

JAN 20 2023

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# A BILL FOR AN ACT

RELATING TO CANNABIS.

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

1 PART I

2 SECTION 1. The legislature finds that the legal history of  
3 cannabis or marijuana in the United States primarily addresses  
4 the regulation of cannabis for medical use, and secondarily the  
5 use of cannabis for personal or recreational purposes. By the  
6 mid-1930's, cannabis was regulated as a drug in every state,  
7 including thirty-five states that adopted the Uniform State  
8 Narcotic Drug Act, which was subsequently replaced in 1970 with  
9 the federal Uniform Controlled Substances Act. Under the  
10 federal Uniform Controlled Substances Act, marijuana and  
11 tetrahydrocannabinol, the primary psychoactive compound in  
12 cannabis, are classified as schedule I controlled substances.

13 Notwithstanding the prospect of federal prosecution,  
14 several states, including Hawaii, enacted medical cannabis laws.  
15 Chapter 329, part IX, Hawaii Revised Statutes, was enacted to  
16 create a medical use of cannabis exemption from criminal  
17 sanctions. As of 2022, thirty-seven states and four U.S.



1 territories allow the use of cannabis for either or both medical  
2 and personal purposes. Furthermore, chapter 329D, Hawaii  
3 Revised Statutes, was enacted to establish medical cannabis  
4 dispensaries authorized to operate beginning in July 2016. As  
5 Hawaii expands its medical cannabis program through the use of  
6 highly regulated and monitored dispensaries, more patients are  
7 anticipated to consider medical cannabis as a viable treatment.

8 In addition to medical cannabis laws, some states and  
9 jurisdictions have legalized or decriminalized cannabis.  
10 Currently Alaska, Arizona, California, Colorado, Connecticut,  
11 Delaware, District of Columbia, Hawaii, Illinois, Maine,  
12 Maryland, Massachusetts, Michigan, Minnesota, Mississippi,  
13 Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico,  
14 New York, North Carolina, North Dakota, Ohio, Oregon, Rhode  
15 Island, South Dakota, Vermont, Virginia, and Washington have all  
16 decriminalized cannabis in small amounts. In each state,  
17 cannabis users no longer face jail time for the possession or  
18 use of cannabis in the amount permitted by statute. Most  
19 jurisdictions that decriminalized small amounts of cannabis  
20 replaced incarceration or criminal charges with civil fines,



1 confiscation, drug education, or drug treatment, or made various  
2 cannabis offenses the lowest priority for law enforcement.

3       In addition to the majority of states that have  
4 decriminalized possession of cannabis, the federal government  
5 has also signaled its approval of decriminalization at the  
6 federal level. On December 4, 2020, the United States House of  
7 Representatives passed the Marijuana Opportunity Reinvestment  
8 and Expungement Act, or MORE Act, which removes cannabis from  
9 the list of federally controlled substances and facilitates  
10 cancelling low-level federal convictions and arrests related to  
11 cannabis. This was the first time Congress has acted on the  
12 issue of decriminalizing cannabis.

13       In 2012, voters in Colorado and Washington voted to  
14 legalize and regulate the production, possession, and  
15 distribution of cannabis for persons age twenty-one and older.  
16 Following Colorado and Washington's lead, Alaska, California,  
17 District of Columbia, Maine, Massachusetts, Michigan, Nevada,  
18 Oregon, and Vermont subsequently legalized small amounts of  
19 cannabis for adult recreational use. As of 2020, twenty-one  
20 states and three United States territories have legalized  
21 recreational cannabis.



1 Colorado was the first state to remove the prohibition on  
2 commercial production of cannabis for general use. During the  
3 first year of legal cannabis sales in 2014, Colorado collected  
4 \$67,594,323 in taxes and fees from medical and retail cannabis.  
5 As of November 2020, Colorado has collected \$1,563,063,859 in  
6 total revenue from cannabis taxes and fees.

7 The legislature finds that the legalization of cannabis for  
8 personal or recreational use is a natural, logical, and  
9 reasonable outgrowth of the current science of cannabis and  
10 attitude toward cannabis. The legislature further finds that  
11 cannabis cultivation and sales hold potential for economic  
12 development, increased tax revenues, and reduction in crime.

13 Accordingly, the purpose of this Act is to:

- 14 (1) Establish regulations for the cultivation, sale, and  
15 personal use of small amounts of cannabis;
- 16 (2) Decriminalize and regulate small amounts of cannabis  
17 for personal use;
- 18 (3) Establishes taxes for cannabis sales; and
- 19 (4) Reduce unregulated and illicit sales of cannabis by  
20 unlicensed entities.

21 PART II



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

4 "CHAPTER A

5 LEGALIZATION OF CANNABIS FOR PERSONAL USE

6 §A-1 Definitions. As used in this chapter:

7 "Agency" means the Hawaii cannabis regulatory authority  
8 established by section A-4.

9 "Cannabis" means all parts of the plant of the genus  
10 cannabis, whether growing or not; the seeds thereof; the resin  
11 extracted from any part of the plant; and every compound,  
12 manufacture, salt, derivative, mixture, or preparation of the  
13 plant, its seeds, or its resin, including cannabis concentrate.

14 "Cannabis" does not include industrial hemp; fiber produced from  
15 the stalks, oil, or cake made from the seeds of the plant;  
16 sterilized seed of the plant that is incapable of germination;  
17 or the weight of any other ingredient combined with cannabis to  
18 prepare topical or oral administrations, food, drink, or other  
19 product. For purposes of this definition, "industrial hemp"  
20 means the plant of the genus cannabis and any part of the plant,  
21 whether growing or not, with a delta-9 tetrahydrocannabinol



1 concentration that does not exceed 0.3 per cent on a dry weight  
2 basis.

3 "Cannabis accessories" means any equipment, products, or  
4 materials of any kind that are used, intended for use, or  
5 designed for use in planting, propagating, cultivating, growing,  
6 harvesting, composting, manufacturing, compounding, converting,  
7 producing, processing, preparing, testing, analyzing, packaging,  
8 repackaging, storing, vaporizing, or containing cannabis, or for  
9 ingesting, inhaling, or otherwise introducing cannabis into the  
10 human body.

11 "Cannabis cultivation facility" means an entity licensed  
12 under section A-6(b)(1).

13 "Cannabis establishment" means a cannabis cultivation  
14 facility, cannabis testing facility, retail cannabis store, dual  
15 use cannabis dispensary or any other type of licensed cannabis-  
16 related business.

17 "Cannabis products" means cannabis concentrate products and  
18 products that comprise cannabis and other ingredients intended  
19 for use or consumption and include but are not limited to edible  
20 products, ointments, and tinctures.



1 "Cannabis testing facility" means an entity licensed under  
2 section A-6(b) (3).

3 "Consumer" means a person who is twenty-one years of age or  
4 older, and who is authorized by law to consume or use cannabis.

5 "Department" means the department of health.

6 "Dual use cannabis dispensary" means an entity licensed  
7 under section A-6(b) (4).

8 "Executive director" means the cannabis regulation  
9 oversight director appointed by the governor as provided in  
10 section A-4(b).

11 "Final issuance of the rules" means the rules adopted by  
12 the agency pursuant to section A-8 and shall not include any  
13 emergency, provisional or interim rules, regulations,  
14 requirements, orders, instructions or procedures.

15 "License" means a license issued by the agency to authorize  
16 the operation of a cannabis establishment.

17 "Licensee" means a person or entity licensed by the agency  
18 pursuant to the provisions of this chapter.

19 "Medical cannabis dispensary" means a person licensed as a  
20 medical cannabis dispensary under chapter 329D.



1 "Personal use" means an amount of cannabis not exceeding  
2 thirty grams that is used for private, personal, or recreational  
3 purposes by persons age twenty-one years or older. The term  
4 personal use includes display, possession, transport, transfer,  
5 or processing of cannabis or cannabis products.

6 "Pilot period" means the period defined in section A-7(b).

7 "Place", "premises", or "location" means the real estate,  
8 together with any buildings or improvements thereon, designated  
9 in the application for a license as the place at which the  
10 cultivation, sale or testing of cannabis shall be performed.

11 "Retail cannabis store" means an entity licensed under  
12 section A-6(b)(2).

13 **§A-2 Personal use of cannabis.** (a) Notwithstanding any  
14 law to the contrary, the personal use of cannabis shall be  
15 permitted.

16 (b) Personal use of cannabis shall not be the basis for  
17 arrest, seizure, or forfeiture of assets.

18 (c) The possession, use, display, purchase, transfer, or  
19 transport of cannabis, cannabis accessories, or cannabis  
20 paraphernalia for personal use shall be immune from criminal  
21 prosecution.



1 (d) The possession, growing, processing, or transporting  
2 of no more than six cannabis plants, with three or fewer being  
3 mature, flowering plants, and possession of the cannabis  
4 produced by the plants on the premises where the plants are  
5 grown shall not be subject to criminal prosecution; provided  
6 that the growing takes place in an enclosed and locked space and  
7 is not conducted openly or publicly, and that the plants are not  
8 made available for sale.

9 (e) The transfer of thirty grams or less of cannabis  
10 without remuneration to a person who is twenty-one years of age  
11 or older shall be permitted.

12 (f) The transfer of cannabis with remuneration to a person  
13 who is twenty-one years of age or older, including transfer with  
14 a delayed payment or in return for reciprocal gifts, items, or  
15 services of value, shall be prohibited except as otherwise  
16 provided in this chapter.

17 (g) The consumption of cannabis products by a person who  
18 is twenty-one years of age or older shall be permitted; provided  
19 that consumption of flavored e-liquids and juices containing  
20 cannabis for vaporizing devices shall be prohibited.



1 (h) Assisting, advising, or abetting another person who is  
2 twenty-one years of age or older in any actions described in  
3 this section shall be permitted.

4 (i) Personal use of cannabis shall be prohibited on public  
5 highways, public sidewalks, federal property, and any location  
6 where the consumption of alcohol is prohibited.

7 **SA-3 Lawful operation of cannabis establishments.** (a)  
8 Notwithstanding any law to the contrary, except as otherwise  
9 provided in this chapter or in rules adopted pursuant to this  
10 chapter, the following acts shall be permitted and shall not  
11 constitute a criminal offense or be the basis for search,  
12 seizure, or forfeiture of assets of a person who is twenty-one  
13 years of age or older:

14 (1) Manufacturing, possessing, or purchasing cannabis  
15 accessories or selling cannabis accessories to a  
16 person who is twenty-one years of age or older;

17 (2) Possessing, displaying, or transporting cannabis or  
18 cannabis products; purchasing cannabis from a cannabis  
19 cultivation facility or dual use cannabis dispensary;  
20 or selling cannabis or cannabis products to consumers;  
21 provided that the person has obtained a current, valid



1 license to operate a dual use cannabis dispensary or  
2 retail cannabis store or is acting in the capacity of  
3 an owner, employee, or agent of a licensed dual use  
4 cannabis dispensary or retail cannabis store;

5 (3) Cultivating, harvesting, processing, packaging,  
6 transporting, displaying, or possessing cannabis;  
7 delivering or transferring cannabis to a dual use  
8 cannabis dispensary or cannabis testing facility;  
9 selling cannabis to a dual use cannabis dispensary,  
10 cannabis cultivation facility or retail cannabis  
11 store; or purchasing cannabis from a dual use cannabis  
12 dispensary or cannabis cultivation facility; provided  
13 that the person has obtained a current, valid license  
14 to operate a dual use cannabis dispensary or cannabis  
15 cultivation facility or is acting in the capacity of  
16 an owner, employee, or agent of a licensed dual use  
17 cannabis dispensary or cannabis cultivation facility;

18 (4) Possessing, processing, repackaging, storing,  
19 transporting, displaying, transferring, or delivering  
20 cannabis or cannabis products; provided that the  
21 person has obtained a current, valid license to



1 operate a cannabis testing facility or is acting in  
2 the capacity as an owner, employee, or agent of a  
3 licensed cannabis testing facility; or

4 (5) Leasing or otherwise allowing the use of property  
5 owned, occupied, or controlled by any person,  
6 corporation, or other entity for any of the activities  
7 conducted lawfully in accordance with this section.

8 (b) Cannabis products shall be contained in generic  
9 packaging that uses only black lettering and contains no colors,  
10 pictures, cartoons, or images that may appeal to children and  
11 youth; provided that the agency shall adopt rules pursuant to  
12 section A-8 to implement restrictions on labeling requirements  
13 for cannabis and cannabis products sold or distributed by a  
14 cannabis establishment.

15 (c) Cannabis advertising shall be prohibited near youth-  
16 centered areas, including but not limited to:

- 17 (1) State and private parks;
- 18 (2) Schools;
- 19 (3) Recreational facilities;
- 20 (4) Public transit stations; and
- 21 (5) Bus stops;



1 provided that the agency shall adopt rules pursuant to section  
2 A-8 to implement restrictions on the advertising and display of  
3 cannabis and cannabis products.

4 **§A-4 Hawaii cannabis regulatory authority, established.**

5 (a) There is hereby established an independent agency known as  
6 the Hawaii cannabis regulatory authority. The purpose of the  
7 agency is to oversee the regulation and licensing of cannabis  
8 pursuant to this chapter and upon transfer of powers pursuant to  
9 the provisions of subsection (c), to exercise primary  
10 responsibility to oversee the regulation and licensing of all  
11 cannabis use including medical use. The agency shall be attached  
12 to the department of health for administrative purposes. The  
13 agency shall be a public body and a body corporate and politic.

14 (b) The agency shall be led by an executive director,  
15 appointed by the governor pursuant to section 26-34.

16 (c) All powers, duties and responsibilities of the  
17 department of health, including the office of medical cannabis  
18 control and regulation, with respect to the regulation,  
19 administration and enforcement of the provisions of chapter 329D  
20 shall be transferred to the agency, except for the  
21 administration of registry identification cards to qualified



1 patients and primary caregivers and powers delegated to the  
2 department of health pursuant to this chapter or by the agency's  
3 rules.

4 (d) The employment, appointment, promotion, transfer,  
5 demotion, discharge, and job descriptions of all officers and  
6 employees of or under the jurisdiction of the office of medical  
7 cannabis control and regulation shall be transferred to the  
8 agency subject to the approval of the director of health and to  
9 applicable personnel laws.

10 (e) The agency shall report annually to the governor and  
11 the legislature on the regulation of cannabis establishments,  
12 including but not limited to the number and location of cannabis  
13 establishments licensed by license type, the total licensing  
14 fees collected, the total amount of taxes collected from  
15 cannabis establishments, and any licensing violations determined  
16 by the agency.

17 **§A-5 Powers; generally.** The agency shall have all the  
18 powers necessary and reasonable to carry out and effectuate its  
19 purposes, including, but not limited to, the power to:

20 (1) Sue and be sued;

21 (2) Adopt, use and alter at will a common seal;



- 1           (3) Make and execute contracts and all other instruments  
2                    necessary or convenient for the exercise of its powers  
3                    and functions under this chapter;
- 4           (4) Make and alter bylaws for its organization and  
5                    internal management;
- 6           (5) Adopt, amend or repeal rules and regulations for the  
7                    implementation, administration, and enforcement of  
8                    this chapter, which rules shall be in conformance with  
9                    chapter 91;
- 10          (6) Through its executive director appoint officers,  
11                   agents, and employees, prescribe their duties and  
12                   qualifications, and fix their salaries, without regard  
13                   to chapter 76;
- 14          (7) Determine which applicants shall be awarded licenses;
- 15          (8) Deny an application or limit, condition, restrict,  
16                   revoke or suspend any license;
- 17          (9) Determine and establish the process and methodology by  
18                   which licenses shall be awarded by the agency;
- 19          (10) Appear on its own behalf before boards, commissions,  
20                   departments or other agencies of municipal, state or  
21                   federal government;



- 1       (11) Review data and market conditions prior to the  
2             adoption of rules pursuant to this chapter and on a  
3             periodic basis thereafter to determine the maximum  
4             number of licenses that may be issued in order to meet  
5             estimated production demand and facilitate a reduction  
6             in the unauthorized distribution of cannabis;
- 7       (12) Conduct and administer procedures and hearings in  
8             compliance with chapter 91 for the adoption of rules  
9             and review of the issuance, denial or revocation of  
10            licenses or violation of this chapter or the rules  
11            adopted pursuant to this chapter;
- 12       (13) Impose and collect fees, sanctions and administrative  
13            penalties, as authorized by this chapter and  
14            established by rule, and for a violation of any rule  
15            adopted by the agency;
- 16       (14) Conduct investigations into the qualifications of all  
17            applicants for employment by the agency and all  
18            applicants for licensure pursuant to this chapter;
- 19       (15) Inspect cannabis establishments and have access to all  
20            equipment and supplies in a cannabis establishment for  
21            the purpose of ensuring and enforcing compliance with



- 1           this chapter, and all rules and regulations adopted  
2           pursuant to this chapter;
- 3       (16) Require that the books and financial or other records  
4           or statements of a licensee be kept in a manner that  
5           the agency deems proper;
- 6       (17) Establish adjudicatory procedures and conduct  
7           adjudicatory proceedings pursuant to chapter 91;
- 8       (18) Maintain an official Internet website for the agency;
- 9       (19) Form advisory boards and submit any matter to an  
10           advisory board for study, review or recommendation;
- 11       (20) Delegate any administrative, procedural or operational  
12           matter to the executive director;
- 13       (21) Issue temporary emergency orders, directives or  
14           instructions, with or without prior notice or hearing,  
15           in an instance in which the public health or safety is  
16           in substantial or imminent danger as it relates to the  
17           activities, conduct or practices of a licensee or as a  
18           result of a defective or dangerous product offered for  
19           sale by a licensee; and



1           (22) Do any and all things necessary to carry out its  
2                   purposes and exercise the powers given and granted in  
3                   this chapter.

4           **SA-6 Licenses.** (a) Licenses may be granted by the agency  
5 as provided in this section.

6           (b) The agency may issue any of the following licenses:

7           (1) Cannabis cultivation facility licenses, which shall  
8                   authorize the licensee to cultivate, process, prepare,  
9                   label, and package cannabis and cannabis products for  
10                  sale to retail cannabis stores and dual use cannabis  
11                  dispensaries; to purchase or take possession of  
12                  cannabis from other licensed cannabis cultivation  
13                  facilities or dual use cannabis dispensaries; and to  
14                  transfer possession of and sell cannabis and cannabis  
15                  products to retail cannabis stores and dual use  
16                  cannabis dispensaries;

17           (2) Retail cannabis store licenses, which shall authorize  
18                  the licensee to purchase or take possession of  
19                  cannabis or cannabis products from a cannabis  
20                  cultivation facility or dual use cannabis dispensary



1 and to sell cannabis and cannabis products to  
2 consumers on premises approved by the agency;

3 (3) Cannabis testing facility licenses, which shall  
4 authorize the licensee to develop, research or test  
5 cannabis and cannabis products for that facility or  
6 another licensee; and

7 (4) Dual use cannabis licenses, which shall authorize the  
8 licensee to cultivate, process, manufacture, transport  
9 and sell cannabis and cannabis products for both  
10 medical and personal use; to purchase or take  
11 possession of cannabis or cannabis products from a  
12 cannabis cultivation facility or dual use cannabis  
13 dispensary; and to transfer possession of and sell  
14 cannabis and cannabis products to retail cannabis  
15 stores, other dual use cannabis dispensaries, and  
16 consumers.

17 (c) The agency may establish additional license types and  
18 grant temporary licenses of any type specified in subsections  
19 (b) (1) through (3), in accordance with conditions set forth in  
20 the rules adopted pursuant to this chapter.



1           (d) Except as otherwise permitted by this chapter or the  
2 rules adopted pursuant to this chapter, no person shall be  
3 granted or have any interest in a license in more than one of  
4 the following categories: dual use cannabis license, cannabis  
5 cultivation facility license, retail cannabis store license, or  
6 cannabis testing facility license. As used in this subsection,  
7 "interest" means an equity ownership interest or partial equity  
8 ownership interest or any other type of financial interest,  
9 including but not limited to being an investor or serving in a  
10 management position.

11           (e) No cannabis shall be sold or otherwise marketed  
12 pursuant to this chapter that has not first been tested by a  
13 cannabis testing laboratory and determined to meet the agency's  
14 testing requirements set forth in the rules adopted pursuant to  
15 this chapter or chapter 329D.

16           (f) Each license granted by the agency shall designate the  
17 location where the business of the licensee will be conducted.  
18 Except as otherwise permitted by the rules adopted pursuant to  
19 this chapter, no license shall be transferable from one person  
20 to another or from one location to another.



1 (g) The privilege of any licensee to cultivate, transport,  
2 sell, or test cannabis or cannabis products shall extend to the  
3 licensee and to all agents and employees of the licensee for the  
4 purpose of operating under the license. The licensee may be  
5 held liable for any violation of this chapter or the rules  
6 adopted pursuant to this chapter by the agents or employees in  
7 connection with their employment.

8 **§A-7 Pilot period.** (a) Except as provided in subsection  
9 (b), there shall be a pilot period prior to the issuance of new  
10 licenses until the date that is the later of:

11 (1) Two years following the effective date of this  
12 chapter; or

13 (2) The final issuance of the rules.

14 (b) Notwithstanding subsection (a), during the pilot  
15 period from the effective date of this chapter until final  
16 issuance of the rules, any licensed medical cannabis dispensary  
17 under chapter 329D shall be permitted to cultivate, process,  
18 manufacture, transport, and sell cannabis and cannabis products  
19 under this chapter as a dual use cannabis dispensary.

20 (c) The agency shall utilize the pilot period to monitor  
21 and study relevant data, market conditions, and regulations to



1 inform, develop, and adopt final rules or statutory  
2 recommendations to effectuate the purpose of this chapter.

3 (d) During the pilot period, dual use cannabis  
4 dispensaries shall comply with directives of state agencies,  
5 departments, and offices exercising regulatory authority  
6 pursuant to subsection (e), and directives provided or issued by  
7 the agency to protect public health and public safety. Failure  
8 to comply with the rules or directives may result in the  
9 revocation or suspension of the authorization granted under  
10 subsection (b).

11 (e) During the pilot period, the agency may prescribe the  
12 forms, procedures and requirements as necessary to facilitate  
13 the operation of medical cannabis dispensaries as dual use  
14 cannabis dispensaries.

15 (f) All prospective and approved dual use cannabis  
16 dispensaries under this chapter shall maintain compliance with  
17 the provisions of chapter 329D during the pilot period until  
18 final issuance of the rules, except transfer of cannabis for  
19 personal use shall be exempt from sections 329D-11(a)(3), 329D-  
20 11(a)(9)(B)(i), 329D-13, and 329D-15.



1 (g) Forms, procedures, and requirements relating to this  
2 pilot period may be amended by the agency until final issuance  
3 of the rules, at which time the forms, procedures, and  
4 requirements shall be superseded by the agency's final rules.

5 **SA-8 Regulation of cannabis; rules.** (a) The agency shall  
6 adopt rules pursuant to chapter 91 necessary for implementation  
7 of this chapter. The rules shall not require a high investment  
8 of risk, money, time, or any other resource or asset that the  
9 operation of a cannabis establishment is not worthy of being  
10 carried out in practice by a reasonably prudent business person.  
11 The rules shall include:

- 12 (1) Procedures for the application, issuance, renewal,  
13 denial, suspension, or revocation of a license to  
14 operate a cannabis establishment; provided that any  
15 license to be issued shall be issued no later than  
16 thirty days after receipt of an application;
- 17 (2) A schedule of application, licensing, and renewal  
18 fees; provided that application fees shall not exceed  
19 \$10,000, adjusted annually for inflation, unless the  
20 department determines a greater fee is necessary to  
21 carry out its responsibilities under this section;



- 1           (3) Qualifications for licensure that are directly and  
2           demonstrably related to the operation of a cannabis  
3           establishment;
- 4           (4) Security requirements for the premises of cannabis  
5           establishments;
- 6           (5) Requirements to prevent the sale or diversion of  
7           cannabis and cannabis products to persons under the  
8           age of twenty-one;
- 9           (6) Labeling requirements for cannabis and cannabis  
10          products sold or distributed by a cannabis  
11          establishment;
- 12          (7) Health and safety regulations and standards for the  
13          manufacture of cannabis products and the cultivation  
14          of cannabis;
- 15          (8) Restrictions on the number of licenses that may be  
16          approved under this chapter. The agency shall give  
17          consideration to geography, socio-economic conditions  
18          and other factors that may impact communities where  
19          cannabis establishments are located;
- 20          (9) Restrictions on the advertising and display of  
21          cannabis and cannabis products; and



1           (10) Civil penalties for the failure to comply with rules  
2                   adopted pursuant to this section.

3           (b) In order to ensure that individual privacy is  
4 protected, the agency shall not require a consumer purchasing  
5 cannabis for personal use to provide a retail cannabis store or  
6 dual use cannabis dispensary with personal information other  
7 than government issued identification to determine the  
8 consumer's age. A retail cannabis store or dual use cannabis  
9 dispensary shall not be required to acquire and record personal  
10 information about consumers purchasing cannabis for personal  
11 use.

12           (c) If an application for a license under this section is  
13 denied, the applicant shall be notified in writing of the  
14 specific reason for the denial. The applicant may be entitled  
15 to resubmit the application at any time after denial of the  
16 initial application.

17           **§A-9 Effect on employers.** This chapter shall not be  
18 construed to:

19           (1) Require an employer to permit or accommodate the use,  
20                   consumption, possession, transfer, display, transport,  
21                   sale, or growing of cannabis in the workplace; or



1           (2) Affect the ability of an employer to have policies  
2           restricting the use of cannabis by employees.

3           **§A-10 Effect on intoxicated driving laws.** This chapter  
4 shall not be construed as a defense, exemption, or immunity from  
5 chapter 291E.

6           **§A-11 Effect on medical cannabis law.** This chapter shall  
7 not be construed to affect medical use of cannabis as provided  
8 in chapter 329 and shall not be deemed to expand the medical use  
9 of cannabis beyond the uses provided in chapter 329.

10          **§A-12 Effect on medical cannabis dispensary law.** This  
11 chapter shall not be construed to affect the dispensing of  
12 medical cannabis as provided in chapter 329D and shall not be  
13 deemed to expand the dispensing of medical cannabis beyond the  
14 uses provided in chapter 329D.

15          **§A-13 Effect on property rights.** This chapter shall not  
16 be construed to prohibit a person, employer, school, hospital,  
17 detention facility, corporation, or any other entity who  
18 occupies, owns, or controls a property from prohibiting or  
19 otherwise regulating the possession, consumption, use, display,  
20 transfer, distribution, sale, transportation, or growing of  
21 cannabis on or in that property."



1 PART III

2 SECTION 3. Chapter 712, Hawaii Revised Statutes, is  
3 amended by adding a new section to part IV to be appropriately  
4 designated and to read as follows:

5 "§712- Legalization of marijuana. The following acts  
6 shall be exempt from arrest, prosecution, and criminal  
7 culpability under this part:

- 8 (1) Any act permitted under section A-2;  
9 (2) Any act permitted under section A-3; and  
10 (3) An act of any person who is appropriately and  
11 currently licensed if the act requires a license under chapter."

12 SECTION 4. Section 235-2.4, Hawaii Revised Statutes, is  
13 amended by amending subsection (v) to read as follows:

14 "(v) Section 280E (with respect to expenditures in  
15 connection with the illegal sale of drugs) of the Internal  
16 Revenue Code shall be operative for the purposes of this  
17 chapter, except that section 280E shall not be operative with  
18 respect to ~~the~~;

- 19 (1) The production and sale of medical cannabis and  
20 manufactured cannabis products by dispensaries



1 licensed under chapter 329D and their subcontractors,  
2 as defined in section 329D-1[-]; and

3 (2) Any activity authorized by chapter A."

4 SECTION 5. Section 329-14, Hawaii Revised Statutes, is  
5 amended by amending subsection (d) to read as follows:

6 "(d) Any material, compound, mixture, or preparation that  
7 contains any quantity of the following hallucinogenic  
8 substances, their salts, isomers, and salts of isomers, unless  
9 specifically excepted, whenever the existence of these salts,  
10 isomers, and salts of isomers is possible within the specific  
11 chemical designation:

- 12 (1) Alpha-ethyltryptamine (AET);
- 13 (2) 2,5-dimethoxy-4-ethylamphetamine (DOET);
- 14 (3) 2,5-dimethoxyamphetamine (2,5-DMA);
- 15 (4) 3,4-methylenedioxy amphetamine;
- 16 (5) 3,4-methylenedioxymethamphetamine (MDMA);
- 17 (6) N-hydroxy-3,4-methylenedioxyamphetamine (N-hydroxy-  
18 MDA);
- 19 (7) 3,4-methylenedioxy-N-ethylamphetamine (MDE);
- 20 (8) 5-methoxy-3,4-methylenedioxy-amphetamine;
- 21 (9) 4-bromo-2,5-dimethoxy-amphetamine (4-bromo-2,5-DMA);



- 1 (10) 4-Bromo-2,5-dimethoxyphenethylamine (Nexus);
- 2 (11) 3,4,5-trimethoxy amphetamine;
- 3 (12) Bufotenine;
- 4 (13) 4-methoxyamphetamine (PMA);
- 5 (14) Diethyltryptamine;
- 6 (15) Dimethyltryptamine;
- 7 (16) 4-methyl-2,5-dimethoxy-amphetamine;
- 8 (17) Gamma hydroxybutyrate (GHB) (some other names include
- 9 gamma hydroxybutyric acid; 4-hydroxybutyrate; 4-
- 10 hydroxybutanoic acid; sodium oxybate; sodium
- 11 oxybutyrate);
- 12 (18) Ibogaine;
- 13 (19) Lysergic acid diethylamide;
- 14 [~~20~~] ~~Marijuana~~;
- 15 [~~21~~] (20) Parahexyl;
- 16 [~~22~~] (21) Mescaline;
- 17 [~~23~~] (22) Peyote;
- 18 [~~24~~] (23) N-ethyl-3-piperidyl benzilate;
- 19 [~~25~~] (24) N-methyl-3-piperidyl benzilate;
- 20 [~~26~~] (25) Psilocybin;
- 21 [~~27~~] (26) Psilocyn;



- 1        [~~(28)~~] (27) 1-[1-(2-Thienyl) cyclohexyl] Pyrrolidine (TCPy);
- 2        [~~(29)~~] (28) Ethylamine analog of phencyclidine (PCE);
- 3        [~~(30)~~] (29) Pyrrolidine analog of phencyclidine (PCPy, PHP);
- 4        [~~(31)~~] (30) Thiophene analog of phencyclidine (TCP; TCP);
- 5        [~~(32)~~] (31) Gamma-butyrolactone, including butyrolactone;
- 6                butyrolactone gamma; 4-butyrolactone; 2(3H)-furanone
- 7                dihydro; dihydro-2(3H)furanone; tetrahydro-2-furanone;
- 8                1,2-butanolide; 1,4-butanolide; 4-butanolide; gamma-
- 9                hydroxybutyric acid lactone; 3-hydroxybutyric acid
- 10                lactone and 4-hydroxybutanoic acid lactone with
- 11                Chemical Abstract Service number 96-48-0 when any such
- 12                substance is intended for human ingestion;
- 13        [~~(33)~~] (32) 1,4 butanediol, including butanediol; butane-
- 14                1,4-diol; 1,4- butylenes glycol; butylene glycol; 1,4-
- 15                dihydroxybutane; 1,4- tetramethylene glycol;
- 16                tetramethylene glycol; tetramethylene 1,4- diol with
- 17                Chemical Abstract Service number 110-63-4 when any
- 18                such substance is intended for human ingestion;
- 19        [~~(34)~~] (33) 2,5-dimethoxy-4-(n)-propylthiophenethylamine
- 20                (2C-T-7), its optical isomers, salts, and salts of
- 21                isomers;



- 1     ~~[(35)]~~ (34) N-benzylpiperazine (BZP; 1-benzylpiperazine) its  
2           optical isomers, salts, and salts of isomers;
- 3     ~~[(36)]~~ (35) 1-(3-trifluoromethylphenyl)piperazine (TFMPP),  
4           its optical isomers, salts, and salts of isomers;
- 5     ~~[(37)]~~ (36) Alpha-methyltryptamine (AMT), its isomers,  
6           salts, and salts of isomers;
- 7     ~~[(38)]~~ (37) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-  
8           DIPT), its isomers, salts, and salts of isomers;
- 9     ~~[(39)]~~ (38) Salvia divinorum;
- 10    ~~[(40)]~~ (39) Salvinorin A;
- 11    ~~[(41)]~~ (40) Divinorin A;
- 12    ~~[(42)]~~ (41) 5-Methoxy-N,N-Dimethyltryptamine (5-MeO-DIPT)  
13           (some trade or other names: 5-methoxy-3-[2-  
14           (dimethylamino)ethyl]indole; 5-MeO-DMT);
- 15    ~~[(43)]~~ (42) 2-(2,5-Dimethoxy-4-ethylphenyl)ethanamine (2C-  
16           E);
- 17    ~~[(44)]~~ (43) 2-(2,5-Dimethoxy-4-methylphenyl)ethanamine (2C-  
18           D);
- 19    ~~[(45)]~~ (44) 2-(4-Chloro-2,5-dimethoxyphenyl)ethanamine (2C-  
20           C);
- 21    ~~[(46)]~~ (45) 2-(4-Iodo-2,5-dimethoxyphenyl)ethanamine (2C-I);





1 SECTION 6. Section 712-1244, Hawaii Revised Statutes, is  
2 amended by amending subsection (1) to read as follows:

3 "(1) [A] Except as otherwise provided in chapter A, a  
4 person commits the offense of promoting a harmful drug in the  
5 first degree if the person knowingly:

- 6 (a) Possesses one hundred or more capsules or tablets or  
7 dosage units containing one or more of the harmful  
8 drugs or one or more of the marijuana concentrates, or  
9 any combination thereof;
- 10 (b) Possesses one or more preparations, compounds,  
11 mixtures, or substances, of an aggregate weight of one  
12 ounce or more containing one or more of the harmful  
13 drugs or one or more of the marijuana concentrates, or  
14 any combination thereof;
- 15 (c) Distributes twenty-five or more capsules or tablets or  
16 dosage units containing one or more of the harmful  
17 drugs or one or more of the marijuana concentrates, or  
18 any combination thereof;
- 19 (d) Distributes one or more preparations, compounds,  
20 mixtures, or substances, of an aggregate weight of  
21 one- eighth ounce or more, containing one or more of



1           the harmful drugs or one or more of the marijuana  
2           concentrates, or any combination thereof; or  
3       (e)   Distributes any harmful drug or any marijuana  
4           concentrate in any amount to a minor."

5           SECTION 7.   Section 712-1245, Hawaii Revised Statutes, is  
6   amended by amending subsection (1) to read as follows:

7           "(1)   [A] Except as otherwise provided in chapter A, a  
8   person commits the offense of promoting a harmful drug in the  
9   second degree if the person knowingly:

10          (a)   Possesses fifty or more capsules or tablets or dosage  
11               units containing one or more of the harmful drugs or  
12               one or more of the marijuana concentrates, or any  
13               combination thereof;

14          (b)   Possesses one or more preparations, compounds,  
15               mixtures, or substances, of an aggregate weight of  
16               one- eighth ounce or more, containing one or more of  
17               the harmful drugs or one or more of the marijuana  
18               concentrates, or any combination thereof; or

19          (c)   Distributes any harmful drug or any marijuana  
20               concentrate in any amount."



1 SECTION 8. Section 712-1246, Hawaii Revised Statutes, is  
2 amended by amending subsection (1) to read as follows:

3 "(1) [A] Except as otherwise provided in chapter A, a  
4 person commits the offense of promoting a harmful drug in the  
5 third degree if the person knowingly possesses twenty-five or  
6 more capsules or tablets or dosage units containing one or more  
7 of the harmful drugs or one or more of the marijuana  
8 concentrates, or any combination thereof."

9 SECTION 9. Section 712-1247, Hawaii Revised Statutes, is  
10 amended by amending subsection (1) to read as follows:

11 "(1) [A] Except as otherwise provided in chapter A, a  
12 person commits the offense of promoting a detrimental drug in  
13 the first degree if the person knowingly:

- 14 (a) Possesses four hundred or more capsules or tablets  
15 containing one or more of the Schedule V substances;
- 16 (b) Possesses one or more preparations, compounds,  
17 mixtures, or substances of an aggregate weight of one  
18 ounce or more, containing one or more of the Schedule  
19 V substances;
- 20 (c) Distributes fifty or more capsules or tablets  
21 containing one or more of the Schedule V substances;



- 1 (d) Distributes one or more preparations, compounds,  
2 mixtures, or substances of an aggregate weight of one-  
3 eighth ounce or more, containing one or more of the  
4 Schedule V substances;
- 5 (e) Possesses one or more preparations, compounds,  
6 mixtures, or substances of an aggregate weight of one  
7 pound or more, containing any marijuana;
- 8 (f) Distributes one or more preparations, compounds,  
9 mixtures, or substances of an aggregate weight of one  
10 ounce or more, containing any marijuana;
- 11 (g) Possesses, cultivates, or has under the person's  
12 control twenty-five or more marijuana plants; or
- 13 (h) Sells or barterers any marijuana or any Schedule V  
14 substance in any amount."

15 SECTION 10. Section 712-1248, Hawaii Revised Statutes, is  
16 amended by amending subsection (1) to read as follows:

17 "(1) [A] Except as otherwise provided in chapter A, a  
18 person commits the offense of promoting a detrimental drug in  
19 the second degree if the person knowingly:

- 20 (a) Possesses fifty or more capsules or tablets containing  
21 one or more of the Schedule V substances;



1 (b) Possesses one or more preparations, compounds,  
2 mixtures, or substances, of an aggregate weight of  
3 one- eighth ounce or more, containing one or more of  
4 the Schedule V substances;

5 (c) Possesses one or more preparations, compounds,  
6 mixtures, or substances, of an aggregate weight of one  
7 ounce or more, containing any marijuana; or

8 (d) Distributes any marijuana or any Schedule V substance  
9 in any amount."

10 SECTION 11. Section 712-1249, Hawaii Revised Statutes, is  
11 amended by amending subsection (1) to read as follows:

12 "(1) [A] Except as otherwise provided in chapter A, a  
13 person commits the offense of promoting a detrimental drug in  
14 the third degree if the person knowingly possesses any marijuana  
15 or any Schedule V substance in any amount."

16 SECTION 12. Section 712-1249.4, Hawaii Revised Statutes,  
17 is amended by amending subsection (1) to read as follows:

18 "(1) [A] Except as otherwise provided in chapter A, a  
19 person commits the offense of commercial promotion of marijuana  
20 in the first degree if the person knowingly:



- 1 (a) Possesses marijuana having an aggregate weight of
- 2 twenty-five pounds or more;
- 3 (b) Distributes marijuana having an aggregate weight of
- 4 five pounds or more;
- 5 (c) Possesses, cultivates, or has under the person's
- 6 control one hundred or more marijuana plants;
- 7 (d) Cultivates on land owned by another person, including
- 8 land owned by the government or other legal entity,
- 9 twenty-five or more marijuana plants, unless the
- 10 person has the express permission from the owner of
- 11 the land to cultivate the marijuana or the person has
- 12 a legal or an equitable ownership interest in the land
- 13 or the person has a legal right to occupy the land; or
- 14 (e) Uses, or causes to be used, any firearm or other
- 15 weapon, device, instrument, material, or substance,
- 16 whether animate or inanimate, which in the manner used
- 17 is capable of causing death, serious bodily injury,
- 18 substantial bodily injury, or other bodily injury, as
- 19 defined in chapter 707 in order to prevent the theft,
- 20 removal, search and seizure, or destruction of
- 21 marijuana."



1 SECTION 13. Section 712-1249.5, Hawaii Revised Statutes,  
2 is amended by amending subsection (1) to read as follows:

3 "(1) [A] Except as otherwise provided in chapter A, a  
4 person commits the offense of commercial promotion of marijuana  
5 in the second degree if the person knowingly:

6 (a) Possesses marijuana having an aggregate weight of two  
7 pounds or more;

8 (b) Distributes marijuana having an aggregate weight of  
9 one pound or more;

10 (c) Possesses, cultivates, or has under the person's  
11 control fifty or more marijuana plants;

12 (d) Cultivates on land owned by another person, including  
13 land owned by the government or other legal entity,  
14 any marijuana plant, unless the person has the express  
15 permission from the owner of the land to cultivate the  
16 marijuana or the person has a legal or an equitable  
17 ownership interest in the land or the person has a  
18 legal right to occupy the land; or

19 (e) Sells or barterers any marijuana or any Schedule V  
20 substance in any amount to a minor."

21 PART IV



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

4 "CHAPTER B

5 CANNABIS TAX LAW

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

8 "Agency" shall have the same meaning as the term is used in  
9 chapter A-1.

10 "Cannabis" shall have the same meaning as the term is used  
11 in chapter A-1.

12 "Cannabis cultivation facility" shall have the same meaning  
13 as the term is used in chapter A-1.

14 "Cannabis establishment" shall have the same meaning as the  
15 term is used in chapter A-1.

16 "Cannabis products" shall have the same meaning as the term  
17 is used in chapter A-1.

18 "Consumer" shall have the same meaning as the term is used  
19 in chapter A-1.

20 "Department" means the department of taxation.



1 "Dual use cannabis dispensary" shall have the same meaning  
2 as the term is used in chapter A-1.

3 "License" shall have the same meaning as the term is used  
4 in chapter A-1.

5 "Licensee" shall have the same meaning as the term is used  
6 in chapter A-1.

7 "Medical cannabis dispensary" means a person licensed as a  
8 medical cannabis dispensary under chapter 329D.

9 "Permittee" means the holder of a permit under section B-2.

10 "Personal use" shall have the same meaning as the term is  
11 used in chapter A-1.

12 "Place", "premises", or "location" means the real estate,  
13 together with any buildings or improvements thereon, designated  
14 in the application for a license as the place at which the  
15 cultivation, sale or testing of cannabis shall be performed.

16 "Retail cannabis store" shall have the same meaning as the  
17 term is used in chapter A-1.

18 **SB-2 Permit.** (a) It shall be unlawful for any retail  
19 cannabis store or dual use cannabis dispensary to sell cannabis  
20 to consumers for personal use unless a permit has been issued to  
21 the retail cannabis store or dual use cannabis dispensary as



1 hereinafter prescribed, and the permit is in full force and  
2 effect.

3 (b) The agency or the department of health shall certify  
4 to the department the name of every retail cannabis store and  
5 dual use cannabis dispensary, together with the place of  
6 business and the period covered by the license held by the  
7 retail cannabis store or dual use cannabis dispensary. The  
8 department shall issue its permit to the retail cannabis store  
9 or dual use cannabis dispensary upon the payment of a permit fee  
10 of \$2.50. The permit shall be issued by the department to:

11 (1) Retail cannabis stores as of the date when the agency  
12 issued the retail cannabis store license; and

13 (2) Dual use cannabis dispensaries as of the date when the  
14 pilot period under chapter A begins.

15 (c) Any permit issued under this chapter shall be for the  
16 period covered by the retail cannabis store or dual use cannabis  
17 dispensary's license; it shall not be assignable; it shall be  
18 conspicuously displayed on the licensed premises of the  
19 permittee; it shall expire upon the expiration of the period  
20 covered by the permittee's license, or on June 30 next  
21 succeeding the date upon which it is issued, whichever is



1 earlier, unless sooner suspended, surrendered, or revoked for  
2 good cause by the department; and it shall be renewed annually  
3 before July 1, upon fulfillment of all requirements as in the  
4 case of an original permit and the payment of a renewal fee of  
5 \$2.50. Whenever a permit is defaced, destroyed, or lost, or the  
6 licensed premises are relocated, the department may issue a  
7 duplicate permit to the permittee upon the payment of a fee of  
8 50 cents.

9 (d) The department may suspend, revoke, or decline to renew  
10 any permit issued under this chapter whenever the department  
11 finds that the applicant or permittee has failed to comply with  
12 this chapter or any rule adopted under this chapter, or for any  
13 other good cause. Good cause includes but is not limited to  
14 instances where an applicant or permittee has:

- 15 (1) Submitted a false or fraudulent application or  
16 provided a false statement in an application;  
17 (2) Possessed or displayed a false or fraudulent permit;  
18 or  
19 (3) Failed to maintain complete and accurate records when  
20 and if required to be kept.



1 Upon suspending or revoking any permit, the department may  
2 request that the permittee surrender the permit or any duplicate  
3 issued to, or printed by the permittee, and the permittee shall  
4 surrender the permit or duplicate promptly to the department as  
5 requested.

6 (e) Whenever the department suspends, revokes, or declines  
7 to renew a permit, the department shall notify the applicant or  
8 permittee immediately and afford the applicant or permittee a  
9 hearing, if desired; provided that a hearing has not already  
10 been afforded. The department shall provide no less than thirty  
11 days' notice to the applicant or permittee of a hearing afforded  
12 under this subsection. After the hearing the department shall:

- 13 (1) Rescind its order of suspension;
- 14 (2) Continue the suspension;
- 15 (3) Revoke the permit;
- 16 (4) Rescind its order of revocation;
- 17 (5) Decline to renew the permit; or
- 18 (6) Renew the permit.

19 **§B-3 Cooperation between department and the agency or**  
20 **department of health.** (a) The department of taxation and the



1 agency or department of health shall cooperate in the  
2 enforcement of this chapter.

3 (b) The department shall notify the agency or department  
4 of health of the name and address of every permittee whose  
5 permit has been revoked, and any license issued to the permittee  
6 under chapter A thereupon shall be deemed forfeited.

7 (c) The department may notify the agency or department of  
8 health of the name and address of every person who has failed to  
9 file any return required, or to pay any tax prescribed, or to  
10 secure a permit, or to perform any other duty or act imposed  
11 under this chapter, and the agency or department of health shall  
12 thereupon suspend any license which may have been issued to any  
13 the person under chapter A until the time as the person complies  
14 with this chapter.

15 **SB-4 Tax; limitations.** (a) Every person who sells any  
16 cannabis in the State shall pay a tax that is hereby imposed at  
17 the rate of ten per cent of the sales price.

18 (b) The tax levied pursuant to subsection (a) shall be  
19 paid only once upon the same cannabis; provided further that the  
20 tax shall not apply to:



- 1           (1) Cannabis sold by one licensee to another licensee  
2                   under chapter A; and
- 3           (2) Cannabis sold for medical use by a medical cannabis  
4                   dispensary under chapter 329D.

5           **§B-5 Return, form, contents.** Every taxpayer shall, on or  
6 before the twentieth day of each month, file with the department  
7 a return showing all sales of cannabis by dollar volume and  
8 taxed under section B-4(a) made by the taxpayer during the  
9 preceding month, showing separately the amount of the nontaxable  
10 sales, and the amount of the taxable sales, and the tax payable  
11 thereon. The form and manner of the return shall be prescribed  
12 by the department and shall contain any information the  
13 department may deem necessary for the proper administration of  
14 this chapter.

15           **§B-6 Payment of tax; penalties.** At the time of the filing  
16 of the return required under section B-5 and within the time  
17 prescribed therefor, each taxpayer shall pay to the department  
18 of taxation the tax imposed by this chapter, required to be  
19 shown by the return. Penalties and interest shall be added to  
20 and become a part of the tax, when and as provided by section  
21 231-39.



1           §B-7 Determination of tax, additional assessments, credit,  
2 and refunds. (a) As soon as practicable after each return has  
3 been filed, the department of taxation shall cause it to be  
4 examined and shall compute and determine the amount of the tax  
5 payable thereon.

6           (b) If it should appear upon the examination or thereafter  
7 within five years after the filing of the return, or at any time  
8 if no return has been filed, as a result of the examination or  
9 as a result of any examination of the records of the taxpayer or  
10 of any other inquiry or investigation, that the correct amount  
11 of the tax is greater than that shown on the return, or that any  
12 tax imposed by the chapter has not been paid, an assessment of  
13 the tax may be made in the manner provided in section 235-  
14 108(b). The amount of the tax for the period covered by the  
15 assessment shall not be reduced below the amount determined by  
16 an assessment so made, except upon appeal or in a proceeding  
17 brought pursuant to section 40-35.

18           (c) If the taxpayer has paid or returned with respect to  
19 any month more than the amount determined to be the correct  
20 amount of tax for the month, the amount of the tax so returned  
21 and any assessment of tax made pursuant to the return may be



1 reduced, and any overpayment of tax may be credited upon the tax  
2 imposed by this chapter, or at the election of the taxpayer, the  
3 taxpayer not being delinquent in the payment of any taxes owing  
4 to the State, may be refunded in the manner provided in section  
5 231-23(c); provided that no reduction of tax may be made when  
6 forbidden by subsection (b) or more than five years after the  
7 filing of the return.

8       **SB-8 Records to be kept.** (a) Every permittee under this  
9 chapter shall keep a record of all sales of cannabis and  
10 cannabis products made by the permittee, in the form as the  
11 department of taxation may prescribe. Every person holding a  
12 license under chapter A, other than a cannabis testing facility  
13 or cannabis cultivation facility license, shall keep a record of  
14 all purchases by the person of cannabis and cannabis products  
15 and taxed under section B-4(a), in the form as the department  
16 may prescribe. All records shall be offered for inspection and  
17 examination at any time upon demand by the department or agency  
18 and shall be preserved for a period of five years, except that  
19 the department may in writing consent to their destruction  
20 within the period or may require that they be kept longer. The  
21 department may by rule require the permittee to keep other



1 records as it may deem necessary for the proper enforcement of  
2 this chapter.

3 (b) If any permittee or any other taxpayer fails to keep  
4 records from which a proper determination of the tax due under  
5 this chapter may be made, the department may fix the amount of  
6 tax for any period from the best information obtainable by it,  
7 and assess the tax as hereinbefore provided.

8 **§B-9 Inspection.** The director of taxation, the agency, or  
9 the duly authorized agent of either the director or agency, may  
10 examine all records required to be kept under this chapter, and  
11 books, papers, and records of any person engaged in the sale of  
12 cannabis to verify the accuracy of the payment of the tax  
13 imposed by this chapter and other compliance with this chapter  
14 and regulations adopted pursuant thereto. Every person in  
15 possession of the books, papers, and records and the person's  
16 agents and employees shall give the director, the agency, or the  
17 duly authorized agent of either of them, the means, facilities,  
18 and opportunities for examination. The authority granted to the  
19 agency under this section shall not conflict with section 231-18  
20 and shall not extend to the inspection of any documents not  
21 directly related to this chapter.



1           **SB-10 Tax in addition to other taxes.** The tax imposed by  
2 this chapter shall be in addition to any other tax imposed upon  
3 the business of selling cannabis or upon any of the  
4 transactions, acts, or activities taxed by this chapter.

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

11           **SB-12 Other provisions applicable.** All of the provisions  
12 of chapters 235 and 237 not inconsistent with this chapter and  
13 which may appropriately be applied to the taxes, persons,  
14 circumstances, and situations involved in this chapter,  
15 including provisions as to penalties and interest, and  
16 provisions granting administrative powers to the director of  
17 taxation, and provisions for the assessment, levy, and  
18 collection of taxes, shall be applicable to the taxes imposed by  
19 this chapter, and to the assessment, levy, and collection  
20 thereof, except that returns, return information, or reports  
21 under this chapter and relating only to this chapter may be made



1 known to the agency by the department of taxation, if not in  
2 conflict with section 231-18.

3       **§B-13 Investigations; contempt; fees.** (a) The director  
4 of taxation, and any agent authorized by the director to conduct  
5 any inquiry, investigation, or hearing hereunder, shall have  
6 power to administer oaths and take testimony under oath relative  
7 to the matter of inquiry or investigation. At any hearing  
8 ordered by the director of taxation, the director or the  
9 director's agent authorized to conduct the hearing may subpoena  
10 witnesses and require the production of books, papers, and  
11 documents pertinent to the inquiry. No witness under subpoena  
12 authorized to be issued by this section shall be excused from  
13 testifying or from producing books or papers on the ground that  
14 the testimony or the production of the books or other  
15 documentary evidence would tend to incriminate the witness, but  
16 the evidence or the books or papers so produced shall not be  
17 used in any criminal proceeding against the witness.

18       (b) If any person disobeys the process or, having appeared  
19 in obedience thereto, refuses to answer any pertinent question  
20 put to the person by the director or the director's authorized  
21 agent or to produce any books and papers pursuant thereto, the



1 director or the agent may apply to the circuit court of the  
2 circuit wherein the taxpayer resides or wherein the transaction,  
3 act, or activity under investigation has occurred, or to any  
4 judge of the court, setting forth the disobedience to process or  
5 refusal to answer, and the court or the judge shall cite the  
6 person to appear before the court or the judge to answer the  
7 question or to produce the books and papers, and, upon the  
8 person's refusal so to do, shall commit the person to jail until  
9 the person shall testify, but not for a longer period than sixty  
10 days. Notwithstanding the serving of the term of the commitment  
11 by any person, the director may proceed in all respects with the  
12 inquiry and examination as if the witness had not previously  
13 been called upon to testify.

14 (c) Officers who serve subpoenas issued by the director or  
15 under the director's authority and witnesses attending hearings  
16 conducted by the director hereunder shall receive like fees and  
17 compensation as officers and witnesses in the circuit courts of  
18 the State, to be paid on vouchers of the director, from any  
19 moneys available for litigation expenses of the department of  
20 taxation.



1           **SB-14 Administration by director; rules and regulations.**

2   The administration of this chapter is vested in the director of  
3   taxation who may prescribe and enforce rules and regulations for  
4   the enforcement and administration of this chapter. The rules  
5   and regulations shall be prescribed by the director, subject to  
6   chapter 91.

7           **SB-15 Disposition of revenues.** All moneys collected  
8   pursuant to this chapter shall be paid into the state treasury  
9   as state realizations, to be kept and accounted for as provided  
10  by law."

11           SECTION 15. This Act does not affect rights and duties  
12  that matured, penalties that were incurred, and proceedings that  
13  were begun before its effective date.

14           SECTION 16. In codifying the new sections added by  
15  sections 2 and 14 of this Act, the revisor of statutes shall  
16  substitute appropriate section numbers for the letters used in  
17  designating the new sections in this Act.

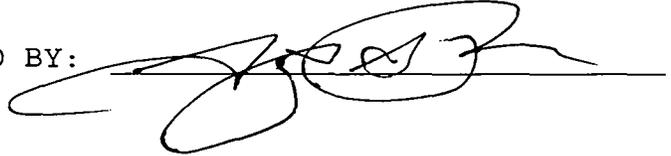
18           SECTION 17. Statutory material to be repealed is bracketed  
19  and stricken. New statutory material is underscored.



1 SECTION 18. This Act shall take effect upon its approval.

2

INTRODUCED BY:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

# S.B. NO. 669

**Report Title:**

Adult-Use Cannabis; Hawaii Cannabis Control Board; Medical Cannabis; Taxation; Appropriation

**Description:**

Establishes regulations for the cultivation, sale, and personal use of small amounts of cannabis. Decriminalizes and regulates small amounts of cannabis for personal use. Establishes taxes for cannabis sales.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

