
A BILL FOR AN ACT

RELATING TO CANNABIS.

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

PART I

1
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 United



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

9 In addition to medical cannabis laws, some states and
10 jurisdictions have legalized or decriminalized cannabis.
11 Currently Alaska, Arizona, California, Colorado, Connecticut,
12 Delaware, District of Columbia, Hawaii, Illinois, Maine,
13 Maryland, Massachusetts, Michigan, Minnesota, Mississippi,
14 Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico,
15 New York, North Carolina, North Dakota, Ohio, Oregon, Rhode
16 Island, South Dakota, Vermont, Virginia, and Washington have all
17 decriminalized cannabis in small amounts. In each state,
18 cannabis users no longer face jail time for the possession or
19 use of cannabis in the amount permitted by statute. Most
20 jurisdictions that decriminalized small amounts of cannabis
21 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,
15 manufacture, sale, and personal use of small amounts
16 of cannabis;
- 17 (2) Decriminalize and regulate small amounts of cannabis
18 for personal use;
- 19 (3) Establish taxes for cannabis sales; and
- 20 (4) Reduce unregulated and illicit sales of cannabis by
21 unlicensed entities and establish penalties.



1 PART II

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

5 "CHAPTER A
6 LEGALIZATION OF CANNABIS FOR PERSONAL USE

7 SA-1 Definitions. As used in this chapter:

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

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

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



1 whether growing or not, with a delta-9 tetrahydrocannabinol
2 concentration that does not exceed 0.3 per cent on a dry weight
3 basis.

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

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

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

18 "Cannabis manufacturing facility" means an entity licensed
19 under section A-6(b)(5).

20 "Cannabis products" means cannabis concentrate products and
21 products that comprise cannabis and other ingredients intended



1 for use or consumption and include but are not limited to edible
2 products, ointments, and tinctures.

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

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

7 "Department" means the department of health.

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

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

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

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

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



1 "Medical cannabis dispensary" means a person licensed as a
2 medical cannabis dispensary under chapter 329D.

3 "Personal use" means one ounce of cannabis plant material,
4 ten grams of cannabis concentrate, or any other cannabis
5 products with up to eight hundred milligrams of
6 tetrahydrocannabinol, that is used for private, personal, or
7 recreational purposes by persons age twenty-one years or older.
8 The term personal use includes display, possession, transport,
9 transfer, or processing of cannabis or cannabis products.

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

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

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

18 **§A-2 Personal use of cannabis.** (a) Notwithstanding any
19 law to the contrary, the personal use of cannabis by vaping or
20 smoking shall be regulated in accordance with chapter 328J.



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

3 (c) The possession, use, display, purchase, transfer, or
4 transport of cannabis, cannabis accessories, or cannabis
5 paraphernalia for personal use shall be immune from criminal
6 prosecution.

7 (d) The possession, growing, processing, or transporting
8 of not more than six cannabis plants, with three or fewer being
9 mature, flowering plants, and possession of the cannabis
10 produced by the plants on the premises where the plants are
11 grown shall not be subject to criminal prosecution; provided
12 that the growing takes place in an enclosed and locked space and
13 is not conducted openly or publicly, and that the plants are not
14 made available for sale.

15 (e) The transfer of one ounce or less of cannabis plant
16 material, ten grams or less of cannabis concentrate, or any
17 other cannabis products with up to eight hundred milligrams or
18 less of tetrahydrocannabinol, without remuneration to a person
19 who is twenty-one years of age or older shall be permitted.

20 (f) The transfer of cannabis with remuneration to a person
21 who is twenty-one years of age or older, including transfer with



1 a delayed payment or in return for reciprocal gifts, items, or
2 services of value, shall be prohibited except as otherwise
3 provided in this chapter.

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

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

11 (i) Personal use of cannabis shall be prohibited on public
12 highways, public sidewalks, federal property, and any location
13 where the consumption of alcohol or smoking is prohibited.

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



- 1 (1) Manufacturing, possessing, or purchasing cannabis
2 accessories or selling cannabis accessories to a
3 person who is twenty-one years of age or older;
- 4 (2) Possessing, displaying, or transporting cannabis or
5 cannabis products; purchasing cannabis from a cannabis
6 cultivation facility, cannabis manufacturing facility,
7 or dual use cannabis dispensary; or selling cannabis
8 or cannabis products to consumers; provided that the
9 person has obtained a current, valid license to
10 operate a dual use cannabis dispensary or retail
11 cannabis store or is acting in the capacity of an
12 owner, employee, or agent of a licensed dual use
13 cannabis dispensary or retail cannabis store;
- 14 (3) Cultivating, harvesting, processing, packaging,
15 transporting, displaying, or possessing cannabis;
16 delivering or transferring cannabis to a dual use
17 cannabis dispensary or cannabis testing facility;
18 selling cannabis to a dual use cannabis dispensary,
19 cannabis cultivation facility, cannabis manufacturing
20 facility, or retail cannabis store; or purchasing
21 cannabis from a dual use cannabis dispensary, cannabis



1 cultivation facility, or cannabis manufacturing
2 facility; provided that the person has obtained a
3 current, valid license to operate a dual use cannabis
4 dispensary, cannabis cultivation facility, or cannabis
5 manufacturing facility or is acting in the capacity of
6 an owner, employee, or agent of a licensed dual use
7 cannabis dispensary, cannabis cultivation facility, or
8 cannabis manufacturing facility;

9 (4) Possessing, processing, repackaging, storing,
10 transporting, displaying, transferring, or delivering
11 cannabis or cannabis products; provided that the
12 person has obtained a current, valid license to
13 operate a cannabis testing facility or is acting in
14 the capacity as an owner, employee, or agent of a
15 licensed cannabis testing facility; or

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

20 (b) Cannabis products shall be contained in generic
21 packaging that uses only black lettering and contains no colors,



1 pictures, cartoons, or images that may appeal to children and
2 youth; provided that the agency shall adopt rules pursuant to
3 section A-8 to implement restrictions on labeling requirements
4 for cannabis and cannabis products sold or distributed by a
5 cannabis establishment.

6 (c) Cannabis advertising shall be prohibited within one
7 thousand feet of a youth-centered area, including but not
8 limited to:

- 9 (1) State and private parks;
- 10 (2) Schools;
- 11 (3) Recreational facilities;
- 12 (4) Public transit stations; and
- 13 (5) Bus stops;

14 provided that the agency shall adopt rules pursuant to section
15 A-8 to implement restrictions on the advertising and display of
16 cannabis and cannabis products.

17 **SA-4 Hawaii cannabis regulatory authority; established.**

18 (a) There is hereby established an independent agency known as
19 the Hawaii cannabis regulatory authority. The purpose of the
20 agency is to oversee the regulation and licensing of cannabis
21 pursuant to this chapter and upon transfer of powers pursuant to



1 the provisions of subsection (c), to exercise primary
2 responsibility to oversee the regulation and licensing of all
3 cannabis use including medical use. The agency shall be
4 attached to the department for administrative purposes. The
5 agency shall be a public body and a body corporate and politic.

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

8 (c) All powers, duties, and responsibilities of the
9 department, including the office of medical cannabis control and
10 regulation, with respect to the regulation, administration, and
11 enforcement of the provisions of chapter 329D shall be
12 transferred to the agency, except for the administration of
13 registry identification cards to qualified patients and primary
14 caregivers and powers delegated to the department pursuant to
15 this chapter or by the agency's rules.

16 (d) The employment, appointment, promotion, transfer,
17 demotion, discharge, and job descriptions of all officers and
18 employees of or under the jurisdiction of the office of medical
19 cannabis control and regulation shall be transferred to the
20 agency subject to the approval of the director of health and to
21 applicable personnel laws.



1 (e) The agency shall report annually to the governor and
 2 the legislature on the regulation of cannabis establishments,
 3 including but not limited to the number and location of cannabis
 4 establishments licensed by license type, the total licensing
 5 fees collected, the total amount of taxes collected from
 6 cannabis establishments, and any licensing violations determined
 7 by the agency.

8 **SA-5 Powers; generally.** The agency shall have all the
 9 powers necessary and reasonable to carry out and effectuate its
 10 purposes, including but not limited to the power to:

- 11 (1) Sue and be sued;
- 12 (2) Adopt, use, and alter at will a common seal;
- 13 (3) Make and execute contracts and all other instruments
 14 necessary or convenient for the exercise of its powers
 15 and functions under this chapter;
- 16 (4) Make and alter bylaws for its organization and
 17 internal management;
- 18 (5) Adopt, amend, or repeal rules and regulations for the
 19 implementation, administration, and enforcement of
 20 this chapter, which rules shall be in conformance with
 21 chapter 91;



- 1 (6) Through its executive director appoint officers,
2 agents, and employees, prescribe their duties and
3 qualifications, and fix their salaries, without regard
4 to chapter 76;
- 5 (7) Determine which applicants shall be awarded licenses;
- 6 (8) Deny an application or limit, condition, restrict,
7 revoke, or suspend any license;
- 8 (9) Determine and establish the process and methodology by
9 which licenses shall be awarded by the agency;
- 10 (10) Appear on its own behalf before boards, commissions,
11 departments, or other agencies of municipal, state, or
12 federal government;
- 13 (11) Review data and market conditions prior to the
14 adoption of rules pursuant to this chapter and on a
15 periodic basis thereafter to determine the maximum
16 number of licenses that may be issued in order to meet
17 estimated production demand and facilitate a reduction
18 in the unauthorized distribution of cannabis;
- 19 (12) Conduct and administer procedures and hearings in
20 compliance with chapter 91 for the adoption of rules
21 and review of the issuance, denial, or revocation of



- 1 licenses or violation of this chapter or the rules
2 adopted pursuant to this chapter;
- 3 (13) Impose and collect fees, sanctions, and administrative
4 penalties, as authorized by this chapter and
5 established by rule, and for a violation of any rule
6 adopted by the agency;
- 7 (14) Conduct investigations into the qualifications of all
8 applicants for employment by the agency and all
9 applicants for licensure pursuant to this chapter;
- 10 (15) Inspect cannabis establishments and have access to all
11 equipment and supplies in a cannabis establishment for
12 the purpose of ensuring and enforcing compliance with
13 this chapter, and all rules and regulations adopted
14 pursuant to this chapter;
- 15 (16) Require that the books and financial or other records
16 or statements of a licensee be kept in a manner that
17 the agency deems proper;
- 18 (17) Establish adjudicatory procedures and conduct
19 adjudicatory proceedings pursuant to chapter 91;
- 20 (18) Maintain an official internet website for the agency;



- 1 (19) Form advisory boards and submit any matter to an
2 advisory board for study, review, or recommendation;
- 3 (20) Delegate any administrative, procedural, or
4 operational matter to the executive director;
- 5 (21) Issue temporary emergency orders, directives, or
6 instructions, with or without prior notice or hearing,
7 in an instance in which the public health or safety is
8 in substantial or imminent danger as it relates to the
9 activities, conduct, or practices of a licensee or as
10 a result of a defective or dangerous product offered
11 for sale by a licensee; and
- 12 (22) Do any and all things necessary to carry out its
13 purposes and exercise the powers given and granted in
14 this chapter.

15 **§A-6 Licenses.** (a) Licenses may be granted by the agency
16 as provided in this section.

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

- 18 (1) Cannabis cultivation facility licenses, which shall
19 authorize the licensee to cultivate, process, prepare,
20 label, transport, and package cannabis and cannabis
21 products for sale or wholesale to retail cannabis



1 stores, cannabis manufacturing facilities, and dual
2 use cannabis dispensaries; to purchase or take
3 possession of cannabis from other licensed cannabis
4 cultivation facilities or dual use cannabis
5 dispensaries; and to transfer possession of and sell
6 cannabis and cannabis products to retail cannabis
7 stores and dual use cannabis dispensaries; provided a
8 cannabis cultivation facility licensee may establish
9 one cultivation facility that shall be not larger than
10 five thousand square feet of total indoor or outdoor
11 canopy space;

12 (2) Retail cannabis store licenses, which shall authorize
13 the licensee to transport, sell, wholesale, purchase,
14 or take possession of cannabis or cannabis products
15 from a cannabis cultivation facility, cannabis
16 manufacturing facility, or dual use cannabis
17 dispensary and to sell cannabis and cannabis products
18 to consumers on premises approved by the agency;
19 provided that a retail cannabis store licensee may
20 establish not more than two retail cannabis stores;



- 1 (3) Cannabis testing facility licenses, which shall
2 authorize the licensee to develop, research,
3 transport, or test cannabis and cannabis products for
4 that facility or another licensee;
- 5 (4) Dual use cannabis licenses, which shall authorize the
6 licensee to cultivate, process, manufacture,
7 transport, and sell cannabis and cannabis products for
8 both medical and personal use; to purchase or take
9 possession of cannabis or cannabis products from a
10 cannabis cultivation facility, cannabis manufacturing
11 facility, or dual use cannabis dispensary; and to
12 transfer possession of and sell or wholesale cannabis
13 and cannabis products to retail cannabis stores, other
14 dual use cannabis dispensaries, and consumers; and
- 15 (5) Cannabis manufacturing facility licenses, which shall
16 authorize the licensee to produce, prepare, propagate,
17 or compound cannabis or cannabis products either
18 directly or indirectly or by extraction methods, or
19 independently by means of chemical synthesis, or by a
20 combination of extraction and chemical synthesis, at a
21 fixed location that packages or repackages cannabis or



1 cannabis products or labels or relabels its container,
2 and transport the same, for sale or wholesale to
3 retail cannabis stores, cannabis manufacturing
4 facilities, and dual use cannabis dispensaries;
5 provided that a cannabis manufacturing facility
6 licensee may establish not more than two cannabis
7 manufacturing facilities.

8 (c) The agency may establish additional license types and
9 grant temporary licenses of any type specified in subsection
10 (b), in accordance with conditions set forth in the rules
11 adopted pursuant to this chapter.

12 (d) Except as otherwise permitted by this chapter or the
13 rules adopted pursuant to this chapter, a person may have an
14 interest in more than one license under this chapter but shall
15 not have an interest in more than one license in each category;
16 provided that no person granted a cannabis testing facility
17 license or a dual use cannabis license shall have an interest in
18 any other license granted by this chapter. As used in this
19 subsection, "interest" means an equity ownership interest or
20 partial equity ownership interest or any other type of financial



1 interest, including but not limited to being an investor or
2 serving in a management position.

3 (e) No cannabis shall be sold or otherwise marketed
4 pursuant to this chapter that has not first been tested by a
5 cannabis testing facility and determined to meet the agency's
6 testing requirements set forth in the rules adopted pursuant to
7 this chapter or chapter 329D.

8 (f) Each license granted by the agency shall designate the
9 location where the business of the licensee will be conducted.
10 Except as otherwise permitted by the rules adopted pursuant to
11 this chapter, no license shall be transferable from one person
12 to another or from one location to another.

13 (g) The privilege of any licensee to cultivate,
14 manufacture, transport, sell, or test cannabis or cannabis
15 products shall extend to the licensee and to all agents and
16 employees of the licensee for the purpose of operating under the
17 license. The licensee may be held liable for any violation of
18 this chapter or the rules adopted pursuant to this chapter by
19 the agents or employees in connection with their employment.



1 **SA-7 Pilot period.** (a) Except as provided in subsection
2 (b), there shall be a pilot period prior to the issuance of new
3 licenses until the date that is the later of:

4 (1) Two years following the effective date of this
5 chapter; or

6 (2) The final issuance of the rules.

7 (b) Notwithstanding subsection (a), during the pilot
8 period from the effective date of this chapter until final
9 issuance of the rules, any licensed medical cannabis dispensary
10 under chapter 329D shall be permitted to cultivate, process,
11 manufacture, transport, and sell cannabis and cannabis products
12 under this chapter as a dual use cannabis dispensary; provided
13 that, prior to operating as a dual use cannabis dispensary, the
14 medical cannabis dispensary shall submit to the department and
15 obtain the department's approval of a detailed medical
16 preservation plan specifying how the dispensary will prioritize
17 sales and access to medical cannabis products for qualifying
18 patients, including but not limited to managing customer traffic
19 flow, preventing supply shortages, preventing price increases
20 for patients, and ensuring appropriate staffing levels.



1 (c) The agency shall utilize the pilot period to monitor
2 and study relevant data, market conditions, and regulations to
3 inform, develop, and adopt final rules or statutory
4 recommendations to effectuate the purpose of this chapter.

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

13 (e) During the pilot period, the agency may prescribe the
14 forms, procedures, and requirements as necessary to facilitate
15 the operation of medical cannabis dispensaries as dual use
16 cannabis dispensaries. The prescription of the necessary forms,
17 procedures, and requirements shall be exempt from chapter 91.

18 (f) All prospective and approved dual use cannabis
19 dispensaries under this chapter shall maintain compliance with
20 the provisions of chapter 329D during the pilot period until
21 final issuance of the rules, except transfer of cannabis for



1 personal use shall be exempt from sections 329D-11(a)(3), 329D-
2 11(a)(9)(B)(i), 329D-13, and 329D-15.

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

7 **SA-8 Regulation of cannabis; rules.** (a) The agency shall
8 adopt rules pursuant to chapter 91 necessary for implementation
9 of this chapter. The rules shall include:

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



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

3 (11) Specific penalties such as the imposition of fines or
4 suspension or revocation of a license.

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

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

19 **SA-9 Tracking.** The agency shall track the cultivation,
20 processing, manufacturing, and sale of cannabis and cannabis
21 products.



1 **SA-10 Effect on employers.** This chapter shall not be
2 construed to:

- 3 (1) Require an employer to permit or accommodate the use,
4 consumption, possession, transfer, display, transport,
5 sale, or growing of cannabis in the workplace;
- 6 (2) Affect the ability of an employer to have policies
7 restricting the use of cannabis by employees; or
- 8 (3) Prevent an employer from refusing to hire,
9 discharging, disciplining, or otherwise taking an
10 adverse employment action against a person with
11 respect to hire, tenure, terms, conditions, or
12 privileges of employment because of that person's
13 violation of policies restricting the use of cannabis
14 or working while under the influence of cannabis.

15 **SA-11 Effect on intoxicated driving laws.** This chapter
16 shall not be construed as a defense, exemption, or immunity from
17 chapter 291E.

18 **SA-12 Effect on medical cannabis law.** This chapter shall
19 not be construed to affect medical use of cannabis as provided
20 in chapter 329 and shall not be deemed to expand the medical use
21 of cannabis beyond the uses provided in chapter 329.

1 **SA-13 Effect on medical cannabis dispensary law.** This
2 chapter shall not be construed to affect the dispensing of
3 medical cannabis as provided in chapter 329D and shall not be
4 deemed to expand the dispensing of medical cannabis beyond the
5 uses provided in chapter 329D.

6 **SA-14 Effect on property rights.** Condominium associations
7 may restrict or prohibit the smoking of cannabis in the same
8 manner they may restrict or prohibit the smoking of tobacco on
9 the property. This chapter shall not be construed to prohibit a
10 person, employer, school, hospital, detention facility,
11 corporation, or any other entity who occupies, owns, or controls
12 a property from prohibiting or otherwise regulating the
13 possession, consumption, use, display, transfer, distribution,
14 sale, transportation, or growing of cannabis on or in that
15 property.

16 **SA-15 Effect on contracts pertaining to cannabis.** It is
17 the public policy of the State that a contract is not void or
18 voidable as against public policy if it pertains to lawful
19 activities authorized by this chapter.

20 **SA-16 Civil Penalties.** Any person who intentionally
21 operates a cannabis cultivation facility, cannabis manufacturing



1 facility, cannabis testing facility, dual use cannabis
2 dispensary, or retail cannabis store without a license shall be
3 fined not more than \$ for each day of unlicensed
4 operation."

5 PART III

6 SECTION 3. Chapter 706, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§706- Marijuana offenders; resentencing; expungement;
10 sealing. (1) Records relating to the arrest, criminal charge,
11 or conviction of a person for an offense under chapter 329, part
12 IV of chapter 712, or any other offense, the basis of which is
13 an act permitted by chapter A or decriminalized under Act ,
14 Session Laws of Hawaii 2023, including the possession or
15 distribution of marijuana, shall be ordered expunged in
16 accordance with the provisions of this section.

17 (2) No later than December 31, 2025, the attorney general,
18 in collaboration with the judiciary and county prosecuting
19 attorneys, shall determine the offenses that meet the criteria
20 for expungement set forth in subsection (1). The county
21 prosecuting attorneys shall issue a written notice to persons



1 with records that qualify for expungement under subsection (1).
2 Once offenses have been identified, but no later than January 1,
3 2026, the attorney general (in cases of an arrest for or charge
4 with but not a conviction of a crime) and the appropriate court
5 of record (in cases of conviction and pursuant to procedures
6 established by the judiciary) shall order the automatic
7 expungement of the records relating to the arrest, criminal
8 charge, or conviction, as appropriate.

9 (3) A person convicted for an offense under chapter 329,
10 part IV of chapter 712, or any other offense, the basis of which
11 is an act permitted by chapter A or decriminalized under
12 Act _____, Session Laws of Hawaii 2023, including the possession
13 or distribution of marijuana, shall have the right to petition
14 at any time and without limitation to the number of petitions a
15 convicted person may file, with the appropriate court of record
16 for review and adjustment of the sentence.

17 (4) Any expungement order issued pursuant to this section
18 shall be sealed.

19 (5) Eligibility pursuant to this section shall be granted
20 notwithstanding the existence of:

21 (a) Prior arrests or convictions;



1 (b) Pending criminal proceedings; or

2 (c) Outstanding court-imposed or court-related fees,
3 fines, costs, assessments, or charges.

4 (6) Any outstanding fees, fines, costs, assessments, or
5 charges related to the eligible conviction shall be waived.

6 (7) Nothing in this section shall be construed to restrict
7 or modify a person's right to have the person's records
8 expunged, except as otherwise may be provided by law, or
9 diminish or abrogate any rights or remedies otherwise available
10 to the person.

11 (8) Nothing in this section shall be construed to require
12 the court or any agency to reimburse any petitioner for fines,
13 fees, and costs previously incurred, paid, or collected in
14 association with the eligible conviction.

15 (9) The existence of convictions in other counts within
16 the same case that are not eligible for expungement pursuant to
17 this section or other applicable laws shall not prevent any
18 conviction otherwise eligible for expungement under this section
19 from being expunged pursuant to this section; provided that the
20 court shall make clear in its order which counts are expunged
21 and which counts are not expunged or remain convictions;



1 provided further that notwithstanding subsection (5), any
2 expungement pursuant to this subsection shall not affect the
3 records related to any count or conviction in the same case that
4 are not eligible for expungement.

5 (10) Any conviction ordered expunged pursuant to this
6 section shall not be considered as a prior conviction when
7 determining the sentence to be imposed for any subsequent crime.

8 (11) In any application for employment, license, or other
9 civil right or privilege, or in any appearance as a witness, a
10 person whose conviction of a crime has been expunged pursuant to
11 this chapter may state that the person has never been convicted
12 of the crime; provided that, if the person is an applicant for a
13 law enforcement agency position, for admission to the bar of any
14 court, an applicant for a teaching certificate, or the operator
15 or employee of an early childhood education facility, the person
16 shall disclose the fact of a conviction.

17 (12) Whenever the records of any conviction of a person
18 have been expunged under the provisions of this section, any
19 custodian of the records of conviction relating to that crime
20 shall not disclose the existence of the records upon inquiry
21 from any source, unless the inquiry is that of the person whose



1 record was expunged; that of a bar admission, character and
2 fitness, or disciplinary committee, board, or agency, or court
3 which is considering a bar admission, character and fitness, or
4 disciplinary matter; that of the board of education; or that of
5 any law enforcement agency, when the nature and character of the
6 offense in which an individual is to be charged would be
7 affected by virtue of the person having been previously
8 convicted or adjudicated of the same offense. The custodian of
9 any records that have been expunged pursuant to the provisions
10 of this section shall only release or allow access to those
11 records for the purposes specified in this subsection or by
12 order of a court.

13 (13) The judiciary and its employees and agents and the
14 department of the attorney general and its employees and agents
15 shall be immune from any civil liability for any act of
16 commission or omission, taken in good faith, arising out of and
17 in the course of participation in, or assistance with the
18 expungement procedures set forth in this section. The immunity
19 afforded pursuant to this section shall be in addition to and
20 not in limitation of any other immunity provided by law.



1 (14) The attorney general may adopt rules to effectuate
2 the purposes of this section."

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

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

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

14 SECTION 5. Section 235-214, Hawaii Revised Statutes, is
15 amended by amending subsection (v) to read as follows:

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



- 1 (1) The production and sale of medical cannabis and
- 2 manufactured cannabis products by dispensaries
- 3 licensed under chapter 329D and their subcontractors,
- 4 as defined in section 329D-1[-]; and
- 5 (2) Any activity authorized by chapter A."

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

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

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

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

20 (c) Distributes twenty-five or more capsules or tablets or
 21 dosage units containing one or more of the harmful



1 drugs or one or more of the marijuana concentrates, or
2 any combination thereof;

3 (d) Distributes one or more preparations, compounds,
4 mixtures, or substances, of an aggregate weight of
5 one- eighth ounce or more, containing one or more of
6 the harmful drugs or one or more of the marijuana
7 concentrates, or any combination thereof; or

8 (e) Distributes any harmful drug or any marijuana
9 concentrate in any amount to a minor."

10 SECTION 7. Section 712-1245, 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 harmful drug in the
14 second degree if the person knowingly:

15 (a) Possesses fifty or more capsules or tablets or dosage
16 units containing one or more of the harmful drugs or
17 one or more of the marijuana concentrates, or any
18 combination thereof;

19 (b) Possesses 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 (c) Distributes any harmful drug or any marijuana
4 concentrate in any amount."

5 SECTION 8. Section 712-1246, 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 third degree if the person knowingly possesses twenty-five or
10 more capsules or tablets or dosage units containing one or more
11 of the harmful drugs or one or more of the marijuana
12 concentrates, or any combination thereof."

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

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

18 (a) Possesses four hundred or more capsules or tablets
19 containing one or more of the Schedule V substances;

20 (b) Possesses one or more preparations, compounds,
21 mixtures, or substances of an aggregate weight of one



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

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



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

4 (a) Possesses fifty or more capsules or tablets containing
5 one or more of the Schedule V substances;

6 (b) Possesses one or more preparations, compounds,
7 mixtures, or substances, of an aggregate weight of
8 one-eighth ounce or more, containing one or more of
9 the Schedule V substances;

10 (c) Possesses one or more preparations, compounds,
11 mixtures, or substances, of an aggregate weight of one
12 ounce or more, containing any marijuana; or

13 (d) Distributes any marijuana or any Schedule V substance
14 in any amount."

15 SECTION 11. Section 712-1249, 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 third degree if the person knowingly possesses any marijuana
20 or any Schedule V substance in any amount."



1 SECTION 12. Section 712-1249.4, 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 first degree if the person knowingly:

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

8 (b) Distributes marijuana having an aggregate weight of
9 five pounds or more;

10 (c) Possesses, cultivates, or has under the person's
11 control one hundred 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 twenty-five or more marijuana plants, unless the
15 person has the express permission from the owner of
16 the land to cultivate the marijuana or the person has
17 a legal or an equitable ownership interest in the land
18 or the person has a legal right to occupy the land; or

19 (e) Uses, or causes to be used, any firearm or other
20 weapon, device, instrument, material, or substance,
21 whether animate or inanimate, which in the manner used



1 is capable of causing death, serious bodily injury,
 2 substantial bodily injury, or other bodily injury, as
 3 defined in chapter 707 in order to prevent the theft,
 4 removal, search and seizure, or destruction of
 5 marijuana."

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

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

11 (a) Possesses marijuana having an aggregate weight of two
 12 pounds or more;

13 (b) Distributes marijuana having an aggregate weight of
 14 one pound or more;

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

17 (d) Cultivates on land owned by another person, including
 18 land owned by the government or other legal entity,
 19 any marijuana plant, unless the person has the express
 20 permission from the owner of the land to cultivate the
 21 marijuana or the person has a legal or an equitable



1 ownership interest in the land or the person has a
 2 legal right to occupy the land; or
 3 (e) Sells or barterers any marijuana or any Schedule V
 4 substance in any amount to a minor."

PART IV

6 SECTION 14. The Hawaii Revised Statutes is amended by
 7 adding a new chapter to be appropriately designated and to read
 8 as follows:

"CHAPTER B

CANNABIS TAX LAW

11 **§B-1 Definitions.** As used in this chapter, unless the
 12 context otherwise requires:

13 "Agency" shall have the same meaning as the term is defined
 14 in section A-1.

15 "Cannabis" shall have the same meaning as the term is
 16 defined in section A-1.

17 "Cannabis cultivation facility" shall have the same meaning
 18 as the term is defined in section A-1.

19 "Cannabis establishment" shall have the same meaning as the
 20 term is defined in section A-1.



1 "Cannabis manufacturing facility" shall have the same
2 meaning as the term is defined in section A-1.

3 "Cannabis products" shall have the same meaning as the term
4 is defined in section A-1.

5 "Consumer" shall have the same meaning as the term is
6 defined in section A-1.

7 "Department" means the department of taxation.

8 "Dual use cannabis dispensary" shall have the same meaning
9 as the term is defined in section A-1.

10 "License" shall have the same meaning as the term is
11 defined in section A-1.

12 "Licensee" shall have the same meaning as the term is
13 defined in section A-1.

14 "Medical cannabis dispensary" means a person licensed as a
15 medical cannabis dispensary under chapter 329D.

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

17 "Personal use" shall have the same meaning as the term is
18 defined in section A-1.

19 "Place", "premises", or "location" means the real estate,
20 together with any buildings or improvements thereon, designated
21 in the application for a license as the place at which the



1 cultivation, manufacture, sale, or testing of cannabis shall be
2 performed.

3 "Retail cannabis store" shall have the same meaning as the
4 term is defined in section A-1.

5 **SB-2 Permit.** (a) It shall be unlawful for any retail
6 cannabis store or dual use cannabis dispensary to sell cannabis
7 to consumers for personal use unless a permit has been issued to
8 the retail cannabis store or dual use cannabis dispensary as
9 hereinafter prescribed, and the permit is in full force and
10 effect.

11 (b) The agency or the department of health shall certify
12 to the department the name of every retail cannabis store and
13 dual use cannabis dispensary, together with the place of
14 business and the period covered by the license held by the
15 retail cannabis store or dual use cannabis dispensary. The
16 department shall issue its permit to the retail cannabis store
17 or dual use cannabis dispensary upon the payment of a permit fee
18 of \$25.00. The permit shall be issued by the department to:

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



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

3 (c) Any permit issued under this chapter shall be for the
4 period covered by the retail cannabis store or dual use cannabis
5 dispensary's license; it shall not be assignable; it shall be
6 conspicuously displayed on the licensed premises of the
7 permittee; it shall expire upon the expiration of the period
8 covered by the permittee's license, or on June 30 next
9 succeeding the date upon which it is issued, whichever is
10 earlier, unless sooner suspended, surrendered, or revoked for
11 good cause by the department; and it shall be renewed annually
12 before July 1, upon fulfillment of all requirements as in the
13 case of an original permit and the payment of a renewal fee of
14 \$25.00. Whenever a permit is defaced, destroyed, or lost, or
15 the licensed premises are relocated, the department may issue a
16 duplicate permit to the permittee upon the payment of a fee of
17 \$5.00.

18 (d) The department may suspend, revoke, or decline to
19 renew any permit issued under this chapter whenever the
20 department finds that the applicant or permittee has failed to
21 comply with this chapter or any rule adopted under this chapter,



1 or for any other good cause. Good cause includes but is not
2 limited to instances where an applicant or permittee has:

- 3 (1) Submitted a false or fraudulent application or
4 provided a false statement in an application;
- 5 (2) Possessed or displayed a false or fraudulent permit;
6 or
- 7 (3) Failed to maintain complete and accurate records when
8 and if required to be kept.

9 Upon suspending or revoking any permit, the department may
10 request that the permittee surrender the permit or any duplicate
11 issued to, or printed by the permittee, and the permittee shall
12 surrender the permit or duplicate promptly to the department as
13 requested.

14 (e) Whenever the department suspends, revokes, or declines
15 to renew a permit, the department shall notify the applicant or
16 permittee immediately and afford the applicant or permittee a
17 hearing, if desired; provided that a hearing has not already
18 been afforded. The department shall provide not less than
19 thirty days notice to the applicant or permittee of a hearing
20 afforded under this subsection. After the hearing the
21 department shall:



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

7 **§B-3 Cooperation between department and the agency or**
8 **department of health.** (a) The department and the agency or
9 department of health shall cooperate in the enforcement of this
10 chapter.

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

15 (c) The department may notify the agency or department of
16 health of the name and address of every person who has failed to
17 file any return required, to pay any tax prescribed, to secure a
18 permit, or to perform any other duty or act imposed under this
19 chapter, and the agency or department of health shall thereupon
20 suspend any license that may have been issued to any the person



1 under chapter A until the time as the person complies with this
2 chapter.

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

6 (b) The tax levied pursuant to subsection (a) shall be
7 paid only once upon the same cannabis; provided that the tax
8 shall not apply to:

9 (1) Cannabis sold by one licensee to another licensee
10 under chapter A; and

11 (2) Cannabis sold for medical use by a medical cannabis
12 dispensary under chapter 329D.

13 **SB-5 Return; form; contents.** Every taxpayer shall, on or
14 before the twentieth day of each month, file with the department
15 a return showing all sales of cannabis by dollar volume and
16 taxes under section B-4(a) made by the taxpayer during the
17 preceding month, showing separately the amount of the nontaxable
18 sales, and the amount of the taxable sales, and the tax payable
19 thereon. The form and manner of the return shall be prescribed
20 by the department and shall contain any information the



1 department may deem necessary for the proper administration of
2 this chapter.

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

9 **§B-7 Determination of tax, additional assessments, credit,**
10 **and refunds.** (a) As soon as practicable after each return has
11 been filed, the department shall cause it to be examined and
12 shall compute and determine the amount of the tax payable
13 thereon.

14 (b) If it should appear upon the examination or thereafter
15 within five years after the filing of the return, or at any time
16 if no return has been filed, as a result of the examination or
17 as a result of any examination of the records of the taxpayer or
18 of any other inquiry or investigation, that the correct amount
19 of the tax is greater than that shown on the return, or that any
20 tax imposed by the chapter has not been paid, an assessment of
21 the tax may be made in the manner provided in section



1 235-108(b). The amount of the tax for the period covered by the
2 assessment shall not be reduced below the amount determined by
3 an assessment so made, except upon appeal or in a proceeding
4 brought pursuant to section 40-35.

5 (c) If the taxpayer has paid or returned with respect to
6 any month more than the amount determined to be the correct
7 amount of tax for the month, the amount of the tax so returned
8 and any assessment of tax made pursuant to the return may be
9 reduced, and any overpayment of tax may be credited upon the tax
10 imposed by this chapter, or at the election of the taxpayer, the
11 taxpayer not being delinquent in the payment of any taxes owing
12 to the State, may be refunded in the manner provided in section
13 231-23(c); provided that no reduction of tax may be made when
14 forbidden by subsection (b) or more than five years after the
15 filing of the return.

16 **SB-8 Records to be kept.** (a) Every permittee under this
17 chapter shall keep a record of all sales of cannabis and
18 cannabis products made by the permittee, in the form as the
19 department may prescribe. Every person holding a license under
20 chapter A, other than a cannabis testing facility, cannabis
21 manufacturing facility, or cannabis cultivation facility



1 license, shall keep a record of all purchases by the person of
2 cannabis and cannabis products and taxes under section B-4(a),
3 in the form as the department may prescribe. All records shall
4 be offered for inspection and examination at any time upon
5 demand by the department or agency and shall be preserved for a
6 period of five years, except that the department may in writing
7 consent to their destruction within the period or may require
8 that they be kept longer. The department may by rule require
9 the permittee to keep other records as it may deem necessary for
10 the proper enforcement of this chapter.

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

16 **SB-9 Inspection.** The director of taxation, the agency, or
17 the duly authorized agent of either the director or agency, may
18 examine all records required to be kept under this chapter, and
19 books, papers, and records of any person engaged in the sale of
20 cannabis to verify the accuracy of the payment of the tax
21 imposed by this chapter and in compliance with this chapter and



1 regulations adopted pursuant thereto. Every person in
2 possession of the books, papers, and records and the person's
3 agents and employees shall give the director of taxation, the
4 agency, or the duly authorized agent of either of them, the
5 means, facilities, and opportunities for examination. The
6 agency shall have the authority of a duly accredited tax
7 official of the State pursuant to section 231-18 to inspect tax
8 returns of any taxpayer for the limited purposes set forth in
9 this section; provided that this authority shall not extend to
10 the inspection of any documents not directly related to this
11 chapter.

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

16 **SB-11 Appeals.** Any person aggrieved by any assessment of
17 the tax imposed by this chapter may appeal from the assessment
18 in the manner and within the time and in all other respects as
19 provided in the case of income tax appeals by section 235-114.
20 The hearing and disposition of the appeal, including the
21 distribution of costs shall be as provided in chapter 232.



1 **SB-12 Other provisions applicable.** All of the provisions
2 of chapters 235 and 237 not inconsistent with this chapter and
3 that may appropriately be applied to the taxes, persons,
4 circumstances, and situations involved in this chapter,
5 including provisions as to penalties and interest, provisions
6 granting administrative powers to the director of taxation,
7 provisions for the assessment, levy, and collection of taxes,
8 shall be applicable to the taxes imposed by this chapter, and to
9 the assessment, levy, and collection thereof.

10 **SB-13 Investigations; contempt; fees.** The director of
11 taxation, and any representative of the director duly authorized
12 by the director, shall have the authority to conduct any civil
13 audit or criminal investigation, investigation, of hearing
14 relating to the taxes in this section in the manner provided in
15 section 231-7.

16 **SB-14 Administration by director; rules and regulations.**
17 The administration of this chapter is vested in the director of
18 taxation who may prescribe and enforce rules and regulations for
19 the enforcement and administration of this chapter. The rules
20 and regulations shall be prescribed by the director of taxation,
21 subject to chapter 91.



Report Title:

Adult-Use Cannabis; Hawaii Cannabis Regulatory Authority;
Medical Cannabis; Taxation

Description:

Establishes regulations for the cultivation, manufacture, sale, and personal use of small amounts of cannabis. Decriminalizes and regulates small amounts of cannabis for personal use. Establishes taxes for cannabis sales. Takes effect 03/22/2075. (SD2)

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