A BILL FOR AN ACT

RELATING TO CANNABIS.

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

PART I

SECTION 1. The legislature finds that cannabis, also known as marijuana, is a plant with psychoactive properties derived primarily from its main psychoactive component tetrahydrocannabinol (THC). Today in the United States, the regulation of the cannabis plant falls into three primary categories: (1) cannabis for medical use, (2) cannabis for non-medical adult use, and (3) hemp that contains low levels of THC.

With the Farm Act of 2018, Congress removed hemp (cannabis with at most 0.3 per cent delta 9 THC by weight) from schedule I of the Uniform Controlled Substances Act, paving the way for hemp-derived products and the industrial use of hemp. While federal prosecutors have largely taken a hands-off approach to recent state initiatives to decriminalize intoxicating cannabis, whether for medical or non-medical adult purposes, under federal law non-hemp cannabis is an illegal drug and is classified as a schedule I controlled substance under the Uniform Controlled Substances Act.
Notwithstanding the fact that cannabis has been and remains illegal under federal law, many states, including Hawaii, enacted laws legalizing and regulating medical cannabis. In Hawaii, chapter 329, part IX, Hawaii Revised Statutes, creates a safe harbor from state criminal prosecution relating to medical cannabis. Furthermore, chapter 329D, Hawaii Revised Statutes, establishes medical cannabis dispensaries authorized to operate beginning in July 2016.

In addition to medical cannabis, some states and jurisdictions, including Hawaii, have decriminalized the possession of small amounts of cannabis. Further, a growing number of states have legalized and begun to regulate and tax the cultivation, processing, and sale of non-medical cannabis to adults twenty-one years of age and older.

The legalization of non-medical adult-use cannabis is a decision worthy of careful consideration. The potency of cannabis has increased dramatically over the past decades, which has been linked to mental health issues, particularly in children who use cannabis. Legalization is also not a panacea for eliminating the illicit market in cannabis, as the experience of other states is that the illicit market continues to exist in parallel to the legal, regulated market. There are
practical difficulties in identifying those driving while high, including the lack of a cannabis analogue for a breathalyzer for alcohol.

It is the Legislature's intent to learn lessons from the experience of our sister states that have legalized adult-use cannabis and for Hawaii to transition to a state with a legal adult-use market in a lawful, orderly fashion.

This legislative effort has six main pillars: (1) the enacting of the Hawaii cannabis law – a legal safe harbor from state criminal prosecution concerning activities relating to cannabis for those who strictly comply with its provisions; (2) the creation of a robust, independent body – the Hawaii cannabis authority – with the power to regulate all aspects of the cannabis plant (whether medical cannabis, adult-use cannabis, or hemp) in accordance with the Hawaii cannabis law; (3) the continuing role of law enforcement agencies in addressing illegal cannabis operations not acting in accordance with the Hawaii cannabis law, which pose threats to public order, public health, and those business operators who choose to operate in the legal market; (4) a vibrant, well-funded social equity program to be implemented by the Hawaii cannabis authority with the intent to bring greater economic opportunity to
disadvantaged regions of our state and to help transition
formerly illicit operators into the legal market; (5) a delayed
effective date of approximately eighteen months for the
legalization of adult-use cannabis and the first legal retail
sales to allow the Hawaii cannabis authority, law enforcement,
licensees, and the public to prepare; and (6) the implementation
of extensive, well-funded public health protections, including
public education campaigns to inform the public about the new
laws and the continuing risks to public health—especially to
children—posed by cannabis and financial assistance for public
health services such as addiction and substance abuse treatment.

Finally, it is the legislature's intent that there should
be zero tolerance toward those who distribute cannabis to
persons under the age of twenty-one and those driving under the
influence of cannabis.

Accordingly, the purpose of this act is to:

(1) Establish the Hawaii cannabis authority and the
cannabis control board;

(2) Establish laws for the cultivation, manufacture, sale,
and personal adult-use of cannabis;

(3) Amend or repeal existing laws relating to cannabis,
(4) Establish taxes for adult-use cannabis sales;

(5) Legalize the possession of certain amounts of cannabis for individuals twenty-one years of age and over as of January 1, 2026; and

(6) Transfer the personnel and assets of the office of medical cannabis control and regulation of the department of health to the Hawaii cannabis authority.

PART II

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

"CHAPTER A

HAWAII CANNABIS LAW

PART I. GENERAL PROVISIONS

§A-1 Title. This chapter shall be known and may be cited as the Hawaii cannabis law.

§A-2 Purpose and intent. The purposes and intent of the Hawaii cannabis law are to:

(1) Provide a legal safe harbor from state or county criminal prosecution concerning activities relating to cannabis for those who strictly comply with the provisions of the Hawaii cannabis law;
(2) Establish the Hawaii cannabis authority as an independent body with the power to administratively regulate all aspects of the cannabis plant in accordance with the Hawaii cannabis law;

(3) Legalize the sale and possession of cannabis for non-medical adult use as of January 1, 2026, in accordance with the Hawaii cannabis law;

(4) Provide economic opportunities to disproportionately impacted areas;

(5) Encourage those currently engaging in illegal, unlicensed commercial cannabis activities to enter the legal market;

(6) Ensure that state and county law enforcement agencies work closely with the Hawaii cannabis authority and vigorously investigate and prosecute illegal cannabis activities that fall outside of safe harbor protection; and

(7) Mandate that the Hawaii cannabis authority make the protection of public health and public safety its highest priorities.

§A-3 Definitions. As used in this chapter, unless the context otherwise requires:
"Adequate supply" means an amount of cannabis, including medical cannabis, jointly possessed between the medical cannabis patient and the patient's caregiver that is no more than is reasonably necessary to ensure the uninterrupted availability of cannabis for the purpose of alleviating the symptoms or effects of a medical cannabis patient's debilitating medical condition; provided that an adequate supply shall not exceed: four ounces of cannabis at any given time. The four ounces of cannabis shall include any combination of cannabis flower and cannabis products, with the cannabis in the cannabis products being calculated using information provided pursuant to section A-72(d).

"Adult-use cannabis" means cannabis that may be legally possessed or consumed by a person who is at least twenty-one years of age pursuant to this chapter. "Adult-use cannabis" includes adult-use cannabis product and does not include medical cannabis.

"Adult-use cannabis product" means any product containing or derived from cannabis, including an edible cannabis product, and cannabis concentrate, that is legally possessed or consumed by a person who is at least twenty-one years of age. "Adult-use cannabis product" does not include medical cannabis product.
"Advertise," "advertisement," or "advertising" means any public communication in any medium that offers or solicits a commercial transaction involving the sale, purchase, or delivery of cannabis.

"Applicant" means a person that has submitted an application for licensure, permit, or registration, or for renewal of licensure, permit, or registration pursuant to this chapter, that was received by the authority for review but has not been approved or denied by the authority or board, as appropriate. If the context requires, "applicant" includes a person seeking to assume an ownership interest in a licensed business, a new proposed officer, director, manager, and general partner of the licensed business, and anyone who seeks to assume the power to direct the management, policies, and practices of a licensed business under the license transfer, reorganization, or restructuring application process pursuant to section A-48.

"Artificially derived cannabinoid" means a chemical substance created by a chemical reaction that changes the molecular structure of any chemical substance derived from the plant of the genus Cannabis. "Artificially derived cannabinoid" does not include:
(1) A naturally occurring chemical substance that is separated from the plant genus Cannabis by a chemical or mechanical extraction process; or

(2) Cannabinoids that are produced by decarboxylation from naturally occurring cannabinoid acid without the use of a chemical catalyst.

"Authority" means the Hawaii cannabis authority established pursuant to section A-6.

"Business entity" means a partnership, association, company, corporation, limited liability company, or other entity, whether for profit or nonprofit, incorporated or otherwise formed or organized by law.

"Board" means the cannabis control board established pursuant to section A-7.

"Bona fide physician-patient relationship" or "bona fide advanced practice registered nurse-patient relationship" means a relationship in which the physician or advanced practice registered nurse has an ongoing responsibility for the assessment, care, and treatment of a patient's medical condition.

"Cannabinoid" means any of the various naturally occurring, biologically active, chemical constituents of the plant of the
genus Cannabis that bind to or interact with receptors of the endogenous cannabinoid system.

"Cannabis" has the same meaning as marijuana and marijuana concentrate as provided in section 329-1 and 712-1240; provided that for the purposes of this chapter:

(1) "Cannabis" includes:
   (A) Cannabis flower and cannabis products;
   (B) Medical cannabis; and
   (C) Adult-use cannabis; and

(2) "Cannabis" does not include:
   (A) Industrial hemp;
   (B) Hemp that is cultivated pursuant to section A-80;
   (C) Hemp that is processed by a licensed hemp processor pursuant to section A-81; and
   (D) Hemp flower, hemp products, or restricted cannabinoid products.

"Cannabis accessories" means equipment, products, devices, or materials of any kind that are intended or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing,
containing, ingesting, inhaling, or otherwise introducing cannabis into the human body.

"Cannabis business" means any person that holds a license or permit issued by the board pursuant to part VII or any rules adopted pursuant to this chapter.

"Cannabis concentrate" means the separated resin, whether crude or purified, obtained, derived, or extracted from cannabis.

"Cannabis cultivator" means a person licensed to cultivate cannabis pursuant to section A-71.

"Cannabis flower" means the flower of a plant of the genus Cannabis that has been harvested, dried, or cured, prior to any processing whereby the plant material is transformed into a cannabis product.

"Cannabis law enforcement special fund" means the fund established pursuant to section A-17.

"Cannabis nuisance abatement special fund" means the fund established pursuant to section A-16.

"Cannabis plant" means the plant of the genus Cannabis in the seedling, vegetative, or flowering stages, with readily observable roots and leaves with serrated edges; but does not
include a germinated seed, cutting, or clone without readily observable roots and leaves with serrated edges.

"Cannabis processor" means a person licensed to process cannabis pursuant to section A-72.

"Cannabis product" means any product containing or derived from cannabis, including an edible cannabis product or cannabis concentrate. "Cannabis product" shall include adult-use cannabis product and medical cannabis product.

"Cannabis regulation special fund" means the fund established pursuant to section A-12.

"Cannabis social equity special fund" means the fund established pursuant to section A-13.

"Caregiver" means a person eighteen years of age or older who has agreed to undertake responsibility for managing the well-being of a medical cannabis patient with respect to the medical use of cannabis. In the case of a minor or an adult lacking legal capacity, the caregiver shall be a parent, guardian, or person having legal custody.

"Certifying medical professional" means a physician or an advanced practice registered nurse who issues written certifications for the medical use of cannabis to qualifying patients pursuant to section A-36.
"Chief compliance officer" means the chief compliance officer of the Hawaii cannabis authority established pursuant to section A-6.

"Chief equity officer" means the chief equity officer of the Hawaii cannabis authority established pursuant to section A-6.

"Chief public health and environmental officer" means the chief public health and environmental officer of the Hawaii cannabis authority established pursuant to section A-6.

"Child care facility" has the same meaning as in section 346-151.

"Child-resistant" means designed or constructed to be significantly difficult for children under five years of age to open, and not difficult for average adults to use properly.

"Consumer" means a natural person twenty-one years of age or older purchasing or using cannabis pursuant to this chapter.

"Craft cannabis dispensary" means a person licensed to operate a craft cannabis dispensary pursuant to section A-75.

"Crude hemp extract" means a hemp product for sale strictly to a hemp processor with a valid license issued by the authority pursuant to section A-81 or equivalent authority from a

regulatory agency in another jurisdiction, and not intended for use or consumption.

"Cultivate" or "cultivation" means growing, cloning, propagating, harvesting, drying, curing, grading, or trimming of cannabis plants.

"Debilitating medical condition" means:

1. Cancer, glaucoma, lupus, epilepsy, multiple sclerosis, rheumatoid arthritis, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, or the treatment of these conditions;
2. A chronic or debilitating disease or medical condition or its treatment that produces one or more of the following:
   (A) Cachexia or wasting syndrome;
   (B) Severe pain;
   (C) Severe nausea;
   (D) Seizures, including those characteristic of epilepsy;
   (E) Severe and persistent muscle spasms, including those characteristic of multiple sclerosis or Crohn's disease; or
   (F) Post-traumatic stress disorder; or
(3) Any other medical condition approved by the board in consultation with the department of health pursuant to rules adopted pursuant to this chapter.

"Decarboxylated" means the completion of the chemical reaction that converts naturally occurring cannabinoid acid into a cannabinoid, including delta-9 tetrahydrocannabinol's acids (THCA) into delta-9-tetrahydrocannabinol.

"Delta 9-tetrahydrocannabinol" means one of the cannabinoids that function as the primary psychoactive component of cannabis.

"Dispense" or "dispensing" means to sell any cannabis to a consumer or medical cannabis patient pursuant to this chapter.

"Disproportionately impacted area" means historically disadvantaged communities, areas of persistent poverty, and medically underserved communities, as determined by the board and adopted as rules under this chapter.

"Distribute" or "distribution" means to sell at wholesale any cannabis or hemp to a cannabis business pursuant to this chapter.

"Edible cannabis product" means a cannabis product intended to be used orally, in whole or in part, for human consumption, including cannabis products that dissolve or disintegrate in the
mouth, but does not include any product otherwise defined as "cannabis concentrate."

"Employment" has the same meaning as in section 378-1.

"Executive director" means the executive director of the Hawaii cannabis authority established pursuant to section A-6.

"FDA" means the United States Food and Drug Administration.

"Firearm" has the same meaning as in section 134-1.

"Hazardous material" has the same meaning as in section 286-2.

"Hemp" means all parts of the plant of the genus Cannabis, whether growing or not, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, with a delta-9-tetrahydrocannabinol concentration of no more than 0.3 per cent on a dry weight basis, as measured post-decarboxylation or other similarly reliable methods.

"Hemp business" means any person that holds a license issued by the board pursuant to part VIII and any rules adopted pursuant to this chapter.

"Hemp flower" means the flower of a hemp plant that has been harvested, dried, or cured, prior to any processing, with a delta-9-tetrahydrocannabinol concentration of no more than 0.3
per cent on a dry weight basis, as measured post-decarboxylation or other similarly reliable methods.

"Hemp product" means any product containing or derived from hemp with a delta-9-tetrahydrocannabinol concentration of no more than 0.3 per cent on a dry weight basis, as measured post-decarboxylation or other similarly reliable method. "Hemp product" does not include industrial hemp.

"Independent laboratory" means a person licensed to operate an independent laboratory pursuant to section A-70.

"Industrial hemp" means the mature stalks of the plant of the genus Cannabis, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber produced from the stalks, oil or cake made from the seeds of the plant, or the sterilized seed of the plant that is incapable of germination.

"Labeling" means any label or other written, printed, or graphic matter upon any packaging, container, or wrapper that contains cannabis or hemp.

"Laboratory agent" means an employee of an independent laboratory, who is registered with the authority and possesses,
processes, stores, transports, or tests cannabis or hemp pursuant to section A-70.

"Licensed business" means any person that holds a license or permit issued by the board or the authority pursuant to this chapter or any rules adopted thereunder. "Licensed business" includes "cannabis business" and "hemp business."

"Licensed premises" means the premises authorized to be used for the operation of a licensed business pursuant to section A-51.

"Marijuana" has the same meaning as in section 712-1240.

"Marijuana concentrate" has the same meaning as provided in section 712-1240.

"Medical cannabis" means cannabis that is dispensed by a medical cannabis dispensary or a retail cannabis store to a medical cannabis patient or the patient's caregiver or cannabis for the medical use of cannabis pursuant to this chapter.

"Medical cannabis" includes medical cannabis product.

"Medical cannabis cooperative" means a person licensed to operate a medical cannabis cooperative pursuant to A-76.

"Medical cannabis dispensary" means a person licensed to operate a medical cannabis dispensary pursuant to section A-73.
"Medical cannabis patient" means a qualifying patient or out-of-state qualifying patient that has registered with the authority pursuant to this chapter.

"Medical cannabis product" means any product containing or derived from cannabis, including an edible cannabis product and cannabis concentrate, that is solely for medical use by a medical cannabis patient pursuant to this chapter.

"Medical cannabis registration card" means a card issued by the authority that certifies the card holder is a medical cannabis patient.

"Medical use" means the acquisition, possession, cultivation, use, or transportation of cannabis or cannabis accessories relating to the administration of cannabis to alleviate the symptoms or effects of a medical cannabis patient's debilitating medical condition.

"Minor" has the same meaning as in section 712-1240.

"Person" means a natural person, firm, corporation, partnership, association, or any form of business or legal entity.

"Personal adult use" means the acquisition, possession, cultivation, use, or transportation of adult-use cannabis or
cannabis accessories by a person who is at least twenty-one years of age.

"Plant canopy" means the square footage dedicated to live plant production, such as maintaining mother plants, propagating plants from seed to plant tissue, clones, vegetative or flowering area. "Plant canopy" does not include areas such as space used for the storage of fertilizers, pesticides, or other products, quarantine, or office space.

"Private residence" means a house, condominium, or apartment, and excludes, unless otherwise authorized by law, dormitories or other on-campus college or university housing; bed-and-breakfast establishments, hotels, motels, or other commercial hospitality operations; and federal public housing, shelters, or residential programs.

"Process" or "processing" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product or hemp product.

"Public health and education special fund" means the fund established pursuant to section A-14.

"Public housing project" has the same meaning as in section 712-1249.6.
"Public safety special fund" means the fund established pursuant to section A-15.

"Qualifying out-of-state patient" means a person residing outside of the State who has been diagnosed by a physician or advanced practice registered nurse as having a debilitating medical condition and registered as such pursuant to section A-35.

"Qualifying patient" means a person who has been diagnosed by a physician or advanced practice registered nurse as having a debilitating medical condition and registered as such pursuant to section A-34. Qualifying patient does not include qualifying out-of-state patient.

"Resealable" means a package that maintains its child-resistant effectiveness, as well as preserving the integrity of cannabis for multiple doses.

"Restricted area" means an enclosed and secured area within a licensed premises used to cultivate, process, test, or store cannabis that is only accessible by authorized employees of the licensed business, employees and agents of the authority, state and county law enforcement officers, emergency personnel, and other individuals authorized by law to access.
"Restricted cannabinoid" means a cannabinoid on the restricted cannabinoid product list established and maintained by the authority pursuant to section A-79.

"Restricted cannabinoid product" means any product containing an amount of any restricted cannabinoid that exceeds the limit allowable for a hemp product, as established by the authority pursuant to section A-79.

"Retail cannabis store" means a person licensed to operate a retail cannabis store pursuant to section A-74.

"School" has the same meaning as in section 712-1249.6.

"School vehicle" has the same meaning as in section 286-181.

"Seed-to-sale tracking system" means a system for tracking the inventory of cannabis from either the seed or immature plant stage until the cannabis is dispensed or destroyed.

"Smoke" or "smoking" means inhaling, exhaling, burning, or carrying any lighted or heated cannabis intended for inhalation in any manner or in any form. Smoking includes the use of an electronic smoking device.

"Sustainability" has the same meaning as in section 226-2.

"Synthetic cannabinoid" means a cannabinoid that is:
(1) Produced artificially, whether from chemicals or from recombinant biological agents including yeast and algae; and

(2) Not derived from the plant of the genus Cannabis, including biosynthetic cannabinoids.

"Tetrahydrocannabinol" or "THC" means the cannabinoids that function as the primary psychoactive component of cannabis.

"Under the influence" means in a state of intoxication accompanied by a perceptible act, a series of acts or the appearance of an individual that clearly demonstrates the state of intoxication.

"Universal symbol" means an image developed by the authority that indicates that a container, package, or product contains cannabis.

"Vehicle" means an automobile, airplane, motorcycle, motorboat, or other motor-propelled vehicle.

"Written certification" means a written statement issued and signed by a certifying medical professional to section A-33.

§A-4 General exemptions. (a) Notwithstanding any law to the contrary, including part IV of chapter 329 and part IV of chapter 712, actions authorized pursuant to this chapter shall
be lawful if done in strict compliance with the requirements of this chapter and any rules adopted thereunder.

(b) A person may assert strict compliance with this chapter or rules adopted thereunder as an affirmative defense to any prosecution involving marijuana or marijuana concentrate, including under part IV of chapter 329 and part IV of chapter 712.

(c) Actions that do not strictly comply with the requirements of this chapter and any rules adopted thereunder shall be unlawful and subject to criminal, civil, or administrative procedures and penalties, or all of the above, as provided by law.

§A-5 Limitations; construction with other laws. Nothing in this chapter shall be construed to:

(1) Supersede any law relating to operating a vehicle under the influence of an intoxicant;

(2) Supersede any law involving the performance of any task while impaired by cannabis that would constitute negligence or professional malpractice, or prevent the imposition of any civil, criminal, or other penalty for such conduct;
(3) Supersede any law prohibiting or relating to smoking or vaping, including chapter 328J;

(4) Authorize the possession or use of cannabis or possession or use of cannabis accessories on the grounds of or within a childcare facility, school, daycare center, youth center, college, university, or other educational institution, including a nursery school or summer camp, school vehicle, or on the grounds of or within any correctional facility or detoxification facility;

(5) Require any person, corporation, or any other entity that occupies, owns, or controls real property to allow the consumption, cultivation, processing, display, distribution, or dispensing of cannabis on or in that property; provided that in the case of the rental of a residential dwelling, a landlord shall not prohibit the possession of cannabis or the consumption of cannabis that is not inhaled, unless:

(A) The tenant is renting a room or rooms in a larger residence;
(B) The residence is incidental to detention or the provision of medical, geriatric, educational, counseling, religious, or similar service;

(C) The residence is a transitional housing facility;

or

(D) Failing to prohibit the use or possession of cannabis would violate federal law or regulations or cause the landlord to lose a monetary or licensing-related benefit under federal law or regulations.

PART II. ADMINISTRATION

§A-6 Hawaii cannabis authority; established. (a) There is established the Hawaii cannabis authority, which shall be a public body corporate and politic and an instrumentality and agency of the State for the purpose of implementing this chapter. The authority shall be governed by the cannabis control board. The authority shall be placed within the department of commerce and consumer affairs for administrative purposes only. The department of commerce and consumer affairs shall not direct or exert authority over the day-to-day operations or functions of the authority.
(b) The authority shall exercise its authority, other than powers and duties specifically granted to the board, by and through the executive director. The executive director shall be appointed by the board without regard to chapter 76 or section 26-35(a)(4) and serve at the pleasure of the board. The executive director shall have expertise and training in the field of cannabis regulation or public health administration.

(c) At a minimum, the staff of the authority shall consist of one full-time executive secretary to the director, one full-time chief financial officer, one full-time chief equity officer, one full-time general counsel, one full-time chief public health and environment officer, one full-time chief technology officer, and one full-time chief compliance officer, each of whom shall be exempt from chapter 76 and section 26-35(a)(4) and serve at the pleasure of the executive director.

§A-7 Cannabis control board; members and terms; organization; expenses. (a) There is established the cannabis control board that shall carry out the duties and responsibilities as provided in this chapter. It shall consist of five members to be placed within the department of commerce and consumer affairs for administrative purposes only. The board shall govern the Hawaii cannabis authority and appoint the
executive director of the authority, who shall be responsible for administering and enforcing laws related to the authority and each administrative unit thereof.

(b) The protection of public health and public safety shall be the highest priorities for the board in exercising licensing, regulatory, and disciplinary functions under this chapter. Whenever the protection of public health and public safety is inconsistent with other interests sought to be promoted, the protection of public health and public safety shall be paramount.

(c) The members of the board shall be appointed by the governor, subject to confirmation by the senate pursuant to section 26-34. The composition of the board shall be as follows:

(1) The chair who shall have a professional background in public health, mental health, substance use treatment, or toxicology;

(2) The vice chair who shall have a professional background in public safety or law enforcement;

(3) One member who shall have professional experience in corporate management or a professional background in finance;
(4) One member who shall have professional experience in oversight or industry management, including commodities, production, or distribution in a regulated industry; and

(5) One member who shall have a professional background in legal, policy, or social justice issues related to a regulated industry.

The terms and the filling of a vacancy on the board shall be as provided in section 26-34; provided that initial appointments may be for less than four years to maintain the board with staggered terms.

(d) Prior to appointment to the board, the authority shall conduct a background investigation, which may include the criminal background check pursuant to section 846-2.7, on prospective members of the board. No person who has been convicted of a felony shall be eligible to serve on the board.

(e) A majority of all members to which the board is entitled shall constitute a quorum to do business, and the concurrence of a majority of all members shall be necessary to make an action of the board valid.

(f) Regular meetings of the board shall be held not less than once a month. Special meetings may be called by the chair
at any time by giving notice thereof to each member present in
the State at least ten days prior to the date of the special
meeting; provided that notice shall not be required if all
members present in the State agree and sign a written waiver of
the notice. To promote efficiency in administration, the chair
shall make such division or re-division of the work of the board
among the board members as the chair deems expedient.

(g) Any member of the board may be removed for cause by
vote of four of the board's members then in office. For
purposes of this subsection, cause shall include without
limitation:

(1) Malfeasance in office;

(2) Failure to attend regularly held meetings;

(3) Sentencing for conviction of a felony, to the extent
allowed by section 831-2; or

(4) Any other cause that may render a member incapable or
unfit to discharge the duties of the board required
under this chapter.

Filing nomination papers for elective office or appointment to
elective office, or conviction of a felony consistent with
section 831-3.1, shall automatically and immediately disqualify
a board member from office.
The members of the board shall serve without compensation but shall be entitled to reimbursement for expenses, including travel expenses, necessary for the performance of their duties.

§A-8 Cannabis control board; powers and duties. The board shall have the following powers and duties as provided for in this chapter to:

1. Adopt a seal;
2. Administer oaths and affirmations;
3. Establish a procedure by which licenses or permits are awarded pursuant to this chapter, including by randomized lottery selection;
4. Approve or deny applications, including renewal applications and change in ownership applications, for licenses or permits pursuant to this chapter;
5. Revoke, cancel, suspend for cause any license, permit, or registration issued under this chapter;
6. Conduct or commission studies regarding market conditions and, on a periodic basis, determine the maximum number of licenses that may be issued in order to meet estimated production demand and
facilitate a reduction in the unauthorized
distribution of cannabis;

(7) Establish and amend cannabis district boundaries to
ensure equal access to cannabis, especially for
medical use, and encourage the full participation in
the regulated cannabis industry from
disproportionately impacted areas;

(8) Adopt rules, which shall have the force and effect of
law; provided that unless otherwise provided in this
chapter the rules shall be adopted pursuant to chapter
91;

(9) Take appropriate action against a person who, directly
or indirectly, cultivates, processes, sells, or
purchases any cannabis without being authorized
pursuant to this chapter;

(10) Establish additional restrictions, requirements, or
conditions, consistent with those prescribed in this
chapter, relating to the standards and requirements
for cultivating, processing, packaging, advertising,
distributing, or dispensing cannabis or hemp,
including the ability to regulate ingredients, and the
types, forms, potency, and concentration of cannabis
products or hemp products that may be processed or
sold, to ensure the health and safety of the public
and the use of proper ingredients and methods in the
processing of all cannabis and hemp to be sold or
consumed in the State and to ensure that products are
not packaged, marketed, or otherwise sold in a way
that targets minors or promotes excessive use of
cannabis or cannabis use disorders;

(11) Appoint the executive director, not subject to chapter
76 or section 26-35(a)(4), and discharge the executive
director with or without cause by a majority vote of
all members of the board; provided that removal
without cause shall not prejudice any contract rights
of the executive director;

(12) Establish and amend a plan of organization that it
considers expedient;

(13) Conduct hearings as required by law pursuant to
chapter 91; provided the board shall have authority to
examine witnesses and take testimony, receive and
determine the relevance of evidence, issue subpoenas,
regulate the course and conduct of the hearing, and
make a final ruling;
Appoint hearing officers to conduct hearings as provided by law and under conditions as the board by rules shall establish. Each hearing officer is deemed to be an agent of the board with all powers associated with such designation;

Establish social equity programs to encourage the full participation in the regulated cannabis industry from disproportionately impacted areas;

Delegate to the chair of the board or the executive director, subject to the board's control and responsibility, powers and duties as may be lawful or proper for the performance of the functions vested in the board;

Exercise the powers and perform the duties in relation to the administration of the board and the agency as necessary but not specifically vested by this chapter, including budgetary and fiscal matters; and

Coordinate with state and county law enforcement agencies to effectuate the purposes of this chapter.

§A-9  Executive director; powers and duties. The executive director shall have the following powers and duties as provided for in this chapter to:
(1) Exercise the powers and perform the duties in relation to the administration of the authority as are not specifically vested by this chapter in, or delegated by, the board;

(2) Execute all instruments necessary or convenient for accomplishing the purposes of this chapter;

(3) Enter into agreements or other transactions with a person, including a public entity or other governmental instrumentality or authority in connection with its powers and duties under this chapter;

(4) Employ, subject to chapter 76, employees, permanent and temporary, as required; provided that when in the determination of the executive director that the services to be performed are unique and essential to the execution of the functions of the authority, the executive director may employ, not subject to chapter 76 or section 26-35(a)(4), officers and employees, prescribe their duties and qualifications, and fix their salaries;

(5) Apply for and accept, on behalf of the authority, grants, loans, advances, and contributions of money or
property, or other things of value from any source, to be held, used, and applied for its purposes;

(6) Set, charge, impose, and collect fees, fines, and civil penalties as authorized by this chapter or rules adopted thereunder; provided that all fees, fines, and civil penalties received by the authority shall be deposited into the cannabis regulation special fund;

(7) Enforce seizure, confiscation, or forfeiture pursuant to this chapter or chapter 712A of any cannabis or hemp not authorized under this chapter or rules adopted thereunder;

(8) Provide and pay for advisory services and technical assistance as may be necessary in its judgment to carry out this chapter as provided by law;

(9) Develop and maintain a seed-to-sale tracking system;

(10) Be present, through its inspectors and agents, at any time, at the premises of a licensed business for the purposes of exercising its regulatory responsibilities or inspecting the premises and all equipment and supplies located at the premises;

(11) Seize and remove from the premises of a licensed business any cannabis, hemp, equipment, supplies,
documents, and records obtained or possessed in violation of this chapter for the purpose of examination and inspection;

(12) For cause, demand and be granted access to, for the purposes of inspection, examination or audit, all papers, books, and records of licensed businesses and close associates of any licensed business whom the authority suspects are involved in the financing, operation, or management of the licensed business; provided that the inspection, examination, photocopying, and audit may take place on the licensed business or its close associate's premises or elsewhere as practicable and in the presence of the licensed business or its close associate or its agent;

(13) Register medical cannabis patients for medical use of cannabis pursuant to sections A-34 and A-35;

(14) Investigate violations of this chapter, and notwithstanding any law to the contrary, violations of chapter 322 or 342F that are related to cultivation, processing, distribution, sales, dispensing, consumption, possession, or use of cannabis or hemp, to include covert operations, and to refer criminal
violations to the proper federal, state, or local
authorities for prosecution as appropriate.
Investigations of violations of chapter B shall be
referred to the director of taxation to hear and
determine complaints against any licensed business;
(15) Conduct background checks as necessary for the
purposes of implementing this chapter, including
criminal history record checks in accordance with
section 846-2.7;
(16) Gather facts and information applicable to the
authority's obligation to investigate applicants,
permittees, or licensed businesses for:
   (A) A violation of this chapter or any rules adopted
       thereunder; or
   (B) A willful violation of an order of the board;
(17) Delegate the powers provided in this section to other
    officers or employees of the authority as may be
deemed appropriate by the executive director;
(18) Exercise the powers and perform the duties as
delegated by the board;
(19) Advise and assist the board in carrying out any of its
    functions, powers, and duties;
Coordinate across state agencies and departments in order to research and study any changes in cannabis use and the impact that cannabis use and the number of licensed businesses may have on access to cannabis, public health, and public safety;

Prepare, publish, and distribute, with or without charge as the authority may determine, studies, reports, guidance, bulletins, and other materials as the authority considers appropriate;

Implement the social equity programs established by the board;

Create and maintain a publicly available directory of the names and locations of medical cannabis dispensaries, retail cannabis stores, and craft cannabis dispensaries;

Create a system whereby a licensed business can verify the status of other licensed businesses;

Develop forms, licenses, identification cards, and applications as are necessary or convenient in the discretion of the executive director for the administration of this chapter or rules adopted pursuant to this chapter;
Administer and manage a state cannabis testing facility; and

Delegate powers and duties of the executive director to other state or county departments or agencies pursuant to memoranda of agreement for the purposes of implementing the provisions of this chapter related to administration, investigation, inspection, fee collection, document management, education and outreach, distribution of individual licenses approved by the board, and technical assistance pertaining to the cultivation of cannabis.

§A-10 Administrative rules; authority. (a) No later than December 31, 2024, the board shall adopt interim rules, which shall be exempt from chapters 91 and 201M, to effectuate the purposes of this chapter; provided that the interim rules shall remain in effect until December 31, 2029, or until rules are adopted pursuant to subsection (c), whichever occurs sooner.

(b) The board may amend the interim rules to effectuate the purposes of this chapter, and the amendments shall be exempt from chapters 91 and 201M; provided that any amended interim rules shall remain in effect until December 31, 2029, or until
rules are adopted pursuant to subsection (c), whichever occurs sooner.

(c) No later than December 31, 2029, the board shall adopt rules pursuant to chapter 91 to effectuate the purposes of this chapter.

§A-11 Administrative rules; mandatory. The rules adopted pursuant to section A-10 shall include:

(1) Procedures for application that an applicant for a license, a permit, or a registration shall follow and complete before consideration by the board or the authority;

(2) A schedule of fees including application, license, permit, registration, and renewal fees, in an amount necessary to pay for all regulation and enforcement costs of the authority; provided that fees may be relative to the volume of business conducted or to be conducted by the licensed business;

(3) Qualifications for licensure or permitting and minimum standards for employment that are directly and demonstrably related to the operation of a licensed business;
(4) Procedures and policies to promote and encourage full participation in the regulated cannabis industry by people from disproportionately impacted areas;

(5) Requirements for licensure, permitting, registration, including updating and renewing licensure, permitting, and registration;

(6) Requirements for the information to be furnished by a licensed business relating to the licensed business's employees, any necessary registration requirements for employees working at a licensed business, and requirements that all licensed business employees be properly trained in their respective professions as necessary;

(7) Requirements for fingerprinting or other method of identification for the purposes of criminal background checks as authorized by section 846-2.7;

(8) Procedures and grounds for penalties for violation of this chapter, including the revocation, suspension, or administrative hold of a license, permit, or registration;

(9) Requirements for record keeping by a licensed business, including the keeping of books, financial
records, statements, or other records of a licensed business;

(10) Requirements and procedures to track cannabis cultivated, processed, transported, delivered, distributed, dispensed, tested, sold, or destroyed by licensed businesses;

(11) Requirements and procedures for the seed-to-sale tracking system;

(12) Security requirements for a licensed business sufficient to deter and prevent theft and unauthorized entrance into restricted areas containing cannabis, which shall include the use of security cameras; provided that the requirements shall not prohibit the cultivation of cannabis outdoors or in greenhouses;

(13) Requirements for liability insurance coverage for a licensed business or requirements for other adequate security against liabilities, including that a licensed business place a certain sum in escrow to be expended for coverage of liabilities;

(14) Requirements and procedures sufficient to ensure the virtual separation of medical cannabis from adult-use
cannabis dispensed by a retail cannabis store or distributed by a cannabis processor;

(15) Requirements and procedures to prevent the sale, delivery, or transfer of cannabis to persons under twenty-one years of age, or the purchase of cannabis on behalf of a person under twenty-one years of age, including a prohibition on persons under twenty-one entering the premises of a licensed businesses unless otherwise authorized for medical use pursuant to this chapter;

(16) Standards for manufacturing or extracting cannabinoid oil or butane hash oil;

(17) The circumstances, the manner, and the process by which a licensed business may apply for a change in ownership, including procedures and requirements to enable the transfer of a license for a licensed business to another qualified person or to another suitable location subject to the board's approval;

(18) Health and safety standards, established in consultation with the department of health and the department of agriculture, for the cultivation, processing, distribution, and dispensing of cannabis,
including standards regarding sanitation for the preparation, storage, handling, and sale of edible cannabis product; including compliance with chapter 321 and health inspections by the department of health; provided that the authority to adopt rules pertaining to the use of pesticides shall remain with the department of agriculture;

(19) Requirements for the packaging of cannabis;

(20) Requirements for the potency or dosing limitations of cannabis, including separate requirements for the potency or dosing limitations of medical cannabis;

(21) Requirements for the labeling of a package containing cannabis;

(22) Procedures and policies, in consultation with the department of agriculture, to promote and encourage full participation in the regulated cannabis industry by farmers and agricultural businesses with emphasis on promoting small farms, diversified agriculture, and indigenous farming practices;

(23) Requirements for the safe disposal of excess, contaminated, adulterated, or deteriorated cannabis;
(24) Requirements for advertising, marketing, and branding of cannabis;

(25) Requirements for a process allowing the executive director to order a prohibition on the sale of cannabis found to be detrimental to health or especially appealing to persons under twenty-one years of age;

(26) Requirements for a process allowing a cannabis business to voluntarily submit a product, its packaging, and intended marketing to the authority for review of whether the product is especially appealing to persons under twenty-one years of age;

(27) Requirements that prohibit or restrict cannabis or hemp processors from altering or utilizing commercially processed or manufactured food products when processing cannabis or hemp unless the food product was commercially manufactured specifically for use by the cannabis or hemp processors to infuse with cannabis or hemp;

(28) Energy and environmental standards for licensure and licensure renewal of cannabis cultivators, cannabis
processors, medical cannabis cooperatives, craft cannabis dispensaries, and hemp processors;

(29) Manners in which licensed premises shall be constructed, arranged, furnished, equipped, maintained, and operated;

(30) Classification of any cannabis-derived compound or cannabinoid or hemp-derived compound or cannabinoid; and

(31) Prohibitions or restrictions on the use of a synthetic cannabinoid or artificially derived cannabinoid in any cannabis product or hemp product.

§A-12 Cannabis regulation special fund; established. (a)
There is created in the treasury of the State the cannabis regulation special fund to be administered and expended by the authority.

(b) The moneys in the cannabis regulation special fund shall be used, subject to appropriation, for the implementation, administration, and enforcement of this chapter by the authority.

(c) The following shall be deposited into the cannabis regulation special fund:
(1) A portion of the tax collected pursuant to section 237-13(9)(A);

(2) Fees, fines, and civil penalties received pursuant to this chapter and rules adopted thereunder;

(3) Appropriations made by the legislature to the fund;

and

(4) Interest earned or accrued on moneys in the special fund.

(d) Moneys on balance in the cannabis regulation special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-13 Cannabis social equity special fund. (a) There is created in the treasury of the State the cannabis social equity special fund to be administered and expended by the authority.

(b) The moneys in the cannabis social equity special fund shall be used, subject to appropriation, for the implementation and administration of the social equity program as provided in part IX.

(c) The following shall be deposited into the cannabis social equity special fund:

(1) A portion of the tax collected pursuant to section 237-13(9)(B);
(2) Appropriations made by the legislature to the fund;

(3) Interest earned or accrued on moneys in the special fund; and

(4) Contributions, grants, endowments, or gifts in cash or otherwise from any source, including licensed businesses.

(d) Moneys on balance in the cannabis social equity special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-14 Public health and education special fund. (a) There is created in the treasury of the State the public health and education special fund to be administered and expended by the authority.

(b) The moneys in the public health and education special fund shall be used, subject to appropriation, for education and substance abuse prevention and treatment, including educating the public about cannabis use and laws, preventing and treating substance abuse among youth, and controlling and treating substance abuse, and for the implementation and administration of the public health and education campaign and public health and education grant program as provided in part X.
(c) The following shall be deposited into the public health and education special fund:

(1) A portion of the tax collected pursuant to section 237-13(9)(C);

(2) Appropriations made by the legislature to the fund;

(3) Interest earned or accrued on moneys in the special fund; and

(4) Contributions, grants, endowments, or gifts in cash or otherwise from any source, including licensed businesses.

(d) Moneys on balance in the public health and education special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-15 Public safety special fund. (a) There is created in the treasury of the State the public safety special fund to be administered and expended by the authority.

(b) The moneys in the public safety special fund shall be used, subject to appropriation, for the implementation and administration of the public safety grant program as provided in part XI.

(c) The following shall be deposited into the public safety special fund:
(1) A portion of the tax collected pursuant to section 237-13(9)(D);

(2) Appropriations made by the legislature to the fund;

(3) Interest earned or accrued on moneys in the special fund; and

(4) Contributions, grants, endowments, or gifts in cash or otherwise from any source, including licensed businesses.

(d) Moneys on balance in the public safety special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-16 Cannabis nuisance abatement special fund; established. (a) There is created in the treasury of the State the cannabis nuisance abatement special fund to be administered and expended by the department of the attorney general.

(b) The moneys in the cannabis nuisance abatement special fund shall be used, subject to appropriation, for the implementation and administration of the drug nuisance abatement unit established by section 28-131 to provide for the effective enforcement and prosecution of those violations of the drug nuisance abatement laws under chapter 712, part V, relating to cannabis.
(c) The following shall be deposited into the cannabis nuisance abatement special fund:

(1) A portion of the tax collected pursuant to section 237-13(9)(E);

(2) Appropriations made by the legislature to the fund;

(3) Interest earned or accrued on moneys in the special fund; and

(4) Contributions, grants, endowments, or gifts in cash or otherwise from any source, including licensed businesses.

(d) Moneys on balance in the cannabis nuisance abatement special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-17 Cannabis law enforcement special fund; established.

(a) There is created in the treasury of the State the cannabis law enforcement special fund to be administered and expended by the department of law enforcement.

(b) The moneys in the cannabis law enforcement special fund shall be used, subject to appropriation, for the implementation and administration of the cannabis enforcement unit established by section A-18.
(c) The following shall be deposited into the cannabis law enforcement special fund:

(1) A portion of the tax collected pursuant to section 237-13(9)(F);

(2) Appropriations made by the legislature to the fund;

(3) Interest earned or accrued on moneys in the special fund; and

(4) Contributions, grants, endowments, or gifts in cash or otherwise from any source, including licensed businesses.

(d) Moneys on balance in the cannabis law enforcement special fund at the close of each fiscal year shall remain in the fund and shall not lapse to the credit of the general fund.

§A-18  Cannabis enforcement unit. (a) There is established in the department of law enforcement the cannabis enforcement unit, which shall have a primary mission to:

(1) Prevent the distribution of cannabis to minors;

(2) Prevent revenues from the sale of cannabis from going to criminal enterprises, gangs, and cartels;

(3) Prevent the diversion of cannabis from the legal market;
(4) Prevent state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity, including money laundering;

(5) Prevent violence and the use of firearms in the cultivation and distribution of cannabis; and

(6) Prevent the cultivation of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands.

(b) The cannabis enforcement unit shall provide law enforcement assistance to the board and authority in the investigation and enforcement of Hawaii cannabis laws and criminal laws relating to marijuana or marijuana concentrate, particularly those involving illicit cannabis trade.

(c) In providing law enforcement assistance to the board and authority, any law enforcement officer of the cannabis enforcement unit designated by the director of law enforcement as investigators or detectives may:

(1) Carry firearms;

(2) Execute and serve search warrants, arrest warrants, administrative inspection warrants, subpoenas, and summonses issued under the authority of this State;
(3) Make arrests without warrant for any offense under this chapter, chapter 329, and under part IV of chapter 712 committed in the law enforcement officer's presence, or if the law enforcement officer has probable cause to believe that the person to be arrested has committed or is committing a violation of this chapter, chapter 329, or part IV of chapter 712 that may constitute a crime;

(4) Make seizures of property pursuant to this chapter, chapter 329, or chapter 712A; or

(5) Perform other law enforcement duties as the director of law enforcement designates.

(d) Nothing in this chapter shall be construed to relieve or diminish law enforcement officers of the department of law enforcement of any authority or responsibility to enforce, or prosecute under, criminal laws related to marijuana or marijuana concentrate in the State, including this chapter, chapter 329, and part IV of chapter 712.

§A-19 County law enforcement and prosecution. Nothing in this chapter shall be construed to relieve or diminish county law enforcement officers and prosecutors of any authority or responsibility to enforce, or prosecute under, criminal laws
related to marijuana or marijuana concentrate, including this chapter, chapter 329, and part IV of chapter 712, in their respective counties.

§A-20 Investigation by a law enforcement agency of unlawful activity. Notwithstanding any other law, the executive director shall disclose any information, documents, and other records regarding licensed businesses, upon request, to any state, federal, or county agency engaged in the criminal investigation or prosecution of violations of applicable state, county, or federal laws or regulations related to the operations or activities of licensed businesses.

§A-21 Inspection; audits; reporting; authority. (a) Any licensed business shall:

1. Be subject to an annual announced inspection and unlimited unannounced inspections of its operations by the authority; provided that inspections for license renewals shall be unannounced;
2. Submit reports on at least a quarterly basis, or as otherwise required, and in the format specified by the executive director; and
3. Annually cause an independent financial audit, at the licensed business's own expense, to be conducted of
the accounts, funds, programs, activities, and
functions of the licensed business. The licensed
business shall submit the audit's findings to the
executive director. All audits shall be conducted in
accordance with generally accepted auditing standards
established by the American Institute of Certified
Public Accountants. The executive director may
require a response, in writing, to the audit results.
The response shall be made to the executive director
within fifteen calendar days of notification.

(b) The authority and the attorney general may examine all
records required to be kept or filed under this chapter, and
books, papers, and records of any person engaged in the business
of cultivating, processing, distributing, dispensing, selling,
or transferring cannabis or restricted cannabinoid products, to
verify compliance with this chapter and chapter B. Every person
in possession of any books, papers, and records, and the
person's agents and employees, are directed and required to give
the authority and the attorney general the means, facilities,
and opportunities for the examinations.

(c) The authority and the attorney general may inspect the
operations, premises, and storage areas of any entity engaged in
cultivating, processing, distributing, dispensing, selling, or transferring of cannabis or restricted cannabinoid products, during regular business hours. This inspection shall include inspection of all statements, books, papers, and records in whatever format, including electronic format, pertaining to the cultivation, processing, acquisition, possession, transportation, sale, or use of cannabis or restricted cannabinoid products, to verify compliance with this chapter and chapter B. This inspection may also be conducted to verify that all cannabis or restricted cannabinoid products were cultivated or processed in compliance with this chapter. Every entity in possession of any books, papers, and records, and the entity's agents and employees, are directed and required to give the authority and the attorney general the means, facilities, and opportunities for the examinations.

(d) If the authority or the attorney general has reasonable cause to believe and does believe that cannabis or restricted cannabinoid products are being cultivated, processed, acquired, possessed, transported, kept, sold, or offered for sale in violation of this chapter, the authority or the attorney general may investigate or search the vehicle or premises in which the cannabis or restricted cannabinoid products are
believed to be located. If cannabis or restricted cannabinoid products are found in a vehicle or premises in violation of this chapter, the cannabis or restricted cannabinoid products, or other tangible personal property containing the cannabis or restricted cannabinoid products and any books and records in possession of the entity in control or possession of the cannabis or restricted cannabinoid products, may be seized by the authority or the attorney general and is subject to forfeiture as provided in this chapter and chapter 712A.

§A-22  Forfeiture; confiscation and seizure; disposition.

(a) Any cannabis or restricted cannabinoid product unlawfully cultivated, processed, possessed, kept, stored, retained, held, owned, received, transported, imported, or caused to be imported, acquired, distributed, sold, or offered for sale in violation of this chapter may be seized and confiscated by the attorney general and ordered forfeited pursuant to chapter 712A.

(b) The attorney general, the department of law enforcement, and the police department of each of the counties may seize and confiscate any cannabis or restricted cannabinoid product that is cultivated, processed, possessed, kept, stored, retained, held, owned, received, transported, imported, or caused to be imported, acquired, distributed, sold, or offered
for sale in violation of this chapter. Law enforcement agencies seizing live plants as evidence shall not be responsible for the care and maintenance of the plants.

(c) Any cannabis or restricted cannabinoid product forfeited as provided in this section shall be ordered destroyed.

§A-23 County authority. (a) Each county may, by amendment of their zoning ordinances, pursuant to the powers granted under section 46-4, place reasonable restrictions on the location of licensed businesses.

(b) Nothing in this chapter shall be construed to supersede or in any manner affect a county smoking ordinance; provided that the ordinance is at least as protective of the rights of nonsmokers as this chapter.

§A-24 Contracts pertaining to lawful operation of cannabis business; enforceable. Notwithstanding any other law to the contrary, contracts related to lawful activities authorized by this chapter shall be enforceable. A contract entered into by a cannabis business, or by those who allow property to be used by a cannabis business, shall not be unenforceable or void solely for the reason that the activity permitted by this chapter is prohibited by federal law.
§A-25 Provision of professional services to cannabis

A person engaged in a profession or occupation subject to state or county licensure shall not be subject to disciplinary action by a professional licensing authority solely for providing professional services to a cannabis business related to activity permitted by this chapter.

§A-26 Authority employees; background checks.

(a) The authority shall conduct background checks, which may include criminal history record checks in accordance with section 846-2.7, on:

(1) Current or prospective members of the board;
(2) Current or prospective employees of the authority; and
(3) Current or prospective contractors or subcontractors and employees of current or prospective contractors or subcontractors of the authority.

The authority shall develop procedures for conducting background checks.

(b) The authority may refuse to employ or deny employment to an applicant or terminate or refuse to secure the services of any contractor or subcontractor if the person has been convicted of a crime, and if the executive director finds by reason of the
nature and circumstances of the crime that the person poses a risk to the integrity of the authority.

(c) Refusal, revocation, or termination may occur only after appropriate investigation and notification to the current or prospective employee or current or prospective contractor or subcontractor of results and planned action, and after the current or prospective employee or current or prospective contractor or subcontractor is given an opportunity to meet and rebut the finding. Nothing in this section shall abrogate any applicable appeal rights under chapter 76 or 89.

§A-27 Annual report to legislature; report on criminal offenses. (a) No later than twenty days prior to the convening of the regular session of 2026, and every year thereafter, the executive director shall submit a report to the governor and legislature on the establishment and regulation of cannabis businesses. The report shall cover the information during the prior fiscal year and, at a minimum, include the following information:

(1) The number of applications for each type of license and permit submitted to the authority pursuant to this chapter, including, if applicable, the number of applications for license and permit renewals;
(2) The total number of each type of license and permit issued pursuant to this chapter that is actively held by a licensed business;

(3) The total square footage of plant canopy approved by the board for cannabis cultivation and the percentage of active cannabis cultivation by cultivation tier;

(4) The total amount of application fees and license, registration, and permit fees collected pursuant to this chapter and the total amount of the excise and sales tax revenue collected on the sale of cannabis;

(5) The total reported volume and value of cannabis cultivated by all cannabis cultivators;

(6) The total reported volume and value of cannabis distributed and dispensed by all licensed businesses;

(7) The number of inspections of licensed businesses performed by the authority and the results of those inspections, including the number of inspections resulting in license violations and the percentage of all licensed businesses inspected;

(8) The number of license violations committed by licensed businesses and a breakdown of those violations into specific categories based on the type of violation and
the outcome of the violation, including the total amount of monetary penalties imposed and collected by the authority and the percentage of total license violations resulting in the imposition of a monetary penalty, administrative hold, license suspension, or license revocation;

(9) Public health and public safety data, including accidental ingestion by minors and cannabis-related driving accidents, collected, received, or analyzed by the authority; and

(10) Recommendations, including any suggested legislation, to address any issues with the regulation of the cannabis industry in the State encountered by the authority, agencies, or departments.

(b) No later than twenty days prior to the convening of the regular session of 2027, the executive director shall submit a report to the governor and legislature regarding the advisability of expunging or sealing low-level criminal offenses related to marijuana, a recommendation regarding which offenses and records should be expunged or sealed, if any, and the best mechanism for expunging and sealing records without causing undue burden on the judiciary, the department of the attorney
general, or any other agency. In creating the report, the executive director shall consult with, at a minimum, the judiciary and the department of the attorney general.

**PART III. AUTHORIZED CONDUCT; MEDICAL USE OF CANNABIS**

§A-28 Possession of cannabis for medical use. (a) Notwithstanding any law to the contrary, except as limited by this chapter, it shall be lawful for a medical cannabis patient or the patient's caregiver to:

(1) Purchase, transport, or possess jointly between the medical cannabis patient and the patient's caregiver, an adequate supply of cannabis; and

(2) Transfer an adequate supply of cannabis, without compensation of any kind, from a caregiver to the caregiver's medical cannabis patient.

(b) For medical use only, it shall be lawful for a medical cannabis patient to smoke, ingest, or consume cannabis.

(c) Notwithstanding any law to the contrary, in addition to an adequate supply of cannabis, a qualifying patient or the patient's caregiver may lawfully possess jointly between them, in their private residence or at the licensed premises of a medical cannabis cooperative to which the qualifying patient is a member, up to one pound of cannabis produced by their
cultivation of cannabis for medical use pursuant to section A-29; provided that no more than two pounds of any cannabis in total, whether for medical or personal adult use, shall be stored at any private residence, regardless of the number of people residing there.

(d) All cannabis shall be stored in a sealed child-resistant and resealable packaging with original labels and not easily accessible to any person under the age of twenty-one unless that person is a medical cannabis patient.

(e) All cannabis shall be transported in a sealed container, shall not be visible to the public, and shall not be removed from its sealed container or consumed or used in any way while in a public place or vehicle.

(f) The medical use of cannabis alone shall not disqualify a person from any needed medical procedure or treatment, including organ and tissue transplants, unless in the judgement of the health care provider the use of cannabis increases the risk for a bad outcome from the procedure or treatment.

(g) The authorization of a medical cannabis patient to use medical cannabis shall be inclusive of, and not in addition to, the authorization for personal adult use of cannabis.
§A-29  Cultivation of cannabis for medical use.  (a)  
Notwithstanding any other law to the contrary, a qualifying patient or the patient's caregiver may:

(1) Possess, plant, or cultivate no more than ten cannabis plants, whether mature or immature, for medical use only; and

(2) Harvest, dry, and process the cannabis produced by the plants cultivated under paragraph (1) for the qualifying patient's medical use only;

(b) The personal cultivation of cannabis for medical use shall only be permitted within, or on the grounds of, the private residence of a qualifying patient or the patient's caregiver, or on the licensed premises of a medical cannabis cooperative to which the qualifying patient is a member; provided that no more than ten plants, whether mature or immature and whether for medical use or personal adult use, shall be cultivated at a private residence at any time regardless of the number of qualifying patients, caregivers, or other people residing at the private residence.

(c) Cannabis plants cultivated for medical use shall be kept in a secured place not easily accessible to any person
under the age of twenty-one unless that person is a qualifying patient.

(d) Cannabis plants cultivated for medical use shall not be visible to the public without the use of technology.

(e) A landlord, condominium association, planned community association, or similar association may limit or prohibit the personal cultivation of cannabis for medical use through contracts, lease or rental agreements, bylaws, or rules.

(f) The board shall adopt rules pursuant to this chapter to establish requirements and restrictions for the personal cultivation of cannabis for medical use, including manners in which cannabis may be cultivated or processed and further restrictions necessary to ensure the personal cultivation of cannabis for medical use is not utilized for unlicensed illicit activity; provided that any rules adopted by the board shall not completely or essentially prohibit the personal cultivation of cannabis for medical use.

§A-30 Conditions of medical use of cannabis by a qualifying patient. (a) The medical use of cannabis shall only be authorized if:

(1) The qualifying patient has been diagnosed by and is under the continuing care of a certifying medical
professional as having a debilitating medical condition;

(2) The qualifying patient's certifying medical professional has issued a written certification for the qualifying patient;

(3) The qualifying patient has paid the required fee for registration;

(4) The qualifying patient has registered with the authority; and

(5) The amount of cannabis possessed by the qualifying patient does not exceed the amount authorized in section A-28.

(b) Subsection (a) shall not apply to a qualifying patient under the age of eighteen years, unless:

(1) The qualifying patient's certifying medical professional has explained the potential risks and benefits of the medical use of cannabis to the qualifying patient and to a parent, guardian, or person having legal custody of the qualifying patient; and

(2) A parent, guardian, or person having legal custody consents in writing to:
(A) Allow the qualifying patient's medical use of cannabis;

(B) Serve as the qualifying patient's caregiver; and

(C) Control the acquisition, dosage, and frequency of the medical use of cannabis by the qualifying patient.

§A-31 Reciprocity with other states. (a) Notwithstanding any law to the contrary, the medical use of cannabis by a qualifying out-of-state patient aged eighteen years or older shall be authorized only if the qualifying out-of-state patient:

(1) Is legally authorized to use cannabis for medical purposes in another state, a United States territory, or the District of Columbia;

(2) Attests under penalty of law pursuant to section 710-1063 that the condition for which the qualifying out-of-state patient is legally authorized to use cannabis for medical purposes is a debilitating medical condition;

(3) Provides consent for the authority to obtain information from the qualifying out-of-state patient's certifying medical provider and from the entity that issued the medical cannabis authorization for the
purpose of allowing the authority to verify the
information provided in the registration process;
(4) Pays the required fee for out-of-state registration;
(5) Registers with the authority pursuant to section A-35
for the medical use of cannabis in the State;
(6) Receives a medical cannabis registration card from the
authority; and
(7) Abides by all laws relating to the medical use of
cannabis, including not possessing amounts of cannabis
that exceed an adequate supply.
(b) The medical use of cannabis by a qualifying out-of-
state patient under eighteen years of age shall be permitted
only if:
(1) The caregiver of the qualifying out-of-state patient
provides the information required pursuant to
subsection (a); and
(2) The caregiver of the qualifying out-of-state patient
consents in writing to:
(A) Allow the qualifying out-of-state patient's
medical use of cannabis;
(B) Undertake the responsibility for managing the
well-being of the qualifying out-of-state patient
who is under eighteen years of age with respect to the medical use of cannabis; and

(C) Control the acquisition, dosage, and frequency of the medical use of cannabis by the qualifying out-of-state patient.

§A-32 Limitation; scope of medical use of cannabis. The authorization for the medical use of cannabis in this part shall not apply to:

(1) The medical use of cannabis that endangers the health or well-being of another person;

(2) The medical use of cannabis:

(A) In a school vehicle, public transportation, or any vehicle;

(B) In the workplace of one's employment;

(C) On any school grounds;

(D) At any public park, beach, public recreation center, recreation or youth center;

(E) In or on any land, facility, building, or vehicle owned, controlled, or operated by the State or any county;

(F) In or on any federal fort or arsenal, national park or forest, any other federal enclave, or any
other property owned, controlled or operated by the federal government; or

(G) At any other place open to the public, including smoking or vaping cannabis in public as prohibited by chapter 328J; and

(3) The medical use of cannabis by anyone that is not a medical cannabis patient, including a parent or caregiver.

§A-33 Written certifications. (a) A qualifying patient shall have a valid written certification from a certifying medical professional stating that in the certifying medical professional's professional opinion:

(1) The qualifying patient has a debilitating medical condition; and

(2) The potential benefits of the medical use of cannabis would likely outweigh the health risks of cannabis use for the qualifying patient.

(b) The board shall adopt rules pursuant to this chapter to establish procedures and requirements for a written certification; provided that a written certification shall:
(1) Include the name, address, patient identification number, and other identifying information of the qualifying patient;

(2) Be valid for one year from the time of signing; provided that the board may allow for the validity of any written certification for up to three years if the qualifying patient's certifying medical professional states that the patient's debilitating medical condition is chronic in nature;

(3) Be in a form prescribed by the authority and completed by or on behalf of a qualifying patient; and

(4) Be issued and certified by a certifying medical professional who has a bona fide physician-patient relationship or bona fide advanced practice registered nurse-patient relationship, as applicable, with the qualifying patient.

§A-34 Registration; qualifying patients; caregivers. (a) Qualifying patients shall register with the authority. The board shall adopt rules to establish procedures and requirements for registration of qualifying patients; provided that:

(1) Every qualifying patient shall:
(A) Provide sufficient identifying information to establish their personal identity;

(B) Provide the address of the location where the qualifying patient or the patient's caregiver intends to cultivate cannabis for medical use pursuant to section A-29; provided that if the qualifying patient or patient's caregiver intends to cultivate cannabis for medical use at a medical cannabis cooperative pursuant to section A-76, the license number and documentation verifying that the qualifying patient is a valid member of the medical cannabis cooperative shall be required; and

(C) Report a change in any information provided to the authority for registration within ten working days of the change;

(2) The registration form prescribed by the authority shall require information from the qualifying patient, the patient's caregiver, and the patient's certifying medical professional as specifically required by this chapter or rules adopted thereunder;
(3) The authority shall issue to the qualifying patient a medical cannabis registration card and may charge a fee for the registration in an amount set in rules by the board; and

(4) The registration shall be effective until the expiration of the written certification provided by the certifying medical professional.

(b) The caregiver of a qualifying patient shall register with the authority. The board shall adopt rules to establish procedures and requirements for registration of caregivers; provided that:

(1) Every caregiver shall provide sufficient identifying information to establish their personal identity;

(2) No caregiver shall be registered for more than one qualifying patient at any given time; provided that the authority may permit the parent, guardian, or person having legal custody of more than one qualifying patient who is under eighteen years of age to be the caregiver for each of the qualifying patients who are under eighteen years of age and in their legal custody; and
(3) Every qualifying patient shall have only one caregiver; provided that the authority may permit the parents, guardians, or persons having legal custody of a qualifying patient who is under eighteen years of age to each register as caregivers.

(c) Upon inquiry by a law enforcement agency, the authority shall immediately verify whether a person who is the subject of the inquiry has registered with the authority and the location of the person's registered cultivation site and shall provide reasonable access to the registry information for official law enforcement purposes. An inquiry and verification under this subsection may be made twenty-four hours a day, seven days a week.

(d) This section shall not apply to registration of a qualifying out-of-state patient or a caregiver of a qualifying out-of-state patient.

§A-35 Registration; qualifying out-of-state patients; caregivers. (a) A qualifying out-of-state patient shall register with the authority. The board shall adopt rules to establish procedures and requirements for registration of qualifying out-of-state patients; provided that:

(1) Every qualifying out-of-state patient shall:
(A) Provide a valid government-issued medical cannabis card or any equivalent certificate issued by another state, United States territory, or the District of Columbia;

(B) Provide a valid photographic identification card or driver's license issued by the same jurisdiction that issued the medical cannabis card; and

(C) Have a debilitating medical condition as defined in section A-3;

(2) The registration shall be effective for no more than sixty days and may be renewed for no more than one additional sixty-day period that begins no later than twelve months after the preceding registration date; provided that the authority shall not register any qualifying out-of-state patient for a period that exceeds the term of validity of the qualifying out-of-state patient's authority for the medical use of cannabis in their home jurisdiction; and

(3) The authority shall issue to the qualifying out-of-state patient a medical cannabis registration card and
shall charge a fee for the registration in an amount set in rules by the board.

(b) The caregiver of a qualifying out-of-state patient shall register with the authority. The board shall adopt rules to establish procedures and requirements for registration of caregivers; provided that:

(1) Every caregiver shall provide sufficient identifying information to establish their personal identity; and

(2) In the case of any qualifying out-of-state patient who is under eighteen years of age, the authority shall register the qualifying out-of-state patient and the patient's caregiver; provided that the authority may register two caregivers for a qualifying out-of-state patient if each caregiver is the parent, guardian, or person having legal custody of the qualifying out-of-state patient who is under eighteen years of age.

(c) Upon inquiry by a law enforcement agency, the authority shall immediately verify whether a person who is the subject of the inquiry has registered with the authority and shall provide reasonable access to the registry information for official law enforcement purposes. An inquiry and verification
under this subsection may be made twenty-four hours a day, seven

days a week.

(d) The board may temporarily suspend the registration of

qualifying out-of-state patients or their caregivers for a

period of up to thirty days if the board determines that the

registration process for qualifying patients or their caregivers

is being adversely affected or the supply of cannabis for

medical use available in medical cannabis dispensaries and

retail cannabis stores is insufficient to serve both qualifying

patients and qualifying out-of-state patients. A temporary

suspension may be extended by thirty-day periods until the board

determines that:

(1) Adequate capacity exists to register qualifying out-

of-state patients and their caregivers in addition to

qualifying patients and their caregivers; and

(2) The medical cannabis dispensaries and retail cannabis

stores are able to meet the demands of both qualifying

patients and qualifying out-of-state patients.

§A-36 Certifying medical professionals. (a) The board

shall adopt rules to establish requirements for certifying

medical professionals that issue written certifications for the

medical use of cannabis to qualifying patients.
(b) No certifying medical professional shall be subject to arrest or prosecution, penalized in any manner, or denied any right or privilege for providing a written certification for the medical use of cannabis for a qualifying patient; provided that:

(1) The certifying medical professional has diagnosed the patient as having a debilitating medical condition, as defined in section A-3;

(2) The certifying medical professional has explained the potential risks and benefits of the medical use of cannabis; and

(3) The written certification is based upon the certifying medical professional's professional opinion after having completed a full assessment of the patient's medical history and current medical condition made in the course of a bona fide physician-patient relationship or bona fide advanced practice registered nurse-patient relationship, as applicable.

(c) For purposes of this part, a bona fide physician-patient relationship may be established via telehealth, as defined in section 453-1.3(j), and a bona fide advanced practice registered nurse-patient relationship may be established via telehealth, as defined in section 457-2; provided that
certifying a patient for the medical use of cannabis via telehealth shall be allowed only after an initial in-person consultation between the certifying physician or advanced practice registered nurse and the patient.

PART IV. AUTHORIZED CONDUCT; PERSONAL ADULT USE OF CANNABIS

§A-37 Personal adult use of cannabis. (a)

Notwithstanding any other provision of law to the contrary, except as limited by this chapter, beginning January 1, 2026, it shall be lawful for persons twenty-one years of age or older to:

   (1) Smoke, ingest, or consume adult-use cannabis;

   (2) Purchase, transport, or possess up to one ounce of cannabis flower and up to five grams of adult-use cannabis products as calculated using information provided pursuant to section A-72(d);

   (3) Within a person's private residence only, possess up to ten ounces of adult-use cannabis produced by their personal cultivation of cannabis pursuant to section A-38, provided that no more than two pounds of cannabis in total, whether for medical or personal adult-use, shall be stored at any private residence, regardless of the number of people residing there; and
(4) Purchase, obtain, transport, or possess cannabis accessories.

(b) All adult-use cannabis shall be stored in a sealed child-resistant and resealable packaging with original label and not easily accessible to any person under the age of twenty-one.

(c) All adult-use cannabis shall be transported in a sealed container, shall not be visible to the public, and shall not be removed from its sealed container or consumed or used in any way while in a public place or vehicle.

(d) The use of adult-use cannabis alone shall not disqualify a person from any needed medical procedure or treatment, including organ and tissue transplants, unless in the judgement of the health care provider the use of cannabis increases the risk for a bad outcome from the procedure or treatment.

§A-38 Personal cultivation of adult-use cannabis. (a)
Notwithstanding any other provision of law to the contrary, except as limited by this part, beginning January 1, 2026, it shall be lawful for persons twenty-one years of age or older to:

(1) Possess, plant, or cultivate no more than six living cannabis plants, whether mature or immature, for personal adult-use only; and
(2) Harvest, dry, and process the cannabis produced by the plants under paragraph (1) for personal adult-use only.

(b) Personal cultivation of adult-use cannabis shall only be permitted within, or on the grounds of, a person's private residence, provided that no more than ten plants, whether mature or immature and whether for medical use or for personal adult use, shall be cultivated at a private residence at any time regardless of the number of people residing at the private residence.

(c) Cannabis plants cultivated for personal adult use shall be kept in a secured place not easily accessible to any person under the age of twenty-one.

(d) Cannabis plants cultivated for personal adult use shall not be visible to the public without the use of technology.

(e) A landlord, condominium association, planned community association, or similar association may limit or prohibit the personal cultivation of adult-use cannabis through contracts, lease or rental agreements, bylaws, or rules.

(f) The board shall adopt rules pursuant to this chapter to establish requirements and restrictions for personal
cultivation of adult-use cannabis, including manners in which the adult use cannabis may be cultivated or processed and further restrictions necessary to ensure that personal cultivation of adult-use cannabis is not utilized for unlicensed illicit activity.

§A-39 Limitation; scope of personal adult use. The authorization for the use of adult-use cannabis in this part shall not apply to:

(1) Any use of cannabis that endangers the health or well-being of another person;

(2) Any use of cannabis:

(A) In a school vehicle, public transportation, or any vehicle;

(B) In the workplace of one's employment;

(C) On any school grounds;

(D) At any public park, beach, public recreation center, recreation or youth center;

(E) In or on any land, facility, building, or vehicle owned, controlled, or operated by the State or any county;

(F) In or on any federal fort or arsenal, national park or forest, any other federal enclave, or any
other property owned, controlled or operated by
the federal government; or
(G) At any other place open to the public, including
smoking or vaping cannabis in public as
prohibited by chapter 328J.
(3) The use of cannabis by anyone under twenty-one years
of age.

PART V. UNLAWFUL CONDUCT

§A-40 Prohibited acts; flammable solvents; criminal
offense. (a) No person shall intentionally or knowingly use
butane to extract cannabinoids or any compound from cannabis or
hemp.
(b) This section shall not apply to licensed businesses
acting pursuant to this chapter.
(c) Any person who violates this section shall be guilty
of a class C felony.

§A-41 Unlawful sale of cannabis; persons under twenty-one
years of age; criminal offense. (a) It shall be unlawful to
sell cannabis to a person under twenty-one of age unless that
person is a medical cannabis patient.
(b) All persons engaged in the retail sale of cannabis, as
authorized under this chapter, shall check the government-issued
photographic identification of a cannabis purchaser to establish
the age of the purchaser prior to the sale of cannabis.

(c) It shall be an affirmative defense to subsection (a)
that the licensed seller of cannabis had requested, examined,
and reasonably relied upon a government-issued photographic
identification establishing the cannabis purchaser's age as at
least twenty-one years of age prior to selling cannabis to the
person. The failure of a seller to request and examine a
government-issued photographic identification pursuant to
subsection (b) shall be construed against the seller and form a
conclusive basis for the seller's violation of subsection (a).

(e) Any person who violates subsection (a) shall be guilty
of the offense under section 712-1244 or 712-1249.5, as
appropriate.

PART VI. CANNABIS AND HEMP BUSINESSES; GENERAL
§A-42 Cannabis business; hemp business; authorized.
(a) Notwithstanding any law to the contrary, a cannabis
business or a hemp business may operate only as authorized by
this chapter.

(b) No person shall operate a cannabis business or a hemp
business unless that person holds a valid license or permit
issued by the board pursuant to this chapter or rules adopted
thereunder; provided that a hemp cultivator shall hold a valid license to produce hemp, issued by the Secretary of the United States Department of Agriculture, and be in compliance with section A-80.

(c) Each license or permit issued by the board or the authority to a cannabis business or a hemp business shall be separate and distinct from any other license or permit issued to the same cannabis business or hemp business pursuant to this chapter or rules adopted thereunder.

(d) In addition to any other penalties allowed by law, operating a cannabis business, including distributing, selling, or offering for sale a restricted cannabinoid product, or a hemp business without a valid license or permit issued by the board pursuant to this chapter or rules adopted thereunder shall constitute an unfair or deceptive act or practice and unfair method of competition pursuant to section 480-2 and shall be subject to a civil penalty as provided in section 480-3.1. Each package of cannabis or restricted cannabinoid product sold in violation of this part shall constitute a separate violation.

§A-43 Applicant criteria. (a) An applicant for a license under this chapter shall meet each of the following criteria, if applicable.
(b) If the applicant is a natural person, the applicant shall establish at a minimum that the applicant:

1. Is at least twenty-one years of age;
2. Has been a legal resident of the State for no less than five years preceding the date of application;
3. Has a Hawaii tax identification number and is compliant with the tax laws of the State;
4. Has not been convicted of a felony; provided that:
   (A) A conviction that is pardoned or expunged; or
   (B) A conviction solely for a marijuana-related offense, unless the offense involved a minor, including the offense under section 712-1249.6, or a firearm, including the offense under section 134-7(b);

shall not disqualify a person from applying for a license; and

5. Has not had any license, permit, certificate, registration, or other government-issued authorization related to cannabis revoked in any jurisdiction.

(c) If the applicant is a business entity, the applying business entity shall establish at a minimum that:
(1) Every officer, director, manager, and general partner of the applying business entity or any person who has the power to direct the management, policies, and practices of the applying business entity:

(A) Is at least twenty-one years of age;

(B) Is a natural person who has been a legal resident of the State for no less than five years preceding the date of application;

(C) Has not been convicted of a felony; provided that:

(i) A conviction that is pardoned or expunged;

or

(ii) A conviction solely for a marijuana-related offense, unless the offense involved a minor, including the offense under section 712-1249.6, or a firearm, including the offense under section 134-7(b);

shall not disqualify a person from applying for a license;

(D) Has not had any license, permit, certificate, registration, or other government-issued
(2) The applying business entity:

(A) Is controlled by a majority of the shares, membership interests, partnership interests, or other equity ownership interests that is held or owned by natural persons who are legal residents of the State or by business entities whose owners are all natural persons who are legal residents of the State;

(B) Has been organized under the laws of the State;

(C) Has a Hawaii tax identification number and is compliant with the tax laws of the State;

(D) Has a department of commerce and consumer affairs business registration number and suffix; and

(E) Has a federal employer identification number.

(d) An applicant shall disclose in or include with its application the names and addresses of the applicant and all persons having a direct or indirect financial interest in the applied-for license and the nature and extent of the financial interest held by each person and the nature and extent of any
financial interest the person has in any other license applied for or issued under this chapter.

(e) An applicant shall complete all application forms prescribed by the authority fully and truthfully and comply with all information requests by the authority relating to the license application.

(f) A license shall be denied or revoked if an applicant knowingly or recklessly makes any false statement of material fact to the authority in applying for a license under this chapter.

(g) The board may adopt rules to require additional criteria for licensure for the purposes of protecting the public health and public safety, promoting sustainability and agriculture, and encouraging the full participation in the regulated cannabis industry from disproportionately impacted areas.

§A-44 Ownership restrictions. No person shall be issued or have any direct or indirect interest in more than three licenses for each class of license, but no more than nine licenses in total; provided that:

(1) No person holding a license pursuant to this chapter, or having a direct or indirect interest in a cannabis
cultivator, cannabis processor, hemp cultivator, hemp processor, medical cannabis dispensary, or retail cannabis store, shall be issued a license for, or have any direct or indirect interest in, an independent laboratory, a craft cannabis dispensary, or a medical cannabis cooperative;

(2) No person holding a license for, or having a direct or indirect interest in, an independent laboratory shall be issued a license for, or have any direct or indirect interest in, any other licensed business authorized under this chapter or rules adopted thereunder;

(3) No person holding a license for, or having a direct or indirect interest in, a craft cannabis dispensary shall be issued a license for, or have any direct or indirect interest in, any other licensed business authorized under this chapter or rules adopted thereunder;

(4) No person holding a license for, or having a direct or indirect interest in, a medical cannabis cooperative shall be issued a license for, or have any direct or
indirect interest in, any other licensed business
authority by this chapter or rules adopted thereunder.

§A-45 Criminal history background check. (a) The
following shall be subject to background checks conducted by the
authority or its designee, which may include criminal history
record checks in accordance with section 846-2.7:

(1) Each applicant for a license or a permit, including
every officer, director, manager, and general partner
of an applying business entity or any person who has
the power to direct the management, policies, and
practices of the applying business entity;

(2) Each current or prospective employee of a licensed
business;

(3) Each current or prospective contractor of a licensed
business; and

(4) Each current or prospective laboratory agent of an
independent laboratory.

(b) A person who is required to undergo the background
check shall provide written consent and all applicable
processing fees to the authority or its designee to conduct the
background check.
§A-46 License; application; approval; denial; appeal. 

(a) The board shall adopt rules to establish procedures for licensure application, review, approval, and denial, including an application fee for each license.

(b) The board shall set an open application period for each available license. The authority shall not accept an application outside the open application period.

(c) The authority shall publish a notice of the open application period on its website no less than thirty calendar days prior to the start of the application period. The notice shall contain:

(1) The class or classes of licenses available;

(2) The number of licenses available for each class of license;

(3) The application criteria for each class of license available; and

(4) The procedure to select applications for approval from among the applicants that meet the criteria required for each class of license available.

(d) The authority shall review and investigate whether the information submitted in the application is complete and valid and meets the criteria required pursuant to this chapter or
rules adopted thereunder, and whether the applicant is otherwise disqualified pursuant to this chapter or rules adopted thereunder.

(e) If an application form is incomplete or invalid, the authority may request additional information or documentation; provided that if an applicant fails to cure an incomplete or invalid application within a timeframe prescribed by the authority, the application shall be deemed withdrawn, and the application fee shall be forfeited to the authority.

(f) Upon completion of the review and investigation of the applications submitted for each open application period, the authority shall refer any application that meets the criteria required under this chapter or rules adopted thereunder and is not otherwise disqualified pursuant to this chapter or rules adopted thereunder to the board with its findings.

(g) The board shall approve or deny the applications in accordance with this chapter and rules adopted thereunder; provided that the board may deny an application that meets all of the criteria required for a license if the application was not selected to be approved pursuant to the selection procedure published in the notice pursuant to subsection (c).
(h) Upon the board's determination to deny a license application, the board shall notify the applicant in writing of the denial and the basis for the denial.

(i) Any person aggrieved by the board's denial of a license application may request a contested case hearing pursuant to chapter 91. To request a contested case hearing, the person shall submit a written request to the board within thirty calendar days of the date of the written notice of denial. Appeal to the circuit court under section 91-14 or any other applicable statute shall only be taken from the board's final order pursuant to a contested case.

§A-47 License term; renewal. (a) All licenses under this chapter shall be effective for one year from the date of issuance and may be renewed annually pursuant to this section. The board shall adopt rules to set forth requirements and procedures for the submission, processing, and approval of a renewal application, including a renewal application fee.

(b) An applicant for renewal shall submit to the authority information, on the form prescribed by the authority, and documentation necessary to verify that the applicant continues to meet the criteria required pursuant to this chapter and rules adopted thereunder and is in compliance with all the
requirements pursuant to this chapter and rules adopted thereunder, including compliance with chapter B and all other laws governing entities doing business in the State, including chapters 237, 383, 386, 392, and 393.

(c) In addition to the review and verification of the information and documentation submitted by the applicant, the authority shall conduct an unannounced inspection of the applicant to verify compliance as required by subsection (b).

(d) Upon submission of the renewal application fee and verification that the applicant meets the requirements under subsection (b), the authority shall renew the applicant's license.

(e) If the authority determines that the applicant is disqualified for renewal for any reason, the authority shall refer the renewal application to the board with its findings. Upon the board's determination to deny the renewal application, the board shall notify the applicant in writing of the denial and the basis for the denial, or if held for further action, the conditions for approval. The failure to meet the conditions set by the board shall result in denial of the renewal application.

(f) Any person aggrieved by the board's denial of license renewal may request a contested case hearing pursuant to chapter
91. To request a contested case hearing, the person shall submit a written request to the board within thirty calendar days of the date of the written notice of denial. Appeal to the circuit court under section 91-14 or any other applicable statute shall only be taken from the board's final order pursuant to a contested case.

(g) A licensee that files a renewal application and pays all required fees under this section prior to the expiration of the license may continue to operate under that license notwithstanding its expiration until such time as the authority or board takes final action on the renewal application, except when the board suspends or revokes the license prior to taking final action on the renewal application.

(h) Except as provided in subsection (g), upon expiration of a license, the licensed business shall immediately cease all activities previously authorized by the license and ensure that all cannabis in the licensed business's possession is forfeited to the authority for destruction pursuant to section A-62.

§A-48 Transfer of ownership; structural reorganization.

(a) A licensed business shall not sell or otherwise transfer any license issued under this chapter to another person,
reorganize its ownership structure, or restructure its business
entity, unless otherwise authorized under this section.

(b) The board shall adopt rules to establish procedures
and requirements for the submission of a license transfer,
reorganization, or restructuring application and standards for
the approval or denial of the application.

(c) A licensed business may apply to the authority, on the
form prescribed by the authority, for approval to transfer
ownership interests in the license, reorganize its ownership
structure, or restructure its business entity.

(d) A person seeking to assume an ownership interest in
the licensed business, a new proposed officer, director,
manager, or general partner of the licensed business, or anyone
who seeks to assume any power to directly or indirectly control
the management, policies, and practices of the licensed business
shall demonstrate that the person meets all applicable criteria
and requirements for licensure pursuant to this chapter and
rules adopted thereunder, including the criminal history record
checks and ownership restrictions.

(e) Any license transfer, reorganization, or restructuring
done without board approval, or that results in a violation of
the ownership restrictions pursuant to section A-44, shall be
void and the license shall be subject to immediate revocation.

§A-49  Fees; disposition of fees. All fees charged
pursuant to this chapter or rules adopted thereunder shall be
paid to the authority in the form required by the authority.
All fees collected under this chapter or rules adopted
thereunder shall be deposited in the cannabis regulation special
fund established in section A-12.

§A-50  Licensed business operations. (a) The board shall
adopt rules to establish requirements for the operation of a
licensed business.

(b) In addition to requirements established by any other
provision of this chapter and rules adopted thereunder, a
licensed business shall:

(1) Secure every entrance to the restricted areas of
licensed premises so that access to restricted areas
is restricted to employees and others permitted by the
law to access the restricted area; and

(2) Secure its inventory and equipment during and after
operating hours to deter and prevent theft of
cannabis.
(c) No licensed business shall cultivate, process, test, or store cannabis at any location other than within an area that is enclosed and secured in a manner that prevents access by persons not authorized to access the restricted area. A greenhouse or outdoor cannabis cultivation area shall have sufficient security measures to demonstrate that outdoor areas are not readily accessible by unauthorized individuals, including perimeter security fencing designed to prevent unauthorized entry.

(d) No licensed business shall refuse employees or agents of the authority the right at any time of operation to inspect the entire licensed premises or to audit the books and records of the licensed business.

(e) No licensed business shall allow any person under twenty-one years of age to work for the licensed business.

(f) No licensed business shall allow any person that has been convicted of a felony to work for the licensed business; provided that:

   (1) A conviction that is pardoned or expunged; or

   (2) A conviction solely for a marijuana-related offense, unless the offense involved a minor, including the
offense under section 712-1249.6, or a firearm, including the offense under section 134-7(b), shall not disqualify a person from working for the licensed business.

(g) A licensed business shall:

(1) Register each employee with the authority; and

(2) Notify the authority within one working day if an employee ceases to be associated with the licensed business.

(h) A person under twenty-one years of age shall not enter a licensed business; provided that a medical cannabis patient who is eighteen years of age or older may enter a medical cannabis dispensary, retail cannabis store, or medical cannabis cooperative of which the patient is a member.

(i) A licensed business shall ensure that unauthorized persons under twenty-one years of age do not enter the licensed premises, except the board may adopt rules to allow a medical cannabis dispensary and retail cannabis store to use a controlled, indoor entry area in a medical cannabis dispensary and retail cannabis store to verify the identification and age of persons before allowing access beyond the entry area.
(j) No licensed business shall cultivate, process, distribute, dispense, or otherwise transact business with any products containing cannabis other than those that were cultivated, processed, distributed, and taxed in accordance with this chapter and chapter B.

§A-51 Licensed premises; where. (a) Each license issued under this chapter shall authorize the operation of the licensed business only at the single place described in the license.

(b) A licensed premises shall not be located within a seven hundred fifty feet radius of an existing school, public park, or public housing project or complex, as defined in section 712-1249.6.

§A-52 Laboratory standards and testing. (a) No person or licensed business shall distribute, dispense, or otherwise sell cannabis or hemp unless the cannabis or hemp has been tested and shown to meet the requirements and standards established under this chapter and rules adopted thereunder for content, contamination, and consistency.

(b) The board shall adopt rules to establish requirements and standards for the mandatory laboratory testing of cannabis and hemp that conform with the best practices generally used within the cannabis industry, including:
(1) The processes, protocols, and standards regarding the
collection of samples of cannabis and hemp;

(2) Mandatory laboratory testing for cannabis flower and
hemp flower that shall include:

   (A) Dangerous molds and mildew;

   (B) Harmful microbes, including Escherichia coli and
        salmonella;

   (C) Pesticides, fungicides, and insecticides; and

   (D) THC potency, homogeneity, and cannabinoid
        profiles to ensure correct labeling;

(3) Mandatory laboratory testing for cannabis products,
    medical cannabis products, and hemp products, except
    for crude hemp extract, that shall include:

   (A) Residual solvents, poisons, and toxins;

   (B) Harmful chemicals;

   (C) Dangerous molds and mildew;

   (D) Harmful microbes, including Escherichia coli and
        salmonella;

   (E) Pesticides, fungicides, and insecticides; and

   (F) THC potency, homogeneity, and cannabinoid
        profiles to ensure correct labeling; and
(4) Mandatory laboratory testing for crude hemp extract that shall include:

(A) Residual solvents, poisons, and toxins; and

(B) THC potency, homogeneity, and cannabinoid profiles to ensure correct labeling.

(c) A licensed business shall maintain a record of all laboratory testing that includes a description of the cannabis or hemp provided to the independent laboratory, the identity of the independent laboratory, and the results of the test.

(d) The board may adopt rules to establish other quality assurance mechanisms that may include the designation or creation of a state cannabis testing facility, creation of a secret shopper program, round-robin testing, or any other mechanism to ensure the accuracy of product testing and labeling.

§A-53 Packaging. (a) No cannabis or hemp shall be distributed, dispensed, or otherwise sold unless it is packaged in accordance with this section and rules adopted pursuant to this chapter.

(b) The board shall adopt rules to establish requirements for the packaging of cannabis and the packaging of hemp; provided that the rules for the packaging of cannabis shall:
(1) Require the packaging to be opaque and certified child-resistant and resealable;

(2) Restrict packaging containing cannabis for medical use to black lettering on a white background with no pictures or graphics;

(3) Restrict packaging containing cannabis for personal adult use to black lettering on a background of a singular, solid color approved by the authority with no pictures or graphics;

(4) Restrict the use of colors, pictures, graphics, or designs on or inside packaging to ensure that packaging is not designed to appeal particularly to a person less than twenty-one years of age;

(5) Require the division of each serving within a package containing multiple servings in a manner that allows consumers and medical cannabis patients to easily identify a single serving; and

(6) Prohibit packaging that imitates or resembles any existing branded consumer products, including foods and beverages, that do not contain cannabis.
(c) No licensed business shall offer, at no cost or at cost, any packaging that does not meet the requirements under this chapter or rules adopted thereunder.

§A-54 Labeling. (a) No cannabis or hemp shall be distributed, dispensed, or otherwise sold unless it is labeled in accordance with this section and rules adopted pursuant to this chapter.

(b) The board shall adopt rules to establish labeling requirements for cannabis and hemp; provided that labeling on each cannabis package shall, at a minimum, contain:

1. A universal symbol prescribed by the authority that indicates that the package contains cannabis;
2. The name and contact information of the cultivator or the processor who produced the cannabis;
3. The results of sampling, testing, and analysis conducted by an independent laboratory;
4. A list of pharmacologically active ingredients and possible allergens;
5. The number of servings in the package if there are multiple servings;
(6) The amount of cannabinoids in the package and in each
serving as expressed in absolute terms and as a
percentage of volume;

(7) The appellation of origin;

(8) If the product is medical cannabis, the statement "For
medical use only"; and

(9) The following statement in bold print, including
capitalization: "This product has not been analyzed
or approved by the FDA. There is limited information
on the side effects of using this product, and there
may be associated health risks. Cannabis use during
pregnancy and breast-feeding may pose potential harms.
It is against the law to drive when under the
influence of this product. KEEP THIS PRODUCT AWAY FROM
CHILDREN."

§A-55 Cannabis and cannabis product standards. (a) The
board shall adopt rules to establish requirements, restrictions,
and standards regarding the types, ingredients, and designs of
cannabis and hemp, including potency limits and limits on
servings per package; provided that each cannabis product shall
be registered with the authority on forms prescribed by the
authority.
(b) Edible products shall not be designed to resemble commercially available candy or other products marketed to children. The words "candy" and "candies" shall not be used on packaging, labeling, advertising, product lists, or product menus. Edible cannabis products shall not be in the shape of or contain a depiction of a human, animal, or fruit, or a shape or depiction that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings.

(c) Except for a cannabis product intended for external topical application to the skin or hair, no person shall distribute, dispense, sell, or offer for sale any cannabis product intended to be introduced via non-oral routes of entry to the body, including use in eyes, ears, and nasal cavities.

§A-56 Advertising; marketing. (a) The board shall adopt rules to establish requirements for advertising, marketing, and branding of cannabis or hemp, and any licensed business, that include at a minimum:

(1) A prohibition on advertising, marketing, and branding in such a manner that is deemed to be deceptive, false, or misleading;
(2) A prohibition or restriction on advertising, marketing, and branding through or on certain medium, method, or location, as determined by the authority, to minimize advertising, marketing, and brand exposure of licensed businesses to a person less than twenty-one years of age;

(3) A prohibition on advertising, marketing, and branding that utilizes statements, designs, representations, pictures, or illustrations that portray anyone less than twenty-one years of age;

(4) A prohibition on advertising, marketing, and branding including mascots, cartoons, candies, toys, fruits, brand sponsorships, and celebrity endorsements, that is deemed to appeal to a person less than twenty-one years of age;

(5) A prohibition on advertising, marketing, and branding, including statements by a licensed business, that makes any false or misleading statements concerning other licensed businesses and the conduct and products of the other licensed businesses;

(6) A prohibition on advertising, marketing, and branding through certain identified promotional items as
determined by the authority, including giveaways, coupons, samples, prizes, or "free," "donated," or "premium" cannabis or hemp;

(7) A prohibition on advertising, marketing, and branding by a licensed business that asserts its products are safe, other than labeling required pursuant to this chapter or rules adopted thereunder;

(8) A reasonable restriction on timing and use of illuminated external signage, which shall comply with any other provisions of law applicable thereto, including local ordinances and requirements, and a prohibition on neon signage;

(9) A requirement that any website or social media account of a licensed business shall verify that the entrant is at least twenty-one years of age;

(10) A prohibition on the use of unsolicited pop-up advertisements on the internet;

(11) A requirement that all advertising, marketing, or branding materials for cannabis or hemp contain a standard health warning developed by the authority in consultation with the department of health; and
(12) A requirement that all advertising, marketing, or branding accurately and legibly identify the licensed business responsible for its content, by adding, at a minimum, the licensed business's name and license number.

(b) No person, other than the holder of a license or permit issued pursuant to this chapter or rules adopted thereunder or a person who provides professional services related to a licensed business, shall advertise any cannabis or services related to cannabis in the State.

(c) No person shall place or maintain, or cause to be placed or maintained, any sign or other advertisement for a business or product related to cannabis, in any form or through any medium whatsoever, within seven hundred fifty feet of the real property comprising of a school, public park, or public housing project or complex.

§A-57 Signage. The board shall adopt rules to establish requirements for signage at the licensed premises that shall, at a minimum, require that:

(1) All cannabis businesses that are open to the public conspicuously post a notice at each entry to all licensed premises that persons under twenty-one years
of age are not allowed on the premises unless they are a medical cannabis patient who is at least eighteen years of age;

(2) All cannabis businesses that are open to the public conspicuously post a sign in or about the premises notifying all customers and other persons of the dangers of, and possible sanctions that may be imposed for, operating a vehicle under the influence of cannabis;

(3) All cannabis businesses that are open to the public conspicuously post a sign in or about the premises notifying all customers and other persons that the possession and sale of cannabis is illegal under federal law and a person is subject to federal law while traveling interisland; and

(4) Every license issued and in effect under this chapter shall at all times be conspicuously posted to view, convenient for inspection, on the licensed premises.

§A-58 Seed-to-sale tracking. (a) The authority shall establish, maintain, and control a seed-to-sale tracking system that shall have real time, twenty-four-hour access to the data of all licensed businesses. The board shall adopt rules
pursuant to this chapter to establish procedures and
requirements for the seed-to-sale tracking system.

(b) The seed-to-sale tracking system shall collect data
including:

(1) The total amount of cannabis in possession of all
cannabis businesses from either seed or immature plant
state, including all plants that are derived from
cuttings or cloning, until the cannabis is sampled,
dispensed, or destroyed;

(2) The total amount of cannabis products and medical
cannabis products inventory, as appropriate, including
the equivalent physical weight of cannabis that is
used to produce the products;

(3) The amount of waste produced by each plant at harvest;

and

(4) The transport of cannabis between cannabis businesses,
including tracking the quantity and type of cannabis,
the identity of the person transporting the cannabis,
and the make, model, and license number of the vehicle
being used for the transport.
(c) The procurement of the seed-to-sale tracking system established pursuant to this section shall be exempt from chapter 103D; provided that:

(1) The authority shall publicly solicit at least three proposals for the seed-to-sale tracking system; and

(2) The selection of the seed-to-sale tracking system shall be approved by the board and the chief information officer.

(d) Notwithstanding any other provision of this section to the contrary, if the authority's seed-to-sale tracking system is inoperable, as an alternative to requiring a cannabis business to temporarily cease operations, the authority may implement an alternate tracking system that will enable a cannabis business to operate on a temporary basis.

(e) A cannabis business shall purchase, operate, and maintain a computer software tracking system that shall interface with the authority's seed-to-sale tracking system established pursuant to subsection (a) and allow each cannabis business to submit to the authority any required data.

§A-59 Violations; penalties. (a) In addition to any other penalties allowed by law, any person who violates this chapter or rules adopted thereunder shall be fined no more than
$1,000 for each separate violation. Unless otherwise provided by applicable law, each day on which a violation occurs or continues shall be counted as a separate violation.

(b) Upon the authority's determination to impose an administrative penalty on a person pursuant to section (a), the authority shall provide the person with written notice of the administrative penalty and the basis for the administrative penalty. Any notice of an administrative penalty may be accompanied by a cease-and-desist order or a corrective action order. The violation of the cease-and-desist order or corrective action order shall constitute a further violation of this chapter.

(c) Any person aggrieved by the imposition of an administrative penalty may request a contested case hearing pursuant to chapter 91. To request a contested case hearing, the person shall submit a written request to the board within thirty calendar days of the date of the written notice. Appeal to the circuit court under section 91-14 or any other applicable statute shall only be taken from the board's final order pursuant to a contested case.

(d) Any action taken to recover, collect, or enforce the penalty provided for in this section shall be considered a civil
action. For any judicial proceeding to recover or collect an administrative penalty imposed pursuant to subsection (a) or to enforce a cease-and-desist order or a corrective action order issued pursuant to subsection (b), the authority may petition any court of appropriate jurisdiction and need only show that:

1. Notice was given;
2. A hearing was held, or the time granted for requesting a hearing has expired without such a request;
3. The administrative penalty, cease-and-desist order, or corrective action order was imposed on the person; and
4. The penalty remains unpaid, or the order was not complied with.

(e) All monetary penalties imposed pursuant to this chapter shall be paid by the person to the authority in the form required by the authority. All monetary penalties paid to the authority pursuant to this chapter shall be deposited into the cannabis regulation special fund established in section A-12.

§A-60 License; permit; suspension; revocation. (a) In addition to any other actions authorized by law, the board may suspend or revoke any license or permit issued by the board or the authority under this chapter or rules adopted thereunder for
violating this chapter, rules adopted thereunder, chapter B, or for any good cause including:

(1) Procuring a license or permit through fraud, misrepresentation, or deceit;

(2) Professional misconduct, gross carelessness, or manifest incapacity;

(3) False, fraudulent, or deceptive advertising;

(4) Any other conduct constituting fraudulent or dishonest dealings;

(5) Failure to comply with an order from the board or the authority; and

(6) Making a false statement on any document submitted or required to be filed by this chapter, including furnishing false or fraudulent material information in any application.

(b) The board shall adopt rules to establish procedures and standards for the revocation and suspension of a license or permit.

(c) If the authority determines that conduct by a licensed business warrants suspension or revocation, the authority shall refer the matter to the board with its findings. Upon the board's determination to suspend or revoke a license or permit,
the board shall provide the licensed business with written notice and order describing the basis for the suspension or revocation.

(d) Any person aggrieved by the board's suspension or revocation determination may request a contested case hearing pursuant to chapter 91. To request a contested case hearing, the person shall submit a written request to the board within thirty calendar days of the date of the notice of the suspension or revocation. Appeal to the circuit court under section 91-14, or any other applicable statute, shall only be taken from the board's final order pursuant to a contested case.

(e) A licensed business whose license or permit has been suspended shall not, for the duration of the period of suspension, engage in any activities relating to the operation of the licensed business, including:

(1) Distributing, dispensing, selling, transferring, transporting, or otherwise disposing of any cannabis or hemp owned by or in the possession of the licensed business; or

(2) Processing any cannabis or hemp.

(f) A person whose license or permit has been revoked shall immediately cease all activities relating to the operation
of the licensed business and ensure that all cannabis or hemp
owned by or in the possession of the person pursuant to that
license or permit shall be forfeited to the authority for
destruction pursuant to section A-62.

(g) If any license or permit is revoked or otherwise
terminated by the board, any fees paid for the license or permit
shall be forfeited to the State.

§A-61 Relinquishment no bar to jurisdiction. The
forfeiture, nonrenewal, surrender, voluntary relinquishment or
abandonment of a license or permit issued by the board or the
authority under this chapter or rules adopted thereunder shall
not bar jurisdiction by the board or the authority to proceed
with any investigation, action, or proceeding to revoke,
suspend, restrict, condition, limit the license or permit, or
otherwise penalize a licensed business or an individual
licensee, or both.

§A-62 Forfeiture; destruction. (a) In addition to any
action authorized by law, the board may order the forfeiture and
destruction of all or a portion of the cannabis or hemp, owned
by or in the possession of a licensed business, if it makes a
determination that the cannabis or hemp is not authorized by, or
is in violation of, this chapter.
(b) The board shall adopt rules to establish procedures and standards for the forfeiture and destruction of cannabis or hemp.

(c) If the authority determines that a violation by a licensed business warrants forfeiture and destruction of all or a portion of the cannabis or hemp held by that licensed business, the authority shall refer the matter to the board with its findings. Upon the board's determination to order the forfeiture and destruction of cannabis or hemp, the board shall provide the licensed business with a written notice and order describing the basis for the forfeiture and destruction, a description of the cannabis or hemp subject to forfeiture and destruction, and a timeframe in which the cannabis or hemp must be forfeited.

(d) A licensed business subject to an order directing the destruction of any cannabis or hemp in the possession of the licensed business shall forfeit the cannabis or hemp described in the order to the authority for destruction within the timeframe described in the order.

(e) Any person aggrieved by the board's forfeiture and destruction determination may request a contested case hearing pursuant to chapter 91. To request a contested case hearing,
the person shall submit a written request to the board within thirty calendar days of the date of the notice and order of forfeiture and destruction. Appeal to the circuit court under section 91-14, or any other applicable statute, shall only be taken from the board's final order pursuant to a contested case. (f) If the authority is notified by a law enforcement agency that there is a pending investigation of a licensed business subject to an order for forfeiture and destruction of cannabis or hemp, the authority shall not destroy any cannabis or hemp of that licensed business until the destruction is approved by the law enforcement agency.

§A-63 Administrative holds. (a) In addition to any action authorized by law, the authority may impose an administrative hold on a licensed business if there are reasonable grounds to believe the licensed business has committed or is committing a violation of this chapter or rules adopted thereunder.

(b) The authority shall provide a licensed business subject to an administrative hold with written notice of the imposition of that hold, which shall:

(1) Include a statement of the basis for the administrative hold;
(2) Detail the cannabis or hemp subject to the administrative hold;

(3) Describe any operational restrictions to be placed on the licensed business during the duration of the administrative hold; and

(4) Indicate actions that must be taken by the licensed business as a result of the administrative hold.

(c) An administrative hold takes effect at the time that the written notice is provided to the licensed business.

(d) A licensed business subject to an administrative hold shall physically segregate, in a limited access area approved by the authority, any cannabis or hemp subject to the administrative hold from any other cannabis or hemp not subject to the administrative hold.

(e) For the duration of the administrative hold, the licensed business shall not sell, transfer, transport, distribute, dispense, dispose of, or destroy any cannabis or hemp subject to the administrative hold, but may, as applicable, cultivate or otherwise maintain any cannabis plants or hemp plants subject to the administrative hold unless specifically restricted by the authority from engaging in such activities.
(f) A licensed business subject to an administrative hold, for the duration of the administrative hold, shall maintain the licensed premises and may otherwise continue to operate the licensed business in compliance with this chapter, rules adopted thereunder, and the provisions of the administrative hold. Except as specifically restricted by the authority, the licensed business may, for the duration of the administrative hold, cultivate, process, distribute, or dispense any cannabis or hemp not subject to the administrative hold pursuant to its license.

(g) The authority may terminate an administrative hold at any time following the imposition of the administrative hold, except that an administrative hold under this section may not be imposed for a period exceeding thirty business days from the date notice is issued. The authority shall provide the licensed business with written notice of termination of an administrative hold.

§A-64 Liability to the State under this chapter as debt.

(a) Any liability to the State under this chapter shall constitute a debt to the State. Once a statement naming a licensed business is recorded, registered, or filed, any such debt shall constitute a lien on all commercial property owned by the business in the State and shall have priority over an


(b) If a lien imposed by subsection (a) is properly recorded, registered, or filed, and three hundred sixty-five calendar days have elapsed from the date of recording with no response or action by the debtor against whom the lien was recorded, the executive director may apply to the circuit court to have the lien converted into a civil judgment. The circuit court shall issue a civil judgment for an amount equivalent to the value of the lien.

§A-65  Unauthorized access to a restricted area; criminal offense.  (a) No person shall intentionally or knowingly enter or remain in a restricted area unless the person is:

(1) An individual licensee or registered employee of the licensed business;

(2) A government employee or official acting in the person's official capacity; or

(3) Escorted by an individual licensee or registered employee of the licensed business at all times while in the restricted area; provided that:
(A) The person is at least twenty-one years of age, as verified by a valid government-issued identification card;

(B) The person is only permitted within those portions of the restricted area as necessary to fulfill the person's purpose for entering;

(C) The person is only permitted within the restricted area during the times and for the duration necessary to fulfill the person's purpose for entering; and

(D) The licensed business shall keep a photographic copy of the valid government-issued identification card and an accurate record of the date and times upon entering and exiting the restricted area, the purpose for entering, and the identity of the escort.

(b) No individual licensee or registered employee of the licensed business with control over or responsibility for the licensed premises shall intentionally or knowingly allow another person to enter or remain in a restricted area, unless that person is permitted to enter and remain as specified in subsection (a).
(c) A violation of this section is a petty misdemeanor.

§A-66 Diversion from a licensed business; criminal offense. (a) A person commits diversion from a licensed business if the person is a licensed business or an operator, agent, or employee of a licensed business and intentionally or knowingly diverts to the person's own use or other unauthorized or illegal use, or takes, makes away with, or secretes, with intent to divert to the person's own use or other unauthorized or illegal use, any cannabis under the person's possession, care, or custody as a licensed business or an operator, agent, or employee of a licensed business.

(b) Any person who violates this section shall be guilty of a class C felony.

§A-67 Alteration or falsification of licensed business records; criminal offense. (a) A person commits the offense of alteration or falsification of licensed business records if the person intentionally or knowingly:

(1) Makes or causes a false entry in licensed business records;

(2) Alters, erases, obliterates, deletes, removes, or destroys a true entry in licensed business records;
(3) Omits to make a true entry in licensed business records in violation of a duty that the person knows to be imposed upon the person by law or by the nature of the person's position; or

(4) Prevents the making of a true entry or causes the omission thereof in licensed business records.

(b) Alteration or falsification of licensed business records is a class C felony.

(c) For the purposes of this section:

"Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or other similar capabilities.

"Information" includes data, text, images, sounds, codes, computer programs, software, or databases.

"Licensed business records" means any inventory tracking records and other records maintained by a licensed business that are required by law to be created and retained or provided to the authority or the department of taxation.

"Record" means information that is written or printed or that is stored in an electronic or other medium and is retrievable in a perceivable form.
§A-68 Unlawful restricted cannabinoid product retailing. (a) A person required to obtain a restricted cannabinoid product permit commits the offense of unlawful restricted cannabinoid product retailing if the person recklessly fails to obtain a valid permit required under section A-78 and recklessly distributes, sells, or offers for sale any restricted cannabinoid product or possesses, stores, or acquires any restricted cannabinoid product for the purpose of distribution, sale, or offering for sale.

(b) Unlawful restricted cannabinoid product retailing is a petty misdemeanor, except that any offense under subsection (a) that occurs within five years of a conviction for unlawful restricted cannabinoid product retailing is a misdemeanor.

§A-69 Law enforcement access to licensed business records. Notwithstanding any other law, a licensed business shall disclose information, documents, tax records, and other records regarding its licensed business operation, upon request, to any state, federal, or county agency engaged in the administrative regulation, the criminal investigation, or prosecution of violations of applicable state, county, or federal laws or
regulations related to the operations or activities of a licensed business.

PART VII. CANNABIS BUSINESSES; AUTHORIZED

§A-70 Independent laboratory; license required. (a) An independent laboratory license shall authorize the sampling, limited possession, and testing of cannabis and hemp pursuant to this chapter and rules adopted thereunder.

(b) The board shall adopt rules for the licensure, operations, and oversight of independent laboratories, including protocols for the sampling, testing, and analysis of cannabis and hemp. The rules shall address sampling and analysis related to cannabinoid profiles and biological and chemical contaminants, including terpenoids, pesticides, plant growth regulators, metals, microbiological contaminants, mycotoxins, and residual solvents introduced through cultivation of cannabis plants or hemp plants and post-harvest processing and handling of cannabis, hemp, or any related ingredients.

(c) An independent laboratory shall report any results indicating contamination to the authority within seventy-two hours of identification of contamination.

(d) No independent laboratory shall have a direct or indirect interest, including by stock ownership, interlocking
directors, mortgage or lien, personal or real property, 
management agreement, shared parent companies or affiliated 
organizations, or any other means, in any other type of licensed 
business authorized by this chapter or rules adopted thereunder. 
(e) No other licensed business shall have a direct or 
indirect interest, including by stock ownership, interlocking 
directors, mortgage or lien, personal or real property, 
management agreement, shared parent companies or affiliated 
organizations, or any other means, in an independent laboratory. 
(f) No individual who possesses an interest in or is a 
laboratory agent employed by an independent laboratory, and no 
immediate family member of that individual, shall possess an 
interest in or be employed by any other licensed business 
authorized by this chapter or rules adopted thereunder. 
(g) No independent laboratory, laboratory agent, or 
employee of an independent laboratory shall receive direct or 
indirect compensation, other than such reasonable contractual 
fees to conduct testing, from any entity for which it is 
conducting testing pursuant to this chapter or rules adopted 
thereunder. 
(h) An independent laboratory shall: 
(1) Register each laboratory agent with the authority; and
(2) Notify the authority within one working day if a laboratory agent ceases to be associated with the independent laboratory.

(i) No one who has been convicted of a felony drug offense shall be a laboratory agent or an employee of an independent laboratory. The authority shall conduct criminal history record checks of laboratory agents and employees of an independent laboratory in accordance with section 846-2.7, and the board may by rules set standards and procedures to enforce this subsection.

(j) A registered laboratory agent shall not be subject to arrest, prosecution, civil penalty, sanctions, or disqualifications, and shall not be subject to seizure or forfeiture of assets under laws of the State, for actions taken under the authority of an independent laboratory, including possessing, processing, storing, transferring, or testing cannabis; provided that the laboratory agent:

(1) Is registered with the authority; and

(2) Is acting in accordance with all the requirements under this chapter and rules adopted thereunder.

§A-71 Cannabis cultivator; license required. (a) A cannabis cultivator license shall authorize:
(1) The acquisition and cultivation of cannabis plants, seeds, cuttings, or clones; and

(2) The distribution of cannabis plants and cannabis flower to:

(A) A cannabis cultivator;

(B) A cannabis processor;

(C) A medical cannabis dispensary; and

(E) A retail cannabis store.

(b) A cannabis cultivator shall track the cannabis it cultivates from acquisition to testing, distribution, or destruction.

(c) A cannabis cultivator shall maintain a record of all samples provided to an independent laboratory, the identity of the independent laboratory, and the testing results.

(d) The maximum size of plant canopy the board may authorize for each cannabis cultivator license shall be two thousand square feet of plant canopy for indoor cultivations and five thousand square feet of plant canopy for outdoor cultivations.

(e) A cannabis cultivator shall comply with all laws and regulations applicable to an agricultural operation, including laws and regulations regarding pesticide use, water use, and the
environment, and all other requirements and standards as prescribed by rules adopted by the board. The requirements and standards prescribed by the board shall be guided by sustainable farming principles and practices such as organic, regenerative, and integrated pest management models to the extent possible, limit the use of pesticides, whenever possible, and encourage the use of renewable energies or resources.

§A-72 Cannabis processor; license required. (a) A cannabis processor license shall authorize the acquisition, possession, and processing of cannabis into cannabis products, and distribution of cannabis to:

(1) A cannabis processor;
(2) A medical cannabis dispensary; and
(3) A retail cannabis store.

(b) A cannabis processor shall track the cannabis it processes from acquisition to testing, distribution, or destruction.

(c) A cannabis processor shall maintain a record of all samples provided to an independent laboratory, the identity of the independent laboratory, and the testing results.

(d) A cannabis processor shall calculate the equivalent physical weight of the cannabis flower that is used to process
the cannabis product and shall make the equivalency calculations available to the authority, consumer, and medical cannabis patient.

§A-73  Medical cannabis dispensary; license required.  (a) A medical cannabis dispensary license shall authorize:

(1) The acquisition and possession of cannabis;

(2) The distribution of cannabis to a retail cannabis store or a medical cannabis dispensary; and

(3) The dispensing of cannabis from the licensed premises only to medical cannabis patients or their caregivers.

(b) A medical cannabis dispensary shall track all cannabis it possesses from acquisition to testing, distribution, dispensing, or destruction.

(c) A medical cannabis dispensary shall maintain a record of all samples provided to an independent laboratory, the identity of the independent laboratory, and the testing results.

(d) Notwithstanding any other law to the contrary, a medical cannabis dispensary shall not be subject to the prescription requirement of section 329-38 or the board of pharmacy licensure or regulatory requirements under chapter 461.

§A-74  Retail cannabis store; license required.  (a) A retail cannabis store license shall authorize:
(1) The acquisition and possession of cannabis;
(2) The distribution of cannabis to a retail cannabis store or a medical cannabis dispensary;
(3) The dispensing of adult-use cannabis from the licensed premises to consumers; and
(4) The dispensing of cannabis from the licensed premises to medical cannabis patients or a medical cannabis patient's caregiver.

(b) A retail cannabis store shall ensure adequate access and product supply to accommodate medical cannabis patients. The board shall adopt rules to implement this section, including requirements for:

(1) Priority access or business hours, or both, for medical cannabis patients; and
(2) Product supply to ensure medical cannabis patients have access to the cannabis used to treat their debilitating condition.

(c) A retail cannabis store shall track all cannabis it possesses from acquisition to testing, distribution, dispensing, or destruction.
(d) A retail cannabis store shall maintain a record of all samples provided to an independent laboratory, the identity of the independent laboratory, and the testing results.

(b) Notwithstanding any other law to the contrary, a retail cannabis store shall not be subject to the prescription requirement of section 329-38 or the board of pharmacy licensure or regulatory requirements under chapter 461.

§A-75 Craft cannabis dispensary; license required. (a) A craft cannabis dispensary license shall authorize:

(1) The limited acquisition and cultivation of cannabis plants, seeds, cuttings, or clones, and possession and processing of adult-use cannabis;

(2) The limited distribution of adult-use cannabis to:
   (A) A cannabis processor;
   (B) A medical cannabis dispensary; and
   (C) A retail cannabis store; and

(3) The limited dispensing of adult-use cannabis from the licensed premises to consumers.

(c) A craft cannabis dispensary shall dispense only its own cannabis directly to consumers.

(d) A craft cannabis dispensary shall distribute only its own cannabis.
(e) A craft cannabis dispensary shall not process, distribute, or dispense medical cannabis products.

(f) No craft cannabis dispensary shall have a direct or indirect interest, including by stock ownership, interlocking directors, mortgage or lien, personal or real property, or any other means, in any other licensed business authorized by this chapter or rules adopted thereunder, including another craft cannabis dispensary.

(g) No licensed business shall have a direct or indirect interest, including by stock ownership, interlocking directors, mortgage or lien, personal or real property, or any other means, in any craft cannabis dispensary.

(h) A craft cannabis dispensary shall track all cannabis it possesses from acquisition to testing, distribution, dispensing, or destruction.

(i) A craft cannabis dispensary shall maintain a record of all samples provided to an independent laboratory, the identity of the independent laboratory, and the testing results.

(j) The size, scope, and eligibility criteria of a craft cannabis dispensary shall be determined by rules adopted pursuant to this chapter; provided that the granting of a craft cannabis dispensary license shall promote social equity
applicants as provided for in this chapter and small farms with
a focus on indigenous crops or farming practices.

§A-76 Medical cannabis cooperative; license required.  (a)

A medical cannabis cooperative license shall authorize
cultivation, possession, and processing of cannabis for medical
use only on the licensed premises, and limited dispensing of
medical cannabis only by and between the members of the
cooperative.

(b) A medical cannabis cooperative shall be comprised of
up to five qualifying patients. A medical cannabis cooperative
member shall be a natural person and shall not be a member of
more than one medical cannabis cooperative. An out-of-state
qualifying patient shall not be a member.

(c) A medical cannabis cooperative shall not acquire,
cultivate, possess, or process cannabis for medical use that
exceeds the quantities allowed for each of its members combined.

(d) A medical cannabis cooperative shall not dispense any
cannabis for medical use to any of its members that exceeds the
quantities allowed for that member.

(e) Each medical cannabis cooperative member shall
designate the licensed premises as their grow site and shall not
cultivate cannabis on any other premises.
(f) No medical cannabis cooperative may operate on the same premises as any other licensed business, including another medical cannabis cooperative.

(g) No medical cannabis cooperative member shall have a direct or indirect financial or controlling interest in any other licensed business authorized by this chapter or rules adopted thereunder, including another medical cannabis cooperative.

(h) No medical cannabis cooperative shall have a direct or indirect interest, including by stock ownership, interlocking directors, mortgage or lien, personal or real property, or any other means, in any other licensed business authorized by this chapter or rules adopted thereunder, including another medical cannabis cooperative.

(i) No other licensed business authorized by this chapter or rules adopted thereunder shall have a direct or indirect interest, including by stock ownership, interlocking directors, mortgage or lien, personal or real property, or any other means, in any medical cannabis cooperative.

(j) The board shall adopt rules related to medical cannabis cooperatives, including the size and scope of medical
cannabis cooperatives and other measures designed to incentivize the use and licensure of medical cannabis cooperatives.

§A-77 Other licenses authorized. The board may establish additional license types and grant temporary licenses of any type specified in this part, in accordance with conditions set forth in rules adopted pursuant to this chapter.

§A-78 Special use permits. (a) The board may issue permits for carrying on activities consistent with the policy and purpose of this chapter with respect to cannabis and hemp.

(b) The board may adopt rules to implement this section, including reasonable fees, eligibility criteria, types of permits, and time limits for any permit issued. The types of permits may include:

(1) Industrial hemp permits to authorize the purchase of industrial hemp from a licensed business for use in the manufacture and sale of a legal product containing industrial hemp, such as textiles, construction materials, and products that are generally recognized as safe (GRAS) by the FDA for use in foods;

(2) Special event and social consumption permits;
(3) Trucking permits to allow for the trucking or transportation of cannabis by a person other than a licensed business; and

(4) Restricted cannabinoid product permits that allow for the distribution, dispensing, or sale of a restricted cannabinoid product.

PART VIII. HEMP

§A-79 Restricted cannabinoid product list. (a) The authority shall create and maintain a list of restricted cannabinoid products, derived from hemp, that shall only be sold pursuant to a permit issued by the board under section A-78; provided that the authority may establish an amount of any restricted cannabinoid that may be allowed in a hemp product; provided further that the authority may prohibit any restricted cannabinoid product from being distributed, sold, or offered for sale entirely. The authority shall publish and make available the list of restricted cannabinoid products.

(b) The board shall adopt rules establishing a process and procedure for the authority to create and maintain the restricted cannabinoid product list; provided that the procedures shall include at a minimum:
(1) Criteria based on public health and public safety for the authority to determine what constitutes a restricted cannabinoid product;

(2) Criteria based on public health and public safety for the authority to establish allowable limits for restricted cannabinoids in hemp products; provided that the authority may prohibit the restricted cannabinoid entirely; and

(3) A process for petitioning the board to add or remove a cannabinoid or restricted cannabinoid product from the restricted cannabinoid list.

§A-80 Hemp cultivator; license required. (a) No person shall cultivate hemp except in accordance with this section. Cultivating hemp without a license to produce hemp issued by the Secretary of the United States Department of Agriculture pursuant to title 7 United States Code section 1639q, shall be considered unlicensed cultivation of cannabis.

(b) Notwithstanding any law to the contrary, it shall be legal for a person to cultivate hemp only if they hold a license to produce hemp, issued by the Secretary of the United States Department of Agriculture pursuant to title 7 United States Code section 1639q; provided that:
(1) Hemp shall not be cultivated within three hundred feet of pre-existing real property comprising a playground, childcare facility, or school;

(2) Hemp shall not be cultivated within one hundred feet of any pre-existing house, dwelling unit, residential apartment, or other residential structure that is not owned or controlled by the license holder;

(3) Hemp shall not be cultivated, stored, or comingled with cannabis; and

(4) Hemp shall not be cultivated on any premises licensed under this chapter, except on the licensed premises of a hemp processor.

(c) A hemp cultivator may distribute or sell hemp flower; provided that:

(1) The hemp flower has passed all compliance testing required by the United States Department of Agriculture; and

(2) The hemp flower meets all other requirements for selling hemp, including testing, packaging, and labeling, as provided in this chapter and rules adopted thereunder.
(d) A hemp cultivator licensed by the United States Department of Agriculture to cultivate hemp in the State shall comply with all regulations established by the United States Department of Agriculture, including all inspection, sampling, and compliance testing requirements.

(e) The board shall adopt rules pursuant to this chapter to implement this section; provided that the rules adopted by the board shall not require pre-harvest inspections, pre-harvest sampling, or pre-harvest compliance testing with respect to the cultivation of hemp as regulated by the United States Department of Agriculture.

(f) In addition to any other penalties allowed by law, any person who violates this section or any rule adopted pursuant to this section shall be fined no more than $1,000 for each separate violation. Each day on which a violation occurs or continues shall be counted as a separate violation.

(g) Any notice of violation of this section may be accompanied by a cease-and-desist order. The violation of the cease-and-desist order shall constitute a further violation of this section.

(h) Any person aggrieved by a notice of violation issued under this section may request a contested case hearing pursuant
to chapter 91. To request a contested case hearing, the person
shall submit a written request to the board within thirty
calendar days of the date of the notice of violation. Appeal to
the circuit court under section 91-14, or any other applicable
statute, shall only be taken from the board's final order
pursuant to a contested case.

(i) Any action taken to recover, collect, or enforce the
administrative penalty provided for in this section shall be
considered a civil action. For any judicial proceeding to
recover an administrative penalty imposed pursuant to subsection
(f) or to enforce a cease-and-desist order issued pursuant to
subsection (g), the authority may petition any court of
appropriate jurisdiction and need only show that:

(1) Notice was given;

(2) A hearing was held, or the time granted for requesting
a hearing has expired without such a request;

(3) The administrative penalty was imposed on the
individual or entity cultivating hemp; and

(4) The penalty remains unpaid, or the order was not
complied with.

§A-81 Hemp processor; license required. (a) No person
shall process hemp without a hemp processor license issued
pursuant to this chapter and any rules adopted thereunder; provided that this section shall not apply to industrial hemp.

(b) A hemp processor license shall authorize the acquisition, possession, and processing of hemp into hemp products and the distribution of hemp products in compliance with this chapter.

(c) A hemp processor license shall not authorize the distribution, dispensing, or sale of any cannabis or restricted cannabinoid product.

(d) Hemp shall be processed within an indoor facility in compliance with all applicable state laws and city ordinance, including zoning ordinances, building codes, and fire codes. Hemp may be processed in an agricultural building or structure pursuant to section 46-88; provided that the hemp is processed without the use of heat, volatile compounds, or gases under pressure and the building and processing operation is in compliance with all applicable state laws and city ordinances, including zoning ordinances and fire codes.

§A-82 Hemp products. (a) The board shall adopt rules pursuant to this chapter to establish requirements, restrictions, and standards regarding the types, ingredients, and designs of hemp and hemp products, including potency limits
and cannabinoid limits on hemp products; provided that this
section shall not apply to industrial hemp.

(b) No person shall distribute, sell, or offer for sale
crude hemp extract to any person; except that crude hemp extract
may be sold only to a hemp processor with a valid license issued
by the authority pursuant to section A-81 or equivalent
authority from a regulatory agency in another jurisdiction.

(c) No person shall distribute, sell, or offer for sale
any restricted cannabinoid product unless that person holds a
permit to distribute, sell, or offer for sale, restricted
cannabinoid products issued by the board pursuant to section A-
78.

(d) No person shall distribute, sell, or offer for sale
any hemp product used to aerosolize for respiratory routes of
delivery, such as an inhaler, vape pen, or other device designed
for such purpose.

(e) Except for a hemp product intended for external
topical application to the skin or hair, no person shall
distribute, sell, or offer for sale any hemp product intended to
be introduced via non-oral routes of entry to the body,
including use in eyes, ears, and nasal cavities.

PART IX. SOCIAL EQUITY
§A-83 Definitions. As used in this part, unless the context otherwise requires:

“Social equity applicant” means an applicant for licensure or permit under this chapter, or for a grant pursuant to the social equity program established under section A-84, who is a resident of the State that meets one or more of the following criteria:

1. An applicant with at least fifty-one per cent ownership and control by one or more individuals who have resided for at least five of the preceding ten years in a disproportionately impacted area;

2. For applicants with a minimum of ten full-time employees, an applicant with at least fifty-one per cent of current employees who currently reside in a disproportionately impacted area; or

3. An applicant satisfying any other criteria determined by the board and adopted as rules under this chapter.

§A-84 Social equity program. (a) The board shall establish a social equity program for the purposes of providing grants to social equity applicants.
(b) The authority, through the chief equity officer or the executive director shall have the power to:

1. Provide grants to assist social equity applicants in gaining entry to, and successfully operating in, the State's regulated cannabis industry, including grants for financial assistance, industry training, and technical assistance;

2. Provide grants to assist social equity applicants that are community-based organizations for the purpose of developing, implementing, and supporting non-profit projects, services, and programs that address community needs of disproportionately impacted areas, including housing and childcare programs;

3. Provide staff, administration, and related support required to administer this section;

4. Enter into agreements that set forth terms and conditions of the grants, accept funds or grants, and cooperate with private entities and state or county agencies to carry out the purposes of this section;
(5) Fix, determine, charge, and collect any premiums, fees, charges, costs, and expenses, including application fees, commitment fees, program fees, financing charges, and publication fees in connection with the social equity program;

(6) Take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of grants provided under this section, including the ability to recapture funds if the grant recipient is found to be noncompliant with the terms and conditions of the grant agreement;

(7) Establish application, notification, contract, and other forms and procedures deemed necessary and appropriate to implement the social equity program; and

(8) Utilize vendors or contract work to carry out the purposes of this part.

(c) The board shall adopt rules pursuant to this chapter to implement this part, including:
(1) Additional requirements and qualifications for determining eligibility of social equity applicants for grants;

(2) Preferences and priorities in determining eligibility for grants;

(3) Conditions, consistent with the purpose of this chapter, for the awarding of grants;

(4) Requirements for the inspection at reasonable hours of facilities, books, and records of a social equity applicant or a grant recipient;

(5) Requirements for the submission of progress and final reports by grant recipients; and

(6) Appropriate management counseling and monitoring of business activities for grant recipients.

(d) The authority shall submit an annual report on the social equity program to the governor and the legislature no later than twenty days prior to the convening of each regular session. The report shall detail the outcomes and effectiveness of this section during the prior fiscal year, including the following:

(1) The number of social equity applicants who received financial assistance under this section;
(2) The amount of grants awarded in the aggregate;
(3) The location of the project engaged in by each grant recipient; and
(4) If applicable, the number of new jobs and other forms of economic output created as a result of the grants.
(e) The authority shall include engagement with individuals with limited English proficiency as part of the social equity program.
(f) The authority shall make available to the public its rubric for determining eligibility for social equity grants.

§A-85 Social equity grants; standards and conditions. (a) Grants made under this part shall be awarded on a competitive and annual basis. Grants made under this part shall further and promote the goals of the social equity program.
(b) Applications for grants shall be made to the authority and contain such information as shall be required by rules adopted thereunder. At a minimum, an applicant shall show:
(1) The name of the applying business entity or individual;
(2) That the applicant meets the criteria for a social equity applicant;  
(3) The intended use of the grant; and  
(4) The target group or community to be benefited by the grants.

(c) Recipients of grants shall be subject to the following conditions:

(1) The recipient of a grant shall not use public funds for purposes of entertainment or perquisites, including lobbying activities;
(2) The recipient of a grant shall comply with state laws and county ordinances;
(3) The recipient of a grant shall comply with any other requirements that may be prescribed by rules adopted pursuant to this chapter;
(4) The recipient of a grant shall allow the authority, the legislative bodies, and the legislative auditor full access to records, reports, files, and other related documents so that the program, management, and fiscal practices of the grant recipient may be monitored and evaluated to assure the proper and effective expenditure of public funds;
(5) Every grant shall be monitored according to rules adopted pursuant to this chapter to ensure compliance with this part; and

(6) Any recipient of a grant under this part who withholds or omits any material fact or deliberately misrepresents facts to the authority or who violates the terms of the grant agreement shall be in violation of this section and, in addition to any other penalties provided by law, shall be prohibited from applying for a grant or any other benefits under this part for a period of five years from the date of termination.

§A-86 Fee waivers. (a) For social equity applicants, the authority shall waive fifty per cent of any license application fees and any fees associated with purchasing a license to operate a licensed business for the first five years of the applicant's operations; provided that the social equity applicant meets the following qualifications at the time the payment is due:

(1) The applicant, including all persons with a direct or indirect interest in the applicant, has less
than a total of $750,000 of income in the previous
calendar year; and

(2) The applicant, including all persons with a direct
or indirect interest in the applicant, has no more
than three other licenses under this chapter.

(b) The authority shall require social equity
applicants to attest that they meet the requirements for a
fee waiver as provided in subsection (a) and to provide
evidence of annual total income in the previous calendar
year.

(c) If the authority determines that an applicant who
applied for a fee waiver is not eligible as a social equity
applicant, the applicant shall be provided an additional ten
calendar days to provide alternative evidence that the
applicant qualifies as a social equity applicant.
Alternatively, the applicant may pay the remainder of the
waived fee and be considered as a non-social equity
applicant. If the applicant fails to do either, the
authority may retain the initial application fee and the
application shall be deemed withdrawn.

PART X. PUBLIC HEALTH AND EDUCATION
§A-87 Public health and education campaigns. No later than July 1, 2025, the authority shall develop and implement a comprehensive public health and education campaign regarding the legalization of cannabis and the impact of cannabis use on public health and public safety, including the health risks associated with cannabis and ways to protect children. The public health and education campaign shall also include education to the public about the Hawaii cannabis law, including the potential risks associated with patronizing unlicensed dispensary locations, or otherwise procuring cannabis through persons not authorized by the authority. After the initial campaign, the authority shall continue to develop and implement a comprehensive public health and education campaign on issues related to cannabis periodically, as necessary.

§A-88 Public health and education grant program. (a) The board shall establish a public health and education grant program for the purposes of providing grants to substance abuse prevention and treatment programs and programs dedicated to educating the public about cannabis use and laws, and preventing and treating substance abuse, especially among youth.
(b) The authority, through the chief public health and environmental officer or the executive director, shall have the power to:

(1) Provide grants to assist substance abuse prevention and substance abuse treatment programs in the State;

(2) Provide grants to assist community-based organizations with developing, implementing, and supporting youth services, including youth recreational centers, services for housing, counseling, and preventing or treating youth substance abuse;

(3) Provide grants to assist community-based organizations with developing, implementing, and supporting programs for individuals with a dual diagnosis of mental disorder and substance abuse problem, including services for housing, residential treatment, outpatient treatment, counseling, and other related services;

(4) Provide staff, administration, and related support required to administer this part;

(5) Enter into agreements that set forth terms and conditions of the grants, accept funds or grants, and
cooperate with private entities and state or county agencies to carry out the purposes of this part;

(6) Fix, determine, charge, and collect any premiums, fees, charges, costs, and expenses, including application fees, commitment fees, program fees, financing charges, or publication fees in connection with its activities under this section;

(7) Take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of grants provided under this section, including the ability to recapture funds if the grant recipient is found to be noncompliant with the terms and conditions of the grant agreement;

(8) Establish application, notification, contract, and other forms and procedures deemed necessary and appropriate to administer this part; and

(9) Utilize vendors or contract work to carry out the purposes of this part.

(c) The board shall adopt rules pursuant to this chapter to implement this part, including:
(1) Additional requirements and qualifications for
determining eligibility of applicants for grants;
(2) Preferences and priorities in determining eligibility
for grants;
(3) Conditions, consistent with the purpose of this
chapter, for the awarding of grants;
(4) Requirements for the inspection at reasonable hours
of facilities, books, and records of a grant
applicant or grant recipient;
(5) Requirements for the submission of progress and final
reports by grant recipients; and
(6) Appropriate management counseling and monitoring of
business activities for grant recipients.
(d) The authority shall submit an annual report on the
public health and education grant program to the governor and
the legislature no later than twenty days prior to the convening
of each regular session. The report shall detail the outcomes
and effectiveness of this section during the prior fiscal year,
including the following:
(1) The number of persons or businesses who received
financial assistance under this section;
(2) The amount of grants awarded in the aggregate;
The location of the project engaged in by each grant recipient; and

If applicable, the number of new jobs and other forms of economic output created as a result of the grants.

§A-89 Public health and education grants; standards and conditions. (a) Grants made under this part shall be awarded on a competitive and annual basis. Grants made under this part shall further and promote the goals of this chapter.

(b) Applications for grants shall be made to the authority and contain such information as shall be required by rules adopted thereunder. At a minimum, an applicant shall show:

(1) The name of the applying organization or individual;
(2) That the applicant meets the criteria for the grant;
(3) The intended use of the grant; and
(4) The target group or community to be benefited by the grant.

(c) Recipients of grants shall be subject to the following conditions:

(1) The recipient of a grant shall not use public funds for purposes of entertainment or perquisites, including lobbying activities;
(2) The recipient of a grant shall comply with state laws and county ordinances;

(3) The recipient of a grant shall comply with any other requirements that may be prescribed by rules adopted pursuant to this chapter;

(4) The recipient of a grant shall allow the authority, the legislative bodies, and the legislative auditor full access to records, reports, files, and other related documents so that the program, management, and fiscal practices of the grant recipient may be monitored and evaluated to assure the proper and effective expenditure of public funds;

(5) Every grant shall be monitored according to rules adopted pursuant to this chapter to ensure compliance with this part; and

(6) Any recipient of a grant under this part who withholds or omits any material fact or deliberately misrepresents facts to the authority or who violates the terms of the grant agreement shall be in violation of this section and, in addition to any other penalties provided by law, shall be prohibited from applying for a grant or any other benefits under this
part for a period of five years from the date of termination.

PART XI. PUBLIC SAFETY

§A-90 Public safety grant program. (a) The board shall establish a public safety grant program for the purposes of providing grants to state and county agencies and private entities to assist with public safety resources relating to cannabis, including law enforcement resources.

(b) The authority, through the chief compliance officer or executive director, shall have the power to:

(1) Provide grants to train and certify state and county law enforcement officers as drug recognition experts for detecting, identifying, and apprehending individuals operating a vehicle under the influence of an intoxicant or otherwise impaired;

(2) Provide grants to develop, implement, and support crisis intervention services, including alternative response programs and co-response programs that provide trained social service providers or mental health counsellors to respond to, or assist law enforcement agencies with responding to, non-violent
emergencies, including welfare checks, public intoxication, and mental health episodes;

(3) Provide grants to train state and county law enforcement officers in mental health first aid;

(4) Provide grants for the effective enforcement and prosecution of violations of the nuisance abatement laws under chapter 712, part V;

(5) Provide grants to harm reduction programs, including crisis outreach programs, food banks, mental health support, homeless outreach, outpatient treatment programs, and housing assistance;

(6) Provide grants to improve data sharing across law enforcement agencies and the judiciary;

(7) Provide grants to state and county law enforcement agencies for equipment and training to assist with investigating and prosecuting illegal activities related to cannabis;

(8) Provide staff, administration, and related support required to administer this part;

(9) Enter into agreements that set forth terms and conditions of the grants, accept funds or grants, and
cooperate with private entities and state or county agencies to carry out the purposes of this part;

(10) Fix, determine, charge, and collect any premiums, fees, charges, costs, and expenses, including application fees, commitment fees, program fees, financing charges, or publication fees in connection with its activities under this section;

(11) Take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of grants provided under this section, including the ability to recapture funds if the grant recipient is found to be noncompliant with the terms and conditions of the grant agreement;

(12) Establish application, notification, contract, and other forms and procedures deemed necessary and appropriate to administer this part; and

(13) Utilize vendors or contract work to carry out the purposes of this part.

(c) The board shall adopt rules pursuant to this chapter to implement this part, including:
(1) Additional requirements and qualifications for determining eligibility of applicants for grants;

(2) Preferences and priorities in determining eligibility for grants;

(3) Conditions, consistent with the purpose of this chapter, for the awarding of grants;

(4) Requirements for the inspection at reasonable hours of facilities, books, and records of a grant applicant or grant recipient;

(5) Requirements for the submission of progress and final reports by grant recipients; and

(6) Appropriate management counseling and monitoring of business activities for grant recipients.

(d) The authority shall submit an annual report on the public safety grant program to the governor and the legislature no later than twenty days prior to the convening of each regular session. The report shall detail the outcomes and effectiveness of this section during the prior fiscal year, including the following:

(1) The number of persons, businesses, or agencies receiving financial assistance under this section;

(2) The amount of grants awarded in the aggregate;
(3) The location of the project engaged in by the person, business, or agency; and

(4) If applicable, the number of new jobs and other forms of economic output created as a result of the grants.

§A-91 Public safety grants; standards and conditions.

(a) Grants made under this part shall be awarded on a competitive and annual basis. Grants made under this part shall further and promote the goals of this chapter.

(b) Applications for grants shall be made to the authority and contain such information as shall be required by rules adopted thereunder. At a minimum, an applicant shall show:

(1) The name of the applying organization or individual;

(2) That the applicant meets the criteria for the grant;

(3) The intended use of the grant; and

(4) The target group or community to be benefited by the grant.

(c) Recipients of grants shall be subject to the following conditions:

(1) The recipient of a grant shall not use public funds for purposes of entertainment or perquisites, including lobbying activities;
(2) The recipient of a grant shall comply with state laws and county ordinances;

(3) The recipient of a grant shall comply with any other requirements that may be prescribed by rules adopted pursuant to this chapter;

(4) The recipient of a grant shall allow the authority, the legislative bodies, and the legislative auditor full access to records, reports, files, and other related documents so that the program, management, and fiscal practices of the grant recipient may be monitored and evaluated to assure the proper and effective expenditure of public funds;

(5) Every grant shall be monitored according to rules adopted pursuant to this chapter to ensure compliance with this part; and

(6) Any recipient of a grant under this part who withholds or omits any material fact or deliberately misrepresents facts to the authority or who violates the terms of the grant agreement shall be in violation of this section and, in addition to any other penalties provided by law, shall be prohibited from applying for a grant or any other benefits under this
part for a period of five years from the date of termination.

PART XII. MISCELLANEOUS

§A-92 Banking. (a) A financial institution that receives deposits, extends credit, conducts fund transfers, transports cash or financial instruments, or provides other financial services customarily provided by financial institutions shall not be penalized or punished under any criminal law, including chapter 708A, or under any provision of the code of financial institutions, chapter 412, solely by virtue of the fact that the person receiving the benefit of any of those services engages in commercial cannabis activity as a cannabis business licensed pursuant to this chapter.

(b) A cannabis business may request in writing that the authority share the cannabis business's application, license, and other regulatory and financial information, with a financial institution of the cannabis business's designation. The cannabis business shall include in that written request a waiver authorizing the transfer of that information and waiving any confidentiality or privilege that applies to that information.

(c) Notwithstanding any other law to the contrary, upon receipt of a written request and waiver pursuant to subsection
(b), the authority may share the cannabis business's application, license, and other regulatory and financial information with the financial institution designated by the cannabis business in that request for the purpose of facilitating the provision of financial services for that cannabis business.

(d) A cannabis business that provides a waiver may withdraw that waiver in writing at any time. Upon receipt of the written withdrawal of the waiver, the authority shall cease to share application, license, or other regulatory or financial information with the financial institution.

(e) This section shall be construed to refer only to the disclosure of information by the authority reasonably necessary to facilitate the provision of financial services for the cannabis business making a request pursuant to this section. Nothing in this section shall be construed to authorize the disclosure of confidential or privileged information, nor waive a cannabis business's rights to assert confidentiality or privilege, except to a financial institution as provided herein and except as reasonably necessary to facilitate the provision of financial services for the cannabis business making the request.
(f) For the purpose of this section:

"Application, license, and other regulatory and financial information" includes, but is not limited to, information in the tracking system established pursuant to section A-58.

"Financial institution" has the same meaning as in section 412:1-109.

§A-93 Hawaii-grown labeling. In addition to all other labeling requirements, the identity statement used for labeling or advertising cannabis or hemp shall identify the percentage of Hawaii-grown cannabis or hemp; provided that any hemp product containing hemp not grown or processed in Hawaii shall identify the origin and percentage of the hemp from outside Hawaii in the hemp product; provided further that if the hemp product contains hemp from multiple origins, the hemp product shall identify the percentage of hemp origin as "United States" or "Foreign" if the hemp product includes hemp from a source outside of the United States.

§A-94 Data collection and research. (a) The authority shall collect data and develop a research agenda in order to understand the social and economic trends of cannabis in the State, to inform future decisions that would aid in the closure of the illicit marketplace, and to inform the authority on the
public health impacts of cannabis. The research agenda shall include:

(1) Patterns of use, methods of consumption, sources of purchase and general perceptions of cannabis among minors, among college and university students and among adults;

(2) Incidents of driving under the influence, hospitalization, and use of other health care services related to cannabis use;

(3) Economic and fiscal impacts for the State, including the impact of legalization on the production and distribution of cannabis in the illicit market and the costs and benefits to state revenue;

(4) Ownership and employment trends in the cannabis industry;

(5) A market analysis examining the expansion or contraction of the illicit marketplace and the expansion or contraction of the legal marketplace, including estimates and comparisons of pricing and product availability in both markets;

(6) A compilation of data on the number of incidents of discipline in schools, including suspensions or
expulsions, resulting from the use or possession of cannabis; and

(7) A compilation of data on the number of civil penalties, arrests, prosecutions, incarcerations, and sanctions imposed for violations of chapter A for possession, distribution, or trafficking of cannabis.

(b) The authority shall incorporate available data into its research agenda, including baseline studies, and coordinate and form partnerships with the department of health, the department of education, the department of agriculture, the department of the attorney general, the department of law enforcement, and the police department of each county. The departments listed in this subsection shall:

(1) Provide the authority with any existing data requested by the authority, subject to any applicable confidentiality laws and regulations regarding personally identifying information and personal health information; and

(2) Collect data, as reasonably requested by the authority, to complete the authority's research agenda.
(c) Any personally identifiable information or personal health information contained in data acquired through this section shall not be considered a public record and shall not be subject to disclosure.

(d) The authority shall annually report on the results of its research agenda and, when appropriate, make recommendations for further research or policy changes. The annual reports shall be posted online in a machine-readable format on the authority's website.

PART III

SECTION 3. The purpose of this part is to impose a tax on the retail sale of cannabis for personal adult use.

SECTION 4. The Hawaii Revised Statutes is amended by adding to title 14 a new chapter to be appropriately designated and to read as follows:

"CHAPTER B

HAWAII CANNABIS TAX LAW

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

"Cannabis" has the same meaning as in section A-3.

"Cannabis retailer" means a person who engages in the retail sale of cannabis pursuant to a license or permit issued
under chapter A. For the purposes of this chapter, "cannabis retailer" includes a retail cannabis store, a craft cannabis dispensary, and any permit holder who engages in the retail sale of cannabis pursuant to a permit issued under chapter A and does not include a medical cannabis dispensary.

"Craft cannabis dispensary" has the same meaning as in section A-3.

"Department" means the department of taxation.

"Director" means the director of taxation.

"Medical cannabis" has the same meaning as in section A-3.

"Medical cannabis dispensary" has the same meaning as in section A-3.

"Person" includes one or more individuals, a company, a corporation, a partnership, an association, or any other type of legal entity, and also includes an officer or employee of a corporation, a partner or employee of a partnership, a trustee of a trust, a fiduciary of an estate, or a member, employee, or principal of any other entity, who as such officer, employee, partner, trustee, fiduciary, member, or principal is under a duty to perform and is principally responsible for performing the act.
"Retail cannabis store" has the same meaning as in section A-3.

"Retail sale" has the same meaning as "Retailing" or "sales at retail" in section 237-1.

§B-2 Cannabis tax permit. (a) No person shall engage in the retail sale of cannabis unless a permit has been issued to the person as hereinafter prescribed, and the permit is in full force and effect.

(b) Beginning January 1, 2025, every person engaged in sales at retail of cannabis shall obtain a cannabis tax permit prior to engaging in such sales.

(c) The cannabis tax permit shall be issued by the department upon application and compliance with all requirements of the permit by the applicant. The cannabis tax permit shall be issued in the form and manner prescribed by the department and following the payment of an application fee of $25.

(d) No cannabis tax permit shall be issued to a cannabis retailer that is not compliant with the tax filing and payment obligations under title 14.

(e) Cannabis tax permits shall be valid for no more than one year and expire on December 31 of the permit application year. Cannabis tax permits may be renewed annually upon
application by a cannabis retailer in the form and manner prescribed by the department and the payment of a renewal fee of $25. Whenever a cannabis tax permit is defaced, destroyed, or lost, or the permittee relocates the permittee's business, the department may issue a duplicate cannabis tax permit to the permittee for a fee of $5 per copy.

(g) A separate cannabis tax permit shall be obtained for each place of business owned, controlled, or operated by a cannabis retailer. A cannabis retailer who owns or controls more than one place of business may submit a single application for more than one cannabis tax permit; provided that the application fee of $25 shall be required for each permit. Each cannabis tax permit issued shall clearly describe the place of business where the operation of the cannabis retailer is conducted.

(h) A cannabis tax permit shall be non-assignable and non-transferable. A cannabis tax permit may be transferred from one business location to another business location after an application has been filed with the department requesting that transfer, the applicant has paid a transfer fee of $25, and approval has been obtained from the department.
(i) Any cannabis tax permit issued under this chapter shall be displayed at all times in a conspicuous place at each of the licensed premises of the cannabis retailer.

§B-3 Tax.  (a) Upon every person engaging or continuing in the retail sale of cannabis there is hereby levied and shall be assessed and collected a tax pursuant to section 237-13(9). Where the tax imposed has been paid on cannabis that thereafter becomes the subject of a casualty loss deduction allowable under chapter 235, the tax paid shall be refunded or credited to the account of the permittee.

(b) The taxes imposed under subsection (a) shall not apply to sales of medical cannabis by a cannabis retailer.

§B-4 Return; forms; contents.  Every person engaging or continuing in the retail sale of cannabis shall, on or before the twentieth day of each month, file with the department in the taxation district in which the person's places of business are located, or with the department in Honolulu, a return showing all sales of cannabis and of the taxes chargeable against the person engaging or continuing in the retail sale of cannabis under section B-3 made by the person during the preceding month, showing separately the amount of the nontaxable sales, the amount of the taxable sales, and the tax payable thereon. The
form of return shall be prescribed by the department and shall contain such information as it may deem necessary for the proper administration of this chapter.

§B-5 Payment of tax; penalties. (a) At the time of the filing of the return required under section B-4 and within the time prescribed therefor, each person engaging or continuing in the retail sale of cannabis shall pay to the department the tax imposed by this chapter, required to be shown by the return.

(b) Penalties and interest shall be added to and become a part of the tax, when and as provided by section 231-39.

§B-6 Limitation period for assessment levy, collection, or credit; net operating loss carrybacks. (a) General rule. The amount of taxes imposed by this chapter shall be assessed or levied and the overpayment, if any, shall be credited within three years after filing of the return for the taxable period, or within three years of the due date prescribed for the filing of the return, whichever is later. No proceeding in court without assessment for the collection of the taxes or the enforcement of the liability shall be begun after the expiration of the period. Where the assessment of the tax imposed by this chapter has been made within the period of limitation applicable thereto, the tax may be collected by levy or by a proceeding in
court under chapter 231; provided that the levy is made, or the proceeding was begun within fifteen years after the assessment of the tax.

Notwithstanding any other provision to the contrary in this section, the limitation on collection after assessment in this section shall be suspended for the period:

(1) The taxpayer agrees to suspend the period;

(2) The assets of the taxpayer are in control or custody of a court in any proceeding before any court of the United States or any state, and for six months thereafter;

(3) An offer in compromise under section 231-3(10) is pending; and

(4) During which the taxpayer is outside the State for a continuous period of at least six months; provided that if at the time of the taxpayer's return to the State the period of limitations on collection after assessment would expire before the expiration of six months from the date of the taxpayer's return, the period shall not expire before the expiration of the six months.
(b) Limitations on credit or refund. Claim for credit or refund of an overpayment of any tax imposed by this chapter shall be filed by the taxpayer or employer within three years from the time the return was filed or from the due date prescribed for the filing of the return, or within two years from the time the tax was paid, whichever is later. For the purposes of this section, taxes paid before the due date of the return shall be deemed to have been paid on the due date of the return determined without regard to any extensions.

(1) If the claim was filed by the taxpayer during the three-year period prescribed in this subsection, the amount of the credit or refund shall not exceed the portion of the tax paid within the period, immediately preceding the filing of the claim, equal to three years plus the period of any extension of time for filing the return.

(2) If the claim was not filed within the three-year period, the amount of the credit or refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim.

(3) If no claim was filed, the credit or refund shall not exceed the amount which would be allowable under
paragraph (1) or (2), as the case may be, if the claim was filed on the date the credit or refund is allowed.

(c) Exceptions; fraudulent return or no return. In the case of a false or fraudulent return with intent to evade tax or liability, or of a failure to file return, the tax or liability may be assessed or levied at any time; provided that the burden of proof with respect to the issues of falsity or fraud and intent to evade tax shall be upon the State.

(d) Extension by agreement. Where, before the expiration of the time prescribed in subsection (a) for the assessment, levy, and collection of the tax or liability, or in subsection (b) for the credit or refund of an overpayment, both the department and the taxpayer have consented in writing to its assessment or levy after that date, the tax or liability may be assessed or levied or the overpayment, if any, may be credited at any time prior to the expiration of the period previously agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(e) Overpayment of carrybacks. If an overpayment results from a net operating loss carryback, the statute of limitations in subsections (a) and (b) shall not apply. The overpayment
shall be credited within three years of the due date prescribed for filing the return (including extensions thereof) for the taxable year of the net operating loss, or the period agreed to under subsection (d) with respect to the taxable year, whichever expires later.

§B-7 Disposition of revenues. The tax collected pursuant to this chapter shall be distributed as provided in section 237-13(9).

§B-8 Records to be kept. (a) Every person engaging or continuing in the retail sale of cannabis shall keep records of all sales of cannabis, in a form prescribed by the department. All such records shall be offered for inspection and examination at any time upon demand by the department or the Hawaii cannabis authority and shall be preserved for a period of five years; provided that the department may in writing consent to their destruction within such period or may adopt rules that require that they be kept longer.

The department may by rule require the person engaging or continuing in the retail sale of cannabis to keep such other records as it may deem necessary for the proper enforcement of this chapter.
(b) If any person engaging or continuing in the retail sale of cannabis fails to keep records from which a proper determination of the tax due under this chapter may be made, the department may fix the amount of tax for any period from the best information obtainable by it, and assess the tax as hereinbefore provided.

(c) Every person engaging or continuing in the retail sale of cannabis shall keep a complete and accurate record of that person's cannabis inventory. The records shall:

(1) Include:

(A) A written statement containing the name and address of the source of cannabis;

(B) The date of delivery, quantity, weight, and price of the cannabis; and

(C) Documentation in the form of any purchase orders, invoices, bills of lading, other written statements, books, papers, or records in whatever format, including electronic format, which substantiate the purchase or acquisition of the cannabis stored or offered for sale; and

(2) Be offered for inspection and examination within twenty-four hours of demand by the department or the
Hawaii cannabis authority and shall be preserved for a period of five years; provided that the department may in writing consent to their destruction within such period or may adopt rules that require that they be kept longer.

§B-9 Inspection. (a) A person engaging or continuing in the retail sale of cannabis shall be subject to the inspection and investigation provisions in chapters 231 and 237 and shall provide the department with any information deemed necessary to verify compliance with the requirements of this chapter.

(b) The department and the Hawaii cannabis authority may examine all records required to be kept under this chapter, and books, papers, and records of any person engaging or continuing in the retail sale of cannabis to verify the accuracy of the payment of the tax imposed by this chapter and other compliance with this chapter and rules adopted pursuant thereto. Every person in possession of such books, papers, and records and the person's agents and employees shall give the department and the Hawaii cannabis authority the means, facilities, and opportunities for such examination.

(c) Returns, return information, or reports under this chapter and relating only to this chapter may be provided to the
Hawaii cannabis authority by the department for the purpose of enforcing or ensuring compliance with chapter A.

Notwithstanding the foregoing, the inspection, review, or production of any and all federal tax return and return information shall only be provided as permitted in accordance with applicable federal law.

§B-10 Tax in addition to other taxes. The tax imposed by this chapter, unless expressly prohibited, shall be in addition to any other tax imposed upon the business of selling cannabis or upon any of the transactions, acts, or activities taxed by law.

§B-11 Suspensions, revocations, and renewal denials. (a) In addition to any other acts or conditions provided by law, the department may suspend, revoke, condition, or decline to issue or renew any cannabis tax permit required under this chapter whenever the department finds that the person engaging or continuing in the retail sale of cannabis has failed to comply with this chapter or any rule adopted under this chapter, or for any other good cause. Good cause includes instances where a person engaging or continuing in the retail sale of cannabis has:
(1) Failed to comply with the provisions of title 14, or any rule or order of the director of taxation;

(2) Submitted a false or fraudulent application or provided a false statement in an application;

(3) Possessed or displayed a false or fraudulent cannabis tax permit;

(4) Failed to comply with, violated, or been convicted of violating any county or state law directly pertaining to the sale of cannabis;

(5) Been fined under this chapter or had a cannabis tax permit revoked, suspended, or declined to be issued or renewed within two years of the permit application;

(6) Sold cannabis without a permit within two years of the permit application;

(7) Failed to maintain complete and accurate records when and if required to be kept; or

(8) Had a license or permit issued under chapter A revoked, suspended, or declined to be renewed within two years of the permit application.

(b) Upon suspending or revoking any cannabis tax permit, the department may request that the person engaging or continuing in the retail sale of cannabis immediately surrender
any cannabis tax permit or duplicate issued to or printed by the person engaging or continuing in the retail sale of cannabis, and the person engaging or continuing in the retail sale of cannabis shall surrender the permit and the duplicate, if applicable, promptly to the department as requested.

(c) Whenever the department suspends, revokes, or declines to issue or renew a cannabis tax permit, the department shall notify the person engaging or continuing in the retail sale of cannabis immediately and afford a hearing, if requested; provided that a hearing has not already been afforded. The department shall provide no less than thirty-day notice to the person engaging or continuing in the retail sale of cannabis of a hearing afforded under this subsection. After the hearing, the department shall:

(1) Rescind its order of suspension;
(2) Continue the suspension;
(3) Revoke the cannabis tax permit;
(4) Rescind its order of revocation;
(5) Decline to issue or renew the cannabis tax permit;
(6) Issue or renew the cannabis tax permit; or
(7) Take other appropriate action.
(d) No cannabis tax permit shall be suspended by the department for a period exceeding five years. A person whose permit has been suspended may apply for reinstatement of the permit to the extent authorized by law and upon complete compliance with any term or condition imposed by the order of suspension. The application for reinstatement shall be accompanied by all applicable fees, including reinstatement fees.

(e) Upon the final order or decision to revoke, suspend, or decline to renew a cannabis tax permit, the department shall notify the Hawaii cannabis authority of the name and address of every cannabis retailer whose permit has been revoked, suspended, or declined to be renewed. Any license or permit issued under chapter A to the cannabis retailer whose cannabis tax permit has been revoked or declined to be renewed shall be deemed forfeited. Any license or permit issued under chapter A to the cannabis retailer whose cannabis tax permit has been suspended shall be suspended until the suspension on the cannabis tax permit is lifted.

(f) A cannabis retailer may apply for a new permit after the time designated in an order of revocation has passed, or if the order does not specify a time period, after five years from
the effective date of the revocation of the permit, by filing an application and upon complete compliance with any term or condition imposed by the order of revocation. The application for reinstatement shall be accompanied by all applicable fees.  

(g) In every case in which the department refuses to issue, renew, or reinstate a permit, the proceeding before the department shall be conducted in accordance with section 231-7.  

(h) Any person aggrieved by a final decision or order of the director in a "contested case", as defined in chapter 91, relating to this section, is entitled to judicial review thereof by the circuit court of the circuit in which the person has its principal place of business. The judicial review of contested cases shall be as provided by chapter 91.  

(i) The department shall notify the Hawaii cannabis authority of the name and address of every cannabis retailer who has failed to file any return required, to pay any tax prescribed, to secure a permit, or to perform any duty or act imposed under this chapter, and the Hawaii cannabis authority shall thereupon suspend any license or permit issued under chapter A until the time as the cannabis retailer complies with this chapter and chapter A.
§B-12 Appeals. Any person aggrieved by any assessment of the tax imposed by this chapter may appeal from the assessment in the manner and within the time and in all other respects as provided in the case of income tax appeals by section 235-114. The hearing and disposition of the appeal, including the distribution of costs, shall be as provided in chapter 232.

§B-13 Other provisions applicable. All of the provisions of chapters 231, 235, and 237 not inconsistent with this chapter and which may appropriately be applied to the taxes, persons, circumstances, and situations involved in this chapter, including (without prejudice to the generality of the foregoing) provisions as to penalties and interest, and provisions granting administrative powers to the director, and provisions for the assessment, levy, and collection of taxes, shall be applicable to the taxes imposed by this chapter, and to the assessment, levy, and collection thereof.

§B-14 Audits, investigations, hearings, and subpoenas. The director, and any agent authorized by the director, shall have the authority to conduct any inquiry, civil audit, criminal investigation, investigation, or hearing relating to any assessment, the amount of any tax, or the collection of any delinquent tax, including any audit or investigation into the
The administration of this chapter is vested in the director who may adopt and enforce rules for the enforcement and administration of this chapter.

The director shall adopt rules pursuant to chapter 91.

§B-16 Penalties. (a) The penalties provided by this chapter shall apply to any person, whether acting as principal, agent, officer, or director, for oneself, itself, or for another person and shall apply to each single violation.

(b) In addition to the penalties imposed under title 14, including this chapter, and under chapter A, any person or cannabis retailer who sells cannabis without a permit as required by this chapter shall be fined no more than $1,000 per violation. Each day a violation continues shall constitute a separate violation."

PART IV

SECTION 5. The purpose of this part is to:
(1) Prohibit consuming or possessing an open container of marijuana or marijuana concentrate while operating a vehicle; and

(2) Prohibit operating a vehicle under the influence of marijuana or marijuana concentrate.

SECTION 6. Chapter 291, Hawaii Revised Statutes, is amended by adding to part I three new sections to be appropriately designated and to read as follows:

"§291- Consuming or possessing marijuana or marijuana concentrate while operating motor vehicle or moped. (a) No person shall consume, including through secondhand or passive smoking, any marijuana or marijuana concentrate while operating a motor vehicle or moped upon any public street, road, or highway.

(b) No person shall possess within any passenger area of a motor vehicle or a moped, while operating the motor vehicle or the moped upon any public street, road, or highway, any bottle, can, package, wrapper, smoking device, cartridge, or other receptacle containing any marijuana or marijuana concentrate that has been opened, or a seal broken, or the contents of which have been partially removed, or loose marijuana or marijuana concentrate not in a container."
(c) Any person violating this section shall be guilty of a
petty misdemeanor and shall be fined not more than $2,000 or
imprisoned not more than thirty days, or both.

§291— Consuming or possessing marijuana or marijuana
concentrate while a passenger in a motor vehicle. (a) No
person shall consume any marijuana or marijuana concentrate
while a passenger in any motor vehicle or on any moped upon any
public street, road, or highway.

(b) No person shall possess within any passenger area of a
motor vehicle or moped, while a passenger in the motor vehicle
or on the moped upon any public street, road, or highway, any
bottle, can, package, wrapper, smoking device, cartridge, or
other receptacle containing any marijuana or marijuana
concentrate that has been opened, or a seal broken, or the
contents of which have been partially removed, or loose
marijuana or marijuana concentrate not in a container.

(c) Any person violating this section shall be guilty of a
petty misdemeanor and shall be fined not more than $2,000 or
imprisoned not more than thirty days, or both.

§291— Marijuana or marijuana concentrate; prima facie
evidence. Any bottle, can, package, wrapper, smoking device,
cartridge, or other receptacle that displays or is imprinted
with a label indicating that the contents contain marijuana or
marijuana concentrate shall be prima facie evidence that the
contents of the bottle, can, package, wrapper, smoking device,
cartridge, or other receptacle contains marijuana or marijuana
concentrate."

SECTION 7. Section 291-1, Hawaii Revised Statutes, is
amended by adding two new definitions to be appropriately
inserted and to read as follows:

"Marijuana" has the same meaning as in section 712-1240.
"Marijuana concentrate" has the same meaning as in section
712-1240."

SECTION 8. Chapter 291E, Hawaii Revised Statutes, is
amended by adding to part IV a new section to be appropriately
designated and to read as follows:

"§291E-A  Refusal to submit to testing for measurable
amount of THC; district court hearing; sanctions; appeals;
admissibility.  (a) If a person under arrest for operating a
vehicle after consuming a measurable amount of THC or, if the
person is a medical cannabis patient, THC at a concentration of
five or more nanograms per milliliter of blood, pursuant to
section 291E-B, refuses to submit to a blood test, none shall be
given, except as provided in section 291E-21, but the arresting
law enforcement officer, as soon as practicable, shall submit an affidavit to a district judge of the circuit in which the arrest was made, stating:

(1) That at the time of the arrest, the arresting officer had probable cause to believe the arrested person was under the age of twenty-one and had been operating a vehicle upon a public way, street, road, or highway or on or in the waters of the State with a measurable amount of THC or, if the person is a medical cannabis patient, THC at a concentration of five or more nanograms per milliliter of blood;

(2) That the arrested person was informed that the person may refuse to submit to a blood test, in compliance with section 291E-11;

(3) That the person had refused to submit to a blood test;

(4) That the arrested person was:

   (A) Informed of the sanctions of this section; and

   then

   (B) Asked if the person still refuses to submit to a blood test, in compliance with the requirements of section 291E-15; and
(5) That the arrested person continued to refuse to submit to a blood test.

(b) Upon receipt of the affidavit, the district judge shall hold a hearing within twenty days. The district judge shall hear and determine:

(1) Whether the arresting law enforcement officer had probable cause to believe that the person was under the age of twenty-one and had been operating a vehicle upon a public way, street, road, or highway or on or in the waters of the State with a measurable amount of THC or, if the person is the medical cannabis patient, THC at a concentration of five or more nanograms per milliliter of blood;

(2) Whether the person was lawfully arrested;

(3) Whether the person was informed that the person may refuse to submit to a blood test, in compliance with section 291E-11;

(4) Whether the person refused to submit to a test of the person's blood;

(5) Whether the person was:

   (A) Informed of the sanctions of this section; and

   then
(B) Asked if the person still refuses to submit to a blood test, in compliance with the requirements of section 291E-15; and

(6) Whether the person continued to refuse to submit to a blood test.

(c) If the district judge finds the statements contained in the affidavit are true, the judge shall suspend the arrested person's license and privilege to operate a vehicle as follows:

(1) For a first suspension, or any suspension not preceded within a five-year period by a suspension under this section, for a period of twelve months; and

(2) For any subsequent suspension under this section, for a period not less than two years and not more than five years.

(d) An order of a district court issued under this section may be appealed to the supreme court."

SECTION 9. Chapter 291E, Hawaii Revised Statutes, is amended by adding to part IV a new section to be appropriately designated and to read as follows:

"§291E-B Operating a vehicle after consuming a measurable amount of THC; persons under the age of twenty-one; exception.

(a) It shall be unlawful for any person under the age of
twenty-one years to operate any vehicle with a measurable amount of THC; provided that if the person under the age of twenty-one years is a medical cannabis patient as defined in section A-2, it shall be unlawful to operate any vehicle with THC at a concentration of five or more nanograms per milliliter of blood. A law enforcement officer may arrest a person under this section when the officer has probable cause to believe the arrested person is under the age of twenty-one and had been operating a vehicle upon a public way, street, road, or highway or on or in the waters of the State with a measurable amount of THC or with THC at a concentration of five or more nanograms per milliliter of blood for a medical cannabis patient who provides a valid proof that the person is a medical cannabis patient. The valid proof shall include a current and valid medical cannabis registration card issued by the Hawaii cannabis authority under section A-34 or A-35.

(b) A person who violates this section shall be sentenced as follows:

(1) For a first violation or any violation not preceded within a five-year period by a prior drug enforcement contact:

(A) The court shall impose:
(i) A requirement that the person and, if the person is under the age of eighteen, the person's parent or guardian, attend a substance abuse education and counseling program for not more than ten hours; and

(ii) A one hundred eighty-day prompt suspension of license and privilege to operate a vehicle with absolute prohibition from operating a vehicle during the suspension period; provided that in the case of a person eighteen years of age or older the court may impose, in lieu of the one hundred eighty-day prompt suspension of license, a minimum thirty-day prompt suspension of license with absolute prohibition from operating a vehicle and, for the remainder of the one hundred eighty-day period, a restriction on the license that allows the person to drive for limited work-related purposes and to participate in substance abuse education and treatment programs; and
(B) In addition, the court may impose any one or more of the following:

(i) Not more than thirty-six hours of community service work; or

(ii) A fine of not less than $150 but not more than $500;

(2) For a violation that occurs within five years of a prior drug enforcement contact:

(A) The court shall impose prompt suspension of license and privilege to operate a vehicle for a period of one year with absolute prohibition from operating a vehicle during the suspension period;

and

(B) In addition, the court may impose any of the following:

(i) Not more than fifty hours of community service work; or

(ii) A fine of not less than $300 but not more than $1,000; and

(3) For a violation that occurs within five years of two or more prior drug enforcement contacts:
(A) The court shall impose revocation of license and privilege to operate a vehicle for a period of two years; and

(B) In addition, the court may impose any of the following:

(i) Not more than one hundred hours of community service work; or

(ii) A fine of not less than $300 but not more than $1,000.

(c) Notwithstanding any other law to the contrary, any conviction or plea under this section shall be considered a prior drug enforcement contact.

(d) Whenever a court sentences a person pursuant to subsection (b)(2) or (3), it also shall require that the person be referred to the driver's education program for an assessment, by a certified substance abuse counselor, of the person's substance abuse or dependence and the need for appropriate treatment. The counselor shall submit a report with recommendations to the court. The court shall require the person to obtain appropriate treatment if the counselor's assessment establishes the person's substance abuse or dependence. All costs for assessment and treatment shall be
borne by the person or by the person's parent or guardian, if
the person is under the age of eighteen.

(e) Notwithstanding section 831-3.2 or any other law to
the contrary, a person convicted of a first-time violation under
subsection (b)(1), who had no prior drug enforcement contacts,
may apply to the court for an expungement order upon attaining
the age of twenty-one, or thereafter, if the person has
fulfilled the terms of the sentence imposed by the court and has
had no subsequent alcohol or drug related enforcement contacts.

(f) Notwithstanding any other law to the contrary,
whenever a court revokes a person's driver's license pursuant to
this section, the examiner of drivers shall not grant to the
person an application for a new driver's license for a period to
be determined by the court.

(g) Any person sentenced under this section may be ordered
to reimburse the county for the cost of any blood tests
conducted pursuant to section 291E-11. The court shall order
the person to make restitution in a lump sum, or in a series of
prorated installments, to the police department or other agency
incurring the expense of the blood test.
(h) The requirement to provide proof of financial responsibility pursuant to section 287-20 shall not be based upon a sentence imposed under subsection (b)(1).

(i) Any person who violates this section shall be guilty of a violation.

(j) As used in this section, the terms "driver's license" and "examiner of drivers" have the same meanings as provided in section 286-2."

SECTION 10. Section 291E-1, Hawaii Revised Statutes, is amended by adding five new definitions to be appropriately inserted and to read:

"Marijuana" has the same meaning as in section 712-1240.

"Marijuana concentrate" has the same meaning as in section 712-1240."

"Medical cannabis patient" has the same meaning as in section A-3.

"Medical cannabis registration card" has the same meaning as in section A-3.

"Tetrahydrocannabinol" or "THC" means the cannabinoids that function as the primary psychoactive component of marijuana or marijuana concentrate."
SECTION 11. Section 291E-3, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In any criminal prosecution for a violation of section 291E-61 or 291E-61.5 or in any proceeding under part III:

(1) .08 or more grams of alcohol per one hundred milliliters or cubic centimeters of the person's blood;

(2) .08 or more grams of alcohol per two hundred ten liters of the person's breath; [\(\text{or}\)]

(3) THC at a concentration of five or more nanograms per milliliter of blood; or

[\(\text{or}\)] (4) The presence of one or more drugs in an amount sufficient to impair the person's ability to operate a vehicle in a careful and prudent manner, within three hours after the time of the alleged violation as shown by chemical analysis or other approved analytical techniques of the person's blood, breath, or urine shall be competent evidence that the person was under the influence of an intoxicant at the time of the alleged violation."

SECTION 12. Section 291E-11, Hawaii Revised Statutes, is amended by amending subsections (d) and (e) to read as follows:
"(d) If there is probable cause to believe that a person is in violation of section 291E-61 or 291E-61.5, as a result of having consumed any drug[τ] except for THC, then the person shall elect to take a blood or urine test, or both, for the purpose of determining the drug content. Drug content shall be measured by the presence of any drug or its metabolic products, or both. If there is probable cause to believe that a person is in violation of section 291E-B, as a result of being under the age of twenty-one and having consumed a measurable amount of THC or, if the person is a medical cannabis patient, having consumed THC at a concentration of five or more nanograms per milliliter of blood, or section 291E-61 or 291E-61.5, as a result of having consumed THC at a concentration of five or more nanograms per milliliter of blood, then the person shall take a blood test, and may also elect to take a urine test in addition to the blood test.

(e) A person who chooses to submit to a breath test under subsection (c) also may be requested to submit to a blood or urine test, if the law enforcement officer has probable cause to believe that the person was operating a vehicle while under the influence of any drug under section 291E-61 or 291E-61.5 and the officer has probable cause to believe that a blood or urine test
will reveal evidence of the person being under the influence of any drug. The law enforcement officer shall state in the officer's report the facts upon which that belief is based. The person shall elect to take a blood or urine test, or both, for the purpose of determining the person's drug content, unless the drug being tested for is THC in which case the person shall take a blood test and may also elect to take a urine test in addition to the blood test. Results of a blood or urine test conducted to determine drug content also shall be admissible for the purpose of determining the person's alcohol concentration. Submission to testing for drugs under subsection (d) or this subsection shall not be a substitute for alcohol tests requested under subsection (c)."

SECTION 13. Section 291E-21, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) If a health care provider who is providing medical care, in a health care facility, to any person involved in a vehicle collision:

(1) Becomes aware, as a result of any blood or urine test performed in the course of medical treatment, that:
(A) The alcohol concentration in the person's blood meets or exceeds the amount specified in section 291E-61(a)(4) or 291E-61.5(a)(2)(D); [or]

(B) The THC concentration in the person's blood meets or exceeds the amount specified in section 291E-61(a)(5) or 291E-61.5(a)(2)(E); or

[C] The person's blood or urine contains one or more drugs that are capable of impairing a person's ability to operate a vehicle in a careful and prudent manner; and

(2) Has a reasonable belief that the person was the operator of a vehicle involved in the collision, the health care provider shall notify, as soon as reasonably possible, any law enforcement officer present at the health care facility to investigate the collision. If no law enforcement officer is present, the health care provider shall notify the county police department in the county where the collision occurred. If the health care provider is aware of any blood or urine test result, as provided in paragraph (1), but lacks information to form a reasonable belief as to the identity of the operator involved in a vehicle collision, as provided in paragraph (2), then the health care provider shall give notice
to a law enforcement officer present or to the county police department, as applicable, for each person involved in a vehicle collision whose alcohol concentration in the person's blood meets or exceeds the amount specified in section 291E-61(a)(4) or 291E-61.5(a)(2)(D), whose THC concentration in the person's blood meets or exceeds the amount specified in section 291E-61(a)(5) or 291E-61.5(a)(2)(E), or whose blood or urine contains one or more drugs. The notice by the health care provider shall consist of the name of the person being treated, the blood alcohol concentration, THC concentration in the person's blood, or drug content disclosed by the test, and the date and time of the administration of the test. This notice shall be deemed to satisfy the intoxication element necessary to establish the probable cause requirement set forth in subsection (c)."

SECTION 14. Section 291E-33, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Whenever a person is arrested for a violation of section 291E-61 or 291E-61.5 on a determination by the arresting law enforcement officer that:

(1) There was reasonable suspicion to stop the vehicle or the vehicle was stopped at an intoxicant control
roadblock established and operated in compliance with sections 291E-19 and 291E-20; and

(2) There was probable cause to believe that the person was operating the vehicle while under the influence of an intoxicant;

the law enforcement officer shall take possession of any license held by the person and request the person to take a test for alcohol concentration, in the case of an alcohol related offense, or a test for drug content in the blood or urine, in the case of a drug related offense. The law enforcement officer shall inform the person that, in the case of an alcohol related offense, the person shall elect to take a breath test, a blood test, or both, pursuant to section 291E-11, but that the person may refuse to submit to testing under this chapter. In the case of a drug related offense, the person shall elect to take a blood test, a urine test, or both, unless the drug being tested for is THC in which case the person shall take a blood test and may also elect to take a urine test in addition to the blood test pursuant to section 291E-11, after being informed that the person may refuse to submit to testing under this chapter."

SECTION 15. Section 291E-35, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:
"(b) In cases involving a drug related offense, if a test conducted in accordance with part II and section 321-161 and the rules adopted thereunder shows that a respondent had a THC concentration of less than five nanograms per milliliter of blood, or fails to show the presence, in the respondent's blood or urine, of any drug that is capable of impairing the respondent's ability to operate a vehicle in a careful and prudent manner, the director or the arresting law enforcement agency immediately shall return the respondent's license along with a certified statement that administrative revocation proceedings have been terminated with prejudice."

SECTION 16. Section 291E-36, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Whenever a respondent has been arrested for a violation of section 291E-61 or 291E-61.5 and submits to a test that establishes: the respondent's alcohol concentration was .08 or more; the respondent's THC concentration was five or more nanograms per milliliter of blood; the presence, in the respondent's blood or urine, of any drug that is capable of impairing the respondent's ability to operate a vehicle in a careful and prudent manner; or whenever a respondent has been involved in a collision resulting in injury or death and a blood
or urine test performed pursuant to section 291E-21 establishes
that the respondent's alcohol concentration was .08 or more, the
respondent's THC concentration was five or more nanograms per
milliliter of blood, or establishes the presence in the
respondent's blood or urine of any drug that is capable of
impairing the respondent's ability to operate a vehicle in a
careful and prudent manner, the following shall be forwarded
immediately to the director:

(1) A copy of the arrest report or the report of the law
enforcement officer who issued the notice of
administrative revocation to the person involved in a
collision resulting in injury or death and the sworn
statement of the arresting law enforcement officer or
the officer who issued the notice of administrative
revocation, stating facts that establish that:

(A) There was reasonable suspicion to stop the
vehicle, the vehicle was stopped at an intoxicant
control roadblock established and operated in
compliance with sections 291E-19 and 291E-20, or
the respondent was tested pursuant to section
291E-21;
(B) There was probable cause to believe that the respondent had been operating the vehicle while under the influence of an intoxicant; and

(C) The respondent agreed to be tested or the person was tested pursuant to section 291E-21;

(2) In a case involving an alcohol related offense, the sworn statement of the person responsible for maintenance of the testing equipment, stating facts that establish that, pursuant to section 321-161 and rules adopted thereunder:

(A) The equipment used to conduct the test was approved for use as an alcohol testing device in this State;

(B) The person had been trained and at the time the test was conducted was certified and capable of maintaining the testing equipment; and

(C) The testing equipment used had been properly maintained and was in good working condition when the test was conducted;

(3) In a case involving an alcohol related offense, the sworn statement of the person who conducted the test,
stating facts that establish that, pursuant to section 321-161 and rules adopted thereunder:

(A) The person was trained and at the time the test was conducted was certified and capable of operating the testing equipment;

(B) The person followed the procedures established for conducting the test;

(C) The equipment used to conduct the test functioned in accordance with operating procedures and indicated that the respondent's alcohol concentration was at, or above, the prohibited level; and

(D) The person whose breath or blood was tested is the respondent;

(4) In a case involving a drug related offense, including THC, the sworn statement of the person responsible for maintenance of the testing equipment, stating facts that establish that, pursuant to section 321-161 and rules adopted thereunder:

(A) The equipment used to conduct the test was approved for use in drug testing;
(B) The person conducting the test had been trained and, at the time of the test, was certified and capable of maintaining the testing equipment; and

(C) The testing equipment used had been properly maintained and was in good working condition when the test was conducted;

(5) In a case involving a drug related offense, including THC, the sworn statement of the person who conducted the test, stating facts that establish that, pursuant to section 321-161 and rules adopted thereunder:

(A) At the time the test was conducted, the person was trained and capable of operating the testing equipment;

(B) The person followed the procedures established for conducting the test;

(C) The equipment used to conduct the test functioned in accordance with operating procedures and indicated the presence of one or more drugs or their metabolites in the respondent's blood or urine; and

(D) The person whose blood or urine was tested is the respondent;
(6) A copy of the notice of administrative revocation issued by the law enforcement officer to the respondent;

(7) Any license taken into possession by the law enforcement officer; and

(8) A listing of any prior alcohol or drug enforcement contacts involving the respondent."

SECTION 17. Section 291E-61, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) A person commits the offense of operating a vehicle under the influence of an intoxicant if the person operates or assumes actual physical control of a vehicle:

(1) While under the influence of alcohol in an amount sufficient to impair the person's normal mental faculties or ability to care for the person and guard against casualty;

(2) While under the influence of any drug that impairs the person's ability to operate the vehicle in a careful and prudent manner;

(3) With .08 or more grams of alcohol per two hundred ten liters of breath; [or]
(4) With .08 or more grams of alcohol per one hundred milliliters or cubic centimeters of blood; or

(5) With THC at a concentration of five or more nanograms per milliliter of blood."

SECTION 18. Section 291E-61.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) A person commits the offense of habitually operating a vehicle under the influence of an intoxicant if:

(1) The person is a habitual operator of a vehicle while under the influence of an intoxicant; and

(2) The person operates or assumes actual physical control of a vehicle:

(A) While under the influence of alcohol in an amount sufficient to impair the person's normal mental faculties or ability to care for the person and guard against casualty;

(B) While under the influence of any drug that impairs the person's ability to operate the vehicle in a careful and prudent manner;

(C) With .08 or more grams of alcohol per two hundred ten liters of breath; [ṣ]
(D) With .08 or more grams of alcohol per one hundred
milliliters or cubic centimeters of blood; or

(E) With THC at a concentration of five or more
nanograms per milliliter of blood.

PART V

SECTION 19. Section 26-35.5, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:

"(a) For purposes of this section, "member" means any
person who is appointed, in accordance with the law, to serve on
a temporary or permanent state board, including members of the
board of education, the governing board of any charter school
established under chapter 302D, council, authority, committee,
or commission, established by law or elected to the board of
trustees of the employees' retirement system under section 88-24,
the cannabis control board under section A-7, or the
corporation board of the Hawaii health systems corporation under
section 323F-3 and its regional system boards under section
323F-3.5; provided that "member" shall not include any person
elected to serve on a board or commission in accordance with
chapter 11."

SECTION 20. Section 28-8.3, Hawaii Revised Statutes, is
amended as follows:
1. By amending subsection (a) to read:

   "(a) No department of the State other than the attorney general may employ or retain any attorney, by contract or otherwise, for the purpose of representing the State or the department in any litigation, rendering legal counsel to the department, or drafting legal documents for the department; provided that the foregoing provision shall not apply to the employment or retention of attorneys:

   (1) By the public utilities commission, the labor and industrial relations appeals board, and the Hawaii labor relations board;

   (2) By any court or judicial or legislative office of the State; provided that if the attorney general is requested to provide representation to a court or judicial office by the chief justice or the chief justice's designee, or to a legislative office by the speaker of the house of representatives and the president of the senate jointly, and the attorney general declines to provide such representation on the grounds of conflict of interest, the attorney general shall retain an attorney for the court, judicial, or
legislative office, subject to approval by the court, judicial, or legislative office;

(3) By the legislative reference bureau;

(4) By any compilation commission that may be constituted from time to time;

(5) By the real estate commission for any action involving the real estate recovery fund;

(6) By the contractors license board for any action involving the contractors recovery fund;

(7) By the office of Hawaiian affairs;

(8) By the department of commerce and consumer affairs for the enforcement of violations of chapters 480 and 485A;

(9) As grand jury counsel;

(10) By the Hawaii health systems corporation, or its regional system boards, or any of their facilities;

(11) By the auditor;

(12) By the office of ombudsman;

(13) By the insurance division;

(14) By the University of Hawaii;

(15) By the Kahoolawe island reserve commission;

(16) By the division of consumer advocacy;
(17) By the office of elections;
(18) By the campaign spending commission;
(19) By the Hawaii tourism authority, as provided in
section 201B-2.5;
(20) By the division of financial institutions;
(21) By the office of information practices;
(22) By the school facilities authority;
(23) By the Mauna Kea stewardship and oversight authority;
[&gt;]
(24) By the Hawaii cannabis authority; or
[(24)] (25) By a department, if the attorney general, for
reasons deemed by the attorney general to be good and
sufficient, declines to employ or retain an attorney
for a department; provided that the governor waives
the provision of this section.
2. By amending subsection (c) to read:
"(c) Every attorney employed by any department on a full-
time basis, except an attorney employed by the public utilities
commission, the labor and industrial relations appeals board,
the Hawaii labor relations board, the office of Hawaiian
affairs, the Hawaii health systems corporation or its regional
system boards, the department of commerce and consumer affairs
in prosecution of consumer complaints, insurance division, the
division of consumer advocacy, the University of Hawaii, the
Hawaii tourism authority as provided in section 201B-2.5, the
Mauna Kea stewardship and oversight authority, the Hawaii
cannabis authority, the office of information practices, or as
grand jury counsel, shall be a deputy attorney general."

SECTION 21. Section 46-4, Hawaii Revised Statutes, is
amended by amending subsection (f) to read as follows:
"(f) Neither this section nor any other law, county
ordinance, or rule shall prohibit the use of land for [medical]
cannabis [production centers or medical cannabis dispensaries]
businesses established and licensed pursuant to chapter [329D,
provided that the land is otherwise zoned for agriculture,
manufacturing, or retail purposes.] A, except as provided in
section A-23."

SECTION 22. Section 76-16, Hawaii Revised Statutes, is
amended by amending subsection (b) to read as follows:
"(b) The civil service to which this chapter applies shall
comprise all positions in the State now existing or hereafter
established and embrace all personal services performed for the
State, except the following:
(1) Commissioned and enlisted personnel of the Hawaii National Guard as such, and positions in the Hawaii National Guard that are required by state or federal laws or regulations or orders of the National Guard to be filled from those commissioned or enlisted personnel;

(2) Positions filled by persons employed by contract where the director of human resources development has certified that the service is special or unique or is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures. Any such contract may be for any period not exceeding one year;

(3) Positions that must be filled without delay to comply with a court order or decree if the director determines that recruitment through normal recruitment civil service procedures would result in delay or noncompliance, such as the Felix-Cayetano consent decree;

(4) Positions filled by the legislature or by either house or any committee thereof;
(5) Employees in the office of the governor and office of
the lieutenant governor, and household employees at
Washington Place;

(6) Positions filled by popular vote;

(7) Department heads, officers, and members of any board,
commission, or other state agency whose appointments
are made by the governor or are required by law to be
confirmed by the senate;

(8) Judges, referees, receivers, masters, jurors, notaries
public, land court examiners, court commissioners, and
attorneys appointed by a state court for a special
temporary service;

(9) One bailiff for the chief justice of the supreme court
who shall have the powers and duties of a court
officer and bailiff under section 606-14; one
secretary or clerk for each justice of the supreme
court, each judge of the intermediate appellate court,
and each judge of the circuit court; one secretary for
the judicial council; one deputy administrative
director of the courts; three law clerks for the chief
associate justice of the supreme court, two law clerks for each
judge
of the intermediate appellate court, one law clerk for each judge of the circuit court, two additional law clerks for the civil administrative judge of the circuit court of the first circuit, two additional law clerks for the criminal administrative judge of the circuit court of the first circuit, one additional law clerk for the senior judge of the family court of the first circuit, two additional law clerks for the civil motions judge of the circuit court of the first circuit, two additional law clerks for the criminal motions judge of the circuit court of the first circuit, and two law clerks for the administrative judge of the district court of the first circuit; and one private secretary for the administrative director of the courts, the deputy administrative director of the courts, each department head, each deputy or first assistant, and each additional deputy, or assistant deputy, or assistant defined in paragraph (16);

(10) First deputy and deputy attorneys general, the administrative services manager of the department of the attorney general, one secretary for the administrative services manager, an administrator and
any support staff for the criminal and juvenile
justice resources coordination functions, and law
clerks;

(A) Teachers, principals, vice-principals, complex
area superintendents, deputy and assistant
superintendents, other certificated personnel, no
more than twenty noncertificated administrative,
professional, and technical personnel not engaged
in instructional work;

(B) Effective July 1, 2003, teaching assistants,
educational assistants, bilingual/bicultural
school-home assistants, school psychologists,
psychological examiners, speech pathologists,
athletic health care trainers, alternative school
work study assistants, alternative school
educational/supportive services specialists,
alternative school project coordinators, and
communications aides in the department of
education;

(C) The special assistant to the state librarian and
one secretary for the special assistant to the
state librarian; and
(D) Members of the faculty of the University of Hawaii, including research workers, extension agents, personnel engaged in instructional work, and administrative, professional, and technical personnel of the university;

(12) Employees engaged in special, research, or demonstration projects approved by the governor;

(13) (A) Positions filled by inmates, patients of state institutions, persons with severe physical or mental disabilities participating in the work experience training programs;

(B) Positions filled with students in accordance with guidelines for established state employment programs; and

(C) Positions that provide work experience training or temporary public service employment that are filled by persons entering the workforce or persons transitioning into other careers under programs such as the federal Workforce Investment Act of 1998, as amended, or the Senior Community Service Employment Program of the Employment and Training Administration of the United States
(14) A custodian or guide at Iolani Palace, the Royal Mausoleum, and Hulihee Palace;

(15) Positions filled by persons employed on a fee, contract, or piecework basis, who may lawfully perform their duties concurrently with their private business or profession or other private employment and whose duties require only a portion of their time, if it is impracticable to ascertain or anticipate the portion of time to be devoted to the service of the State;

(16) Positions of first deputies or first assistants of each department head appointed under or in the manner provided in section 6, article V, of the Hawaii State Constitution; three additional deputies or assistants either in charge of the highways, harbors, and airports divisions or other functions within the department of transportation as may be assigned by the director of transportation, with the approval of the governor; one additional deputy in the department of human services either in charge of welfare or other functions within the department as may be assigned by
the director of human services; four additional
depuities in the department of health, each in charge
of one of the following: behavioral health,
environmental health, hospitals, and health resources
administration, including other functions within the
department as may be assigned by the director of
health, with the approval of the governor; two
additional deputies in charge of the law enforcement
programs, administration, or other functions within
the department of law enforcement as may be assigned
by the director of law enforcement, with the approval
of the governor; three additional deputies each in
charge of the correctional institutions,
rehabilitation services and programs, and
administration or other functions within the
department of corrections and rehabilitation as may be
assigned by the director of corrections and
rehabilitation, with the approval of the governor; an
administrative assistant to the state librarian; and
an administrative assistant to the superintendent of
education;
(17) Positions specifically exempted from this part by any other law; provided that:

(A) Any exemption created after July 1, 2014, shall expire three years after its enactment unless affirmatively extended by an act of the legislature; and

(B) All of the positions defined by paragraph (9) shall be included in the position classification plan;

(18) Positions in the state foster grandparent program and positions for temporary employment of senior citizens in occupations in which there is a severe personnel shortage or in special projects;

(19) Household employees at the official residence of the president of the University of Hawaii;

(20) Employees in the department of education engaged in the supervision of students during meal periods in the distribution, collection, and counting of meal tickets, and in the cleaning of classrooms after school hours on a less than half-time basis;

(21) Employees hired under the tenant hire program of the Hawaii public housing authority; provided that not
more than twenty-six per cent of the authority's workforce in any housing project maintained or operated by the authority shall be hired under the tenant hire program;

(22) Positions of the federally funded expanded food and nutrition program of the University of Hawaii that require the hiring of nutrition program assistants who live in the areas they serve;

(23) Positions filled by persons with severe disabilities who are certified by the state vocational rehabilitation office that they are able to perform safely the duties of the positions;

(24) The sheriff;

(25) A gender and other fairness coordinator hired by the judiciary;

(26) Positions in the Hawaii National Guard youth and adult education programs;

(27) In the state energy office in the department of business, economic development, and tourism, all energy program managers, energy program specialists, energy program assistants, and energy analysts;
(28) Administrative appeals hearing officers in the department of human services;

(29) In the Med-QUEST division of the department of human services, the division administrator, finance officer, health care services branch administrator, medical director, and clinical standards administrator;

(30) In the director's office of the department of human services, the enterprise officer, information security and privacy compliance officer, security and privacy compliance engineer, security and privacy compliance analyst, information technology implementation manager, assistant information technology implementation manager, resource manager, community/project development director, policy director, special assistant to the director, and limited English proficiency project manager/COORDINATOR;

(31) The Alzheimer's disease and related dementia services coordinator in the executive office on aging;

(32) In the Hawaii emergency management agency, the executive officer, public information officer, civil defense administrative officer, branch chiefs, and
emergency operations center state warning point personnel; provided that for state warning point personnel, the director shall determine that recruitment through normal civil service recruitment procedures would result in delay or noncompliance;

(33) The executive director and seven full-time administrative positions of the school facilities authority;

(34) Positions in the Mauna Kea stewardship and oversight authority;

(35) In the office of homeland security of the department of law enforcement, the statewide interoperable communications coordinator; [and

(36) In the social services division of the department of human services, the business technology analyst;[+]

(37) In the Hawaii cannabis authority, the executive director, executive secretary to the executive director, chief financial officer, chief equity officer, general counsel, chief public health and environment officer, chief technology officer, and chief compliance officer; and
(38) In the department of taxation, the tax law change specialist to assist with the implementation of chapter B.

The director shall determine the applicability of this section to specific positions.

Nothing in this section shall be deemed to affect the civil service status of any incumbent as it existed on July 1, 1955."

SECTION 23. Section 91-13.5, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

"(f) This section shall not apply to:

(1) Any proceedings of the public utilities commission;

[ёр]

(2) Any proceedings of the Hawaii cannabis control board or the Hawaii cannabis authority; or

[ё2] (3) Any county or county agency that is exempted by county ordinance from this section."

SECTION 24. Section 209E-2, Hawaii Revised Statutes, is amended by amending the definition of "eligible business activity" to read as follows:

""Eligible business activity" means the:

(1) Manufacture of tangible personal property, the wholesale sale of tangible personal property as
described in section 237-4, or a service business as defined in this section;

(2) Production of agricultural products where the business is a producer as defined in section 237-5, or the processing of agricultural products, all or some of which were grown within an enterprise zone;

(3) Research, development, sale, or production of all types of genetically-engineered medical, agricultural, or maritime biotechnology products; or

(4) Production of electric power from wind energy for sale primarily to a public utility company for resale to the public;

provided that the activities of a cannabis business pursuant to chapter 329D shall not be considered an eligible business activity for the purposes of this chapter."

SECTION 25. Section 235-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

""Cannabis" has the same meaning as in section A-3."

SECTION 26. Section 235-2.4, Hawaii Revised Statutes, is amended by amending subsection (v) to read as follows:
“(v) Section 280E (with respect to expenditures in connection with the illegal sale of drugs) of the Internal Revenue Code shall be operative for the purposes of this chapter, except that section 280E shall not be operative with respect to the [production] cultivation, processing, and sale of [medical] cannabis [and manufactured cannabis products] by [dispensaries] cannabis businesses licensed or permitted under chapter [329D and their subcontractors, as defined in section 329D-1.] A.

SECTION 27. Section 237-13, Hawaii Revised Statutes, is amended to read as follows:

"§237-13 Imposition of tax. There is hereby levied and shall be assessed and collected annually privilege taxes against persons on account of their business and other activities in the State measured by the application of rates against values of products, gross proceeds of sales, or gross income, whichever is specified, as follows:

(1) Tax on manufacturers.

(A) Upon every person engaging or continuing within the State in the business of manufacturing, including compounding, canning, preserving, packing, printing, publishing, milling,
processing, refining, or preparing for sale, profit, or commercial use, either directly or through the activity of others, in whole or in part, any article or articles, substance or substances, commodity or commodities, the amount of the tax to be equal to the value of the articles, substances, or commodities, manufactured, compounded, canned, preserved, packed, printed, milled, processed, refined, or prepared for sale, as shown by the gross proceeds derived from the sale thereof by the manufacturer or person compounding, preparing, or printing them, multiplied by one-half of one per cent.

(B) The measure of the tax on manufacturers is the value of the entire product for sale.

(2) Tax on business of selling tangible personal property; producing.

(A) Upon every person engaging or continuing in the business of selling any tangible personal property whatsoever, there is likewise hereby levied, and shall be assessed and collected, a tax equivalent to four per cent of the gross
proceeds of sales of the business; provided that,
in the case of a wholesaler, the tax shall be
equal to one-half of one per cent of the gross
proceeds of sales of the business; and provided
further that insofar as the sale of tangible
personal property is a wholesale sale under
section 237-4(a)(8), the tax shall be one-half of
one per cent of the gross proceeds. Upon every
person engaging or continuing within this State
in the business of a producer, the tax shall be
equal to one-half of one per cent of the gross
proceeds of sales of the business, or the value
of the products, for sale.

(B) Gross proceeds of sales of tangible property in
interstate and foreign commerce shall constitute
a part of the measure of the tax imposed on
persons in the business of selling tangible
personal property, to the extent, under the
conditions, and in accordance with the provisions
of the Constitution of the United States and the
Acts of the Congress of the United States which
may be now in force or may be hereafter adopted,
and whenever there occurs in the State an activity to which, under the Constitution and Acts of Congress, there may be attributed gross proceeds of sales, the gross proceeds shall be so attributed.

(C) No manufacturer or producer, engaged in such business in the State and selling the manufacturer's or producer's products for delivery outside of the State (for example, consigned to a mainland purchaser via common carrier f.o.b. Honolulu), shall be required to pay the tax imposed in this chapter for the privilege of so selling the products, and the value or gross proceeds of sales of the products shall be included only in determining the measure of the tax imposed upon the manufacturer or producer.

(D) A manufacturer or producer, engaged in such business in the State, shall pay the tax imposed in this chapter for the privilege of selling its products in the State, and the value or gross proceeds of sales of the products, thus subjected
to tax, may be deducted insofar as duplicated as
to the same products by the measure of the tax
upon the manufacturer or producer for the
privilege of manufacturing or producing in the
State; provided that no producer of agricultural
products who sells the products to a purchaser
who will process the products outside the State
shall be required to pay the tax imposed in this
chapter for the privilege of producing or selling
those products.

(E) A taxpayer selling to a federal cost-plus
contractor may make the election provided for by
paragraph (3)(C), and in that case the tax shall
be computed pursuant to the election,
notwithstanding this paragraph or paragraph (1)
to the contrary.

(F) The department, by rule, may require that a
seller take from the purchaser of tangible
personal property a certificate, in a form
prescribed by the department, certifying that the
sale is a sale at wholesale; provided that:
(i) Any purchaser who furnishes a certificate shall be obligated to pay to the seller, upon demand, the amount of the additional tax that is imposed upon the seller whenever the sale in fact is not at wholesale; and

(ii) The absence of a certificate in itself shall give rise to the presumption that the sale is not at wholesale unless the sales of the business are exclusively at wholesale.

(3) Tax upon contractors.

(A) Upon every person engaging or continuing within the State in the business of contracting, the tax shall be equal to four per cent of the gross income of the business.

(B) In computing the tax levied under this paragraph, there shall be deducted from the gross income of the taxpayer so much thereof as has been included in the measure of the tax levied under subparagraph (A), on another taxpayer who is a contractor, as defined in section 237-6; provided that any person claiming a deduction under this paragraph shall be required to show in the
person's return the name and general excise
number of the person paying the tax on the amount
deducted by the person.

(C) In computing the tax levied under this paragraph
against any federal cost-plus contractor, there
shall be excluded from the gross income of the
contractor so much thereof as fulfills the
following requirements:

(i) The gross income exempted shall constitute
reimbursement of costs incurred for
materials, plant, or equipment purchased
from a taxpayer licensed under this chapter,
not exceeding the gross proceeds of sale of
the taxpayer on account of the transaction;
and

(ii) The taxpayer making the sale shall have
certified to the department that the
taxpayer is taxable with respect to the
gross proceeds of the sale, and that the
taxpayer elects to have the tax on gross
income computed the same as upon a sale to
the state government.
(D) A person who, as a business or as a part of a business in which the person is engaged, erects, constructs, or improves any building or structure, of any kind or description, or makes, constructs, or improves any road, street, sidewalk, sewer, or water system, or other improvements on land held by the person (whether held as a leasehold, fee simple, or otherwise), upon the sale or other disposition of the land or improvements, even if the work was not done pursuant to a contract, shall be liable to the same tax as if engaged in the business of contracting, unless the person shows that at the time the person was engaged in making the improvements the person intended, and for the period of at least one year after completion of the building, structure, or other improvements the person continued to intend to hold and not sell or otherwise dispose of the land or improvements. The tax in respect of the improvements shall be measured by the amount of the proceeds of the sale or other disposition
that is attributable to the erection,
construction, or improvement of such building or
structure, or the making, constructing, or
improving of the road, street, sidewalk, sewer,
or water system, or other improvements. The
measure of tax in respect of the improvements
shall not exceed the amount which would have been
taxable had the work been performed by another,
subject as in other cases to the deductions
allowed by subparagraph (B). Upon the election
of the taxpayer, this paragraph may be applied
notwithstanding that the improvements were not
made by the taxpayer, or were not made as a
business or as a part of a business, or were made
with the intention of holding the same. However,
this paragraph shall not apply in respect of any
proceeds that constitute or are in the nature of
rent, which shall be taxable under paragraph (9);
provided that insofar as the business of renting
or leasing real property under a lease is taxed
under section 237-16.5, the tax shall be levied
by section 237-16.5.
Tax upon theaters, amusements, radio broadcasting stations, etc.

(A) Upon every person engaging or continuing within the State in the business of operating a theater, opera house, moving picture show, vaudeville, amusement park, dance hall, skating rink, radio broadcasting station, or any other place at which amusements are offered to the public, the tax shall be equal to four per cent of the gross income of the business, and in the case of a sale of an amusement at wholesale under section 237-4(a)(13), the tax shall be one-half of one per cent of the gross income.

(B) The department may require that the person rendering an amusement at wholesale take from the licensed seller a certificate, in a form prescribed by the department, certifying that the sale is a sale at wholesale; provided that:

(i) Any licensed seller who furnishes a certificate shall be obligated to pay to the person rendering the amusement, upon demand, the amount of additional tax that is imposed
upon the seller whenever the sale is not at wholesale; and

(ii) The absence of a certificate in itself shall give rise to the presumption that the sale is not at wholesale unless the person rendering the sale is exclusively rendering the amusement at wholesale.

(5) Tax upon sales representatives, etc. Upon every person classified as a representative or purchasing agent under section 237-1, engaging or continuing within the State in the business of performing services for another, other than as an employee, there is likewise hereby levied and shall be assessed and collected a tax equal to four per cent of the commissions and other compensation attributable to the services so rendered by the person.

(6) Tax on service business.

(A) Upon every person engaging or continuing within the State in any service business or calling including professional services not otherwise specifically taxed under this chapter, there is likewise hereby levied and shall be assessed and
collected a tax equal to four per cent of the
gross income of the business, and in the case of
a wholesaler under section 237-4(a)(10), the tax
shall be equal to one-half of one per cent of the
gross income of the business.

(B) The department may require that the person
rendering a service at wholesale take from the
licensed seller a certificate, in a form
prescribed by the department, certifying that the
sale is a sale at wholesale; provided that:

(i) Any licensed seller who furnishes a
certificate shall be obligated to pay to the
person rendering the service, upon demand,
the amount of additional tax that is imposed
upon the seller whenever the sale is not at
wholesale; and

(ii) The absence of a certificate in itself shall
give rise to the presumption that the sale
is not at wholesale unless the person
rendering the sale is exclusively rendering
services at wholesale.
(C) Where any person is engaged in the business of selling interstate or foreign common carrier telecommunication services within and without the State, other than as a home service provider, the tax shall be imposed on that portion of gross income received by a person from service which is originated or terminated in this State and is charged to a telephone number, customer, or account in this State notwithstanding any other state law (except for the exemption under section 237-23(a)(1)) to the contrary. If, under the Constitution and laws of the United States, the entire gross income as determined under this paragraph of a business selling interstate or foreign common carrier telecommunication services cannot be included in the measure of the tax, the gross income shall be apportioned as provided in section 237-21; provided that the apportionment factor and formula shall be the same for all persons providing those services in the State.

(D) Where any person is engaged in the business of a home service provider, the tax shall be imposed
on the gross income received or derived from providing interstate or foreign mobile telecommunications services to a customer with a place of primary use in this State when the services originate in one state and terminate in another state, territory, or foreign country; provided that all charges for mobile telecommunications services which are billed by or for the home service provider are deemed to be provided by the home service provider at the customer's place of primary use, regardless of where the mobile telecommunications originate, terminate, or pass through; provided further that the income from charges specifically derived from interstate or foreign mobile telecommunications services, as determined by books and records that are kept in the regular course of business by the home service provider in accordance with section 239-24, shall be apportioned under any apportionment factor or formula adopted under subparagraph (C). Gross income shall not include:
(i) Gross receipts from mobile telecommunications services provided to a customer with a place of primary use outside this State;

(ii) Gross receipts from mobile telecommunications services that are subject to the tax imposed by chapter 239;

(iii) Gross receipts from mobile telecommunications services taxed under section 237-13.8; and

(iv) Gross receipts of a home service provider acting as a serving carrier providing mobile telecommunications services to another home service provider's customer.

For the purposes of this paragraph, "charges for mobile telecommunications services", "customer", "home service provider", "mobile telecommunications services", "place of primary use", and "serving carrier" have the same meaning as in section 239-22.

(7) Tax on insurance producers. Upon every person engaged as a licensed producer pursuant to chapter 431, there
is hereby levied and shall be assessed and collected a
tax equal to 0.15 per cent of the commissions due to
that activity.

(8) Tax on receipts of sugar benefit payments. Upon the
amounts received from the United States government by
any producer of sugar (or the producer's legal
representative or heirs), as defined under and by
virtue of the Sugar Act of 1948, as amended, or other
Acts of the Congress of the United States relating
thereto, there is hereby levied a tax of one-half of
one per cent of the gross amount received; provided
that the tax levied hereunder on any amount so
received and actually disbursed to another by a
producer in the form of a benefit payment shall be
paid by the person or persons to whom the amount is
actually disbursed, and the producer actually making a
benefit payment to another shall be entitled to claim
on the producer's return a deduction from the gross
amount taxable hereunder in the sum of the amount so
disbursed. The amounts taxed under this paragraph
shall not be taxable under any other paragraph,
subsection, or section of this chapter.
(9) Tax on persons engaging or continuing in the business of retailing cannabis. In addition to the tax levied, assessed, and collected pursuant to other applicable provisions of this section, beginning on January 1, 2025, and thereafter, upon every person engaging within the State in the business of selling cannabis at retail the tax shall be equal to ten per cent of the gross proceeds of sales from cannabis; provided that this tax shall not apply to the sales of medical cannabis as defined in section A-3; provided further that any amounts levied, assessed, and collected pursuant to this section, including amounts levied, assessed, and collected on the sales of cannabis at wholesale and the amounts levied, assessed, and collected on the sales of medical cannabis, shall be deposited quarterly as follows:

(A) Thirty-five per cent of the tax collected shall be deposited into the cannabis regulation special fund established by section A-12;

(B) Twenty-five per cent of the tax collected shall be deposited into the cannabis social equity special fund established by section A-13;
(C) Fifteen per cent of the tax collected shall be deposited into the public health and education special fund established by section A-14;

(D) Ten per cent of the tax collected shall be deposited into the public safety special fund established by section A-15;

(E) Seven and one-half per cent of the tax collected shall be deposited into the cannabis nuisance abatement special fund established by section A-16; and

(F) Seven and one-half per cent of the tax collected shall be deposited into the cannabis law enforcement special fund established by section A-17.

[92] (10) Tax on other business. Upon every person engaging or continuing within the State in any business, trade, activity, occupation, or calling not included in the preceding paragraphs or any other provisions of this chapter, there is likewise hereby levied and shall be assessed and collected, a tax equal to four per cent of the gross income thereof. In addition, the rate prescribed by this paragraph shall apply to a business
taxable under one or more of the preceding paragraphs or other provisions of this chapter, as to any gross income thereof not taxed thereunder as gross income or gross proceeds of sales or by taxing an equivalent value of products, unless specifically exempted."

SECTION 28. Section 237-24.3, Hawaii Revised Statutes, is amended to read as follows:

"§237-24.3 Additional amounts not taxable. In addition to the amounts not taxable under section 237-24, this chapter shall not apply to:

(1) Amounts received from the loading, transportation, and unloading of agricultural commodities shipped for a producer or produce dealer on one island of this State to a person, firm, or organization on another island of this State. The terms "agricultural commodity", "producer", and "produce dealer" shall be defined in the same manner as they are defined in section 147-1; provided that agricultural commodities need not have been produced in the State;

(2) Amounts received by the manager, submanager, or board of directors of:
(A) An association of a condominium property regime established in accordance with chapter 514B or any predecessor thereto; or

(B) A nonprofit homeowners or community association incorporated in accordance with chapter 414D or any predecessor thereto and existing pursuant to covenants running with the land, in reimbursement of sums paid for common expenses;

(3) Amounts received or accrued from:

(A) The loading or unloading of cargo from ships, barges, vessels, or aircraft, including stevedoring services as defined in section 382-1, whether or not the ships, barges, vessels, or aircraft travel between the State and other states or countries or between the islands of the State;

(B) Tugboat services including pilotage fees performed within the State, and the towage of ships, barges, or vessels in and out of state harbors, or from one pier to another;

(C) The transportation of pilots or governmental officials to ships, barges, or vessels offshore;
rigging gear; checking freight and similar services; standby charges; and use of moorings and running mooring lines; and

(D) Wharfage and demurrage imposed under chapter 266 that is paid to the department of transportation;

(4) Amounts received by an employee benefit plan by way of contributions, dividends, interest, and other income; and amounts received by a nonprofit organization or office, as payments for costs and expenses incurred for the administration of an employee benefit plan; provided that this exemption shall not apply to any gross rental income or gross rental proceeds received after June 30, 1994, as income from investments in real property in this State; and provided further that gross rental income or gross rental proceeds from investments in real property received by an employee benefit plan after June 30, 1994, under written contracts executed prior to July 1, 1994, shall not be taxed until the contracts are renegotiated, renewed, or extended, or until after December 31, 1998, whichever is earlier. For the purposes of this paragraph, "employee benefit plan" means any plan as
defined in title 29 United States Code section 1002(3), as amended;

(5) Amounts received for purchases made with United States Department of Agriculture food coupons under the federal food stamp program, and amounts received for purchases made with United States Department of Agriculture food vouchers under the Special Supplemental Foods Program for Women, Infants and Children;

(6) Amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or a practitioner licensed to administer the drug to an individual for selling prescription drugs or prosthetic devices to an individual; provided that this paragraph shall not apply to any amounts received for services provided in selling prescription drugs or prosthetic devices. As used in this paragraph:

"Prescription drugs" are those drugs defined under section 328-1 and dispensed by filling or refilling a written or oral prescription by a practitioner licensed under law to administer the drug and sold by a licensed pharmacist under section 328-16
or practitioners licensed to administer drugs;
provided that "prescription drugs" shall not include
any cannabis [or manufactured cannabis products]
authorized pursuant to [chapters 329 and 329D];
chapter A; and

"Prosthetic device" means any artificial device
or appliance, instrument, apparatus, or contrivance,
including their components, parts, accessories, and
replacements thereof, used to replace a missing or
surgically removed part of the human body, which is
prescribed by a licensed practitioner of medicine,
osteopathy, or podiatry and that is sold by the
practitioner or that is dispensed and sold by a dealer
of prosthetic devices; provided that "prosthetic
device" shall not mean any auditory, ophthalmic,
dental, or ocular device or appliance, instrument,
apparatus, or contrivance;

(7) Taxes on transient accommodations imposed by chapter
237D and passed on and collected by operators holding
certificates of registration under that chapter;

(8) Amounts received as dues by an unincorporated
merchants association from its membership for
advertising media, promotional, and advertising costs
for the promotion of the association for the benefit
of its members as a whole and not for the benefit of
an individual member or group of members less than the
entire membership;

(9) Amounts received by a labor organization for real
property leased to:

(A) A labor organization; or

(B) A trust fund established by a labor organization
for the benefit of its members, families, and
dependents for medical or hospital care, pensions
on retirement or death of employees,
apprenticeship and training, and other membership
service programs.

As used in this paragraph, "labor organization" means
a labor organization exempt from federal income tax
under section 501(c)(5) of the Internal Revenue Code,
as amended;

(10) Amounts received from foreign diplomats and consular
officials who are holding cards issued or authorized
by the United States Department of State granting them
an exemption from state taxes; and
(11) Amounts received as rent for the rental or leasing of aircraft or aircraft engines used by the lessees or renters for interstate air transportation of passengers and goods. For purposes of this paragraph, payments made pursuant to a lease shall be considered rent regardless of whether the lease is an operating lease or a financing lease. The definition of "interstate air transportation" is the same as in 49 U.S.C. section 40102."

SECTION 29. Section 245-1, Hawaii Revised Statutes, is amended by amending the definition of "e-liquid" to read as follows:

"E-liquid" means any liquid or like substance, which may or may not contain nicotine, that is designed or intended to be used in an electronic smoking device, whether or not packaged in a cartridge or other container. "E-liquid" does not include:

(1) Prescription drugs;

(2) Cannabis [for medical use pursuant to chapter 329 or manufactured] cannabis products, or cannabis accessories authorized pursuant to chapter [329D.] A; or
(3) Medical devices used to aerosolize, inhale, or ingest prescription drugs[, including manufactured cannabis products described in section 329D-10]."

SECTION 30. Section 329-43.5, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) Subsections (a) and (b) shall not apply to a person who is [authorized to:

1. Acquire, possess, cultivate, use, distribute, or transport cannabis pursuant to the definition of "medical use" under section 329-121, while the person is facilitating the medical use of cannabis by a qualifying patient; or

2. Dispense, manufacture, or produce cannabis or manufactured cannabis products pursuant to and in compliance with chapter 329D, while the person is facilitating the medical use of cannabis by a qualifying patient pursuant to part IX of chapter 329.] acting in strict compliance with chapter A with respect to marijuana."

SECTION 31. Section 378-2.5, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:
"(d) Notwithstanding subsections (b) and (c), the requirement that inquiry into and consideration of a prospective employee's conviction record may take place only after the individual has received a conditional job offer, and the limitation to the most recent seven-year period for felony convictions and the most recent five-year period for misdemeanor convictions, excluding the period of incarceration, shall not apply to employers who are expressly permitted to inquire into an individual's criminal history for employment purposes pursuant to any federal or state law other than subsection (a), including:

(1) The State or any of its branches, political subdivisions, or agencies pursuant to sections 78-2.7 and 831-3.1;

(2) The department of education pursuant to section 302A-601.5;

(3) The department of health with respect to employees, providers, or subcontractors in positions that place them in direct contact with clients when providing non-witnessed direct mental health services pursuant to section 321-171.5;

(4) The judiciary pursuant to section 571-34;
(5) The counties pursuant to section 846-2.7(b)(5), (33), (34), (35), (36), and (38);

(6) Armed security services pursuant to section 261-17(b);

(7) Providers of a developmental disabilities domiciliary home pursuant to section 321-15.2;

(8) Private schools pursuant to sections 302C-1 and 378-3(8);

(9) Financial institutions in which deposits are insured by a federal agency having jurisdiction over the financial institution pursuant to section 378-3(9);

(10) Detective agencies and security guard agencies pursuant to sections 463-6(b) and 463-8(b);

(11) Employers in the business of insurance pursuant to section 431:2-201.3;

(12) Employers of individuals or supervisors of individuals responsible for screening passengers or property under title 49 United States Code section 44901 or individuals with unescorted access to an aircraft of an air carrier or foreign carrier or in a secured area of an airport in the United States pursuant to title 49 United States Code section 44936(a);
(13) The department of human services pursuant to sections 346-97 and 352-5.5;

(14) The public library system pursuant to section 302A-601.5;

(15) The department of law enforcement pursuant to section 353C-5;

(16) The board of directors of a cooperative housing corporation or the manager of a cooperative housing project pursuant to section 421I-12;

(17) The board of directors of an association under chapter 514B, or the managing agent or resident manager of a condominium pursuant to section 514B-133;

(18) The department of health pursuant to section 321-15.2; and

(19) The department of corrections and rehabilitation pursuant to section 353-1.5[1];

(20) Licensed business pursuant to section A-45; and

(21) The cannabis control board and Hawaii cannabis authority pursuant to sections A-7 and A-26."

SECTION 32. Section 421J-16, Hawaii Revised Statutes, is amended to read as follows:
"§421J-16 Medical cannabis; discrimination. A provision in any association document allowing for any of the discriminatory practices listed in section 515-3(a)(1) to (7) against a person residing in a unit who has a valid medical cannabis registration card for the medical use of cannabis as provided in section 329-123 in any form is void, unless the association document prohibits the smoking of tobacco and the medical cannabis is used by means of smoking. Nothing in this section shall be construed to diminish the obligation of a planned community association to provide reasonable accommodations for persons with disabilities pursuant to section 515-3(a)(9)."

SECTION 33. Section 453-8, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In addition to any other actions authorized by law, any license to practice medicine and surgery may be revoked, limited, or suspended by the board at any time in a proceeding before the board, or may be denied, for any cause authorized by law, including but not limited to the following:

(1) Procuring, or aiding or abetting in procuring, an abortion that is unlawful under the laws of this State
or that would be unlawful under the laws of this State if performed within this State;

(2) Employing any person to solicit patients for one's self;

(3) Engaging in false, fraudulent, or deceptive advertising, including but not limited to:
   (A) Making excessive claims of expertise in one or more medical specialty fields;
   (B) Assuring a permanent cure for an incurable disease; or
   (C) Making any untruthful and improbable statement in advertising one's medical or surgical practice or business;

(4) Being habituated to the excessive use of drugs or alcohol; or being addicted to, dependent on, or a habitual user of a narcotic, barbiturate, amphetamine, hallucinogen, or other drug having similar effects;

(5) Practicing medicine while the ability to practice is impaired by alcohol, drugs, physical disability, or mental instability;
(6) Procuring a license through fraud, misrepresentation, or deceit, or knowingly permitting an unlicensed person to perform activities requiring a license;

(7) Professional misconduct, hazardous negligence causing bodily injury to another, or manifest incapacity in the practice of medicine or surgery;

(8) Incompetence or multiple instances of negligence, including but not limited to the consistent use of medical service, which is inappropriate or unnecessary;

(9) Conduct or practice contrary to recognized standards of ethics of the medical profession as adopted by the Hawaii Medical Association, the American Medical Association, the Hawaii Association of Osteopathic Physicians and Surgeons, or the American Osteopathic Association;

(10) Violation of the conditions or limitations upon which a limited or temporary license is issued;

(11) Revocation, suspension, or other disciplinary action by another state or federal agency of a license, certificate, or medical privilege, except when the revocation, suspension, or other disciplinary action
was based on the provision or assistance in receipt or provision of medical, surgical, pharmaceutical, counseling, or referral services relating to the human reproductive system, including but not limited to services relating to pregnancy, contraception, or the termination of a pregnancy, so long as the provision or assistance in receipt or provision of the services was in accordance with the laws of this State or would have been in accordance with the laws of this State if it occurred within this State;

(12) Conviction, whether by nolo contendere or otherwise, of a penal offense substantially related to the qualifications, functions, or duties of a physician or osteopathic physician, notwithstanding any statutory provision to the contrary, except when the conviction was based on the provision or assistance in receipt or provision of medical, surgical, pharmaceutical, counseling, or referral services relating to the human reproductive system, including but not limited to services relating to pregnancy, contraception, or the termination of a pregnancy, so long as the provision or assistance in receipt or provision of the services
was in accordance with the laws of this State or would have been in accordance with the laws of this State if it occurred within this State;

(13) Violation of chapter 329, the uniform controlled substances act, or any rule adopted thereunder except as provided in section [329-122] A-36;

(14) Failure to report to the board, in writing, any disciplinary decision issued against the licensee or the applicant in another jurisdiction within thirty days after the disciplinary decision is issued; or

(15) Submitting to or filing with the board any notice, statement, or other document required under this chapter, which is false or untrue or contains any material misstatement or omission of fact."

SECTION 34. Section 457-12, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In addition to any other actions authorized by law, the board shall have the power to deny, revoke, limit, or suspend any license to practice nursing as a registered nurse or as a licensed practical nurse applied for or issued by the board in accordance with this chapter, and to fine or to otherwise
discipline a licensee for any cause authorized by law, including but not limited to the following:

1. Fraud or deceit in procuring or attempting to procure a license to practice nursing as a registered nurse or as a licensed practical nurse;
2. Gross immorality;
3. Unfitness or incompetence by reason of negligence, habits, or other causes;
4. Habitual intemperance, addiction to, or dependency on alcohol or other habit-forming substances;
5. Mental incompetence;
6. Unprofessional conduct as defined by the board in accordance with its own rules;
7. Wilful or repeated violation of any of the provisions of this chapter or any rule adopted by the board;
8. Revocation, suspension, limitation, or other disciplinary action by another state of a nursing license, except when the revocation, suspension, limitation, or other disciplinary action by another state was based on the provision or assistance in receipt or provision of medical, surgical, pharmaceutical, counseling, or referral services
relating to the human reproductive system, including but not limited to services relating to pregnancy, contraception, or the termination of a pregnancy, so long as the provision or assistance in receipt or provision of the services was in accordance with the laws of this State or would have been in accordance with the laws of this State if it occurred within this State;

(9) Conviction, whether by nolo contendere or otherwise, of a penal offense substantially related to the qualifications, functions, or duties of a nurse, notwithstanding any statutory provision to the contrary, except when the conviction was based on the provision or assistance in receipt or provision of medical, surgical, pharmaceutical, counseling, or referral services relating to the human reproductive system, including but not limited to services relating to pregnancy, contraception, or the termination of a pregnancy, so long as the provision or assistance in receipt or provision of the services was in accordance with the laws of this State or would have been in
(10) Failure to report to the board any disciplinary action taken against the licensee in another jurisdiction within thirty days after the disciplinary action becomes final;

(11) Submitting to or filing with the board any notice, statement, or other document required under this chapter, which is false or untrue or contains any material misstatement of fact, including a false attestation of compliance with continuing competency requirements;

(12) Violation of the conditions or limitations upon which any license is issued; or

(13) Violation of chapter 329, the uniform controlled substances act, or any rule adopted thereunder except as provided in section [329-122-1] A-36."

SECTION 35. Section 514B-113, Hawaii Revised Statutes, is amended to read as follows:

"§514B-113 Medical cannabis; discrimination. A provision in any articles of incorporation, declaration, bylaws, administrative rules, house rules, or association documents of a
condominium allowing for any of the discriminatory practices listed in section 515-3(a)(1) to (7) against a person residing in a unit who has a valid [certificate] medical cannabis registration card for the medical use of cannabis as provided in section [329-123] A-34 in any form is void, unless the documents prohibit the smoking of tobacco and the medical cannabis is used by means of smoking. Nothing in this section shall be construed to diminish the obligation of a condominium association to provide reasonable accommodations for persons with disabilities pursuant to section 515-3(a)(9)."

SECTION 36. Section 521-39, Hawaii Revised Statutes, is amended to read as follows:

"§521-39 Medical cannabis; tenant use; eviction. A provision in a rental agreement allowing for eviction of a tenant who has a valid [certificate] medical cannabis registration card for the medical use of cannabis as provided in section [329-123] A-34 in any form is void, unless the rental agreement allows for eviction for smoking tobacco and the medical cannabis is used by means of smoking; provided that this section shall not apply where the articles of incorporation, declaration, bylaws, administrative rules, house rules, association documents, or a similar document of a condominium
property regime or planned community association prohibits the [medical] use of cannabis."

SECTION 37. Section 709-903.5, Hawaii Revised Statutes, is amended by amending subsection (1) to read as follows:

"(1) Except as provided in subsection (2), a person commits the offense of endangering the welfare of a minor in the first degree if, having care or custody of a minor, the person:

(a) Intentionally or knowingly allows another person to inflict serious or substantial bodily injury on the minor; or

(b) Intentionally or knowingly causes or permits the minor to inject, ingest, inhale, or otherwise introduce into the minor's body any controlled substance listed in sections 329-14, 329-16, 329-18, and 329-20 that has not been prescribed by a physician for the minor, except as permitted under [section 329-122.] section A-28."

SECTION 38. Section 709-904, Hawaii Revised Statutes, is amended by amending subsection (1) to read as follows:

"(1) Except as provided in section 709-903.5(2), a person commits the offense of endangering the welfare of a minor in the second degree if, having care or custody of a minor, the person:
(a) Recklessly allows another person to inflict serious or substantial bodily injury on the minor; or

(b) Recklessly causes or permits the minor to inject, ingest, inhale, or otherwise introduce into the minor's body any controlled substance listed in sections 329-14, 329-16, 329-18, and 329-20 that has not been prescribed by a physician for the minor, except as permitted under section 329-122. This subsection shall not apply to nursing mothers who may cause the ingestion or introduction of detectable amounts of any controlled substance listed in sections 329-14, 329-16, 329-18, and 329-20 to their minor children through breastfeeding."

SECTION 39. Section 712-1240.1, Hawaii Revised Statutes, is amended by amending subsection (2) to read as follows:

"(2) It is an affirmative defense to prosecution for any marijuana-related offense defined in this part that the person who possessed or distributed the marijuana was authorized to possess or distribute the marijuana [for medical purposes pursuant to part IX of chapter 329.] pursuant to chapter A."

SECTION 40. Section 712-1244, Hawaii Revised Statutes, is amended to read as follows:
§ 712-1244 Promoting a harmful drug in the first degree.

(1) A person commits the offense of promoting a harmful drug in the first degree if the person knowingly:

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

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

(c) Distributes twenty-five or more capsules or tablets or dosage units containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof;

(d) Distributes one or more preparations, compounds, mixtures, or substances, of an aggregate weight of one-eighth ounce or more, containing one or more of the harmful drugs or one or more of the marijuana concentrates, or any combination thereof;
(e) Distributes any harmful drug [or any marijuana concentrate] in any amount to a minor[ ]; or

(f) Distributes any marijuana concentrate in any amount to a person under the age of twenty-one.

(2) Promoting a harmful drug in the first degree is a class A felony."

SECTION 41. Section 712-1249, Hawaii Revised Statutes, is amended to read as follows:

"§712-1249 Promoting a detrimental drug in the third degree. (1) A person commits the offense of promoting a detrimental drug in the third degree if the person knowingly possesses any marijuana or any Schedule V substance in any amount.

(2) Promoting a detrimental drug in the third degree is a petty misdemeanor; provided that possession by a person twenty-one years old or older of three grams or less of marijuana is a violation, punishable by a fine of $130.

(3) Any person under the age of eighteen who violates this section based on the possession of three grams or less of marijuana shall be subject to the jurisdiction of the family court."
(4) Whenever any person is charged with a violation of this section based on the possession of three grams or less of marijuana and the person was under twenty-one years of age at the time of the offense, the court, without entering a judgment of guilt or adjudication of the matter and with the consent of the accused, may defer further proceedings and place the accused on probation upon terms and conditions. Upon a violation of a term or condition of probation, the court may enter an adjudication of guilt or law violation and proceed as otherwise provided. In cases in which the court has deferred further proceedings:

(a) The court shall order as a term of probation that the person complete a drug education program or substance abuse assessment or substance abuse treatment;

(b) Upon fulfillment of the terms and conditions ordered by the court, the court shall discharge and dismiss the proceedings against the person; and

(c) Discharge and dismissal under this section shall be without adjudication of guilt or law violation and is not a conviction for purposes of this section or for purposes of disqualifications or disabilities imposed by law upon conviction of a crime.
(5) Upon the dismissal of such person and discharge of the proceeding against the person pursuant to subsection (4), the person may apply to the court for an order to expunge from all official records all recordation relating to the person's arrest, indictment, complaint, information, trial, adjudication, finding of guilt, and dismissal and discharge pursuant to this section.

(a) If the court determines, after hearing, that such person was dismissed and the proceedings against the person discharged and that the person was under twenty-one years of age at the time of the offense, it shall enter such order.

(b) The effect of such order shall be to restore such person, in the contemplation of the law, to the status the person occupied before such arrest, indictment, complaint, or information.

(c) No person as to whom such order has been entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failures to recite or acknowledge such arrest, indictment, complaint, information, trial, adjudication, finding of guilt,
and dismissal and discharge in response to any inquiry made of the person for any purpose.

(6) Nothing contained in subsections (4) and (5) shall prohibit a person from seeking a conditional discharge pursuant to section 712-1255 or a deferral of the person's plea pursuant to section 853-1."

SECTION 42. Section 712-1249.5, Hawaii Revised Statutes, is amended by amending subsection (1) to read as follows:

"(1) A person commits the offense of commercial promotion of marijuana in the second degree if the person knowingly:

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

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

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

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

(e) Sells or barter[s] any marijuana or any Schedule V substance in any amount to a minor[.]; or

(f) Distributes any marijuana in any amount to a person who is less than twenty-one years old."

SECTION 43. Section 712-1252, Hawaii Revised Statutes, is amended to read as follows:

"§712-1252 Knowledge of character, nature, or quantity of substance, or age of transferee; prima facie evidence. (1) The fact that a person engaged in the conduct specified by any section in this part is prima facie evidence that the person engaged in that conduct with knowledge of the character, nature, and quantity of the dangerous drug, harmful drug, detrimental drug, or intoxicating compounds possessed, distributed, or sold.

(2) The fact that the defendant distributed or sold a dangerous drug, harmful drug, detrimental drug, or intoxicating compound to a minor is prima facie evidence that the defendant knew the transferee to be a minor.

(3) The fact that the defendant distributed or sold marijuana or marijuana concentrate to a person who is less than twenty-one years old is prima facie evidence that the defendant
knew the transferee to be a person who is less than twenty-one years old."

SECTION 44. Section 712A-4, Hawaii Revised Statutes, is amended to read as follows:

"§712A-4 Covered offenses. Offenses for which property is subject to forfeiture under this chapter are:

(a) All offenses that specifically authorize forfeiture;
(b) Murder; kidnapping; labor trafficking; unlicensed sale of liquor; unlicensed manufacture of liquor; gambling; criminal property damage; robbery; bribery; extortion; theft; unauthorized entry into motor vehicle; burglary; money laundering; trademark counterfeiting; insurance fraud; promoting a dangerous, harmful, or detrimental drug; commercial promotion of marijuana; methamphetamine trafficking; manufacturing of a controlled substance with a child present; promoting child abuse; promoting prostitution; sex trafficking; commercial sexual exploitation of a minor; habitual commercial sexual exploitation; or electronic enticement of a child that is chargeable as a felony offense under state law;
(c) The manufacture, sale, or distribution of a controlled substance in violation of chapter 329, promoting detrimental drugs or intoxicating compounds, promoting pornography, promoting pornography for minors, or commercial sexual exploitation near schools or public parks, which is chargeable as a felony or misdemeanor offense, but not as a petty misdemeanor, under state law; provided that the activities authorized under chapter A shall not be subject to forfeiture under this chapter; and

(d) The attempt, conspiracy, solicitation, coercion, or intimidation of another to commit any offense for which property is subject to forfeiture.

SECTION 45. Section 846-2.7, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Criminal history record checks may be conducted by:

(1) The department of health or its designee on operators of adult foster homes for individuals with developmental disabilities or developmental disabilities domiciliary homes and their employees, as provided by section 321-15.2;
(2) The department of health or its designee on
prospective employees, persons seeking to serve as
providers, or subcontractors in positions that place
them in direct contact with clients when providing
non-witnessed direct mental health or health care
services as provided by section 321-171.5;

(3) The department of health or its designee on all
applicants for licensure or certification for,
operators for, prospective employees, adult
volunteers, and all adults, except adults in care, at
healthcare facilities as defined in section 321-15.2

(4) The department of education on employees, prospective
employees, and teacher trainees in any public school
in positions that necessitate close proximity to
children as provided by section 302A-601.5;

(5) The counties on employees and prospective employees
who may be in positions that place them in close
proximity to children in recreation or child care
programs and services;

(6) The county liquor commissions on applicants for liquor
licenses as provided by section 281-53.5;
(7) The county liquor commissions on employees and prospective employees involved in liquor administration, law enforcement, and liquor control investigations;

(8) The department of human services on operators and employees of child caring institutions, child placing organizations, and resource family homes as provided by section 346-17;

(9) The department of human services on prospective adoptive parents as established under section 346-19.7;

(10) The department of human services or its designee on applicants to operate child care facilities, household members of the applicant, prospective employees of the applicant, and new employees and household members of the provider after registration or licensure as provided by section 346-154, and persons subject to section 346-152.5;

(11) The department of human services on persons exempt pursuant to section 346-152 to be eligible to provide child care and receive child care subsidies as provided by section 346-152.5;
(12) The department of health on operators and employees of home and community-based case management agencies and operators and other adults, except for adults in care, residing in community care foster family homes as provided by section 321-15.2;

(13) The department of human services on staff members of the Hawaii youth correctional facility as provided by section 352-5.5;

(14) The department of human services on employees, prospective employees, and volunteers of contracted providers and subcontractors in positions that place them in close proximity to youth when providing services on behalf of the office or the Hawaii youth correctional facility as provided by section 352D-4.3;

(15) The judiciary on employees and applicants at detention and shelter facilities as provided by section 571-34;

(16) The department of corrections and rehabilitation on employees and prospective employees who are directly involved with the treatment and care of persons committed to a correctional facility as provided by section 353-1.5 and the department of law enforcement on employees and prospective employees whose duties
involve or may involve the exercise of police powers including the power of arrest as provided by section 353C-5;

(17) The board of private detectives and guards on applicants for private detective or private guard licensure as provided by section 463-9;

(18) Private schools and designated organizations on employees and prospective employees who may be in positions that necessitate close proximity to children; provided that private schools and designated organizations receive only indications of the states from which the national criminal history record information was provided pursuant to section 302C-1;

(19) The public library system on employees and prospective employees whose positions place them in close proximity to children as provided by section 302A-601.5;

(20) The State or any of its branches, political subdivisions, or agencies on applicants and employees holding a position that has the same type of contact with children, vulnerable adults, or persons committed to a correctional facility as other public employees
who hold positions that are authorized by law to
require criminal history record checks as a condition
of employment as provided by section 78-2.7;

(21) The department of health on licensed adult day care
center operators, employees, new employees,
subcontracted service providers and their employees,
and adult volunteers as provided by section 321-15.2;

(22) The department of human services on purchase of
service contracted and subcontracted service providers
and their employees and volunteers, as provided by
sections 346-2.5 and 346-97;

(23) The department of human services on foster grandparent
program, senior companion program, and respite
companion program participants as provided by section
346-97;

(24) The department of human services on contracted and
subcontracted service providers and their current and
prospective employees that provide home and community-
based services under section 1915(c) of the Social
Security Act, title 42 United States Code section
1396n(c), or under any other applicable section or
sections of the Social Security Act for the purposes
of providing home and community-based services, as
provided by section 346-97;

(25) The department of commerce and consumer affairs on
proposed directors and executive officers of a bank,
savings bank, savings and loan association, trust
company, and depository financial services loan
company as provided by section 412:3-201;

(26) The department of commerce and consumer affairs on
proposed directors and executive officers of a
nondepository financial services loan company as
provided by section 412:3-301;

(27) The department of commerce and consumer affairs on the
original chartering applicants and proposed executive
officers of a credit union as provided by section
412:10-103;

(28) The department of commerce and consumer affairs on:

(A) Each principal of every non-corporate applicant
for a money transmitter license;

(B) Each person who upon approval of an application
by a corporate applicant for a money transmitter
license will be a principal of the licensee; and
(C) Each person who upon approval of an application requesting approval of a proposed change in control of licensee will be a principal of the licensee, as provided by sections 489D-9 and 489D-15;

(29) The department of commerce and consumer affairs on applicants for licensure and persons licensed under title 24;

(30) The Hawaii health systems corporation on:

(A) Employees;

(B) Applicants seeking employment;

(C) Current or prospective members of the corporation board or regional system board; or

(D) Current or prospective volunteers, providers, or contractors, in any of the corporation's health facilities as provided by section 323F-5.5;

(31) The department of commerce and consumer affairs on:

(A) An applicant for a mortgage loan originator license, or license renewal; and

(B) Each control person, executive officer, director, general partner, and managing member of an
applicant for a mortgage loan originator company
license or license renewal,
as provided by chapter 454F;
(32) The state public charter school commission or public
charter schools on employees, teacher trainees,
prospective employees, and prospective teacher
trainees in any public charter school for any position
that places them in close proximity to children, as
provided in section 302D-33;
(33) The counties on prospective employees who work with
children, vulnerable adults, or senior citizens in
community-based programs;
(34) The counties on prospective employees for fire
department positions that involve contact with
children or vulnerable adults;
(35) The counties on prospective employees for emergency
medical services positions that involve contact with
children or vulnerable adults;
(36) The counties on prospective employees for emergency
management positions and community volunteers whose
responsibilities involve planning and executing
homeland security measures including viewing,
handling, and engaging in law enforcement or
classified meetings and assisting vulnerable citizens
during emergencies or crises;

(37) The State and counties on employees, prospective
employees, volunteers, and contractors whose position
responsibilities require unescorted access to secured
areas and equipment related to a traffic management
center;

(38) The State and counties on employees and prospective
employees whose positions involve the handling or use
of firearms for other than law enforcement purposes;

(39) The State and counties on current and prospective
systems analysts and others involved in an agency's
information technology operation whose position
responsibilities provide them with access to
proprietary, confidential, or sensitive information;

(40) The department of commerce and consumer affairs on:

(A) Applicants for real estate appraiser licensure or
certification as provided by chapter 466K;

(B) Each person who owns more than ten per cent of an
appraisal management company who is applying for
registration as an appraisal management company,
as provided by section 466L-7; and

(C) Each of the controlling persons of an applicant
for registration as an appraisal management
company, as provided by section 466L-7;

(41) The [department of health] Hawaii cannabis authority
or its designee on all license or permit applicants,
[licensees,] current or prospective employees[7] of
licensed businesses, current or prospective
contractors [, and prospective employees of medical
cannabis dispensaries, and individuals permitted to
enter and remain in medical cannabis dispensary
facilities as provided under sections 329D-15(a)(4)
and 329D-16(a)(3);] of licensed businesses, and
laboratory agents of independent laboratories, as
provided by section A-45, current or prospective
members of the cannabis control board, and current or
prospective employees and current or prospective
contractors and subcontractors of the Hawaii cannabis
authority, as provided by sections A-7 and A-26;

(42) The department of commerce and consumer affairs on
applicants for nurse licensure or license renewal,
reactivation, or restoration as provided by sections 457-7, 457-8, 457-8.5, and 457-9;

(43) The county police departments on applicants for permits to acquire firearms pursuant to section 134-2, on individuals registering their firearms pursuant to section 134-3, and on applicants for new or renewed licenses to carry a pistol or revolver and ammunition pursuant to section 134-9;

(44) The department of commerce and consumer affairs on:

(A) Each of the controlling persons of the applicant for licensure as an escrow depository, and each of the officers, directors, and principals who will be in charge of the escrow depository's activities upon licensure; and

(B) Each of the controlling persons of an applicant for proposed change in control of an escrow depository licensee, and each of the officers, directors, and principals who will be in charge of the licensee's activities upon approval of the application,

as provided by chapter 449;
(45) The department of taxation on current or prospective employees or contractors who have access to federal tax information in order to comply with requirements of federal law, regulation, or procedure, as provided by section 231-1.6;

(46) The department of labor and industrial relations on current or prospective employees or contractors who have access to federal tax information in order to comply with requirements of federal law, regulation, or procedure, as provided by section 383-110;

(47) The department of human services on current or prospective employees or contractors who have access to federal tax information in order to comply with requirements of federal law, regulation, or procedure, and on current or prospective employees, volunteers, contractors, or contractors' employees or volunteers, subcontractors, or subcontractors' employees or volunteers, whose position places or would place them in close proximity to minors, young adults, or vulnerable adults, as provided by section 346-2.5;

(48) The child support enforcement agency on current or prospective employees, or contractors who have access
to federal tax information in order to comply with
federal law, regulation, or procedure, as provided by
section 576D-11.5;

(49) The department of the attorney general on current or
prospective employees or employees or agents of
contractors who have access to federal tax information
to comply with requirements of federal law,
regulation, or procedure, as provided by section 28-17;

(50) The department of commerce and consumer affairs on
each control person, executive officer, director,
general partner, and managing member of an installment
loan licensee, or an applicant for an installment loan
license, as provided in chapter 480J;

(51) The University of Hawaii on current and prospective
employees and contractors whose duties include
ensuring the security of campus facilities and
persons; and

(52) Any other organization, entity, or the State, its
branches, political subdivisions, or agencies as may
be authorized by state law."
SECTION 46. Act 14, Session Laws of Hawaii 2020, as amended by section 2 of Act 137, Session Laws of Hawaii 2022, as amended by section 15 of Act 263, Session Laws of Hawaii 2023, is amended by amending section 9 to read as follows:

"SECTION 9. This Act shall take effect upon its approval, and shall be repealed on July 1, [2027] 2024; provided that the definition of "marijuana" in section 329-1, Hawaii Revised Statutes, and the definitions of "marijuana" and "marijuana concentrate" in section 712-1240, Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day prior to the effective date of this Act."

SECTION 47. Act 263, Session Laws of Hawaii 2023, is amended by amending section 19 to read as follows:

"SECTION 19. This Act shall take effect on July 1, 2023, and shall be repealed on July 1, [2027] 2024; provided that part III of the Act shall be repealed on August 30, 2024."

PART VI

SECTION 48. Chapter 329, part IX, Hawaii Revised Statutes, is repealed.

SECTION 49. Chapter 329D, Hawaii Revised Statutes, is repealed.

PART VII
SECTION 50. Licenses previously issued under chapters 329D or 328G shall remain in full effect until the previously issued licenses expire on their own terms; provided that the licensees shall be regulated under chapter A and rules adopted thereunder.

SECTION 51. (a) Each existing medical cannabis dispensary whose license remains effective pursuant to section 50 of this Act may convert their operation into licenses under chapter A before January 1, 2025; provided that the existing medical cannabis dispensary may only convert existing licensed operations and premises; provided further that an existing medical cannabis dispensary may only be issued up to three cannabis cultivation licenses, three cannabis processor licenses, three medical cannabis dispensary licenses, and three retail cannabis store licenses, but not to exceed nine licenses in total, in accordance with chapter A and rules adopted thereunder.

(b) To convert an existing medical cannabis dispensary license into a license or licenses under chapter A, prior to the expiration of the existing license, but no later than October 1, 2025, the existing medical cannabis dispensary shall apply to the authority, on forms prescribed by the authority, and shall establish to the authority's satisfaction:
The existing medical cannabis dispensary's current ownership structure;

All persons with a direct or indirect interest in the existing medical cannabis dispensary;
The existing medical cannabis dispensary is currently in full compliance with the terms and conditions under which the license was issued;
The existing medical cannabis dispensary meets the application criteria required by chapter A and rules adopted thereunder;
The existing medical cannabis dispensary is in compliance with any other requirements of chapter A, including the ownership restrictions; and
The existing medical cannabis dispensary is capable of sustaining the product supply and access for the registered qualifying patients they serve.

(c) An existing medical cannabis dispensary shall pay a one-time conversion fee of $50,000 per retail dispensing location being converted and $25,000 per production facility being converted. The one-time conversion fee may be paid in separate installments; provided that it be paid in full on or before January 1, 2026. If the conversion fee is not paid by
January 1, 2026, any license held by the licensee shall be subject to revocation in accordance with chapter A and rules adopted thereunder.

(d) The authority shall audit the existing medical cannabis dispensary ownership to ensure compliance with the ownership restrictions in chapter A.

(e) Upon full or partial payment of the conversion fee, and a complete and valid conversion application, the authority shall issue licenses under chapter A for the premises and operations of the existing medical cannabis dispensary that have been approved for conversion by the authority. The converted licenses shall be issued no later than January 1, 2025.

SECTION 52. All functions of the department of health office of cannabis control and regulation shall be transferred to the Hawaii cannabis authority. All employees who occupy civil service positions and whose functions are transferred by this Act shall retain their civil service status (permanent or temporary). Employees shall be transferred without loss of salary, seniority (except as prescribed by collective bargaining agreements), retention points, prior service credit, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state
personnel laws and this Act; provided that the employees possess the minimum qualifications and public employment requirements for the class or position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable civil service and compensation laws.

Any employee who, before this Act, is exempt from civil service and is transferred as a consequence of this Act may continue to retain the employee's exempt status but shall not be appointed to a civil service position because of this Act. An exempt employee who is transferred by this Act shall not suffer any loss of prior service credit, any vacation and sick leave credits previously earned, or other employee benefits or privileges as a consequence of this Act; provided that the employee possesses legal and public employment requirements for the position to which transferred or appointed, as applicable; provided further that subsequent changes in status may be made pursuant to applicable employment and compensation laws. The Hawaii cannabis authority to which the employee is transferred may prescribe the duties and qualifications of the employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.
SECTION 53. All leases, contracts, loans, agreements, permits, or other documents executed or entered into by or on behalf of the department of health or the department of agriculture pursuant to the provisions of the Hawaii Revised Statutes that are reenacted or made applicable to the Hawaii cannabis authority by this Act shall remain in full force and effect. On the effective date of this Act, every reference to the department of health or the director of health or the department of agriculture or the chairperson of agriculture in those leases, contracts, loans, agreements, permits, or other documents shall be construed as a reference to the Hawaii cannabis authority or the executive director of the Hawaii cannabis authority, as appropriate.

SECTION 54. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the department of health and the department of agriculture relating to the functions transferred to the Hawaii cannabis authority shall be transferred with the functions to which they relate.

SECTION 55. All rules, policies, procedures, guidelines, and other material adopted or developed by the department of
health or the department of agriculture to implement provisions of the Hawaii Revised Statutes that are reenacted or made applicable to the cannabis control board, the executive director of the Hawaii cannabis authority, or the Hawaii cannabis authority by this Act, as appropriate, shall remain in full force and effect until amended or repealed by the Hawaii cannabis control board pursuant to chapter 91, Hawaii Revised Statutes. In the interim, every reference to the department of health or the director of health or the department of agriculture or the chairperson of agriculture in those rules, policies, procedures, guidelines, and other material is amended to refer to the cannabis control board, the executive director of the Hawaii cannabis authority, or the Hawaii cannabis authority, as appropriate.

SECTION 56. The right of appeal from administrative actions or determinations as provided by law shall not be impaired by this Act. Except as otherwise provided by this Act, whenever a right of appeal from administrative actions or determinations is provided by law to or from any officer, board, department, bureau, commission, administrative agency, or instrumentality of the State that, or any of the programs of which, is transferred by this Act to the cannabis control board,
the executive director of the Hawaii cannabis authority, or the Hawaii cannabis authority, as the case may be, the right of appeal shall lie to or from the cannabis control board, the executive director of the Hawaii cannabis authority, or the Hawaii cannabis authority, as the case may be, when the transfer is made. The right of appeal shall exist to the same extent and in accordance with the applicable procedures that are in effect immediately before the effective date of the applicable part.

If the provisions of the preceding paragraph relating to appeals cannot be effected by reason of abolishment, splitting, or shifting of functions or otherwise, the right of appeal shall lie to the circuit court of the State pursuant to the Hawaii rules of civil procedure.

SECTION 57. Notwithstanding any other provision of law to the contrary, from the effective date of this Act to December 31, 2027, the Hawaii cannabis authority is exempt from procurement requirements under chapter 103D if the procurement is for:

(1) Banking services for the Hawaii cannabis authority or the department of taxation, or both, to collect fees and tax revenue;
(2) Banking services to help support cannabis businesses to transition from an all-cash system;

(3) A consultant to support the Hawaii cannabis authority in the process for cannabis licensure, including services related to investigations and the financial or criminal history review of applicants or licensed businesses;

(4) A consultant to support the Hawaii cannabis authority to draft rules to implement this chapter;

(5) A consultant to provide technical assistance regarding the social equity program;

(6) Communication services for public and consumer education campaigns on cannabis laws and rules and potential health and safety risks associated with cannabis use;

(7) Establishing a state cannabis testing facility; and

(8) A consultant to support the Hawaii cannabis authority in administering grant programs.

SECTION 58. The following positions are established within the Hawaii cannabis authority:

(1) Executive director;

(2) Executive secretary to the director;
(3) Chief financial officer;
(4) Chief equity officer;
(5) General counsel;
(6) Chief public health and environment officer;
(7) Chief technology officer; and
(8) Chief compliance officer.

SECTION 59. There is appropriated out of the general revenues of the State of Hawaii the sum of $10,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the cannabis regulation special fund.

SECTION 60. There is appropriated out of the cannabis regulation special fund the sum of $10,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the hiring and filling of the eight full-time equivalent (8.0 FTE) positions established by this Act and fifteen full-time equivalent positions (15.0 FTE) within the Hawaii cannabis authority established by this Act, for the administration and enforcement of the Hawaii cannabis law by the Hawaii cannabis authority, and other associated administrative costs.

The sum appropriated shall be expended by the Hawaii cannabis authority for the purposes of this Act.
SECTION 61. The following positions are established within the department of taxation to implement part III of this Act:

(1) One full-time equivalent (1.0 FTE) analyst position;
(2) One full-time equivalent (1.0 FTE) auditor position;
(3) One full-time equivalent (1.0 FTE) investigator position;
(4) Three full-time equivalent (3.0 FTE) cashier positions; and
(5) One full-time equivalent (1.0 FTE) tax law change specialist.

In filling these positions, the director of taxation may appoint a tax law change specialist that shall be exempt from chapter 76.

SECTION 62. There is appropriated out of the general revenues of the State of Hawaii the sum of $750,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the department of taxation to carry out part III of this Act, including the hiring and filling of seven full-time equivalent (7.0 FTE) positions within the department established by this Act, and other associated administrative costs.

The sum appropriated shall be expended by the department of taxation for the purposes of this Act.
SECTION 63. The following positions are established within the department of attorney general for the drug nuisance abatement unit pursuant to section 28-131, Hawaii Revised Statutes, to carry out part II of this Act:

(1) One full-time equivalent (1.0 FTE) supervising deputy attorney general position;

(2) One full-time equivalent (1.0 FTE) deputy attorney general position;

(3) One full-time equivalent (1.0 FTE) administrative assistant position;

(4) One full-time equivalent (1.0 FTE) supervisory special agent (investigator VI) position; and

(5) Four full-time equivalent (4.0 FTE) special agent (investigator V) positions.

SECTION 64. There is appropriated out of the general revenues of the State of Hawaii the sum of $1,500,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the cannabis nuisance abatement special fund.

SECTION 65. There is appropriated out of the cannabis nuisance abatement special fund the sum of $1,500,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the department of attorney general to carry out part II of this Act,
including the hiring and filling of eight full-time equivalent (8.0 FTE) positions within the department established by this Act, equipment costs, and other associated administrative costs. The sum appropriated shall be expended by the department of attorney general for the purposes of this Act.

SECTION 66. The following positions are established within the department of law enforcement for the cannabis enforcement unit pursuant to part II of this Act:

1. Three full-time equivalent (3.0 FTE) permanent supervisory positions;

2. Eleven full-time equivalent (11.0 FTE) permanent investigator or detective positions; and

3. Three full-time equivalent (3.0 FTE) permanent administrative support positions.

SECTION 67. There is appropriated out of the general revenues of the State of Hawaii the sum of $2,500,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the cannabis law enforcement special fund.

SECTION 68. There is appropriated out of the cannabis law enforcement special fund the sum of $2,500,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the department of law enforcement to carry out part II of this Act,
including the hiring and filling of the seventeen full-time
equivalent (17.0 FTE) positions established by this Act, and
other associated administrative costs.

The sum appropriated by this Act shall be expended by the
department of law enforcement for the purposes of this Act.

SECTION 69. There is appropriated out of the general revenues of the State of Hawaii the sum of $10,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the cannabis social equity special fund.

SECTION 70. There is appropriated out of the cannabis social equity special fund the sum of $10,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the implementation and administration of the social equity program established by this Act.

The sum appropriated shall be expended by the Hawaii cannabis authority for the purposes of this Act.

SECTION 71. There is appropriated out of the general revenues of the State of Hawaii the sum of $5,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the public health and education special fund.

SECTION 72. There is appropriated out of the public health and education special fund the sum of $5,000,000 or so much
thereof as may be necessary for fiscal year 2024-2025 for the purposes of this Act.

The sum appropriated shall be expended by the Hawaii cannabis authority for the administration and implementation of the public health and education program.

SECTION 73. There is appropriated out of the general revenues of the State of Hawaii the sum of $4,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 to be deposited into the public safety special fund.

SECTION 74. There is appropriated out of the public safety special fund the sum of $4,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the implementation and administration of the public safety grant program.

The sum appropriated shall be expended by the Hawaii cannabis authority for the purposes of this Act.

SECTION 75. There is appropriated out of the general revenues of the State of Hawaii the sum of $5,000,000 or so much thereof as may be necessary for fiscal year 2024-2025 for the purposes of establishing a state cannabis testing facility within the Hawaii cannabis authority.

The sum appropriated shall be expended by the Hawaii cannabis authority for the purposes of this Act.
SECTION 76. The appropriations made by this Act shall not lapse at the end of the fiscal biennium for which the appropriations are made; provided that all moneys from the appropriations unencumbered as of June 30, 2026, shall lapse as of that date.

SECTION 77. Any unexpended or unencumbered balance in the:

(1) Industrial hemp special fund, established by section 141-14;

(2) Medical cannabis registry and regulatory special fund, established by section 321-30.1; and

(3) Hawaii hemp processing special fund, established by section 328G-7,

shall be transferred to the cannabis regulation special fund, established by section A-12, as of the close of business on the effective date of this Act.

SECTION 78. This Act shall not be applied to impair any contract existing as of the effective date of this Act in a manner violative of either the Constitution of the State of Hawaii or Article I, section 10, of the United States Constitution.
SECTION 79. This Act shall not affect rights and duties that matured, penalties and forfeitures that were incurred, and proceedings that were begun before its effective date.

SECTION 80. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 81. If any part of this Act is found to be in conflict with federal requirements that are prescribed condition for the allocation of federal funds to the State, the conflicting part of this Act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this Act in its application to the agencies concerned. The rules under this Act shall meet federal requirements that are a necessary condition to the receipt of federal funds by the State.

SECTION 82. In codifying the new sections added by sections 2, 4, 8, and 9 of the Act and referenced in sections 2, 4, 8, 9, 19, 21, 22, 24 through 39, 44, 45, and 84 of this Act,
the revisor of statutes shall substitute appropriate section
numbers for the letters used in designating the new sections in
this Act.

SECTION 83. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 84. This Act shall take effect on July 1, 2024;
provided that:

(1) Sections A-37 through A-39, Hawaii Revised Statutes,
of section 2 of this Act shall take effect on January
1, 2026; and

(2) Amendments made to section 291E-61, Hawaii Revised
Statutes, by section 17 of this Act and to 291E-61.5,
Hawaii Revised Statutes, by section 18 of this Act
shall not be repealed when those sections are
reenacted on June 30, 2028, pursuant to section 11 of
Act 196, Session Laws of Hawaii 2021, as amended by
Report Title:
Hawaii Cannabis Authority; Hawaii Cannabis Control Board; Adult-use Cannabis; Medical Cannabis; Hemp; DCCA

Description:
Establishes the Hawaii Cannabis Authority and the Cannabis Control Board within the Department of Commerce and Consumer Affairs; establishes laws for the cultivation, manufacture, sale, and personal adult-use of cannabis, including hemp; establishes taxes for adult-use cannabis sales; legalizes the possession of certain amounts of cannabis for individuals twenty-one years of age and older as of January 1, 2026; transfers the personnel and assets of the Office of Medical Cannabis Control and Regulation of the Department of Health to the Hawaii Cannabis Authority.

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