



# LEGALIZE IT

A ROADMAP TO LEGAL  
ADULT-USE CANNABIS  
IN HAWAII

*By Garrett Halydier & Kevin Whitton*

As the fears and misconceptions surrounding cannabis dissolve, the number of states with legal, safe, and profitable adult-use cannabis programs could triple in 2018. The time has come for Hawai'i lawmakers to recognize the societal and economic benefits of adult-use cannabis, honor the will of their constituents, and join the national movement towards legalization.



**H**awai'i has arrived on the cannabis scene at the perfect time: no competing cannabis market has yet established industry dominance, but quite a few have created a stable policy and regulatory foundation. In each of the eight current adult-use markets, there have been successes and failures. Hawai'i can look to these states to build a smart and sustainable adult-use cannabis program, the first time around, without repeating the costly mistakes that have come to light in other programs. To create a legitimate and legal cannabis economy in the Aloha State, legislators must first put their own fears, prejudices, and stereotypes aside, do their research, and embrace the will of the people they serve.

In Hawai'i, the most recent 2016 Anthology Research poll showed that 74 percent of Hawai'i registered voters polled supported legalizing, regulating, and taxing cannabis. On the neighbor islands, 81 percent of the residents supported this idea, while on

O'ahu, 71 percent support legalization. The data also shows that 61 percent of Hawai'i residents feel more comfortable about changing local laws as a result of what they have seen in other states that have legalized cannabis. Even 56 percent of Hawai'i's conservatives polled are in favor of decriminalization. Among the seniors polled, 71 percent support legalization.

Unfortunately, state legislators are not listening to their constituents. Hawai'i's medical cannabis dispensary program has failed. Despite millions of dollars in investments and thousands of man-hours spent over the last three years, less than 10 percent of patients are using the dispensaries each month. The Big Island, the county with the highest number of registered patients, still does not have even a single dispensary (out of a possible six retail locations). The program developed by the legislature is far too restrictive to provide a diversity of cannabis medicine and ample access for patients across the state. In ad-



dition, the legislature has purposefully killed bills that would have loosened regulations to allow for more licenses and more medicine, essentially curbing any growth potential for the industry.

The Department of Health (DOH) has largely ignored the dispensary program, leaving multiple full- and part-time positions unfilled for months at a time, and has not provided adequate public education or outreach. Their indifference and ambivalence toward the program have led to some of the lowest physician participation numbers in the nation, holding back potential patient participation, and, in turn, the industry as a whole.

Low visiting patient numbers have affected medicine prices at dispensaries. With fewer patients than expected visiting dispensaries, the price of medicinal cannabis in the dispensaries remains two- to three-times higher than current black-market prices. A low diversity of medicine has also pushed patients back to the black market for selections and affordability they cannot find through the dispensary program. The DOH program's current restrictive regulations fuel this negative feedback loop.

The Department of Health also voluntarily waived annual dispensary audits in 2017—disregarding compliance and enforcement—which are mandated under Hawai'i state law. The Department is perpetually understaffed, turning a blind eye to rule and operational infractions, while publicly asserting that the Department of Health is working to ensure the current eight licensees—private, for-profit businesses—succeed at all costs. These and other enforcement failures are what the U.S. Department of Justice under U.S. Attorney General Jeff Sessions is looking for in its efforts to undermine and prosecute industry players and patients in legitimate state cannabis programs. Unfortunately, DOH has forgotten that its responsibility is the protection of the thousands of patients in the medical cannabis program, not the protection of the business interests of dispensaries that knowingly took a financial risk to enter a volatile market.

The legislative limitations of the current program have strangled the industry. Slow, incremental change will not solve the problem. New, decisive action is necessary. It is time to implement an adult-



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use cannabis program in Hawai'i.

Hawai'i needs practical, efficient, and sustainable regulations that are actually enforced by the program administrators to ensure compliance. Enforcement is necessary to make sure the stakeholders are paying their taxes, not diverting product, and that there are ample growers and producers within the program to combat the black market. The state must encourage stakeholders to abide by the rules, or else be held accountable—not a prohibition or *laissez faire* stance, but a regulated, refereed playing field.

A November 2017 USA Today story predicts the next 15 states to legalize cannabis in 2018. Majorities of voters in Arizona, Arkansas, Connecticut, Florida, Maryland, Michigan, Montana, New Hampshire, New York, and Ohio are in support of adult-use cannabis and voters could approve legalization through ballot initiatives. Legislators in Delaware, Illinois, Minnesota, Rhode Island, and Vermont are taking a different approach, drafting legislation to legalize adult-use cannabis in 2018. If Hawai'i joins the states set to



## GOVERNMENT AFFAIRS

legalize cannabis in 2018, as well as the eight states that have already legalized adult-use cannabis, Congress will be further encouraged to support cannabis legalization nationally.

Just like legalization has been great for Colorado and other states, cannabis legalization will be good for Hawai'i, too. A healthy and well-regulated adult-use cannabis program will bring financial and societal benefits to the Aloha State. Fiscally, it makes the most sense from a government perspective, where excise and state tax revenue from cannabis will provide funding for health, mental health, education, and infrastructure. The unfunded liabilities in the current state budget are massive and a tax on adult-use cannabis could provide an incredible amount of relief for these and many other state programs in need of funding.

While many fear that an adult-use program will trample the state's medical cannabis program, it would actually serve patients far better than Hawai'i's current medical cannabis program. More growers

and producers mean a greater diversity of cannabis and cannabis products and lower prices. And more retail outlets mean people on all islands, in all communities rural or urban, will have equal access to cannabis medicine.

Cannabis legalization is about the future of Hawai'i, not the past. It's a good idea in and of itself for a multitude of reasons: positive economic impact, job creation, improving public health, crime reduction, tourism, agriculture, medical community, ag-tech, and research and development.

Yet, as of this writing, Hawai'i's legislators are adamantly opposed to Hawai'i joining its fellow states in approving a legalization law. Hawai'i also lacks a ballot initiative process for the people to make their voices heard. We must unite in support of cannabis legalization across the state, and if the legislators will not hear our voice this session, we must replace them in the 2018 election.

# HAWAII FOR RESPONSIBLE CANNABIS USE

## THE OPPORTUNITY

It is time to launch a strategic initiative to bring adult-use cannabis to Hawai'i.





# ROADMAP TO ADULT USE

## LEGALIZATION BEGINS WITH LEGISLATION

**E**very sunny Hawaiian day that passes without a legal, adult-use cannabis law in place is a day without tax revenue to improve aging infrastructure, to address unfunded pension liabilities, to put air conditioning in schools, to increase public teacher salaries, and to fight the opioid crisis. Every day that passes without a legal, adult-use cannabis law in place maintains the harmful stigmas surrounding cannabis, cannabis businesses, and cannabis users.

The state's medical cannabis program has failed. It is time for Hawai'i lawmakers to take responsibility and develop new, progressive adult-use cannabis legislation that takes into account the wealth of data confirming cannabis' benefits for people and governments.

Seventeen years passed before the first dispensary opened after medical cannabis was legalized by the state legislature in 2000—a shameful, protracted display of state-sponsored exclusion of a population of patients in need. While Hawai'i voters cannot make their voice heard through the ballot initiative process enjoyed by the citizens of most other states, they have spoken through the polls; Hawai'i residents are pro-cannabis; Hawai'i residents want well-regulated, tax generating, legal cannabis.

A successful adult-use cannabis law can be a reality if progressive Hawai'i legislators follow this roadmap to create an equitable, sustainable, and successful adult-use program. If our legislators are unable to execute the will of the people, then they must be held accountable and replaced in the 2018 election.



## ADMIT FAILURE

Failure is an integral part of success. Failure is not the end of progress, but merely an opportunity to make something better. As seen in the introduction to this report, Hawai'i's medical cannabis program—its rules and regulations—have failed. The program has failed the registered patients, communities across the state, and the businesses owners navigating Hawai'i's fledgling cannabis industry.

The Hawai'i's legislators must admit this failure and take responsibility for the framework they created. State lawmakers must learn from their mistakes and apply those lessons to the next, improved reiteration of pro-cannabis legislation.



## RECOGNIZE THE FACTS

Cannabis is a plant ripe with medicinal uses and potential benefits for Hawai'i residents, patients, and our state government. It is safe when appropriately used and regulated. There has never been a death attributed to a cannabis overdose on the entire planet—in any region, country, city, or village. There are thousands of clinical studies and well-documented evidence that cannabis has beneficial medicinal properties.

In the early 1900s, powerful corporations and self-serving, corrupt politicians used fear-based propaganda and xenophobia toward Mexican immigrants and urban minority populations to strategically engineered the prohibition of cannabis. Today, negative attitudes against cannabis persist due solely to decades of U.S. federal government propaganda about cannabis as a gateway drug. The [National Landscape](#) section of this report responds to a century of misinformation with facts about cannabis, and the national organizations and international governments that now support cannabis legislation.

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**Cannabis prohibition was manufactured in the early 1900s by powerful corporations and corrupt politicians for political and financial gain.**

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## DEFINE THE SOLUTION

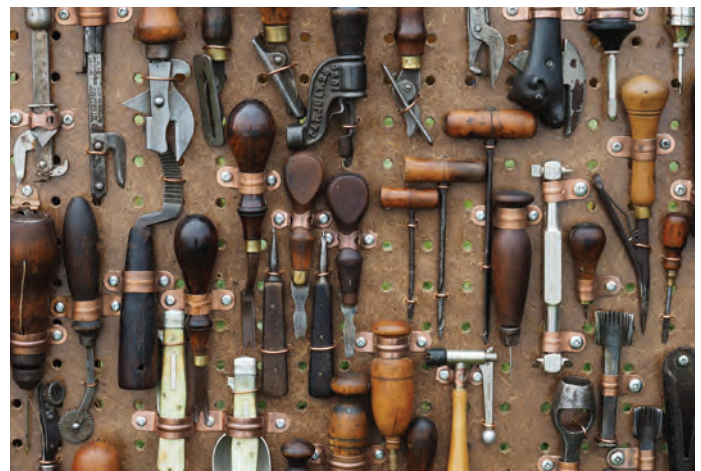
The **Local Climate** section of this report posits that legal, adult-use cannabis is the solution for Hawai'i's needs, and presents the diverse views that different segments of society hold about cannabis legalization. We know that medical cannabis programs do not offer access to legal cannabis equally to all patients and people who wish to utilize the plant. In fact, allowing cannabis use among a patient population suffering from only a handful of medical conditions is discriminatory - especially since cannabis is proven to have a broader medicinal value than currently recognized under Hawai'i law. The solution is to regulate and tax adult-use cannabis in Hawai'i and reap the economic benefits of a thriving cannabis economy.



## COMMUNICATION AND ACTION

To date, eight states have legalized adult-use cannabis and several others are pushing for legalization in 2018. Colorado, Oregon, and Washington have enjoyed the societal and economic benefits of cannabis legalization for several years and have amassed a wealth of data that shows the effects of cannabis legalization: hundreds of millions of tax dollars annually are funding education, infrastructure, public health, and local government departments; youth use has not increased in states with legal, adult-use cannabis; violent crime has not risen in states with legal, adult-use cannabis; tens of thousands of jobs have been created in each state with a legal, adult-use cannabis program. What else do these eight states have in common?

Industry stakeholders and lawmakers working together to create decisive action and a sustainable economic framework for the industry. The **Cannabis Economy** and **Tools for Action** sections of this report describe in great detail what stakeholders, lawmakers, and government organizations need to do to communicate effectively, utilize modern data, and put into action the measures that will create a robust and successful cannabis economy.





## CREATE ADULT-USE CANNABIS LAWS

Each state that has legal, adult-use cannabis has a law that provides rules and regulations for state governments and cannabis businesses to follow. The rules and regulations also provide guidelines for accountability and enforcement. These laws should be used as models for Hawai'i lawmakers as they create a progressive and sustainable adult-use cannabis law for the Aloha State. The **Building a Comprehensive Legalization Framework** section of the report provides a foundation for new legislation based on specific cannabis rules and regulations from states with modern legal cannabis programs. Our legislature must identify what works and what failed in the current program and evolve existing models to suit Hawai'i's unique needs.



## EXECUTE THE WILL OF THE PEOPLE

In the conclusion, **Legalize It**, over 70 percent of Hawai'i residents want legal cannabis in the Aloha State. They recognize the destructive power of cannabis prohibition. They recognize the medicinal benefits of cannabis. They also recognize the economic benefits of a well-constructed, progressive adult-use industry. The Hawai'i state legislature, supported by the governor and attorney general, must execute the will of the people and pass adult-use, cannabis legalization.

Without the opportunity for a ballot initiative for Hawai'i voters, it is imperative that elected officials listen to their constituents and that we constituents make our voices heard. If our elected officials continue to ignore the will of the people in this matter, then they should be replaced in the 2018 elections. Hawai'i voters must hold these legislators accountable and choose elected officials with the courage and selfless desire to create legislation on behalf of the voters.

The path to legalization is reasonable and logical. Our state government can no longer ignore the overwhelming majority of people calling for cannabis legalization and an effective adult-use program that provides equal access to cannabis for all residents and visitors across the state, as well as the ample economic benefits for our government and our communities.

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# THE NATIONAL LANDSCAPE

## LEGAL CANNABIS IS SWEEPING THE NATION

**F**or many legislators from states with medical cannabis programs, the idea of adult-use cannabis legalization is gaining traction. And for good reason. The early adopting states have shown measurable, positive results: ample tax revenue, job creation, a possible solution to the opioid crisis, and public safety in schools and communities.

In 2012, Colorado voters summoned all of their courage, enterprise, and common sense to become the first state in the nation to legalize cannabis for adult-use. With residents, business interests, and patients in mind, the governor and state legislature were realistic and transparent about their intentions to create a thriving cannabis economy with balanced regulations. They saw opportunity to allocate new re-

sources for public health, education, and public safety from this new and growing source of tax revenue for the state. They saw an industry in need of thousands of entrepreneurs and employees, and ancillary industries that would benefit from the emerging cannabis industry. They recognized and utilized the current research proving the health benefits and safety of cannabis. They stood up against century-old, racist stigmas and the tired falsehood that cannabis is an addictive, gateway drug.

Through legalization, the state was able to offer patients hundreds, if not thousands, of cannabis cultivars (strains)—in many different ingestible forms—to treat all manner of medical ailments and conditions. Above all, Colorado's experience created a roadmap



to legalization and they have amassed the world's largest collection of evidence-based data to show the robust economic impacts of legalization.

Since Colorado legalized cannabis in 2012, seven other states—Alaska, California, Maine, Massachusetts, Nevada, Oregon, and Washington—have followed suit and legalized cannabis through the ballot box. Just like the medical programs that preceded adult-use in each of these states, the new adult-use laws and regulatory frameworks are unique to each state, and provide test cases for legislation, policy implementation, and enforcement.

## PUBLIC SUPPORT

The opening of new legal cannabis markets comes at a time when a growing majority of people across the nation now support cannabis legalization. According to a 2016 Pew Research Center poll, 57 percent of U.S. citizens favored legalization at the federal level, and that number is growing. A 2017 Gallup poll shows that 64 percent of Americans now support cannabis legalization.

Overall, the 2017 Gallup polling showed that 51 percent of Republicans support cannabis legalization, 67 percent of Independents favor legalization, and 72 percent of Democrats are in favor of legal cannabis.

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## Cannabis has been good for Colorado— **real** good.

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Private investors and venture capitalists are gaining confidence and supporting adult-use cannabis industries as well. In Oregon, investors have pumped between \$60 and \$80 million into the state's cannabis industry.

A 2016 poll of voters in Colorado, conducted by Public Policy Polling, showed that the majority of voters said legal cannabis has had a positive impact on the state and its economy after four years of legalization. In the poll, 51 percent said they would oppose a measure to repeal Amendment 64, while 36 percent would support such a measure, and 13 percent were not sure. When asked about Amendment 64's impact on Colorado, 47 percent said legal cannabis has been good for the state while 39 percent said it has been bad, nine percent said it has had no real impact, and six percent were not sure. Support was stronger for legalization when voters were asked

about legal cannabis' impact on Colorado's economy, where 61 percent said the impact has been positive.

In Oregon, two years after the vote to legalize cannabis, a DHM Research poll showed that 61 percent of voters think that cannabis legalization has had a positive impact on Oregon.

In Washington state, a 2016 poll of 2,007 adult residents shows that support has only increased for cannabis legalization since voters approved the state ballot initiative to legalize cannabis in 2012. The results show that less than five percent of those who voted for cannabis legalization would change their votes, whereas 14 percent of those who voted against legalization would change their votes. Further, among non-cannabis users, almost 10 percent were somewhat/very likely to use cannabis if they could buy it from a legal store.

Support of medical cannabis legalization is even greater. A Quinnipiac University poll published in August 2017 found that 94 percent of voters now support "allowing adults to legally use marijuana for medical purposes if their doctor prescribes it." A Yahoo/Marist poll published in April 2017 showed that 83 percent of Americans surveyed said that doctors should be able to prescribe cannabis to patients.

A wide-ranging 2012 survey in California from the California Behavioral Risk Factor Surveillance System, a health survey produced by the Public Health Institute in partnership with the Centers for Disease Control and Prevention, found that 92 percent of medical cannabis patients surveyed said that cannabis alleviated the symptoms of their serious medical conditions when other forms of medication had not.

There is no denying that an overwhelming majority of Americans, from all walks of life and political persuasions, support the nationwide legalization of cannabis, and that majority is still growing. State's like Colorado, Oregon, Washington, and Nevada provide evidence-based proof that cannabis legalization at the state level does indeed create positive economic and societal impacts without adversely affecting children or communities, and the trend will continue to strengthen as more state-level adult-use cannabis programs take root. The support for legal, adult-use cannabis in Hawai'i is even greater than the national acceptance of legal cannabis. The time has come for Hawai'i state legislators to acknowledge the will of the majority Hawai'i's residents and voters and legalize adult-use cannabis.

## ECONOMIC BENEFITS

Cannabis is positioned to be the next huge economic driver for state and local governments. It's hard to argue with the numbers. Colorado saw annual cannabis sales totals jump from almost \$700 million in 2014 to \$1.3 billion in 2016. Colorado grossed \$200 million in tax revenue in 2016, and pulled in \$506 million in total cannabis tax revenue from January 2014—the start of retail sales—through July 2017. The revenue is earmarked for education and transportation. Since 2015, \$200 million in cannabis tax revenue was injected into the BEST school construction projects program, benefitting 27 run-down, rural schools across the state.

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Colorado's cannabis industry is a stronger economic driver than 90 percent of the industries active in the state, and it created 18,000 new, full-time jobs in 2015. That equates to \$2.4 billion in economic activity and tax revenues—three times the rate of the alcohol industry. In fact, every dollar spent in Colorado's cannabis industry generates between \$2.13 and \$2.40 in economic activity; only federal government spending has a higher multiplier.

In Washington State, adult-use sales began in July 2014. Since then, the state has seen economic and societal benefits. Washington received \$189 million in cannabis-related revenue in fiscal year 2016. Filings for low-level cannabis offenses are down 98 percent for adults 21 and older. All categories of cannabis law violations are down 63 percent, and cannabis-related convictions are down 81 percent. The state is saving millions in law enforcement resources that were previously used to enforce cannabis laws. Violent crime has also decreased since the legalization of cannabis; and youth cannabis use has not increased since Washington's adult-use law passed in 2012.

With an estimated 400,000-plus in-state customers, Oregon has two years of data to draw from. The Oregon Department of Revenue collected \$65.4 million in cannabis taxes from February 2016 through January 2017. Oregon's cannabis industry produced an economic impact of \$1.2 billion for the state, and created more than 12,500 jobs for plant-touching companies. Governor Kate Brown says that Oregon's cannabis industry is responsible for creating over 19,000 total jobs.

Alaska's adult-use cannabis industry is just getting off the ground and within one growing season, just a few months, more than 700 Alaskans are reported to be working in the cannabis industry.

Nationally, the U.S. cannabis industry's total economic impact in 2016 was between \$16 billion and \$18 billion, and is on track to reach between \$20.4 billion and \$24.4 billion in 2017. Keep in mind that cannabis is still a nascent industry with plenty of room to grow as more states legalize cannabis.

The national cannabis industry employment statistics are also a sign of a promising future. In 2017, there were between 7,500 and 10,000 plant-touching businesses in operation, and between 13,000 and



Youth cannabis use has not increased since Washington's adult-use law passed in 2012.

18,000 ancillary services, technology, and products companies operating in the industry. These new businesses yield new, local jobs across the country. The cannabis industry has become a significant job creator, employing an estimated 165,000 to 230,000 full- and part-time workers as of early 2017.

It's clear that the economic benefits of cannabis legalization are robust. From job creation to ample tax revenues that can fund education, infrastructure, and social and health programs, Hawai'i and her diverse communities stand to benefit from an adult-use program. In that same vein, every year that Hawai'i legislators kick the legalization can down the road to the next legislative session, and every day that they remained constrained by ignorance and fear, the state of Hawai'i is actually losing millions of dollars that the local cannabis industry would invariably bring to state coffers.

## FEDERAL LEGISLATIVE SUPPORT

The overwhelming public support, and the data from states with adult-use programs, have translated to a new wave of pro-cannabis support in Congress. Cannabis is no longer a partisan issue, as members from both sides of the aisle have recognized the health benefits and positive economic impacts of

cannabis, and are now speaking up in support of cannabis legalization.

Members of the U.S. Congress are coming out in support of legalizing cannabis in greater numbers and with louder voices. Dana Rohrabacher, a Republican U.S. Representative from California, championed pro-cannabis legislation with Democrat Sam Farr, a U.S. Representative from California. The Rohrabacher-Farr amendment, now known as the Rohrabacher-Blumenauer amendment (Earl Blumenauer is a U.S. Representative and democrat from Oregon that took the reins from Farr when he retired in January 2017), is largely responsible for establishing protections for states to enact cannabis legalization, even though it is still illegal at the federal level.

When the federal appropriations bill containing the amendment was set to expire in December 2017, 66 members of Congress from both sides of the aisle signed a letter urging House and Senate leadership to keep the “Rohrabacher-Blumenauer” provision in place.

Hawai‘i’s own federal Congresswoman Tulsi Gabbard has been a strong supporter of cannabis at the federal level. Recognizing that the current federal cannabis prohibition is contributing to overcrowding in the criminal justice system and disproportionately affects people of color, she introduced a bi-partisan bill calling for the decriminalization of cannabis—the Ending Federal Marijuana Prohibition Act.



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In April 2017, two Florida representatives, a Republican and a Democrat, led a bipartisan effort to de-schedule cannabis and define it as a Schedule III substance, a classification shared by Tylenol and codeine.

In mid-November 2017, U.S. Senator Cory Gardner, a Colorado Republican, co-sponsored the Small Business Tax Equity Act, which was introduced earlier in 2017 by Oregon Democrat Senator Ron Wyden and Kentucky Republican Rand Paul. The bill would create an exception to Internal Revenue Code 280E, which disallows deductions from income generated by the sale of controlled substances. The House version of the bill has 39 co-sponsors—25 Democrats and 14 Republicans—as of November 15. This bill would substantially increase the profitability and thus industry expansion, job creation, and wages in the cannabis industry.

Individual legislators are also proposing bills that would legalize cannabis at the federal level. U.S. New Jersey Senator Cory Booker put forward a bill, called the Marijuana Justice Act, that would legalize cannabis at the federal level and encourage states to legalize it locally through incentives, such as withholding federal money for building jails and prisons, from states whose cannabis laws are shown to disproportionately incarcerate minorities.

The conversation about cannabis is finally shifting towards pro-cannabis on Capitol Hill. Legislators are studying the evidence-based science, seeing the successes at the states that have already legalized cannabis, and listening to their pro-cannabis constituents. Bi-partisan support is building, and with that, so is the momentum to legalize cannabis at the state level.

## RELATIONSHIP WITH THE U.S. DEPARTMENT OF JUSTICE

A legal battle to remove or de-schedule cannabis has raged ever since cannabis was included as a Schedule I substance in the Controlled Substance Act of 1970. In 1988, Judge Francis Young, the chief administrative law judge for the DEA, ruled that cannabis did not meet the first two criteria for placement in Schedule I and must be removed from that cate-



gory and made available to physicians to prescribe. The DEA chose not to abide by their judge's decision and, despite the mounting evidence of its therapeutic uses, cannabis remains in Schedule I to this day.

This inappropriate scheduling means that researchers face daunting hurdles to study cannabis, including a rigorous approval process by the DEA and the FDA for every scientific and medical trial. Cannabis is the only Schedule I drug that the DEA prohibits from being produced by private laboratories for scientific research, even though the DEA has licensed multiple, privately funded manufacturers and studies of all other Schedule I drugs (including heroin and LSD).

The DEA permits just one facility at the University of Mississippi to produce cannabis for federally approved research. This facility, under contract with NIDA, holds a monopoly on the supply of cannabis available for scientists seeking to conduct FDA-approved studies of the plant's medical properties. NIDA has refused to provide cannabis for FDA-approved studies, including a study approved in 2012 to examine medical cannabis for veterans suffering from post-traumatic stress disorder. The DEA has successfully created a Catch-22 by denying that cannabis is a medicine because it is not FDA-approved, while simultaneously obstructing the very research required for FDA approval.

U.S. Surgeon General Jerome Adams, who was appointed to the position by President Donald Trump in June 2017, has voiced clear support for further research into the medical benefits of cannabis even though he is in opposition to smoking cannabis and adult-use legalization. "Medical marijuana, I believe it should be like any other drug," Adams said. "We need to let the FDA vet it, study it. Marijuana is not one substance. It's actually over 100 different substances, some which benefit patients, some of which are harmful. The FDA has actually approved cannabidiol oil and some derivatives of marijuana."

In 2001, U.S. Representative Maurice Hinchey, a New York Democrat, was the first to introduce legislation to prohibit the Justice Department from spending funds to interfere with the implementation of state medical cannabis laws. The amendment was withdrawn before it could be brought to a vote. In



U.S. Attorney General Jeff Sessions has a personal vendetta against cannabis and cannabis users. After recently rescinding the Cole Memo, Sessions inadvertently sparked a new wave of legalization bills in the House and Senate. *Photo: Matthew T. Nichols for the Department of Justice*

2003, Representative Dana Rohrabacher partnered up with Hinchey and reintroduced the amendment. It failed six times before it was passed by the House of Representatives in 2014 as part of an omnibus spending bill and became law. This was the first time Congress voted to protect medical cannabis patients.

While many people point to risk and uncertainty associated with U.S. Attorney General Jeff Sessions' anti-cannabis position, his rhetoric threatening to shut-down the industry—rehashing debunked myths of cannabis as a gateway drug—is nothing more than bullying. During a November 14 congressional committee hearing regarding the Department of Justice's policy on the cannabis industry, Sessions said, "Our policy is the same really, fundamentally, as the [Obama] policy, which is that federal law remains in effect and a state can legalize marijuana for its law enforcement purposes, but it still remains illegal with regard to federal purposes."

On January 4, 2018, Sessions flip-flopped and rescinded the Cole Memo, the Obama-era policy that respected states' rights to legalize cannabis. In a glorious chorus of dissent, federal and state lawmakers from both sides of the isle and from sea to shining sea had strong words of condemnation for Sessions'



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## Israel is known as the **leader** in cannabis research, chiefly due to funding from the U.S. National Institutes of Health.

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reckless policy shift and outdated, ignorant stance on cannabis. Leading lawmakers from states with legalization programs vowed to continue to uphold the will of the voters, and support their states' legal, adult-use programs at all costs.

Even though the Cole Memo no longer stands as Department of Justice policy, the Rohrabacher-Farr amendment—which defunds federal prosecution of medical cannabis businesses operating in well-regulated state programs—still remains in place. As Hawai'i incorporates an adult-use program, it should follow the path traced and proven by other states like Washington, Oregon, and California. These state governments have listened to the people, enacted state law, and are now ready to stand up against an over-reaching federal government to protect their state's rights.

### FEDERAL ORGANIZATION SUPPORT

Many cannabis opponents cite the plant's Schedule I status and claim that cannabis has no medicinal value, and that there has not been enough research conducted to prove its medicinal value or rescheduling. This is far from the truth. The U.S. National Institutes of Health (NIH), the primary agency of the United States government responsible for biomedical and public health research, supports a broad portfolio of research on cannabinoids and the endocannabinoid system, including studies utilizing the whole plant in addition to a focus on individual cannabinoid

compounds. In fiscal year 2015, NIH supported 281 projects totaling over \$111 million on cannabinoid research. The NIH Pain Consortium is currently endorsing a funding opportunity to support projects examining the therapeutic potential of cannabinoids and the endocannabinoid system across a variety of pain conditions.

Modern cannabis research, some of which has been funded by NIH, has long been conducted outside of the United States due to its Schedule I status. Internationally, Israel is known as the leader in cannabis research, chiefly because of NIH funding.

In 2017, the United States National Academies of Sciences, Engineering, and Medicine published one of the most comprehensive meta-studies of cannabis research from 1999 to the present on the health effects of recreational and therapeutic cannabis use. The sweeping report, which covered more than 10,000 scientific studies, affirmed that cannabis can effectively treat chronic pain, and concurrently disproved the national statistics on the supposed harms of cannabis use. The report strongly concluded that the Schedule I status creates significant administrative barriers for researchers looking to conduct health research on cannabis and its components.

While anti-cannabis advocates point to a lack of research on the therapeutic benefits of cannabis, the position is clearly a tactic to defer acknowledgement of the thousands of evidence-based scientific studies that have been conducted.



## NATIONAL ORGANIZATION SUPPORT

Mainstream national organizations, including many in healthcare, are speaking up in support of cannabis. Many organizations are even adopting policies to encourage research and use.

### AIDS Action Council

The AIDS Action Council supports immediate legal access to medical cannabis and the elimination of federal restrictions that bar doctors from prescribing cannabis for medical use by individuals with HIV/AIDS.

### American Academy of Family Physicians

The American Academy of Family Physicians (AAFP) recognizes that there is support for the medical use of cannabis, and it advocates that usage be based on high-quality, patient-centered, evidence-based research, and for further studies into the use of medical cannabis and related compounds. The AAFP also supports decriminalization of the possession and personal use of cannabis.

### American Academy of HIV Medicine

The American Academy of HIV Medicine states that, when appropriately prescribed and monitored,

cannabis can provide immeasurable benefits for the health and well-being of HIV patients.

### American Academy of Pediatrics

The American Academy of Pediatrics strongly recommends that cannabis be decriminalized in conjunction with efforts to prevent cannabis use in adolescents. The organization supports treatment for adolescents with cannabis use problems instead of harsh criminal penalties.

### American Cancer Society

The American Cancer Society supports the need for more scientific research on cannabinoids for cancer patients, and that the Schedule I classification of cannabis imposes numerous conditions on researchers and deters scientific study of cannabinoids. The organization states that a number of small studies have found that: cannabis can be helpful in treating nausea and vomiting from cancer chemotherapy; inhaled cannabis can be helpful treatment of neuropathic pain; cannabis has helped improve food intake in HIV patients; people who consumed cannabis in clinical trials needed less pain medicine; and THC and other cannabinoids such as CBD slow growth or cause death in certain types of cancer cells growing in lab dishes.







## American Legion

With evidence-based science showing that cannabis can be an effective treatment of general anxiety disorder, a growing chorus of U.S. military veterans are turning to cannabis to treat PTSD. The American Legion is advocating for the rights of veterans to use medical cannabis to treat PTSD and is backing the need for cannabis access. The American Legion conducted a national survey showing that more 80 percent of veterans support legalizing medical cannabis. In July 2017, The U.S. Senate Appropriations Committee adopted an amendment to allow military veterans to obtain medical cannabis recommendations through the Department of Veterans Affairs. The bipartisan vote was 24 to 7 in favor of the amendment.

## American Medical Association

The American Medical Association (AMA) is officially calling for further adequate and well-controlled studies of cannabis and related cannabinoids. The organization urges that cannabis' status as a federal Schedule I controlled substance be reviewed with the goal of facilitating the conduct of clinical research and the development of cannabinoid-based medicines and delivery methods. The AMA also urges the National Institutes of Health to implement administrative procedures to facilitate grant applications and the conduct of well-designed clinical research into the medical utility of cannabis, and that effective patient care requires the free and unfettered exchange of information on treatment alternatives between physicians and patients, with both parties free from criminal sanctions.

## American Medical Student Association

The American Medical Student Association (AMSA) believes that there is convincing scientific evidence and clinical experience demonstrating that cannabis provides medical benefits that are not replicated by synthesized drugs. The AMSA strongly urges the U.S. federal government to meet the treatment need of currently ill Americans by restoring the Compassionate NID program for medical cannabis, rescheduling cannabis to Schedule II of the Controlled Substances Act, and ending the prohibition against cannabis.



## American Nurses Association

The American Nurses Association (ANA) recently declared that cannabis and its related cannabinoids are beneficial for treating diseases and alleviating symptoms, and called for cannabis to be rescheduled by the federal government. The ANA asserts that the current Schedule I classification is inappropriate, as cannabis has been historically used to treat disease and alleviate symptoms, and at one point was included in the United States Pharmacopeia. The organization recognizes that cannabis has been used for alleviating symptoms of nausea and vomiting, stimulating appetite in HIV patients, alleviating chronic pain, easing spasticity due to multiple sclerosis, and decreasing symptoms of depression, anxiety, sleep disorders, and psychosis. The ANA recommends the protection from federal criminal prosecution, civil liability, or professional sanctioning of patients, dispensaries, and health care practitioners that are located in medical cannabis states, and are using, recommending, or administering cannabis in accordance with state laws.

## American Osteopathic Association

The American Osteopathic Association supports well-controlled clinical studies on the use of cannabis and related cannabinoids.



### **The American Public Health Association**

The American Public Health Association (APHA) calls for a public health approach to regulating and controlling commercially legalized cannabis and urges that regulation of cannabis be viewed as a public health priority. In states where cannabis is legalized, APHA suggests that federal, state, and local governments should develop, adopt, monitor, and evaluate strict regulatory mechanisms to control cannabis production, sales, and use while advancing public health goals of preventing access by minors, protecting and informing consumers of legalized cannabis, and protecting third parties from unwanted consequences of legal cannabis use.

### **American Society of Addiction Medicine**

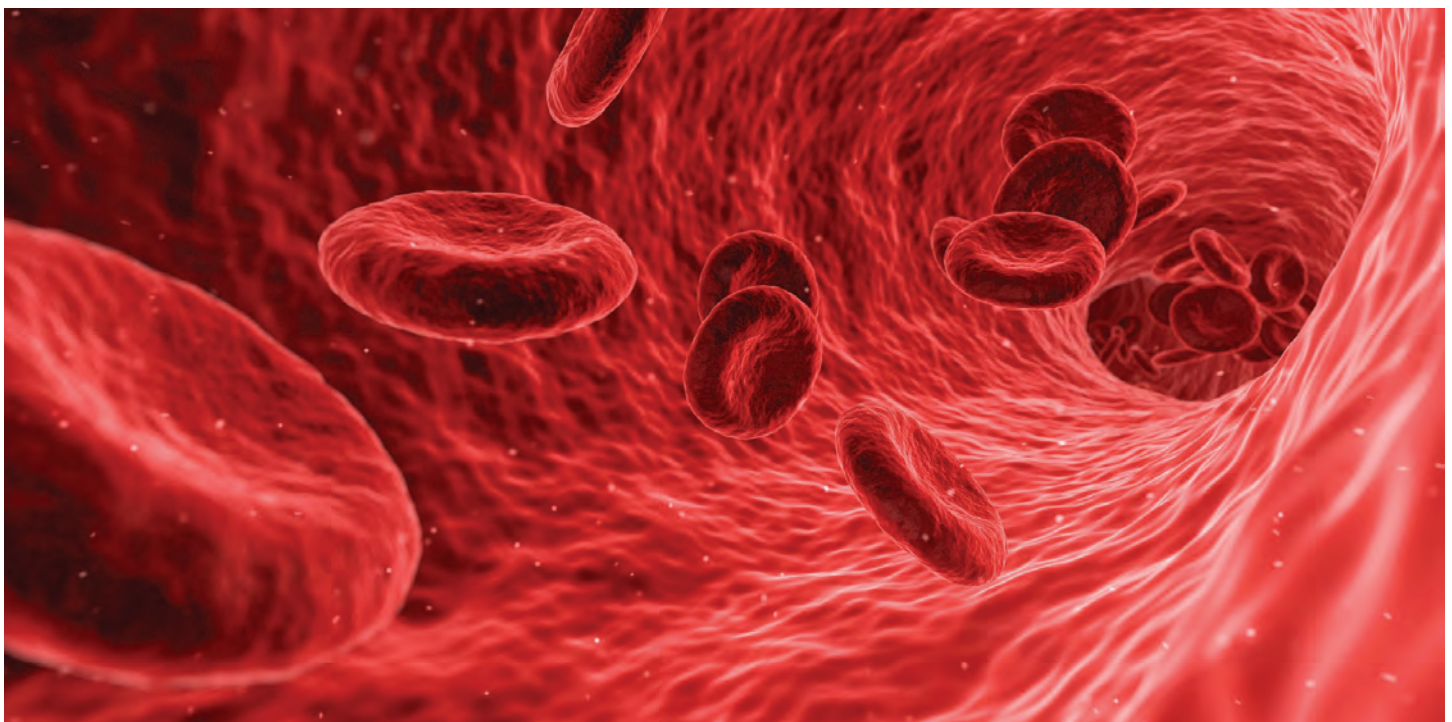
With 91 people on average dying daily from an opioid overdose, the opioid addiction epidemic is affecting communities across the country. The American Society of Addiction Medicine posits that research over the last 20 years suggests that there is therapeutic potential in cannabis and cannabinoids to treat opioid addiction. These findings encourage more clinical research on the therapeutic potential of cannabis as well as state initiatives to decriminalize cannabis for medical use.

### **Doctors For Cannabis Regulation**

Doctors For Cannabis Regulation, a newly formed group of physicians that includes former U.S. Surgeon General Jocelyn Elders and former director of the U.S. Center for Substance Abuse Treatment Westley Clark, is calling on professional medical groups including advocacy associations like the American Medical Association and American Academy of Pediatrics, to support the federal legalization and regulation of cannabis. Doctors For Cannabis Regulation also wants medical groups to lobby Congress and state lawmakers, promoting the message that you do not have to be pro-cannabis to oppose cannabis prohibition and the unnecessary social harms that its prohibition causes.

### **Epilepsy Foundation**

The Epilepsy Foundation supports the rights of patients and families living with seizures and epilepsy to access physician-directed care, including cannabis, and calls for an end to DEA restrictions that limit clinical trials and research into medical cannabis for epilepsy.





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**Legalization at the state level in Hawai'i would help to rectify many of the issues cited by these organizations, help to destigmatize patients, encourage physician education and participation, and contribute to national and international research agendas.**

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### **Leukemia & Lymphoma Society**

The Leukemia & Lymphoma Society supports legislation to remove criminal and civil sanctions for the doctor-advised, medical use of cannabis by patients with serious physical medical conditions. The organization also encourages the federal government to authorize the DEA to license privately funded production facilities that meet all regulatory requirements to produce pharmaceutical-grade cannabis for use exclusively in federally approved research.

### **National Multiple Sclerosis Society**

The National Multiple Sclerosis Society supports the rights of people with multiple sclerosis (MS) to work with their health care provider to access cannabis for medical purposes in accordance with legal regulations in those state where use has been approved. The Society also supports advancing research to better understand the benefits and potential risks of cannabis and its derivatives as a treatment for MS.

### **National Nurses Society on Addictions**

The National Nurses Society on Addictions recognizes that cannabis has a long history throughout the world for medicinal purposes and that cannabis has been found to be effective in reducing intraocular pressure in glaucoma, reducing nausea and vomiting associated with chemotherapy, increasing comforts for those suffering from chronic pain, controlling spasticity associated with spinal cord injuries and multiple sclerosis, and controlling seizures. The organization also recognizes that cannabis is remarkably non-toxic.

As more and more patients find symptom relief with cannabis use, the medical community can no longer turn a blind eye to cannabis' therapeutic medical benefits. National medical organizations that truly operate to serve their community, like the ones above, are supporting medical cannabis use and research. Legalization at the state level in Hawai'i would help to rectify many of the issues cited by the organizations, help to destigmatize patients, encourage physician education and participation, and contribute to national and international research agendas.



### INTERNATIONAL SUPPORT

As support grows in the United States to legalize cannabis, global attitudes are simultaneously shifting pro-cannabis. Countries like Canada, Netherlands, Uruguay, Israel, Spain, Columbia, Australia and South Africa, are recognizing cannabis as an economic driver and funding mechanism for national enterprise, recognizing its value in commerce and trade. In fact, there is a strong legal international cannabis trade between Canada, Chile, Brazil, Netherlands, Finland, Germany, Croatia, Italy, Australia, and New Zealand. In Italy, as in most of western Europe where medical cannabis is legal, the army is the only legal cannabis grower. At two heavily guarded greenhouses in Florence, the army produces a yield of about 220 pounds of cannabis a year. In December 2017, a new budget law moving through the Italian parliament is set to triple production and make medical cannabis free for all patients.

Malta, an archipelago country in the Mediterranean Sea, is currently creating draft legislation to

allow any general practitioner to prescribe medical cannabis. The Malta Parliament is expected to approve the legislation and the prime minister is suggesting that the recreational cannabis should be legalized once the medical cannabis law is passed.

Germany has a small medical marijuana program, where patients fill their prescriptions with imported cannabis coming from the Netherlands and Canada. In 2017, German authorities announced the creation of a cannabis agency and a new medical cannabis program allowing cannabis to be grown in Germany and allowing patients to get cannabis as a medical prescription.

In South America, Peru's conservative leadership legalized medical cannabis in October 2017. The law allows cannabis to be produced, imported, and sold. In 2013, Uruguay became the first Latin American nation to legalize the recreational use of cannabis, and the first government-run cannabis market. Chile and Columbia also allow medical cannabis. Argentina legalized medical cannabis in 2017, and created



These pro-cannabis countries have legalized cannabis in some form and are part of a rapidly growing international cannabis market.



The Australian government plans to allow the export of medical cannabis to help meet the growing worldwide demand for medical cannabis.

a research program at the Health Ministry with free access to cannabis oil and other derivative cannabis products for patients who join the program.

In Canada, medical cannabis became legal in 2001, and in response to popular opinion, Justin Trudeau, the leader of the Liberal Party of Canada, committed to legalizing cannabis for personal use while campaigning during the 2015 Canadian federal election. Canada has since been working to create a regulatory framework for legalization, which is set to debut July 1, 2018.

The Arthritis Society of Canada is funding research to determine how effective cannabis can be. In December 2016, the organization awarded a three-year grant to study medical cannabis as a treatment for fibromyalgia. In 2015, the organization awarded a similar grant for the study of medical cannabis as treatment for arthritis and disease management.

Mexico's legislature overwhelmingly approved a medical cannabis bill in April 2017. The laws allow for growing cannabis for medical and scientific purposes. Starting in 2016, the Mexican government began issuing permits to allow patients to import medical

cannabis products. The government also decriminalized small amounts of cannabis and issued permits for specific individuals to cultivate and possess cannabis for personal use. Mexico's health minister also announced that Mexico will legalize sales of cannabis-based medicines, foods, drinks, cosmetics, and other products in 2018.

Israel legalized medical cannabis in 1992 and is the global leader in cannabis research. The Ministry of Health treats tens of thousands of patients with medical cannabis through private dispensaries. The Israeli government recently took steps to decriminalize recreational cannabis.

In 2016, Australia legalized medicinal cannabis for patients with chronic or painful illnesses. Australia elected to supply patients with medical cannabis through pharmacies, which will be permitted to sell medical cannabis. In February 2017, the first federal government license to grow medical cannabis was issued, allowing a for-profit, privately held company to grow medical cannabis and conduct research on how to use cannabis for medicinal purposes. In February 2018, the Australian government plans to allow the



**While cannabis is the most widely used drug on the planet, the evidence shows that it is one of the **safest**, with no reported deaths from overdoses, ever.**

export of medical cannabis to help meet the growing worldwide demand for medical cannabis. Health Minister Greg Hunt said his government hopes Australia can be “the world’s number one medicinal cannabis supplier.”

The United Nations Office on Drugs and Crime (UNODC) recently released its 2017 World Drug Report, which is based on 2015 statistics. It found that cannabis is the world’s most widely cultivated drug, the most consumed drug with 3.8 percent of the world’s population using it (an estimated 183 million people), and the most confiscated drug. The report also found that there were between 190,900 and 230,100 drug-related deaths in 2015, with 25 percent of those deaths occurring in North America; however, the report noted that there were no statistics to report on deaths caused by cannabis.

Of the 52,000 total drug-related deaths reported for the United States in 2015, opioids accounted for more than 60 percent. In 2015, the death rate from synthetic opioids increased by 72 percent compared with 2014. Heroin overdose deaths only increased by 23 percent over the same period. While cannabis is the most widely used drug on the planet, the evidence shows that it is one of the safest, with no reported deaths from overdoses, ever.

With attitudes toward cannabis changing on a global scale, ASTM International, a 119-year-old international organization that develops voluntary standards for thousands of markets (it has 12,000 standards in its portfolio) is turning its attention toward cannabis industry best practices and standards. The organization plans to develop standards in quality management systems; indoor and outdoor horticulture and agriculture; laboratory; processing and handling; security and transportation; and personnel training, assessment, and credentialing.

Across the globe, the cannabis narrative is being rewritten one policy at a time, from local governing institutions to countries, and even regions. Prohibitions will increasingly fall at an exponential rate as more and more communities around the world change their attitude toward cannabis and recognize its medicinal and therapeutic qualities. As local, legal cannabis industries mature, there will be a natural progression toward a global cannabis trade and economy. Hawai‘i, whose economy is based on international tourism, can be either a leader or a tag-along in this growing international marketplace.



# THE LOCAL CLIMATE

HAWAII'S PEOPLE HAVE BEEN READY FOR LEGAL CANNABIS FOR ALMOST TWO DECADES. SO, WHAT IS THE HOLD UP AT THE STATE LEGISLATURE? 

**H**awaii had the opportunity—as the first state to pass medical cannabis legislation through the state legislature in 2000—to lead the United States, and the world, in crafting progressive legislation that could have benefitted Hawaii's approximately 40,000 resident patients. After 18 years, one would expect a thriving medical cannabis industry with small, ancillary businesses supporting a cadre of plant-touching canna-businesses. These local businesses would serve tens of thousands of registered patients with a diverse assortment of can-

nabis products to treat their ailments, at dispensaries in every county, and at fair prices.

After examining the international and national scope of cannabis acceptance and legalization, it is time to turn the attention to Hawaii, where talk of legalization has floated for nearly two decades without action. Unfortunately, the current state medical cannabis and dispensary programs are not what industry stakeholders, registered patients, or the public expected when the legislature passed pro-medical cannabis legislation.



Fear, stigma, and a lack of government leadership have kept that vision in the dark. The current medical cannabis program is under-funded, under-staffed, over-priced, and geographically irrelevant to the patient base. The current medical cannabis program has failed and we must look to a new class of liberal, progressive legislators to realize a new vision for Hawai'i that reflects the needs of all Hawai'i residents.

Hawai'i's cannabis industry and the State of Hawai'i must work together to craft policies and regulations that foster the growth of the industry as an essential element of Hawai'i's plans for its economic future. The state must provide the support necessary to create positive, profitable feedback loops between the dispensaries or retail outlets, Hawai'i residents, and related ancillary industries across the state.

Only through active state protection and support of the cannabis industry as a future engine of economic growth across the state will the cannabis industry ever be able to capitalize on Hawai'i's many strengths to reach its full potential.

To create a comprehensive and effective adult-use program in the Aloha State, legislators will need to take into account the diverse perspectives of government players, industry stakeholders, medical consumers, adult-use consumers, and tourists, and address their needs and concerns in a reasonable and cooperative adult-use cannabis law.

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**Only through active state protection and support of the cannabis industry as a future engine of economic growth across the state will the cannabis industry ever be able to capitalize on Hawai'i's many strengths to reach its full potential.**

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## THE COMMUNITY VISION

In the public sphere, medical cannabis consumers, adult-use cannabis consumers, non-users in support of legalization, tourists, and opponents to legalization each contribute an important perspective. A robust regulatory framework for an adult-use cannabis program in Hawai'i would address the concerns and provide unique benefits to each of these demographics.

### Medical Cannabis Consumers

Medical cannabis consumers have long been ignored or treated like criminals by local and federal government authorities, even though they might be consuming medical cannabis in compliance with state law. The Hawai'i Department of Health's indifference to the plight or needs of medical cannabis consumers has left the state's medical cannabis program extremely restrictive, constrained and ineffective. While the law has allowed for dispensaries since 2000, it took 17 years for the first dispensary to open. Today, only three dispensaries—serving only O'ahu and Maui—are in operation, at well less than a third of the production capacity afforded by their licenses.

With a legal, adult-use cannabis program in place, medical cannabis consumers would find ample access to and a diverse array of cannabis cultivars, allowing them to finally find the proper type of cannabis that is most effective for their medical condition.



Hawai'i Governor David Ige has not supported the state's struggling Medical Cannabis Dispensary Program. His decision to remain silent on the issue could see him ousted in the next gubernatorial election.  
*Photo: Office of Governor David I. Ige*





In states with adult-use programs, retail stores typically carry hundreds of different cannabis products—edibles, flower, oils, concentrates, tinctures—from 15 to 20 growers. Most people in poor health prefer to consume cannabis in forms other than smokable flower and legalization would subsidize the creation of many different cannabis products and delivery methods, while keeping in mind the safety of non-users and children.

As many people in this demographic are elderly or in poor health, ample and safe access to this medicine is critical, along with an affordable price point comparable to, or lower than, the black market. Under an adult-use program, patients needing mobility assistance could be accompanied by an adult into a retail outlet to purchase their medicine, or a delivery service would be able to deliver medicine directly to a patient at their place of residence (neither of which is currently allowed in Hawai'i's medical cannabis program). More retail outlets across the state and in different communities would ensure that patients do not have to travel far to get their medicine. Many patients also have a fixed income and would benefit from the lower prices that would be offered in an adult-use industry.

A healthy medical cannabis program is still a reality in a legal cannabis markets, as seen in Colorado, Oregon, and Maine. In Nevada, where there is an abundance of medical cannabis dispensaries, the adult-use program is seen as saving struggling medical cannabis businesses in a saturated market, as those businesses were given first crack at adult-use licenses. Registered patients will find more refined, medical-grade cannabis products designed specifically to treat their ailments, as well as tax-free cannabis medicine to incentivize patients to prefer medical versus legal products.

### Adult-Use Cannabis Consumers

Adult-use cannabis consumers look to a future where they will be able to safely and legally consume and enjoy cannabis like our island society currently enjoys alcohol: with responsibility and without stigma. Adult-use cannabis consumers are your co-workers, your neighbors and your relatives. They are not criminals, yet they must hide their cannabis use due to its prohibition and negative stigmas. They are not violent. They are not belligerent, and they are not impaired. They are people, just like you—people with families, with children, with careers, with responsibilities, and with the same anxieties that we all face as human beings in society.

Adult-use cannabis consumers are looking for ample access to a diverse array of affordable cannabis products, meaning many different cultivars in a variety of many different forms. They want reliable and accessible legal retail outlets to purchase cannabis at an affordable price, and they desire the opportunity to consume cannabis at home or in a social setting—without persecution or prosecution—like a café, bar, gym or club.

Massachusetts Cannabis Control Commission Sharleen Title succinctly sums up the attitude that legislators should be taking in states that have passed any type of pro-cannabis legislation. “Our mission is to honor the will of the voters of Massachusetts,” Title said. To this end, Title and the commission unanimously approved a policy allowing on-premises consumption at state-licensed cannabis cafés. The commission recognized that not every-



one can legally consume at their residence (which is true in Hawai'i), and that communities need safe and accessible venues to consume cannabis. This is the support adult-use consumers are looking for from their elected officials and government representatives.

Colorado voters approved a ballot initiative to legalize adult-use cannabis in 2012 under the leadership of Republican Governor John Hickenlooper. Instead of playing party politics, he listened to the voters and embraced the new law, even calling on Congress to pass legislation that halts federal regulators from penalizing financial institution serving the cannabis industry to help protect local Colorado businesses. Pro-cannabis proponents in the Aloha State are looking for this level of support from their governor and their legislators.

Evidence-based research proves that cannabis is non-lethal and safer than most prescription or over-the-counter drugs, tobacco, and alcohol. People want to have the freedom to consume cannabis without stigma and without legal prosecution. Prohibition has negatively affected society. Hawai'i's cannabis enthusiasts envision a state where cannabis is embraced, not scorned. They demand an atmosphere of understanding and the opportunity to showcase the positive merits of their culture.

## Non-Users Supporting Legalization

Non-users in support of adult-use cannabis recognize the medical benefits of cannabis, and oppose the economic and societal costs of maintaining the prohibition of this important plant. While these supporters may not consume cannabis, they see the economic benefits associated with a legal, local cannabis economy. Their children will benefit from the tax revenue that would be allocated for education and schools. One day, they might even see the completion of an elevated rail mass transit system.

This demographic also envisions an atmosphere where cannabis does not impact their lives in a negative way. They want safe communities where cannabis is not marketed or made accessible to children. They want reassurances from the police and other government agencies that cannabis stakeholders will abide by the rules and laws governing an adult-use program and that infractions will be enforced. And they do not want to smell cannabis, whether its growing or being smoked.

Well-crafted legislation will be able to address these concerns, while simultaneously providing economic impacts that they will be able to see firsthand. A legitimate adult-use program honors the non-users' right to exist in a publically smoke-free community.





## Visiting Cannabis Consumers

Many tourists visiting Hawai'i look to indulge in what the islands have to offer in the world of cannabis. Hawai'i has branded many experiences, such as surfing, Hawai'i Regional Cuisine, Aloha, hospitality, and even the Mai Tai, a drink created by Pilipino bartenders in Los Angeles' decades-old Tiki Bar scene. While it may not be common public knowledge, black market Hawai'i cannabis growers have been producing Hawai'i-branded cannabis cultivars for decades. These cultivars, like Maui Wowie and Kona Gold, are sought after and revered for quality in the cannabis world. Bringing this history in cannabis cultivation to the forefront will give tourists another Hawai'i-branded product to consume and connect with their time in the islands. These visitors will be looking for those unique cannabis products associated with and only found in Hawai'i. They will also be looking for a safe and legal place to consume their purchases to enhance their vacation experience.

Other states are already accommodating tourists, and Hawai'i could easily be left behind. Colorado recently implemented a four-year cannabis social club pilot program that allows businesses to seek annual permits to create set-off, 21-and-over areas where customers can consume cannabis. The law also allows one-time events to seek permits.

In September 2017, the Clark County Legislative Counsel Bureau recognized that no state law prohibits local governments from permitting for cannabis consumption in businesses. This means that visitors to Las Vegas will be able to consume cannabis in designated lounges, cafés, yoga studios, and at special events.

Alaska legislators recognize that many of their visitors consume cannabis and are also in search of a legal place to enjoy their purchases. The Marijuana Control Board is considering onsite consumption at retail outlets where cannabis is available.

The Hawai'i Tourism Authority has been courting millennials for the last two years. The organization is using new technology to attract more millennials to the islands. Their website was revamped in 2017 for the specific reason of better serving international and millennial travelers, and its 2016 tourism conference



was focused on meeting the expectations of global travelers, especially millennials.

A legal cannabis program will be an integral part of that connection to millennials that HTA is looking for. A 2016 Pew Research poll shows that young adults have disproportionately driven the shift toward public support of cannabis, and 71 percent of millennials—those aged 18 to 35 in 2016—support cannabis legalization. A 2017 Civil Beat poll shows that millennials are more accepting of cannabis and cannabis legalization than older generations.

The Hawai'i brand is strong and adding cannabis to its umbrella will only be a boon for state and local businesses. Legal, adult-use cannabis will send a message to a new generation of travelers that Hawai'i remains a diverse, liberal, lively, hospitable, and accepting Pacific Island retreat.

## Cannabis Opponents

In addition to the majority of voices that are in favor of cannabis legalization, there will always be those that oppose cannabis legalization. Opposition in this demographic might stem from religious convictions, cultural beliefs, moral arguments, or a socially constructed fear based on misleading and inaccurate information presented to the American people over the last several decades.




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**The arguments that opponents lean on have **crumbled**. Cannabis is not a gateway drug. Legal, adult-use cannabis is not contributing to more traffic accidents. It's not causing violent crime to increase, and it's not leading to an increase in cannabis use among adolescents.**

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Opponents to cannabis legalization will generally fall back on several general talking points to discredit the facts and figures on cannabis: that cannabis is a gateway drug, that legalized cannabis increases traffic fatalities, that legalized cannabis increases crime, and that legalizing cannabis encourages use by minors.

One of the most wide-spread falsehoods is that cannabis is a gateway drug. This theory has been floated with no evidenced-based supporting science since cannabis foe Harry Anslinger crafted the first prohibitory cannabis legislation, the Marihuana Tax Act of 1937. Since then, it has been repeated without substantiation to sway public opinion against cannabis and create a negative stigma of the plant and its many uses.

Much to the contrary, cannabis is increasingly recognized as a tool to help addicts withdraw from deadly drugs like heroin and synthetic opioids. Unfortunately, the Honolulu Police Department still subscribes to the flawed and archaic rhetoric that cannabis is a gateway to harder drug and comes with negative societal costs.

Local opponents will point to the dangers of tourists and local residents driving while under the influence of cannabis, citing that accidents where THC was found in the blood of drivers increased after legalization in Colorado. These statistics on canna-

bis-related traffic accidents and fatalities are skewed heavily upward because THC remains detectable in the body up to 30 days after consumption, even though the psychoactive effects last only an hour or two. In reality, post-legalization Colorado and Washington have seen traffic fatality rates remain statistically consistent with pre-legalization levels, and those levels are even lower in each state than a decade ago.

Crime is another deterrent that opponents point to in their efforts to stop legalization; however, other states' experience with cannabis legalization shows both lower crime and arrest rates, as well as newly available time and resources for law enforcement to focus on violent crimes. Since cannabis legalization in Washington state in 2012, filings for low-level cannabis offenses are down 98 percent for adults 21 and older; all categories of cannabis law violations are down 63 percent; and cannabis-related convictions are down 81 percent. Washington state is saving millions in law enforcement resources that were previously used to enforce draconian cannabis laws. Violent crime has also decreased since the legalization of cannabis, and youth cannabis use has not increased. Other states with adult-use cannabis programs show similar statistics and trends in relation to crime and enforcement.



In Hawai'i, where medical cannabis has been legal since 2000, there are record-low crime rates in burglary and property crime across the state. The state of Hawai'i Crime Prevention & Justice Assistance Division's 2016 report, *Crime in Hawaii: A Review of Uniform Crime Reports*, shows the lowest number of index crimes in the state since statewide data collection began in 1975. The total index crime rate in 2016 was 6.2 percent below the reported rate in 2015, and 27.1 percent below the rate reported in 2007, a decade earlier. Hawai'i's violent index crime rate in 2016 was 2.0 percent below the 2015 rate, and 12.5 percent below the 2007 rate. The state's property index crime rate in 2016 was 6.5 percent less than the 2015 rate, and 28.0 percent lower than the 2007 reported rate.

Many opponents claim that youth use of cannabis will skyrocket under adult-use, but this has not been the case in the states that have legalized cannabis thus far. In Colorado and Washington, state surveys have shown no significant change in cannabis use among teens since voters passed adult-use measures.

The latest results from the National Survey on Drug Use and Health show that during 2015 and 2016—while adult-use cannabis has been legal—teen use has declined in Colorado, mirroring data collected by Colorado's Healthy Kids Colorado Survey.

During 2015 and 2016, nine percent of Colorado youths aged 12 to 17 reported using marijuana, whereas during 2014 and 2015, reported youth usage was at 11 percent. And on the national level, the most recent National Survey on Drug Use and Health reports that teen cannabis use has fallen to a 22-year low despite the massive increase in both legal and medical cannabis programs in states across the country. With proper education and awareness, it is evident and well documented that the legalization of adult-use cannabis does not lead to increased youth usage or violent crime.

In response to concerns about accidental cannabis use among children and safety, rules for child-proof packaging and detailed labeling have been incorporated into every state adult-use law so far. Colorado updated its packaging and labeling laws in October 2017, mandating that all cannabis packaging displays a universal THC symbol on the front and include a statement directly below the symbol: "Contains Marijuana. Keep out of the reach of children." In addition, the word "candy" is not permitted on packaging and edibles are not allowed to feature animal, fruit, or people shapes. If such rules can effectively defer minors from using tobacco, opioids, and other dangerous prescription medications, then they must also be effective for non-lethal cannabis.



With myriad anecdotal evidence now supported by state-reported statistics that legal, adult-use cannabis is not harming children or society at large, the arguments that opponents lean on have crumbled. Cannabis is not a gateway drug. Cannabis is not contributing to more traffic accidents. Cannabis is not causing violent crime to increase, and legal, adult-use cannabis is not leading to an increase in cannabis use among adolescents.

## GOVERNMENT'S ROLE

State, county and local governing bodies have much to gain from an effective and regulated adult-use cannabis economy, much like patients, visitors, and residents. The potentially high demand for legal cannabis translates to ample tax revenue that could create major positive impacts for our communities. The vision for the Hawai'i state government's role in an effective adult-use program is two-fold. The government must develop an equitable law and balanced regulations that provide opportunity and growth for industry stakeholders, quality products for consumers, and economic impact for the state. Concurrently, the government must address safety and

security for those who do not wish to be impacted by cannabis.

Generally, the state wants nothing more than to avoid any confrontation with the federal government. Since cannabis is still a Schedule I controlled substance and illegal at the federal level, Hawai'i has been apprehensive about pursuing any type of legalization program, even though legal protections for states—the Rohrabacher-Farr amendment—exist at the federal level. Even though U.S. Attorney General Jeff Sessions rescinded the Cole Memo in early January 2018, federal legislators led by Senator Cory Gardner (R-CO), are stepping up their support of federal legalization legislation and pushing back against Sessions' policy shift. Even after Sessions' announcement rescinding the Cole Memo, Vermont and New Hampshire continue to move their legislation for cannabis legalization forward.

Hawai'i can confidently support an adult-use program in conjunction with the growing majority of states that are working toward an adult-use cannabis industry. Hawai'i state leadership, starting at the Governor's office, should set the tone for a fertile and cooperative environment between legislators, state agencies, and industry stakeholders.





Let's not beat around the bush, state governments want revenue. Hawai'i needs an adult-use program that rakes in millions annually in tax revenue. The revenue surplus can be applied to education, homelessness, infrastructure, public safety, and the state's large unfunded pension liabilities.

The tax revenue adult-use states are taking in is substantial. Colorado's cannabis economy raked in almost \$194 million in 2016 and over \$226 million in 2017 (January through November). Oregon brought in \$108.6 million in state and local taxes from January 2016 through August 2017. Washington collected \$186 million from cannabis sales and excise tax income in fiscal year 2016, which exceeded their projections by \$22 million, and collected nearly \$315 million in sales and excise tax totals for fiscal year 2017.

The state's program should balance proper oversight and enforcement, which allows the state to stay compliant and in good standings when it comes to relations with the federal government, without hindering the industry's ability to thrive. Hawai'i would benefit from a cannabis-specific government agency to administer and regulate the adult-use program. Washington has the Washington State Liquor and Cannabis Board, Massachusetts has the Cannabis Control Commission, and Alaska has the Alcohol & Marijuana Control Office. This new Hawai'i state government department would receive proper funding to be able to conduct research, establish a sound regulatory framework for the adult-use program, hire

and maintain staff, administer the program, address concerns pertaining to the law, and recommend legislation to further support the industry as it grows. Other state agencies involved with the adult-use program would also need funding to offset any staff required to complete the necessary tasks.

Community boards and city councils want to see oversight and enforcement in action, which will reassure community members that might be concerned about the effects of cannabis in the community and on public safety. This cooperation between government and private entities to develop a legitimate cannabis industry should squash the black market quickly and effectively.

It's no secret—legislators want a win. They should envision a Hawai'i where they have created an effective adult-use cannabis law that tempers regulation and oversight with business opportunity and ample government revenue. With this type of win under their belt, reelection is nearly guaranteed in 2018.

## THE INDUSTRY VISION

Hawai'i's legitimate cannabis economy will not become a reality until the state adopts an adult-use program. Under this type of program, many licenses will be available for all manner of cannabis businesses. There will be licenses for small-scale growers, large-scale growers, manufacturers, retailers, laboratories, delivery services, and social clubs.

The most profitable version of a cannabis industry for businesses, the state, and the community will be



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**Hawai'i residents recognize the destructive power of cannabis prohibition. They recognize the medicinal benefits of cannabis. They also recognize the economic benefits available from a well-constructed, progressive adult-use law.**

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one without caps on the number of licenses available in each sector, fewer restrictions on the requirements to obtain those licenses than the current medical program, and no arbitrary restrictions on the use of those licenses. Caps on the number of licenses serve to slow growth, or even stifle it as we saw with Hawai'i's medical cannabis dispensary program. High bars to licensing greatly decrease the ability of otherwise qualified, local candidates to participate in the industry. Arbitrary restrictions on plant counts and product types, not based on scientific, medical, or economic data, artificially constrict the industry's growth.

For the industry to be legitimate, it must also be compliant. Stakeholders are looking for smart, sustainable regulation and oversight that allows their businesses to grow and expand as the market does. It also ensures that they are operating on a level playing field. Growers must be allowed to produce to meet demand, and retailers must be allowed to offer their customers a rich, diverse assortment of cannabis cultivars and products in many delivery forms, from edibles to oils. Bottom line—industry stakeholders want to make money. To accomplish this, they need to be able to serve as many people as possible.

Industry stakeholders want to take advantage of Hawai'i-specific branding opportunities and to be able to speak directly to tourists. Many health-conscious millennial visitors are looking for an alternative to the myriad alcohol-fueled activities around the islands, and cannabis delivers the safe alternative they desire. The industry will look for HTA and DBEDT to recognize cannabis tourism and support efforts to market directly to visitors to increase sales, and in turn, revenue for the state. In addition to Hawai'i's potential in-state customers, business owners will look to the hospitality industry to reach the additional nine million visitors that come to Hawai'i each year.

The industry also sees synergistic opportunities to grow and partner with ancillary businesses that complement their cannabis businesses. Growers need agriculture supplies and ag-tech apps. Manufacturers need labeling, packaging, and processing equipment. Retailers need security and delivery services. All of these stakeholders need legal representation, accounting, banking, and HR services. Bringing ancillary businesses into the cannabis market enables the economic impacts of the cannabis industry to flow into surrounding markets and industries, revolutionizing Hawai'i's economy and expanding the tax base.

# HAWAII FOR RESPONSIBLE CANNABIS USE

## THE ORGANIZATION

Hawai'i For Responsible Cannabis Use is the only SuperPAC in Hawai'i promoting a responsible framework for legalizing and taxing cannabis use in the Aloha State.

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# A CANNABIS ECONOMY

INDUSTRY, GOVERNMENT, AND THE COMMUNITY MUST WORK TOGETHER FROM A SHARED SET OF VALUES TO CREATE A LEGITIMATE, ADULT-USE CANNABIS ECONOMY. 

**T**o actualize the conception of a legitimate, adult-use cannabis industry and economy, every industry stakeholder, government player, and community activist must work together to capitalize on Hawai'i's strengths while embodying the values of transparency, compliance, flexibility, proactivity, and vision. Hawai'i can build an adult-use cannabis economy and become a globally renowned and profitable progenitor of cannabis research, new technology solutions, and agricultural advances.

## TRANSPARENCY

The industry and the government must be transparent and open in their intentions and their processes to enable a collaborative environment fertile

with action and solution on both sides. Once shared values and sense of purpose are achieved between the government and the industry, each will be able to then work effectively and cohesively with the public. Hawai'i's government actors must be transparent at every level: legislative, executive, city, county, and local community boards. Collectively, these entities should clearly state their goals for the industry and the tools by which they are empowering the agencies to make those goals a reality.

Our state's administration should make every effort to solicit the opinion of the industry and the community in public forums to ensure that its actions are headed in a direction favorable to the growth of the industry and the future of Hawai'i. In response,



the industry needs to be transparent as well, disclosing its associations and plans and working directly with government agencies to empower every aspect of the industry, not just retail dispensaries, but the myriad of follow-on and ancillary services and industries which relate to the cannabis economy.

Transparency means the industry and each of its individual components must work openly with the legislature, local communities, law enforcement, and the various agencies including the Department of Health, Department of Business, Economic Development, and Tourism, Department of Transportation, and the Department of Public Safety. The spread of accurate information about the state of the industry and the intentions of both the State of Hawai'i and the industry's participants is the only way to keep both sides on the same page and moving forward, and at the same time foster meaningful headway in the industry's public relations efforts.

## COMPLIANCE

The only way to win the public relations debate about the merit and safety of the industry is if the State of Hawai'i drafts and passes sustainable and equitable adult-use cannabis laws and if every player in Hawai'i's cannabis industry plays by the rules. For the most part, the fledgling medical cannabis industry has proven it can abide by the regulations governing the industry. Thus, the adult-use cannabis industry must demonstrate the same flexibility to be successful.

If rules are broken, enforcement must be fair and swift, but with the addition of transparency. Enforcement actions must be made public to deter others from future rule breaking and to let the community know that the industry is serious about public safety and accountability.

Oregon Liquor Control Commission Executive Director Steve Marks recently set the tone for how Oregon's cannabis regulator will handle violations. "We want to make it clear to our licensees that if you operate 'out of bounds' we are going to act with certainty," said Marks, who suspended the license of an extraction company after its owner was caught trafficking cannabis products across state lines.



As major issues arose during Nevada's transition from medical to adult-use cannabis, Governor Brian Sandoval and Nevada officials adopted several emergency regulations to keep the program on track, demonstrating proactivity and flexibility. *Photo: Office of Governor Sandoval*

## FLEXIBILITY

Every element of every rule regarding a new, adult-use program will not be a homerun. An effective program will require legislators and program administrators to be flexible in assessing situations as they arise and constructing meaningful solutions that continue to support the industry. Cold feet and backpedaling toward over-regulation will only lead to slower industry growth, even business failure, as seen in Hawai'i's failing medical cannabis dispensary program.

Nevada's adult-use program launch is a great example of unexpected issues arising and the flexibility and creative problem solving necessary to succeed. When lawsuits from liquor wholesalers threatened to delay the implementation of the state's early-start adult-use program, Nevada Governor Brian Sandoval signed an emergency regulation to allow the early-start program to commence while the legal battle was settled. Within days after the early-start adult-use program began, supply shortages due to a lack of distribution channels forced some retail outlets to temporarily close down. Nevada officials adopted another emergency regulation to alleviate the shortage by speeding up licensing for cannabis distributors. Within days, the state licensed two distributors and rewrote regulations to speed up the processing of distribution permits.



While Washington State was transitioning from a medical cannabis program to legal, adult-use cannabis, Governor Kate Brown signed a bill that allowed the state's existing medical cannabis dispensaries to get first priority for adult-use licenses when the state passed legislation to unify the medical and adult-use regulatory framework. The bill allowed medical cannabis dispensaries to begin selling adult-use cannabis with temporary licenses while applications for new recreational retail stores were being processed. If this measure had not been passed, licensed medical dispensaries would have had to shut down, apply for an adult-use license, and then reopen when the new license was issued.

## PROACTIVITY

Both the industry and the State of Hawai'i must work proactively to make the cannabis economy a reality for Hawai'i. The industry must be proactive in pushing the state to make the industry a priority, requesting new legislation, subsidies, tax relief, laboratory support, research incentives, and market opportunities. Likewise, the state must be proactive in investigating the progress of adult-use cannabis in other states and countries to identify and capitalize on Hawai'i's unique comparative advantage in innovative ways.

Neither the industry nor the state can afford to simply sit and wait for things to develop. If we do, Hawai'i will be left behind. This industry is developing incredibly quickly around the globe and it will require both the industry and the state to continually push for

new ways of approaching the industry to find what is right for Hawai'i and all of those who call it home. Massachusetts legalized adult-use cannabis in 2016. The new law called for a 25-member Cannabis Advisory Board, which is tasked with offering recommendations to the Cannabis Control Commission (CCC). The CCC will oversee the medical and adult-use programs, and is responsible for licensing and regulating cannabis in the state. This dedicated support system of the advisory board shows government vision and flexibility.

In New Jersey, lawmakers herald the arrival of a liberal, pro-cannabis governor to take the place of anti-cannabis, Trump yes-man Chris Christie in 2018. State Senator Nicholas Scutari already introduced an adult-use draft bill that Governor-elect Phil Murphy has promised to sign within his first 100 days in office once he is sworn in on January 16, 2018. The news has entrepreneurs from across the country looking to tap into what is expected to be one of the top cannabis markets on the East Coast. This level of proactivity on the part of New Jersey lawmakers is not only a win for consumers, but also for the New Jersey cannabis industry and the state, as entrepreneurs stand ready to invest in the new market.

## VISION

Tying each of these ideas together is the need for leadership and a long-term vision for the future of cannabis in Hawai'i. Every stakeholder in this new adult-use cannabis economy has the opportunity and responsibility to take a role in leading the industry forward and casting a vision for what the industry can do for Hawai'i. Whether telling your neighbors about the future you see for yourself in the industry, writing in the media about your goals and the goals of your business in the industry, or working with the legislature and state agencies on a strategic plan for the industry, each of us must evangelize for the industry and for what it could be.

These different visions need not coincide in every detail; the important thing is that every member of Hawai'i's cannabis economy dreams of what they can do in the industry and of what the industry can do for Hawai'i. Only then will we be able to collectively advance towards a future that provides jobs, education, economic development, and prosperity for all of Hawai'i.



# TOOLS FOR ACTION

ADVOCACY IS AN ESSENTIAL TOOL FOR THE CREATION OF A LEGITIMATE REGULATORY FRAMEWORK 

**T**he shared values required from all participants to create a legitimate, adult-use cannabis economy are indispensable. Transparency, compliance, flexibility, proactivity, and vision are just a few of the tools necessary to build a successful adult-use program, but they are all just strategies without action.

Government players, industry stakeholders, and ancillary businesses must take action and utilize the myriad tools at their disposal to fashion a legitimate and sustainable adult-use industry and economy. An adult-use law will not be successful without

a regulatory framework that supports the industry, consumers, and patients. And that robust regulatory framework is only possible if industry stakeholders and the community advocate for it.

## ADVOCACY

The dispensaries cannot afford the luxury of working alone, ignoring the law and rule-making processes, or using the legislature to actively undermine each other. Yet that is precisely how the industry has behaved thus far.



Consider HB321, the medical cannabis dispensary program omnibus bill in 2015 that put in place the over-regulated, vertically aligned dispensary system that has failed Hawai'i patients. Out of the 59 dispensary applicants and their hundreds of associated board members, stock owners, and employees, only five people submitted testimony. All 37 other medical cannabis related bills introduced that session died without making it out of committee due to lack of industry and legislative support.

The industry cannot rely on legislative goodwill and support in the future, especially for major or innovative changes to the current legislative scheme. During the 2017 legislative session, legislators were reluctant to issue more licenses for any type of cannabis business, even though they were well aware that the medical cannabis program was failing, and that patients on Kaua'i and the Big Island had no legal access to cannabis medicine from a dispensary.

In September 2017, the Department of Health held its first public hearing to consider adding Amyotrophic Lateral Sclerosis and General Anxiety Disorder to the state's list of qualifying conditions. Only one patient and two industry stakeholders were present to give testimony in support of adding those conditions. The industry will need to show greater support if they expect their needs and wants to be addressed and reflected in any new adult-use regulatory framework.

## GOVERNMENT ACTION

A healthy relationship between the state and the industry involves the state, its agencies, and local governments working at the request of and in concert with the industry instead of the other way around. If Hawai'i's industry participants wish to be competitive nationally and internationally in the development and provision of cannabis research, products, and tourism, then the industry needs to identify its own vision of the future and coordinate its requests to state and local governments to make that vision reality.

State and local governments have a lot of tools at their disposal to foster the establishment and competitiveness of a new industry, but they will not know how to use those tools to benefit the industry unless industry stakeholders request and lobby for specific interventions. Here are just a few of the many tools that the industry can request, and the state can adopt, to foster the adult-use cannabis industry in its early years:

- Opening new markets via the expansion of allowable cannabis products.
- Tax credits to encourage the industry, much like the renewable energy credits and technology investment credits facilitated those industries, but with a more noticeable direct effect on firm profitably, employee wages, and expansion due to the high federal tax burden.
- Tax credits or subsidies meant to directly offset the federal tax burden.
- Tax credits or other benefits directly tied to employing local talent and contracting with local businesses.
- Direct subsidies for the dispensaries and grow operations to build in particular areas to boost economic activity.
- Subsidies or tax credits for medical cannabis patients to make purchasing from dispensaries more affordable in the absence of insurance coverage.
- Tax credits for related businesses doing business with medical cannabis dispensaries and grow operations.



- A state sponsored laboratory to host medical research and product development.
- Public education campaigns in schools and local communities run through the Department of Health regarding the benefits and appropriate uses of medical cannabis.
- Designating all funding to infrastructure maintenance or education to boost state and industry public relations efforts when dispensary profits are taxed.
- Funding Hawai'i Tourism Authority sponsored marketing campaigns and cannabis-friendly tourism policies.
- State sponsored envoys and working groups investigating cannabis industry successes around the world and recommending similar measures for Hawai'i.
- A state sponsored banking solution for the industry.
- Continued facilitation of a start-up and technology economy across the islands to support innovation and research in the industry.
- A program to transition Hawai'i's fallow agricultural land to the outdoor, large-scale production of cannabis and hemp for production and export.
- Solicitation of Department of Business, Economic Development, and Tourism support through its Creative Industries Division for cannabis product and technology development.
- Have the Department of Business, Economic Development, and Tourism Strategic Industries Division classify the cannabis industry as a strategic industry with the associated state support for such industries.
- Work with the Hawai'i Strategic Development Corporation and High Technology Development Corporation to attract venture capital investment for the industry and for the development of new, exportable technologies.

## INDUSTRY ACTION

The cannabis industry in Hawai'i is already a legal and popularly tenuous venture, and the industry cannot rely on the continued conflicting agendas of legislators and state agencies to direct its future. Rather, the industry must collaborate to create its own vision of what is possible, and then the industry must identify and fund specific government relations strategies at the state and local levels to turn that vision into reality.

Hawai'i must build on its own strengths to create a world-class industry. We can create a profitable industry that provides good service and quality cannabis at an affordable price while discouraging diversion to the black market and gradually reducing the public's stigma of the industry. But these should be merely the baseline goals of the industry—the



Hula, Waikiki and aloha are integral parts of the Hawai'i brand that the Hawai'i Tourism Authority markets all around the world. With the support of the HTA, Hawai'i could also become the canna-tourism hub of the Pacific.



**The cannabis industry should be looking for a way to develop in conjunction with state and county efforts to revitalize agriculture across the state, providing new jobs and a sustainable production base for the creation of future exportable cannabis products.**

lowest acceptable outcome. We can reinvigorate Hawai'i's struggling agricultural sector, create a new global tourism market, attract investment from across the world for cannabis innovations, light a fire under our nascent technology industry and incentivize renewable energy development, and export a uniquely Hawaiian standard of care and hospitality for the industry.

### Agriculture

Hawai'i is perfect for a new agricultural industry in so many ways: perfect climate, plenty of sun, abundant water, multiple growing seasons, valleys which can protect one temperamental crop from the next, an experienced workforce, agricultural technology diffusion from the world's largest agro-tech companies, and proven facilities for processing, packing, and shipping agricultural products across the world. The cannabis industry should be looking for a way to develop in conjunction with state and county efforts to revitalize agriculture across the islands, providing new jobs and a sustainable production base for the creation of future exportable cannabis products. This opportunity comes at a uniquely opportune time for Hawai'i given the recent decline in other agricultural products, like sugar and pineapple, across the islands.

### Cannabis Tourism

Hawai'i's largest export, the Hawai'i brand, should be an integral piece in the development of the cannabis industry in Hawai'i. There are several components to this strategy: the branding of cannabis from Hawai'i with a positive reputation for results, as well as partnerships with organizations in Hawai'i and around the world to market Hawai'i as the Mecca of cannabis products and services.

Like Thailand, Cuba, South Korea and other places known for their medical or plastic surgery vacations and expertise, Hawai'i's industry should lean-in to becoming the world's legitimate cannabis destination. This will require Hawai'i's cannabis industry stakeholders to partner with the tourism industry to create an appropriate tourist experience. If executed well, this opportunity could refresh the tourism industry's international image, provide an influx of needed capital, and allow Hawai'i to reach entirely new segments of the global tourism market, such as millennials.

### Medical Innovation

Hawai'i already hosts world-renowned research institutions in the University of Hawai'i, the John A. Burns School of Medicine, the University of Hawai'i Cancer Center, and many more. Paired with good laboratory space, varied demographics for controlled studies, and international research partnerships,



The University of Hawai'i Cancer Center is a world-renowned research institution that could push the boundaries of cannabis research.

Hawai'i offers its cannabis industry the opportunity to join Israel at the very peak of international medical cannabis research, finding new uses, developing new products, and making essential scientific breakthroughs. Further, Hawai'i is ranked number one of the 50 United States by the United Health Foundation for the success of its medical industry in maintaining a healthy population.

Hawai'i's cannabis industry should be working with every part of the medical industry to explore new treatment options and test the new products it develops. Even integrating the opinions of doctors from different types of medical practices across the state into the recommendations of the dispensaries will go a long way towards legitimizing the industry. The industry should also forge partnerships with the Hawai'i Medical Association, insurance companies, medical centers and hospitals, and non-traditional practitioners in an effort to discover new forms of cooperation and results for the industry.

### Technology Development

Hawai'i has been working for some years now to foster a nascent technology industry, but it has struggled to get off the ground, separated as it is from Silicon Valley and a fiber internet infrastructure. Local

organizations have been successful in fostering a green technology industry to meet our inherent local needs.

The cannabis industry should work with Hawai'i's nascent technology development ecosystem and experienced agro-tech industry to develop new technologies for the growth, production, and manufacture of cannabis and cannabis products. The industry's huge energy needs will incentivize rapid development of green energy and energy efficiency technologies.

### Social Climate

Hawai'i has a favorable social climate and traditional connection to the use of cannabis as medicine, whether through non-Western healing centers, Native Hawaiian traditional use, or merely through regular exposure and acceptance on the neighbor islands. The industry should engage these additional sources of experience to benefit from their knowledge of what remains an understudied substance, turn the positive predisposition of these communities into strong alliances, and boost both patient count and product diversity.

Integration of these alternative voices into Hawai'i's cannabis industry would interact favorably with



attempts to brand the industry internationally. Just as the global surfing industry takes its branding cues from Hawai'i, or how Hawai'i consciously adopted "Aloha" as a strategy to attract tourism, so too can we find new ways to brand Hawai'i as a physical and spiritual healing destination where we care for those in need (kōkua or mālama).

**ANCILLARY BUSINESS ACTION**

For any of these strengths to translate into industry success, the local cannabis industry needs big new ideas, capable people, and capital. The industry needs Hawai'i's business community members to each envision their own role in Hawai'i's future by providing a brief topography of a cannabis economy. Such a future would require help from:

- Entrepreneurs and established businesses
- Fresh-faced high school graduates and venerable businesspeople
- National corporations and international joint ventures

- Research partnerships and corporate licensing schemes
- Local surf brands and global tourism conglomerates
- Family farms and worldwide agri-businesses
- Domestic professional service providers and foreign consulting firms
- Island-based construction enterprises and mainland building contractors
- Home-grown inventors and commercial product companies
- Bishop-street financial institutions and Wall Street banks
- Community oriented investors and West Coast venture capitalists
- Private healthcare providers and institutional medical services
- Mom-and-pop accessory shops and big-box stores
- Hawai'i innovation economy startups and Silicon Valley tech giants



Ancillary businesses are an integral part of the potential flourishing cannabis *economy* in Hawai'i. Professional services, transportation and delivery services, and mom-and-pop accessory shops will thrive in concert with plant-touching license holders.



# BUILDING A COMPREHENSIVE LEGALIZATION FRAMEWORK

DECRIMINALIZE, LICENSE, AND REGULATE 

**L**ocal, national, and international ecosystems are fertile for cannabis legalization. The local vision for an adult-use cannabis industry and economy has been realized in other places and the economic impacts and societal benefits are profoundly positive. The final step to achieve legalization in Hawai'i is to build a comprehensive legalization framework for licensing and regulating cannabis-related businesses that embodies Hawai'i's values, unites Hawai'i's stakeholders, and actualizes Hawai'i's vision.

The framework for legalization must be an inclusive endeavor, with language that speaks to the needs of businesses, consumers, the state government, industry stakeholders, and the community. The industry must be self-sustaining and hold itself to the highest standards of best practices and operate to the letter of the law.

We've seen what has worked and what has not in eight other states. Combine that with Hawai'i's own unique local culture, and the state has an opportunity to be a leader in the international cannabis industry, from research and development in the lab and in ag-



riculture, to Hawai'i-branded, top-shelf quality cannabis flowers and products. But before all these visions of success and accomplishment become a reality, we must lay a strong and sustainable cornerstone of regulation to guide Hawai'i's legitimate adult-use cannabis industry and economy.

## GENERAL FRAMEWORK

Successful cannabis legalization laws decriminalize cannabis, regulate its use, and allow for local governments to issue business licenses to create a consumer-based industry. While there are many fine points that constitute these general goals, the desired outcome is a thriving, legal cannabis industry where legitimate businesses grow, manufacture, process, distribute, and sell cannabis flower and products to the public. When this is achieved, ancillary businesses will pop-up to support the plant-touching businesses and the ensuing cannabis economy will give back to the state and communities through the tax revenues derived from consumer spending. In Hawai'i, the adult-use market should exist in tandem with the medical cannabis program, possibly with state incentives for higher-potency medical cannabis and medical cannabis products, and waiving of state taxes on medical sales, to ensure the viability of the medical industry.

Hawai'i's adult-use law should allow adults 21 years old and over to possess, cultivate, and use cannabis. There should be a limit to the amount of cannabis a person can purchase in a single transaction to mitigate any legal product moving over to the black market. Home cultivation should also be permitted and the number of plants per household should be capped at a reasonable number to mitigate cannabis flower production beyond personal use. There should be no limit to the amount of cannabis an individual can possess at their place of residence.

Enforcement is an important part of a cannabis legalization framework. To ensure businesses operate in a legitimate fashion, transparency is key; audits must be a regular occurrence, and the public enforcement of rule infractions is necessary to keep a level playing field. Penalties should be imposed on

businesses that break the law, including the revocation of licenses. There should also be penalties for the distribution of cannabis to minors.

## BUSINESS LICENSING

Licensing of cannabis businesses is the cornerstone of a legitimate, adult-use cannabis law. Business licenses allow for legitimate businesses to operate in accordance with the law in this new industry. Licensing provides record keeping and accountability at the state level, and ensures that all businesses under a particular license operate in accordance to a specific and prescribed set of rules and regulations. Hawai'i's new adult-use cannabis law should allow several different licenses for for-profit businesses. The licenses should be available under a horizontal framework, where businesses can apply for one or multiple businesses licenses. There could be separate licenses for adult-use retail, medical retail, wholesale (whole plant only), infused-product manufacturer, processor, cultivation, testing, delivery, and social club, as well as a boutique license for micro-business that might operate a farmers' market-type operation (all licenses under one, small-scale license).



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**Hawai'i's new adult-use cannabis law should provide different licenses for different types of businesses.**

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Application and license fees should be significantly lower than current licensing fees levied under Hawai'i's medical cannabis program. The fees should not be a barrier to entry. Application, licensing, and renewal fees will fund the state's governing body that provides, manages, and enforces the licenses. To establish a sustainable and profitable cannabis industry and economy, there should be no limit on the number of licenses available in any license category. Counties or cities should not be allowed to incorporate more restrictions, bans or moratoriums on cannabis businesses other than those provided by the state. The law should also not restrict the types of cannabis products sold, while simultaneously discouraging non-licensed manufacturing and retail.

## PROGRAM MANAGEMENT

It would be short-sided and reckless to create a colossal public-private program such as an adult-use cannabis industry and simply hand it over to an existing government agency to administer. Hawai'i witnessed the Department of Health fail to adequately maintain the Medical Cannabis and Dispensary Programs. Even though a fund was created to pay for eight full-time staff members, the program manager

failed to utilize the fund and the program remains notoriously short staffed.

The department has underserved the registered patients in the medical cannabis program and the businesses that operate in the dispensary program. DOH's actions since the implementation of the dispensary program show that the department remains reluctant to make medical cannabis a priority and chooses to perform only the minimum amount of work possible to keep the program alive.

Creating a well-funded, cannabis-specific regulatory body and program administrator dedicated to licensing and regulating adult-use cannabis in the state proved instrumental to the success of other adult-use programs in the nation. A separate, government department would give Hawai'i's new adult-use program the attention, flexibility, and authority it needs to overcome the challenges of creating and launching the adult-use program. It will also put the program on the right trajectory for creating a successful and sustainable cannabis economy.

The regulatory body will be the licensing, regulatory and enforcement department for the state's adult-use cannabis program. The regulatory body should be staffed by industry experts, legislators, and



business and medical professionals (one part DOH, one part DCCA, one part DOT, one part public safety, one part DBEDT, one part HTA, one part DOE, and one part DOA). It is responsible for licensing, auditing license holders, rule making, developing regulations and amendments, enforcement, fee collection, fund management, data collection and analysis, and public education. Even though the Medical Cannabis Program should remain separate from the adult-use program, it should also be administered by this new agency.

In addition to the regulatory body, the new department should hear recommendations from an advisory committee responsible for grievances, directing policy implementation, making recommendations based on department data, and interacting with the community at large. If possible, these should be paid positions filled by industry experts, legislators, and business and medical professionals.

It is absolutely necessary to give the state the proper tools and authority to create an adult-use program that provides safe and reliable access to legal cannabis for consumers, as well as ample legitimate business opportunities. The state must stand behind a legitimate program administered by a dedicated group of lawmakers and cannabis industry experts in a cannabis-specific department to fully take advantage of this societal and economic opportunity to recognize the positive economic impacts of cannabis.

## REGULATIONS

Regulations are necessary to ensure the creation of a legitimate cannabis industry and an even playing field in the market. Lawmakers must find a balance between regulations that guide cannabis businesses toward best practices and high standards, but that are not so restrictive as to impose hardships on any particular business or license holder. Advertising, marketing, packaging, labeling, products, social clubs, testing, and transportation are all areas that are regulated in other states with adult-use laws in ways that facilitate, not stifle, the industry.



Photo: Courtesy 2020 Solutions

## ADVERTISING/MARKETING

In an adult-use market, the main goal of regulations on advertising is to ensure that cannabis companies are not marketing to children or adolescent. Restrictions should be placed on cannabis companies to ensure brand advertising does not appeal to children. For example, branding that features cartoon characters should be banned. However, an all-out ban on cannabis business advertising, the current rule in Hawai'i, is detrimental to the businesses in the market and unnecessary in a legitimate, adult-use market.

Under a legal, adult-use framework, the cannabis industry should be required to walk the same walk as alcohol, tobacco, and pharmaceutical companies. Cannabis is not a dangerous drug and the rules around advertising cannabis and cannabis products should reflect the modern sentiment and not be more restrictive than the laws regarding alcohol and tobacco advertising. Hawai'i can allow cannabis businesses to advertise to adults, while at the same time, protecting children from harmful advertisements.

## LABELING AND PACKAGING

Proper packaging and labeling is important for the safety of children, non-users, and users alike. Hawai'i currently has extremely strict regulations in this area. While crafted with good intentions, some of the



restrictions are unnecessary in an adult-use market. The aim of packaging regulations is to keep people safe, keep the product safe, while simultaneously allowing for consumer discretion at the point of sale.

In Hawai'i's legitimate adult-use market, packaging regulations should ensure that cannabis products are protected from the external environment to keep the products free from contaminants and to seal in any odor. The regulations should also ensure that cannabis products are packaged in childproof packaging with a visible warning label. Consumers purchasing legal cannabis should be able to see the product to evaluate its contents and quality; therefore, the current opaque packaging requirement must be removed from the law. Consumers should be allowed to select, but not personally handle the product, allowing for on-site product selection and weight verification.

## PRODUCTS

Cannabis is a plant that produces flowers that can be smoked or processed to release an array of chemical compounds that produce its health benefits and psychoactive effects. Oil derived from the cannabis plant can be added to a wide variety of products to yield cannabis-infused items like lozenges, lotions, tinctures, and edible food products. This diversity of products has created great consumer demand across the country, as individuals continue to seek ways to ingest cannabis without smoking the flower.

In a legal cannabis economy where cannabis is utilized instead of demonized, all types of cannabis products should be allowable to sell to the public. The law should not allow for restrictions on the types of cannabis products sold or the paraphernalia sold to ingest these products. The law should allow for edibles, vaping, branded soft and hard goods, and all types of concentrates. As long as the products are properly packaged according to the law, the diversity of products should be seen as an opportunity for businesses to create unique, branded products, as well as to offer healthier means of ingesting cannabis as opposed to smoking.

## PUBLIC USE/ON-SITE CONSUMPTION

Regulations that allow the public use of cannabis in specific businesses provide a safe environment for consumers and keep cannabis use confined to designated establishments that can be monitored.

Cannabis consumers, especially visitors to the Aloha State will require a legal and safe place to consume their cannabis purchases. The new adult-use law should license and regulate cannabis social clubs. These venues could be on-site at retail locations, yet separate from the retail space. The law will also allow for licenses that permit cannabis cafes, allowing business that do not sell alcohol—like coffee shops, boutiques, or yoga studios—to offer cannabis products and a place to enjoy them. Licenses will also be available for cannabis consumption at one-time events.



Permitting the public use of cannabis in licensed, legal venues will allow cannabis use to coexist peacefully within communities. Treating cannabis as a nuisance and forbidding its use will only continue to prop-up the negative stigmas surrounding cannabis. Once again, under a legal, adult-use framework, cannabis consumers should be allowed to walk the same walk as alcohol and tobacco users.

## TESTING

Cannabis is an agricultural product that can be treated with an assortment of chemicals—fertilizers, insecticides, fungicides—to aid its growth, yield, and harvest. Laboratory testing is important to ensure that the product is safe for public consumption after its been through the agricultural and manufacturing process. These protocols are already required for all sanctioned retail products within Hawai'i's Medical Cannabis Dispensary Program, and are necessary components to a successful consumer-safety focused adult-use program.

Hawai'i's adult-use cannabis law should require certified laboratory testing of cannabis flower for every item that is sold, even cannabis-infused products and consumable items. Specific testing data should be printed on the label, creating transparency between the cannabis businesses and the consumers. Labs should test for pesticides, mold, mildew, contaminants, and heavy metals, similar to the current regulations for the medical cannabis program. This ensures that cultivators, manufacturers, and processors are following the rules and also ensures the health and safety of consumers.

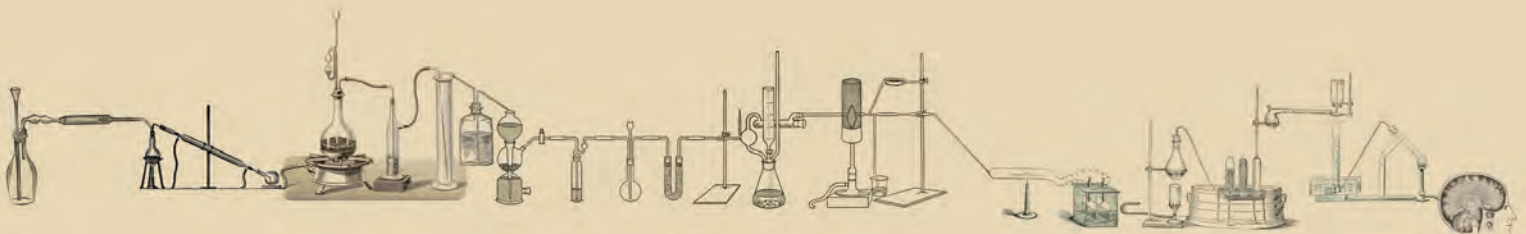
With proper testing regulations and requirements, consumers and health advocates can be confident that cannabis businesses are creating quality products that meet high standards and are devoid of contaminants that could cause a public health concern.

## TRANSPORTATION/DELIVERY

Ease of cannabis transportation is of paramount importance for the success of Hawai'i's legitimate cannabis industry. The flow of cannabis from growers, to producers, to laboratories, to retail outlets, and then in the hands of consumers, should be unencumbered by regulation and restriction. Tracking software is required in every adult-use program and Hawai'i should be no exception. This tracking software's data provides transparency and accountability for cannabis businesses.

Under a Hawai'i adult-use cannabis law, inter-island cannabis transportation is permitted for licensed transportation service providers. This allows for a robust wholesale market from island to island, and allows cannabis businesses to test their products at any testing lab across the state, not just at the labs available on a specific island. This creates healthy market competition and will bring down the service fees for testing cannabis, which affects the final retail price of cannabis flower and products.

In addition to transportation licenses, delivery licenses will also be made available for delivery-only services. These types of businesses will only be allowed to deliver cannabis or cannabis products to residents and visitors. This type of business should be a boon in high-traffic tourist areas like Waikiki and Ka'anapali.





Allowing the transport and delivery of cannabis is necessary for a healthy and efficient cannabis industry. It will better serve wholesale cannabis businesses, such as growers and manufacturers. It will serve residents with mobility issues. And it will provide another service rooted in hospitality and aloha to the state's visitors and tourists.

## TAXATION

When a state enacts efficient and effective adult-use cannabis regulation, the result is always a robust cannabis economy. And a robust cannabis economy is an economic driver for a state's economy. When it comes to the tax revenue collected by Colorado, Oregon, Nevada, Washington, and Alaska, the proof is in the pudding, cannabis is an economic boon for state economies.

Current options for the tax could include either an excise tax or sales tax, with exceptions for medical marijuana products. Finding the proper tax type and

rate might be the hardest decision law makers in Hawai'i will have to make. If they set the bar too high, businesses will simply pass the tax liability to consumers, who might turn to the black market if retail prices are too high. On the other hand, if the tax rate is set too low, the state might not see the revenue it is looking for to bolster the state economy.

The total amount of the taxes levied must encourage the development of the industry at the business level; retailers should not be over-burdened by a tax to the detriment of their businesses' profitability or to their customer's ire. At the same time, the taxes and associated revenue generated must provide value for the state, and be beneficial for the program administration, as well as for other peripheral government departments that interact with the cannabis industry. The tax must also not be so high as to discourage adults from purchasing legal cannabis from a licensed retail outlet. This is crucial in eroding the black market.





# LEGALIZE IT HAWAI'I!

## IT'S TIME.

**A**s shown throughout this report, cannabis is no longer a politically constructed societal evil, but instead a misunderstood plant with utility and medicinal value. By recognizing the falsehoods about cannabis that have spread over nearly a century, one can begin to form a new, positive perspective about cannabis based on fact, scientific evidence and anecdotal evidence. Once the paradigm shift has occurred, a new and bountiful cannabis economy can become a reality.

An overwhelming majority of Hawai'i residents have also come to this conclusion. Over 70 percent of Hawai'i residents want legal cannabis in the Aloha State. They recognize the destructive power of cannabis prohibition. They recognize the medicinal benefits of cannabis. They also recognize the economic benefits available through a well-constructed, progressive adult-use law. The Hawai'i state legislature, supported by the governor and the attorney general, must execute the will of the people and pass an adult-use cannabis legalization law. Without the

opportunity for a ballot initiative raised by Hawai'i voters, it is imperative that elected officials listen to their constituents and pass an adult-use cannabis law. If our elected officials continue to ignore the will of the people in this matter, then they act against the founding principles of democracy and should be deemed unfit to hold office. Hawai'i voters must hold these legislators accountable and replace them with elected officials that have the courage and selfless desire to create legislation on behalf of the voters.

The path to legalization is reasonable and logical. Our state government can no longer ignore the overwhelming majority of people calling for cannabis legalization and an effective adult-use program that provides equal access to cannabis for all residents and visitors across the state, as well as ample economic benefits to our state and county governments and our communities. The time has come for Hawai'i to regain its progressive, inclusive stance on social issues and legalize it. 