

**SUBSTITUTE FOR  
SENATE BILL NO. 1262**

A bill to amend 2016 PA 281, entitled  
"Medical marihuana facilities licensing act,"  
by amending sections 102, 207, 301, 305, 401, 402, 406, 407, 409,  
and 702 (MCL 333.27102, 333.27207, 333.27301, 333.27305, 333.27401,  
333.27402, 333.27406, 333.27407, 333.27409, and 333.27702), section  
102 as amended by 2018 PA 10 and section 402 as amended by 2017 PA  
105, and by adding section 407a; and to repeal acts and parts of  
acts.

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

1           Sec. 102. As used in this act:

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

4           (b) "Affiliate" means any person that controls, is controlled  
5 by, or is under common control with; is in a partnership or joint

1 venture relationship with; or is a co-shareholder of a corporation,  
2 a co-member of a limited liability company, or a co-partner in a  
3 limited liability partnership with a licensee or applicant.

4 (c) "Applicant" means a person who applies for a state  
5 operating license. ~~With-APPLICANT INCLUDES, WITH~~ respect to  
6 disclosures in an application, ~~or-for~~ purposes of ineligibility for  
7 a license under section 402, ~~the term applicant includes an~~  
8 ~~officer, director, and managerial employee of the applicant and a~~  
9 ~~person who holds any direct or indirect ownership interest in the~~  
10 ~~applicant.~~ OR FOR PURPOSES OF PRIOR BOARD APPROVAL OF A TRANSFER OF  
11 INTEREST UNDER SECTION 406, AND ONLY FOR APPLICATIONS SUBMITTED ON  
12 OR AFTER JANUARY 1, 2019, A MANAGERIAL EMPLOYEE OF THE APPLICANT, A  
13 PERSON HOLDING AN INDIRECT OWNERSHIP INTEREST OF 10% OR MORE IN THE  
14 APPLICANT, AND THE FOLLOWING FOR EACH TYPE OF APPLICANT:

15 (i) FOR AN INDIVIDUAL OR SOLE PROPRIETORSHIP: THE PROPRIETOR  
16 AND SPOUSE.

17 (ii) FOR A PARTNERSHIP AND LIMITED LIABILITY PARTNERSHIP: ALL  
18 PARTNERS AND THEIR SPOUSES. FOR A LIMITED PARTNERSHIP AND LIMITED  
19 LIABILITY LIMITED PARTNERSHIP: ALL GENERAL AND LIMITED PARTNERS,  
20 NOT INCLUDING A LIMITED PARTNER HOLDING A DIRECT OR INDIRECT  
21 OWNERSHIP INTEREST OF LESS THAN 10% AND WHO DOES NOT EXERCISE  
22 CONTROL OVER OR PARTICIPATE IN THE MANAGEMENT OF THE PARTNERSHIP,  
23 AND THEIR SPOUSES. FOR A LIMITED LIABILITY COMPANY: ALL MEMBERS AND  
24 MANAGERS, NOT INCLUDING A MEMBER HOLDING A DIRECT OR INDIRECT  
25 OWNERSHIP INTEREST OF LESS THAN 10% AND WHO DOES NOT EXERCISE  
26 CONTROL OVER OR PARTICIPATE IN THE MANAGEMENT OF THE COMPANY, AND  
27 THEIR SPOUSES.

1           (iii) FOR A PRIVATELY HELD CORPORATION: ALL CORPORATE OFFICERS  
2 OR PERSONS WITH EQUIVALENT TITLES AND THEIR SPOUSES, ALL DIRECTORS  
3 AND THEIR SPOUSES, AND ALL STOCKHOLDERS, NOT INCLUDING THOSE  
4 HOLDING A DIRECT OR INDIRECT OWNERSHIP INTEREST OF LESS THAN 10%,  
5 AND THEIR SPOUSES.

6           (iv) FOR A PUBLICLY HELD CORPORATION: ALL CORPORATE OFFICERS  
7 OR PERSONS WITH EQUIVALENT TITLES AND THEIR SPOUSES, ALL DIRECTORS  
8 AND THEIR SPOUSES, AND ALL STOCKHOLDERS, NOT INCLUDING THOSE  
9 HOLDING A DIRECT OR INDIRECT OWNERSHIP INTEREST OF LESS THAN 10%,  
10 AND THEIR SPOUSES.

11           (v) FOR A MULTILEVEL OWNERSHIP ENTERPRISE: ANY ENTITY OR  
12 PERSON THAT RECEIVES OR HAS THE RIGHT TO RECEIVE 10% OR MORE OF THE  
13 GROSS OR NET PROFIT FROM THE ENTERPRISE DURING ANY FULL OR PARTIAL  
14 CALENDAR OR FISCAL YEAR.

15           (vi) FOR A NONPROFIT CORPORATION: ALL INDIVIDUALS AND ENTITIES  
16 WITH MEMBERSHIP OR SHAREHOLDER RIGHTS IN ACCORDANCE WITH THE  
17 ARTICLES OF INCORPORATION OR THE BYLAWS AND THEIR SPOUSES.

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

20           (e) "Cutting" means a section of a lead stem or root stock  
21 that is used for vegetative asexual propagation.

22           (f) "Department" means the department of licensing and  
23 regulatory affairs.

24           (g) "Grower" means a licensee that is a commercial entity  
25 located in this state that cultivates, dries, trims, or cures and  
26 packages marihuana for sale to a processor, provisioning center, or  
27 another grower.

1 (h) "Licensee" means a person holding a state operating  
2 license.

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

5 (j) "Marihuana facility" means a location at which a licensee  
6 is licensed to operate under this act.

7 (k) "Marihuana plant" means any plant of the species *Cannabis*  
8 *sativa* L.

9 (l) "Marihuana-infused product" means a topical formulation,  
10 tincture, beverage, edible substance, or similar product containing  
11 any usable marihuana that is intended for human consumption in a  
12 manner other than smoke inhalation. Marihuana-infused product is  
13 not considered a food for purposes of the food law, 2000 PA 92, MCL  
14 289.1101 to 289.8111.

15 (m) "Marihuana tracking act" means the marihuana tracking act,  
16 2016 PA 282, MCL 333.27901 to 333.27904.

17 (n) "Michigan medical marihuana act" means the Michigan  
18 medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430.

19 (o) "Municipality" means a city, township, or village.

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

25 (q) "Person" means an individual, corporation, limited  
26 liability company, partnership, limited partnership, limited  
27 liability partnership, limited liability limited partnership,

1 trust, or other legal entity.

2 (r) "Plant" means any living organism that produces its own  
3 food through photosynthesis and has observable root formation or is  
4 in growth material.

5 (s) "Processor" means a licensee that is a commercial entity  
6 located in this state that purchases marihuana from a grower and  
7 that extracts resin from the marihuana or creates a marihuana-  
8 infused product for sale and transfer in packaged form to a  
9 provisioning center or another processor.

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

22 (u) "Registered primary caregiver" means a primary caregiver  
23 who has been issued a current registry identification card under  
24 the Michigan medical marihuana act.

25 (v) "Registered qualifying patient" means a qualifying patient  
26 who has been issued a current registry identification card under  
27 the Michigan medical marihuana act or a visiting qualifying patient

1 as that term is defined in section 3 of the Michigan medical  
2 marihuana act, MCL 333.26423.

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

5 (x) "Rules" means rules promulgated under the administrative  
6 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, by the  
7 department in consultation with the board to implement this act.

8 (y) "Safety compliance facility" means a licensee that is a  
9 commercial entity that takes marihuana from a marihuana facility or  
10 receives marihuana from a registered primary caregiver, tests the  
11 marihuana for contaminants and for tetrahydrocannabinol and other  
12 cannabinoids, returns the test results, and may return the  
13 marihuana to the marihuana facility.

14 (z) "Secure transporter" means a licensee that is a commercial  
15 entity located in this state that stores marihuana and transports  
16 marihuana between marihuana facilities for a fee.

17 (aa) "Seed" means the fertilized, ungerminated, matured ovule,  
18 containing an embryo or rudimentary plant, of a marihuana plant  
19 that is flowering.

20 (bb) "Seedling" means a marihuana plant that has germinated  
21 and has not flowered and is not harvestable.

22 (cc) "State operating license" or, unless the context requires  
23 a different meaning, "license" means a license that is issued under  
24 this act that allows the licensee to operate as 1 of the following,  
25 specified in the license:

26 (i) A grower.

27 (ii) A processor.

1 (iii) A secure transporter.

2 (iv) A provisioning center.

3 (v) A safety compliance facility.

4 (dd) "Statewide monitoring system" or, unless the context  
5 requires a different meaning, "system" means an internet-based,  
6 statewide database established, implemented, and maintained by the  
7 department under the marihuana tracking act, that is available to  
8 licensees, law enforcement agencies, and authorized state  
9 departments and agencies on a 24-hour basis for all of the  
10 following:

11 (i) Verifying registry identification cards.

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

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

18 (ee) "Tissue culture" means a marihuana plant cell, cutting,  
19 tissue, or organ, that is kept under a sterile condition on a  
20 nutrient culture medium of known composition and that does not have  
21 visible root formation. A tissue culture is not a marihuana plant  
22 for purposes of a grower.

23 (ff) "Usable marihuana" means the dried leaves, flowers, plant  
24 resin, or extract of the marihuana plant, but does not include the  
25 seeds, stalks, and roots of the plant.

26 Sec. 207. (1) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**  
27 **(2), A** licensee shall adopt and use a third-party inventory control

1 and tracking system that is capable of interfacing with the  
2 statewide monitoring system to allow the licensee to enter or  
3 access information in the statewide monitoring system as required  
4 under this act and rules. The third-party inventory control and  
5 tracking system must have all of the following capabilities  
6 necessary for the licensee to comply with the requirements  
7 applicable to the licensee's license type:

8 (a) Tracking all marihuana plants, products, packages, patient  
9 and primary caregiver purchase totals, waste, transfers,  
10 conversions, sales, and returns that are linked to unique  
11 identification numbers.

12 (b) Tracking lot and batch information throughout the entire  
13 chain of custody.

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

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

17 (e) Tracking transportation of product.

18 (f) Performing complete batch recall tracking that clearly  
19 identifies all of the following details relating to the specific  
20 batch subject to the recall:

21 (i) Sold product.

22 (ii) Product inventory that is finished and available for  
23 sale.

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

25 (iv) Product being processed into another form.

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



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

3 (h) Reporting and tracking all inventory discrepancies.

4 (i) Reporting and tracking adverse patient responses or dose-  
5 related efficacy issues.

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

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

10 (l) Receiving testing results electronically from a safety  
11 compliance facility via a secured application program interface  
12 into the system and directly linking the testing results to each  
13 applicable source batch and sample.

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

15 (n) Providing the licensee with access to information in the  
16 tracking system that is necessary to verify that the licensee is  
17 carrying out the marihuana transactions authorized under the  
18 licensee's license in accordance with this act.

19 (o) Providing information to cross-check that product sales  
20 are made to a registered qualifying patient or a registered primary  
21 caregiver on behalf of a registered qualifying patient and that the  
22 product received the required testing.

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

25 (q) Providing law enforcement agencies with access to only the  
26 information in the database that is necessary to verify that an  
27 individual possesses a valid and current registry identification

1 card.

2 (r) Providing licensees with access only to the information in  
3 the system that they are required to receive before a sale,  
4 transfer, transport, or other activity authorized under a license  
5 issued under this act.

6 (s) Securing the confidentiality of information in the  
7 database by preventing access by a person who is not authorized to  
8 access the statewide monitoring system or is not authorized to  
9 access the particular information.

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

12 (i) Total daily sales.

13 (ii) Total marihuana plants in production.

14 (iii) Total marihuana plants destroyed.

15 (iv) Total inventory adjustments.

16 **(2) IF THE STATEWIDE MONITORING SYSTEM IS CAPABLE OF ALLOWING**  
17 **A LICENSEE TO ACCESS OR ENTER INFORMATION INTO THE STATEWIDE**  
18 **MONITORING SYSTEM WITHOUT USE OF A THIRD-PARTY INVENTORY CONTROL**  
19 **AND TRACKING SYSTEM, A LICENSEE MAY ACCESS OR ENTER INFORMATION**  
20 **INTO THE STATEWIDE MONITORING SYSTEM DIRECTLY AND THE LICENSEE IS**  
21 **NOT REQUIRED TO ADOPT AND USE A THIRD-PARTY INVENTORY CONTROL AND**  
22 **TRACKING SYSTEM.**

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

25 (2) The board consists of 5 members who are residents of this  
26 state, not more than 3 of whom are members of the same political  
27 party. The governor shall appoint the members. One of the members

1 shall be appointed from 3 nominees submitted by the senate majority  
2 leader and 1 from 3 nominees submitted by the speaker of the house.  
3 The governor shall designate 1 of the members as chairperson.

4 (3) The members shall be appointed for terms of 4 years,  
5 except, of those who are first appointed, 1 member shall be  
6 appointed for a term of 2 years and 2 members shall be appointed  
7 for a term of 3 years. A member's term expires on December 31 of  
8 the last year of the member's term. If a vacancy occurs, the  
9 governor shall appoint a successor to fill the unexpired term in  
10 the manner of the original appointment.

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

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

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

26 (7) The governor may remove any member of the board for  
27 neglect of duty, misfeasance, malfeasance, nonfeasance, or any

1 other just cause.

2 ~~—— (8) The department in conjunction with the board shall employ~~  
3 ~~an executive director and other personnel as necessary to assist~~  
4 ~~the board in carrying out its duties. The executive director shall~~  
5 ~~devote his or her full time to the duties of the office and shall~~  
6 ~~not hold any other office or employment.~~

7 (8) ~~(9)~~ The board shall not appoint or employ an individual if  
8 any of the following circumstances exist:

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

17 (b) The individual or his or her spouse, parent, child,  
18 child's spouse, sibling, or spouse of a sibling has an application  
19 for a license pending before the board or is a member of the board  
20 of directors of, or an individual financially interested in, any  
21 licensee or marihuana facility.

22 (9) ~~(10)~~ Each member of the board ~~, the executive director,~~  
23 and each key employee as determined by the department shall file  
24 with the governor a financial disclosure statement listing all  
25 assets and liabilities, property and business interests, and  
26 sources of income of the member ~~, executive director,~~ and key  
27 employee and his or her spouse, if any, affirming that the member ~~,~~

1 ~~executive director,~~ and key employee are in compliance with  
2 subsection ~~(9)(a)~~ **(8) (A)** and (b). The financial disclosure  
3 statement shall be made under oath and filed at the time of  
4 employment and annually thereafter.

5 **(10)** ~~(11)~~—Each employee of the board shall file with the board  
6 a financial disclosure statement listing all assets and  
7 liabilities, property and business interests, and sources of income  
8 of the employee and his or her spouse. This subsection does not  
9 apply to ~~the executive director or~~ a key employee.

10 **(11)** ~~(12)~~—A member of the board, ~~executive director,~~ or key  
11 employee shall not hold any direct or indirect interest in, be  
12 employed by, or enter into a contract for services with an  
13 applicant, a board licensee, or a marihuana facility for a period  
14 of 4 years after the date his or her employment or membership on  
15 the board terminates. The department in consultation with the board  
16 shall define the term "direct or indirect interest" by rule.

17 **(12)** ~~(13)~~—For 2 years after the date his or her employment  
18 with the board is terminated, an employee of the board shall not  
19 acquire any direct or indirect interest in, be employed by, or  
20 enter into a contract for services with any applicant, licensee, or  
21 marihuana facility.

22 **(13)** ~~(14)~~—For 2 years after the termination of his or her  
23 office or employment with the board, a board member or an  
24 individual employed by the board shall not represent any person or  
25 party other than this state before or against the board.

26 **(14)** ~~(15)~~—A business entity in which a former board member or  
27 employee or agent has an interest, or any partner, officer, or

1 employee of the business entity, shall not make any appearance or  
2 represent a party that the former member, employee, or agent is  
3 prohibited from appearing for or representing. As used in this  
4 subsection, "business entity" means a corporation, limited  
5 liability company, partnership, limited liability partnership,  
6 association, trust, or other form of legal entity.

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

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

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

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

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

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

26       (a) Affirms the absence of financial interests prohibited by  
27 this act.

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

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

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

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

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

27 (5) Any member, employee, or agent of the board who is

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

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

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

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



1 with a member, employee, or agent of the board.

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

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

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

26 (12) A member, employee, or agent of the board shall not  
27 engage in any conduct that constitutes a conflict of interest and

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

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

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

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

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

1 an applicant or licensee.

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

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

23 (19) A new or current employee or agent of the board shall  
24 obtain written permission from the ~~executive~~ director **OF THE**  
25 **DEPARTMENT OR HIS OR HER DESIGNEE** before continuing outside  
26 employment held at the time the employee begins to work for the  
27 board. Permission shall be denied, or permission previously granted

1 shall be revoked, if the ~~executive~~ director **OF THE DEPARTMENT OR**  
2 **HIS OR HER DESIGNEE** considers the nature of the work to create a  
3 possible conflict of interest or if it would otherwise interfere  
4 with the duties of the 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           Sec. 401. (1) Beginning ~~360 days after the effective date of~~  
22 ~~this act~~, **DECEMBER 15, 2017**, a person may apply to the board for  
23 state operating licenses in the categories of class A, B, or C  
24 grower; processor; provisioning center; secure transporter; and  
25 safety compliance facility as provided in this act. The application  
26 shall be made under oath on a form provided by the board and shall  
27 contain information as prescribed by the board, including, but not

1 limited to, all of the following:

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

5 (b) The identity of every person having any ownership interest  
6 in the applicant with respect to which the license is sought. If  
7 the disclosed entity is a trust, the application shall disclose the  
8 names and addresses of the beneficiaries; if a **PRIVATELY HELD**  
9 corporation, the names and addresses of all shareholders, officers,  
10 and directors; **IF A PUBLICLY HELD CORPORATION, THE NAMES AND**  
11 **ADDRESSES OF ALL SHAREHOLDERS HOLDING A DIRECT OR INDIRECT INTEREST**  
12 **OF GREATER THAN 5%, OFFICERS, AND DIRECTORS;** if a partnership or  
13 limited liability partnership, the names and addresses of all  
14 partners; if a limited partnership or limited liability limited  
15 partnership, the names of all partners, both general and limited;  
16 or if a limited liability company, the names and addresses of all  
17 members and managers.

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

1 equity interest, including, if applicable, the state of  
2 incorporation or registration. An applicant may comply with this  
3 subdivision by filing a copy of the applicant's registration with  
4 the Securities and Exchange Commission if the registration contains  
5 the information required by this subdivision.

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

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

24 (f) Whether an applicant has filed, or been served with, a  
25 complaint or other notice filed with any public body, regarding the  
26 delinquency in the payment of, or a dispute over the filings  
27 concerning the payment of, any tax required under federal, state,



1 or local law, including the amount, type of tax, taxing agency, and  
2 time periods involved.

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

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

16 (i) Financial information in the manner and form prescribed by  
17 the board.

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

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

1           (1) Any other information the department requires by rule.

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

12           (3) An applicant must provide written consent to the  
13 inspections, examinations, searches, and seizures provided for in  
14 section 303(1)(c)(i) to (iv) and to disclosure to the board and its  
15 agents of otherwise confidential records, including tax records  
16 held by any federal, state, or local agency, or credit bureau or  
17 financial institution, while applying for or holding a license.  
18 Information the board receives under this subsection is exempt from  
19 disclosure under the freedom of information act, 1976 PA 442, MCL  
20 15.231 to 15.246.

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

24           (5) A nonrefundable application fee must be paid at the time  
25 of filing to defray the costs associated with the background  
26 investigation conducted by the board. The department in  
27 consultation with the board shall set the amount of the application

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

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

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

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

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

1 convicted of a controlled substance-related felony within the past  
2 10 years.

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

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

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

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

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

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

26 (G) ~~(h)~~ The board determines that the applicant is not in  
27 compliance with section 205(1).

1           (H) ~~(i)~~—The applicant fails to meet other criteria established  
2 by rule.

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

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

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

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

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

15           (c) The sources and total amount of the applicant's  
16 capitalization to operate and maintain the proposed marihuana  
17 facility.

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

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

27           (f) Whether the applicant has been served with a complaint or

1 other notice filed with any public body regarding payment of any  
2 tax required under federal, state, or local law that has been  
3 delinquent for 1 or more years.

4 (g) Whether the applicant has a history of noncompliance with  
5 any regulatory requirements in this state or any other  
6 jurisdiction.

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

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

11 (4) Each applicant ~~shall submit with its application, on forms~~  
12 ~~provided by the board, a passport quality photograph and shall~~  
13 ensure that 1 set of fingerprints is submitted to the department of  
14 state police. ~~for each person having any ownership interest in the~~  
15 ~~marihuana facility and each person who is an officer, director, or~~  
16 ~~managerial employee of the applicant, in order for the department~~  
17 ~~of state police to conduct a criminal history check on each person~~  
18 ~~and to forward each person's fingerprints to the Federal Bureau of~~  
19 ~~Investigation for a national criminal history check.~~ The applicant  
20 shall submit with its application ~~each person's~~ **THE APPLICANT'S**  
21 written consent to the criminal history check described in this  
22 section and the submission of ~~each person's~~ **THE APPLICANT'S**  
23 fingerprints to, and the inclusion of ~~each person's~~ **THE APPLICANT'S**  
24 fingerprints in, the state and federal database systems described  
25 in subsection (7).

26 (5) The fingerprints required under subsection (4) may be  
27 taken by a law enforcement agency or any other person determined by

1 the department of state police to be qualified to take  
2 fingerprints. The applicant shall submit a fingerprint processing  
3 fee to the department in an amount required under section 3 of 1935  
4 PA 120, MCL 28.273, and any costs imposed by the Federal Bureau of  
5 Investigation.

6 (6) The department of state police shall ~~conduct~~ **DO ALL OF THE**  
7 **FOLLOWING:**

8 (A) **CONDUCT** a criminal history check on each ~~person described~~  
9 ~~in subsection (4)~~ **APPLICANT** and shall request the Federal Bureau of  
10 Investigation to make a determination of the existence of any  
11 national criminal history pertaining to each ~~person~~. ~~The department~~  
12 ~~of state police shall provide~~ **APPLICANT**.

13 (B) **PROVIDE** the board with a written report containing the  
14 criminal history record information of each ~~person who was the~~  
15 ~~subject of the criminal history check conducted under this~~  
16 ~~section~~. **APPLICANT**.

17 (7) All of the following apply concerning fingerprints  
18 submitted to the department of state police under this section:

19 (a) The department of state police shall store and retain all  
20 fingerprints submitted under this section in an automated  
21 fingerprint identification system database that searches against  
22 latent fingerprints, and provides for an automatic notification if  
23 and when a subsequent fingerprint is submitted into the system that  
24 matches a set of fingerprints previously submitted under this  
25 section or if and when the criminal history of an individual whose  
26 fingerprints are retained in the system is updated. Upon receiving  
27 a notification, the department of state police shall immediately

1 notify the board. Information in the database maintained under this  
2 subsection is confidential, is not subject to disclosure under the  
3 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, and  
4 shall not be disclosed to any person except for purposes of this  
5 act or for law enforcement purposes.

6 (b) The department of state police shall forward all  
7 fingerprints submitted to it under this section to the Federal  
8 Bureau of Investigation for submission of those fingerprints into  
9 the FBI automatic notification system. This subdivision does not  
10 apply until the department of state police is a participant in the  
11 FBI automatic notification system. As used in this subdivision:

12 (i) "Automatic notification system" means a system that stores  
13 and retains fingerprints, and that provides for an automatic  
14 notification to a participant if and when a fingerprint is  
15 submitted into the system that matches an individual whose  
16 fingerprints are retained in the system or if and when the criminal  
17 history of an individual whose fingerprints are retained in the  
18 system is updated.

19 (ii) "FBI automatic notification system" means the automatic  
20 notification system that is maintained by the Federal Bureau of  
21 Investigation.

22 (8) The board shall review all applications for licenses and  
23 shall inform each applicant of the board's decision.

24 (9) A license shall be issued for a 1-year period and is  
25 renewable annually. Except as otherwise provided in this act, the  
26 board shall renew a license if all of the following requirements  
27 are met:



1           (a) The licensee applies to the board on a renewal form  
2 provided by the board that requires information prescribed in  
3 rules.

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

6           (c) The licensee pays the regulatory assessment under section  
7 603.

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

10           (10) The department shall notify the licensee by mail or  
11 electronic mail at the last known address on file with the board  
12 advising of the time, procedure, and regulatory assessment under  
13 section 603. The failure of the licensee to receive notice under  
14 this subsection does not relieve the licensee of the responsibility  
15 for renewing the license.

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

24           (12) License expiration does not terminate the board's  
25 authority to impose sanctions on a licensee whose license has  
26 expired.

27           (13) In its decision on an application for renewal, the board

1 shall consider any specific written input it receives from an  
2 individual or entity within the local unit of government in which  
3 the applicant for renewal is located.

4 (14) A licensee must consent in writing to inspections,  
5 examinations, searches, and seizures that are permitted under this  
6 act and must provide a handwriting exemplar, fingerprints,  
7 photographs, and information as authorized in this act or by rules.

8 (15) An applicant or licensee has a continuing duty to provide  
9 information requested by the board and to cooperate in any  
10 investigation, inquiry, or hearing conducted by the board.

11 Sec. 406. Each license is exclusive to the licensee, and a  
12 licensee or any other person must apply for and receive the board's  
13 approval before a license is transferred, sold, or purchased. The  
14 attempted transfer, sale, or other conveyance of an interest ~~of~~  
15 ~~more than 1%~~ in a license without prior board approval is grounds  
16 for suspension or revocation of the license or for other sanction  
17 considered appropriate by the board, **BUT ONLY IF THE TRANSFER,**  
18 **SALE, OR OTHER CONVEYANCE WOULD RESULT IN THE TRANSFEREE MEETING**  
19 **THE DEFINITION OF APPLICANT.**

20 Sec. 407. (1) If an applicant or licensee fails to comply with  
21 this act or rules, if a licensee fails to comply with the marihuana  
22 tracking act, if a licensee no longer meets the eligibility  
23 requirements for a license under this act, or if an applicant or  
24 licensee fails to provide information the board requests to assist  
25 in any investigation, inquiry, or board hearing, the board may  
26 deny, suspend, revoke, or restrict a license. The board may  
27 suspend, revoke, or restrict a license and require the removal of a

1 licensee or an employee of a licensee for a violation of this act,  
2 rules, the marihuana tracking act, or any ordinance adopted under  
3 section 205. The board may impose civil fines of up to \$5,000.00  
4 against an individual and up to \$10,000.00 or an amount equal to  
5 the daily gross receipts, whichever is greater, against a licensee  
6 for each violation of this act, rules, or an order of the board.  
7 Assessment of a civil fine under this subsection is not a bar to  
8 the investigation, arrest, charging, or prosecution of an  
9 individual for any other violation of this act and is not grounds  
10 to suppress evidence in any criminal prosecution that arises under  
11 this act or any other law of this state.

12 (2) The board shall comply with the administrative procedures  
13 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, when denying,  
14 revoking, suspending, or restricting a license or imposing a fine.  
15 The board may suspend a license without notice or hearing upon a  
16 determination that the safety or health of patrons or employees is  
17 jeopardized by continuing a marihuana facility's operation. If the  
18 board suspends a license under this subsection without notice or  
19 hearing, a prompt postsuspension hearing must be held to determine  
20 if the suspension should remain in effect. The suspension may  
21 remain in effect until the board determines that the cause for  
22 suspension has been abated. The board may revoke the license or  
23 approve a transfer or sale of the license upon a determination that  
24 the licensee has not made satisfactory progress toward abating the  
25 hazard.

26 (3) After denying an application for a license, the board  
27 shall, upon request, provide a public investigative hearing at

1 which the applicant is given the opportunity to present testimony  
2 and evidence to establish its suitability for a license. Other  
3 testimony and evidence may be presented at the hearing, but the  
4 board's decision must be based on the whole record before the board  
5 and is not limited to testimony and evidence submitted at the  
6 public investigative hearing.

7 (4) Except for license applicants who may be granted a hearing  
8 at the discretion of the board under subsection (3), any party  
9 aggrieved by an action of the board suspending, revoking,  
10 restricting, or refusing to renew a license, or imposing a fine,  
11 shall be given a hearing before the board upon request. A request  
12 for a hearing must be made to the board in writing within 21 days  
13 after service of notice of the action of the board. Notice of the  
14 action of the board must be served either by personal delivery or  
15 by certified mail, postage prepaid, to the aggrieved party. Notice  
16 served by certified mail is considered complete on the business day  
17 following the date of the mailing.

18 (5) The board may conduct investigative and contested case  
19 hearings; issue subpoenas for the attendance of witnesses; issue  
20 subpoenas duces tecum for the production of books, ledgers,  
21 records, memoranda, electronically retrievable data, and other  
22 pertinent documents; and administer oaths and affirmations to  
23 witnesses as appropriate to exercise and discharge the powers and  
24 duties of the board under this act. The ~~executive director~~ **OF THE**  
25 **DEPARTMENT** or his or her designee may issue subpoenas and  
26 administer oaths and affirmations to witnesses.

27 **SEC. 407A. BEGINNING JUNE 1, 2019, A PERSON SHALL NOT HOLD**

1 ITSELF OUT AS OPERATING A MARIHUANA FACILITY IF THE PERSON DOES NOT  
2 HOLD A LICENSE TO OPERATE THAT MARIHUANA FACILITY OR IF THE  
3 PERSON'S LICENSE TO OPERATE THAT MARIHUANA FACILITY IS SUSPENDED,  
4 REVOKED, LAPSED, OR VOID, OR WAS FRAUDULENTLY OBTAINED OR  
5 TRANSFERRED TO THE PERSON OTHER THAN PURSUANT TO SECTION 406. A  
6 PERSON THAT VIOLATES THIS SECTION IS GUILTY AS FOLLOWS:

7 (A) IN THE CASE OF A FIRST VIOLATION, A MISDEMEANOR PUNISHABLE  
8 BY A FINE OF NOT LESS THAN \$10,000.00 OR MORE THAN \$25,000.00 OR  
9 IMPRISONMENT OF NOT MORE THAN 93 DAYS, OR BOTH.

10 (B) IN THE CASE OF A SECOND OR SUBSEQUENT VIOLATION, A  
11 MISDEMEANOR PUNISHABLE BY A FINE OF NOT LESS THAN \$10,000.00 OR  
12 MORE THAN \$25,000.00 OR IMPRISONMENT OF NOT MORE THAN 1 YEAR, OR  
13 BOTH.

14 (C) IF THE VIOLATION CAUSES DEATH OR SERIOUS INJURY, A FELONY  
15 PUNISHABLE BY A FINE OF NOT LESS THAN \$10,000.00 OR MORE THAN  
16 \$25,000.00 OR IMPRISONMENT FOR NOT MORE THAN 4 YEARS, OR BOTH.

17 Sec. 409. A state operating license is a revocable privilege  
18 granted by this state and is not a property right. Granting a  
19 license does not create or vest any right, title, franchise, or  
20 other property interest. ~~Each license is exclusive to the licensee,~~  
21 ~~and a licensee or any other person must apply for and receive the~~  
22 ~~board's and municipality's approval before a license is~~  
23 ~~transferred, sold, or purchased.~~ A licensee or any other person  
24 shall not lease, pledge, or borrow or loan money against a license.  
25 ~~The attempted transfer, sale, or other conveyance of an interest in~~  
26 ~~a license without prior board approval is grounds for suspension or~~  
27 ~~revocation of the license or for other sanction considered~~

1 ~~appropriate by the board.~~

2       Sec. 702. The board shall submit with the annual report to the  
3 governor under section ~~302(k)~~**302 (l)** and to the chairs of the  
4 legislative committees that govern issues related to marihuana  
5 facilities a report covering the previous year. The report shall  
6 include an account of the board actions, its financial position,  
7 results of operation under this act, and any recommendations for  
8 legislation that the board considers advisable.

9       Enacting section 1. Section 404 of the medical marihuana  
10 facilities licensing act, 2016 PA 281, MCL 333.27404, is repealed.

11       Enacting section 2. This amendatory act takes effect January  
12 1, 2019.