

ELIGIBILITY FOR STATE OPERATING LICENSE

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House Bill 4295 as introduced
Sponsor: Rep. Julie Alexander
Committee: Regulatory Reform
Complete to 3-15-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4295 would amend the Medical Marijuana Facilities Licensing Act to allow issuance of a state operating license to an *applicant* whose spouse is a governmental employee, with certain exceptions. The bill would also replace references to the Medical Marijuana Licensing Board with those to the Marijuana Regulatory Agency created by Executive Reorganization Order No. 2019-2, which replaced the board.¹

Currently, the act defines *applicant* to mean a sole proprietor and his or her spouse, or the following individuals connected to other entities, that are applying for a state operating license:

- For a partnership and limited liability partnership—all partners and their spouses.
- For a privately or publicly held corporation—corporate officers or those with equivalent titles, directors, and stockholders, and any of their spouses.
- For a multilevel ownership enterprise—an entity or person receiving or having the right to receive more than 10% of the gross or net profit from the enterprise during any full or partial calendar or fiscal year, and any of their spouses.
- For a nonprofit corporation—an individual or entity with membership or shareholder rights, and any of their spouses.

A state operating license allows a licensee to operate as a grower, processor, secure transporter, provisioning center, or safety compliance facility in the commercial medical marijuana market. Currently, an applicant is not eligible for a license if he or she (or his or her spouse) holds an elective office of a governmental unit of this or any other state or of the federal government, is a member of or employed by a regulatory body of a governmental unit of this or any other state or of the federal government, or is employed by a governmental unit of this state. However, this disqualification does not apply if the applicant or spouse is an elected officer or employee of a federally recognized Indian tribe or is an elected precinct delegate.

Under the bill, an applicant whose spouse is a member or employee of a regulatory body of a governmental unit of this state, another state, or the federal government, or whose spouse is employed by a governmental unit of this state, would no longer be disqualified unless the spouse's position creates a conflict of interest or is within any of the following:

- The Marijuana Regulatory Agency.
- A regulatory body of a governmental unit in the state of Michigan, another state, or the federal government that makes decisions regarding medical marijuana.

¹ ERO 2019-2: <https://www.legislature.mi.gov/documents/mcl/pdf/mcl-E-R-O-No-2019-2.pdf>

An applicant would still be ineligible for a state operating license if he or she (or his or her spouse) holds an elective office of a governmental unit of this state, another state, or the federal government, other than as a precinct delegate or as an elected officer or employee of a federally recognized Indian tribe.

MCL 333.27402

BACKGROUND:

House Bill 4295 is a reintroduction of House Bill 5700 of the 2019-20 legislative session as that bill was passed by the House of Representatives in June of 2020.

FISCAL IMPACT:

House Bill 4295 would not have an appreciable fiscal impact on any unit of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.