



## Bill Summary SB 669

### Bill Summary SB 669 SD 2 Cannabis Legalization & Regulation

Sponsored by Sen. Stanley Chang (D), Sen. Jarrett Keohokalole (D), Sen. Angus McKelvey (D), Sen. Joy San Buenaventura (D)

Passed Senate on 22-3 vote

#### **Personal Liberty and Possession Limits**

- Limits personal use to 1 ounce by a person 21 years of age or older.
- Transfer, transport, or display of 1 ounce immune from criminal prosecution.
- Allows possession of no more than 6 plants, no more than 3 mature, flowering on the premise where the plants are grown in a locked enclosed space and not available for sale by adults 21 and older.
- Personal use of cannabis is prohibited on highways, public sidewalks, federal property, and any location where smoking and alcohol consumption is prohibited.
- Allows adults 21 and over to gift cannabis within legal limits.
- Allows possession, transport, purchase of cannabis accessories.
- Eliminates personal use of cannabis as a basis for search, arrest or asset forfeiture.

#### **License and Regulatory Structure**

- Establishes the Hawaii Cannabis Regulatory Authority - Independent agency to oversee the regulation and licensing of all cannabis use including medical. Attached to the DOH for administrative purposes. Led by an executive director appointed by the Governor. All duties of DOH, including office of medical cannabis and enforcement of medical cannabis program shall be transferred to authority, except registration and identification cards for patients and caregivers shall remain with DOH. All officers and employees of office of medical cannabis control shall be transferred to the authority subject to the DOH director approval.
- Agency to report annually to the Governor and the legislature on the regulation of cannabis establishments, including the number and location of cannabis establishments licensed by license type, the total licensing fees collected, the total amount of taxes collected from cannabis establishments, and any licensing violations.

#### **Regulatory Powers:**

- Determine which applicants shall be awarded licenses. Deny an application or limit, condition, restrict, revoke, or suspend any license. Determine and establish the process and methodology by which licenses shall be awarded by the agency.
- Conduct investigations into the qualifications of all applicants for employment by the agency and all applicants for licensure pursuant to this chapter

- Imposes and collect fees, sanctions, and administrative penalties
- Inspect cannabis establishments
- Review data and market conditions prior to the adoption of rules pursuant to this chapter and on a periodic basis thereafter to 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.

### License Types:

Cannabis cultivation facilities - authorized to cultivate, process, prepare, label, and package cannabis and cannabis products for sale to retail or dual use dispensaries, to purchase and sale cannabis to other cultivation facilities or dual use dispensaries

Retail cannabis store licenses - authorized to purchase or take possession of cannabis or cannabis products from a cannabis cultivation facility or dual use cannabis dispensary and sell to consumers on premises approved by the agency

Cannabis testing facility licenses authorized to develop, research or test cannabis and cannabis products for that facility or another licensee

Dual use cannabis license authorized to cultivate, process, manufacture, transport and sell cannabis and cannabis products for both medical and personal use, to purchase or take possession of cannabis or cannabis products from cultivation or dual use cannabis dispensary, or transfer possession of and sell cannabis to retail cannabis stores, or other dual use dispensaries, and consumers.

Agency may establish additional license types and grant temporary licenses of any type.

### Pilot Program

During pilot period any medical cannabis dispensary shall be permitted to cultivate, process, manufacture, transport, and sell cannabis and cannabis products as a dual use dispensary.

Pilot period - Prior to issuance of new licenses until the later of 2 years after effective date of chapter, or the final issuance of rules.

Agency shall use the pilot period to monitor and study data, market conditions, and regulations to inform, develop, and adopt final rules or statutory recommendations.

Dual use cannabis dispensaries shall comply with all regulatory authority.

Businesses must maintain compliance with 329 program requirements during pilot period until final issuance of rules.

### **Business Controls**

- No person would be granted or have any interest in more than one of the following categories: dual use cannabis license, cannabis cultivation, retail cannabis store license or cannabis testing facility license.
- No cannabis would be sold or marketed that has not been tested and met agency requirements.
- Each license shall designate where business will be conducted. No license shall transfer from

one location to another or one person to another unless approved by agency.

- Department would have the ability to suspend, revoke or decline to renew any permit for good cause or unpermitted conduct.
- Cannabis products must be in generic packaging that only uses black lettering and contains no colors, pictures, cartoons, or images that would appeal to children and youth.
- Prohibits cannabis advertising within 1,000 feet of youth-centered areas including state and private parks, schools, recreational facilities, public transit stations; and bus stops

### **Protections for Medical Cannabis Patients**

Does not affect medical use of cannabis and does not expand the medical use of cannabis.

Does not affect dispensing of medical cannabis.

### **Taxation**

Permit - unlawful for retail or dual use dispensary to sell without a tax permit. DOH or department shall certify every retail cannabis store for business and period covering the license after payment of fee of \$25.00. Issuance upon date when agency issued retail license or dual use of cannabis dispensary date when pilot begins, permit is not assignable, must be conspicuously displayed on licensed premise . It shall be renewed annually before July 1, upon fulfillment of all requirements and payment of a renewal fee of \$25.00.

Every person who sells cannabis shall be assessed a 10% tax on sales price. Tax does not apply to cannabis sold by one licensee to another or cannabis sold for medical use.

10% excise tax does not apply to medical cannabis.

Allows cannabis establishments to deduct business expenses for purpose of state income tax

All monies collected shall be paid into the state treasury as state realizations.

### **Public Health & Safety**

Does not effect or provide a defense to intoxicated driving laws

Condominium associations may restrict or prohibit the smoking of cannabis in the same manner they may restrict or prohibit the smoking of tobacco on the property.

### **Redresses Harms Caused by Prohibition and Unequal Enforcement**

- Records relating to the arrest, criminal charge, or conviction of a person of any act permitted by the bill, including the possession or distribution of marijuana, shall be ordered expunged in the following manner:
- By December 31, 2025, the Attorney General and Judiciary shall determine the offenses eligible for expungement. The county attorneys shall then issue written notices to all person eligible for expungement.
- No later than January 1, 2026, the attorney general shall order the automatic expungement of records of arrest, criminal charge, or conviction of cannabis offenses.
- Effective July 1, 2023, a person convicted of possession or distributing cannabis can petition the

appropriate court for review and adjustment of the sentence at any time.

- All Expungement orders shall be sealed. Prior arrests, pending charges, or outstanding court fees, costs shall not be barrier to eligibility.
- Once record is expunged, persons can state they have never been convicted of a crime.
- In any application for employment, license, or other civil right or privilege, or in any appearance as a witness, a person whose conviction of a crime has been expunged under this section may state that the person has never been convicted of the crime except for bar admission, an applicant for a teaching certificate, or the operator or employee of an early childhood education facility.
- Custodian of records not allowed to disclose except for bar admission.

Effective March 22, 2075