



## Hawai'i Cannabis Legalization and Regulations Bills Detailed Bill Summary — HB 1246 and SB 1613

HB 1246 and SB 1613 would safely, efficiently, and equitably transition Hawai'i from a medical cannabis only state to a dual-use state that regulates cannabis for both medical use and adults 21 and older. They also create new health and safety regulations for hemp-derived products and move both cannabis and hemp regulation to a uniform regulatory authority — the Hawaii Cannabis and Hemp Office.

The legislation includes robust health and safety regulations. It allows the transition of the existing medical industry to dual-use, and includes opportunities for new market participants. It would raise tens of millions in new tax revenue each year, including for the general fund, public safety grants, and public health and education — with a focus on youth services and substance abuse prevention and treatment. HB 1246 and SB 1613 also include home cultivation and state-initiated expungement of possession records.

While HB 1246 is dead for the year, SB 1613 is not.

This is a detailed summary of [HB 1246](#) and [SB 1613](#), as introduced.

### **Personal Liberty: Legalizes Possession and Home Cultivation for Adults 21 and Older**

- Beginning January 1, 2026, allows adults 21 and older to:
  - possess up to one ounce of cannabis and five grams of concentrates.
  - cultivate and process up to six plants for personal use.
  - store up to 10 ounces of cannabis (which they produced) at home.
- Until then, increases the decriminalized threshold to one ounce and reduces the penalty to a \$25 fine or, at the person's request, two hours of community service.
- Personal cultivation:
  - may only occur in a secured place, not easily accessible to those under 21.
  - cannot be visible to the public without the use of technology.
  - is only allowed at one's residence, which does not include federal public housing, shelters, on-campus housing, residential programs, or hotels.
  - Can be prohibited by landlords, HOAs, and similar entities.
- ➔ The total amount of cannabis at any one home cannot exceed 10 plants and two pounds, regardless of the number of adults and patients living there.
- ➔ The office may adopt additional rules regulating home cultivation.

### **Prohibited Conduct for Individuals, Including Public Smoking and Open Container**

- The legislation does not supersede laws that prohibit driving under the influence, performing tasks while impaired by cannabis that would constitute negligence or professional malpractice, or restrictions on smoking or vaping.

- It does not allow cannabis at locations including childcare facilities, colleges, correctional or detox facilities, or schools — with the exception of existing allowance for medical cannabis at schools. Also, colleges may allow adults 21+ to use cannabis.
- Does not require anyone who controls property to allow cannabis consumption, or the displaying, processing, or distribution of cannabis.
  - Landlords cannot ban tenants from possessing or the non-inhaled use of cannabis unless an exception applies, such as if the tenant is a roomer, the residence is transitional housing, or federal law requires otherwise.
- Cannabis must be transported in a sealed container. It can't be visible to the public.
- Creates new offenses and penalties:
  - Smoking cannabis in public carries a fine of up to \$130, or the person may request up to 10 hours of community service as an alternative.
  - Consuming cannabis while operating a motor vehicle (including via secondhand smoke) or smoking or vaporizing while a passenger in a vehicle is a petty misdemeanor punishable by a fine of up to \$2,000.
  - Open container: Possessing loose cannabis, a container of cannabis with a broken seal, or a cannabis smoking device in a motor vehicle is a violation carrying a fine of up to \$130, or the individual may choose to instead perform up to 10 hours of community service.
    - This does not apply to cannabis in a passenger's personal property or in a trunk, console, or similar location out of reach from the driver.
  - Possessing over 5 grams of concentrate is a petty misdemeanor.
  - Using butane for extraction, other than by a licensee, is a Class C felony.

### **Provisions to Stop Derailing Lives Over Responsible Cannabis Use**

- Includes protections from discrimination for state-legal cannabis activity in reference to child custody (as long as it doesn't endanger the minor) and medical care (including organ transplants) "unless in the judgment of the health care provider the use of cannabis increases the risk for an adverse outcome from a medical procedure or treatment."
- Protects state and local government employees from being fired or disciplined for testing positive for THC or metabolites in most cases.
  - Does not prevent discipline for anyone who is impaired at work.
  - Includes an exception for if it is required federally and for if testing is done pursuant to a collective bargaining agreement.
- Professional and occupational licensees may not be subject to discipline by state or county licensing authorities for providing services to cannabis businesses.

### **Expunging Past Low-Level Cannabis Records**

- Provides that arrest and criminal records for a cannabis offense that has been permitted or decriminalized by the law "including the possession of marijuana, shall be ordered to be expunged in accordance with the provisions of this section."
- Also allows for petition-based expungement for possession and distribution offenses that were legalized or decriminalized.

### **Preserves Medical Cannabis Law and Increases Access**

- Recodifies medical cannabis provisions in the same chapter as adult-use provisions.
- Medical cannabis dispensaries may convert their existing operations and premises to be dual-use by January 1, 2026. They may be issued a total of no more than 10 licenses with no more than three processors licenses, three cultivator licenses, and no more than four dispensary and retailer licenses.
  - Medical cannabis dispensaries would pay \$50,000 for each dispensing location conversion and \$25,000 per production facility converted.
- All retail cannabis stores will serve both adult-use consumers and patients. Regulators will adopt rules to ensure:
  - Priority access or business hours, or both, for medical patients, and
  - Product supply to ensure medical cannabis patients have access to the cannabis products they find relief from.
- The possession limit between a patient and their caregiver remains four ounces and 10 plants. Cultivation must occur in a secure place on the grounds of the patient or caregiver's residence or in a cooperative they belong to.
- Provides for licensed medical cannabis cooperatives with no more than five patients.
- Patients and their caregivers may jointly possess at their residence or their licensed cooperative up to one pound of cannabis they cultivated, with no more than two pounds total at a location with multiple patients.
- Preserves non-discrimination protections related to schools, landlords, and child custody. Modifies language preventing discrimination in medical care, including an organ transplant, by creating an exception if "in the judgment of the health care provider the use of cannabis increases the risk for an adverse outcome from a medical procedure or treatment."
- Creates non-discrimination protections for state and local employees who are patients. Includes an exception for if it is required by federal law or contracts, and for if testing is pursuant to a collective bargaining agreement. It does not discipline if a patient is impaired at work.

### **Creates a Unified Cannabis and Hemp Office**

- Establishes the Hawaii Cannabis and Hemp Office to regulate adult-use cannabis businesses, medical cannabis businesses, and hemp businesses.
- Transfers functions of the Office of Medical Cannabis to the Hawaii Cannabis and Hemp Office, with assets and personnel now regulating medical cannabis and hemp.
  - Preserves existing employees' rights, benefits and privileges, including salary, seniority, and vacation or sick time.
- The Hawaii Cannabis and Hemp Office will be within the Department of Commerce and Consumer Affairs for administrative purposes only.
- The office will be run by an administrator, who will be nominated by the governor with the advice and consent of the Senate. The administrator must have expertise and training in cannabis regulation or public health administration.
  - The administrator's term mirrors the governor's.
  - The program manager of the Department of Health Office of Medical Cannabis Control and Regulation will serve as interim administrator.

- Staff will include the following full-time positions: an executive secretary, a chief financial officer, general counsel, hemp coordinator, and chiefs of technology, compliance, equity, public health and education.
- The protection of public health and safety are the office’s highest priorities.
- The office’s duties include adopting rules, licensing businesses, establishing a social equity grant program, registering patients, developing and maintaining a seed-to-sale tracking system, commissioning studies on market conditions to set the maximum number of licensees, creating cannabis district boundaries to provide for equal access, establishing civil penalties, investigating violations of the law, coordinating with state and county law enforcement agencies, revoking or suspending licenses, and publishing reports, studies, guidance, and bulletins.
- The office will issue an annual report, including on application and license numbers, inspections, total canopy and canopy cultivated by licensees of each tier, the volume of cannabis cultivated, fees and taxes collected, license violations and penalties, and public health and safety data — including related to accidental ingestion by minors and cannabis-related driving collisions. It will also make recommendations.

### **Creates an Advisory Board**

- Creates an 11-member volunteer advisory board on medical and adult-use cannabis, which will study issues and make recommendations, including those related to:
  - the impact of federal re- or de-scheduling of cannabis.
  - protecting the state industry in the event of federal law changes, including to allow it to compete in the event of interstate commerce.
  - ensuring adequate supply of affordable cannabis for patients, including cannabis with varying levels of potency.
  - pathways to increase the participation of legacy growers and small, minority-owned, and woman-owned businesses in the legal cannabis industry.
  - ways of assisting social equity applicants and small, minority-owned, and woman-owned businesses accessing capital and partnering with other cannabis businesses in a way that allows them to retain ownership.
- Members include an individual with background in each of the following: the hemp industry, oversight of the cannabis industry, Native Hawaiian culture, agriculture, public safety, and public health, mental health, or substance abuse treatment.

### **Cannabis Business Licensing**

- Provides for licensing of cannabis cultivators, processors, retail stores, craft dispensaries, and independent laboratories.
  - Craft dispensaries may only sell their own cannabis to consumers. In licensing, the office will promote social equity grant applicants and small farms with a focus on indigenous crops or farming practices.
  - The board may adopt rules for permits for special events, social consumption, restricted cannabinoids, and trucking.
- The office will develop:
  - a process for licensing “including by randomized lottery selection.”
  - a schedule of fees to cover administrative costs, which may vary based on the volume of the licensee’s business.

- qualifications for licensure or permitting procedures and policies to promote and encourage full participation in the regulated industry by people from disproportionately-impacted areas.
- “Procedures and policies, in consultation with the Department of Agriculture, to promote and encourage full participation in the regulated cannabis industry by farmers and agricultural businesses with emphasis on promoting small farms, diversified agriculture, and indigenous farming practices.”
- The office will hold open application periods, with at least 30 days’ notice.
- All applicants must be at least a five-year resident of Hawai’i. They cannot have a felony conviction with the exception of: cannabis offenses (unless it involved a minor or firearm), pardoned or expunged offenses, and offenses where the entire sentence was completed at least 10 years prior.
  - For entities, this applies to every officer, director, manager, and partner.
- A person may only have an interest in nine total licenses, and three per license class, except that converted medical dispensaries may have up to 10 total licenses.
- No one with an interest in another business type can hold an interest in a lab.
- No one with an interest in a cooperative or a craft cannabis dispensary may hold an interest in another cannabis business type.
- Licenses can be renewed annually. Licensees must continue to be in compliance with criteria for their license and be in compliance with the law and rules.
- The office will develop rules for applying transferring licenses and to reorganize, including standards to approve or deny applications.
  - Transfers and restructuring that don’t follow the rules results in voided licenses, subject to immediate revocation.

### **Prohibited Commercial Conduct**

- In addition to any other offenses, operating an illegal hemp or cannabis business is an unfair method of competition carrying a civil penalty.
  - Hemp and cannabis businesses must be licensed.
  - Hemp cultivators must have a USDA permit.
- Selling cannabis to anyone under 21 is a misdemeanor.
- Unlawful retailing of a restricted cannabinoid product is a misdemeanor.
- Unauthorized access to a restricted area is a petty misdemeanor.
- Diversion from a licensed business is a Class C felony.
- Alteration or falsification of licensed business records is a Class C felony.
- Where there is no other penalty specified, the penalty for violations of the law or rules is up to \$1,000 for each separate violation, with each day with a violation being a separate violation. For businesses, there can also be license revocations, administrative holds, and suspensions.

### **Cannabis Business Regulations: Public Health & Safety, Security, and Environmental**

- The Hawaii Cannabis and Hemp Office will develop requirements, including security requirements, health and safety standards, energy and environmental standards, potency or dosing limitations (with different limits for medical), advertising and branding requirements, liability insurance, and packaging and labeling requirements.

- Regulations will include:
  - “Prohibitions or restrictions on the use of a synthetic cannabinoid or artificially derived cannabinoid in any cannabis product or hemp product.”
  - Security rules, including mandating security cameras.
  - Requiring lab-testing, including for molds, pesticides, residual solvents, harmful chemicals, THC potency, and cannabinoid profiles.
  - Restricting types, ingredients, and designs of cannabis, including potency limits and servings.
  - That edible cannabis products cannot resemble commercially available candy or other products marketed to children. They cannot be in the shape of a human, animal, or fruit, or a cartoon rendering.
  - Each cannabis product must be registered with the office. The administrator may “order a prohibition on the sale of cannabis found to be detrimental to health or especially appealing to” those under 21.
  - Outer packaging must be:
    - opaque, child-resistant, and resealable.
    - a solid color with black lettering and no graphics or pictures.
  - In the case of medical cannabis, it must be white.
  - Products and packaging cannot appeal to minors or resemble branded consumer products without cannabis.
  - Warning signs must be posted in cannabis businesses, including about the dangers of — and penalties for — driving under the influence of cannabis.
  - A lengthy list of what is required on labels, including lab testing results, the amount of cannabinoids per package and servings, and a universal cannabinoid product symbol that has been approved as a consensus standard by a national organization.
  - A warning: “This product has not been analyzed or approved by the United States Food and Drug Administration. There is limited information on the side effects of using this product, and there may be associated health risks. Cannabis use during pregnancy and breastfeeding may pose potential harms. It is against the law to drive when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN.”
  - Rules restricting advertising and marketing, including:
    - to minimize exposure by those under 21, including prohibiting advertisements within 750 feet of a school or park,
    - to prevent marketing appealing to those under 21,
    - Prohibiting neon signs and pop-up advertising,
    - Requiring standard health warnings, developed in consultation with the health department, on advertising, and
    - Requiring age verification on websites.
  - All employees must be 21 or older.
  - Apart from patients who are 18+, no one under 21 may enter a cannabis license.
  - Cannabis businesses cannot be within 750 feet of an existing school, public park, or public housing project or complex.

- Cultivation facilities cannot exceed 3,500 square feet of canopy indoors and 5,000 outdoors. For converted medical dispensaries, the limit is 15,000 indoor plants.
- The office may provide for quality assurance in ways including operating a state cannabis testing facility, running a secret shopper program, and round-robin testing.
- The office, with the health department, will develop two versions of an informational handout — one for high-potency products. It must be included with all cannabis sold. The handout will include information on the risks of driving under the influence, information on methods of administering cannabis, recognizing cannabis use disorder, how long cannabis may impair a person, safe storage, and potential adverse effects — including those unique to younger individuals, those related to mental health, and risk related to pregnancy and breastfeeding.
  - Unless federal law changes, it will include information on the status of federal law and implications regarding firearms, employment, and other federal benefits or services.
- The office will also set rules to govern “the circumstances, manner, and process by which a licensed business may apply for a change in ownership” or location.
- The Department of Agriculture will regulate pesticides.
- Outdoor cultivation is allowed, but must have adequate security including perimeter security fencing.
- Licensees are subject to inspections, including unannounced ones. They must submit quarterly reports and must commission an annual financial audit.
- Counties may, via their zoning ordinances, place reasonable restrictions on the location of licensed cannabis businesses.
- The office will conduct background checks on its potential employees and contractors. The office may deny employment to individuals if they were convicted of a crime "the administrator finds by reason of the nature and circumstances of the crime that the person poses a risk to the integrity of the office." However, a person cannot be denied cannabis employment for the following offenses: cannabis offenses (unless it involved a minor or firearm), pardoned or expunged offenses, and offenses where the entire sentence was completed at least 10 years prior.
- Illegal cannabis and restricted cannabinoid products may be seized and forfeited.

### **Hemp-Related Regulations**

- Hemp businesses may sell hemp flowers if they pass USDA compliance testing and meet all of Hawaii's requirements, including testing, packaging, and labeling.
- The sale of aerosolized hemp extracts is prohibited.
- Hemp cultivation cannot be within 300 feet of playgrounds, childcare, or schools, or within 100 feet of residential structures owned by someone other than the licensee.
- Hemp cultivators must have a valid license from the U.S. Secretary of Agriculture.
- A hemp extract processor license is required to process hemp.
- The office will develop a restricted cannabinoid product list, which may only be sold pursuant to a permit. It may also prohibit sales of a restricted product entirely. The list will be based on public health and safety.
  - The office will accept and consider petitions to add or remove products.
  - The following hemp extract products will not be on the list:

- Products intended for topical application to the skin or hair.
- Tinctures with no more than one milligram of THC per serving and no more than 30 milligrams of THC per bottle. The full bottle must be an ounce or less and bottles with 5 milligrams or more of THC may only be sold to adults 21 and up.

### **Fostering Participation from People from Disadvantaged Communities**

- Fosters licensing of social equity applicants and creates a social equity grants program.
  - “Social equity applicants” are applicants with majority ownership by individuals who resided for at least five of the past 10 years in a disproportionately impacted area; or with at least 51% of employees residing in a disproportionately impacted area. The office may expand the definition.
  - “Disproportionately impacted area” means historically disadvantaged communities, areas of persistent poverty, and medically underserved communities, as determined by the office. Grants will be made on a competitive basis annually.
  - The social equity grants program — which will receive 30% of the net cannabis tax revenue — will issue grants:
    - to social equity applicants for financial assistance, industry training, and technical assistance to assist them in entering and succeeding in the regulated cannabis industry.
    - to social equity applicants that are community-based organizations to address community needs of disproportionately impacted areas, including childcare, after-school and summer programs, and programs that build youth resiliency.
- The Hawaii Cannabis and Hemp Office will waive 50% of application and licensing fees for social equity applicants for their first five years if conditions are met.

### **Promoting Public Education, Health, and Youth Resilience**

- The Hawaii Cannabis and Hemp Office will contract to develop and implement a comprehensive public health and education campaign on legalization, including health risks and ways to protect children. It will begin by September 1, 2025.
  - It will also educate about the risks of unregulated cannabis.
- The office will establish a public health and education grant program, which will receive 10% of the tax proceeds.
- Grants may be awarded to community-based organizations on an annual and competitive basis for:
  - youth services, including childcare, after-school and summer programs, programs that build youth resiliency, youth recreational centers, services for housing, counseling, and preventing or treating youth substance abuse
  - substance abuse and treatment programs
  - supporting programs for individuals with a dual diagnosis of mental disorder and substance abuse disorder, including services for supportive housing, residential treatment, outpatient treatment, counseling, and other related services.



### **Investing in Public Safety, Including DRE Training and Mental Health Crisis Support**

- Creates a public safety grants program to provide grants to state and county agencies and private entities to assist with public safety resources.
- Grants will be awarded on a competitive and annual basis and can be used for:
  - training to certify law enforcement as drug recognition experts (to detect impaired driving).
  - crisis intervention services, including co-response programs with trained social service providers to assist with non-violent emergencies, such as welfare checks and mental health episodes.
  - training law enforcement in mental health first aid.
  - enforcement of nuisance abatement law.
  - harm reduction grants, including crisis outreach, food banks, homeless outreach, and housing assistance programs.
  - improving data sharing across agencies and the judiciary.
  - investigating and prosecuting illegal cannabis-related activities.

### **Creates a Hawaii Hemp Grant Program**

- Creates a Hawaii hemp grants program to assist small hemp cultivators and hemp businesses in gaining entry to, and successfully operating in, the hemp industry.
- Grants will be awarded on a competitive and annual basis. They may be used for:
  - financial assistance, industry training, and technical assistance.
  - research projects on industrial hemp and the marketability of products.

### **Taxes Cannabis Sales and Allocates the Revenue**

- Imposes a 14% retail tax on cannabis, excluding medical cannabis.
  - The existing 4% medical cannabis tax would continue.
- After defraying the entire cost of administration (which, separately, the bill says must be covered by application licensing fees), it allocates:
  - 30% to the social equity grants program subaccount.
  - 10% to the public health and education grants program subaccount.
  - 10% to a public safety grant program subaccount.
  - 5% to the Hawaii hemp grants program subaccount.
  - 5% to counties, based on the amount of revenue generated from each county.
  - 5% to the attorney general for a drug nuisance abatement unit.
  - 5% to the attorney general to address money laundering and organized crime related to cannabis, fentanyl, and methamphetamine.
- The remaining 30% would be for the general fund.

### **Miscellaneous Provisions**

- Provides that contracts related to state-legal cannabis activities are enforceable.
- Those providing professional services to cannabis businesses cannot be subject to discipline solely because the business relates to state-legal cannabis.
- Allows adults to produce and sell cannabis accessories to other adults.

- Provides state-level protections for financial institutions serving cannabis businesses. Also allows the office to share information about cannabis businesses with banks if the cannabis businesses so requests and provides a waiver.
- Extends a provision that allows medical cannabis businesses to deduct regular business expenses from taxes to all cannabis businesses. (This is parallel to all non-cannabis businesses. Under federal law, they cannot be deducted due to 280e.)
- Provides for “Hawaii-grown” labels identifying the percent of Hawaii-grown cannabis or hemp. Hemp with multiple origins will include the percent originating in the “United States” or “foreign.”
- Has blanks for appropriations, including for personnel in the Hawaii Cannabis and Hemp Office and positions in the AG’s nuisance abatement unit and the AG’s division on money laundering and organized crime, with blanks for the number of positions.

### **Timeline**

- Interim rules are due by December 31, 2025.
- Final rules must be adopted by December 31, 2030.
- Adult-use possession and home cultivation becomes legal on January 1, 2026.
- Existing medical cannabis licenses that apply and are qualified will be issued conversion licenses by January 1, 2026.
- The initial round of new licenses will be issued by July 1, 2026.