



STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of SB 1139 SD2
RELATING TO THE OFFICE OF MEDICAL CANNABIS CONTROL AND
REGULATION**

REPRESENTATIVE RYAN YAMANE, CHAIR
COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

Hearing Date: Tuesday, March 16, 2021

Room Number: 329

1 **Fiscal Implications:** This bill would move staffing and operating costs to special funds to
2 lessen the reliance on general funds and to allow patient registration fees to be increased as
3 necessary. This will strengthen the program to serve the needs of medical cannabis registered
4 patients.

5 **Department Testimony:** Thank you for the opportunity to testify in **STRONG SUPPORT** of
6 S.B. 1139 S.D. 2, allowing the department's Office of Medical Cannabis Control and Regulation
7 (OMCCR) to be financially sustainable and fully operational without general funds. The bill
8 proposes to change the means of financing for general-funded positions to the medical cannabis
9 registry and regulation special fund; allow the program to establish three new permanent full-
10 time positions; and authorizes the department to adopt administrative rules to establish patient
11 registration fees beginning in FY 2022.

12 In mitigating budget shortfalls due to COVID-19, six critical full-time positions (program
13 manager, secretary, IT specialist, epidemiologist, administrative officer, and office assistant)
14 were unfunded under Act 9, SLH 2020. As a result, OMCCR currently has no administrative
15 staff, fundamental to any program's effective and efficient operations. Changing the means of

1 financing makes the positions permanent for continuity and relieves the program's dependency
2 on other departmental divisions that previously supported separate medical cannabis
3 programs. The registry and dispensary require a significant amount of administrative support.
4 The need for administrative and programmatic support will only increase as the landscape for
5 medical cannabis grows and evolves.

6 Administrative and program staff are needed to meet current statutory requirements. The
7 patient registry program continues to grow at about 1.8% per month. As enrollment increases, it
8 also adds additional work in other areas of the registry. Dispensary investigations have increased
9 as new locations are opened, new products are introduced, violations are issued, and complaints
10 are received, all of which require follow-up inspections. Three new positions (public health
11 educator, investigator, and program specialist) are necessary to meet these requirements.

12 Consolidating the medical cannabis registry and dispensary programs into OMCCR to
13 include 19 FTE, ongoing annual operating expenses, and allowances to upgrade and maintain
14 both dispensary tracking and registration systems would cost about \$2,336,764 for FY 22 and
15 \$2,687,893 for FY 23. Allowing the department to establish patient registration fees through
16 administrative rules would give the program the financial flexibility to support its ongoing
17 operating costs.

18 Thank you for the opportunity to testify on this measure.



March 16, 2021

TO: Representative Ryan I. Yamane, Chair
Representative Adrian K. Tam, Vice-Chair
Member of the Committee on Health, Human Services and Homelessness

FR: Blake Oshiro, Esq. on behalf of the HICIA Hawai'i Cannabis Industry Association

RE: SB1139 SD2 Relating to the Office of Medical Cannabis Control and Regulation. - **SUPPORT**

The Hawai'i Cannabis Industry Association, formerly known as the Hawai'i Educational Association for Therapeutic Health, represents all eight of the state's licensed medical cannabis dispensaries. HICIA **supports** SB1139 SD2 which would allow the Department of Health (DOH) to administratively set the fee a medical cannabis card ("329 card"), change the means of financing from general to special funds, and authorize additional full-time employee positions.

We sincerely appreciate the hard-work, dedication, on-going communications with the Office of Medical Cannabis Control and Regulation (OMCCR), along with its leadership. While they take their regulatory role very seriously, they are also willing to engage and communicate about their positions and interpretations on issues, and their execution and implementation of the laws and regulations.

However, as a highly regulated and scrutinized industry, there is a high level of demand on skilled and knowledgeable OMCCR employees, willing to look at ongoing research and science, and evolving business and best-practices in an industry that is constantly changing, not just here, but world-wide.

Unfortunately, our experience is that the current OMCCR staff is stretched-thin and unable to keep up with the demands of the industry and its qualified patients. This is not to fault the OMCCR employees, or even its leadership, but there is just simply a need for more resources to be invested into this agency.

As such, we support this bill as a modest means of finding the fiscal resources to fund the need for these additional services.



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TESTIMONY ON SENATE BILL 1139 SENATE DRAFT 2
RELATING TO THE OFFICE OF MEDICAL CANNABIS CONTROL AND
REGULATION

By
Clifton Otto, MD

House Committee on Health, Human Services, & Homelessness
Representative Ryan I. Yamane, Chair
Representative Adrian K. Tam, Vice Chair

Tuesday, March 16, 2021; 9:30 AM
State Capitol, Videoconference

Thank you for the opportunity to provide COMMENTS on this measure. I hope you will seriously consider the following amendment proposals:

OMCCR does not have any cannabis experts on staff. This needs to be remedied by adding the following amendment to this bill:

SECTION 4. There is appropriated out of the medical cannabis registry and regulation special fund, established pursuant to section 321-30.1, Hawaii Revised Statutes, the sum of \$ or so much thereof as may be necessary for fiscal year 2021-2022 and the same sum or so much thereof as may be necessary for fiscal year 2022-2023 for staff and operations of the office of medical cannabis control and regulation, including the establishment of three permanent full-time equivalent (3.00

FTE) positions, one of which shall be a Cannabinoid Medicine Specialist.

Second, in order for Hawaii's Medical Cannabis Program to be properly regulated, OMCCR needs to be moved from the Health Resources Administration (HRA) to the Environmental Health Administration (EHA), where the capabilities of the Food Safety Branch can be brought back online.

Therefore, please add the following statutory amendment to this bill:

"§329D-2.5 Office of medical cannabis control and regulation; established; duties. (a) There is established within the department the office of medical cannabis control and regulation, which shall report to the deputy director of environmental health administration effective September 1, 2021 [~~health resources administration~~].

And finally, medical professionals and the public need to be involved in the formation of new dispensary rules that will affect patient safety. The department needs to adopt final dispensary rules so that Chapter 91 administrative procedures can be re-instated as soon as possible.

Therefore, please add the following statutory amendment to this bill:

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

(b) No later than January 4, 2016, the department shall adopt interim rules, which shall be exempt from chapter 91 and

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chapter 201M, to effectuate the purposes of this chapter;
provided that the interim rules shall remain in effect until
September 1, 2021 [~~July 1, 2025~~], or until rules are adopted
pursuant to subsection (a), whichever occurs sooner.

(c) The department may amend the interim rules, and the
amendments shall be exempt from chapters 91 and 201M, to
effectuate the purposes of this chapter; provided that any
amended interim rules shall remain in effect until September 1,
2021 [~~July 1, 2025~~], or until rules are adopted pursuant to
subsection (a), whichever occurs sooner."

Thank you for considering these important changes.

Aloha.