



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1262 (Substitute S-1 as reported)
Senate Bill 1263 (as reported without amendment)
Sponsor: Senator Arlan Meekhof
Committee: Government Operations

CONTENT

Senate Bill 1262 (S-1) would amend the Medical Marihuana Facilities Licensing Act to do the following:

- Amend the definition of "applicant" to include additional individuals who would have to apply for a State operating license, such as a managerial employee of the applicant, or for entities that applied for a license, a partner, member, stockholder, officer, director, and his or her spouse.
- Specify that if the statewide monitoring system was capable of allowing a licensee to access or enter information into the system without use of a third-party inventory control and tracking system, it could do so directly without having to adopt and use the third-party system.
- Eliminate a requirement for the Department of Licensing and Regulatory Affairs to employ an executive director to assist the Medical Marihuana Licensing Board.
- Specify that the attempted transfer, sale, or other conveyance of an interest in a State operating license without prior board approval would be grounds for suspension and revocation of the license only if the transfer or sale would result in the transferee meeting the revised definition of "applicant".
- Beginning June 1, 2019, prohibit an entity from holding itself out as operating a marihuana facility if it did not hold a license to operate the facility, or if its license was suspended, revoked, lapsed, void, or fraudulently obtained, and prescribe a misdemeanor penalty for a violation.
- Specify that if a violation caused death or serious injury, the person who violated the above prohibition would be guilty of a felony.

Senate Bill 1263 would amend the sentencing guidelines in the Code of Criminal Procedure to include the felony proposed by Senate Bill 1262 (S-1) as a Class F offense against the public trust, with a statutory maximum of four years' imprisonment

MCL 333.27102 et al. (S.B. 1262)
777.13n (H.B. 1263)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

Senate Bill 1262 (S-1) would have a negative fiscal impact on the State and local government. To the extent that changes in the bill led to increased misdemeanor and felony arrests and prosecutions, it could increase resource demands on law enforcement, court systems, jails, and correctional facilities. However, it is unknown how many people would be prosecuted under provisions of the bill. The average cost to State government for felony probation supervision is approximately \$3,024 per probationer per year. For any increase in prison

intakes, in the short term, the marginal cost to State government is approximately \$5,315 per prisoner per year. Any increased penal fine revenue would be dedicated to public libraries.

Senate Bill 1263 would have no fiscal impact on local government and an indeterminate fiscal impact on the State, in light of the Michigan Supreme Court's July 2015 opinion in *People v. Lockridge*, in which the Court ruled that the sentencing guidelines are advisory for all cases. This means that the addition to the guidelines under the bills would not be compulsory for the sentencing judge. As penalties for felony convictions vary, the fiscal impact of any given felony conviction depends on judicial decisions.

Date Completed: 12-13-18

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