Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii  

Sir:  

Your Committee on Hawaiian Affairs, to which was referred  
S.B. No. 86, S.D. 1, entitled:  

"A BILL FOR AN ACT RELATING TO HAWAIIAN AFFAIRS,"  

begs leave to report as follows:  

The purpose and intent of this measure is to allow the  
Department of Hawaiian Home Lands to operate medical cannabis  
dispensaries in addition to the dispensaries operated under eight  
medical cannabis dispensary licenses issued by the Department of  
Health.  

Your Committee received testimony in opposition to this  
measure from Kūpuna for the Mo'opuna and one individual. Your  
Committee received comments on this measure from the Department of  
The Attorney General, Department of Health, and Department of  
Hawaiian Home Lands.  

Your Committee finds that Act 241, Session Laws of Hawaii  
2015, allowed for the Department of Health to begin administering  
the Medical Cannabis Dispensaries Program in 2016 to oversee  
laboratories that test the safety and quality of cannabis and  
manufactured cannabis products and monitor the dispensaries that  
make medicinal products readily available for registered patients  
while balancing the health and safety of patients and the public.  
As more states have legalized medicinal and recreational cannabis  
use, an increasing number of tribes have become involved in the  

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cannabis industry in creating financially viable opportunities for economic development and job opportunities.

Your Committee finds that the Department of Hawaiian Home Lands prepared a draft legislative proposal that would require the Department of Health to issue eight additional dispensary licenses to the Department of Hawaiian Home Lands to expand the medical cannabis dispensary program administered by the Department of Health on Hawaiian Home Lands to allow for increased revenue for beneficiaries. Under the proposed program, only eight licenses would be issued statewide, which would limit competition and the opportunity for native Hawaiian communities to participate. The Department of Hawaiian Home Lands also envisioned the proposal to further its utilization of agricultural lands and diversification. However, the proposal did not have the support of the Hawaiian Homes Commission and the proposal was removed from the Department of Hawaiian Home Lands' 2021 legislative proposals.

Your Committee has heard the concerns from the Department of the Attorney General that cannabis is classified as a Schedule I substance under the federal Controlled Substances Act, which could classify the Department as an active participant in an enterprise that is illegal under federal criminal law. Additionally, it is a crime under federal anti-money laundering laws for financial institutions to engage in monetary transactions, including the sale of cannabis. These proceeds could adversely impact the State's ability to utilize banks and ability to receive federal grants. Your Committee has also heard the concerns of the Department of Health that it is unclear as to how the Department of Hawaiian Home Lands' operated dispensaries would work within the existing medical use of cannabis dispensary system. In particular, there are questions about whether the dispensaries are licensed by the Department of Health; whether qualifying patients would be allowed to make purchases from the Department of Hawaiian Home Lands; and how the Department of Hawaiian Home Lands operated dispensaries would ensure that patients remain within their dispensing limits.

Your Committee has amended this measure by:

(1) Deleting its contents and inserting the draft proposal of the Department of Hawaiian Home Lands, which expands the medical cannabis dispensary program administered by
the Department of Health on Hawaiian Home Lands by eight additional licenses; and

(2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 86, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 86, S.D. 2, and be referred to your Committees on Health and Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Hawaiian Affairs,

MAILE S.L. SHIMABUKURO, Chair
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: ________________________________

The Recommendation is:

- [ ] Pass, unamended
- [ ] Pass, with amendments
- [ ] Hold
- [ ] Reccommit

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<tr>
<th>Members</th>
<th>Aye</th>
<th>Aye (WR)</th>
<th>Nay</th>
<th>Excused</th>
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<td>SHIMABUKURO, Maile S.L. (C)</td>
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<td>KEOHOKALOLE, Jarrett (VC)</td>
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<td>IHARA, Jr., Les</td>
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<td>FEVELLA, Kurt</td>
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**TOTAL**

|         | 2 | 1 | 2 |

Recommendation:

- [ ] Adopted
- [ ] Not Adopted

Chair’s or Designee’s Signature:

Distribution:

- Original
- Yellow
- Pink
- Goldenrod

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*Only one measure per Record of Votes*