

**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
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**Testimony COMMENTING on H.B. 2260, HD1  
RELATING TO CANNABIS.**

REPRESENTATIVE AARON LING JOHANSON, CHAIR  
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Hearing Date: Tuesday, February 15, 2022

Room Number: Video Conf.

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. If this bill passes as currently drafted or amended, it will  
4 require a minimum of two (2) additional Surveyors, one (1) additional Office Assistant, and  
5 supplemental mileage and interisland travel at an estimated cost of \$300,000 to maintain  
6 adequate regulatory oversight to ensure patient, product, and public safety.

7 **Department Testimony:** Thank you for the opportunity to testify on this measure with  
8 COMMENTS noting a mix of support and opposition.

9 The purpose of this bill is to:

- 10 1. Allow sale and transport of medical cannabis between licensed dispensaries;
- 11 2. Increase plant counts for production centers from 5,000 plants to 7,500 plants at a  
12 single production center;
- 13 3. Increase the number of production centers for each licensee from two (2) to three  
14 (3);

- 1           4.     Allow the Department to increase the number of retail stores for each licensee
- 2                     from three (3) to five (5);
- 3           5.     Re-define a medical cannabis production center to include any series of structures
- 4                     located within the same secured perimeter fence-line;
- 5           6.     Require the Department to establish fees for applications for additional production
- 6                     centers and retail stores and for dispensary to dispensary sales; and
- 7           7.     Amend the Department's duties on the establishment of standards.

8

9           The Department's position on each of these proposals is as follows:

- 10          1.     Sale and Transport Between Dispensaries: **Supports** as long as additional
- 11                     resources are approved that do not jeopardize the Governor's budget. Staff
- 12                     resources are needed for the added regulatory oversight that will be required to
- 13                     track sales and transportations. The Department appreciates that this bill will
- 14                     authorize the Department to allow dispensaries to purchase and transport products
- 15                     pursuant to rule making. While the Department takes no specific position on
- 16                     HD1's change in the amount of cannabis that may be transported, the Department
- 17                     prefers and recommends that the criteria on sales and transportation be in rules
- 18                     rather than codified in statute. And the Department reminds the Committee of the
- 19                     Department's interim rule making authority through 2025. As a result, the
- 20                     Department requests the amendment at the end of this written testimony.
- 21          2.     Increase Plant Count: While the Department takes no position on the number of
- 22                     plants a dispensary may cultivate, the Department **Opposes** any specific number

1 codified in statute. Instead, the Department proposes for the Legislature to  
2 eliminate plant count in statute and requests authorization for the Department to  
3 set growing criteria such as the number of plants per square foot or some other  
4 measure in administrative rules. The number of plants in a single production  
5 center may be limited by the size of the production center which may be limited  
6 by the amount of investment capital the dispensary has to build a production  
7 center and which may be further limited by the size and cost of real property in  
8 Hawaii on which to build a production center. Each dispensary could be  
9 different, and some dispensaries may be capable of cultivating a much higher  
10 number of plants than other dispensaries or that is codified in statute. As a result,  
11 the Department may be in a better position to determine the number of plants in a  
12 given production center based on the dispensary's production center capacity and  
13 capabilities. If a dispensary is successful and has the capital and real property to  
14 expand the production center to accommodate more plants, and as long as the  
15 dispensary continues to properly track all plants as required, the Department can  
16 approve an increase in plant count rather than be restricted by statute. As a result,  
17 the Department requests the amendment at the end of this written testimony.

- 18 3. Increase Number of Production Centers: The Department **Opposes** an increase in  
19 production centers as not needed especially if the plant count limit is eliminated in  
20 statute. Licensees are allowed two (2) production centers for a total of 16  
21 production centers for all eight (8) licensees. Currently there are only 12  
22 production centers in operation or about to be placed in service, equating to 75%

1 of all allowed centers. Presumably, dispensaries want an increase in the number  
2 of production centers to grow more plants. But if the plant count limit is  
3 eliminated in statute, this would appear to eliminate the need for an additional  
4 production center. This could have a positive financial impact on the cost of  
5 production and the cost of goods sold to patients. In addition, the language in this  
6 bill is unclear on the number of production centers. On page 6, line 6, subsection  
7 (f), HD1 says not more than three production centers, but on page 7, line 7 under  
8 subsection (k), HD1 says there shall not be allowed more than two production  
9 centers. This needs to be clarified, or the Committee could accept the  
10 Department's opposition to an additional production center, and if the number of  
11 production centers dictates the number of plants at each production center, more so  
12 the Committee could accept the Department's recommendation to authorize the  
13 Department to establish plant counts instead of codifying a count in HRS. A final  
14 point on production centers is that during calendar year 2021, more than half of  
15 the amount of medical cannabis grown by weight statewide was grown by two (2)  
16 dispensaries with one (1) production center each, which suggests that the current  
17 number of production centers is sufficient.

- 18 4. Increase Number of Retail Store Locations: The Department **Supports** one (1)  
19 additional retail store location for a total of no more than four (4) retail store  
20 locations per licensee as long as additional regulatory enforcement resources are  
21 approved for the Department that do not jeopardize the Governor's budget and the  
22 Department is allowed to continue to use the same criteria it uses to allow

1 dispensaries to open the 3<sup>rd</sup> store to serve rural or underserved areas. As a result,  
2 the Department requests the amendment at the end of this written testimony.

3 Currently, of the 24 stores allowed, there are 19 retail store locations open or  
4 pending (18 open and 1 pending on Maui) or approximately 80% of the possible  
5 total locations statewide. Big Island is at 100% of capacity with their two (2)  
6 licensees having all three (3) stores open; Oahu is nearing 90% capacity with two  
7 (2) licensees having three (3) stores and one (1) licensee just opened its 2<sup>nd</sup> store;  
8 Maui is at 66% capacity (1 licensee has or will have 3 stores (2 open and 1  
9 pending) while the other licensee only has 1 store); and Kauai is at 33% capacity  
10 with only one (1) licensee with one (1) store.

- 11 5. Re-define Production Center: The Department **Opposes** this re-definition as not  
12 needed similar to the opposition on the number of production centers. Except for  
13 one (1) licensee, licensees with two (2) production centers have their production  
14 centers on a single tax map key (TMK) location within the same perimeter  
15 security fence. Accepting this redefinition of a production center would  
16 automatically mean that the two (2) production centers would be considered a  
17 single center and dispensaries would be allowed to automatically add another  
18 production center. However, as mentioned earlier on the proposal to increase the  
19 number of production centers, the top two (2) producers in calendar year 2021  
20 produced more than half of the medical cannabis by weight with a single  
21 production center each suggesting that additional production centers are not  
22 needed at this time.

1           6.     Establish Additional Fees: The Department **Supports** authorization for the  
2                     Department to establish a fee structure in rules except for fees for additional  
3                     production centers which the Department opposes as not needed.

4           7.     Establishment of Standards: The Department **Supports** this proposed  
5                     amendment. Standards in other jurisdictions across the country are continuously  
6                     being examined and are included in the Department's recently revised and  
7                     approved administrative rules. The Department will continue to include or revise  
8                     standards as needed to ensure patient and product safety.

9  
10   **Offered Amendments:** The Department offers three (3) amendments as follows:

11           1.     Regarding the Sale and Transport Between Dispensaries, beginning on page 19, line 8 at  
12                     subsection (r): "(r) The Department may authorize a dispensary to purchase cannabis  
13                     and manufactured cannabis products from another dispensary in a manner prescribed by  
14                     the department by interim rules adopted pursuant to this chapter [~~and chapter 91~~]." Then  
15                     delete the remaining text through page 20, line 9.

16           2.     Regarding that the plant count per production center be eliminated from statute,  
17                     beginning on page 6 line 3 of this measure and including the Department's opposition to  
18                     an additional production center:

19                     "SECTION 4. Section 329D—2, Hawaii Revised Statutes, is amended as follows:

20                     1.     By amending subsections (f) and (g) to read: "(f) ~~Up to two~~ [~~]~~ No more than  
21                     three production centers shall be allowed under each dispensary license; provided that ~~except~~  
22                     ~~as otherwise specified in subsection (k), each production center shall be limited to no more than~~

1 ~~[three] five thousand cannabis plants]~~ the department shall establish limitations in plant  
2 cultivation within each production center. For purposes of this subsection, “plant” means a  
3 cannabis plant that is greater than twelve vertical inches in height from where the base of the  
4 stalk emerges from the growth medium to the tallest point of the plant, or greater than twelve  
5 horizontal inches in width from the end of one branch to the end of another branch; provided that  
6 multiple stalks emanating from the same root ball or root system shall be considered part of the  
7 same single plant.

8 Then since the above reference to subsection (k) is deleted, delete subsection (k) as  
9 below.

10 ~~“(k) — Notwithstanding any provision of subsection (f) to the contrary, the department~~  
11 ~~may [determine whether] allow any dispensary [licensee shall be allowed] licensee an additional~~  
12 ~~two thousand five hundred cannabis plants at each of the licensee’s production centers[ ];~~  
13 ~~provided that the licensee shall be not be allowed more than two production centers. In no case~~  
14 ~~shall a licensee be allowed more than [five] seven thousand five hundred plants at a single~~  
15 ~~production center.”~~

16 3. Regarding the number of retail dispensing locations, the Department requests that the  
17 original two (2) retail dispensing locations count be retained in statute beginning on page  
18 6 line 18, “(g) A dispensary licensee may establish [{}up to two[{}no more than three]  
19 retail dispensing locations under the licensee’s dispensary license, except as otherwise  
20 specified in subsection (1).” Then subsection (l), as amended in this proposed bill, will  
21 authorize an additional two (2) retail dispensing locations for a total of four (4) retail  
22 dispensing locations for each licensee.

1

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Thank you for the opportunity to testify with COMMENTS on this measure.



Malie Cannabis Clinic  
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Ste. 1663  
Honolulu, Hawaii 96814

Chair Rep. Aaron Ling Johanson, and Vice chair Rep. Lisa Kitagawa and Members of Consumer protection and Commerce Thank you for hearing testimony on HB2260

My name is Me Fuimaono-Poe I am a Family a family nurse practitioner located in Honolulu HI. I am currently a certifying provider for medical cannabis patients. I wanted to comment on the theme of the testimony I have noticed from the Hawaii Cannabis Industry Association and some of the dispensaries (1,2,3) . It is the belief that our medical cannabis patient are accessing cannabis that “dangerous” and from the illicit market. As someone who has certified well over over 10,000 people in our state and who sees patients all over our pae aina, I strongly disagree with that statement and overall sentiment.

Patients are allowed to grow their own medical cannabis and many of them do, especially those on the neighbor islands or who live in rural areas. These people are not criminals. I support the expansion of the dispensaries especially when it comes to production. But I do not support this thought that people who get cannabis from outside of the dispensaries are criminals or that the market that has existed in Hawaii for 22 years is illicit.

As many of you know we were the first state to pass medical cannabis legislation in 2020 (4) and the intent of that law was to provide access. patients predominantly grew their own cannabis. Because patients started growing many of them never stopped, I have patients who have never been inside of a dispensary because they grow their own quality medicine at home.

Please consider the language that the Hawaii Cannabis Industry Association is using and understand that it is not an accurate description of what is happening. The dispensaries have only been in operation four years people have been growing legal medical cannabis in this state for 22 years.

According to the dispensaries report they had over \$30 million in sales in 2021(5), and many have expanded and have three retail locations. Returning profit's to their shareholders shouldn't be the burden of Hawaii's medical cannabis patients or the fault of Hawaii's Cannabis Cultivators.

We have seen this is other places in the United States there are disparities on who is arrested for cannabis offenses. Even in Adult use states the arrests are typically Black and brown people (6). I am sure of the ACLU completed study here in Hawaii it would be native Hawaiians and Polynesians.

I do agree with the expansion of production centers, but I urge you to consider who the actual illicit market is. Looking at the statistics from our MED MJ program (7) the average age is 50 years old, 57% male and 42% are female. A majority of them are using cannabis for pain. And allot of them grow cannabis in their yards, kitchens, lanai's and closets. The framing of medical cannabis patients getting “illicit cannabis” because it wasn't acquired from the dispensaries creates more stigma and discrimination against medical cannabis patients. It also creates pathways for criminalization. The medical cannabis movement was created for compassionate use, and to keep people out of jails and courtrooms.

So please expand the dispensaries production centers but stop calling patients criminals.

Thank you,

Me Fuimaono-Poe

## References

1. Hawaii Cannabis Industry Association testimony “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. With 35,000 patients statewide, Hawaii’s dispensaries are only serving 13,000 patients leaving 20,000+ medical cannabis patients to obtain their medication from untested and unregulated sources. 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.
2. Bill Jarvis owner of Noa Botanicals: “Today, patients currently have little access to convenient locations, or affordable options, and often find themselves, for the sake of convenience or cost, buying untested products from the illicit market. Contrary to popular belief, the illicit market is the dominant player in the industry when compared to the legal, licensed market”
3. Casey Rothstein owner of Green Aloha “However, the Dispensary program has struggled to achieve this goal as it is still being dwarfed by the illicit market that is flourishing in Hawaii. This illicit 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”.
4. Hawaii State Legislature. (n.d.). Retrieved February 14, 2022, from [https://www.capitol.hawaii.gov/session2000/acts/Act228\\_SB862\\_HD1\\_.htm](https://www.capitol.hawaii.gov/session2000/acts/Act228_SB862_HD1_.htm)
5. Brewbaker , P., Gonce, R., Cheng , T., & Bill Jarvis. (n.d.). *2022 Status of Hawaii Cannabis*. rip.cdn. Retrieved from [https://irp.cdn-website.com/774e86c9/files/uploaded/HICIA%20Analysis%20of%202022%20Industr%20Report\(FINAL\).pdf](https://irp.cdn-website.com/774e86c9/files/uploaded/HICIA%20Analysis%20of%202022%20Industr%20Report(FINAL).pdf)
6. *A tale of two countries: Racially targeted arrests in the era of marijuana reform*. American Civil Liberties Union. (2020, April 20). Retrieved February 14, 2022, from <https://www.aclu.org/report/tale-two-countries-racially-targeted-arrests-era-marijuana-reform>
7. *Medical cannabis (329) registry program December 31, 2021*. (n.d.). Retrieved February 14, 2022, from [https://health.hawaii.gov/medicalcannabisregistry/files/2015/12/Dec-2021-Report\\_Valid\\_.pdf](https://health.hawaii.gov/medicalcannabisregistry/files/2015/12/Dec-2021-Report_Valid_.pdf)



To: Representative Aaron Johanson, Chair  
Representative Lisa Kitagawa, Vice-Chair  
Members of the Consumer Protection and Commerce Committee

Fr: Randy Gonce, Executive Director of the Hawaii Cannabis Industry Association

Re: Testimony **In STRONG Support of House Bill (HB) 2260, House Draft (HD) 1**

**RELATING TO CANNABIS**

Amends the circumstances under which medical cannabis may be transported by and between dispensaries. Increases the allowable number of plants for production centers. Increases the number of production centers that may be allowed under a dispensary license. Increases the number of retail dispensing locations that may be allowed under a dispensary license. Redefines the term "medical cannabis production center" to include any series of structures located within the same secured perimeter fence-line. Requires the Department of Health to establish the fee structure for the submission of applications for additional production centers and retail dispensing locations and for dispensary-to-dispensary sales. Amends the Department of Health's duties with respect to the establishment of standards.

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

The Hawai'i Cannabis Industry Association is the trade association for the state's licensed medical cannabis dispensaries. HICIA **supports HB2260, HD1** 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.

There are three main issues that this bill aims to change: **FIRST**, allow each licensee to increase the number of production and retail facilities; **SECOND**, allow the Department of Health (DOH) to permit a licensee to sell and transport medical cannabis and medical cannabis products to another licensee and **THIRD**, provide clarification on where to designate the demarcation for "medical cannabis production center."

**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.<sup>1</sup>

The dispensaries seek the authority to increase the amount of retail locations from **two** to **three** and increase the amount of production facilities from **two** to **three**. However, the bill also gives the DOH the discretion to approve an additional **two retail** (5 total), DOH would also be authorized increase production facility plant count by 2500 (maximum of 7500 plants) at the two production centers, or allow a licensee to have three production facilities at 5000 plants. In either event, the licensee would have no more than 15,000 plants.

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

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<sup>1</sup> 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 “shall consider the licensee's capability to serve and supply medical marijuana to qualified patients in a rural or underserved geographical area of a county.” Haw. Rev. Stat. Section 329D-2(l).



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.

Finally, the bill amends the definition of “medical cannabis production center” to clarify that this should be measured by the perimeter of the area, not by the number of structures. This is necessary because there has been inconsistent interpretation of what constitutes a “center” with one licensee having two structures on the same footprint and adjacent to one another counted as their two production facilities.

### **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.

The law on the federal prohibition on transport is unclear, and in fact, our attorneys have found that inter-state transport may be allowed **if it is associated with state sanctioned medical cannabis**. See the following article in the Boston Globe.

[:https://www.bostonglobe.com/business/2017/10/25/state-eyes-flight-rule-ship-marijuana-islands/WDMRa9NnylZ5Z301Oc0AK/story.html](https://www.bostonglobe.com/business/2017/10/25/state-eyes-flight-rule-ship-marijuana-islands/WDMRa9NnylZ5Z301Oc0AK/story.html)

The 1972 Federal Aviation Administration (FAA) rule that bans pilots from operating aircraft with illegal substances on board specifies that it “does not apply to any . . . marihuana, . . . authorized by or under any Federal or State statute or by any Federal or State agency.”<sup>2</sup>

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 House Draft 1 would permit a dispensary to sell 320 ounces or 20 lbs to another dispensary. This was amended by the prior committee from 1600 ounces or 100lb. The HICIA would prefer that the limit be increased to 100lbs as it would allow dispensaries to ensure that in the case of crop failure or other foreseeable circumstance that

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<sup>2</sup> Title 14: Aeronautics and Space  
PART 91—GENERAL OPERATING AND FLIGHT RULES  
Subpart A—General

§91.19 Carriage of narcotic drugs, marihuana, and depressant or stimulant drugs or substances.  
(a) Except as provided in paragraph (b) of this SECTION, no person may operate a civil aircraft within the United States with knowledge that narcotic drugs, marihuana, and depressant or stimulant drugs or substances as defined in Federal or State statutes are carried in the aircraft.

(b) Paragraph (a) of this SECTION does not apply to any carriage of narcotic drugs, marihuana, and depressant or stimulant drugs or substances authorized by or under any Federal or State statute or by any Federal or State agency.



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.

**HB-2260-HD-1**

Submitted on: 2/14/2022 9:36:49 AM

Testimony for CPC on 2/15/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Tai Cheng	Aloha Green Holdings Inc.	Support	Yes

Comments:

To: Representative Aaron Johanson, Chair

Representative Lisa Kitagawa, Vice-Chair

Members of the Consumer Protection and Commerce Committee

Fr: Tai Cheng, President of Aloha Green Holdings Inc.

Re: Testimony **In Support with COMMENTS** of **House Bill (HB) 2260, House Draft (HD) 1**

RELATING TO CANNABIS

Amends the circumstances under which medical cannabis may be transported by and between dispensaries. Increases the allowable number of plants for production centers. Increases the number of production centers that may be allowed under a dispensary license. Increases the number of retail dispensing locations that may be allowed under a dispensary license. Redefines the term "medical cannabis production center" to include any series of structures located within the same secured perimeter fence-line. Requires the Department of Health to establish the fee structure for the submission of applications for additional production centers and retail dispensing locations and for dispensary-to-dispensary sales. Amends the Department of Health's duties with respect to the establishment of standards.

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



Aloha Green Apothecary is a state licensed medical cannabis dispensary licensee operating on Oahu. Aloha Green **supports HB2260, HD1 with COMMENTS** 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.

Aloha Green's comment is to raise the revised wholesale transport limit from 20 lbs to the originally proposed 100 lbs. In Hawaii, there are no regulations on the size of transport for valuable goods (including cash by financial institutions). There are no restrictions on the amount of medicine (narcotic or otherwise) transported between medical institutions or businesses. In fact, the only transport limits are on hazardous and dangerous goods, including waste or fuel. Medical cannabis is not hazardous and is recognized by the State to have medicinal value.

For perspective, 20 lbs of cannabis would supply one retail dispensary location a week or less. 20 lbs of dried flower is about 20 one-gallon Ziploc bags which would fit in a checked luggage. 20 lbs dried flower equivalent of 80% cannabis oil concentrate is a half-gallon container which could be held in the palm of one hand.

The reduced transport size would lead to many more transports and increase the security threat and risk for each transport. The highest risk for a licensee is the transport of cannabis or cash between locations. There are only limited roads and access points for many licensees. The transport must leave our heavily fortified facilities and require teams to venture out on public and remote roads. Currently, all transports require notification to the regulators, video evidence of load out and drop off, pre-printed manifests, secured lock boxes and escort by 2 employees or security personnel. Increasing the number of transports will be costly and risky by providing greater visibility to criminal elements.

Currently, dispensary licensees are not limited in the size of cannabis product transport in the DOH rules between their production center and dispensaries. It is much safer to have one well planned and heavily security transport vs a number of smaller transports. So far, Aloha Green has had no security incidents during the transport of cannabis due to the planning for each transport operation.

The argument for a limitation on the transport size is based on fear mongering and antiquated views from the "war on drugs". The medical cannabis dispensary program has operated for 4+ years without any major security incident. The illicit cannabis market does not follow any rules on transport and this additional burden only limits patient access and provides another advantage to the illicit market. We ask the committee to consider a reasonable increase of the wholesale transportation amount to 100 lbs per transport.

Thank you for the opportunity to testify with comments.





February 14, 2022

To: Representative Aaron Ling Johanson, Chair  
Representative Lisa Kitagawa, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce

From: Chris Cole, Director of Product Development

Re: **TESTIMONY IN SUPPORT OF HOUSE BILL 2260 HD1**

*Maui Grown Therapies (MGT) is licensed by the Department of Health pursuant to HRS 329D to cultivate, manufacture and dispense medical cannabis products and services to registered patients. In 2021, MGT served 5,238 unique patients on Maui.*

Expanding patient access and affordable product pricing are top of mind for MGT. This measure serves both objectives.

Enhancing Patient Access. On August 8, 2017, MGT became the first medical cannabis dispensary in Hawai'i to serve registered patients. When the pandemic took hold in March 2020, we adjusted the Company's dispensing model to provide 'touch-less' service by appointment and, in 2021, opened a second 'express' dispensary serving West Maui. Our experience so far indicates that a new dispensary significantly boosts patient access, from serving less than 50% of registered patients to serving over 70% in the first year. MGT is planning to open a third express dispensary serving Upcountry Maui next month. Although Maui's population is relatively small, the registered patient population is geographically dispersed with many urging more convenient access to Maui's licensed dispensaries.

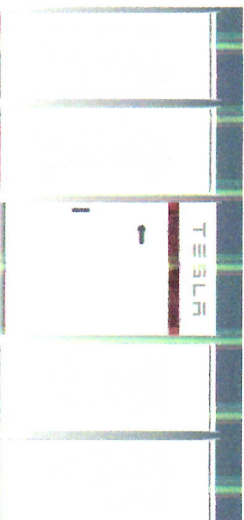
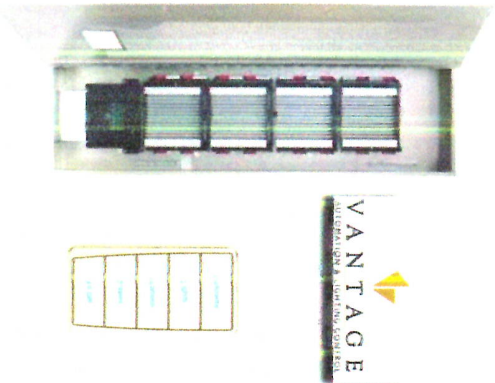
Affordable Product Pricing. Efficient scaling of upstream operations is the key to reducing product costs for patients. Hence, MGT strongly supports the language in HB2260 that would redefine medical cannabis 'Production Center' as 'any series of structures located within the same perimeter fence-line'.

Every medical cannabis product MGT dispenses is grown, processed & packaged at our 8-acre, zero emissions production facility in Upcountry Maui. Comprised of buildings sharing the same highly fortified — and capital intensive — security infrastructure, MGT's production campus can rapidly scale to affordably meet Maui's patient needs within the plant limitations allowed by law. See attachment.

MGT's ability to expand production at this site is constrained by the current definition of production center as an 'enclosed indoor facility' under HRS 329D. Expanding the definition to include 'any series of structures located with the same secured perimeter fence-line', as HB2260 would do, would provide the flexibility needed for MGT to rapidly scale production and reduce product costs. And, because any additional production structures would be located within the same secured property, this change will not impose an additional regulatory burden upon the Department of Health.

Mahalo for your consideration.

Maui Grown Therapies  
44 Pa'a St., Kahului, HI 96732  
(808) 866 7576



*2MWh's Tesla Battery Storage*

Maui Grown Production Center is completely off-grid and consumes over 3 megawatt-hours of power each day from its own photovoltaic micro-grid with 1 megawatt of PV and 2 megawatt-hours of Tesla Powerpack energy storage powering over 60 tons of air conditioning, dehumidification, fans and over 300 high output grow lights.



*1 Megawatt Photovoltaic Farm*

*Industrial Automation System*

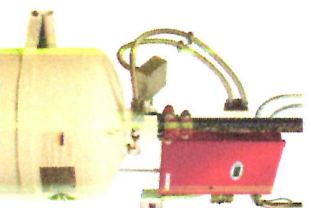
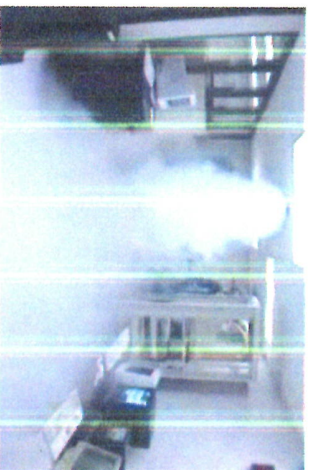


*High Intensity grow lights*

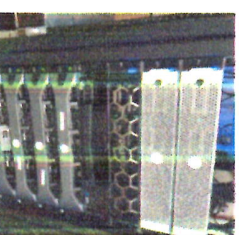
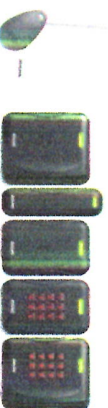
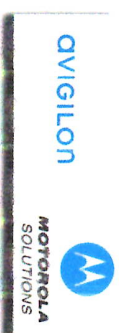
All grow lights, supply, exhaust, circulation fans and greenhouse shades are controlled by an industrial automation system to regulate the growing cycle in the indoor grow rooms and light transmitting greenhouses.

Security is provided by Avigilon with over 120 advanced CCTV cameras, 20 terabytes of video storage linked to card readers to access all doors in the facility, logging all activity for the most secure and accountable environment.

Laboratory areas are protected with FM-200 Clean Agent Fire Suppression System for instant response to a fire alarm event without causing any damage to equipment or product.



*FM200 Clean Agent Fire Suppression System*



*Avigilon CCTV and Access Control System*



# HawaiianEthos

To: Representative Aaron Johanson, Chair  
Representative Lisa Kitagawa, Vice-Chair  
Members of the Consumer Protection and Commerce Committee

Fr: Noah Phillips - Hawaiian Ethos

Re: Testimony **In STRONG Support of House Bill (HB) 2260**

RELATING TO CANNABIS Amends the circumstances under which medical cannabis may be transported by and between dispensaries. Increases the allowable number of plants for production centers. Increases the number of production centers that may be allowed under a dispensary license. Increases the number of retail dispensing locations that may be allowed under a dispensary license. Redefines the term "medical cannabis production center" to include any series of structures located within the same secured perimeter fence-line. Requires the Department of Health to establish the fee structure for the submission of applications for additional production centers and retail dispensing locations and for dispensary-to-dispensary sales. Amends the Department of Health's duties with respect to the establishment of standards.

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

Hawaiian Ethos **supports HB2260** as an important bill for enhancement of the State's medical cannabis dispensary program.

We strongly support the ability to wholesale amongst the other medical cannabis licenses. Allowing for the wholesale of cannabis products between licensees would greatly increase the necessary 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 i.e. Advil, Tylenol, or Aleve. 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 also urge the legislature to specifically allow the bulk shipment of product instead of having to ship pre-packaged product. Due to our industry's highly regulated packaging requirements, the shipping of pre-packaged products greatly increases the overall size and weight of the transport. Product packaging conservatively accounts for over 75% of a product's total volume and over 80% of the total weight. Being able to transport products in bulk will allow dispensaries to reduce the size and overall number of transports taking place, which is the biggest safety concern.

Thank you for the opportunity to testify.

Noah Phillips, on Behalf of Hawaiian Ethos



To: Representative Aaron Johanson, Chair  
Representative Lisa Kitagawa, Vice-Chair  
Members of the Consumer Protection and Commerce Committee

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

Re: Testimony In STRONG Support of House Bill (HB) 2260

### RELATING TO CANNABIS

Amends the circumstances under which medical cannabis may be transported by and between dispensaries. Increases the allowable number of plants for production centers. Increases the number of production centers that may be allowed under a dispensary license. Increases the number of retail dispensing locations that may be allowed under a dispensary license. Redefines the term "medical cannabis production center" to include any series of structures located within the same secured perimeter fence-line. Requires the Department of Health to establish the fee structure for the submission of applications for additional production centers and retail dispensing locations and for dispensary-to-dispensary sales. Amends the Department of Health's duties with respect to the establishment of standards.

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 24 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 program has struggled to achieve this goal as it is still being dwarfed by non-dispensary sales or illicit sales. These are completely unregulated, untaxed, have no licensing fees or safe testing requirements and thus have a significant competitive advantage in pricing over the Dispensary Program that has the significant costs of regulations and taxes. Allowing for additional retail locations for ease of access along



with increased production that can achieve economies of scale and thus lowering prices will allow us to reach more patients with more convenience and affordable options for the patients.

## PRODUCTION

One size simply 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 current maximum allowable plant count of 5,000 in one building. 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 160sq ft processing and manufacturing container 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. In all reality, this is a single production center, but due to current DOH rules, because they have separate entrances, the 160sq ft processing container counts as our Production Center #2, even though they are secured within the same fence line and are on the same security system. 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 an 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. All buildings would still have to meet the required security standards, but could be permitted and built more easily if they didn't have to be large enough to house the full plant count and manufacturing area in a single building. An increased plant count would allow us to achieve economies of scale to lower prices and compete with the unregulated illicit 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  $\frac{1}{3}$  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 over 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 2022 still trying to find ways to ensure that the ones who need this medicine receive the best medicine they can get in our state. The patients that come to us, love us and our products. Our one store serves about 600 loyal patients. Our problem has been the ability to reach new patients and bring them into the dispensary system. We believe that with an increase in retail to 5 locations and an increase in production limits which would help us bring prices down, we would be able to provide easy access to all of the population areas on Kauai and bring many many more patients into the dispensary program where they can get clean tested medicine in a safe legal location.

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.



To: Representative Aaron Johanson, Chair  
Representative Lisa Kitagawa, Vice-Chair  
Members of the Consumer Protection and Commerce Committee

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

Re: Testimony in STRONG Support of House Bill (HB) 2260 RELATING TO CANNABIS

Amends the circumstances under which medical cannabis may be transported by and between dispensaries. Increases the allowable number of plants for production centers. Increases the number of production centers that may be allowed under a dispensary license. Increases the number of retail dispensing locations that may be allowed under a dispensary license. Redefines the term "medical cannabis production center" to include any series of structures located within the same secured perimeter fence-line. Requires the Department of Health to establish the fee structure for the submission of applications for additional production centers and retail dispensing locations and for dispensary-to-dispensary sales. Amends the Department of Health's duties with respect to the establishment of standards.

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

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 65+ Big Island residents. We submit testimony today in **support of HB2260**. HB2260 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.

Big Island Grown believes 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.

#### Retail

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 Pahoia to Kau 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 facilities, or plant count.

#### Production

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

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



identifiable structures with no shared exterior walls..." The combination of these creates a situation where licensees are not able to satisfy the demand of their retail location(s) even with 2 production facilities operational, so redefining medical cannabis production center to include any series of structures located within the same secured perimeter fence-line will help address this.

### Wholesale

A building block for a thriving medical program stimulated and fed by a diverse pipeline of products available to patients across the State.

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 a much-needed component 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. Wholesale bridges this gap, until lawmakers, regulators, and others are ready for program expansion.

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.

### 14 CFR § 91.19 - Carriage of narcotic drugs, marihuana, and depressant or stimulant drugs or substances.

(a) Except as provided in [paragraph \(b\)](#) of this section, no [person](#) may operate a [civil aircraft](#) within the [United States](#) with knowledge that narcotic drugs, marihuana, and depressant or stimulant drugs or substances as defined in Federal or State statutes are carried in the [aircraft](#).

(b) [Paragraph \(a\)](#) of this section does not apply to any carriage of narcotic drugs, marihuana, and depressant or stimulant drugs or substances authorized by or under any Federal or State statute or by any Federal or State agency.

Thank you for the opportunity to testify.

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



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

TESTIMONY ON HOUSE BILL 2260 HOUSE DRAFT 1  
RELATING TO CANNABIS

By  
Clifton Otto, MD

House Committee on Consumer Protection & Commerce  
Representative Aaron Ling Johanson, Chair  
Representative Lisa Kitagawa, Vice Chair

Tuesday, February 15, 2022; 2:00 PM  
State Capitol, Room 329 & Videoconference

Thank you for the opportunity to offer **COMMENTS** on this measure.

Patients and Dispensaries should not have to violate federal law to participate in Hawaii's Medical Cannabis Program. This is an enormous Commerce and Consumer Protection issue. Please add the following amendment to this bill to help end this unnecessary conflict:

SECTION 8. The following sub-section is amended to read as follows:

§329D-25 Coordination among state and federal agencies. The department shall initiate ongoing dialogue among relevant state and federal agencies to identify processes and policies that ensure the privacy of qualifying patients and qualifying out-of-state patients and the compliance of qualifying patients, primary caregivers, qualifying out-of-state patients, and caregivers of qualifying out-of-state patients and medical cannabis dispensaries with state laws and regulations related to medical cannabis; provided that the department shall also file for a federal exemption under 21 CFR 1307.03 and 21 CFR 1308.43 for the state authorized use of cannabis in Hawaii.

Dispensaries should be allowed to transport cannabis material between islands, especially when a legal pathway for such transport already exists. Please correct the current blockade of dispensary inter-island transport by adopting the following amendments:

Page 17, Line 13:

(m) [A] ~~Except as authorized by subsection (r), a dispensary shall not transport cannabis or manufactured cannabis products to another county or another island; provided that this subsection shall not apply to the transportation of cannabis or any manufactured cannabis product solely for the purposes of laboratory testing pursuant to section 329D-8, and subject to subsection (j) [i], if no certified laboratory is located in the county or on the island where the dispensary is located; provided further that a dispensary shall only transport samples of cannabis and manufactured cannabis products for laboratory testing for purposes of this subsection in an amount and manner prescribed by the department, in rules adopted pursuant to this chapter, and with the understanding that state law and its protections do not apply outside of the jurisdictional limits of the State~~ a legal pathway for the inter-island transport of cannabis and manufactured cannabis products exists under [14 CFR 91.19](#).

Page 20, Line 10:

(s) The department of transportation shall adopt rules pursuant to rulemaking procedures to implement this section.

Aloha.

**HB-2260-HD-1**

Submitted on: 2/14/2022 2:38:56 PM

Testimony for CPC on 2/15/2022 2:00:00 PM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
jason hanley	care waiialua farm	Oppose	Yes

Comments:

I oppose HB 2260