



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 6330 (Substitute H-2 as reported without amendment)
House Bill 6331 (Substitute H-1 as reported without amendment)
House Bill 6380 (Substitute H-2 as reported without amendment)
Sponsor: Representative Dan Lauwers (H.B. 6330 & 6380)
Representative Steven Johnson (H.B. 6331)
House Committee: Agriculture
Senate Committee: Judiciary

CONTENT

House Bill 6330 (H-2) would amend the Industrial Hemp Research Act to do the following:

- Require the Department of Agriculture and Rural Development (MDARD) to establish, operate, and administer an industrial hemp licensing and registration program.
- Revise the definition of "industrial hemp".
- Prohibit a person from growing industrial hemp in the State unless he or she was registered as a grower.
- Require a person, other than a Michigan college or university that wished to grow industrial hemp in the State to submit to MDARD an application containing certain information and a \$100 registration fee.
- Prohibit a person from processing, handling, brokering, or marketing industrial hemp in the State unless the person was licensed as a processor-handler.
- Require a person, other than a Michigan college or university that wished to process, handle, broker, or market industrial hemp in the State to submit to MDARD an application containing certain information and a \$1,350 application fee.
- Require MDARD to approve or deny a registration or license application in a timely manner.
- Require MDARD to deny an application if it were incomplete, or under certain other circumstances.
- Specify that a grower or processor-handler would consent to inspections of its premises, collection by MDARD of samples of cannabis material, certain financial losses, and certain forfeitures of material.
- Require MDARD to suspend a registration or license if certain allegations were made concerning a registered grower or licensed processor-handler, and require the Department to notify the grower or processor-handler in writing if a registration or license had been suspended.
- Require MDARD to schedule a registration or license revocation hearing not more than 60 days after the date of a notification of registration or license suspension.
- Require a grower who intended to harvest or destroy an industrial hemp crop to submit a sample of the crop to a testing facility, which would have to measure the tetrahydrocannabinol concentration.
- Require a grower to submit a site modification form and a \$50 fee before implementing an alteration to a site listed on its registration.
- Impose certain administrative fines against a person who violated the Act or a promulgated rule.

- Rename the Industrial Hemp Research Fund as the "Industrial Hemp Research and Development Fund".
- Create the "Industrial Hemp Licensing and Registration Fund" within the State Treasury, and require the State Treasurer to direct investment of the Fund.
- Require MDARD to promulgate rules for implementing the Act.
- Prohibit a political subdivision of the State from adopting a rule, regulation, or ordinance to restrict or limit the Act's requirements.

House Bill 6331 (H-1) would amend the Public Health Code to revise the definitions of "marihuana" and "industrial hemp".

House Bill 6380 (H-2) would amend the Medical Marihuana Facilities Licensing Act to do the following:

- Require LARA, in consultation with the Medical Marihuana Licensing Board, to promulgate rules to establish standards, procedures, and requirements for the sale of industrial hemp from a provisioning center to a registered qualified patient, and require the rules to be promulgated by March 1, 2019.
- Exclude industrial hemp from the definition of "marihuana plant".
- Specify that the Act would not prohibit a processor from handling, processing, marketing, or brokering industrial hemp.
- Specify that the Act would not prohibit a safety compliance facility from taking or receiving industrial hemp for testing purposes, and testing the industrial hemp pursuant to the Industrial Hemp Research and Development Act.

House Bills 6331 (H-1) and 6380 (H-2) are tie-barred to House Bill 6330.

MCL 286.841 et al. (H.B. 6330)
 333.7106 (H.B. 6331)
 333.27102 et al. (H.B. 6380)

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

House Bill 6330 (H-2) would require MDARD to establish, operate, and administer an industrial hemp licensing and registration program at an estimated annual cost of \$500,000, which would include the funding of 3.0 FTE positions. Additional funds for travel costs also could be necessary at a cost that cannot be determined at this time.

The bill also would create the Industrial Hemp Licensing and Registration Fund within the State Treasury. The Fund could receive revenue from annual fees established under the bill, including a grower application fee of \$100 (including a potential late fee of \$250 or a site modification fee of \$50), a processor-handler license application of \$1,350 (including a potential late fee of \$250), and fine revenue from proposed fines for violations of the bill's provisions (or subsequent promulgated rule violations), which would include fines of \$100 to \$500 for a first violation, \$500 to \$1,000 for a second violation, and \$1,000 to \$2,000 for a third or subsequent violation. The Fund also could receive funds from any source. The MDARD would have to spend money from the Fund to establish, operate and enforce the licensing and regulations under the bill. Money in the Fund would have to remain in the Fund at the close of a fiscal year and would not lapse to the General fund.

While the MDARD predicts that there likely is a market for the growing and processing of industrial hemp in the State, it is not possible at this time to estimate how large this market may be, or how much revenue could be generated by the fees specified under the bill, which

would be designated to fund the MDARD's regulatory activities. To the extent that this potential revenue source fell short of fully funding those activities, General Fund money likely would be required to support any shortfall.

House Bill 6331 (H-1) would have no fiscal impact on State or local government.

House Bill 6380 (H-2) would have no fiscal impact on State or local government. The Department of Licensing and Regulatory Affairs would have to promulgate additional rules regarding industrial hemp, but this activity would be sufficiently funded by existing appropriations.

Date Completed: 12-6-18

Fiscal Analyst: Bruce Baker
Abbey Frazier
Elizabeth Raczkowski