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

SECTION 1. Section 329-122, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

"(f) For the purposes of this section, "transport" means the transportation of cannabis, usable cannabis, or any manufactured cannabis product between:

(1) A qualifying patient and the qualifying patient's primary caregiver;

(2) A qualifying out-of-state patient under eighteen years of age and the caregiver of a qualifying out-of-state patient;

(3) Production centers and retail dispensing locations licensed under [a dispensary licensee's license; or] chapter 329D;

(4) A retail dispensing location and a qualifying patient; or

(5) A production center, retail dispensing location, qualifying patient, primary caregiver, qualifying out-
of-state patient, or caregiver of a qualifying out-of-state patient and a certified laboratory for the purpose of laboratory testing; provided that a qualifying patient, primary caregiver, qualifying out-of-state patient, or caregiver of a qualifying out-of-state patient may only transport up to one gram of cannabis per test to a certified laboratory for laboratory testing and may only transport the product if the qualifying patient, primary caregiver, qualifying out-of-state patient, or caregiver of a qualifying out-of-state patient:

(A) Secures an appointment for testing at a certified laboratory;

(B) Obtains confirmation, which may be electronic, that includes the specific time and date of the appointment and a detailed description of the product and amount to be transported to the certified laboratory for the appointment; and

(C) Has the confirmation, which may be electronic, available during transport.
For purposes of interisland transportation, "transport" of cannabis, usable cannabis, or any manufactured cannabis product, by any means is allowable only between a production center or retail dispensing location and a certified laboratory for the sole purpose of laboratory testing pursuant to section 329D-8, as permitted under section 329D-6(m) and subject to section 329D-6(j), and with the understanding that state law and its protections do not apply outside of the jurisdictional limits of the State. Allowable transport pursuant to this section does not include interisland transportation by any means or for any purpose between a qualified patient, primary caregiver, qualifying out-of-state patient, or caregiver of a qualifying out-of-state patient and any other entity or individual, including an individual who is a qualified patient, primary caregiver, qualifying out-of-state patient, or caregiver of a qualifying out-of-state patient."

SECTION 2. Section 329D-1, Hawaii Revised Statutes, is amended by amending the definitions of "medical cannabis dispensary" or "dispensary" and "medical cannabis production center" or "production center" to read as follows:
"Medical cannabis dispensary" or "dispensary" means a person licensed by the State pursuant to this chapter to own, operate, or subcontract up to two production centers and up to two retail dispensing locations.

"Medical cannabis production center" or "production center" means a farm or facility wholly owned, operated, or subcontracted by a person licensed by the State pursuant to this chapter as a medical cannabis dispensary that produces cannabis and manufactured cannabis products solely to supply cannabis and manufactured cannabis products to one or more of the retail dispensing locations of any licensed medical cannabis dispensary.

SECTION 3. Section 329D-2, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

(f) Up to two production centers shall be allowed under each dispensary license; provided that, except as otherwise specified in subsection (k), each production center shall be limited to no more than three thousand cannabis plants. For purposes of this subsection, "plant" means a cannabis plant that is greater than twelve vertical inches in height from where the base of the stalk emerges from the growth medium to the
tallest point of the plant, or greater than twelve horizontal
inches in width from the end of one branch to the end of another
branch; provided that multiple stalks emanating from the same
root ball or root system shall be considered part of the same
single plant."

SECTION 4. Section 329D-6, Hawaii Revised Statutes, is
amended as follows:
1. By amending subsection (j) to read:
"(j) The department shall establish, maintain, and control
a computer software tracking system that shall have real time,
twenty-four-hour access to the data of all dispensaries.
(1) The computer software tracking system shall collect
data relating to:
(A) The total amount of cannabis in possession of all
dispensaries from either seed or immature plant
state, including all plants that are derived from
cuttings or cloning, until the cannabis, cannabis
plants, or manufactured cannabis product is sold
or destroyed pursuant to section 329D-7;
(B) The total amount of manufactured cannabis product
inventory, including the equivalent physical
weight of cannabis that is used to manufacture
manufactured cannabis products, purchased by a
qualifying patient, primary caregiver, qualifying
out-of-state patient, and caregiver of a
qualifying out-of-state patient from all retail
dispensing locations in the State in any fifteen-
day period;

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

(D) The transport of cannabis and manufactured
cannabis products between production centers and
retail dispensing locations and between retail
dispensing locations and qualifying patients,
including tracking identification issued by the
tracking system, the identity of the person
transporting the cannabis or manufactured
cannabis products, and the make, model, and
license number of the vehicle being used for the
transport;
The procurement of the computer software tracking system established pursuant to this subsection shall be exempt from chapter 103D; provided that:

(A) The department shall publicly solicit at least three proposals for the computer software tracking system; and

(B) The selection of the computer software tracking system shall be approved by the director of the department and the chief information officer; and

(3) Notwithstanding any other provision of this subsection to the contrary, once the department has authorized a licensed dispensary to commence sales of cannabis or manufactured cannabis products, if the department's computer software tracking system is inoperable or is not functioning properly, as an alternative to requiring dispensaries to temporarily cease operations, the department may implement an alternate tracking system that will enable a qualifying patient, primary caregiver, qualifying out-of-state patient, and caregiver of a qualifying out-of-state patient to purchase cannabis or manufactured cannabis products.
from a licensed dispensary on a temporary basis. The
department shall seek input regarding the alternate
tracking system from medical cannabis licensees. The
alternate tracking system may operate as follows:
(A) The department may immediately notify all
    licensed dispensaries that the computer software
    tracking system is inoperable; and
(B) Once the computer software tracking system is
    operational and functioning to meet the
    requirements of this subsection, the department
    may notify all licensed dispensaries, and the
    alternate tracking system in this subsection
    shall be discontinued."

2. By amending subsection (n) to read:

"(n) [A] Subject to subsections (m) and (p), a dispensary
    [shall be prohibited from] may provide off-premises delivery of
cannabis or manufactured cannabis products to a qualifying
patient[, primary caregiver, qualifying out of state patient, or
caregiver of a qualifying out of state patient]."
SECTION 5. Section 329D-7, Hawaii Revised Statutes, is amended to read as follows:

"§329D-7 Medical cannabis dispensary rules. The department shall establish standards with respect to:

(1) The number of medical cannabis dispensaries that shall be permitted to operate in the State;

(2) A fee structure for the submission of applications and renewals of licenses to dispensaries; provided that the department shall consider the market conditions in each county in determining the license renewal fee amounts;

(3) Criteria and procedures for the consideration and selection, based on merit, of applications for licensure of dispensaries; provided that the criteria shall include but not be limited to an applicant's:

(A) Ability to operate a business;

(B) Financial stability and access to financial resources; provided that applicants for medical cannabis dispensary licenses shall provide documentation that demonstrates control of not less than $1,000,000 in the form of escrow
accounts, letters of credit, surety bonds, bank statements, lines of credit or the equivalent to begin operating the dispensary;

(C) Ability to comply with the security requirements developed pursuant to paragraph (6);

(D) Capacity to meet the needs of qualifying patients and qualifying out-of-state patients;

(E) Ability to comply with criminal background check requirements developed pursuant to paragraph (8);

and

(F) Ability to comply with inventory controls developed pursuant to paragraph (13);

(4) Specific requirements regarding annual audits and reports required from each production center and dispensary licensed pursuant to this chapter;

(5) Procedures for announced and unannounced inspections by the department or its agents of production centers and dispensaries licensed pursuant to this chapter; provided that inspections for license renewals shall be unannounced;
(6) Security requirements for the operation of production centers and retail dispensing locations; provided that, at a minimum, the following shall be required:

(A) For production centers:

(i) Video monitoring and recording of the premises; provided that recordings shall be retained for fifty days;

(ii) Fencing that surrounds the premises and that is sufficient to reasonably deter intruders and prevent anyone outside the premises from viewing any cannabis in any form;

(iii) An alarm system; and

(iv) Other reasonable security measures to deter or prevent intruders, as deemed necessary by the department;

(B) For retail dispensing locations:

(i) Presentation of a valid government-issued photo identification and a valid identification as issued by the department pursuant to section 329-123 by a qualifying patient or caregiver, or section 329-123.5
by a qualifying out-of-state patient or
caregiver of a qualifying out-of-state
patient, upon entering the premises;
(ii) Video monitoring and recording of the
premises; provided that recordings shall be
retained for fifty days;
(iii) An alarm system;
(iv) Exterior lighting; and
(v) Other reasonable security measures as deemed
necessary by the department;
(7) Security requirements for the transportation of
cannabis and manufactured cannabis products between
production centers and retail dispensing locations,
between retail dispensing locations and qualifying
patients, and between a production center, retail
dispensing location, qualifying patient, primary
caregiver, qualifying out-of-state patient, or
caregiver of a qualifying out-of-state patient and a
certified laboratory, pursuant to section 329-122(f);
(8) Standards and criminal background checks to ensure the
reputable and responsible character and fitness of all
license applicants, licensees, employees,
subcontractors and their employees, and prospective
employees of medical cannabis dispensaries to operate
a dispensary; provided that the standards, at a
minimum, shall exclude from licensure or employment
any person convicted of any felony;

(9) The training and certification of operators and
employees of production centers and dispensaries;

(10) The types of manufactured cannabis products that
dispensaries shall be authorized to manufacture and
sell pursuant to sections 329D-9 and 329D-10;

(11) Laboratory standards related to testing cannabis and
manufactured cannabis products for content,
contamination, and consistency;

(12) The quantities of cannabis and manufactured cannabis
products that a dispensary may sell or provide to a
qualifying patient, primary caregiver, qualifying out-of-
state patient, or caregiver of a qualifying out-of-
state patient; provided that no dispensary shall sell
or provide to a qualifying patient, primary caregiver,
qualifying out-of-state patient, or caregiver of a
qualifying out-of-state patient any combination of cannabis and manufactured products that:

(A) During a period of fifteen consecutive days, exceeds the equivalent of four ounces of cannabis; or

(B) During a period of thirty consecutive days, exceeds the equivalent of eight ounces of cannabis;

(13) Dispensary and production center inventory controls to prevent the unauthorized diversion of cannabis or manufactured cannabis products or the distribution of cannabis or manufactured cannabis products to a qualifying patient, primary caregiver, qualifying out-of-state patient, or caregiver of a qualifying out-of-state patient in quantities that exceed limits established by this chapter; provided that the controls, at a minimum, shall include:

(A) A computer software tracking system as specified in section 329D-6(j) and (k); and
(B) Product packaging standards sufficient to allow
law enforcement personnel to reasonably determine
the contents of an unopened package;

(14) Limitation to the size or format of signs placed
outside a retail dispensing location or production
center; provided that the signage limitations, at a
minimum, shall comply with section 329D-6(o)(2) and
shall not include the image of a cartoon character or
other design intended to appeal to children;

(15) The disposal or destruction of unwanted or unused
cannabis and manufactured cannabis products;

(16) The enforcement of the following prohibitions against:

(A) The sale or provision of cannabis or manufactured
cannabis products to unauthorized persons;

(B) The sale or provision of cannabis or manufactured
cannabis products to a qualifying patient,
primary caregiver, qualifying out-of-state
patient, or caregiver of a qualifying out-of-
state patient in quantities that exceed limits
established by this chapter;
(C) Any use or consumption of cannabis or manufactured cannabis products on the premises of a retail dispensing location or production center; and

(D) The distribution of cannabis or manufactured cannabis products, for free, on the premises of a retail dispensing location or production center;

(17) The establishment of a range of penalties for violations of this chapter or rule adopted thereto;

and

(18) A process to recognize and register patients who are authorized to purchase, possess, and use medical cannabis in another state, a United States territory, or the District of Columbia as qualifying out-of-state patients; provided that this registration process may commence no sooner than January 1, 2018."

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.
SECTION 7. This Act shall take effect upon its approval.

INTRODUCED BY: ________________________________

JAN 24 2019
Report Title:
Medical Cannabis; Production Centers; Delivery to Qualifying Patients

Description:
Allows medical cannabis retail dispensing locations to deliver cannabis or manufactured cannabis products to qualifying patients. Changes the number of production centers that may be owned by a medical cannabis dispensary. Allows production centers to sell cannabis or manufactured cannabis products to the retail dispensing location of any licensed medical cannabis dispensary.

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