and enforcement systems to control the cultivation, distribution, sale,
15	and possession of marijuana," as required by the 2013 Cole Memorandum. DOH will
16	require additional resources to ensure that no inversion, diversion, or loss of cannabis or
17	manufactured cannabis products occurs through dispensary-to-dispensary sales, and to
18	investigate any inventory discrepancies or loss identified. DOH Surveyors will need to:
19	1) review requests for dispensary-to-dispensary sales; 2) review each resulting transport
20	manifest for dispensary-to-dispensary sales transactions; 3) review video surveillance of
21	packing, loading, unloading, unpacking, and inventory reconciliation for each
22	transaction; and 4) conduct an investigation anytime a discrepancy is identified. A

minimum of two additional Surveyors, one additional Office Assistant, and supplemental
mileage and interisland travel at an estimated cost of \$295,000, will be required to
conduct these activities including interisland travel since five of eight licensees are
located on neighbor islands.

5 (2)Across the board increases in production centers and retail dispensing locations for 6 each licensee are not needed and will require additional resources to maintain adequate regulatory oversight. DOH issued Hawaii's eight dispensary licenses in May 7 2016 and five years later, only three have operationalized their two allowed production 8 centers and only half have opened their currently allowed retail dispensing locations. In 9 addition, only an average of 36% of registered patients made purchases from 10 dispensaries in 2020. Should the legislature move this provision forward, DOH will 11 require additional resources to maintain adequate regulatory oversight of any additional 12 13 facilities. DOH inspects each licensed facility at least once every eight weeks. The existing two Surveyor positions are already inadequate for the current 28 facilities 14 statewide with at least three additional planned for this year. A minimum of two 15 16 additional Surveyors, one additional Office Assistant, and supplemental mileage and interisland travel at an estimated cost of \$295,000, will be required to maintain 17 inspections, including interisland travel since five of eight licensees are located on 18 neighbor islands. 19 (3) Limiting where qualifying patients can obtain medical cannabis or manufactured 20

cannabis products after December 31, 2021 will help to address concerns related to
 large, unregulated cannabis cultivation sites. DOH SUPPORTS the proposed

amendment to section 329-130(a) to move the effective date for authorized sources of 1 2 medical cannabis from December 31, 2023 to December 31, 2021. Implementing the 3 planned limitation on patient and caregiver cultivation sooner, will impact only about 5% of registered patients and will allow DOH to address existing large, unregulated 4 5 cultivation sites before they become even larger. For example, one site has grown from 80 patients (800 potential plants) in September 2019 to 149 patients (1,490 potential 6 plants) in January 2020 to 409 patients (4,090 potential plants) currently. DOH has 7 received ongoing and numerous complaints from patients, medical providers, and the 8 public regarding large, uncontrolled cultivation sites. These include: patients reporting 9 that they felt coerced into signing over their "growing rights" to collectives; medical 10 providers reporting "growers" soliciting patients outside their office offering to reimburse 11 patients for the cost of their medical use certification in exchange for their "growing 12 13 rights;" patients without designated caregivers being asked to provide "growers" with their driver's license; property management companies asking DOH to stop authorizing 14 certain grow sites for cultivating cannabis in contravention to lease agreements; noxious 15 16 smells of cannabis plants; fire safety risks due to unpermitted indoor electrical lighting; environmental concerns related to herbicides, fertilizers, and other chemicals; the 17 potential for criminal activity that could jeopardize the medical cannabis industry as a 18 whole; and the loss of tax revenue from illegal operations (the licensed medical cannabis 19 industry generated \$2,023,138 in tax revenue in 2020). 20

(4) Authorizing DOH to set the fee structures for applications, licenses, license
 renewals, and dispensary-to-dispensary sales will allow DOH to scale resource needs

1		to meet the burden of regulating the industry. DOH SUPPORTS the proposed
2		amendments to section 329D-4 subsections (c) and (n), and section 329D-7(2) to allow
3		DOH to establish fee structures for applications and renewals of licenses, the submission
4		of applications for each additional production center and retail dispensing location, and
5		dispensary-to-dispensary sales. This will allow DOH to offset program needs for staffing
6		and operational costs to maintain adequate regulatory oversight of licensees.
7	(5)	Authorizing DOH or law enforcement, upon the request of DOH, to verify
8		compliance with cannabis plant limits will support DOH efforts to address non-
9		compliant cultivation sites. DOH SUPPORTS the proposed amendment to section 329-
10		130(a) to explicitly state that DOH, or law enforcement upon request by DOH, may
11		inspect registered grow sites to ensure compliance with chapter 329. This will especially
12		facilitate enforcement of the large, unregulated cultivation sites described above.
13	(6)	Clarifying that dispensary-to-dispensary sales transports are limited to licensees on
14		the same island at this time will prevent unintended federal intervention. DOH
15		SUPPORTS the proposed amendments to section 329-122(f) to clarify that until
16		permitted by federal law, transport of cannabis and manufactured cannabis products for
17		the purpose of dispensary-to-dispensary sales is limited to licensees on the same island.
18	(7)	Clarifying that interisland transport related to laboratory testing is permissible only
19		if no certified testing laboratory is located on the same island as the dispensary
20		whose product is being tested will help to prevent unintended federal intervention.
21		DOH SUPPORTS the proposed amendment to 329D-6(m) to clarify that interisland
22		transport of cannabis and manufactured cannabis products for the purpose of mandatory

- 1 laboratory testing is permitted only if no certified laboratory is located in the county or on
- 2 the island where the dispensary is located.
- 3 Thank you for the opportunity to testify on this measure.



April 1, 2021

To: Senator Karl Rhoads, Chair Senator Jarrett Keohokalole, Vice Chair Members of the Senate Committee on Judiciary

> Senator Donovan M. Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair Members of the Senate Committee on Ways & Means

From: Anella Saito-Takabayashi, Director of Retail Operations Christopher Cole, Director of Product Development

Re: <u>TESTIMONY IN SUPPORT OF HB477 HD2, SD1</u>

RELATING TO CANNABIS

Maui Grown Therapies was awarded Hawai'i's first medical cannabis license in April of 2016 and conducted the state's first legal sale of cannabis on August 8, 2017. We are now well into our fourth year of operations and have served over 5000 registered patients at our Kahului dispensary. Last month we opened our second dispensary in Lahaina to serve West Maui patients. A third dispensary location has been approved by DOH to serve the Upcountry patient community. As a company devoted to enriching community health, patient welfare, and product safety, <u>MGT welcomes and supports the expanded patient access and production provisions of HB477 HD2, SD1.</u>

<u>Expanding Patient Access.</u> MGT's patient community is diverse and geographically dispersed. Kupuna represent the largest segment of MGT's patients, with 61% of active patients over 50+ years old and many (9%) qualifying for compassionate pricing based on economic hardship. Physical proximity to a convenient and safe dispensary matters. *Even with the opening of MGT's third dispensary later this year, communities on the south and north shores will remain underserved.* A **statutory adjustment in the number of allowable dispensaries from 3 to 5 will enable improved patient access in a convenient, safe and affordable manner.**

<u>Meeting Product Needs.</u> MGT has rapidly increased capacity at our state-of-the-art, zero emissions production center in response to increased patient demand for quality-assured medicinal products. By June of 2021, we will exceed 80% of our statutorily allowed production capacity. With two additional MGT dispensary locations in underserved areas of Maui coming online in 2021, an increase in our licensed production capacity will be needed to meet the needs of Maui's growing patient base.

_Mahalo for your consideration.

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Maui Grown Therapies • 44 Pa'a Street, Kahului, HI 96732 www.mauigrown.com

HB-477-SD-1 Submitted on: 4/4/2021 4:35:03 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James Trice	Testifying for CAMO	Oppose	No

Comments:

<u>HB-477-SD-1</u>

Submitted on: 4/4/2021 9:18:00 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tai Cheng	Testifying for Aloha Green Holdings Inc.	Support	No

Comments:

To: Senator Karl Rhoads, Chair JDC

Senator Donovan Dela Cruz, Chair WAM

Members of the Joint Judiciary and Ways and Means Committee

Fr: Aloha Green Holdings Inc.

Re: Testimony In Strong Support of HB477 HD2 SD1

RELATING TO CANNABIS

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Authorizes the department of health to set fee structures for the submission of applications for each additional production center and retail dispensing location and for dispensary-to-dispensary sales. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060. (SD1)

Dear Chair, Vice-Chair, and Members of the committee:

Aloha Green Holdings Inc. **supports HB477 HD2 SD1** as an important bill for the medical cannabis industry in order to enhance the state's medical cannabis dispensary program with additional facilities to strengthen patient access, product controls and safety, and provide improvements to the administration of the program.

There are two main issues that this bill aims to change: FIRST, allow each licensee to increase the number of facilities currently allowed from two (2) production facilities and (2) two retail facilities; and SECOND, allow the Department of Health (DOH) to permit a licensee to sell and transport medical cannabis and medical cannabis products to another licensee.

Both of these provisions are extremely important to support the current unsustainable medical cannabis program in the state of Hawai'i. There are still many underserved patient populations that need access to clean regulated medicine. If the medical cannabis industry is to continue to compete with the illicit market it needs to slowly and carefully expand its footprint to increase access to patients that are currently being served by the unregulated and untested market. Slightly increasing the number of allowable production centers would enable some licensees to finally produce medicine scale and meet their current demand. Licensees could then look to open additional retail locations to make headway into underserved markets currently dominated by the illicit market.

Additionally, allowing licensees to wholesale medicine between each other is a core tenet in all successful medical programs around the nation. Passage of HB477 HD2 SD1 would catch Hawaii up in best practices for emerging cannabis industries. Wholesaling greatly assists in solving many issues such as, low production output of medicine by smaller licensees, lack of variety of medicine that patients need to treat their conditions, and possible catastrophic crop failure that working in the agriculture sector is always susceptible to. Certain licensees may be better suited to produce and specialize in specific medicines that may not be available to other patients based on various factors such as geography, zoning/permitting, etc. Medical cannabis patients have specialized care plans and many require specific types of medications that they may not have access to. Wholesaling would help bridge that gap.

We understand the Department of Health's concerns regarding the increased regulatory burden and working with limited resources these changes would bring. Thus, we support the provisions in this bill that would allow DOH to set the fees on licenses to meet their resources needs. Also, we are willing to assist the DOH to leverage existing systems and procedures that are already in place to reduce their regulatory burden. This includes the intense and extremely detailed annual audit that each licensee is required to pass to renew their licenses and additional training and technology with the tracking software that is contracted to regulate this industry. We believe the industry can work hand in hand with regulators to create a leading medical cannabis program in the country.

Finally, we support the patients' right to grow to a safe and reasonable plant count limit. This committee will likely receive a large number of testifiers who oppose this measure on the grounds that it elimiates the rights for patients and caregivers to grow. This is just not true. Patients will always be allowed to grow and caregivers can grow up for up to 5 patients until the legislated sunset in 2023. We disagree with the mischaracterization by some prohibition market growers who wish to continue to stack 329 cards and allow for culiviation larger than 50 plants (i.e. 5x 329 cards). These large grows pose a health and safety risk to the community. We support the 5 card limit imposed on caregivers per location introduced by the State of Hawaii Department of Health.

Mahalo for the opportunity to testify



PATIENTS WITHOUT TIME

~ helping cannabis patients in Hawaii since 2004.

Aloha lawmakers,

April 4, 2021

Thank you for the opportunity to **OPPOSE HB477 HD2 SD1**

Two decades ago, your fellow Hawaii Legislators passed **"First-In- the Nation Medical Marijuana legislation"** which was based on **COMPASSION**, for it allowed seriously-ill patients to use medical cannabis without fear of arrest. Unfortunately now, those good-intentions have failed, and Hawaii's marijuana laws have evolved into a Pay-to-Play-Corporate-Monopoly, which discriminates against seriously ill and low-income medical cannabis patients.

Medical cannabis patients are discriminated against like no other medical group in the State of Hawaii. There is no other group of patients in the state who are forced to pay a yearly "strong arm protection fee" or who are forced into using "Script Writing Doctors."

MARIJUANA IS ILLEGAL - A SCHEDULE ONE SUBSTANCE

Hawaii's medical cannabis laws are in clear violation of the FEDERAL CONTROLLED SUBSTANCES ACT. This makes Hawaii State operating a continuing criminal enterprise. Governor Ige has repeated used the excuse that marijuana is illegal under federal law to **VETO** cannabis legislation, stating that ... *"ongoing federal prohibition on marijuana creates complications..."*

A few days ago, Hawaii legislators, being aware that Hawaii's medical cannabis program is illegal, issued **HR112** to ask the federal government for an "EXCEPTION" to the FEDERAL CONTROLLED SUBSTANCES ACT.

Currently, Hawaii State has no "EXCEPTION" to federal law. The Hawaii government is running an illegal marijuana selling operation on a multi-million-dollar scale. Selling licenses and requiring fees to provide protection from prosecution. This is a Mafia racket, not compassionate legislation.

This bill, HB477 is a prime example of the discrimination patients have felt under Hawaii's continuing criminal cannabis enterprise. *Cannabis patients need more choices, as to where and how to acquire their specific cannabis medicines, not less choices.*





HAWAII'S CANNABIS DISPENSARY SYSTEM IS WIDELY ABUSED

The dispensary Program is being used as a quasi-recreational cannabis store. It is common knowledge that anyone with the money can buy a cannabis recommendation. The Islands are filled with doctors and Nurse Practitioners who ONLY write scripts, called medical cannabis "recommendations" to ONLY those patients who can afford to pay.

Anyone with money, (about \$125 for 1 year / \$200 for 2 years) can buy a recommendation from many places advertised online. It is not sensible, or legal, or fair, to expand a monopoly-one-stop-shop system, which can never meet the variety of cannabis remedies that patients need.

If the legislators want to make good compassionate legislation for cannabis patients they would be creating equality for cannabis patients, not continuing discrimination. They would expand the CAREGIVER program, testing, and allow patient cooperatives which would increase patients choices. Expanding the BIG EIGHT DISPENSARY CORPORATIONS does nothing to end the discrimination against cannabis patients, or provide much needed insurance coverage.

HB477 EXPANDS DISPENSARY CORPORATIONS & LIMITS PATIENT CHOICES, ... BOTH ARE BAD IDEAS!

Limiting cannabis patients choices discriminates against medical cannabis patients, and especially discriminates against disabled and low-income patients. If cannabis patients don't have the money to buy into the system, then the whole dispensary system is useless to them.

In summation, we **OPPOSE HB477** because expanding the existing cannabis dispensary corporations, while further restricting severely-ill patients choices, violates the fundamental "Spirit of ALOHA" of Hawaii's original **compassionate** medical marijuana laws.

PATIENTS WITHOUT TIME is consulting with attorneys about filing a class action suit against the STATE OF HAWAII on behalf of medical cannabis patients.

Mahalo for your kind consideration of low-income patients,

Brian Murphy

Brian Murphy, Director PATIENTS WITHOUT TIME



more info email: info@PWTmaui.org

Kai Luke / Cannabis Society of Hawai'i Po Box 37571 Honolulu, HI 96837 March 29, 2021

Re: Testimony in OPPOSITION of HB477 HD2 SD1

Dear Hawaii State Legislature,

On behalf of myself and organization Cannabis Society of Hawai'i, we stand on this written testimony in opposition of Bill HB477 HD2 SD1.

As a previous worker for 3 years working in every part of the vertical business, I can say there are a lot of deficiencies that will continue without changing the current system and having more stakeholders part of the conversation.

If HB477 HD2 SD1 is passed, it would limit access for the patients in which the program was created for. And at the same time give the already broken system more opportunity while putting the people of Hawai'i at a disadvantage in a time of much needed economic diversity.

Increasing current production centers before increasing opportunity for licenses hurts the people.

It is true if this Bill gets passed, the Hawai'i people are coming in second to the Industry it serves.

Please resurrect a local based task force complied of multiple shareholders to considers all views.

We would love to provide more insight to any of these topics and opinions.

We appreciate your time and concern on this important issue.

Sincerely, Kai Luke

cannabissocietyofhawaii@gmail.com



To: Senator Karl Rhoads, Chair Judiciary (JDC) Senator Donovan Dela Cruz, Chair Ways and Means (WAM) Senator Jarrett Keohokalole, Vice-Chair JDC Senator Gilbert Keith-Agaran, Vice-Chair WAM

Members of the Joint JDC/WAM Committee

Fr: Jaclyn L. Moore, Pharm.D., CEO Big Island Grown Dispensaries

Re: Testimony in Support of HB477, HD2 SD1

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Prohibits primary caregivers from cultivating cannabis for qualifying patients after 12/31/21. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060. (HD2)

Dear Chairs, Vice-Chairs, and Members of the Committees:

Big Island Grown Dispensaries is one of eight dispensary licensees in the State. We operate a production facility and 3 retail locations on the Big Island of Hawaii. Our medical cannabis operation currently employs 60+ Big Island residents. We submit testimony today in **support of HB477. HB477 HD2 SD1 is an important bill for the legal cannabis industry in order to reinforce the medical cannabis dispensary program and legal infrastructure with additional facilities to strengthen patient access to clean, tested, safe cannabis medicine through regulated channels.**

Big Island Grown believes the original provisions in this bill provide a reasonable increase to the existing footprint which supports our ability to provide clean, tested, safe, high quality, regulated (and taxed) cannabis medicine to our island community.

PRODUCTION

One size does not fit all.

County restrictions and ordinances may not permit a build out of a facility to accommodate the maximum allowable plant count of 5,000. 11-850 strictly requires "if two production centers are located on the same property at the same address, they shall be in physically separated and individually identifiable structures with no shared exterior walls..." The combination of these creates a situation where some licensees with County restrictions are not able to satisfy the demand of their retail location(s) even with 2 production facilities operational. Kauai is a perfect example.

While there are some licensees not able to meet demand with the current allowable production, there are others able to scale up to assist within the current system. For example, Big Island Grown currently supplies greater than 20% of total cannabis weight in the State across all product categories sold in the dispensary system using only 25% of our allotted production capability (50% of one

Lau Ola LLC, dba Big Island Grown Dispensaries HILO WAIMEA KONA



production facility in operations). This means we are able to scale up to a 4x minimum to meet wholesale needs of other licenses.

RETAIL

Slower growth on one island should not hold back the program and hinder legal access for patients on another island.

Both Big Island licensees have built out all three-retail locations for a total of 6 on the island currently operating. Even with this, there are still **underserved patient populations** stretching from Pahoa through Kau over to Ocean View. Patients in these areas drive upwards of an hour to visit the nearest dispensary locations on the island. Enabling more retail locations per current licensee enables a quicker rollout and opening of additional retail locations increasing legal access for patients. The increase in demand would require an increased plant count and/or additional production facility per licensee. We support the provision in this bill that would allow for an increase in production capabilities.

Delivery was a proposed solution last session, but met with resistance, so we respectfully request your support with this measure.

INTER ISLAND WHOLESALE BETWEEN LICENSEES

The foundation for a thriving medical program stimulated and fed by a diverse pipeline of products available to patients across the State. This is the single most important provision the industry needs. It is basic infrastructure that every successful cannabis program in the country has.

Allowing wholesale between licensees promotes a diverse pipeline of products and enables patients in every County to access specialized formulations, that may not otherwise be available. This is a muchneeded solution to overcome the restrictions that are inherent in a vertical program where each licensee is currently required to grow, process, manufacture, package, transport, and dispense cannabis and manufactured products that are 100% manufactured in house only. This essentially requires a licensee to be a jack of all trades in cultivation, and in product development, and formulations. Wholesale between licensees would successfully address this by enabling dispensaries to purchase and dispense formulations that may not otherwise be developed until this program expands to allow for the issuance of cultivation and manufacturing licenses. **Until lawmakers, regulators, and others are ready for program expansion wholesale can bridge this gap and provide regulated, tested, taxed products to patients across the State.**

All sales and purchases of cannabis and manufactured cannabis products would fall under the same regulations we operate under, and be subject to the data collection and reporting requirements of the computer software tracking system outlined in section 329D-6(j). We support the ability of the selling dispensary to transport cannabis or manufactured cannabis products to another county or another island, for the limited purpose of completing its sale to the purchasing dispensary. The bill also proposes to authorize intrastate transport for this purpose. Please refer to 14 CFR 91.19(b) below to support this provision in this bill.

If there remain issues with the legality of inter-county and intrastate transport, we respectfully request the Committee consider revising the bill to amend language in 329D-2(c) that currently restricts licensees to produce, manufacture, and dispense cannabis and manufactured cannabis products "only in" the county for which the license was granted. Please consider the following:

Lau Ola LLC, dba Big Island Grown Dispensaries HILO WAIMEA KONA



329D-2 Medical cannabis dispensaries; authorized; licensure.

(c) Each medical cannabis dispensary license shall allow production, manufacture, and dispensing of cannabis and manufactured cannabis products only in any the county irrespective of for which county the license is granted.

The bill currently has a limit on transport from a dispensary to a dispensary of 4,000 grams of product. 4,000 grams for manufactured products is reasonable, however, 4,000 grams of cannabis flower would not be enough to satisfy flower demand for some dispensaries for a day. The current law allows patients to receive 4 oz (113 grams) every 15 days for a total of 8 oz (226 grams) per 30 days. 4,000 grams of flower would essentially satisfy the demand of only 17 patients equivalent to less than 1% of any dispensary's patient base. We would respectfully request that the Committee increase this to 45,560 grams (1600 ounces or 100 lbs). A 100 lb limit would allow dispensaries to ensure that in the case of crop failure or other foreseeable circumstance that devastates or eliminates an entire cannabis crop for a dispensary, they are still able to serve a total of 200 patients for 30 days.

Thank you for the opportunity to testify.

Jaclyn L. Moore, Pharm.D., CEO Big Island Grown Dispensaries



- To: Senator Karl Rhoads, Chair Judiciary (JDC) Senator Donovan Dela Cruz, Chair Ways and Means (WAM) Senator Jarrett Keohokalole, Vice-Chair JDC Senator Gilbert Keith-Agaran, Vice-Chair WAM Members of the Joint JDC/WAM Committee
- Fr: Randy Gonce, Executive Director of the Hawaii Cannabis Industry Association

Re: Testimony In Support of House Bill (HB) 477, House Draft (HD) 2, Senate Draft (SD)1- Proposed Amendments

RELATING TO CANNABIS

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Authorizes the department of health to set fee structures for the submission of applications for each additional production center and retail dispensing location and for dispensary-to-dispensary sales. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060.

Dear Chairs, Vice-Chairs and Members of the Committee:

The Hawai'i Cannabis Industry Association, formerly known as the Hawai'i Educational Association for Therapeutic Health, represents all eight of the state's licensed medical cannabis dispensaries. HICIA **supports HB477**, **HD2**, **SD1** as an important bill for the dispensary industry in order to enhance the medical cannabis dispensary program with additional facilities to strengthen patient access, product controls and safety, and provide improvements to the administration of the program. We also have **proposed amendments** to clarify the transportation issues related to allowing licensed dispensary.

There are two main issues that this bill aims to change: FIRST, allow each licensee to increase the number of facilities currently allowed from two (2) production facilities and (2) two retail facilities; and SECOND, allow the Department of Health (DOH) to permit a licensee to sell and transport medical cannabis and medical cannabis products to



another licensee o longer allow caregivers to grow cannabis on behalf of qualified patients.

ADDITIONAL FACILITIES

When established in 2015, the law envisioned each of the 8 licensees being permitted to have 2 retail facilities and 2 production facilities, with a cap of 3,000 plants per production facility.¹

The dispensaries seek the authority to increase the amount of retail locations from **two** to **five** and increase the amount of production facilities from **two** to **four**. The dispensaries believe this is necessary to strengthen the legal cannabis industry and help secure a stronger position and footing, especially as it faces continued pressure from the illicit and completely unregulated (and untaxed) black market.

According to New Frontier Data, the dispensaries provided only 5.2% of the total cannabis consumed in Hawaii in 2020 which means 95% was provided by the illicit market. Another data platform, BDSA Analytics, estimated the illicit market in Hawaii to be approximately 10x the size of the legal medical market in 2020. All data collected on this issue shows the illicit market providing 10-20x the cannabis supply than the amount provided within the legal cannabis framework. We are requesting a reasonable increase in our footprint to be able to provide clean, tested, safe, regulated (and taxed) cannabis medicine.

Some licensees have built out all 3 retail locations, and still have underserved patient populations, such as Big Island. Although some licensees have yet to build out their maximum allotted retail locations (due to various different circumstances such as which island the license operates on, business plan considerations, and patient population location), the licensees are in agreement that additional retail facilities will help increase legal access for qualified patients, their caregivers and out-of-state patients. All eight licenses have agreed that this is best for patients and the industry as a whole.

Additional production facilities will also help strengthen the legal marketplace by allowing dispensaries to diversify their crop, product pipeline, and potential use of

¹ In 2017, Act 41 (HB1488, HD1, SD1, CD1) increased the number of plants to 5,000 and allowed an additional retail facility, provided that the DOH "<u>shall consider the licensee's</u> <u>capability to serve and supply medical marijuana to qualified patients in</u> <u>a rural or underserved geographical area of a county."</u> Haw. Rev. Stat. Section 329D-2(I).



subcontractors. Some licensees, given factors such as their geographical location and patient count, have built out the maximum allowable production centers, and still cannot meet demand. When a dispensary sells out of medicine and cannot replace it fast enough it drives patients to seek medicine from the unregulated, untested, and untaxed illicit market.

The current law allows a dispensary to subcontract its production operations to an entity. The definitions under HRS Section 329D-1, "medical cannabis production center" and "subcontractor," read together with HRS Section 329D-6(g) appear to envision this relationship and holds a subcontractor and its employees to same level of scrutiny and background checks as dispensary employees.

However, the practical limitation is that the current 2 production facilities cap under HRS329D-2(f) means that dispensary licensees have so far only remained a "vertical" system, operating their own productions rather than subcontracting it out.

All of these additional facilities would still be subject to the same rigorous standards of inspection before licensure, security and safety, video surveillance, and tracking of cannabis and cannabis products from seed-to-sale. While the dispensaries recognize these are costly and expensive regulatory systems to put into place, the dispensaries are also willing to make these investments if they know that it will help strengthen and maintain their overall industry.

SALES BETWEEN LICENSEES

The bill also allows a licensed dispensary to purchase medical cannabis or manufactured cannabis products from another licensed dispensary, with approval from the DOH to ensure patient access to cannabis.

Other states have created a provision so that in the event of a crop failure or other foreseeable circumstance that devastates or eliminates an entire cannabis crop for a dispensary, there is an alternative safeguard by which a licensed dispensary can purchase from another dispensary to ensure that their patients continue to have access to their medical cannabis. This is especially important for counties such as Kauai which only have one licensed dispensary, or Hawaii Island where the dispensaries could be located far away from one another. All transactions would be monitored and regulated by the DOH.

In order for this process to be implemented though, changes and clarification to the allowance for inter-island transport would need to be made.



As initially introduced, the bill also proposed to authorize intrastate transport for this purpose. However, this provision was taken out in the prior committee because of concerns for inter-island transport and conflict with federal law.

Therefore, we had proposed amendments, and are pleased to see that the prior committee adopted language that prohibits inter island transport only as long as it continues to be prohibited by federal law.

However, on further evaluation, we would like to propose some clarification to that language below:

Change #1 Original language in SD1: Page 3, lines 13-30 (Section 2, Subsection F, part 4) reads:

"Dispensaries as permitted by section 329D—6(r); provided that so long as federal law prohibits transportation of medical cannabis over a body of water, a selling dispensary may only sell and transport up to three thousand grams of cannabis or manufactured cannabis products to a purchasing dispensary located on the same island as the selling dispensary; or "

New language for a hopeful SD2:

"Dispensaries, as permitted by section 329D-6(r), may sell and transport up to three thousand grams of cannabis or manufactured cannabis products to another licensed dispensary, provided that the selling dispensary and the purchasing dispensary do not violate any federal transportation laws that restrict the transport of medical cannabis over federal waters; or.

Change #2 Original language in SD1: On page 5, lines 12-17 reads:

"provided that so long as federal law prohibits transportation of medical cannabis over a body of water, a selling dispensary may only sell and transport up to three thousand grams of cannabis or manufactured cannabis products to a purchasing dispensary located on the same island as the selling dispensary."



New language for a hopeful SD2:

"provided that the selling dispensary does not violate any federal transportation laws restricting the transport of medical cannabis over federal waters, a selling dispensary may only sell and transport up to three thousand grams of cannabis or manufactured cannabis products to a purchasing dispensary in accordance with those laws."

HICIA believes this new language better sets forth the intent of the provisions in this bill allowing wholesaling between any and all licensees as long as the transportation of the medicine does not violate any federal transportation laws. This removes the reference to "same island" but is clear that if federal law prohibits transportation over water the wholesale can only take place on the same island.

The new language achieves the same intent as SD1 but in a way that allows the industry to be allowed to transport inter island later down the road should there be a change in federal law, or a change in the way the state interprets the provisions in federal transportation laws as it specifically relates to medical cannabis.

Thus, the adoption of this language into law would provide some necessary protection and clarification on the state's position, and some further support for dispensaries to be able to transport medical cannabis under these limited circumstances.

The bill, as reflected in current language above, has a limit on transport from a dispensary to a dispensary of 3,000 grams of product. 3,000 grams for manufactured products is reasonable, however, 3,000 grams of cannabis would not be enough to satisfy flower demand for some dispensaries for a day. The current law allows patients to receive 4 oz (113 grams) every 15 days for a total of 8 oz (226 grams) per 30 days. 3,000 grams of flower would essentially satisfy the demand of only 13 patients equivalent to less than 1% of any diespnsary's patient base. We would respectfully request that the Committee increase this to **45,560 grams (1600 ounces or 100 lbs)**. A 100lb limit would allow dispensaries to ensure that in the case of crop failure or other foreseeable circumstance that devastates or eliminates an entire cannabis crop for a dispensary, they are still able to serve a total of 200 patients for 30 days.

Thank you for the opportunity to testify.



- To: Senator Karl Rhoads, Chair Judiciary (JDC) Senator Donovan Dela Cruz, Chair Ways and Means (WAM) Senator Jarrett Keohokalole, Vice-Chair JDC Senator Gilbert Keith-Agaran, Vice-Chair WAM Members of the Joint JDC/WAM Committee
- Fr: Casey Rothstein, President, Chief Operating Officer, Green Aloha Ltd.

Re: Testimony In Support of House Bill (HB) 477, House Draft (HD) 2, Senate Draft (SD)1- Proposed Amendments

RELATING TO CANNABIS

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Authorizes the department of health to set fee structures for the submission of applications for each additional production center and retail dispensing location and for dispensary-to-dispensary sales. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060.

Dear Chairs, Vice-Chairs and Members of the Committee:

Green Aloha is one of the 8 State Licensed Medical Cannabis operations. Our company currently employs 20 Kauai residents. We submit testimony today in strong support for this bill. This is an important bill for the legal cannabis industry in order to enhance the medical cannabis dispensary program and legal infrastructure with additional facilities to strengthen patient access to clean, tested, safe cannabis medicine through regulated channels.

The founding goal of the Dispensary Program was to provide safe tested cannabis medicine to as many patients in Hawaii as possible. Hawaii was one of the leaders in the Nation in acknowledging that Cannabis is real legitimate medicine over 20 yrs ago. The Dispensary program was a big step forward treating it like real medicine by setting strict safety standards and providing patients with safe access points, staffed by people with the training and knowledge to help guide patients. However, the Dispensary program has struggled to achieve this goal as it is still being dwarfed by the black and gray market that is flourishing in Hawaii. The black market is completely unregulated, untaxed, has no licensing fees or safe testing



requirements and thus has a significant competitive advantage in pricing over the Dispensary Program.

According to information from New Frontier Data and monthly MedCan Dispensary Sales Data, the dispensaries provided only **5.2%** of the total cannabis consumed in Hawaii in 2020. Another data platform, BDSA Analytics, estimated the illicit market in Hawaii to be approximately 10x the size of the legal medical market. All data collected on this issue shows the illicit market providing 10-20x the cannabis supply than the amount provided within the legal cannabis framework. Green Aloha believes that the provisions in this bill provide a reasonable increase to the existing footprint which enhances our ability to provide clean, tested, safe, high quality, regulated (and taxed) cannabis medicine to our island community at a price that can compete with the black market.

PRODUCTION

One size does not fit all. County restrictions and ordinances, on Kauai for example, make it extremely difficult to get the permits needed to build a facility large enough to accommodate the maximum allowable plant count of 5.000. Our Production Center #1 can only hold approximately 2500 plants and due to current regulations that limit a Production Center to one physical building, our small processing and manufacturing building located less than 5 ft from the entrance to our Production Center #1 was determined by the Department of Health to count as our Production Center #2. Therefore, we have reached the maximum number of production centers and are not able to produce enough product to open the second Dispensary location that we currently have under lease. The combination of these creates a situation where our license is not able to satisfy the demand needed to reach our maximum number of retail locations, with the 2 production facilities operational. To fully service the patient base of Kauai, we would need to produce 3 to 5 times the current production amounts. This would require at least two additional Production Centers of the current size or a rule change to allow multiple buildings within one secured property to count as one Production Center, combined with a significant increased plant count. This would allow us the flexibility to more quickly build the necessary infrastructure to increase production and meet the demand needed to expand patient access and open additional dispensary locations. An increased plant count would allow us to achieve economies of scale to lower prices and compete with the unregulated black and gray markets. Increased production centers will also mean more new good paying jobs for Kauai.

WHOLESALE

The ability to wholesale amongst licenses would be a primary building block for a thriving medical program allowing it to be stimulated and fed by a diverse pipeline of products available to patients across the State. Allowing wholesale between licensees would promote a diversity of



products and enable patients in every County to access specialized formulations that may not otherwise be available as different licensees have specialized in different products across the current medical program. This is an important component that is needed to overcome the restrictions that are inherent in a vertical program where each licensee is currently required to grow, process, manufacture, package, transport, and dispense cannabis and manufactured products that are 100% made in house only. This essentially requires a licensee to be a jack of all trades in cultivation, and in product development formulations as well as manufacturing, AND have the physical infrastructure and specialized equipment needed to produce the wide array of cannabis medical products. The ability to purchase wholesale products from other licenses would allow Green Aloha on Kauai to immediately open more stores, adding good paying jobs to the community. It will expand patient access to a wider variety of products, bringing more patients into the MedCann program and away from the unregulated, untested, untaxed and unsafe, illicit black market. Wholesale would allow us to make available products made by other licensees who have the resources to make the types of cannabis medicine that we can not yet provide to our patients. All sales and purchases of cannabis and manufactured cannabis products would fall under the same regulations we operate under, and be subject to the data collection and reporting requirements of the computer software tracking system outlined in section 329D-6(j). Biotrack, the state tracking software is already able to handle wholesale transfers and kind provide real time tracking data and red flag alerts to the regulatory authorities that would limit the additional burden that this would require.

RETAIL

As explained above, on Kauai, it is the limitations on production that has held back our ability to open the full amount of retail locations. We believe that with expanded production centers and the ability to buy wholesale from another license, we would quickly be able to open the maximum number of 3 dispensaries allowed under the current laws and regulations. When these locations are open, we would still only be able to service a small amount of the geographic communities on Kauai. It should be noted that Kauai is almost as physically large as Oahu yet it only has ¹/₃ the allowed dispensary locations. We believe that an increase of the number of Dispensaries permitted under the license to 5 locations would allow us to service all the communities of Kauai. Enabling more retail locations per current licensee enables a quicker rollout and opening of additional retail locations increasing legal access for patients. This would also add good paying new jobs to the Kauai economy. The increase in demand would require an increased plant count and/or additional production facility per licensee. We support the provision in this bill that would allow for an increase in production facilities as stated above.

We understand that this industry can be controversial and the conversation around cannabis in Hawaii is one that holds varying different opinions. But if there is one thing everyone can agree



on with this topic it is: the cannabis illicit market in Hawaii is thriving in every community. Unregulated, untaxed, and untested products are being sold. What we are proposing and asking here today, is a reasonable expansion of the current LEGAL program that is providing the highest standard of quality and clean medicine to registered medical patients. The State of Hawaii was a leader in the entire nation agreeing 20 years ago that cannabis has very real and tangible medicinal purposes. They solidified this by implementing our law in the year 2000 allowing medical cannabis in our state. We are now here in 2021 still trying to find ways to ensure that the ones who need this medicine receive the best medicine they can get in our state.

We believe that the provisions in this bill would help the dispensary program build out the necessary infrastructure to provide the safe access footprint needed to turn patients away from the illicit black market and bring them into the safe, regulated, tested and taxed Medical Cannabis system. The founding goal of the Dispensary Program was to provide safe tested cannabis medicine to as many patients in Hawaii as possible. The provisions in this bill are needed to allow us to meet this goal.

Thank you for the opportunity to testify.

Warmest Aloha,

Casey Rothstein, President, Chief Operating Officer, Green Aloha Ltd.

HB-477-SD-1 Submitted on: 4/5/2021 9:36:16 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hawaii Cannabis Union	Testifying for Hawaii Cannabis Union	Oppose	No

Comments:

Dear Senator/Representatives,

We are the Hawaii Cannabis Union. We are writing to urge you to strongly OPPOSE HB477 SD1.

The Hawaii Cannabis Union was formed to represent patients and cannabis farmers in Hawaii. Our members feel that this bill is moving the industry in the wrong direction. Our members believe we need laws that are inclusive to residents by creating a horizontal structure and providing access to the cannabis industry in Hawaii. This bill would further exclude residents. Based on our members views - this bill should be STRONGLY OPPOSED. The HCU has been following this bill closely from it's inception and we have had no one approach us in support of this bill. Not a single constituent in support. We ask you to thoroughly review all testimony given and listen to the will of the people.

Please OPPOSE HB477 SD1. Thank you for the opportunity to comment.

Sincerely,

Hawaii Cannabis Union



To: Senator Karl Rhoads, Chair JDC Senator Donovan Dela Cruz, Chair WAM Members of the Joint Judiciary and Ways and Means Committee

Fr: Noah Phillips, Chief Compliance Officer - Hawaiian Ethos

Re: Testimony In Strong Support of HB477 HD2 SD1

RELATING TO CANNABIS

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Authorizes the department of health to set fee structures for the submission of applications for each additional production center and retail dispensing location and for dispensary-to-dispensary sales. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060. (SD1)

Dear Chair, Vice-Chair, and Members of the committee:

Hawaiian Ethos **supports HB477 HD2 SD1** as an important bill for enhancement of the State's medical cannabis dispensary program.

We support the ability to wholesale amongst the other medical cannabis licenses. Allowing for the wholesale of cannabis products between licensees would greatly increase the product diversity that patients have access to in licensed dispensaries. All medical cannabis patients' needs are different and so too are their needs for different product delivery methods and formulations of their medicine. In order to create a healthy cannabis marketplace where all patients have the choice to select a product most suited to their unique medical needs, licensees should be able to share in the manufacturing proficiencies of each other, as the required manufacturing of these different product types are often costly and difficult for any one company to undertake alone.

We support the increased number of retail locations. The current number of allowed medical dispensaries are not enough to cover the geographical dispersion of patients on the Island of Hawai'i. More dispensary locations are necessary to reduce the distances that many Hawai'i Island residents are must to travel in order to access licensed dispensaries.

We understand the increasing regulatory burdens that the Department of Health is faced with and we support the provision in this bill allowing the Department to set the fees on licenses to effectively regulate the medical cannabis program.

Thank you for the opportunity to testify.

Noah Phillips

Hawaiian Ethos LLC

(KONA – WAIMEA – HILO)

www.hawaiianethos.com

<u>HB-477-SD-1</u>

Submitted on: 4/1/2021 8:28:30 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Gordon	Individual	Support	No

Comments:

Aloha All

It appears that the demand for medical cannabis is increasing on all the Islands. As we are aware there are many medical cannabis patients on the Big Island. Based on this, the State should allow each dispensary company to open more retail facilities. In turn, more grow and production facilities should also be allowed.

Currently, DOH allows medical cannabis to be transported to other Islands for testing if no testing facility is located on the Island where the material is produced. The State should also consider allowing interisland transport of medical cannabis to dispensaries on other Islands.

Your Support of HB 477 as well as SB 1332 is appreciated.

HB-477-SD-1 Submitted on: 4/2/2021 4:58:27 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerald Taber	Individual	Oppose	No

Comments:

I ABSOLUTELY OPPOSE THIS MEASURE ...

<u>HB-477-SD-1</u>

Submitted on: 4/3/2021 7:52:44 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric R Merck	Individual	Oppose	No

Comments:

Aloha,

I am writing in oppositon to HB477. This misguided bill will disenfranchise legal medical cannabis patients by disrupting their access to affordable medicine through their care givers and force them to pay exhorbitant prices to support the dispensary monopoly that is being created. Additionally, the grow site inspection provisions are an enforcement over-reach as they allow police to enter private property without a proper search warrant, which is also a provision designed to force people to obtain their medice through the monopolistic dispensary system. This is clearly an abuse of power.

HB-477-SD-1 Submitted on: 4/3/2021 10:29:53 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
adam	Individual	Oppose	No

Comments:

Dear Senator/Representatives,

My name is Adam Siehr . As your constituent, I am writing to urge you to strongly OPPOSE HB477 SD1.

During the last hearing this bill had 270 opposing testimony and 13 in support. Out of that testimony there were 0 patients requesting more access to the dispensary system. 48 of those testimony were specifically against expanding the current system. Based on that testimony, the people of Hawaii do not want this bill to pass. Please listen to the will of the people. It has been admitted by the dispensaries and lawmakers that the current system does not work. It does not make sense to expand a system that is failing. While many other states are moving their programs forward to be more inclusive to their residents. Hawaii would take a big step backwards with this bill by creating further exclusion. This bill will be detrimental to the future of the Cannabis Industry in Hawaii.

Please do not put a limit of five cards per property !!! Please do not stop caregivers from helping others in need .

There are many patients on the island that cannot afford medicine from the dispensary and having the opportunity to work with small farms they were able to acquire their adequate amount without having to pay expensive dispensary prices.

The dispensaries grow using very strict guidelines not allowed to use many organic good things. Small farmers can use more organic and live micro bacteria that's beneficial to the plant and can produce a much better quality medicine for the patients in much need.

Please OPPOSE HB477 SD1. Thank you for your consideration,

Sincerely, Adam Siehr

HB-477-SD-1 Submitted on: 4/3/2021 1:50:15 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Georgina Mckinley	Individual	Support	No

Comments:

HB-477-SD-1

Submitted on: 4/3/2021 2:13:36 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jari S.K. Sugano	Individual	Oppose	No

Comments:

Chairs DelaCruz & Rhodes, Vice Chairs and members of the WAM and JUD commitee,

For a year, the world experienced what life is typically like for a family who cares for a medically fragile individual. Many families were cut off from one another. Access to basic needs such as food, medication and daily essentials were difficult. Access to medication was converted to mail vs in person pick up. Access to physicians became increasingly challenging. Social interactions were restricted and limited.

Life is starting to return to "normal" for many families. However, patients who have a debilitating condition undergo these challenges on a daily basis. Life is not much different today than it was pre-COVID for our family. Removing patient and caregiver rights (by way of advancing the termination date) because dispensaries are now available in local neighborhoods is far from compassionate care.

Forcing medically fragile patients to go into dispensaries to purchase medicine vs allowing them to grow their own, heightens patient exposure. This can easily be avoided.

The state's position to terminate caregiver's right to grow (because dispensaries are now open) is comparable to telling a home gardener they must stop gardening and purchase all food from grocery stores or restaurants. The establishment of dispensaries should not affect a patient's or caregiver's right to grow. The perceived risk to allow both systems to co-exist is minimal.

The purpose of establishing dispensaries in Hawaii was to provide access to cannabis patients who had no ability to grow medication for themselves. This was the original intent of the push for dispensaries in Hawaii.

For 20+ years, patients have been allowed to grow their own medication and exchanged medication with other cannabis patients. Changing these deadlines to encourage more sales into the dispensary system is not the appropriate answer.

DOH stated that patients need access to safe and quality medications. Yes. Cannabis patients have access to certified labs with Act 241. Keep in mind, a dispensary can resubmit samples of a batch if it originally failed to meet industry criteria for pesticide residues, mold, contaminants, etc.

The state justifies removing cannabis patient and caregiver rights due to establishment of dispensaries. This logic needs to be looked at closer. It's an old way of thinking.

Life is challenging enough for cannabis patients who have qualifying debilitating conditions. As tough economic times are forecasted, this is not an optimal time to remove caregivers'/patients' right to grow and exchange medicine. It forces patients to decide where they will best utilize their financial resources.

The termination date should be removed completely or pushed back to a time in which the state feels the economy will rebound from the effects of COVID.

Put yourself behind the mask of those who may not have a strong immune system and understand where patients/ caregivers are coming from. Delivery is not an option. Retention of caregiver rights is essential for our minor child. We hope you understand why all patients should have the same benefits. Aloha, Jari Sugano (Mililani, parent of a minor cannabis patient)

HB-477-SD-1 Submitted on: 4/3/2021 10:15:32 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann Strong	Individual	Oppose	No

Comments:

I STRONGLY oppose this Bill.
rhoads3 - Elena

From:	Jari Kaneshiro <ncsugano@gmail.com></ncsugano@gmail.com>
Sent:	Saturday, April 3, 2021 2:41 PM
То:	Sen. Donovan Dela Cruz; Sen. Gilbert Keith-Agaran; Sen. Jarrett Keohokalole; Sen. Karl
	Rhoads
Cc:	Sen. Bennette Misalucha; Sen. Joy A. San Buenaventura; Rep. Val Okimoto; Rep.
	Daynette Morikawa; Rep. Lisa Kitagawa; Rep. Della Belatti; Sen. Roz Baker; JDC
	Committee; WAM Committee
Subject:	HB477-Push Back Termination Date for Caregiver Growing/ Allow Patient to Patient
	Exchanges

Chairs Dela Cruz & Rhodes, Vice Chairs Keohokalole & Keith-Agaran and members of the WAM and JUD committee,

For a year, the world experienced what life is typically like for a family who cares for a medically fragile individual. Many families were cut off from one another. Access to basic needs such as food, medication and daily essentials were difficult. Access to medication was converted to mail vs in person pick up. Access to physicians became increasingly challenging. Social interactions were restricted and limited.

Life is starting to return to "normal" for many families. However, patients who have a debilitating condition undergo these challenges on a daily basis. Life is not much different today than it was pre-COVID for our family. Removing patient and caregiver rights (by way of advancing the termination date) due to the fact that dispensaries are now available is far from compassionate care.

Forcing medically fragile patients to go into dispensaries to purchase medicine vs allowing them to grow their own, heightens patient exposure. This isn't a safer alternative.

The state's position to terminate caregiver's right to grow (because dispensaries are now open) is comparable to telling a home gardener they must stop gardening and purchase all food from grocery stores or restaurants. The establishment of dispensaries should not affect a patient's or caregiver's right to grow. The perceived risk to allow both systems to co-exist is minimal.

The purpose of establishing dispensaries in Hawaii was to provide access to cannabis patients *who had no ability to grow* medication for themselves. This was the original intent of the push for dispensaries in Hawaii.

For 20+ years, patients have been allowed to grow their own medication and exchanged medication with other cannabis patients. It's a system that has allowed my daughter to live and thrive. Changing these deadlines to encourage more sales into the dispensary system is not the appropriate answer.

DOH stated that patients need access to safe and quality medications. Yes. Cannabis patients have access to certified labs with Act 241. Keep in mind, a dispensary can resubmit samples of a commercial batch if it originally failed to meet industry criteria for pesticide residues, mold, contaminants, etc.

The state justifies removing cannabis patient and caregiver rights due to establishment of dispensaries. This logic needs to be looked at closer. It's an old way of thinking.

Life is challenging enough for cannabis patients who have debilitating conditions. As tough economic times are forecasted, this is not an optimal time to remove caregivers'/patients' right to grow and exchange medicine. Our family is now a one income household. We've very fortunate, but I can't imagine what it must be like for others who are forced to decide where they will best utilize their financial resources.

The termination date should be removed completely or pushed back to a time in which the state feels the economy will rebound from the effects of COVID.

Put yourself behind the mask of those who may not have a strong immune system and understand where patients/ caregivers are coming from. Delivery is not an option. Retention of caregiver rights is essential for our minor child. We hope you understand why all patients should have the same benefits.

Aloha, Jari Sugano (Mililani, parent of a minor cannabis patient. Cannabis patient since the age of 4)

HB-477-SD-1

Submitted on: 4/4/2021 11:08:47 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Rauhe	Individual	Oppose	No

Comments:

While the changes made from HD2 to this new HD2 SD1 version move toward what the legal medical card holders want, most of the comments made by those who use the program were ignored. There is a clear bias in the committee as evidence, it was stated over 150 individuals responded opposing the last version. Actually, it was over 225 individuals. As written in my previous comments, it is clear the Department of Health (DOH) is driving this bill instead of legal medical card holders. It is the burden of the legislature to review and apply critical thinking to issues brough before them. Has an environment review of what this bill sets for the future of Hawaii been conducted? I believe this bill, if implemented, would not be in conformance with Hawaii Environmental Policy Act (HEPA), see comment 3.

The notion that DOH should receive any additional funding, to conduct additional helicopter flyovers or other high spending efforts, or increased access to private property is a continued overreach by the State of Hawaii as evidence by HCR 132 which actively seeks to expand protection of medical cannabis card holders. That resolution clarifies the misalignment of federal law and state law regarding cannabis as a medicine. HB 477 does not align with HCR 132 but instead would direct more funding for compliance and enforcement of a medicine. Wouldn't this money be better applied to schools, roads, or basically anything else?

This is why I oppose HB 477 HD2, it does not meet the needs of legal medical card holders but instead was written by the Department of Health to increase their ability to tax cannabis and channel patients to existing dispensaries. Though some changes were made from the last version, please note the following points showing this continued bias-

(1) No increase in the number of licenses for dispensaries but instead, focusing on increasing the size of those existing licenses. This flies in the face of previous plans to continue to open new licenses to allow for competition and for better access to medicine. If there is a concern that dispensaries are unable to meet demand, they are by the way, doubling down and using tax payer money to prop up poorly run businesses should not be the goal of the legislature;

(2) Increased access for Department of Health to inspect and gain access to private property even though less stringent language already existing in HRS 329;

(3) This bill sets a dangerous future for energy use and carbons emissions from indoor cannabis production. Most caregivers grow their cannabis outside using minimal lighting and climate control needs. The level of testing required by the state requires all cannabis sold in dispensaries to be indoor grown in high energy use facilities. In fact, East Oahu has the highest carbon emissions per ounce of cannabis in the country at 324 pounds of CO2 or the equivalent of burning 16 gallons of gas.

(https://theconversation.com/growing-cannabis-indoors-produces-a-lot-of-greenhousegases-just-how-much-depends-on-where-its-grown-156486)

How could the legislature setup such a future where most of the cannabis is grown indoors requiring more and more energy to meet state standards? The power company needs invest in 100% renewable energy so another state priority, indoor grown cannabis generating large amounts of greenhouse gasses, can be signed in. The lack of long-term thinking is clear in this bill as the amount of CO2 emissions alone would undermine other efforts made by both this state legislature, including HEPA and associated laws, but federal laws limiting the emission of greenhouse gasses. If a construction project needs to determine the exact greenhouse emissions from construction, a simple study of potential environmental impacts resulting from this bill, which directs the production of legal cannabis into industrial indoor farms, would be warranted.

Instead of doubling down on a failed approach, it took over a decade to even start the first dispensary, I think Hawaii should open up the laws more and setup Hawaii to benefit from its legal medical program. I want a future where both small and large operations are able to operate legally allowing the market to drive success instead of carefully written laws that change every two years. The DOH needs to work with legal medical card holders instead of their own staff and lobbyists to draft laws that don't affect their lives beyond what they do at work. If there is a budget issue, more laws and restrictions requiring more enforcement is hardly the answer. Thank you for reading my testimony.

Submitted on: 4/4/2021 4:22:30 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Courtney Mrowczynski	Individual	Oppose	No

Comments:

I strongly **OPPOSE** HB477 HD2 SD1 for the following reasons:

- This bill prohibits caregivers from growing cannabis starting December of 2021. This is absolutely ridiculous! I worked at one of the Oahu dispensaries for 1.5 years and I personally met and spoke with patients and caregivers every single day and listened to their personal stories. This is a much needed component of our industry for so many patients who cannot grow cannabis themselves due to their illness.
- This bill states that after December 31st, a qualifying patient can only obtain medical cannabis from a dispensary or cultivate it themselves. There are so many patients who cannot afford to buy their medicine from a dispensary or grow it themselves; thus we must provide another route for them to obtain safe cannabis.
- This bill increases production sites and retail facilities for dispensaries. Only 3 of our 8 licenses have opened 3 retail locations, so why do they need more? They are nowhere near what they are currently allowed. Also, according to a new frontier study, only 5.2% of patients buy cannabis from dispensaries.
- This bill allows the dispensaries to wholesale to each other. This is not an issue as long as the cost is not a burden to the patients.
- We need to focus on PATIENTS and their needs over the PROFIT of the dispensaries in our local medical cannabis industry.

TESTIMONY ON HOUSE BILL 477 HOUSE DRAFT 2 RELATING TO CANNABIS By: Kanalu DeMello

To: Senate HTH Committee Chair Jarrett Keohokalole, Rosalyn H. Baker (Vice Chair), Sharon Y. Moriwaki, Joy A. San Buenaventura, Kurt Fevella, Senate CPN Committee Chair Rosalyn H. Baker, Stanley Chang (Vice Chair), Bennette E. Misalucha, Clarence K. Nishihara, Gil Riviere

Mahalo for the opportunity to COMMENT on this measure.

I OPPOSE the current draft of HB477 as it stands for the following reasons:

1. The proposed amendment to limit the number of Plants per grow site to two cards. This does not support multigenerational households or any household with more than two registered patients. In addition, this would only increase the workload for the DOH related to compliance checks if patients were forced into other locations in order to grow cannabis.

2. The current draft of HB477 will abruptly end the Caretaker Program that has been in place for over 20 years on 12/31/21. This moves up the provision in the current medical law to sunset the caregiver program by two years. I would like to see an amendment made that would instead protect the caregiver system indefinitely. Caregivers offer patients a unique and fully customized way to attain the cannabis medicine that works the best for them. The inability, for any reason, of a patient to grow their own cannabis should not force them into purchasing only from a licensed medical dispensary.

This bill as it stands would be very detrimental to medical cannabis patients in Hawaii.

I am asking you to capitalize during this time, and to take advantage of this opportunity to increase Hawai'i economic wealth.

The amount of tax revenue could be great if the market is opened up by allowing patients the ability to assist and have a part in the market.

Hawaii could have x200-x700% more tax revenue than seen with coffee.

This plant should be taxed to sell like any other good.

Treat us as Legal Cannabis with sales laws and sales taxes that resemble more closely to coffee.

Having any plant count limit is not sustainable, and realistic, & should not continue to be a law.

Most importantly this Bill would be taking away people's access to their medicine. It is evil and should not pass.

Please oppose HB 477. Thank you for your consideration, and I look forward to hearing from you soon.

Sincerely, Kanalu DeMello

TO: COMMITTEE ON JUDICIARY and COMMITTEE ON WAYS AND MEANS FROM: Wendy Gibson-Viviani RN/BSN—Cannabis Nurse, patient advocate.

RE: HB477 (Comments)

Hearing: Tuesday, April 6, 2021 at 09:55 Conference Room 211 & Videoconference

Aloha Chairs: Senator Karl Rhoads, Senator Donovan M. Dela Cruz; Vice Chairs Senator Jarrett Keohokalole and Senator Gilbert S.C. Keith-Agaran; and members of the Committees,

My name is Wendy Gibson-Viviani and I'm an RN. I have worked as a healthcare professional in Hawai'i for 30 years, acting as a medical cannabis patient advocate for 16 years. I lecture as a Cannabis Nurse Educator. I am an active member of the American Cannabis Nurses Association and Cannabis Nurses Network.

I served as an alternate member of the HCR48 Task Force in 2014 and on the Medical Marijuana Legislative Oversight Working Group (ACT 230) in 2016. We were tasked with developing recommendations for the establishment of a regulated statewide dispensary system for medical cannabis---which led to HB321/ACT 241—the dispensary bill. I supported creating a dispensary system so that patients could have access to products that were tested and labeled. The dispensary system is supposed to work alongside the current, grow-your-own system not replace it.

I support the parts of this bill that will help dispensary licensees improve their services and increase production. As a medical cannabis patient advocate, **I must OPPOSE these parts:**

- 1) Authorizing the department of health or law enforcement, upon the request of the department, to conduct administrative inspections of registered grow sites to ensure compliance with cannabis plant limits;
- 2) the 5 card per property limit

The DOH already has the option of calling for law enforcement to help them when they feel they need back up IF they find an infraction. Allowing law enforcement to assist the DOH inspectors should be reserved for special circumstances and NOT become a routine practice. And, law enforcement should not conduct the inspection alone.

Police are not trained to conduct inspections. They will not know what to do if the patient has violated any of the rules. For example, if a plant tag is not legible—that is considered a violation and the patient can lose their card and legal protections. I wonder, how differently law enforcement would handle that violation versus if the DOH discovers it?

My understanding – based upon what I heard from an HPD Officer speaking at a Harm Reduction Conference, HPDs view of medical cannabis is "We're against it", explaining that it is because they are not trained for it. While they do acknowledge that some patients should have access to their medicine, they feel it should be reserved for the less than 5% of the patients registered, only those who have are in end stages of life. **Their bias is that about 95%** of the patients in the program should not be using it.

I have heard reports from multiple patients and two grow sites about past practices of law enforcement "inspections". In every instance, a team of militarized, armed "Inspectors" show up for a SWAT-team style inspection. This is frightening and embarrassing to patients.

The DOH will have to find better ways to conduct their inspections that do not include this style of inspection. This is **not good for instilling trust in law enforcement** and could lead to distrust of the DOH. Patients will be discouraged from registering for the program if they think there is a chance that the DOH will expose them to this kind of treatment.

Here's an example of a social media posting I received: MARIJUANA GROWERS COMPLIANCE CHECKS!!! Helicopters are flying low over neighborhoods on Maui, and compliance officers in black SUV's are swarming around the island, swooping in on registered medical marijuana patients, to check and see if these severely ill patients are in compliance with the law.

IMPORTANT: Your medical marijuana plants MUST be tagged with your "329 card" registration number AND the expiration date. If plants are not properly tagged you lose your protection from prosecution. We have heard that the majority of patients are NOT found to be in compliance!!! PTSD patients, please seek professional help, if needed. Check your papers, tag your plants, may sure you are not over the limit!

Please do not include language in this bill that will allow law enforcement to perform DOH duties. I feel it could be detrimental to thousands of patients and especially damaging to relations between patients and the DOH and between patients and law enforcement.

2) I am opposed to the **5 card per property limit.**

Cannabis is not ONE medicine. There are over 6,000 varieties. Some of these plants are difficult to grow. Each patient may need multiple types and forms of cannabis to address specific medical issues. Some patients need raw, non-psychoactive products that are low in THC during the day (for pain management) and products that are higher in THC at night (for sleep). It can take months or years for a patient to find the varieties that work well for them Dispensaries may not carry the specific products that work for patients.

Many patients cannot afford dispensary medicines—which are expensive because of the massive over-regulation which makes production costly. Finding land to grow-your-own is difficult in Hawaii, where many folks are renters. Patients who are growing collectively (MORE than 5 cards per property) are more likely to have access to the multiple medicines that work for them—on a continuous basis.

In Hawaii, Cannabis is supposed to be recognized as a medicine. Patients are supposed to be treated as well as any other patient population but they are not. Allowing law enforcement to inspect a patient's medicines is wrong.

If you limit the number of growers per grow site to no more than FIVE in December 2021, you will effectively strip patients of protections from prosecution---by making their grow sites

illegal. The Federal government (DOJ) is currently prohibited from spending money on enforcement that interferes with State implementation of laws authorizing the use of medical marijuana. Your decision on this will dictate which patients will become criminalized again.

Restricting a patient (or caregiver's) ability to stack cards is contrary to the original INTENTION of the bill that authorized a medical cannabis program in Hawaii—which is to improve patient access to quality medicines. Patients and caregivers need to be able to continue to produce the quality medicines they know work for them and engage in the therapeutic process of gardening. Patients can have their products lab-tested for purity and strength—just as dispensaries can—if anyone questions the quality.

I am not opposed to dispensary licensees improving their services and increasing production, I do oppose the involvement of law enforcement in inspections and the 5 card per property limit.

Thank you for the opportunity to provide comments on HB477.

Wendy Gibson-Viviani RN/BSN, Cannabis Nurse Educator Member: American Cannabis Nurses Association and Cannabis Nurses Network

Kailua

Aloha lawmakers,

Thank you for the opportunity to **OPPOSE HB477 HD2 SD1**

Two decades ago, your fellow Hawaii Legislators passed "First-In- the Nation Medical Marijuana legislation" which was based on COMPASSION, for it allowed seriously-ill patients to use medical cannabis without fear of arrest. Unfortunately now, those good-intentions have failed, and Hawaii's marijuana laws have evolved into a Pay-to-Play-Corporate-Monopoly, which discriminates against seriously ill and low-income medical cannabis patients.

Medical cannabis patients are discriminated against like no other medical group in the State of Hawaii. There is no other group of patients in the state who are forced to pay a yearly "strong arm protection fee" or who are forced into using "Script Writing Doctors."

HB477 HD2 SD1 EXPANDS DISPENSARY CORPORATIONS & LIMITS PATIENT CHOICES, ... BOTH ARE BAD IDEAS!

Limiting cannabis patients choices **discriminates against medical cannabis patients**, and especially discriminates against disabled and low-income patients. If cannabis patients don't have the money to buy into the system, then the whole dispensary system is useless to them.

In summation, we **OPPOSE HB477** because expanding the existing cannabis dispensary corporations, while further restricting severely-ill patients choices, violates the fundamental "Spirit of ALOHA" of Hawaii's original **compassionate** medical marijuana laws.

Hawaii's Cannabis patients need more choices, like an expanded CAREGIVER Program, and patient cooperatives, and not expanded cannabis corporations that do not serve low-income cannabis patients.

Mahalo for **OPPOSING HB477**,

Mary Whispering Wind

HB-477-SD-1 Submitted on: 4/4/2021 11:31:22 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submi	tted By	Organization	Testifier Position	Present at Hearing
donn	viviani	Individual	Comments	No

Comments:

My name is Donn Viviani. We live in Kailua with family in the Punchbowl and Aina Haina neighborhoods. I strongly oppose two requirements of this bill. First, parts of the bill are discriminatory. I am a 329 patient. I am wealthy and can afford to purchase my medicine at a dispensary. This bill divides your constituents into two classes. On one side, the wealthy, who can afford dispensary medicine, together with those who have land available and are physically capable of growing their medicine. On the other side of this divide are those who can't afford dispensary medicine, and do not have the land and ability to grow their medicine. It limits sites to five growers. Not everyone has a garden, many residences are multigenerational with more than five patients, without cooperative grow sites many of your constituents would lose access to their medicine. Second, explicitly naming law enforcement as available for grow site inspection, is unnecessary, as law enforcement can always be called upon to assist DOH. Law enforcement is not trained in site inspection. A DOH employee should always accompany law enforcement to ensure the inspection is done correctly. This doubles the required manpower. It also seems discriminatory, unless law enforcement also starts inspecting restaurant kitchens or fire code violations, etc. Please do not pass this bill with these sections.

mahalo, Donn Viviani Kailua

HB-477-SD-1

Submitted on: 4/4/2021 11:40:03 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Murphy	Individual	Oppose	No

Comments:

Aloha lawmakers,

Thank you for the opportunity to OPPOSE HB477 HD2 SD1

Hawaii's marijuana laws have evolved into a Pay-to-Play-Corporate-Monopoly, which discriminates against seriously ill and low-income medical cannabis patients.

Medical cannabis patients are discriminated against like no other medical group in the State of Hawaii. There is no other group of patients in the state who are forced to pay a yearly "strong arm protection fee" or who are forced into using "Script Writing Doctors" to acquire their medicines.

Limiting cannabis patients choices **discriminates against medical cannabis patients**, and especially discriminates against disabled and low-income patients.

If cannabis patients don't have the money to buy into the system, then the whole dispensary system is useless to them.

Please, **OPPOSE HB477** because it expands the existing cannabis dispensary corporations, while further restricting severely-ill patients choices, and providing absolutely nothing for low-income patients.

Hawaii's Cannabis patients need more choices, like an expanded CAREGIVER Program, and patient cooperatives, and not expanded cannabis corporations that discriminate against cannabis patients.

Mahalo for **OPPOSING HB477**,

Brian Murphy

Submitted on: 4/5/2021 7:33:57 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Miller	Individual	Oppose	No

Comments:

Cannabis is medicine, and growing cannabis heals. The ability to grow isn't a luxury many people in Hawai'i have the space nor ability to do so. The people of Hawai'i deserve to have a better program that focuses on serving the community and providing access to medication. It only takes a little heart and business sense to see that this bill only protects and helps dispensary owners and takes away patients rights and ability to grow. Whether it be the space, means, skill, or ability to grow their own medicine, this bill stops and prevents people from finding additional ways to grow their own medicine. Look at our economic layout, facts show majority of people don't have the ability to do so. Even our multigenerational households will not even be able to grow for themselves in their own homes for multiple members under this bill. In addition, look at how many people live in apartment buildings, don't own their property, this bill prevents people's ability to grow where they do not have the luxury nor ability to grow within their household.

I have for the past 3 years had the opportunity to work/volunteer with and be apart of one of these farms that helps have access to the space and ability to aid patients in growing their own medicine. I have seen some amazing things transpire because of the farm. Working there has not only been healing for me as a patient but seeing how my work and effort through the farm truly helps patients grow their own alternative medicine. From patients coming regularly to help in the field, to hearing family members cry from the pure joy and healing it has brought for their loved ones. To veterans who have served our country hoping to have access to their own cannabis over prescription medications. Seriously amputees pleading cannabis helps them more than the prescriptions drugs being pushed their way visit after visit. Saying without the farm and ability to affordably grow their own medicine they wouldn't be able to get anything but prescriptions for proven addictive narcotics covered through the VA. What about the hundreds, 1000s of patients this bill will displace and remove them from their current means of growing and having access to their medicine? How will they affordable get this medicine? What's the states plan for these patients for which they approved them to become apart of these farms or places to actually be able to grow? What's the impact of that? Passing this bill will immediate compromise these peoples ability to get their medication, with no plan in place other than a conflict of interest funneling those patients into the doors of the exact people putting these bills into place.

There are example after example that show this Bill does nothing to protect patients but take away people ability to access and grow this proven Medicine. Hawaii as a whole should be working on fixing our broken vertical system rather than implement changes that impede patient rights and purely protect current industry players. This bill is just one more example of why our system is failing and needs to be changed now rather than altered to protect investors interest over patients rights and bottom line the success of our states industry and ability to maximize its true benefits for hawaii as a whole. The evidence is out there, visit these farms, ask these patients, look at the foul play already acknowledged, do we really want to continue to protect these peoples interest?



- To: Senator Karl Rhoads, Chair Judiciary (JDC) Senator Donovan Dela Cruz, Chair Ways and Means (WAM) Senator Jarrett Keohokalole, Vice-Chair JDC Senator Gilbert Keith-Agaran, Vice-Chair WAM Members of the Joint JDC/WAM Committee
- Fr: Moe Afaneh, Head of BioTrack, Forian Inc.

Re: Testimony In Support of HB477 HD2 SD1 RELATING TO CANNABIS

Authorizes the department of health to allow a licensed dispensary to purchase up to three thousand grams of medical cannabis or manufactured cannabis products from another licensed dispensary to ensure ongoing qualifying patient access. Increases the allowable number of production centers and retail dispensing locations per dispensary license. Places certain limits on where qualifying patients can obtain medical cannabis or manufactured cannabis products after 12/31/21. Authorizes the department of health to set fee structures for the submission of applications for each additional production center and retail dispensing location and for dispensary-to-dispensary sales. Permits inspections of registered grow sites by department of health or law enforcement to verify compliance with cannabis plant limits for cultivation by qualifying patients. Limits dispensary-to-dispensary sales to those located on the same island, as long as federal law prohibits the transportation of medical cannabis over a body of water. Effective 7/1/2060. (SD1)

Dear Chair, Vice-Chair, and Members of the Committee:

On behalf of Forian BioTrack, the State of Hawai'i's partner in medical cannabis traceability and supply chain security for the past five years, I aim to testify today to the scalability, geo-locative capabilities, and security designs of the State of Hawai'i's BioTrack seed to sale tracking system. We stand ready to work with our partners at state regulatory agencies and throughout the industry to continue to ensure uncompromising product quality and safety for Hawai'i's patients.

The BioTrack seed to sale system, currently administered by the Hawai'i Department of Health, tracks medical cannabis through all stages of the cannabis supply chain, offering important security and forecasting capabilities to regulators and maintaining a real-time accounting of every cannabis plant and product from plant growth to point-of-sale.

BioTrack, currently serving nine U.S. state governments and 2,300 cannabis businesses, is built to scale seamlessly alongside the growth of the Hawai'i's medical cannabis industry. The technical capabilities of our system provide more than enough capacity to support the expected increase in volume of traceability data associated with an expanded marketplace. Moreover, we can accomplish this while minimizing any additional burden on regulators.

The Hawai'i Department of Health currently leverages BioTrack's manifest technology to track all medical cannabis transportation between facilities. This manifest system establishes departure and arrival entities, relevant facility locations, transit time, a thorough delivery inventory, employees conducting the delivery, and identifiers of vehicles



used in the delivery, all made available to regulators and law enforcement in real-time. The State of Hawai'i's current implementation of BioTrack's manifest system accommodates wholesale transactions and transactions within or between cannabis businesses, minimizing the need for technological enhancement. This capability maintains constant industry-wide oversight, allowing regulators to act on health and safety needs, such as implementing product recalls, in real-time and across cannabis entities.

Finally, BioTrack has developed "red-flag report" capabilities, which allow regulators to remotely identify suspicious activity, such as delayed manifests and inventory transfer discrepancies. With BioTrack's consultative relationship and existing software implementation, the State of Hawai'i can develop custom red-flag reports that respond to changes caused by industry growth, optimizing regulator resources by pinpointing the geographic and organizational source of unusual activity in real-time, allowing for reduced travel and investigation time by regulators.

At BioTrack, our technological capabilities are developed with the next generation of the medical cannabis industry in mind. As a grateful partner to the State of Hawai'i, BioTrack is prepared to support the achievement of the Medical Cannabis Program's objectives, ensuring regulators can leverage state-of-the-art data and analytics tools to enhance their oversight of the growing industry and protect the health and safety of patients, while optimizing taxpayer resources and regulators' capacity.

Mahalo for the opportunity to testify and I would be happy to respond to the Committee's questions.

HB-477-SD-1

Submitted on: 4/5/2021 7:59:12 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Eckert	Individual	Oppose	No

Comments:

The HICIA and dispensary CEO's continue to cite data that the dispensaries have only 5% marketshare in Hawaii. HB477 seeks to allow the dispensaries to expand operations because they cannot meet the demand of only 5% of Hawaii's marketshare. HB477 seeks to shut down patient cooperatives and the patient caregiver programs but this will add thousands of patients to that unmet demand. The Hawaii state Dispensary system is a failure with its vertical integration and stifling regulations. The ever growing numbers of patients that seek alternative sources for medical cannabis are a result of the failures of the dispensary system. The failures and shortcomings of the state dispensaries in supplying demand are not the result of alternative sources. The fear mongering employed in testimony by HICIA and dispensary CEO's is dishonest. There is no body of evidence that suggests any number of patients have been harmed by alternative sources of flower in Hawaii. The patient cooperatives and the patient caregiver program are separate issues from the viability of dispensary system. I am requesting that language regarding card numbers per property and language regarding the caregiver program be removed from HB477

Richard Eckert



Akamai Cannabis Clinic 3615 Harding Ave, Suite 304 Honolulu, HI 96816

TESTIMONY ON HOUSE BILL 477 HOUSE DRAFT 2 SENATE DRAFT 1 RELATING TO CANNABIS By Clifton Otto, MD

> Senate Committee on Judiciary Senator Karl Rhoads, Chair Senator Jarrett Keohokalole, Vice Chair

Senate Committee on Ways and Means Senator Donovan M. Dela Cruz, Chair Senator Gilbert S.C. Keith-Agaran, Vice Chair

> Tuesday, April 6, 2021; 9:55 AM State Capitol, Videoconference

Thank you for the opportunity to provide COMMENTS on this measure.

VERTICAL INTEGRATION IS A FAILURE

The reason that large patient grow sites exist is because a vertically integrated dispensary system does not work for Hawaii. Law enforcement's reported insistence upon this model is destroying the ability of Hawaii's medical cannabis program to properly provide for our patients.

Instead of cutting off a legal means of access for patients, I propose that we leave patient cultivation provisions the way they are for another year and address an overhaul to the structure of the dispensary program next Session. In the meantime, a Dispensary Task Force that can explore current deficiencies in patient access and report back to the Legislature before next Session would be a welcomed addition to this measure.

PLANT DEFINITION FOR PATIENTS NEEDED

In addition, patients are in desperate need of a plant definition that will facilitate compliance with state law. The following amendments are necessary to clarify what constitutes the ten plants that patients are currently allowed to grow.

At Page 8, Line 3:

SECTION 5. Section 329D-2, Hawaii Revised Statutes, is amended by amending subsections (f) and (g) to read as follows: "(f) Up to [two] _____ production centers shall be allowed under each dispensary license; provided that, except as otherwise specified in subsection (k), each production center shall be limited to no more than three thousand cannabis plants. For purposes of this subsection, "plant" means a cannabis plant that is greater than twelve vertical inches in height from where the base of the stalk emerges from the growth medium to the tallest point of the plant, or greater than twelve horizontal inches in width from the end of one branch to the end of another branch; provided that multiple stalks emanating from the same root ball or root system shall be considered part of the same single plant; and provided that this definition shall also apply to registered patients.

And by adding the following statutory amendment:

§329-121 Definitions. As used in this part:

"Plant" means a cannabis plant that is greater than twelve vertical inches in height from where the base of the stalk emerges from the growth medium to the tallest point of the plant, or greater than twelve horizontal inches in width from the end of one branch to the end of another branch; provided that multiple stalks emanating from the same root ball or root system shall be considered part of the same single plant.

INTERISLAND TRANSPORT DOES NOT VIOLATE FEDERAL LAW

It is completely unnecessary for dispensaries to be subjected to a restriction on the interisland transport of cannabis material. The interisland transport of cannabis samples by dispensaries is clearly <u>authorized</u> under Hawaii's medical cannabis dispensary law, and there is an existing <u>exemption</u> from federal restrictions on the carriage of cannabis aboard aircraft if authorized under state law.

The problem seems to be that the agencies that control interisland transport (DOT, TSA, PSD, Aloha Air Cargo) have not been brought into compliance with this legal pathway.

One way to address this problem is to require that DOT adopt a formal protocol for the interisland transport of cannabis, which would remove any doubt about the legality of such transport.

Please keep in mind that TSA does not regulate the transport of drugs aboard aircraft. Their job is to protect the safety of pilots, crew, and passengers by preventing weapons and explosives from being transported on planes. Any questions about the transport of cannabis at Hawaii's airports is directed to local airport law enforcement, who could follow a DOT cannabis transportation protocol to determine if specific cases of cannabis transport are allowed.

Therefore, I suggest that the language "so long as federal law prohibits transportation of medical cannabis over a body of water" be stricken wherever it occurs in this measure, and the following amendment be included:

SECTION 2. Section 329-122, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows: "(f) For the purposes of this section, "transport" means the

transportation of cannabis, usable cannabis, or any manufactured cannabis product between:

(1) A qualifying patient and the qualifying patient's primary caregiver;

(2) A qualifying out-of-state patient under eighteen years of age and the caregiver of a qualifying out-of-state patient;(3) The production centers and the retail dispensing locations under a dispensary licensee's license;

(4) Dispensaries as permitted by section 329D-6(r); provided that the department of transportation shall adopt rules pursuant to Chapter 91 administrative procedures to allow for the interisland transport of cannabis in accordance with state law [so long as federal law prohibits transportation of medical cannabis over a body of water], a selling dispensary may only sell and transport up to three thousand grams of cannabis or manufactured cannabis products to a purchasing dispensary [located on the same island as the selling dispensary];

Also at Page 18, Line 15, the following deletion:

subsection (j), [if no certified laboratory is located in the county or on the island where the dispensary is located];

Also at Page 20, Line 13, the following deletion:

(2) The selling dispensary may only transport up to three thousand grams of cannabis or manufactured cannabis products to a purchasing dispensary [located on the same island as the selling dispensary]; and

And finally, many of the problems currently facing our medical cannabis program are because of the ongoing conflict with the federal regulation of marijuana, which the state has an obligation to help resolve because it created this conflict nearly twenty-one years ago when it authorized the medical use of cannabis within the state.

Therefore, I ask that the committee add the following amendment to this bill, which provides a viable means to end this unnecessary conflict.

SECTION 9b. The following section is added to read as follows:

"§329-5 Harmonizing the state and federal regulation of

cannabis.

The department of health shall submit to the administrator of the United States Department of Justice, Drug Enforcement Administration, Diversion Control Division:

(1) An application for immediate relief pursuant to title 21 Code of Federal Regulations section 1307.03 to the Office of Diversion Control. This application shall state that part IX of chapter 329, Hawaii Revised Statutes, and chapter 329D, Hawaii Revised Statutes, create an exemption from federal drug laws and do not create any positive conflict pursuant to title 21 United States Code Annotated section 903; and that the federal scheduling of marijuana does not apply to the state authorized use of cannabis. The application shall also include a proposed rule containing the following: "The listing of marijuana as a controlled substance does not apply to the state authorized use of marijuana, and persons using marijuana in compliance with state law are exempt from registration"; and

(2) A petition for permanent relief pursuant to title 21 Code of Federal Regulations section 1308.43. This petition shall state that part IX of chapter 329, Hawaii Revised Statutes, and chapter 329D, Hawaii Revised Statutes, create an exemption from federal drug laws and do not create any positive conflict pursuant to title 21 United States Code Annotated section 903; and that the federal scheduling of marijuana does not apply to

the state authorized use of cannabis. The petition shall also include a proposed rule containing the following: "The listing of marijuana as a controlled substance does not apply to the state authorized use of marijuana, and persons using marijuana in compliance with state law are exempt from registration.""

Thank you for considering this written testimony in your decision making today. Aloha.

Submitted on: 4/5/2021 9:05:54 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tyler Crook	Individual	Oppose	No

Comments:

Dear Senator/Representatives,

My name is Tyler Crook. As your constituent, I am writing to urge you to strongly OPPOSE HB477 SD1.

During the last hearing this bill had 270 opposing testimony and 13 in support. Out of that testimony there were 0 patients requesting more access to the dispensary system. 48 of those testimony were specifically against expanding the current system. Based on that testimony, the people of Hawaii do not want this bill to pass. Please listen to the will of the people. It has been admitted by the dispensaries and lawmakers that the current system does not work. It does not make sense to expand a system that is failing. While many other states are moving their programs forward to be more inclusive to their residents. Hawaii would take a big step backwards with this bill by creating further exclusion. This bill will be detrimental to the future of the Cannabis Industry in Hawaii.

Please OPPOSE HB477 SD1. Thank you for your consideration,

Sincerely,

Tyler Crook

Submitted on: 4/5/2021 9:06:48 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted	ІВу	Organization	Testifier Position	Present at Hearing
Andrew Sim	mons	Individual	Oppose	No

Comments:

HB 477 removes patients rights at a time when patients should be receiving more protections. The caregiver program has been a blessing to many patients that are unable to grow their own. Limiting a tmk to 5 cards puts many vulnerable patients in a limbo.

HB477 also will further monopolize the 8 dispensary licensee's . The original plan was to reassess and open up license to other entities. This would be better for patients and Hawaii residents as a whole as well. Micro license would benefit many small farms and put money back into the localized economy. Small craft farms should be able to obtain an affordable license and supply flower to the current licensed dispensaries. This would employ many Hawaii residents and spread the wealth. More variety for patients means they are more likely to find a strain that works best for their medical condition. Please consider these things before making your final decision today. We can and will do better for the people and patients of the great state of Hawaii!

Thanks for your time and consideration, Andrew Simmons

Submitted on: 4/5/2021 9:14:09 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Oppose	No

Comments:

Oppose.

It seems MM patients and their caregivers are very much opposed to provisions in this bill.

The dispensary issue has always been an expensive mess from what I have read. Just legalize it; we need the new jobs this industry will bring and we need the new tax dollars. Hawai'i has, and continues to lose billions of dollars that we desperately need.

Submitted on: 4/5/2021 9:40:01 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lauren Simmons	Individual	Oppose	No

Comments:

This bill is bad patients and caregivers. Please consider killing this bill.

Thanks for your time, Lauren Simmons

Submitted on: 4/5/2021 9:41:28 AM Testimony for JDC on 4/6/2021 9:55:00 AM

5	Submitted By	Organization	Testifier Position	Present at Hearing
	kekai kamai	Individual	Oppose	No

Comments:

Dear Senator/Representatives,

My name is Kekai kaaialii Kamai. As your constituent, I am writing to urge you to strongly OPPOSE HB477 SD1.

During the last hearing this bill had 270 opposing testimony and 13 in support. Out of that testimony there were 0 patients requesting more access to the dispensary system. 48 of those testimony were specifically against expanding the current system. Based on that testimony, the people of Hawaii do not want this bill to pass. Please listen to the will of the people. It has been admitted by the dispensaries and lawmakers that the current system does not work. It does not make sense to expand a system that is failing. While many other states are moving their programs forward to be more inclusive to their residents. Hawaii would take a big step backwards with this bill by creating further exclusion. This bill will be detrimental to the future of the Cannabis Industry.

I believe by passing this bill will be detrimental to all medical cannabis patients, medical cannabis growers and caregivers. It supports the dispensary to monopolize and let the rich become richer. It takes the rights away to patients, who are on a fixed income rely on a broken system who sells overly priced non organic products. Although the states tests the products, they state still lets the sales gmo produce statewide. People now are more conscious than ever about what's being put into their body. By taking the caregiver away from patients who are on a fixed income or cannot produce their own medicine sends them back to no diversity or choice to obtain medicine. All in all this bill is pilau n is typical of the state and people who are not keiki o ka aina to capitalize and suppress the people of Hawaii.

Please OPPOSE HB477 SD1. Thank you for your consideration,

Sincerely, Kekai Kaaialii Kamai

HB-477-SD-1

Submitted on: 4/5/2021 9:49:59 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chrissie Brown	Individual	Oppose	No

Comments:

Dear Senators,

My name is Chrissie Brown and I am writing to urge you to strongly OPPOSE HB477 SD1.

During the last hearing this bill had 270 opposing testimony and 13 in support. Out of that testimony there were 0 patients requesting more access to the dispensary system. 48 of those testimony were specifically against expanding the current system. Based on that testimony, the people of Hawaii do not want this bill to pass. Please listen to the will of the people.

It has been admitted by the dispensaries and lawmakers that the current vertical system does not work. It does not make sense to expand a system that is failing.

While many other states are moving their programs forward to be more inclusive to their residents. Hawaii would take a big step backwards with this bill by creating further exclusion. This bill will be detrimental to the future of the Cannabis Industry in Hawaii.

Last week the house passed HCR132 and it now heads to Senate HTH, JDC committees:

"REQUESTING THE DEPARTMENT OF HEALTH TO SUBMIT A REQUEST TO THE DRUG ENFORCEMENT ADMINISTRATION FOR AN EXCEPTION TO REGULATIONS AND A PETITION TO INITIATE PROCEEDINGS FOR FEDERAL RULEMAKING TO CLARIFY THAT THE STATE-AUTHORIZED USE OF MEDICAL CANNABIS DOES NOT VIOLATE THE FEDERAL CONTROLLED SUBSTANCES ACT"

This clarification could be incredibly important in allowing the Department of Health and lawmakers to expand our regulated medical cannabis program in a truly horizontal way – benefitting the community on a much larger scale. Hawaii needs opportunities for small business to thrive in this Covid-19 era. Amending our dispensary laws to create a truly horizontal system with an attainable licensing structure allowing residents of the state to participate in a regulated market is needed.

Please OPPOSE HB477 SD1. Thank you for your consideration,

Sincerely, Chrissie Brown



TESTIMONY ON HOUSE BILL 477 HOUSE DRAFT 2 RELATING TO CANNABIS By Jason Hanley Senate Committee on Judiciary Senator Jarrett Keohokalole, Chair Senator Rosalyn H. Baker, Vice Chair

Senate Committee on Ways and Means Senator Donovan Dela Cruz, Chair Senator Gilbert Keith-Agaran, Vice Chair

Friday, March 19, 2021; 9:30 AM State Capitol, Videoconference

I DO NOT SUPPORT the proposed amendment to section 329-130(a) to limit the number of 329 card patients per site.

Department of Health has clearly not shown any data that has proven that having multiple cards per site is a problematic. They DOH has made one attempt to visit grow sites and are already imposing a law change. Furthermore, the DOH has clearly stated in their data submitted as testimony that over 3000 cardholders will be affected and left without a grow-site if this bill passes and card limits are put on grow-sites.

We ask the committee to please extend this bill to its original proposed bill (SB89) and date of December 2023 for proper review, or eliminate the bill in its entirety. Taking away growers rights to appeal to dispensaries and a vertical market has proven a failure and states like Oregon and Washington now rely on cooperative farms to provide cannabis to dispensaries.

We also ask the committee to propose a review board to work with the DOH and the state to review the laws needed for a successful horizontal cannabis program.

The DOH is putting patients cannabis growing rights at risk if this bill moves forward and will unintentionally hurt a lot of people that use farms as grow sites.

Mahalo. Jason



HB-477-SD-1 Submitted on: 4/5/2021 9:58:42 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Subr	nitted By	Organization	Testifier Position	Present at Hearing
Joshua	a Siefman	Individual	Oppose	No

Comments:

The compliance checks are a complete waste of resources, money, and manpower. Enforcement can be applied elsewhere like security at dispensaries etc... plant limits and enforcing plant count is a waste of time and invasion of privacy...look at the other other states where enforcing a plant limit has caused more issues than the law itself



HB-477-SD-1 Submitted on: 4/5/2021 11:33:26 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Judiah McRoberts	Individual	Oppose	No

Comments:

I strongly oppose this bill as its intent appears mainly for the monitary benefit of the current dispensary license holders. We need a better bill that is more comprenesive in its approach to positively benefit the patients.

Thank you,

JM



Submitted By	Organization	Testifier Position	Present at Hearing
B. Lani Prunés	Individual	Oppose	No

Comments:

Please do not allow dispensaries to be the monopoly we are forced with. It will not serve the patients and citizens and consumers in need. Mahalo!



HB-477-SD-1 Submitted on: 4/6/2021 6:20:23 AM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Loretta Black	Individual	Oppose	No

Comments:

I oppose hb477

I don't support this bill !!!!!!



<u>HB-477-SD-1</u> Submitted on: 4/6/2021 3:59:06 PM Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Majesty Keopualani Miller	Individual	Oppose	No

Comments:

To Our Legislators.

im writing this testimony in hope that Mohiko Farm remains open. I've had 10 years of stomach issues & all the western medicines could not prevent the nausea, anxiety, headaches & depression. Having used cannabis for 6 months had brought a joyful & productive day.

I OPPOSE BILL HB487

Sincerely,

Majesty K. Miller