



**GOV. MSG. NO. 1339**

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

July 11, 2016

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Twenty-Eighth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on July 11, 2016, the following bill was signed into law:

HB2707 HD1 SD2 CD1

**RELATING TO MEDICAL MARIJUANA  
ACT 230 (16)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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# A BILL FOR AN ACT

RELATING TO MEDICAL MARIJUANA.

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

1 PART I

2 SECTION 1. The legislature finds that Act 241, Session  
3 Laws of Hawaii 2015, established a licensing scheme for a  
4 statewide system of medical marijuana dispensaries to ensure  
5 access to medical marijuana for qualifying patients.

6 The purpose of this Act is to:

- 7 (1) Clarify and amend statutes pertaining to the
- 8 dispensary system consistent with guidance provided in
- 9 the August 29, 2013, memorandum to all United States
- 10 Attorneys from Deputy Attorney General James M. Cole
- 11 regarding the exercise of federal prosecutorial
- 12 discretion in states with laws authorizing marijuana
- 13 cultivation and distribution for medical use;
- 14 (2) Ensure the efficient and responsible operation of
- 15 medical marijuana dispensaries; and
- 16 (3) Further ensure access to medical marijuana for
- 17 qualifying patients.



## 1 PART II

2 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
3 amended by adding a new section to be appropriately designated  
4 and to read as follows:

5 "§201- Medical marijuana; economic and other data;  
6 collection. (a) The department shall continuously collect  
7 de-identified information regarding the medical marijuana  
8 registry and dispensary programs established pursuant to  
9 chapters 329 and 329D, including but not limited to information  
10 regarding the:

- 11 (1) Quantities of marijuana cultivated and dispensed;  
12 (2) Number of qualifying patients;  
13 (3) Geographic areas in which marijuana is cultivated and  
14 consumed;  
15 (4) Prices of marijuana and related products;  
16 (5) Number of employment opportunities related to  
17 marijuana; and  
18 (6) Economic impact of marijuana cultivation and sales.

19 (b) The department of health and dispensaries licensed  
20 pursuant to chapter 329D shall provide de-identified aggregated  
21 data as required by the department pursuant to this section.



1        (c) Upon request, the department shall provide an analysis  
2 of the aggregated de-identified data to the department of health  
3 and the legislature."

4        SECTION 3. Section 209E-2, Hawaii Revised Statutes, is  
5 amended by amending the definition of "eligible business  
6 activity" to read as follows:

7        "Eligible business activity" means the:

- 8        (1) Manufacture of tangible personal property, the  
9                wholesale sale of tangible personal property as  
10                described in section 237-4, or a service business as  
11                defined in this section;
- 12        (2) Production of agricultural products where the business  
13                is a producer as defined in section 237-5, or the  
14                processing of agricultural products, all or some of  
15                which were grown within an enterprise zone;
- 16        (3) Research, development, sale, or production of all  
17                types of genetically-engineered medical, agricultural,  
18                or maritime biotechnology products; or
- 19        (4) Production of electric power from wind energy for sale  
20                primarily to a public utility company for resale to  
21                the public[-];



1 provided that medical marijuana dispensary activities pursuant  
2 to chapter 329D shall not be considered an eligible business  
3 activity for the purposes of this chapter."

4 SECTION 4. Section 235-2.4, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "§235-2.4 Operation of certain Internal Revenue Code  
7 provisions; sections 63 to 530. (a) Section 63 (with respect  
8 to taxable income defined) of the Internal Revenue Code shall be  
9 operative for the purposes of this chapter, subject to the  
10 following:

11 (1) Section 63(c)(1)(B) (relating to the additional  
12 standard deduction), 63(c)(1)(C) (relating to the real  
13 property tax deduction), 63(c)(1)(D) (relating to the  
14 disaster loss deduction), 63(c)(1)(E) (relating to the  
15 motor vehicle sales tax deduction), 63(c)(4) (relating  
16 to inflation adjustments), 63(c)(7) (defining the real  
17 property tax deduction), 63(c)(8) (defining the  
18 disaster loss deduction), 63(c)(9) (defining the motor  
19 vehicle sales tax deduction), and 63(f) (relating to  
20 additional amounts for the aged or blind) of the



- 1 Internal Revenue Code shall not be operative for  
2 purposes of this chapter;
- 3 (2) Section 63(c)(2) (relating to the basic standard  
4 deduction) of the Internal Revenue Code shall be  
5 operative, except that the standard deduction amounts  
6 provided therein shall instead mean:
- 7 (A) \$4,400 in the case of:
- 8 (i) A joint return as provided by section  
9 235-93; or
- 10 (ii) A surviving spouse (as defined in section  
11 2(a) of the Internal Revenue Code);
- 12 (B) \$3,212 in the case of a head of household (as  
13 defined in section 2(b) of the Internal Revenue  
14 Code);
- 15 (C) \$2,200 in the case of an individual who is not  
16 married and who is not a surviving spouse or head  
17 of household; or
- 18 (D) \$2,200 in the case of a married individual filing  
19 a separate return;
- 20 (3) Section 63(c)(5) (limiting the basic standard  
21 deduction in the case of certain dependents) of the



1 Internal Revenue Code shall be operative, except that  
2 the limitation shall be the greater of \$500 or the  
3 individual's earned income; and

4 (4) The standard deduction amount for nonresidents shall  
5 be calculated pursuant to section 235-5.

6 (b) Section 68 (with respect to the overall limitation on  
7 itemized deductions) of the Internal Revenue Code shall be  
8 operative; provided that the thresholds shall be those that were  
9 operative for federal tax year 2009.

10 (c) Section 72 (with respect to annuities; certain  
11 proceeds of endowment and life insurance contracts) of the  
12 Internal Revenue Code shall be operative for purposes of this  
13 chapter and be interpreted with due regard to section 235-7(a),  
14 except that the ten per cent additional tax on early  
15 distributions from retirement plans in section 72(t) shall not  
16 be operative for purposes of this chapter.

17 (d) Section 85 (with respect to unemployment compensation)  
18 of the Internal Revenue Code shall be operative for purposes of  
19 this chapter, except that section 85(c) shall not be operative  
20 for purposes of this chapter.



1 (e) Section 108 (with respect to income from discharge of  
2 indebtedness) of the Internal Revenue Code shall be operative  
3 for purposes of this chapter, except that section 108(i)  
4 (relating to deferral and ratable inclusion of income arising  
5 from business indebtedness discharged by the reacquisition of a  
6 debt instrument) shall not be operative for purposes of this  
7 chapter.

8 (f) Section 121 (with respect to exclusion of gain from  
9 sale of principal residence) of the Internal Revenue Code shall  
10 be operative for purposes of this chapter, except that for the  
11 election under section 121(f), a reference to section 1034  
12 treatment means a reference to section 235-2.4(s) in effect for  
13 taxable year 1997.

14 (g) Section 132 (with respect to certain fringe benefits)  
15 of the Internal Revenue Code shall be operative for purposes of  
16 this chapter, except that the provision in section 132(f)(2)  
17 that equalizes the dollar amounts for ~~sections~~ section  
18 132(f)(2)(A) and (B) shall not be operative and except that  
19 section 132(n) shall not apply to United States Department of  
20 Defense Homeowners Assistance Program payments authorized by the  
21 American Recovery and Reinvestment Act of 2009.





1 (h) Section 163 (with respect to interest) of the Internal  
2 Revenue Code shall be operative for the purposes of this  
3 chapter, except that provisions in section 163(d)(4)(B)  
4 (defining net investment income to exclude dividends), section  
5 163(e)(5)(F) (suspension of applicable high-yield discount  
6 obligation (AHYDO) rules) and section 163(i)(1) as it applies to  
7 debt instruments issued after January 1, 2010, (defining AHYDO)  
8 shall not be operative for the purposes of this chapter.

9 (i) Section 164 (with respect to taxes) of the Internal  
10 Revenue Code shall be operative for the purposes of this  
11 chapter, except that:

12 (1) Section 164(a)(6) and (b)(6) shall not be operative  
13 for the purposes of this chapter;

14 (2) The deductions under section 164(a)(3) and (b)(5)  
15 shall not be operative for corporate taxpayers and  
16 shall be operative only for the following individual  
17 taxpayers:

18 (A) A taxpayer filing a single return or a married  
19 person filing separately with a federal adjusted  
20 gross income of less than \$100,000;



1           (B) A taxpayer filing as a head of household with a  
2           federal adjusted gross income of less than  
3           \$150,000; and

4           (C) A taxpayer filing a joint return or as a  
5           surviving spouse with a federal adjusted gross  
6           income of less than \$200,000; and

7           (3) Section 164(a)(3) shall not be operative for any  
8           amounts for which the credit under section 235-55 has  
9           been claimed.

10          (j) Section 165 (with respect to losses) of the Internal  
11 Revenue Code shall be operative for purposes of this chapter,  
12 except that the amount prescribed by sections 165(h)(1)  
13 (relating to the limitation per casualty) of the Internal  
14 Revenue Code shall be a \$100 limitation per casualty, and  
15 section 165(h)(3)(A) and (B) (both of which relate to special  
16 rules for personal casualty gains and losses in federally  
17 declared disasters) of the Internal Revenue Code shall not be  
18 operative for the purposes of this chapter. Section 165 as  
19 operative for this chapter shall also apply to losses sustained  
20 from the sale of stocks or other interests issued through the



1 exercise of the stock options or warrants granted by a qualified  
2 high technology business as defined in section 235-7.3.

3 (k) Section 168 (with respect to the accelerated cost  
4 recovery system) of the Internal Revenue Code shall be operative  
5 for purposes of this chapter, except that sections 168(j)  
6 (relating to property on Indian reservations), 168(k) (relating  
7 to the special allowance for certain property acquired during  
8 the period specified therein), 168(m) (relating to the special  
9 allowance for certain reuse and recycling property), and 168(n)  
10 (relating to the special allowance for qualified disaster  
11 assistance property) of the Internal Revenue Code shall not be  
12 operative for purposes of this chapter.

13 (l) Section 172 (with respect to net operating loss  
14 deductions) of the Internal Revenue Code shall be operative for  
15 purposes of this chapter, as further provided in section  
16 235-7(d), except that section 172(b)(1)(J) and (j) (both of  
17 which relate to qualified disaster losses) of the Internal  
18 Revenue Code shall not be operative for purposes of this  
19 chapter.

20 (m) Section 179 (with respect to the election to expense  
21 certain depreciable business assets) of the Internal Revenue



1 Code shall be operative for purposes of this chapter, except as  
2 provided in this subsection:

3 (1) The aggregate cost provided in section 179(b)(1),  
4 which may be taken into account under section 179(a)  
5 for any taxable year, shall not exceed \$25,000;

6 (2) The amount at which the reduction in limitation  
7 provided in section 179(b)(2) begins shall exceed  
8 \$200,000 for any taxable year; and

9 (3) The following shall not be operative for purposes of  
10 this chapter:

11 (A) Defining section 179 property to include computer  
12 software in section 179(d)(1);

13 (B) Inflation adjustments in section 179(b)(5);

14 (C) Irrevocable election in section 179(c)(2); and

15 (D) Special rules for qualified disaster assistance  
16 property in section 179(e).

17 (n) Section 198A (with respect to the expensing of  
18 qualified disaster assistances expenses) of the Internal Revenue  
19 Code shall not be operative for purposes of this chapter.

20 (o) Section 219 (with respect to retirement savings) of  
21 the Internal Revenue Code shall be operative for the purpose of



1 this chapter. For the purpose of computing the limitation on  
2 the deduction for active participants in certain pension plans  
3 for state income tax purposes, adjusted gross income as used in  
4 section 219 as operative for this chapter means federal adjusted  
5 gross income.

6 (p) Section 220 (with respect to medical savings accounts)  
7 of the Internal Revenue Code shall be operative for the purpose  
8 of this chapter, but only with respect to medical services  
9 accounts that have been approved by the Secretary of the  
10 Treasury of the United States.

11 (q) Section 265 (with respect to expenses and interest  
12 relating to tax-exempt income) of the Internal Revenue Code  
13 shall be operative for purposes of this chapter; except that  
14 section 265(b)(3)(G) and (7) shall not be operative and section  
15 265 shall not apply to expenses for royalties and other income  
16 derived from any patents, copyrights, and trade secrets by an  
17 individual or a qualified high technology business as defined in  
18 section 235-7.3. [~~Such~~] These expenses shall be deductible.

19 (r) Section 280E (with respect to expenditures in  
20 connection with the illegal sale of drugs) of the Internal  
21 Revenue Code shall be operative for the purposes of this



1 chapter, except that section 280E shall not be operative with  
2 respect to the production and sale of medical marijuana and  
3 manufactured marijuana products by dispensaries licensed under  
4 chapter 329D and their subcontractors, as defined in section  
5 329D-1.

6 [~~(\*)~~] (s) Section 382 (with respect to limitation on net  
7 operating loss carryforwards and certain built-in losses  
8 following ownership change) of the Internal Revenue Code shall  
9 be operative for the purposes of this chapter, except that  
10 section 382(n) shall not be operative for purposes of this  
11 chapter.

12 [~~(s)~~] (t) Section 408A (with respect to Roth Individual  
13 Retirement Accounts) of the Internal Revenue Code shall be  
14 operative for the purposes of this chapter, except that section  
15 408A(d)(3)(A)(iii) shall not be operative for purposes of this  
16 chapter. For the purposes of determining the aggregate amount  
17 of contributions to a Roth Individual Retirement Account or  
18 qualified rollover contribution to a Roth Individual Retirement  
19 Account from an individual retirement plan other than a Roth  
20 Individual Retirement Account, adjusted gross income as used in



1 section 408A as operative for this chapter means federal  
2 adjusted gross income.

3       ~~(t)~~ (u) In administering the provisions of sections 410  
4 to 417 (with respect to special rules relating to pensions,  
5 profit sharing, stock bonus plans, etc.), sections 418 to 418E  
6 (with respect to special rules for multiemployer plans), and  
7 sections 419 and 419A (with respect to treatment of welfare  
8 benefit funds) of the Internal Revenue Code, the department of  
9 taxation shall adopt rules under chapter 91 relating to the  
10 specific requirements under those sections and to other  
11 administrative requirements under those sections as may be  
12 necessary for the efficient administration of sections 410 to  
13 419A.

14       In administering sections 401 to 419A (with respect to  
15 deferred compensation) of the Internal Revenue Code, Public Law  
16 93-406, section 1017(i), shall be operative for the purposes of  
17 this chapter.

18       In administering section 402 (with respect to the  
19 taxability of beneficiary of employees' trust) of the Internal  
20 Revenue Code, the tax imposed on lump sum distributions by  
21 section 402(e) of the Internal Revenue Code shall be operative



1 for the purposes of this chapter and the tax imposed therein is  
2 hereby imposed by this chapter at the rate determined under this  
3 chapter.

4 ~~[(u)]~~ (v) In administering section 403 (with respect to  
5 taxation of employee annuities) of the Internal Revenue Code,  
6 any funds that represent pre-tax employee deferrals or  
7 contributions that are distributed from the annuity and used  
8 solely to obtain retirement credits under the state employees'  
9 retirement system shall not be treated as a rollover for  
10 purposes of section 403(b)(8)(A) of the Internal Revenue Code,  
11 and those funds shall be subject to income tax under this  
12 chapter.

13 ~~[(v)]~~ (w) Section 451 (which provides general rules for  
14 taxable year of inclusion) of the Internal Revenue Code shall be  
15 operative, except that ~~[the provisions of sections]~~ section  
16 451(i)(3) and ~~[451(i)]~~ (6), as ~~[they relate]~~ it relates to a  
17 qualified electric utility, shall not be operative for purposes  
18 of this chapter.

19 ~~[(w)]~~ (x) In administering section 457 (with respect to  
20 compensation plans of state and local governments and tax-exempt  
21 organizations) of the Internal Revenue Code, any funds that





1 represent pre-tax employee deferrals or contributions that are  
2 distributed from the deferred compensation plan and used solely  
3 to obtain retirement credits under the state employees'  
4 retirement system shall not be treated as a rollover for  
5 purposes of section 457(e)(16)(A) of the Internal Revenue Code  
6 and those funds shall be subject to income tax under this  
7 chapter.

8 ~~(x)~~ (y) Section 468B (with respect to special rules for  
9 designated settlement funds) of the Internal Revenue Code shall  
10 be operative for the purposes of this chapter and the tax  
11 imposed therein is hereby imposed by this chapter at a rate  
12 equal to the maximum rate in effect for the taxable year imposed  
13 on estates and trusts under section 235-51.

14 ~~(y)~~ (z) Section 469 (with respect to passive activities  
15 and credits limited) of the Internal Revenue Code shall be  
16 operative for the purposes of this chapter. For the purpose of  
17 computing the offset for rental real estate activities for state  
18 income tax purposes, adjusted gross income as used in section  
19 469 as operative for this chapter means federal adjusted gross  
20 income.



1        [~~z~~] (aa) Sections 512 to 514 (with respect to taxation  
2 of business income of certain exempt organizations) of the  
3 Internal Revenue Code shall be operative for the purposes of  
4 this chapter as provided in this subsection.

5        "Unrelated business taxable income" means the same as in  
6 the Internal Revenue Code, except that in the computation  
7 thereof sections 235-3 to 235-5, and 235-7 (except subsection  
8 (c)), shall apply, and in the determination of the net operating  
9 loss deduction there shall not be taken into account any amount  
10 of income or deduction that is excluded in computing the  
11 unrelated business taxable income. Unrelated business taxable  
12 income shall not include any income from a legal service plan.

13        For a person described in section 401 or 501 of the  
14 Internal Revenue Code, as modified by section 235-2.3, the tax  
15 imposed by section 235-51 or 235-71 shall be imposed upon the  
16 person's unrelated business taxable income.

17        [~~aa~~] (bb) Section 521 (with respect to cooperatives) and  
18 subchapter T (sections 1381 to 1388, with respect to  
19 cooperatives and their patrons) of the Internal Revenue Code  
20 shall be operative for the purposes of this chapter as to any  
21 cooperative fully meeting the requirements of section 421-23,



1 except that Internal Revenue Code section 521 cooperatives need  
2 not be organized in Hawaii.

3 ~~(bb)~~ (cc) Sections 527 (with respect to political  
4 organizations) and 528 (with respect to certain homeowners  
5 associations) of the Internal Revenue Code shall be operative  
6 for the purposes of this chapter and the taxes imposed in each  
7 section are hereby imposed by this chapter at the rates  
8 determined under section 235-71.

9 ~~(ee)~~ (dd) Section 529 (with respect to qualified tuition  
10 programs) shall be operative for the purposes of this chapter,  
11 except that sections 529(c)(6) and 529(e)(3)(A)(iii) shall not  
12 be operative.

13 ~~(dd)~~ (ee) Section 529A (with respect to qualified ABLE  
14 programs) shall be operative for the purposes of this chapter,  
15 except that section 529A(c)(3) (with respect to additional tax  
16 for distributions not used for disability expenses) shall not be  
17 operative.

18 ~~(ee)~~ (ff) Section 530 (with respect to Coverdell  
19 education savings accounts) of the Internal Revenue Code shall  
20 be operative for the purposes of this chapter. For the purpose  
21 of determining the maximum amount that a contributor could make



1 to an education individual retirement account for state income  
2 tax purposes, modified adjusted gross income as used in section  
3 530 as operative for this chapter means federal modified  
4 adjusted gross income as defined in section 530."

5 SECTION 5. Section 237-24.3, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "§237-24.3 Additional amounts not taxable. In addition to  
8 the amounts not taxable under section 237-24, this chapter shall  
9 not apply to:

10 (1) Amounts received from the loading, transportation, and  
11 unloading of agricultural commodities shipped for a  
12 producer or produce dealer on one island of this State  
13 to a person, firm, or organization on another island  
14 of this State. The terms "agricultural commodity",  
15 "producer", and "produce dealer" shall be defined in  
16 the same manner as they are defined in section 147-1;  
17 provided that agricultural commodities need not have  
18 been produced in the State;

19 (2) Amounts received by the manager, submanager, or board  
20 of directors of:



- 1 (A) An association of owners of a condominium
- 2 property regime established in accordance with
- 3 chapter 514A or 514B; or
- 4 (B) A nonprofit homeowners or community association
- 5 incorporated in accordance with chapter 414D or
- 6 any predecessor thereto and existing pursuant to
- 7 covenants running with the land,
- 8 in reimbursement of sums paid for common expenses;
- 9 (3) Amounts received or accrued from:
  - 10 (A) The loading or unloading of cargo from ships,
  - 11 barges, vessels, or aircraft, whether or not the
  - 12 ships, barges, vessels, or aircraft travel
  - 13 between the State and other states or countries
  - 14 or between the islands of the State;
  - 15 (B) Tugboat services including pilotage fees
  - 16 performed within the State, and the towage of
  - 17 ships, barges, or vessels in and out of state
  - 18 harbors, or from one pier to another; and
  - 19 (C) The transportation of pilots or governmental
  - 20 officials to ships, barges, or vessels offshore;
  - 21 rigging gear; checking freight and similar



1 services; standby charges; and use of moorings  
2 and running mooring lines;

3 (4) Amounts received by an employee benefit plan by way of  
4 contributions, dividends, interest, and other income;  
5 and amounts received by a nonprofit organization or  
6 office, as payments for costs and expenses incurred  
7 for the administration of an employee benefit plan;  
8 provided that this exemption shall not apply to any  
9 gross rental income or gross rental proceeds received  
10 after June 30, 1994, as income from investments in  
11 real property in this State; and provided further that  
12 gross rental income or gross rental proceeds from  
13 investments in real property received by an employee  
14 benefit plan after June 30, 1994, under written  
15 contracts executed prior to July 1, 1994, shall not be  
16 taxed until the contracts are renegotiated, renewed,  
17 or extended, or until after December 31, 1998,  
18 whichever is earlier. For the purposes of this  
19 paragraph, "employee benefit plan" means any plan as  
20 defined in section 1002(3) of title 29 of the United  
21 States Code, as amended;



1           (5) Amounts received for purchases made with United States  
2           Department of Agriculture food coupons under the  
3           federal food stamp program, and amounts received for  
4           purchases made with United States Department of  
5           Agriculture food vouchers under the Special  
6           Supplemental Foods Program for Women, Infants and  
7           Children;

8           (6) Amounts received by a hospital, infirmary, medical  
9           clinic, health care facility, pharmacy, or a  
10          practitioner licensed to administer the drug to an  
11          individual for selling prescription drugs or  
12          prosthetic devices to an individual; provided that  
13          this paragraph shall not apply to any amounts received  
14          for services provided in selling prescription drugs or  
15          prosthetic devices. As used in this paragraph:

16                 "Prescription drugs" are those drugs defined  
17                 under section 328-1 and dispensed by filling or  
18                 refilling a written or oral prescription by a  
19                 practitioner licensed under law to administer the drug  
20                 and sold by a licensed pharmacist under section 328-16  
21                 or practitioners licensed to administer drugs; [~~and~~]



1 provided that "prescription drugs" shall not include  
2 marijuana or manufactured marijuana products  
3 authorized pursuant to chapters 329 and 329D.

4 "Prosthetic device" means any artificial device  
5 or appliance, instrument, apparatus, or contrivance,  
6 including their components, parts, accessories, and  
7 replacements thereof, used to replace a missing or  
8 surgically removed part of the human body, which is  
9 prescribed by a licensed practitioner of medicine,  
10 osteopathy, or podiatry and ~~which~~ that is sold by  
11 the practitioner or ~~which~~ that is dispensed and sold  
12 by a dealer of prosthetic devices; provided that  
13 "prosthetic device" shall not mean any auditory,  
14 ophthalmic, dental, or ocular device or appliance,  
15 instrument, apparatus, or contrivance;

16 (7) Taxes on transient accommodations imposed by chapter  
17 237D and passed on and collected by operators holding  
18 certificates of registration under that chapter;

19 (8) Amounts received as dues by an unincorporated  
20 merchants association from its membership for  
21 advertising media, promotional, and advertising costs





1 for the promotion of the association for the benefit  
2 of its members as a whole and not for the benefit of  
3 an individual member or group of members less than the  
4 entire membership;

5 (9) Amounts received by a labor organization for real  
6 property leased to:

7 (A) A labor organization; or

8 (B) A trust fund established by a labor organization  
9 for the benefit of its members, families, and  
10 dependents for medical or hospital care, pensions  
11 on retirement or death of employees,  
12 apprenticeship and training, and other membership  
13 service programs.

14 As used in this paragraph, "labor organization" means  
15 a labor organization exempt from federal income tax  
16 under section 501(c)(5) of the Internal Revenue Code,  
17 as amended;

18 (10) Amounts received from foreign diplomats and consular  
19 officials who are holding cards issued or authorized  
20 by the United States Department of State granting them  
21 an exemption from state taxes; and

1           (11) Amounts received as rent for the rental or leasing of  
2                   aircraft or aircraft engines used by the lessees or  
3                   renters for interstate air transportation of  
4                   passengers and goods. For purposes of this paragraph,  
5                   payments made pursuant to a lease shall be considered  
6                   rent regardless of whether the lease is an operating  
7                   lease or a financing lease. The definition of  
8                   "interstate air transportation" is the same as in 49  
9                   U.S.C. section 40102."

10           SECTION 6. Section 329-43.5, Hawaii Revised Statutes, is  
11 amended to read as follows:

12           "[\+]§329-43.5[\+] Prohibited acts related to drug  
13 paraphernalia. (a) [~~±±~~] Except as provided in subsection (e),  
14 it is unlawful for any person to use, or to possess with intent  
15 to use, drug paraphernalia to plant, propagate, cultivate, grow,  
16 harvest, manufacture, compound, convert, produce, process,  
17 prepare, test, analyze, pack, repack, store, contain, conceal,  
18 inject, ingest, inhale, or otherwise introduce into the human  
19 body a controlled substance in violation of this chapter. Any  
20 person who violates this section is guilty of a class C felony  
21 and upon conviction may be imprisoned pursuant to section 706-



1 660 and, if appropriate as provided in section 706-641, fined  
2 pursuant to section 706-640.

3 (b) [~~It~~] Except as provided in subsection (e), it is  
4 unlawful for any person to deliver, possess with intent to  
5 deliver, or manufacture with intent to deliver[~~7~~] drug  
6 paraphernalia, knowing[~~7~~] or under circumstances where one  
7 reasonably should know, that it will be used to plant,  
8 propagate, cultivate, grow, harvest, manufacture, compound,  
9 convert, produce, process, prepare, test, analyze, pack, repack,  
10 store, contain, conceal, inject, ingest, inhale, or otherwise  
11 introduce into the human body a controlled substance in  
12 violation of this chapter. Any person who violates this section  
13 is guilty of a class C felony and upon conviction may be  
14 imprisoned pursuant to section 706-660 and, if appropriate as  
15 provided in section 706-641, fined pursuant to section 706-640.

16 (c) Any person eighteen years of age or over who violates  
17 subsection (b) by delivering drug paraphernalia to a person or  
18 persons under eighteen years of age who are at least three years  
19 younger than that adult person is guilty of a class B felony and  
20 upon conviction may be imprisoned pursuant to section 706-660



1 and, if appropriate as provided in section 706-641, fined  
2 pursuant to section 706-640.

3 (d) It is unlawful for any person to place in any  
4 newspaper, magazine, handbill, or other publication any  
5 advertisement, knowing [7] or under circumstances where one  
6 reasonably should know, that the purpose of the advertisement,  
7 in whole or in part, is to promote the sale of objects designed  
8 or intended for use as drug paraphernalia. Any person who  
9 violates this section is guilty of a class C felony and upon  
10 conviction may be imprisoned pursuant to section 706-660 and, if  
11 appropriate as provided in section 706-641, fined pursuant to  
12 section 706-640.

13 (e) Subsections (a) and (b) shall not apply to a person  
14 who is authorized to:

15 (1) Acquire, possess, cultivate, use, distribute, or  
16 transport marijuana pursuant to the definition of  
17 "medical use" under section 329-121, while the person  
18 is facilitating the medical use of marijuana by a  
19 qualifying patient; or

20 (2) Dispense, manufacture, or produce marijuana or  
21 manufactured marijuana products pursuant to and in



1           compliance with chapter 329D, while the person is  
2           facilitating the medical use of marijuana by a  
3           qualifying patient pursuant to part IX of chapter  
4           329."

5           SECTION 7. Section 329-121, Hawaii Revised Statutes, is  
6 amended as follows:

7           1. By adding a new definition to be appropriately inserted  
8 and to read:

9           "Advanced practice registered nurse" means an advanced  
10 practice registered nurse with prescriptive authority as  
11 described in section 457-8.6 and registered under section 329-  
12 32."

13           2. By amending the definition of "debilitating medical  
14 condition" to read:

15           "Debilitating medical condition" means:

- 16           (1) Cancer, glaucoma, positive status for human  
17           immunodeficiency virus, acquired immune deficiency  
18           syndrome, or the treatment of these conditions;
- 19           (2) A chronic or debilitating disease or medical condition  
20           or its treatment that produces one or more of the  
21           following:



- 1 (A) Cachexia or wasting syndrome;  
2 (B) Severe pain;  
3 (C) Severe nausea;  
4 (D) Seizures, including those characteristic of  
5 epilepsy;  
6 (E) Severe and persistent muscle spasms, including  
7 those characteristic of multiple sclerosis or  
8 Crohn's disease; or  
9 (F) Post-traumatic stress disorder; or  
10 (3) Any other medical condition approved by the department  
11 of health pursuant to administrative rules in response  
12 to a request from a physician or advanced practice  
13 registered nurse or potentially qualifying patient."

14 3. By amending the definition of "physician" to read:  
15 ""Physician" means a person who is licensed to practice  
16 under chapter 453 and is licensed with authority to prescribe  
17 drugs and is registered under section 329-32. "Physician" does  
18 not include [~~physician's~~] a physician assistant [~~or advanced~~  
19 ~~practice registered nurse with prescriptive authority~~] as  
20 described in section 453-5.3 [~~or 457-8.6~~]."



1           4. By amending the definition of "primary caregiver" to  
2 read:

3           ""Primary caregiver" means a person eighteen years of age  
4 or older, other than the qualifying patient and the qualifying  
5 patient's physician[7] or advanced practice registered nurse,  
6 who has agreed to undertake responsibility for managing the  
7 well-being of the qualifying patient with respect to the medical  
8 use of marijuana. In the case of a minor or an adult lacking  
9 legal capacity, the primary caregiver shall be a parent,  
10 guardian, or person having legal custody."

11           5. By amending the definition of "qualifying patient" to  
12 read:

13           ""Qualifying patient" means a person who has been diagnosed  
14 by a physician or advanced practice registered nurse as having a  
15 debilitating medical condition."

16           6. By amending the definition of "written certification"  
17 to read:

18           ""Written certification" means the qualifying patient's  
19 medical records or a statement signed by a qualifying patient's  
20 physician[7] or advanced practice registered nurse, stating that  
21 in the physician's or advanced practice registered nurse's

1 professional opinion, the qualifying patient has a debilitating  
2 medical condition and the potential benefits of the medical use  
3 of marijuana would likely outweigh the health risks for the  
4 qualifying patient. The department of health may require,  
5 through its rulemaking authority, that all written  
6 certifications comply with a designated form. "Written  
7 certifications" are valid for only one year from the time of  
8 signing."

9 SECTION 8. Section 329-122, Hawaii Revised Statutes, is  
10 amended as follows:

11 1. By amending subsections (a) and (b) to read:

12 "(a) Notwithstanding any law to the contrary, the medical  
13 use of marijuana by a qualifying patient shall be permitted only  
14 if:

15 (1) The qualifying patient has been diagnosed by a  
16 physician or advanced practice registered nurse as  
17 having a debilitating medical condition;

18 (2) The qualifying patient's physician or advanced  
19 practice registered nurse has certified in writing  
20 that, in the physician's or advanced practice  
21 registered nurse's professional opinion, the potential





1 benefits of the medical use of marijuana would likely  
2 outweigh the health risks for the particular  
3 qualifying patient; and

4 (3) The amount of marijuana possessed by the qualifying  
5 patient does not exceed an adequate supply.

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

8 (1) The qualifying patient's physician or advanced  
9 practice registered nurse has explained the potential  
10 risks and benefits of the medical use of marijuana to  
11 the qualifying patient and to a parent, guardian, or  
12 person having legal custody of the qualifying patient;  
13 and

14 (2) A parent, guardian, or person having legal custody  
15 consents in writing to:

16 (A) Allow the qualifying patient's medical use of  
17 marijuana;

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



1 (C) Control the acquisition of the marijuana, the  
2 dosage, and the frequency of the medical use of  
3 marijuana by the qualifying patient."

4 2. By amending subsection (d) to read:

5 "(d) For the purposes of this section, "transport" means  
6 the transportation of marijuana, usable marijuana, or any  
7 manufactured marijuana product between:

8 (1) A qualifying patient and the qualifying patient's  
9 primary caregiver; [~~or~~]

10 (2) The production centers and the retail dispensing  
11 locations under a dispensary licensee's license; or

12 (3) A production center or retail dispensing location and  
13 a certified laboratory for the purpose of laboratory  
14 testing;

15 provided that "transport" does not include the interisland  
16 transportation of marijuana, usable marijuana, or any  
17 manufactured marijuana product [~~or~~], except when the  
18 transportation is performed for the sole purpose of laboratory  
19 testing pursuant to section 329D-8, as permitted under section  
20 329D-6(m) and subject to section 329D-6(j), and with the



1 understanding that state law and its protections do not apply  
2 outside of the jurisdictional limits of the State."

3 SECTION 9. Section 329-123, Hawaii Revised Statutes, is  
4 amended by amending subsections (a) and (b) to read as follows:

5 "(a) Physicians or advanced practice registered nurses who  
6 issue written certifications shall provide, in each written  
7 certification, the name, address, patient identification number,  
8 and other identifying information of the qualifying patient.

9 The department of health shall require, in rules adopted  
10 pursuant to chapter 91, that all written certifications comply  
11 with a designated form completed by or on behalf of a qualifying  
12 patient. The form shall require information from the applicant,  
13 primary caregiver, and physician or advanced practice registered  
14 nurse as specifically required or permitted by this chapter.

15 The form shall require the address of the location where the  
16 marijuana is grown and shall appear on the registry card issued  
17 by the department of health. The certifying physician or  
18 advanced practice registered nurse shall be required to have a  
19 bona fide physician-patient relationship or bona fide advanced  
20 practice registered nurse-patient relationship, as applicable,  
21 with the qualifying patient. All current active medical



1 marijuana permits shall be honored through their expiration  
2 date.

3 (b) Qualifying patients shall register with the department  
4 of health. The registration shall be effective until the  
5 expiration of the certificate issued by the department of health  
6 and signed by the physician[-] or advanced practice registered  
7 nurse. Every qualifying patient shall provide sufficient  
8 identifying information to establish the personal identities of  
9 the qualifying patient and the primary caregiver. Qualifying  
10 patients shall report changes in information within ten working  
11 days. Every qualifying patient shall have only one primary  
12 caregiver at any given time. The department of health shall  
13 issue to the qualifying patient a registration certificate, and  
14 shall charge \$35 per year."

15 SECTION 10. Section 329-125, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:

17 "(a) A qualifying patient or the primary caregiver may  
18 assert the medical use of marijuana authorized under this part  
19 as an affirmative defense to any prosecution involving marijuana  
20 under this [+]part[+] or part IV; or part IV of chapter 712;



1 provided that the qualifying patient or the primary caregiver  
2 strictly complied with the requirements of this part."

3 SECTION 11. Section 329-125.6, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) An owner or employee of a medical marijuana  
6 dispensary that is licensed under chapter 329D may assert the  
7 production or distribution of medical marijuana as an  
8 affirmative defense to any prosecution involving marijuana under  
9 this part [7] or part IV; chapter 329D [7]; or part IV of chapter  
10 712; provided that the owner or employee strictly complied with  
11 the requirements of chapter 329D and any administrative rules  
12 adopted thereunder."

13 SECTION 12. Section 329-126, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "[+]§329-126[+] Protections afforded to a treating  
16 physician[-] or advanced practice registered nurse. No  
17 physician or advanced practice registered nurse shall be subject  
18 to arrest or prosecution, penalized in any manner, or denied any  
19 right or privilege for providing written certification for the  
20 medical use of marijuana for a qualifying patient; provided  
21 that:

- 1           (1) The physician or advanced practice registered nurse  
2           has diagnosed the patient as having a debilitating  
3           medical condition, as defined in section 329-121;
- 4           (2) The physician or advanced practice registered nurse  
5           has explained the potential risks and benefits of the  
6           medical use of marijuana, as required under section  
7           329-122;
- 8           (3) The written certification is based upon the  
9           physician's or advanced practice registered nurse's  
10          professional opinion after having completed a full  
11          assessment of the patient's medical history and  
12          current medical condition made in the course of a bona  
13          fide physician-patient relationship[+] or bona fide  
14          advanced practice registered nurse-patient  
15          relationship, as applicable; and
- 16          (4) The physician or advanced practice registered nurse  
17          has complied with the registration requirements of  
18          section 329-123."

19          SECTION 13. Section 329-128, Hawaii Revised Statutes, is  
20          amended by amending subsection (b) to read as follows:



1       "(b) Notwithstanding any law to the contrary, fraudulent  
2 misrepresentation to a law enforcement official of any fact or  
3 circumstance relating to the issuance of a written certificate  
4 by a physician or advanced practice registered nurse not covered  
5 under section 329-126 for the medical use of marijuana shall be  
6 a misdemeanor. This penalty shall be in addition to any other  
7 penalties that may apply for the non-medical use of marijuana.  
8 Nothing in this section is intended to preclude the conviction  
9 of any person under section 710-1060 or for any other offense  
10 under part V of chapter 710."

11       SECTION 14. Section 329D-1, Hawaii Revised Statutes, is  
12 amended as follows:

13       1. By adding two new definitions to be appropriately  
14 inserted and to read:

15       "Enclosed indoor facility" means a permanent, stationary  
16 structure with a solid floor, rigid exterior walls that encircle  
17 the entire structure on all sides, and a roof that protects the  
18 entire interior area from any exterior view and elements of  
19 weather; provided that the roof of an enclosed indoor facility  
20 utilized as a production center pursuant to a medical marijuana  
21 dispensary license application or license renewal application



1 submitted after January 29, 2016, may be partially or completely  
2 transparent or translucent. An enclosed indoor facility  
3 excludes a greenhouse or shade house that does not comply with  
4 these requirements. Nothing in this definition shall be  
5 construed to relieve a medical marijuana dispensary license  
6 applicant or license renewal applicant of the duty to comply  
7 with all applicable building codes and regulations.

8 "Subcontractor" or "contractor" means any person or entity  
9 with whom the dispensary licensee has a contract to perform any  
10 of its production center or retail dispensing location  
11 operations; provided that it does not include a person or entity  
12 retained by a dispensary licensee to perform services ancillary  
13 to the operations of a dispensary, including but not limited to  
14 construction, installation, or maintenance of the dispensary's  
15 facility, security systems, or tracking system, and laboratory  
16 testing."

17 2. By amending the definition of "manufactured marijuana  
18 product" to read:

19 "Manufactured marijuana product" means any capsule,  
20 lozenge, oil or oil extract, tincture, ointment or skin lotion,  
21 [~~or~~] pill, transdermal patch, or pre-filled and sealed container





1 used to aerosolize and deliver marijuana orally, such as an  
2 inhaler or nebulizer, that has been manufactured using  
3 marijuana[-], or any other products as specified by the  
4 department pursuant to section 329D-10(a)(9)."

5 SECTION 15. Section 329D-2, Hawaii Revised Statutes, is  
6 amended by amending subsection (f) to read as follows:

7 "(f) Up to two production centers shall be allowed under  
8 each dispensary license, provided that each production center  
9 shall be limited to no more than three thousand marijuana  
10 plants. For purposes of this subsection, "plant" means a  
11 marijuana plant that is greater than twelve vertical inches in  
12 height from where the base of the stalk emerges from the growth  
13 medium to the tallest point of the plant, or greater than twelve  
14 horizontal inches in width from the end of one branch to the end  
15 of another branch; provided that multiple stalks emanating from  
16 the same root ball or root system shall be considered part of  
17 the same single plant."

18 SECTION 16. Section 329D-6, Hawaii Revised Statutes, is  
19 amended as follows:

20 1. By amending subsections (e), (f), and (g) to read:



1           “(e) Retail dispensing locations shall not be open for  
2 retail sales before 8:00 a.m. or after 8:00 p.m., Hawaii-  
3 Aleutian Standard Time, Monday through [~~Saturday~~] Sunday.  
4 Retail dispensing locations shall be closed on [~~Sundays and~~]  
5 official state and federal holidays.

6           (f) All dispensary facilities, including but not limited  
7 to production centers and retail dispensing locations, shall be  
8 enclosed indoor facilities and shall maintain twenty-four hour  
9 security measures, including but not limited to an alarm system,  
10 video monitoring and recording on the premises, and exterior  
11 lighting. A dispensary licensee who intends to utilize, as a  
12 production center, an enclosed indoor facility that includes a  
13 roof that is partially or completely transparent or translucent,  
14 as provided under section 329D-1, shall notify the department of  
15 that intention prior to altering or constructing the facility.

16 Production centers shall remain locked at all times. Retail  
17 dispensing locations shall remain locked at all times, other  
18 than business hours as authorized by subsection (e), and shall  
19 only be opened for authorized persons.

20           (g) In all dispensary facilities, only the licensee, if an  
21 individual, [~~the~~] registered employees of the dispensary



1 licensee, [~~and the~~] registered employees of [~~the~~] a  
2 subcontracted production center or retail dispensing [~~locations~~]  
3 location, employees of a certified laboratory for testing  
4 purposes, state employees authorized by the director of health,  
5 and law enforcement and other government officials acting in  
6 their official capacity shall be permitted to touch or handle  
7 any marijuana or manufactured marijuana products, except that a  
8 qualifying patient or the primary caregiver of a qualifying  
9 patient may receive manufactured marijuana products at a retail  
10 dispensing location following completion of a sale."

11 2. By amending subsection (m) to read:

12 "(m) A dispensary shall not transport marijuana or  
13 manufactured marijuana products to another county or another  
14 island[-]; provided that this subsection shall not apply to the  
15 transportation of marijuana or any manufactured marijuana  
16 product solely for the purposes of laboratory testing pursuant  
17 to section 329D-8, and subject to subsection (j), if no  
18 certified laboratory is located in the county or on the island  
19 where the dispensary is located; provided further that a  
20 dispensary shall only transport samples of marijuana and  
21 manufactured marijuana products for laboratory testing for



1 purposes of this subsection in an amount and manner prescribed  
2 by the department, in rules adopted pursuant to this chapter,  
3 and with the understanding that state law and its protections do  
4 not apply outside of the jurisdictional limits of the State."

5 SECTION 17. Section 329D-10, Hawaii Revised Statutes, is  
6 amended by amending subsection (a) to read as follows:

7 "(a) The types of medical marijuana products that may be  
8 manufactured and distributed pursuant to this chapter shall be  
9 limited to:

- 10 (1) Capsules;  
11 (2) Lozenges;  
12 (3) Pills;  
13 (4) Oils and oil extracts;  
14 (5) Tinctures;  
15 (6) Ointments and skin lotions; [and]  
16 (7) Transdermal patches;  
17 (8) Pre-filled and sealed containers used to aerosolize  
18 and deliver marijuana orally, such as with an inhaler  
19 or nebulizer; and  
20 [~~7~~] (9) Other products as specified by the department."



1 SECTION 18. Section 329D-12, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~[+]§329D-12[+]~~ Background checks. ~~[Each applicant and~~  
4 ~~licensee for a medical marijuana dispensary license, including~~  
5 ~~the individual applicant and all officers, directors,~~  
6 ~~shareholders with at least twenty five per cent ownership~~  
7 ~~interest or more, members, and managers of an entity applicant,~~  
8 ~~each employee of a medical marijuana dispensary, each~~  
9 ~~subcontracted production center and retail dispensing location~~  
10 ~~employee, all officers, directors, shareholders with at least~~  
11 ~~twenty five per cent ownership interest or more in a~~  
12 ~~subcontracted production center or retail dispensing location,~~  
13 ~~and any person permitted to enter and remain in dispensary~~  
14 ~~facilities pursuant to section 329D-15(a)(4) or 329D-16(a)(3),]~~

15 (a) The following shall be subject to background checks  
16 conducted by the department or its designee, including but not  
17 limited to criminal history record checks in accordance with  
18 section 846-2.7[-]:

19 (1) Each applicant and licensee for a medical marijuana  
20 dispensary license, including the individual applicant  
21 and all officers, directors, shareholders with at



- 1           least twenty-five per cent or more ownership interest,  
2           members, and managers of an entity applicant;
- 3           (2) Each employee of a medical marijuana dispensary;  
4           (3) Each employee of a subcontracted production center or  
5           retail dispensing location;
- 6           (4) All officers, directors, shareholders with at least  
7           twenty-five per cent or more ownership interest in a  
8           subcontracted production center or retail dispensing  
9           location; and
- 10          (5) Any person permitted to enter and remain in dispensary  
11          facilities pursuant to section 329D-15(a)(4) or 329D-  
12          16(a)(3).

13       The person undergoing the background check shall provide written  
14       consent and all applicable processing fees to the department or  
15       its designee to conduct the background checks.

16          (b) This section shall not apply to:

- 17          (1) Qualifying patients and their primary caregivers who  
18          enter or remain on the premises of a retail dispensing  
19          location for the purpose of a transaction conducted  
20          pursuant to sections 329D-6 and 329D-13; or



1       (2) Government officials and employees acting in an  
2       official capacity and employees of a certified  
3       laboratory who enter or remain on the premises of a  
4       retail dispensing location or production center for  
5       any purpose authorized by this chapter."

6       SECTION 19. Section 329D-12, Hawaii Revised Statutes, is  
7       amended by amending subsection (a) to read as follows:

8       "(a) The following shall be subject to background checks  
9       conducted by the department or its designee, including but not  
10      limited to criminal history record checks in accordance with  
11      section 846-2.7:

12      (1) Each applicant and licensee for a medical marijuana  
13      dispensary license, including the individual applicant  
14      and all officers, directors, members of a limited  
15      liability corporation; shareholders with at least  
16      twenty-five per cent or more ownership interest [~~7~~  
17      ~~members~~] in a corporation; and managers of an entity  
18      applicant;

19      (2) Each employee of a medical marijuana dispensary;

20      (3) Each employee of a subcontracted production center or  
21      retail dispensing location;



1 (4) All officers, directors, members of a limited  
2 liability corporation; and shareholders with at least  
3 twenty-five per cent or more ownership interest in a  
4 corporate owner of a subcontracted production center  
5 or retail dispensing location; and

6 (5) Any person permitted to enter and remain in a  
7 dispensary [~~facilities~~] facility pursuant to section  
8 329D-15(a)(4) or 329D-16(a)(3).

9 The person undergoing the background check shall provide written  
10 consent and all applicable processing fees to the department or  
11 its designee to conduct the background checks."

12 SECTION 20. Section 329D-27, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "[+]§329D-27[+] Administrative rules. (a) The department  
15 shall adopt rules pursuant to chapter 91 to effectuate the  
16 purposes of this chapter.

17 (b) No later than January 4, 2016, the department shall  
18 adopt interim rules, which shall be exempt from chapter 91 and  
19 chapter 201M, to effectuate the purposes of this chapter;  
20 provided that the interim rules shall remain in effect until





1 July 1, 2018, or until rules are adopted pursuant [†]to[†]  
2 subsection (a), whichever occurs sooner.

3 (c) The department may amend the interim rules, and the  
4 amendments shall be exempt from chapters 91 and 201M, to  
5 effectuate the purposes of this chapter; provided that any  
6 amended interim rules shall remain in effect until July 1, 2018,  
7 or until rules are adopted pursuant to subsection (a), whichever  
8 occurs sooner."

9 PART III

10 SECTION 21. Chapter 304A, Hawaii Revised Statutes, is  
11 amended by adding a new section to part IV to be appropriately  
12 designated and to read as follows:

13 "§304A- Medical marijuana testing and research programs;  
14 established. (a) To the extent permitted by federal and state  
15 law, and subject to applicable certification by the department  
16 of health, the University of Hawaii may establish medical  
17 marijuana testing and research programs that qualify as  
18 commercial enterprises of the university under section 304A-113  
19 that provide services to state-approved medical marijuana  
20 dispensaries, including assessment of marijuana plant  
21 cannabinoid content and concentration, purity of manufactured



1 marijuana products, or additional testing requested by the  
2 department of health. The university may assess fees or other  
3 charges for services. The fees and charges shall be fair and  
4 equitable with respect to the level and quality of services and  
5 commercially reasonable. In establishing or amending fees or  
6 charges for these services, the university shall be exempt from  
7 the requirements of chapter 91. The fees and charges may be  
8 established at an open meeting of the board of regents subject  
9 to chapter 92.

10 (b) The fees and charges collected pursuant to subsection  
11 (a) shall be deposited into the University of Hawaii commercial  
12 enterprises revolving fund established by section 304A-2251.

13 (c) To the extent permitted by federal and state law, and  
14 subject to applicable regulations, compliance standards, and  
15 protocols on research activity, the university may conduct  
16 research on the efficacy of medical marijuana use, its health  
17 outcomes and social impacts, and related safety issues.

18 (d) This section shall be construed to provide  
19 discretionary authority to the university, and nothing in this  
20 section shall require the university to engage in any activity



1 that might jeopardize its eligibility to receive any form of  
2 state or federal assistance or benefit."

3 SECTION 22. Section 304A-2251, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "§304A-2251 University of Hawaii commercial enterprises  
6 revolving fund. There is established the University of Hawaii  
7 commercial enterprises revolving fund into which shall be  
8 deposited all revenues derived from the operation of commercial  
9 enterprises by university programs[-] and all fees and charges  
10 collected pursuant to section 304A- . Revenues deposited into  
11 this fund may be expended by the university for all costs and  
12 expenses associated with the operation of the enterprises,  
13 including hiring personnel, renovating commercial space, and  
14 purchasing merchandise, supplies, and equipment, without regard  
15 to chapters 76, 78, 89, 103, and 103D. Any law to the contrary  
16 notwithstanding, the university may transfer all funds at its  
17 disposal, with the exception of general funds and University of  
18 Hawaii tuition and fees special fund moneys, into the revolving  
19 fund to finance the establishment of new commercial enterprises;  
20 except that no more than ten per cent of the tuition and fees  
21 special fund moneys may be loaned to the revolving fund to



1 finance the establishment of new commercial enterprises.  
2 Revenues not expended as provided in this section may be  
3 transferred to other university funds to be expended for the  
4 general benefit of the university."

5 PART IV

6 SECTION 23. (a) There is established within the public  
7 policy center in the college of social sciences at the  
8 University of Hawaii at Manoa for administrative purposes a  
9 legislative oversight working group to develop and recommend  
10 legislation to improve the medical marijuana dispensary system  
11 in the State to ensure safe and legal access to medical  
12 marijuana for qualifying patients.

13 (b) The working group shall include the following members:

14 (1) The director of health, or the director's designee;

15 (2) The director of transportation, or the director's  
16 designee;

17 (3) The chairperson of the senate committee on commerce,  
18 consumer protection, and health, who shall serve as  
19 co-chair of the working group;



- 1           (4) The chairperson of the house of representatives  
2           committee on health, who shall serve as co-chair of  
3           the working group;
- 4           (5) A state senator who is selected by the president of  
5           the senate to serve on the working group;
- 6           (6) A state representative who is selected by the speaker  
7           of the house of representatives to serve on the  
8           working group;
- 9           (7) A representative from the University of Hawaii college  
10          of tropical agriculture and human resources or  
11          University of Hawaii cancer center, who shall be  
12          invited by the president of the University of Hawaii  
13          to serve on the working group;
- 14          (8) A representative of the Drug Policy Forum of Hawaii,  
15          who shall be invited by the speaker of the house of  
16          representatives to serve on the working group;
- 17          (9) A physician participating in Hawaii's medical  
18          marijuana program, who shall be invited by the  
19          president of the senate to serve on the working group;
- 20          (10) Two participants in Hawaii's medical marijuana  
21          program, one of whom is a qualifying patient who is



- 1 over the age of eighteen, and one of whom is a parent  
2 or guardian of a qualifying patient who is under the  
3 age of ten, who shall be invited by the governor to  
4 serve on the working group;
- 5 (11) A primary caregiver participating in Hawaii's medical  
6 marijuana program, who shall be invited by the  
7 president of the senate to serve on the working group;
- 8 (12) An advanced practice registered nurse participating in  
9 Hawaii's medical marijuana program, who shall be  
10 invited by the speaker of the house of representatives  
11 to serve on the working group;
- 12 (13) Two representatives of the Hawaii Dispensary Alliance,  
13 one of whom is a resident of the city and county of  
14 Honolulu, who shall be invited by the president of the  
15 senate to serve on the working group, and one of whom  
16 is a resident of a county in the State other than the  
17 city and county of Honolulu, who shall be invited by  
18 the speaker of the house of representatives to serve  
19 on the working group;
- 20 (14) Two representatives of the medical marijuana  
21 dispensary industry, one from each of the remaining



1 counties not represented pursuant to paragraph (13),  
2 one of whom shall be invited by the president of the  
3 senate to serve on the working group, and one of whom  
4 shall be invited by the speaker of the house of  
5 representatives to serve on the working group;

6 (15) One representative from a laboratory capable of  
7 testing marijuana or manufactured marijuana products,  
8 who shall be invited by the governor to serve on the  
9 working group; and

10 (16) Two representatives of local law enforcement, one of  
11 whom is an officer for the Honolulu police department,  
12 who shall be invited by the speaker of the house of  
13 representatives to serve on the working group, and one  
14 of whom is an officer for a police department on a  
15 neighbor island, who shall be invited by the president  
16 of the senate to serve on the working group.

17 (c) The working group shall address issues related to the  
18 medical marijuana dispensary program in the State, including  
19 operations, edibles, and any issues the working group finds  
20 relevant as it relates to the medical marijuana dispensary  
21 program.



1 (d) The working group is requested to submit an interim  
2 report of its findings and recommendations, including any  
3 proposed legislation, to the legislature no later than twenty  
4 days prior to the convening of the regular session of 2017, and  
5 a final report of the working group's findings and  
6 recommendations, including any proposed legislation, to the  
7 legislature no later than twenty days prior to the convening of  
8 the regular session of 2018.

9 (e) The members of the working group shall serve without  
10 compensation.

11 (f) The legislative oversight working group shall cease to  
12 exist on June 30, 2018.

13 PART V

14 SECTION 24. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 25. This Act shall take effect on July 1, 2016;  
17 provided that:

18 (1) Section 4 shall apply to taxable years beginning after  
19 December 31, 2015; and

20 (2) Section 19 shall take effect on January 1, 2017, and  
21 shall not apply to medical marijuana dispensary





1 license applications submitted on or before  
2 January 29, 2016; provided that section 19 shall apply  
3 to medical marijuana dispensary license renewal  
4 applications and to medical marijuana license  
5 applications submitted after January 29, 2016.

APPROVED this 11 day of JUL , 2016



GOVERNOR OF THE STATE OF HAWAII

