

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4209

A bill to license and regulate medical marihuana growers, processors, provisioning centers, secure transporters, and safety compliance facilities; to provide for the powers and duties of certain state and local governmental officers and entities; to create a medical marihuana licensing board; to provide for interaction with the statewide monitoring system for commercial marihuana transactions; to create an advisory panel; to provide immunity from prosecution for marihuana-related offenses for persons engaging in marihuana-related activities in compliance with this act; to prescribe civil fines and sanctions and provide remedies; to provide for forfeiture of contraband; to provide for taxes, fees, and assessments; and to require the promulgation of rules.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

PART 1. GENERAL PROVISIONS

1   PART 1. GENERAL PROVISIONS  
2           Sec. 101. This act shall be known and may be cited as the  
3 "medical marihuana facilities licensing act".

4           Sec. 102. As used in this act:

5           (a) "Advisory panel" or "panel" means the marihuana advisory  
6 panel created in section 801.

7           (b) "Affiliate" means any person that controls, is controlled  
8 by, or is under common control with; is in a partnership or joint  
9 venture relationship with; or is a co-shareholder of a corporation,  
10 a co-member of a limited liability company, or a co-partner in a  
11 limited liability partnership with a licensee or applicant.

12           (c) "Applicant" means a person who applies for a state  
13 operating license. With respect to disclosures in an application,  
14 or for purposes of ineligibility for a license under section 402,  
15 the term applicant includes an officer, director, and managerial  
16 employee of the applicant and a person who holds any direct or  
17 indirect ownership interest in the applicant.

18           (d) "Board" means the medical marihuana licensing board  
19 created in section 301.

20           (e) "Department" means the department of licensing and  
21 regulatory affairs.

22           (f) "Grower" means a licensee that is a commercial entity  
23 located in this state that cultivates, dries, trims, or cures and  
24 packages marihuana for sale to a processor or provisioning center.

25           (g) "Licensee" means a person holding a state operating  
26 license.

1 (h) "Marihuana" means that term as defined in section 7106 of  
2 the public health code, 1978 PA 368, MCL 333.7106.

3 (i) "Marihuana facility" means a location at which a license  
4 holder is licensed to operate under this act.

5 (j) "Marihuana plant" means any plant of the species Cannabis  
6 sativa L.

7 (k) "Marihuana-infused product" means a topical formulation,  
8 tincture, beverage, edible substance, or similar product containing  
9 any usable marihuana that is intended for human consumption in a  
10 manner other than smoke inhalation. Marihuana-infused product shall  
11 not be considered a food for purposes of the food law, 2000 PA 92,  
12 MCL 289.1101 to 289.8111.

13 (l) "Michigan medical marihuana act" means the Michigan  
14 medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430.

15 (m) "Municipality" means a city, township, or village.

16 (n) "Paraphernalia" means any equipment, product, or material  
17 of any kind that is designed for or used in growing, cultivating,  
18 producing, manufacturing, compounding, converting, storing,  
19 processing, preparing, transporting, injecting, smoking, ingesting,  
20 inhaling, or otherwise introducing into the human body, marihuana.

21 (o) "Person" means an individual, corporation, limited  
22 liability company, partnership, limited partnership, limited  
23 liability partnership, limited liability limited partnership,  
24 trust, or other legal entity.

25 (p) "Plant" means any living organism that produces its own  
26 food through photosynthesis and has observable root formation or is  
27 in growth material.

1           (q) "Processor" means a licensee that is a commercial entity  
2 located in this state that purchases marihuana from a grower and  
3 that extracts resin from the marihuana or creates a marihuana-  
4 infused product for sale and transfer in packaged form to a  
5 provisioning center.

6           (r) "Provisioning center" means a licensee that is a  
7 commercial entity located in this state that purchases marihuana  
8 from a grower or processor and sells, supplies, or provides  
9 marihuana to registered qualifying patients, directly or through  
10 the patients' registered primary caregivers. Provisioning center  
11 includes any commercial property where marihuana is sold at retail  
12 to registered qualifying patients or registered primary caregivers.  
13 A noncommercial location used by a primary caregiver to assist a  
14 qualifying patient connected to the caregiver through the  
15 department's marihuana registration process in accordance with the  
16 Michigan medical marihuana act is not a provisioning center for  
17 purposes of this act.

18           (s) "Registered primary caregiver" means a primary caregiver  
19 who has been issued a current registry identification card under  
20 the Michigan medical marihuana act.

21           (t) "Registered qualifying patient" means a qualifying patient  
22 who has been issued a current registry identification card under  
23 the Michigan medical marihuana act or a visiting qualifying patient  
24 as that term is defined in section 3 of the Michigan medical  
25 marihuana act, MCL 333.26423.

26           (u) "Registry identification card" means that term as defined  
27 in section 3 of the Michigan medical marihuana act, MCL 333.26423.

1 (v) "Rules" means rules promulgated under the administrative  
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, by the  
3 department in consultation with the board to implement this act.

4 (w) "Safety compliance facility" means a licensee that is a  
5 commercial entity that receives marihuana from a marihuana facility  
6 or registered primary caregiver, tests it for contaminants and for  
7 tetrahydrocannabinol and other cannabinoids, returns the test  
8 results, and may return the marihuana to the marihuana facility.

9 (x) "Secure transporter" means a licensee that is a commercial  
10 entity located in this state that stores marihuana and transports  
11 marihuana between marihuana facilities for a fee.

12 (y) "State operating license" or, unless the context requires  
13 a different meaning, "license" means a license that is issued under  
14 this act that allows the licensee to operate as 1 of the following,  
15 specified in the license:

16 (i) A grower.

17 (ii) A processor.

18 (iii) A secure transporter.

19 (iv) A provisioning center.

20 (v) A safety compliance facility.

21 (z) "Statewide monitoring system" or, unless the context  
22 requires a different meaning, "system" means an Internet-based,  
23 statewide database established, implemented, and maintained by the  
24 department under the marihuana tracking act, that is available to  
25 licensees, law enforcement agencies, and authorized state  
26 departments and agencies on a 24-hour basis for all of the  
27 following:

1 (i) Verifying registry identification cards.

2 (ii) Tracking marihuana transfer and transportation by  
3 licensees, including transferee, date, quantity, and price.

4 (iii) Verifying in commercially reasonable time that a  
5 transfer will not exceed the limit that the patient or caregiver is  
6 authorized to receive under section 4 of the Michigan medical  
7 marihuana act, MCL 333.26424.

8 (aa) "Usable marihuana" means the dried leaves, flowers, plant  
9 resin, or extract of the marihuana plant, but does not include the  
10 seeds, stalks, and roots of the plant.

11 PART 2. APPLICATION OF OTHER LAWS

12 Sec. 201. (1) Except as otherwise provided in this act, if a  
13 person has been granted a state operating license and is operating  
14 within the scope of the license, the licensee and its agents are  
15 not subject to any of the following for engaging in activities  
16 described in subsection (2):

17 (a) Criminal penalties under state law or local ordinances  
18 regulating marihuana.

19 (b) State or local criminal prosecution for a marihuana-  
20 related offense.

21 (c) State or local civil prosecution for a marihuana-related  
22 offense.

23 (d) Search or inspection, except for an inspection authorized  
24 under this act by law enforcement officers, the municipality, or  
25 the department.

26 (e) Seizure of marihuana, real property, personal property, or  
27 anything of value based on a marihuana-related offense.

1 (f) Any sanction, including disciplinary action or denial of a  
2 right or privilege, by a business or occupational or professional  
3 licensing board or bureau based on a marihuana-related offense.

4 (2) The following activities are protected under subsection  
5 (1) if performed under a state operating license within the scope  
6 of that license and in accord with this act, rules, and any  
7 ordinance adopted under section 205:

8 (a) Growing marihuana.

9 (b) Purchasing, receiving, selling, transporting, or  
10 transferring marihuana from or to a licensee, a licensee's agent, a  
11 registered qualifying patient, or a registered primary caregiver.

12 (c) Possessing marihuana.

13 (d) Possessing or manufacturing marihuana paraphernalia for  
14 medical use.

15 (e) Processing marihuana.

16 (f) Transporting marihuana.

17 (g) Testing, transferring, infusing, extracting, altering, or  
18 studying marihuana.

19 (h) Receiving or providing compensation for products or  
20 services.

21 (3) Except as otherwise provided in this act, a person who  
22 owns or leases real property upon which a marihuana facility is  
23 located and who has no knowledge that the licensee violated this  
24 act is not subject to any of the following for owning, leasing, or  
25 permitting the operation of a marihuana facility on the real  
26 property:

27 (a) Criminal penalties under state law or local ordinances

1 regulating marihuana.

2 (b) State or local civil prosecution based on a marihuana-  
3 related offense.

4 (c) State or local criminal prosecution based on a marihuana-  
5 related offense.

6 (d) Search or inspection, except for an inspection authorized  
7 under this act by law enforcement officers, the municipality, or  
8 the department.

9 (e) Seizure of any real or personal property or anything of  
10 value based on a marihuana-related offense.

11 (f) Any sanction, including disciplinary action or denial of a  
12 right or privilege, by a business or occupational or professional  
13 licensing board or bureau.

14 (4) For the purposes of regulating the commercial entities  
15 established under this act, any provisions of the following acts  
16 that are inconsistent with this act do not apply to a grower,  
17 processor, secure transporter, provisioning center, or safety  
18 compliance facility operating in compliance with this act:

19 (a) The business corporation act, 1972 PA 284, MCL 450.1101 to  
20 450.2098.

21 (b) The nonprofit corporation act, 1982 PA 162, MCL 450.2101  
22 to 450.3192.

23 (c) 1931 PA 327, MCL 450.98 to 450.192.

24 (d) The Michigan revised uniform limited partnership act, 1982  
25 PA 213, MCL 449.1101 to 449.2108.

26 (e) The Michigan limited liability company act, 1993 PA 23,  
27 MCL 450.4101 to 450.5200.



1 (f) 1907 PA 101, MCL 445.1 to 445.5.

2 (g) 1913 PA 164, MCL 449.101 to 449.106.

3 (h) The uniform partnership act, 1917 PA 72, MCL 449.1 to  
4 449.48.

5 Sec. 203. A registered qualifying patient or registered  
6 primary caregiver is not subject to criminal prosecution or  
7 sanctions for purchasing marihuana from a provisioning center if  
8 the quantity purchased is within the limits established under the  
9 Michigan medical marihuana act. A registered primary caregiver is  
10 not subject to criminal prosecution or sanctions for any transfer  
11 of 2.5 ounces or less of marihuana to a safety compliance facility  
12 for testing.

13 Sec. 204. This act does not limit the medical purpose defense  
14 provided in section 8 of the Michigan medical marihuana act, 2008  
15 IL 1, MCL 333.26428, to any prosecution involving marihuana.

16 Sec. 205. (1) A marihuana facility shall not operate in a  
17 municipality unless the municipality has adopted an ordinance that  
18 authorizes that type of facility. A municipality may adopt an  
19 ordinance to authorize 1 or more types of marihuana facilities  
20 within its boundaries and to limit the number of each type of  
21 marihuana facility. A municipality may adopt other ordinances  
22 relating to marihuana facilities within its jurisdiction, including  
23 zoning regulations, but shall not impose regulations regarding the  
24 purity or pricing of marihuana or interfering or conflicting with  
25 statutory regulations for licensing marihuana facilities. A  
26 municipality shall provide the following information to the board  
27 within 90 days after the municipality receives notification from

1 the applicant that he or she has applied for a license under this  
2 act:

3 (a) A copy of the local ordinance that authorizes the  
4 marihuana facility.

5 (b) A copy of any zoning regulations that apply to the  
6 proposed marihuana facility within the municipality.

7 (c) A description of any violation of the local ordinance or  
8 zoning regulations included under subdivision (a) or (b) committed  
9 by the applicant, but only if those violations relate to activities  
10 licensed under this act or the Michigan medical marihuana act.

11 (2) The board may consider the information provided under  
12 subsection (1) in the application process. However, the  
13 municipality's failure to provide information to the board shall  
14 not be used against the applicant.

15 (3) A municipal ordinance may establish an annual,  
16 nonrefundable fee of not more than \$5,000.00 on a licensee to help  
17 defray administrative and enforcement costs associated with the  
18 operation of a marihuana facility in the municipality.

19 (4) Information a municipality obtains from an applicant  
20 related to licensure under this section is exempt from disclosure  
21 under the freedom of information act, 1976 PA 442, MCL 15.231 to  
22 15.246.

23 Sec. 206. The department, in consultation with the board,  
24 shall promulgate rules and emergency rules as necessary to  
25 implement, administer, and enforce this act. The rules shall ensure  
26 the safety, security, and integrity of the operation of marihuana  
27 facilities, and shall include rules to do the following:

1 (a) Set appropriate standards for marihuana facilities and  
2 associated equipment.

3 (b) Subject to section 408, establish minimum levels of  
4 insurance that licensees must maintain.

5 (c) Establish operating regulations for each category of  
6 license to ensure the health, safety, and security of the public  
7 and the integrity of marihuana facility operations.

8 (d) Establish qualifications and restrictions for persons  
9 participating in or involved with operating marihuana facilities.

10 (e) Establish testing standards, procedures, and requirements  
11 for marihuana sold through provisioning centers.

12 (f) Provide for the levy and collection of fines for a  
13 violation of this act or rules.

14 (g) Prescribe use of the statewide monitoring system to track  
15 all marihuana transfers, as provided in the marihuana tracking act  
16 and this act and provide for a funding mechanism to support the  
17 system.

18 (h) Establish quality control standards, procedures, and  
19 requirements for marihuana facilities.

20 (i) Establish chain of custody standards, procedures, and  
21 requirements for marihuana facilities.

22 (j) Establish standards, procedures, and requirements for  
23 waste product disposal and storage by marihuana facilities.

24 (k) Establish chemical storage standards, procedures, and  
25 requirements for marihuana facilities.

26 (l) Establish standards, procedures, and requirements for  
27 securely and safely transporting marihuana between marihuana

1 facilities.

2 (m) Establish standards, procedures, and requirements for the  
3 storage of marihuana by marihuana facilities.

4 (n) Establish labeling and packaging standards, procedures,  
5 and requirements for marihuana sold or transferred through  
6 provisioning centers, including a prohibition on labeling or  
7 packaging that is intended to appeal to or has the effect of  
8 appealing to minors.

9 (o) Establish daily purchasing limits at provisioning centers  
10 for registered qualifying patients and registered primary  
11 caregivers to ensure compliance with the Michigan medical marihuana  
12 act.

13 (p) Establish marketing and advertising restrictions for  
14 marihuana products and marihuana facilities.

15 (q) Establish maximum tetrahydrocannabinol levels for  
16 marihuana-infused products sold or transferred through provisioning  
17 centers.

18 (r) Establish health standards to ensure the safe preparation  
19 of products containing marihuana that are intended for human  
20 consumption in a manner other than smoke inhalation.

21 (s) Establish restrictions on edible marihuana-infused  
22 products to prohibit shapes that would appeal to minors.

23 Sec. 207. A licensee shall adopt and use a third-party  
24 inventory control and tracking system that is capable of  
25 interfacing with the statewide monitoring system to allow the  
26 licensee to enter or access information in the statewide monitoring  
27 system as required under this act and rules. The third-party

1 inventory control and tracking system must have all of the  
2 following capabilities necessary for the licensee to comply with  
3 the requirements applicable to the licensee's license type:

4 (a) Tracking all marihuana plants, products, packages, patient  
5 and primary caregiver purchase totals, waste, transfers,  
6 conversions, sales, and returns that are linked to unique  
7 identification numbers.

8 (b) Tracking lot and batch information throughout the entire  
9 chain of custody.

10 (c) Tracking all products, conversions, and derivatives  
11 throughout the entire chain of custody.

12 (d) Tracking marihuana plant, batch, and product destruction.

13 (e) Tracking transportation of product.

14 (f) Performing complete batch recall tracking that clearly  
15 identifies all of the following details relating to the specific  
16 batch subject to the recall:

17 (i) Sold product.

18 (ii) Product inventory that is finished and available for  
19 sale.

20 (iii) Product that is in the process of transfer.

21 (iv) Product being processed into another form.

22 (v) Postharvest raw product, such as product that is in the  
23 drying, trimming, or curing process.

24 (g) Reporting and tracking loss, theft, or diversion of  
25 product containing marihuana.

26 (h) Reporting and tracking all inventory discrepancies.

27 (i) Reporting and tracking adverse patient responses or dose-

1 related efficacy issues.

2 (j) Reporting and tracking all sales and refunds.

3 (k) Electronically receiving and transmitting information as  
4 required under this act, the Michigan medical marihuana act, 2008  
5 IL 1, MCL 333.26421 to 333.26430, and the marihuana tracking act.

6 (l) Receiving testing results electronically from a safety  
7 compliance facility via a secured application program interface  
8 into the system and directly linking the testing results to each  
9 applicable source batch and sample.

10 (m) Identifying test results that may have been altered.

11 (n) Providing the licensee with access to information in the  
12 tracking system that is necessary to verify that the licensee is  
13 carrying out the marihuana transactions authorized under the  
14 licensee's license in accordance with this act.

15 (o) Providing information to cross-check that product sales  
16 are made to a registered qualifying patient or a registered primary  
17 caregiver on behalf of a registered qualifying patient and that the  
18 product received the required testing.

19 (p) Providing the department and state agencies with access to  
20 information in the database that they are authorized to access.

21 (q) Providing law enforcement agencies with access to only the  
22 information in the database that is necessary to verify that an  
23 individual possesses a valid and current registry identification  
24 card.

25 (r) Providing licensees with access only to the information in  
26 the system that they are required to receive before a sale,  
27 transfer, transport, or other activity authorized under a license

1 issued under this act.

2 (s) Securing the confidentiality of information in the  
3 database by preventing access by a person who is not authorized to  
4 access the statewide monitoring system or is not authorized to  
5 access the particular information.

6 (t) Providing analytics to the department regarding key  
7 performance indicators such as the following:

8 (i) Total daily sales.

9 (ii) Total marihuana plants in production.

10 (iii) Total marihuana plants destroyed.

11 (iv) Total inventory adjustments.

12 Sec. 208. A marihuana facility and all articles of property in  
13 that facility are subject to examination at any time by a local  
14 police agency or the department of state police.

15 PART 3. MEDICAL MARIHUANA LICENSING BOARD

16 Sec. 301. (1) The medical marihuana licensing board is created  
17 within the department of licensing and regulatory affairs.

18 (2) The board consists of 5 members who are residents of this  
19 state, not more than 3 of whom are members of the same political  
20 party. The governor shall appoint the members. One of the members  
21 shall be appointed from 3 nominees submitted by the senate majority  
22 leader and 1 from 3 nominees submitted by the speaker of the house.  
23 The governor shall designate 1 of the members as chairperson.

24 (3) The members shall be appointed for terms of 4 years,  
25 except, of those who are first appointed, 1 member shall be  
26 appointed for a term of 2 years and 2 members shall be appointed  
27 for a term of 3 years. A member's term expires on December 31 of

1 the last year of the member's term. If a vacancy occurs, the  
2 governor shall appoint a successor to fill the unexpired term in  
3 the manner of the original appointment.

4 (4) Each member of the board shall be reimbursed for all  
5 actual and necessary expenses and disbursements incurred in  
6 carrying out official duties.

7 (5) A board member shall not hold any other public office for  
8 which he or she receives compensation other than necessary travel  
9 or other incidental expenses.

10 (6) A person who is not of good moral character or who has  
11 been indicted for, charged with, or convicted of, pled guilty or  
12 nolo contendere to, or forfeited bail concerning any felony or a  
13 misdemeanor involving a controlled substance violation, theft,  
14 dishonesty, or fraud under the laws of this state, any other state,  
15 or the United States or a local ordinance in any state involving a  
16 controlled substance violation, dishonesty, theft, or fraud that  
17 substantially corresponds to a misdemeanor in that state is not  
18 eligible to serve on the board.

19 (7) The governor may remove any member of the board for  
20 neglect of duty, misfeasance, malfeasance, nonfeasance, or any  
21 other just cause.

22 (8) The department in conjunction with the board shall employ  
23 an executive director and other personnel as necessary to assist  
24 the board in carrying out its duties. The executive director shall  
25 devote his or her full time to the duties of the office and shall  
26 not hold any other office or employment.

27 (9) The board shall not appoint or employ an individual if any



1 of the following circumstances exist:

2 (a) During the 3 years immediately preceding appointment or  
3 employment, the individual held any direct or indirect interest in,  
4 or was employed by, a person who is licensed to operate under this  
5 act or under a corresponding license in another jurisdiction or a  
6 person with an application for an operating license pending before  
7 the board or in any other jurisdiction. The board shall not employ  
8 an individual who has a direct or indirect interest in a licensee  
9 or a marihuana facility.

10 (b) The individual or his or her spouse, parent, child,  
11 child's spouse, sibling, or spouse of a sibling has an application  
12 for a license pending before the board or is a member of the board  
13 of directors of, or an individual financially interested in, any  
14 licensee or marihuana facility.

15 (10) Each member of the board, the executive director, and  
16 each key employee as determined by the department shall file with  
17 the governor a financial disclosure statement listing all assets  
18 and liabilities, property and business interests, and sources of  
19 income of the member, executive director, and key employee and his  
20 or her spouse, if any, affirming that the member, executive  
21 director, and key employee are in compliance with subsection (9)(a)  
22 and (b). The financial disclosure statement shall be made under  
23 oath and filed at the time of employment and annually thereafter.

24 (11) Each employee of the board shall file with the board a  
25 financial disclosure statement listing all assets and liabilities,  
26 property and business interests, and sources of income of the  
27 employee and his or her spouse. This subsection does not apply to

1 the executive director or a key employee.

2 (12) A member of the board, executive director, or key  
3 employee shall not hold any direct or indirect interest in, be  
4 employed by, or enter into a contract for services with an  
5 applicant, a board licensee, or a marihuana facility for a period  
6 of 4 years after the date his or her employment or membership on  
7 the board terminates. The department in consultation with the board  
8 shall define the term "direct or indirect interest" by rule.

9 (13) For 2 years after the date his or her employment with the  
10 board is terminated, an employee of the board shall not acquire any  
11 direct or indirect interest in, be employed by, or enter into a  
12 contract for services with any applicant, licensee, or marihuana  
13 facility.

14 (14) For 2 years after the termination of his or her office or  
15 employment with the board, a board member or an individual employed  
16 by the board shall not represent any person or party other than  
17 this state before or against the board.

18 (15) A business entity in which a former board member or  
19 employee or agent has an interest, or any partner, officer, or  
20 employee of the business entity, shall not make any appearance or  
21 represent a party that the former member, employee, or agent is  
22 prohibited from appearing for or representing. As used in this  
23 subsection, "business entity" means a corporation, limited  
24 liability company, partnership, limited liability partnership,  
25 association, trust, or other form of legal entity.

26 Sec. 302. The board has general responsibility for  
27 implementing this act. The board has the powers and duties

1 specified in this act and all other powers necessary and proper to  
2 fully and effectively implement and administer this act for the  
3 purpose of licensing, regulating, and enforcing the licensing and  
4 regulation system established under this act for marihuana growth,  
5 processing, testing, and transporting. The board is subject to the  
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
7 24.328. The board's duties include all of the following:

8 (a) Granting or denying each application for a state operating  
9 license within a reasonable time.

10 (b) Deciding all license applications in reasonable order.

11 (c) Conducting its public meetings in compliance with the open  
12 meetings act, 1976 PA 267, MCL 15.231 to 15.246.

13 (d) Consulting with the department in promulgating rules and  
14 emergency rules as necessary to implement, administer, and enforce  
15 this act. The board shall not promulgate a rule establishing a  
16 limit on the number or type of marihuana facility licenses that may  
17 be granted.

18 (e) Implementing and collecting the application fee described  
19 in section 401 and, in conjunction with the department of treasury,  
20 the tax described in section 601 and regulatory assessment  
21 described in section 603.

22 (f) Providing for the levy and collection of fines for a  
23 violation of this act or rules.

24 (g) Providing oversight of a marihuana facility through the  
25 board's inspectors, agents, and auditors and through the state  
26 police or attorney general for the purpose of certifying the  
27 revenue, receiving complaints from the public, or conducting

1 investigations into the operation of the marihuana facility as the  
2 board considers necessary and proper to ensure compliance with this  
3 act and rules and to protect and promote the overall safety,  
4 security, and integrity of the operation of a marihuana facility.

5 (h) Providing oversight of marihuana facilities to ensure that  
6 marihuana-infused products meet health and safety standards that  
7 protect the public to a degree comparable to state and federal  
8 standards applicable to similar food and drugs.

9 (i) Reviewing and ruling on any complaint by a licensee  
10 regarding any investigative procedures of this state that are  
11 believed to be unnecessarily disruptive of marihuana facility  
12 operations. The need to inspect and investigate is presumed at all  
13 times. The board may delegate authority to hear, review, or rule on  
14 licensee complaints to a subcommittee of the board. To prevail on  
15 the complaint, a licensee must establish by a preponderance of the  
16 evidence that the procedures unreasonably disrupted its marihuana  
17 facility operations.

18 (j) Holding at least 2 public meetings each year. Upon 72  
19 hours' written notice to each member, the chairperson or any 2  
20 board members may call a special meeting. Three members of the  
21 board constitute a quorum, including when making determinations on  
22 an application for a license. Three votes are required in support  
23 of final determinations of the board on applications for licenses  
24 and all other licensing determinations, except that 4 votes are  
25 required in support of a determination to suspend or revoke a  
26 license. The board shall keep a complete and accurate record of all  
27 of its meetings and hearings. Upon order of the board, 1 of the

1 board members or a hearing officer designated by the board may  
2 conduct any hearing provided for under this act or by rules and may  
3 recommend findings and decisions to the board. The board member or  
4 hearing officer conducting the hearing has all powers and rights  
5 regarding the conduct of hearings granted to the board under this  
6 act. The record made at the time of the hearing shall be reviewed  
7 by the board or a majority of the board, and the findings and  
8 decision of the majority of the board are the order of the board in  
9 the case.

10 (k) Maintaining records that are separate and distinct from  
11 the records of any other state board. The records shall be made  
12 available for public inspection subject to the limitations of this  
13 act and shall accurately reflect all board proceedings.

14 (l) Reviewing the patterns of marihuana transfers by the  
15 licensees under this act as recorded in a statewide database  
16 established for use in administering and enforcing this act and  
17 making recommendations to the governor and the legislature in a  
18 written annual report to the governor and the legislature and  
19 additional reports that the governor requests. The annual report  
20 shall be submitted by April 15 of each year and shall include the  
21 report required under section 702, a statement of receipts and  
22 disbursements by the board, the actions taken by the board, and any  
23 additional information and recommendations that the board considers  
24 appropriate or that the governor requests.

25 (m) Except as otherwise provided in this act, all information,  
26 records, interviews, reports, statements, memoranda, or other data  
27 supplied to or used by the board are subject to the freedom of

1 information act, 1976 PA 442, MCL 15.231 to 15.246, except for the  
2 following:

3 (i) Unless presented during a public hearing or requested by  
4 the licensee or applicant who is the sole subject of the data, all  
5 of the information, records, interviews, reports, statements,  
6 memoranda, or other data supplied to, created by, or used by the  
7 board related to background investigation of applicants or  
8 licensees and to trade secrets, internal controls, and security  
9 measures of the licensees or applicants.

10 (ii) All information, records, interviews, reports,  
11 statements, memoranda, or other data supplied to or used by the  
12 board that have been received from another jurisdiction or local,  
13 state, or federal agency under a promise of confidentiality or if  
14 the release of the information is otherwise barred by the statutes,  
15 rules, or regulations of that jurisdiction or agency or by an  
16 intergovernmental agreement.

17 (iii) All information in the statewide monitoring system.

18 Sec. 303. (1) The board has jurisdiction over the operation of  
19 all marihuana facilities. The board has all powers necessary and  
20 proper to fully and effectively oversee the operation of marihuana  
21 facilities, including the authority to do all of the following:

22 (a) Investigate applicants for state operating licenses,  
23 determine the eligibility for licenses, and grant licenses to  
24 applicants in accordance with this act and the rules.

25 (b) Investigate all individuals employed by marihuana  
26 facilities.

27 (c) At any time, through its investigators, agents, auditors,

1 or the state police, without a warrant and without notice to the  
2 licensee, enter the premises, offices, facilities, or other places  
3 of business of a licensee, if evidence of compliance or  
4 noncompliance with this act or rules is likely to be found and  
5 consistent with constitutional limitations, for the following  
6 purposes:

7 (i) To inspect and examine all premises of marihuana  
8 facilities.

9 (ii) To inspect, examine, and audit relevant records of the  
10 licensee and, if the licensee fails to cooperate with an  
11 investigation, impound, seize, assume physical control of, or  
12 summarily remove from the premises all books, ledgers, documents,  
13 writings, photocopies, correspondence, records, and videotapes,  
14 including electronically stored records, money receptacles, or  
15 equipment in which the records are stored.

16 (iii) To inspect the person, and inspect or examine personal  
17 effects present in a marihuana facility, of any holder of a state  
18 operating license while that person is present in a marihuana  
19 facility.

20 (iv) To investigate alleged violations of this act or rules.

21 (d) Investigate alleged violations of this act or rules and  
22 take appropriate disciplinary action against a licensee.

23 (e) Consult with the department in adopting rules to establish  
24 appropriate standards for marihuana facilities and associated  
25 equipment.

26 (f) Require all relevant records of licensees, including  
27 financial or other statements, to be kept on the premises

1 authorized for operation of the marihuana facility of the licensee  
2 or in the manner prescribed by the board.

3 (g) Require that each licensee of a marihuana facility submit  
4 to the board a list of the stockholders or other persons having a  
5 1% or greater beneficial interest in the facility in addition to  
6 any other information the board considers necessary to effectively  
7 administer this act and rules, orders, and final decisions made  
8 under this act.

9 (h) Eject, or exclude or authorize the ejection or exclusion  
10 of, an individual from a marihuana facility if the individual  
11 violates this act, rules, or final orders of the board. However,  
12 the propriety of the ejection or exclusion is subject to a  
13 subsequent hearing by the board.

14 (i) Conduct periodic audits of marihuana facilities licensed  
15 under this act.

16 (j) Consult with the department as to appropriate minimum  
17 levels of insurance for licensees in addition to the minimum  
18 established under section 408 for liability insurance.

19 (k) Delegate the execution of any of its powers that are not  
20 specifically and exclusively reserved to the board under this act  
21 for the purpose of administering and enforcing this act and rules.

22 (l) Take disciplinary action as the board considers  
23 appropriate to prevent practices that violate this act and rules.

24 (m) Review a licensee if that licensee is under review or the  
25 subject of discipline by a regulatory body in any other  
26 jurisdiction for a violation of a controlled substance or marihuana  
27 law or regulation in that jurisdiction.



1           (n) Take any other reasonable or appropriate action to enforce  
2 this act and rules.

3           (2) The board may seek and shall receive the cooperation and  
4 assistance of the department of state police in conducting  
5 background investigations of applicants and in fulfilling its  
6 responsibilities under this act. The department of state police may  
7 recover its costs of cooperation under this subsection.

8           Sec. 305. (1) By January 31 of each year, each member of the  
9 board shall prepare and file with the governor's office and the  
10 board a disclosure form in which the member does all of the  
11 following:

12           (a) Affirms that the member or the member's spouse, parent,  
13 child, or child's spouse is not a member of the board of directors  
14 of, financially interested in, or employed by a licensee or  
15 applicant.

16           (b) Affirms that the member continues to meet any other  
17 criteria for board membership under this act or the rules  
18 promulgated by the board.

19           (c) Discloses any legal or beneficial interests in any real  
20 property that is or that may be directly or indirectly involved  
21 with operations authorized by this act.

22           (d) Discloses any other information as may be required to  
23 ensure that the integrity of the board and its work is maintained.

24           (2) By January 31 of each year, each employee of the board  
25 shall prepare and file with the board an employee disclosure form  
26 in which the employee does all of the following:

27           (a) Affirms the absence of financial interests prohibited by

1 this act.

2 (b) Discloses any legal or beneficial interests in any real  
3 property that is or that may be directly or indirectly involved  
4 with operations authorized by this act.

5 (c) Discloses whether the employee or the employee's spouse,  
6 parent, child, or child's spouse is financially interested in or  
7 employed by a licensee or an applicant for a license under this  
8 act.

9 (d) Discloses such other matters as may be required to ensure  
10 that the integrity of the board and its work is maintained.

11 (3) A member, employee, or agent of the board who becomes  
12 aware that the member, employee, or agent of the board or his or  
13 her spouse, parent, or child is a member of the board of directors  
14 of, financially interested in, or employed by a licensee or an  
15 applicant shall immediately provide detailed written notice thereof  
16 to the chairperson.

17 (4) A member, employee, or agent of the board who within the  
18 previous 10 years has been indicted for, charged with, or convicted  
19 of, pled guilty or nolo contendere to, or forfeited bail concerning  
20 a misdemeanor involving controlled substances, dishonesty, theft,  
21 or fraud or a local ordinance in any state involving controlled  
22 substances, dishonesty, theft, or fraud that substantially  
23 corresponds to a misdemeanor in that state, or a felony under  
24 Michigan law, the laws of any other state, or the laws of the  
25 United States or any other jurisdiction shall immediately provide  
26 detailed written notice of the conviction or charge to the  
27 chairperson.

1           (5) Any member, employee, or agent of the board who is  
2 negotiating for, or acquires by any means, any interest in any  
3 person who is a licensee or an applicant, or any person affiliated  
4 with such a person, shall immediately provide written notice of the  
5 details of the interest to the chairperson. The member, employee,  
6 or agent of the board shall not act on behalf of the board with  
7 respect to that person.

8           (6) A member, employee, or agent of the board shall not enter  
9 into any negotiations for employment with any person or affiliate  
10 of any person who is a licensee or an applicant and shall  
11 immediately provide written notice of the details of any such  
12 negotiations or discussions in progress to the chairperson. The  
13 member, employee, or agent of the board shall not take action on  
14 behalf of the board with respect to that person.

15           (7) Any member, employee, or agent of the board who receives  
16 an invitation, written or oral, to initiate a discussion concerning  
17 employment or the possibility of employment with a person or  
18 affiliate of a person who is a licensee or an applicant shall  
19 immediately report that he or she received the invitation to the  
20 chairperson. The member, employee, or agent of the board shall not  
21 take action on behalf of the board with respect to the person.

22           (8) A licensee or applicant shall not knowingly initiate a  
23 negotiation for or discussion of employment with a member,  
24 employee, or agent of the board. A licensee or applicant who  
25 initiates a negotiation or discussion about employment shall  
26 immediately provide written notice of the details of the  
27 negotiation or discussion to the chairperson as soon as he or she

1 becomes aware that the negotiation or discussion has been initiated  
2 with a member, employee, or agent of the board.

3 (9) A member, employee, or agent of the board, or former  
4 member, employee, or agent of the board, shall not disseminate or  
5 otherwise disclose any material or information in the possession of  
6 the board that the board considers confidential unless specifically  
7 authorized to do so by the chairperson or the board.

8 (10) A member, employee, or agent of the board or a parent,  
9 spouse, sibling, spouse of a sibling, child, or spouse of a child  
10 of a member, employee, or agent of the board shall not accept any  
11 gift, gratuity, compensation, travel, lodging, or anything of  
12 value, directly or indirectly, from any licensee or any applicant  
13 or affiliate or representative of a licensee or applicant, unless  
14 the acceptance conforms to a written policy or directive that is  
15 issued by the chairperson or the board. Any member, employee, or  
16 agent of the board who is offered or receives any gift, gratuity,  
17 compensation, travel, lodging, or anything of value, directly or  
18 indirectly, from any licensee or any applicant or affiliate or  
19 representative of an applicant or licensee shall immediately  
20 provide written notification of the details to the chairperson.

21 (11) A licensee or applicant, or an affiliate or  
22 representative of an applicant or licensee, shall not, directly or  
23 indirectly, give or offer to give any gift, gratuity, compensation,  
24 travel, lodging, or anything of value to any member, employee, or  
25 agent of the board that the member, employee, or agent of the board  
26 is prohibited from accepting under subsection (10).

27 (12) A member, employee, or agent of the board shall not

1 engage in any conduct that constitutes a conflict of interest and  
2 shall immediately advise the chairperson in writing of the details  
3 of any incident or circumstances that would present the existence  
4 of a conflict of interest with respect to performing board-related  
5 work or duties.

6 (13) A member, employee, or agent of the board who is  
7 approached and offered a bribe as described in section 118 of the  
8 Michigan penal code, 1931 PA 328, MCL 750.118, or this act shall  
9 immediately provide written account of the details of the incident  
10 to the chairperson and to a law enforcement officer of a law  
11 enforcement agency having jurisdiction.

12 (14) A member, employee, or agent of the board shall disclose  
13 his or her past involvement with any marihuana enterprise in the  
14 past 5 years and shall not engage in political activity or  
15 politically related activity during the duration of his or her  
16 appointment or employment.

17 (15) A former member, employee, or agent of the board may  
18 appear before the board as a fact witness about matters or actions  
19 handled by the member, employee, or agent during his or her tenure  
20 as a member, employee, or agent of the board. The member, employee,  
21 or agent of the board shall not receive compensation for such an  
22 appearance other than a standard witness fee and reimbursement for  
23 travel expenses as established by statute or court rule.

24 (16) A licensee or applicant or any affiliate or  
25 representative of an applicant or licensee shall not engage in ex  
26 parte communications with a member of the board. A member of the  
27 board shall not engage in any ex parte communications with a

1 licensee or an applicant or with any affiliate or representative of  
2 an applicant or licensee.

3 (17) Any board member, licensee, or applicant or affiliate or  
4 representative of a board member, licensee, or applicant who  
5 receives any ex parte communication in violation of subsection  
6 (16), or who is aware of an attempted communication in violation of  
7 subsection (16), shall immediately report details of the  
8 communication or attempted communication in writing to the  
9 chairperson.

10 (18) Any member of the board who receives an ex parte  
11 communication in an attempt to influence that member's official  
12 action shall disclose the source and content of the communication  
13 to the chairperson. The chairperson may investigate or initiate an  
14 investigation of the matter with the assistance of the attorney  
15 general and state police to determine if the communication violates  
16 subsection (16) or subsection (17) or other state law. The  
17 disclosure under this section and the investigation are  
18 confidential. Following an investigation, the chairperson shall  
19 advise the governor or the board, or both, of the results of the  
20 investigation and may recommend action as the chairperson considers  
21 appropriate. If the chairperson receives such an ex parte  
22 communication, he or she shall report the communication to the  
23 governor's office for appropriate action.

24 (19) A new or current employee or agent of the board shall  
25 obtain written permission from the executive director before  
26 continuing outside employment held at the time the employee begins  
27 to work for the board. Permission shall be denied, or permission

1 previously granted shall be revoked, if the executive director  
2 considers the nature of the work to create a possible conflict of  
3 interest or if it would otherwise interfere with the duties of the  
4 employee or agent for the board.

5 (20) An employee or agent of the board granted permission for  
6 outside employment shall not conduct any business or perform any  
7 activities, including solicitation, related to outside employment  
8 on premises used by the board or during the employee's working  
9 hours for the board.

10 (21) The chairperson shall report any action he or she has  
11 taken or proposes to take under this section with respect to an  
12 employee or agent or former employee or former agent to the board  
13 at the next meeting of the board. The board may direct the  
14 executive director to take additional or different action.

15 (22) Except as allowed under the Michigan medical marihuana  
16 act, a member, employee, or agent of the board shall not enter into  
17 any personal transaction involving marihuana with a licensee or  
18 applicant.

19 (23) If a licensee or applicant, or an affiliate or  
20 representative of a licensee or applicant, violates this section,  
21 the board may deny a license application, revoke or suspend a  
22 license, or take other disciplinary action as provided in section  
23 407.

24 (24) Violation of this section by a member of the board may  
25 result in disqualification or constitute cause for removal under  
26 section 301(7) or other disciplinary action as recommended by the  
27 board to the governor.

1           (25) A violation of this section by an employee or agent of  
2 the board need not result in termination of employment if the board  
3 determines that the conduct involved does not violate the purpose  
4 of this act. However, all of the following apply:

5           (a) If, after being offered employment or beginning employment  
6 with the board, the employee or agent intentionally acquires a  
7 financial interest in a licensee or an applicant, or an affiliate  
8 or representative of a licensee or applicant, the offer or  
9 employment with the board shall be terminated.

10           (b) If a financial interest in a licensee or an applicant, or  
11 an affiliate or representative of a licensee or applicant, is  
12 acquired by an employee or agent that has been offered employment  
13 with the board, an employee of the board, or the employee's or  
14 agent's spouse, parent, or child, through no intentional action of  
15 the employee or agent, the individual shall have up to 30 days to  
16 divest or terminate the financial interest. Employment may be  
17 terminated if the interest has not been divested after 30 days.

18           (c) Employment shall be terminated if the employee or agent is  
19 a spouse, parent, child, or spouse of a child of a board member.

20           (26) Violation of this section does not create a civil cause  
21 of action.

22           (27) As used in this section:

23           (a) "Outside employment", in addition to employment by a third  
24 party, includes, but is not limited to, the following:

25           (i) Operation of a proprietorship.

26           (ii) Participation in a partnership or group business  
27 enterprise.



1 (iii) Performance as a director or corporate officer of any  
2 for-profit or nonprofit corporation or banking or credit  
3 institution.

4 (iv) Performance as a manager of a limited liability company.

5 (b) "Political activity" or "politically related activity"  
6 includes all of the following:

7 (i) Using his or her official authority or influence for the  
8 purpose of interfering with or affecting the result of an election.

9 (ii) Knowingly soliciting, accepting, or receiving a political  
10 contribution from any person.

11 (iii) Running for the nomination or as a candidate for  
12 election to a partisan political office.

13 (iv) Knowingly soliciting or discouraging the participation in  
14 any political activity of any person who is either of the  
15 following:

16 (A) Applying for any compensation, grant, contract, ruling,  
17 license, permit, or certificate pending before the board.

18 (B) The subject of or a participant in an ongoing audit,  
19 investigation, or enforcement action being carried out by the  
20 board.

21 PART 4. LICENSING

22 Sec. 401. (1) Beginning 360 days after the effective date of  
23 this act, a person may apply to the board for state operating  
24 licenses in the categories of class A, B, or C grower; processor;  
25 provisioning center; secure transporter; and safety compliance  
26 facility as provided in this act. The application shall be made  
27 under oath on a form provided by the board and shall contain

1 information as prescribed by the board, including, but not limited  
2 to, all of the following:

3 (a) The name, business address, business telephone number,  
4 social security number, and, if applicable, federal tax  
5 identification number of the applicant.

6 (b) The identity of every person having any ownership interest  
7 in the applicant with respect to which the license is sought. If  
8 the disclosed entity is a trust, the application shall disclose the  
9 names and addresses of the beneficiaries; if a corporation, the  
10 names and addresses of all shareholders, officers, and directors;  
11 if a partnership or limited liability partnership, the names and  
12 addresses of all partners; if a limited partnership or limited  
13 liability limited partnership, the names of all partners, both  
14 general and limited; or if a limited liability company, the names  
15 and addresses of all members and managers.

16 (c) An identification of any business that is directly or  
17 indirectly involved in the growing, processing, testing,  
18 transporting, or sale of marihuana, including, if applicable, the  
19 state of incorporation or registration, in which an applicant or,  
20 if the applicant is an individual, the applicant's spouse, parent,  
21 or child has any equity interest. If an applicant is a corporation,  
22 partnership, or other business entity, the applicant shall identify  
23 any other corporation, partnership, or other business entity that  
24 is directly or indirectly involved in the growing, processing,  
25 testing, transporting, or sale of marihuana in which it has any  
26 equity interest, including, if applicable, the state of  
27 incorporation or registration. An applicant may comply with this

1 subdivision by filing a copy of the applicant's registration with  
2 the Securities and Exchange Commission if the registration contains  
3 the information required by this subdivision.

4 (d) Whether an applicant has been indicted for, charged with,  
5 arrested for, or convicted of, pled guilty or nolo contendere to,  
6 forfeited bail concerning any criminal offense under the laws of  
7 any jurisdiction, either felony or controlled-substance-related  
8 misdemeanor, not including traffic violations, regardless of  
9 whether the offense has been reversed on appeal or otherwise,  
10 including the date, the name and location of the court, arresting  
11 agency, and prosecuting agency, the case caption, the docket  
12 number, the offense, the disposition, and the location and length  
13 of incarceration.

14 (e) Whether an applicant has ever applied for or has been  
15 granted any commercial license or certificate issued by a licensing  
16 authority in Michigan or any other jurisdiction that has been  
17 denied, restricted, suspended, revoked, or not renewed and a  
18 statement describing the facts and circumstances concerning the  
19 application, denial, restriction, suspension, revocation, or  
20 nonrenewal, including the licensing authority, the date each action  
21 was taken, and the reason for each action.

22 (f) Whether an applicant has filed, or been served with, a  
23 complaint or other notice filed with any public body, regarding the  
24 delinquency in the payment of, or a dispute over the filings  
25 concerning the payment of, any tax required under federal, state,  
26 or local law, including the amount, type of tax, taxing agency, and  
27 time periods involved.

1 (g) A statement listing the names and titles of all public  
2 officials or officers of any unit of government, and the spouses,  
3 parents, and children of those public officials or officers, who,  
4 directly or indirectly, own any financial interest in, have any  
5 beneficial interest in, are the creditors of or hold any debt  
6 instrument issued by, or hold or have any interest in any  
7 contractual or service relationship with an applicant. As used in  
8 this subdivision, public official or officer does not include a  
9 person who would have to be listed solely because of his or her  
10 state or federal military service.

11 (h) A description of the type of marihuana facility;  
12 anticipated or actual number of employees; and projected or actual  
13 gross receipts.

14 (i) Financial information in the manner and form prescribed by  
15 the board.

16 (j) A paper copy or electronic posting website reference for  
17 the ordinance or zoning restriction that the municipality adopted  
18 to authorize or restrict operation of 1 or more marihuana  
19 facilities in the municipality.

20 (k) A copy of the notice informing the municipality by  
21 registered mail that the applicant has applied for a license under  
22 this act. The applicant shall also certify that it has delivered  
23 the notice to the municipality or will do so by 10 days after the  
24 date the applicant submits the application for a license to the  
25 board.

26 (l) Any other information the department requires by rule.

27 (2) The board shall use information provided on the

1 application as a basis to conduct a thorough background  
2 investigation on the applicant. A false application is cause for  
3 the board to deny a license. The board shall not consider an  
4 incomplete application but shall, within a reasonable time, return  
5 the application to the applicant with notification of the  
6 deficiency and instructions for submitting a corrected application.  
7 Information the board obtains from the background investigation is  
8 exempt from disclosure under the freedom of information act, 1976  
9 PA 442, MCL 15.231 to 15.246.

10 (3) An applicant must provide written consent to the  
11 inspections, examinations, searches, and seizures provided for in  
12 section 303(1)(c)(i) to (iv) and to disclosure to the board and its  
13 agents of otherwise confidential records, including tax records  
14 held by any federal, state, or local agency, or credit bureau or  
15 financial institution, while applying for or holding a license.  
16 Information the board receives under this subsection is exempt from  
17 disclosure under the freedom of information act, 1976 PA 442, MCL  
18 15.231 to 15.246.

19 (4) An applicant must certify that the applicant does not have  
20 an interest in any other state operating license that is prohibited  
21 under this act.

22 (5) A nonrefundable application fee must be paid at the time  
23 of filing to defray the costs associated with the background  
24 investigation conducted by the board. The department in  
25 consultation with the board shall set the amount of the application  
26 fee for each category and class of license by rule. If the costs of  
27 the investigation and processing the application exceed the

1 application fee, the applicant shall pay the additional amount to  
2 the board. All information, records, interviews, reports,  
3 statements, memoranda, or other data supplied to or used by the  
4 board in the course of its review or investigation of an  
5 application for a license under this act shall be disclosed only in  
6 accordance with this act. The information, records, interviews,  
7 reports, statements, memoranda, or other data are not admissible as  
8 evidence or discoverable in any action of any kind in any court or  
9 before any tribunal, board, agency, or person, except for any  
10 action considered necessary by the board.

11 (6) By 10 days after the date the applicant submits an  
12 application to the board, the applicant shall notify the  
13 municipality by registered mail that it has applied for a license  
14 under this act.

15 Sec. 402. (1) The board shall issue a license to an applicant  
16 who submits a complete application and pays both the nonrefundable  
17 application fee required under section 401(5) and the regulatory  
18 assessment established by the board for the first year of  
19 operation, if the board determines that the applicant is qualified  
20 to receive a license under this act.

21 (2) An applicant is ineligible to receive a license if any of  
22 the following circumstances exist:

23 (a) The applicant has been convicted of or released from  
24 incarceration for a felony under the laws of this state, any other  
25 state, or the United States within the past 10 years or has been  
26 convicted of a controlled substance-related felony within the past  
27 10 years.

1           (b) Within the past 5 years the applicant has been convicted  
2 of a misdemeanor involving a controlled substance, theft,  
3 dishonesty, or fraud in any state or been found responsible for  
4 violating a local ordinance in any state involving a controlled  
5 substance, dishonesty, theft, or fraud that substantially  
6 corresponds to a misdemeanor in that state.

7           (c) The applicant has knowingly submitted an application for a  
8 license under this act that contains false information.

9           (d) The applicant is a member of the board.

10          (e) The applicant fails to demonstrate the applicant's ability  
11 to maintain adequate premises liability and casualty insurance for  
12 its proposed marihuana facility.

13          (f) The applicant holds an elective office of a governmental  
14 unit of this state, another state, or the federal government; is a  
15 member of or employed by a regulatory body of a governmental unit  
16 in this state, another state, or the federal government; or is  
17 employed by a governmental unit of this state. This subdivision  
18 does not apply to an elected officer of or employee of a federally  
19 recognized Indian tribe or to an elected precinct delegate.

20          (g) The applicant, if an individual, has been a resident of  
21 this state for less than a continuous 2-year period immediately  
22 preceding the date of filing the application. The requirements in  
23 this subdivision do not apply after June 30, 2018.

24          (h) The board determines that the applicant is not in  
25 compliance with section 205(1).

26          (i) The applicant fails to meet other criteria established by  
27 rule.

1           (3) In determining whether to grant a license to an applicant,  
2 the board may also consider all of the following:

3           (a) The integrity, moral character, and reputation; personal  
4 and business probity; financial ability and experience; and  
5 responsibility or means to operate or maintain a marihuana facility  
6 of the applicant and of any other person that either:

7           (i) Controls, directly or indirectly, the applicant.

8           (ii) Is controlled, directly or indirectly, by the applicant  
9 or by a person who controls, directly or indirectly, the applicant.

10          (b) The financial ability of the applicant to purchase and  
11 maintain adequate liability and casualty insurance.

12          (c) The sources and total amount of the applicant's  
13 capitalization to operate and maintain the proposed marihuana  
14 facility.

15          (d) Whether the applicant has been indicted for, charged with,  
16 arrested for, or convicted of, pled guilty or nolo contendere to,  
17 forfeited bail concerning, or had expunged any relevant criminal  
18 offense under the laws of any jurisdiction, either felony or  
19 misdemeanor, not including traffic violations, regardless of  
20 whether the offense has been expunged, pardoned, or reversed on  
21 appeal or otherwise.

22          (e) Whether the applicant has filed, or had filed against it,  
23 a proceeding for bankruptcy within the past 7 years.

24          (f) Whether the applicant has been served with a complaint or  
25 other notice filed with any public body regarding payment of any  
26 tax required under federal, state, or local law that has been  
27 delinquent for 1 or more years.



1 (g) Whether the applicant has a history of noncompliance with  
2 any regulatory requirements in this state or any other  
3 jurisdiction.

4 (h) Whether at the time of application the applicant is a  
5 defendant in litigation involving its business practices.

6 (i) Whether the applicant meets other standards in rules  
7 applicable to the license category.

8 (4) Each applicant shall submit with its application, on forms  
9 provided by the board, a passport quality photograph and 1 set of  
10 fingerprints for each person having any ownership interest in the  
11 marihuana facility and each person who is an officer, director, or  
12 managerial employee of the applicant. The department may designate  
13 an entity or agent to collect the fingerprints, and the applicant  
14 is responsible for the cost associated with the fingerprint  
15 collection.

16 (5) The board shall review all applications for licenses and  
17 shall inform each applicant of the board's decision.

18 (6) A license shall be issued for a 1-year period and is  
19 renewable annually. Except as otherwise provided in this act, the  
20 board shall renew a license if all of the following requirements  
21 are met:

22 (a) The licensee applies to the board on a renewal form  
23 provided by the board that requires information prescribed in  
24 rules.

25 (b) The application is received by the board on or before the  
26 expiration date of the current license.

27 (c) The licensee pays the regulatory assessment under section

1 603.

2 (d) The licensee meets the requirements of this act and any  
3 other renewal requirements set forth in rules.

4 (7) The department shall notify the licensee by mail or  
5 electronic mail at the last known address on file with the board  
6 advising of the time, procedure, and regulatory assessment under  
7 section 603. The failure of the licensee to receive notice under  
8 this subsection does not relieve the licensee of the responsibility  
9 for renewing the license.

10 (8) If a license renewal application is not submitted by the  
11 license expiration date, the license may be renewed within 60 days  
12 after its expiration date upon application, payment of the  
13 regulatory assessment under section 603, and satisfaction of any  
14 renewal requirement and late fee set forth in rules. The licensee  
15 may continue to operate during the 60 days after the license  
16 expiration date if the license is renewed by the end of the 60-day  
17 period.

18 (9) License expiration does not terminate the board's  
19 authority to impose sanctions on a licensee whose license has  
20 expired.

21 (10) In its decision on an application for renewal, the board  
22 shall consider any specific written input it receives from an  
23 individual or entity within the local unit of government in which  
24 the applicant for renewal is located.

25 (11) A licensee must consent in writing to inspections,  
26 examinations, searches, and seizures that are permitted under this  
27 act and must provide a handwriting exemplar, fingerprints,

1 photographs, and information as authorized in this act or by rules.

2 (12) An applicant or licensee has a continuing duty to provide  
3 information requested by the board and to cooperate in any  
4 investigation, inquiry, or hearing conducted by the board.

5 Sec. 403. If the board identifies a deficiency in an  
6 application, the board shall provide the applicant with a  
7 reasonable period of time to correct the deficiency.

8 Sec. 404. (1) The board shall issue a license only in the name  
9 of the true party of interest.

10 (2) For the following true parties of interest, information  
11 concerning the indicated individuals must be included in the  
12 disclosures required of an applicant or licensee:

13 (a) For an individual or sole proprietorship: the proprietor  
14 and spouse.

15 (b) For a partnership and limited liability partnership: all  
16 partners and their spouses. For a limited partnership and limited  
17 liability limited partnership: all general and limited partners and  
18 their spouses. For a limited liability company: all members,  
19 managers, and their spouses.

20 (c) For a privately held corporation: all corporate officers  
21 or persons with equivalent titles and their spouses and all  
22 stockholders and their spouses.

23 (d) For a publicly held corporation: all corporate officers or  
24 persons with equivalent titles and their spouses.

25 (e) For a multilevel ownership enterprise: any entity or  
26 person that receives or has the right to receive a percentage of  
27 the gross or net profit from the enterprise during any full or

1 partial calendar or fiscal year.

2 (f) For a nonprofit corporation: all individuals and entities  
3 with membership or shareholder rights in accordance with the  
4 articles of incorporation or the bylaws and their spouses.

5 (3) For purposes of this section, "true party of interest"  
6 does not mean:

7 (a) A person or entity receiving reasonable payment for rent  
8 on a fixed basis under a bona fide lease or rental obligation,  
9 unless the lessor or property manager exercises control over or  
10 participates in the management of the business.

11 (b) A person who receives a bonus as an employee if the  
12 employee is on a fixed wage or salary and the bonus is not more  
13 than 25% of the employee's prebonus annual compensation or if the  
14 bonus is based on a written incentive/bonus program that is not out  
15 of the ordinary for the services rendered.

16 Sec. 405. Subject to the laws of this state, before hiring a  
17 prospective employee, the holder of a license shall conduct a  
18 background check of the prospective employee. If the background  
19 check indicates a pending charge or conviction within the past 10  
20 years for a controlled substance-related felony, a licensee shall  
21 not hire the prospective employee without written permission of the  
22 board.

23 Sec. 406. Each license is exclusive to the licensee, and a  
24 licensee or any other person must apply for and receive the board's  
25 approval before a license is transferred, sold, or purchased. The  
26 attempted transfer, sale, or other conveyance of an interest of  
27 more than 1% in a license without prior board approval is grounds

1 for suspension or revocation of the license or for other sanction  
2 considered appropriate by the board.

3       Sec. 407. (1) If an applicant or licensee fails to comply with  
4 this act or rules, if a licensee fails to comply with the marihuana  
5 tracking act, if a licensee no longer meets the eligibility  
6 requirements for a license under this act, or if an applicant or  
7 licensee fails to provide information the board requests to assist  
8 in any investigation, inquiry, or board hearing, the board may  
9 deny, suspend, revoke, or restrict a license. The board may  
10 suspend, revoke, or restrict a license and require the removal of a  
11 licensee or an employee of a licensee for a violation of this act,  
12 rules, the marihuana tracking act, or any ordinance adopted under  
13 section 205. The board may impose civil fines of up to \$5,000.00  
14 against an individual and up to \$10,000.00 or an amount equal to  
15 the daily gross receipts, whichever is greater, against a licensee  
16 for each violation of this act, rules, or an order of the board.  
17 Assessment of a civil fine under this subsection is not a bar to  
18 the investigation, arrest, charging, or prosecution of an  
19 individual for any other violation of this act and is not grounds  
20 to suppress evidence in any criminal prosecution that arises under  
21 this act or any other law of this state.

22       (2) The board shall comply with the administrative procedures  
23 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, when denying,  
24 revoking, suspending, or restricting a license or imposing a fine.  
25 The board may suspend a license without notice or hearing upon a  
26 determination that the safety or health of patrons or employees is  
27 jeopardized by continuing a marihuana facility's operation. If the

1 board suspends a license under this subsection without notice or  
2 hearing, a prompt postsuspension hearing must be held to determine  
3 if the suspension should remain in effect. The suspension may  
4 remain in effect until the board determines that the cause for  
5 suspension has been abated. The board may revoke the license or  
6 approve a transfer or sale of the license upon a determination that  
7 the licensee has not made satisfactory progress toward abating the  
8 hazard.

9 (3) After denying an application for a license, the board  
10 shall, upon request, provide a public investigative hearing at  
11 which the applicant is given the opportunity to present testimony  
12 and evidence to establish its suitability for a license. Other  
13 testimony and evidence may be presented at the hearing, but the  
14 board's decision must be based on the whole record before the board  
15 and is not limited to testimony and evidence submitted at the  
16 public investigative hearing.

17 (4) Except for license applicants who may be granted a hearing  
18 at the discretion of the board under subsection (3), any party  
19 aggrieved by an action of the board suspending, revoking,  
20 restricting, or refusing to renew a license, or imposing a fine,  
21 shall be given a hearing before the board upon request. A request  
22 for a hearing must be made to the board in writing within 21 days  
23 after service of notice of the action of the board. Notice of the  
24 action of the board must be served either by personal delivery or  
25 by certified mail, postage prepaid, to the aggrieved party. Notice  
26 served by certified mail is considered complete on the business day  
27 following the date of the mailing.

1           (5) The board may conduct investigative and contested case  
2 hearings; issue subpoenas for the attendance of witnesses; issue  
3 subpoenas duces tecum for the production of books, ledgers,  
4 records, memoranda, electronically retrievable data, and other  
5 pertinent documents; and administer oaths and affirmations to  
6 witnesses as appropriate to exercise and discharge the powers and  
7 duties of the board under this act. The executive director or his  
8 or her designee may issue subpoenas and administer oaths and  
9 affirmations to witnesses.

10           Sec. 408. (1) Before the board grants or renews any license  
11 under this act, the licensee or applicant shall file with the  
12 department proof of financial responsibility for liability for  
13 bodily injury to lawful users resulting from the manufacture,  
14 distribution, transportation, or sale of adulterated marihuana or  
15 adulterated marihuana-infused product in an amount not less than  
16 \$100,000.00. The proof of financial responsibility may be in the  
17 form of cash, unencumbered securities, a liability insurance  
18 policy, or a constant value bond executed by a surety company  
19 authorized to do business in this state. As used this section:

20           (a) "Adulterated marihuana" means a product sold as marihuana  
21 that contains any unintended substance or chemical or biological  
22 matter other than marihuana that causes adverse reaction after  
23 ingestion or consumption.

24           (b) "Bodily injury" does not include expected or intended  
25 effect or long-term adverse effect of smoking, ingestion, or  
26 consumption of marihuana or marihuana-infused product.

27           (2) An insured licensee shall not cancel liability insurance

1 required under this section unless the licensee complies with both  
2 of the following:

3 (a) Gives 30 days' prior written notice to the department.

4 (b) Procures new proof of financial responsibility required  
5 under this section and delivers that proof to the department within  
6 30 days after giving the department the notice under subdivision  
7 (a).

8 Sec. 409. A state operating license is a revocable privilege  
9 granted by this state and is not a property right. Granting a  
10 license does not create or vest any right, title, franchise, or  
11 other property interest. Each license is exclusive to the licensee,  
12 and a licensee or any other person must apply for and receive the  
13 board's and municipality's approval before a license is  
14 transferred, sold, or purchased. A licensee or any other person  
15 shall not lease, pledge, or borrow or loan money against a license.  
16 The attempted transfer, sale, or other conveyance of an interest in  
17 a license without prior board approval is grounds for suspension or  
18 revocation of the license or for other sanction considered  
19 appropriate by the board.

20 PART 5. LICENSEES

21 Sec. 501. (1) A grower license authorizes the grower to grow  
22 not more than the following number of marihuana plants under the  
23 indicated license class for each license the grower holds in that  
24 class:

25 (a) Class A - 500 marihuana plants.

26 (b) Class B - 1,000 marihuana plants.

27 (c) Class C - 1,500 marihuana plants.



1 (2) A grower license authorizes sale of marihuana seeds or  
2 marihuana plants only to a grower by means of a secure transporter.

3 (3) A grower license authorizes sale of marihuana, other than  
4 seeds, only to a processor or provisioning center.

5 (4) A grower license authorizes the grower to transfer  
6 marihuana only by means of a secure transporter.

7 (5) To be eligible for a grower license, the applicant and  
8 each investor in the grower must not have an interest in a secure  
9 transporter or safety compliance facility.

10 (6) A grower shall comply with all of the following:

11 (a) Until December 31, 2021, have, or have as an active  
12 employee an individual who has, a minimum of 2 years' experience as  
13 a registered primary caregiver.

14 (b) While holding a license as a grower, not be a registered  
15 primary caregiver and not employ an individual who is  
16 simultaneously a registered primary caregiver.

17 (c) Enter all transactions, current inventory, and other  
18 information into the statewide monitoring system as required in  
19 this act, rules, and the marihuana tracking act.

20 (7) A grower license does not authorize the grower to operate  
21 in an area unless the area is zoned for industrial or agricultural  
22 uses or is unzoned and otherwise meets the requirements established  
23 in section 205(1).

24 Sec. 502. (1) A processor license authorizes purchase of  
25 marihuana only from a grower and sale of marihuana-infused products  
26 or marihuana only to a provisioning center.

27 (2) A processor license authorizes the processor to transfer

1 marihuana only by means of a secure transporter.

2 (3) To be eligible for a processor license, the applicant and  
3 each investor in the processor must not have an interest in a  
4 secure transporter or safety compliance facility.

5 (4) A processor shall comply with all of the following:

6 (a) Until December 31, 2021, have, or have as an active  
7 employee an individual who has, a minimum of 2 years' experience as  
8 a registered primary caregiver.

9 (b) While holding a license as a processor, not be a  
10 registered primary caregiver and not employ an individual who is  
11 simultaneously a registered primary caregiver.

12 (c) Enter all transactions, current inventory, and other  
13 information into the statewide monitoring system as required in  
14 this act, rules, and the marihuana tracking act.

15 Sec. 503. (1) A secure transporter license authorizes the  
16 licensee to store and transport marihuana and money associated with  
17 the purchase or sale of marihuana between marihuana facilities for  
18 a fee upon request of a person with legal custody of that marihuana  
19 or money. It does not authorize transport to a registered  
20 qualifying patient or registered primary caregiver.

21 (2) To be eligible for a secure transporter license, the  
22 applicant and each investor with an interest in the secure  
23 transporter must not have an interest in a grower, processor,  
24 provisioning center, or safety compliance facility and must not be  
25 a registered qualifying patient or a registered primary caregiver.

26 (3) A secure transporter shall enter all transactions, current  
27 inventory, and other information into the statewide monitoring

1 system as required in this act, rules, and the marihuana tracking  
2 act.

3 (4) A secure transporter shall comply with all of the  
4 following:

5 (a) Each driver transporting marihuana must have a chauffeur's  
6 license issued by this state.

7 (b) Each employee who has custody of marihuana or money that  
8 is related to a marihuana transaction shall not have been convicted  
9 of or released from incarceration for a felony under the laws of  
10 this state, any other state, or the United States within the past 5  
11 years or have been convicted of a misdemeanor involving a  
12 controlled substance within the past 5 years.

13 (c) Each vehicle shall be operated with a 2-person crew with  
14 at least 1 individual remaining with the vehicle at all times  
15 during the transportation of marihuana.

16 (d) A route plan and manifest shall be entered into the  
17 statewide monitoring system, and a copy shall be carried in the  
18 transporting vehicle and presented to a law enforcement officer  
19 upon request.

20 (e) The marihuana shall be transported in 1 or more sealed  
21 containers and not be accessible while in transit.

22 (f) A secure transporting vehicle shall not bear markings or  
23 other indication that it is carrying marihuana or a marihuana-  
24 infused product.

25 (5) A secure transporter is subject to administrative  
26 inspection by a law enforcement officer at any point during the  
27 transportation of marihuana to determine compliance with this act.

1           Sec. 504. (1) A provisioning center license authorizes the  
2 purchase or transfer of marihuana only from a grower or processor  
3 and sale or transfer to only a registered qualifying patient or  
4 registered primary caregiver. All transfers of marihuana to a  
5 provisioning center from a separate marihuana facility shall be by  
6 means of a secure transporter.

7           (2) A provisioning center license authorizes the provisioning  
8 center to transfer marihuana to or from a safety compliance  
9 facility for testing by means of a secure transporter.

10          (3) To be eligible for a provisioning center license, the  
11 applicant and each investor in the provisioning center must not  
12 have an interest in a secure transporter or safety compliance  
13 facility.

14          (4) A provisioning center shall comply with all of the  
15 following:

16          (a) Sell or transfer marihuana to a registered qualifying  
17 patient or registered primary caregiver only after it has been  
18 tested and bears the label required for retail sale.

19          (b) Enter all transactions, current inventory, and other  
20 information into the statewide monitoring system as required in  
21 this act, rules, and the marihuana tracking act.

22          (c) Before selling or transferring marihuana to a registered  
23 qualifying patient or to a registered primary caregiver on behalf  
24 of a registered qualifying patient, inquire of the statewide  
25 monitoring system to determine whether the patient and, if  
26 applicable, the caregiver hold a valid, current, unexpired, and  
27 unrevoked registry identification card and that the sale or

1 transfer will not exceed the daily purchasing limit established by  
2 the medical marihuana licensing board under this act.

3 (d) Not allow the sale, consumption, or use of alcohol or  
4 tobacco products on the premises.

5 (e) Not allow a physician to conduct a medical examination or  
6 issue a medical certification document on the premises for the  
7 purpose of obtaining a registry identification card.

8 Sec. 505. (1) In addition to transfer and testing authorized  
9 in section 203, a safety compliance facility license authorizes the  
10 facility to receive marihuana from, test marihuana for, and return  
11 marihuana to only a marihuana facility.

12 (2) A safety compliance facility must be accredited by an  
13 entity approved by the board by 1 year after the date the license  
14 is issued or have previously provided drug testing services to this  
15 state or this state's court system and be a vendor in good standing  
16 in regard to those services. The board may grant a variance from  
17 this requirement upon a finding that the variance is necessary to  
18 protect and preserve the public health, safety, or welfare.

19 (3) To be eligible for a safety compliance facility license,  
20 the applicant and each investor with any interest in the safety  
21 compliance facility must not have an interest in a grower, secure  
22 transporter, processor, or provisioning center.

23 (4) A safety compliance facility shall comply with all of the  
24 following:

25 (a) Perform tests to certify that marihuana is reasonably free  
26 of chemical residues such as fungicides and insecticides.

27 (b) Use validated test methods to determine

1 tetrahydrocannabinol, tetrahydrocannabinol acid, cannabidiol, and  
2 cannabidiol acid levels.

3 (c) Perform tests that determine whether marihuana complies  
4 with the standards the board establishes for microbial and  
5 mycotoxin contents.

6 (d) Perform other tests necessary to determine compliance with  
7 any other good manufacturing practices as prescribed in rules.

8 (e) Enter all transactions, current inventory, and other  
9 information into the statewide monitoring system as required in  
10 this act, rules, and the marihuana tracking act.

11 (f) Have a secured laboratory space that cannot be accessed by  
12 the general public.

13 (g) Retain and employ at least 1 staff member with a relevant  
14 advanced degree in a medical or laboratory science.

15 PART 6. TAXES AND FEES

16 Sec. 601. (1) A tax is imposed on each provisioning center at  
17 the rate of 3% of the provisioning center's gross retail receipts.  
18 By 30 days after the end of the calendar quarter, a provisioning  
19 center shall remit the tax for the preceding calendar quarter to  
20 the department of treasury accompanied by a form prescribed by the  
21 department of treasury that shows the gross quarterly retail income  
22 of the provisioning center and the amount of tax due, and shall  
23 submit a copy of the form to the department. If a law authorizing  
24 the recreational or nonmedical use of marihuana in this state is  
25 enacted, this section does not apply beginning 90 days after the  
26 effective date of that law.

27 (2) The taxes imposed under this section shall be administered

1 by the department of treasury in accordance with 1941 PA 122, MCL  
2 205.1 to 205.31, and this act. In case of conflict between the  
3 provisions of 1941 PA 122, MCL 205.1 to 205.31, and this act, the  
4 provisions of this act prevail.

5       Sec. 602. (1) The medical marihuana excise fund is created in  
6 the state treasury.

7       (2) Except for the application fee under section 401, the  
8 regulatory assessment under section 603, and any local licensing  
9 fees, all money collected under section 601 and all other fees,  
10 fines, and charges, imposed under this act shall be deposited in  
11 the medical marihuana excise fund. The state treasurer shall direct  
12 the investment of the fund. The state treasurer shall credit to the  
13 fund interest and earnings from fund investments.

14       (3) Money in the medical marihuana excise fund at the close of  
15 the fiscal year shall remain in the fund and shall not lapse to the  
16 general fund.

17       (4) The state treasurer shall be the administrator of the  
18 medical marihuana excise fund for auditing purposes.

19       (5) The money in the medical marihuana excise fund shall be  
20 allocated, upon appropriation, as follows:

21       (a) 25% to municipalities in which a marihuana facility is  
22 located, allocated in proportion to the number of marihuana  
23 facilities within the municipality.

24       (b) 30% to counties in which a marihuana facility is located,  
25 allocated in proportion to the number of marihuana facilities  
26 within the county.

27       (c) 5% to counties in which a marihuana facility is located,

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1 allocated in proportion to the number of marihuana facilities  
2 within the county. Money allocated under this subdivision shall be  
3 used exclusively to support the county sheriffs and shall be in  
4 addition to and not in replacement of any other funding received by  
5 the county sheriffs.

6 (d) 30% to this state for the following:

7 (i) Until September 30, <<2017>>, for deposit in the general fund  
8 of the state treasury.

9 (ii) Beginning October 1, <<2017>>, for deposit in the first  
10 responder presumed coverage fund created in section 405 of the  
11 worker's disability compensation act of 1969, 1969 PA 317, MCL  
12 418.405.

13 (e) 5% to the Michigan commission on law enforcement standards  
14 for training local law enforcement officers.

15 (f) 5% to the department of state police.

16 Sec. 603. (1) A regulatory assessment is imposed on certain  
17 licensees as provided in this section. All of the following shall  
18 be included in establishing the total amount of the regulatory  
19 assessment established under this section:

20 (a) The department's costs to implement, administer, and  
21 enforce this act, except for the costs to process and investigate  
22 applications for licenses supported with the application fee  
23 described in section 401.

24 (b) Expenses of medical-marihuana-related legal services  
25 provided to the department by the department of attorney general.

26 (c) Expenses of medical-marihuana-related services provided to  
27 the department by the department of state police.



1 (d) Expenses of medical-marihuana-related services provided by  
2 the department of treasury.

3 (e) \$500,000.00 to be allocated to the department for  
4 expenditures of the department for licensing substance use disorder  
5 programs.

6 (f) An amount equal to 5% of the sum of the amounts provided  
7 for under subdivisions (a) to (d) to be allocated to the department  
8 of health and human services for substance-abuse-related  
9 expenditures including, but not limited to, substance use disorder  
10 prevention, education, and treatment programs.

11 (g) Expenses related to the standardized field sobriety tests  
12 administered in enforcing the Michigan vehicle code, 1949 PA 300,  
13 MCL 257.1 to 257.923.

14 (h) An amount sufficient to provide for the administrative  
15 costs of the Michigan commission on law enforcement standards.

16 (2) The regulatory assessment is in addition to the  
17 application fee described in section 401, the tax described in  
18 section 601, and any local licensing fees.

19 (3) The regulatory assessment shall be collected annually from  
20 licensed growers, processors, provisioning centers, and secure  
21 transporters. The regulatory assessment for a class A grower  
22 license shall not exceed \$10,000.00.

23 (4) Beginning in the first year marihuana facilities are  
24 authorized to operate in this state, and annually thereafter, the  
25 department, in consultation with the board, shall establish the  
26 total regulatory assessment at an amount that is estimated to be  
27 sufficient to cover the actual costs and support the expenditures

1 listed in subsection (1).

2 (5) On or before the date the licensee begins operating and  
3 annually thereafter, each grower, processor, provisioning center,  
4 and secure transporter shall pay to the state treasurer an amount  
5 determined by the department to reasonably reflect the licensee's  
6 share of the total regulatory assessment established under  
7 subsection (4).

8 Sec. 604. (1) The marihuana regulatory fund is created in the  
9 state treasury.

10 (2) The application fee collected under section 401 and the  
11 regulatory assessment collected under section 603 shall be  
12 deposited in the marihuana regulatory fund. The state treasurer  
13 shall direct the investment of the fund. The state treasurer shall  
14 credit to the fund interest and earnings from fund investments.

15 (3) Money in the marihuana regulatory fund at the close of the  
16 fiscal year shall remain in the fund and shall not lapse to the  
17 general fund.

18 (4) The department shall be the administrator of the marihuana  
19 regulatory fund for auditing purposes.

20 (5) Except as provided in section 603(1)(d) and (e), the  
21 department shall expend money from the marihuana regulatory fund,  
22 upon appropriation, only for implementing, administering, and  
23 enforcing this act.

24 Sec. 605. The department may use any money appropriated to it  
25 from the marihuana registry fund created in section 6 of the  
26 Michigan medical marihuana act, 2008 IL 1, MCL 333.26426, for the  
27 purpose of funding the operations of the department and the board

1 in the initial implementation and subsequent administration and  
2 enforcement of this act.

3 PART 7. REPORTS

4 Sec. 701. By 30 days after the end of each state fiscal year,  
5 each licensee shall transmit to the board and to the municipality  
6 financial statements of the licensee's total operations. The  
7 financial statements shall be reviewed by a certified public  
8 accountant in a manner and form prescribed by the board. The  
9 certified public accountant must be licensed in this state under  
10 article 7 of the occupational code, 1980 PA 299, MCL 339.720 to  
11 339.736. The compensation for the certified public accountant shall  
12 be paid directly by the licensee to the certified public  
13 accountant.

14 Sec. 702. The board shall submit with the annual report to the  
15 governor under section 302(k) and to the chairs of the legislative  
16 committees that govern issues related to marihuana facilities a  
17 report covering the previous year. The report shall include an  
18 account of the board actions, its financial position, results of  
19 operation under this act, and any recommendations for legislation  
20 that the board considers advisable.

21 PART 8. MARIHUANA ADVISORY PANEL

22 Sec. 801. (1) The marihuana advisory panel is created within  
23 the department.

24 (2) The marihuana advisory panel shall consist of 17 members,  
25 including the director of state police or his or her designee, the  
26 director of this state's department of health and human services or  
27 his or her designee, the director of the department of licensing

1 and regulatory affairs or his or her designee, the attorney general  
2 or his or her designee, the director of the department of  
3 agriculture and rural development or his or her designee, and the  
4 following members appointed by the governor:

5 (a) One registered medical marihuana patient or medical  
6 marihuana primary caregiver.

7 (b) One representative of growers.

8 (c) One representative of processors.

9 (d) One representative of provisioning centers.

10 (e) One representative of safety compliance facilities.

11 (f) One representative of townships.

12 (g) One representative of cities and villages.

13 (h) One representative of counties.

14 (i) One representative of sheriffs.

15 (j) One representative of local police.

16 (k) One physician licensed under article 15 of the public  
17 health code, 1978 PA 368, MCL 333.16101 to 333.18838.

18 (l) One representative of a secure transporter.

19 (3) The members first appointed to the panel shall be  
20 appointed within 3 months after the effective date of this act and  
21 shall serve at the pleasure of the governor. Appointed members of  
22 the panel shall serve for terms of 3 years or until a successor is  
23 appointed, whichever is later.

24 (4) If a vacancy occurs on the advisory panel, the governor  
25 shall make an appointment for the unexpired term in the same manner  
26 as the original appointment.

27 (5) The first meeting of the panel shall be called by the

1 director of the department or his or her designee within 1 month  
2 after the advisory panel is appointed. At the first meeting, the  
3 panel shall elect from among its members a chairperson and any  
4 other officers it considers necessary or appropriate. After the  
5 first meeting, the panel shall meet at least 2 times each year, or  
6 more frequently at the call of the chairperson.

7 (6) A majority of the members of the panel constitute a quorum  
8 for the transaction of business. A majority of the members present  
9 and serving are required for official action of the panel.

10 (7) The business that the panel performs shall be conducted at  
11 a public meeting held in compliance with the open meetings act,  
12 1976 PA 267, MCL 15.261 to 15.275.

13 (8) A writing prepared, owned, used, in the possession of, or  
14 retained by the panel in the performance of an official function is  
15 subject to the freedom of information act, 1976 PA 442, MCL 15.231  
16 to 15.246.

17 (9) Members of the panel shall serve without compensation.  
18 However, members of the panel may be reimbursed for their actual  
19 and necessary expenses incurred in the performance of their  
20 official duties as members of the panel.

21 (10) The panel may make recommendations to the board  
22 concerning promulgation of rules and, as requested by the board or  
23 the department, the administration, implementation, and enforcement  
24 of this act and the marihuana tracking act.

25 (11) State departments and agencies shall cooperate with the  
26 panel and, upon request, provide it with meeting space and other  
27 necessary resources to assist it in the performance of its duties.

1           Enacting section 1. This act takes effect 90 days after the  
2 date it is enacted into law.

3           Enacting section 2. The legislature finds that the necessity  
4 for access to safe sources of marihuana for medical use and the  
5 immediate need for growers, processors, secure transporters,  
6 provisioning centers, and safety compliance facilities to operate  
7 under clear requirements establish the need to promulgate emergency  
8 rules to preserve the public health, safety, or welfare.

9           Enacting section 3. This act does not take effect unless House  
10 Bill No. 4827 of the 98th Legislature is enacted into law.