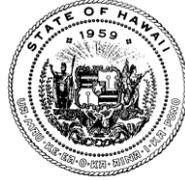


JOSH GREEN, M.D.  
GOVERNOR OF HAWAII  
KE KIA'AINA O KA MOKU'AINA 'O HAWAII

DEPT. COMM. NO. 214  
KENNETH S. FINK, MD, MGA, MPH  
DIRECTOR OF HEALTH  
KA LUNA HO'OKELE



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
KA 'OIHANA OLAKINO  
P. O. BOX 3378  
HONOLULU, HI 96801-3378

In reply, please refer to:  
File:

December 29, 2023

The Honorable Ronald D. Kouchi,  
President and Members of the Senate  
Thirty-second State Legislature  
State Capitol, Room 409  
Honolulu, HI 96813

The Honorable Scott K. Saiki, Speaker  
And Members of the House of  
Representatives  
Thirty-second State Legislature  
State Capitol, Room 431  
Honolulu, HI 96813

Aloha President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information, I am transmitting a copy of the following report.

Annual Report of the Medical Cannabis Dispensary Licensing System, 2023

Pursuant to section 93-16, Hawaii Revised Statutes, this report may be viewed online at:

<https://health.hawaii.gov/opppd/departments-of-health-reports-to-2024-legislature/>

Sincerely,

Kenneth S. Fink, MD, MGA, MPH  
Director of Health

Enclosures

C: Legislative Reference Bureau  
Hawaii State Library System (2)  
Hamilton Library

**REPORT TO THE THIRTY-THIRD LEGISLATURE  
STATE OF HAWAII  
2024**

**ANNUAL REPORT  
MEDICAL CANNABIS DISPENSARY LICENSING SYSTEM**

Pursuant to Act 241, Session Laws of Hawaii, 2015,  
Requesting the Department of Health to Submit an Annual Report on the Establishment  
and Regulation of Medical Cannabis Production Centers and Dispensaries

**Prepared by:  
DEPARTMENT OF HEALTH  
STATE OF HAWAII**

**January 2024**

## **EXECUTIVE SUMMARY**

Pursuant to Act 241, Session Laws of Hawaii, 2015, the Department of Health submits a report to the 2023 Legislature on the establishment and regulation of medical cannabis production centers and dispensaries that includes:

- (1) The number and location of production centers and dispensaries licensed;
- (2) The total licensing fees collected;
- (3) The total amount of taxes collected from production centers and dispensaries;  
and
- (4) Any licensing violations determined by the department.

## **BACKGROUND**

Act 241, Session Laws of Hawaii, 2015, codified as Chapter 329D, Hawaii Revised Statutes (HRS), established a regulated statewide dispensary system for medical cannabis to ensure safe and legal access to medical cannabis for qualifying patients. Section 329D-2, HRS, directed the Department of Health (DOH) to issue eight dispensary licenses statewide – three for the City and County of Honolulu, two each for the County of Hawaii and County of Maui, and one for the County of Kauai. Regulatory oversight of the licensees is the responsibility of the DOH Medical Cannabis Dispensary Licensing Section (MCDLS), Office of Medical Cannabis Control and Regulation.

Online applications for Medical Cannabis Dispensary Licenses were accepted from January 12, 2016 through January 29, 2016. A total of 66 applications were received. DOH announced selection of the eight dispensary licensees on April 29, 2016.

### **City and County of Honolulu**

Aloha Green Holdings Inc.  
Manoa Botanicals LLC  
TCG Retro Market 1 LLC

### **County of Hawaii**

Hawaiian Ethos LLC  
Lau Ola LLC

### **County of Maui**

Maui Wellness Group, LLC  
Pono Life Sciences Maui LLC

## County of Kauai

Green Aloha Ltd.

### **NUMBER AND LOCATION OF LICENSED FACILITIES**

Each licensee is allowed to operate up to three production centers for cultivation, manufacturing, and packaging of cannabis and manufactured cannabis products.<sup>1</sup> Each licensee is also allowed to establish up to two retail dispensing locations and DOH may authorize two additional retail dispensing location per licensee to serve qualified patients in a rural or underserved geographical area.<sup>2, 3</sup> Retail dispensing locations may not be co-located with production centers, and each production center may not hold more than seven thousand five hundred plants (7,500).<sup>4, 5</sup> Licensees are capped at fifteen thousand (15,000) cannabis plants in total across all of their production centers. For security reasons, the location of production centers is not publicly disclosed.

The first production centers were given a notice to proceed to cultivation on February 1, 2017. The first dispensary was given a notice to proceed to retail on August 8, 2017. As of December 27, 2023, there are a total of 38 operational licensed medical cannabis facilities statewide; 13 production centers and 25 retail locations (Table 1).

<b>Table 1. Licensed Medical Cannabis Facilities in Operation November 30, 2020</b>			
<b>Licensee</b>	<b>Facilities</b>	<b>Address</b>	<b>Notice to Proceed</b>
Aloha Green Holdings Inc.	Production Center #1	---	Feb. 1, 2017
	Retail Location #1	1314 S. King Street, Honolulu, HI 96814	Aug. 9, 2017
	Retail Location #2	2113 Kalakaua Avenue, Honolulu, HI 96815	Aug. 22, 2019
	Retail Location #3	3131 N Nimitz Hwy, Honolulu, HI 96819	Mar. 17, 2021
	Retail Location #4	92-1047 Olani St, Unit 1-110 Kapolei, HI 96707	June 29, 2023
Manoa Botanicals LLC, dba Noa Botanicals	Production Center #1	---	Feb. 9, 2017
	Retail Location #1	1308 Young Street, Honolulu, HI 96814	Oct. 9, 2017
	Retail Location #2	46-028 Kawa Street, Kaneohe, HI 96744	Feb. 13, 2019

<sup>1</sup> §329D-2(f), HRS.

<sup>2</sup> §329D-2(g), HRS.

<sup>3</sup> §329D-2(l), HRS.

<sup>4</sup> §329D-2(i), HRS.

<sup>5</sup> §329D-2(k), HRS.

	Retail Location #3	98-302 Kamehameha Hwy, Aiea, HI 96701	Sept. 24, 2020
TCG Retro Market 1, LLC dba Cure Oahu	Production Center #1	---	Jun. 28, 2017
	Retail Center #2	727 Kapahulu Avenue, Honolulu, HI 96816	Mar. 17, 2018
	Retail Center #3	4850 Kapolei Parkway, Building D, Unit 501, Kapolei, HI 96707	Feb. 2, 2022
Hawaiian Ethos LLC	Production Center #1	---	Aug. 9, 2018
	Production Center #2	---	May 29, 2019
	Retail Location #1	73-5613 Olowalu Street, Suite 7, Kailua-Kona, HI 96740	Jun. 24, 2019
	Retail Location #2	64-1035 Mamalahoa Hwy, Suite J, Kamuela, HI 96743	Feb. 3, 2020
	Retail Location #3	578 Kanoiehua Avenue, Hilo, HI 96720	Sept. 18, 2020
Lau Ola LLC, dba Big Island Grown	Production Center #1	---	Oct. 3, 2018
	Production Center #2	---	June 14, 2023
	Retail Location #1	750 Kanoiehua Avenue, Suite 104, Hilo, HI 96720	Jan. 14, 2019
	Retail Location #2	74-5617 Pawai Place, Kailua-Kona, HI 96740	Jul. 26, 2019
	Retail Location #3	64-1040 Mamalahoa Highway, Kamuela, HI 96743	Mar. 7, 2019
Maui Wellness Group, LLC, dba Maui Grown Therapies	Production Center #1	---	Feb. 1, 2017
	Production Center #2	---	Oct. 2, 2019
	Retail Location #1	44 Paa Street, Kahului, HI 96732	Aug. 8, 2017
	Retail Location #2	1087 Limahana Place, Lahaina, HI 96761	Mar. 12, 2021
	Retail Location #3	7 Aewa Place, Kahului, HI 96732	Mar. 23, 2022
	Retail Location #4	1215 South Kihei Road, unit D-2, Kihei, HI 96753	Nov. 17, 2023
Pono Life Sciences Maui, LLC, dba Pono Life Maui	Production Center #1	---	Feb. 14, 2017
	Production Center #2	---	Sep. 19, 2023
	Retail	415 Dairy Road,	Sept. 27, 2017

	Location #1	Kahului, HI 96732	
	Retail Location #2	115 N Market St. Wailuku, HI96793	May 27, 2022
	Retail Location #3	149 Hana Highway, unit #2 Paia, HI 96779	Nov. 21, 2022
	Retail Location #4	95 E. Lipoa St. Kihei, HI 96753	Oct. 10, 2023
Green Aloha, Ltd.	Production Center #1	---	June 20, 2017
	Production Center #2	---	Oct. 21, 2019
	Retail Location #1	4-1565 Kuhio Highway, #3, Kapaa, HI 96746	May 18, 2018
	Retail Location #2	2827 Poipu Road Koloa, HI 96756	Sep. 16, 2022

## INSPECTIONS CONDUCTED 2023

County	Licensee	Facilities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Hawaii	Lau Ola	Production Center 1	X		X		X		X		X		X	
Hawaii	Lau Ola	Production Center 2 & 2B									X		X	
Hawaii	Lau Ola	Retail Center 1 - Hilo	X		X		X		X			X		
Hawaii	Lau Ola	Retail Center 2 - Kona		X		X		X		X				X
Hawaii	Lau Ola	Retail Center 3 - Waimea	X		X				X			X		
Hawaii	Hawaiian Ethos	Production Center 1 - Waimea	X		X		X		X		X		X	
Hawaii	Hawaiian Ethos	Production Center 2 - Kona		X		X		X		X		X		X
Hawaii	Hawaiian Ethos	Retail Center 1 - Kona		X		X		X		X			X	
Hawaii	Hawaiian Ethos	Retail Center 2 - Waimea	X		X		X		X			X		
Hawaii	Hawaiian Ethos	Retail Center 3 - Hilo	X		X		X		X			X		
County	Licensee	Facilities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Oahu	Manoa Botanicals	Production Center 1 (CLOSED)	X	X			X							
Oahu	Manoa Botanicals	Production Center 2	X	X			X		X		X		X	
Oahu	Manoa Botanicals	Retail Center 1 - Young Street	X			X				X			X	
Oahu	Manoa Botanicals	Retail Center 2 - Kaneohe		X		X		X		X			X	
Oahu	Manoa Botanicals	Retail Center 3 - Aiea		X		X		X		X			X	
Oahu	Manoa Botanicals	Retail Center 4 - Waikiki (IN PROCESS)												
Oahu	Aloha Green	Production Center 1 & 2		X		X			X		X		X	
Oahu	Aloha Green	Retail Center 1 - King Street	X		X		X		X			X		
Oahu	Aloha Green	Retail Center 2 - Waikiki	X		X		X		X			X		
Oahu	Aloha Green	Retail Center 3 - Nimitz		X		X		X		X			X	
Oahu	Aloha Green	Retail Center 4 - Kapolei								X			X	
Oahu	Cure Oahu	Production Center 1 - Haleiwa	X		X		X			X		X		X
Oahu	Cure Oahu	Retail Center 1 - Kapahulu	X		X		X		X			X		
Oahu	Cure Oahu	Retail Center 2 - Kapolei		X		X		X		X			X	
Oahu	Cure Oahu	Retail Center 3 - Kailua (IN PROCESS)												
County	Licensee	Facilities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Kauai	Green Aloha	Production Center 1 - Kapaa	X		X		X		X		X		X	
Kauai	Green Aloha	Production Center 2 (IN PROCESS)												
Kauai	Green Aloha	Retail Center 1 - Kapaa	X		X		X		X		X		X	
Kauai	Green Aloha	Retail Center 2 - Poipu	X		X		X		X		X		X	
County	Licensee	Facilities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Maui	Pono Life Sciences	Production Center 1 - Wailuku			X		X		X		X		X	
Maui	Pono Life Sciences	Production Center 2 - Kihei												X
Maui	Pono Life Sciences	Retail Center 1 - Kahului		X		X		X		X		X		X
Maui	Pono Life Sciences	Retail Center 2 - Wailuku (CLOSED)		X		X		X						X
Maui	Pono Life Sciences	Retail Center 3 - Paia		X		X			X		X			X
Maui	Pono Life Sciences	Retail Center 4 - Kihei											X	
Maui	Maui Wellness	Production Center 1, 1C.D, & 2 - Kula	X		X		X		X			X		
Maui	Maui Wellness	Retail Center 1 - Wailuku	X		X		X		X		X		X	
Maui	Maui Wellness	Retail Center 2 - Lahaina (CLOSED)		X		X		X						
Maui	Maui Wellness	Retail Center 3 - Pukalani	X		X		X		X		X		X	
Maui	Maui Wellness	Retail Center 4 - Kihei (IN PROCESS)												

On July 28, 2023, Governor Green signed an amendment to the interim Hawaii Administrative Rules (HAR), Title 11, chapter 850. This amendment, went into effect August 7, 2023, included a section that conformed regulations with statutory changes made by 2023 SLH Act 108 [§§6, 7, 45]

- a) Maximum number of allowable production centers and retail dispensing locations per license and cannabis plants per production center
- b) Allowance for transportation of cannabis and manufactured cannabis products from dispensary to dispensary.

This amendment permits a dispensary licensee to operate up to three production centers (up from two) and can add up to two additional retail dispensing locations for a total of four.

Each production center is permitted to hold not more than seven thousand five hundred plants (7,500) an increase from the five thousand cannabis plants (5,000) in 2022. However, the licensees are allowed no more than fifteen thousand (15,000) cannabis plants in total across all of the licensees' production centers. This increase will allow licensees to grow and produce more product for sale in their dispensaries.

This amendment also permits OMCCR to allow licensees to conduct dispensary to dispensary sales. Licensees wishing to conduct a dispensary-to-dispensary sale must submit a completed and signed (by both parties) Dispensary-to-Dispensary Proposed Purchasing Plan application. OMCCR will review each application and, if in agreement with the request, will approve and sign the Dispensary-to-Dispensary Proposed Purchasing Plan application. This approval will permit the licensees to proceed with their dispensary-to-dispensary transaction.

As of December 27, 2023, eleven (11) transactions have been completed.

### **LICENSING FEES COLLECTED**

MCDLS collected an initial licensing fee of \$75,000 from each of the eight licensees in May 2016.

An annual \$50,000 renewal fee was collected from each licensee in 2017, 2018, 2019, 2020, and 2022.

In 2023 a new licensing fee schedule was introduced consisting of four qualifiers. The qualifiers, listed below, were used to determine the License renewal fee for each licensee.

1. Base fee for production center(s)
2. Base fee for retail center(s)
3. Discount percentage based on market conditions in each county
4. Discount percentage based on market share

As a result, the total collected for the License renewal fee for 2023 was **\$885,250**.

<b>Year</b>	<b>Amount</b>
2016	\$600,000
2017	\$400,000
2018	\$400,000
2019	\$400,000
2020	\$400,000
2021	\$400,000
2022	\$400,000
2023	\$885,250
<b>Total to-date</b>	<b>\$3,865,250</b>

## **TAXES COLLECTED**

### **Excise Taxes**

A 4% general excise tax is assessed on cannabis and manufactured cannabis products purchased at the licensed dispensaries by qualifying registered patients. The City and County of Honolulu, County of Kauai, and County of Hawaii have current additional 0.5% surcharges which brings the excise tax rate to 4.5% for these counties.<sup>7</sup> The County of Maui has not adopted a county surcharge.

<b>Year</b>	<b>Amount</b>
2016	No licensee sales
2017	\$99,871
2018	\$572,170
2019	\$1,201,168
2020	\$2,023,138
2021	\$2,568,947
2022	\$2,428,035

<sup>6</sup> Source: DOH Medical Cannabis Dispensary Licensing Section, Office of Medical Cannabis Control and Regulation.

<sup>7</sup> Source: [General Excise Tax \(GET\) Information | Department of Taxation \(hawaii.gov\)](#)

<sup>8</sup> Source: BioTrack THC™ Electronic Seed-to-Sale Tracking System.

2023	\$2,588,588
<b>Total to-date</b>	<b>\$11,481,917</b>

**Income Taxes**

The eight dispensary licensees are structured as either a limited liability company or an S corporation and therefore do not pay state or federal income taxes.

**Licensing Violations**

For the period from January 1, 2023 through December 1, 2023, DOH identified a total of 136 licensing violations. This was a rise from the number of violations identified in 2022. The most common violations involved sections 11-850-72 (Manufactured cannabis products), and 11-850-131 (Laboratory analysis required), Hawaii Administrative Rules (HAR).

The DOH identified 10 violations that had never been issued prior to this year. These violations include: 11-850-22 (Narcotics enforcement division certificate), 11-850-71 (Cannabis), 11-850-72 (Manufactured cannabis products), 11-850-76 (Edible cannabis products), 11-850-113 (Sanitary operations), 11-850-116 (Processes and controls), 11-850-131 (Laboratory analysis required), 11-850-142 (Packaging for retail sale), 11-850-143 (Labeling for retail sale), 11-850-145 (Advertising and displays), Hawaii Administrative Rules (HAR).

OMCCR has focused this past year on the manufacturing process for medical cannabis products and the labeling of all medical cannabis products. The majority of the new violations stem from inspections of the Good Manufacturing Processes (GMP) employed by the licensees.

**Table 4. All Licensing Violations  
February 2017 through December 2023**

HAR or HRS Section Violated	Frequency						
	2017	2018	2019	2020	2021	2022	2023
HAR 11-850-6	0	0	1	0	0	0	0
HAR 11-850-17	0	0	0	0	0	1	0
HAR 11-850-21	0	0	0	2	0	1	0
HAR 11-850-22	0	0	0	0	0	0	1
HAR 11-850-32	0	3	0	0	0	0	0
HAR 11-850-33	1	3	1	2	0	6	1
HAR 11-850-34	0	1	3	3	0	0	0

HAR 11-850-36	2	0	0	2	3	5	14
HAR 11-850-37	0	0	1	0	0	0	0
HAR 11-850-39	0	2	0	0	0	0	0
HAR 11-850-41	0	6	4	0	0	0	0
HAR 11-850-42	0	0	0	0	32	0	0
HAR 11-850-43	1	3	24	1	0	0	2
HAR 11-850-51	1	4	4	8	3	48	13
HAR 11-850-52	3	9	5	1	12	4	0
HAR 11-850-61	0	1	0	15	49	5	15
HAR 11-850-71	0	0	0	0	0	0	6
HAR 11-850-72	0	0	0	0	0	0	21
HAR 11-850-75	0	0	0	1	3	5	0
HAR 11-850-76	0	0	0	0	0	0	1
HAR 11-850-91	0	0	0	0	1	2	12
HAR 11-850-92	0	3	0	1	3	3	1
HAR 11-850-93	0	0	1	3	1	0	0
HAR 11-850-113	0	0	0	0	0	0	6
HAR 11-850-116	0	0	0	0	0	0	3
HAR 11-850-131	0	0	0	0	0	0	21
HAR 11-850-142	0	0	0	0	0	0	6
HAR 11-850-143	0	0	0	0	0	0	12
HAR 11-850-145	0	0	0	0	0	0	1
HRS 329D-6	0	0	0	0	1	0	0
HRS 329D-10	0	1	5	2	3	0	0
HRS 329D-22	0	1	0	1	0	2	0
<b>Total</b>	<b>8</b>	<b>37</b>	<b>49</b>	<b>42</b>	<b>111</b>	<b>87</b>	<b>136</b>

### **Conclusions and Recommendations**

The number of facilities requiring DOH regulatory oversight continues to grow as the licensees push to open more processing centers and retail locations. Each new facility requested must be inspected several times by OMCCR Surveyors prior to being allowed to dispense medical cannabis. Two (2) new production centers were opened, and five (5) new dispensaries were opened across the state this year. The Hawaii Administrative

Rules now allow licensees to grow up to seven thousand five hundred plants (7,500) per production center. The number of locations and amount of product being grown, processed, manufactured, transported and sold has increased significantly this past year. Added into the regular inspection schedule is the new dispensary to dispensary transactions mentioned above.

In April of 2023, OMCCR also took on the responsibility for the regulation of manufactured hemp products. OMCCR has worked to develop a plan of action to first educate the hemp processors and manufactured hemp retailers and then conduct inspections and regulatory actions. OMCCR initiated this process in December of 2023 and will continue to ramp up regulatory actions throughout this year and onwards.

The added number of facilities to be inspected combined with the regulatory hemp actions has strained the ability of OMCCR to conduct safe, comprehensive inspections. OMCCR has maxed the number of surveyor positions allowable and currently has five (5) surveyors along with one (1) Dispensary Licensing Supervisor. More positions are necessary for the office to be able to conduct safe, reliable inspections.

Additionally, the licensees continue to develop new processes to extract CBD and THC from the cannabis plant and to develop new products from these extractions. The continued expansion of manufacturing activities and product types coupled with the increasing numbers of facilities have greatly amplified the complexity of maintaining dispensary licensing oversight. These new products and processes have highlighted an urgent need for more training for the surveyor program, especially for training related to good manufacturing practices and laboratory testing. The training and personal development of surveyors will help ensure that these products are safe for patients to consume.

The OMCCR would also like to expand our inspections to include Cannabis Co-Ops and multi-card (stacked) grow/production sites. The number of Co-Op sites has grown exponentially since the start of the Medical Cannabis legislation. It has come to the attention of this office that several of these Co-Ops process and sell manufactured cannabis products without any safeguards or inspections in place. The OMCCR program has been tasked by the State of Hawaii to ensure that the citizens of Hawaii have access to safe, potent and effective medical cannabis, and that the processing and manufacturing processes cause no harm to the people and land. The ability to conduct these inspections and testing of Co-Ops is necessary to ensure the health of the citizens of Hawaii.