

HOUSE BILL NO. 5491

February 13, 2020, Introduced by Rep. Iden and referred to the Committee on Judiciary.

A bill to amend 2018 IL 1, entitled
"Michigan Regulation and Taxation of Marihuana Act,"
by amending sections 3 and 8 (MCL 333.27953 and 333.27958) and by
adding section 9a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. As used in this act:
- 2 (a) "Cultivate" means to propagate, breed, grow, harvest, dry,
- 3 cure, or separate parts of the marihuana plant by manual or
- 4 mechanical means.



(b) "Department" means the department of licensing and regulatory affairs.

(c) "Industrial hemp" means a plant of the genus ~~cannabis~~ **Cannabis** and any part of that plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration ~~that does not exceed of~~ 0.3% **or less** on a dry-weight basis ~~—~~ or per volume or weight of marihuana-infused product, or **for which** the combined percent of delta-9-tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant, ~~of the genus cannabis~~ regardless of moisture content, **is 0.3% or less.**

(d) "Licensee" means a person holding a state license.

(e) "Marihuana" means all parts of the plant of the genus ~~cannabis~~, **Cannabis**, growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds or resin, including marihuana concentrate and marihuana-infused products. ~~For purposes of this act, marihuana~~ **Marihuana** does not include **any of the following:**

(i) ~~(1) the~~ **The** mature stalks of the plant, fiber produced from the **mature** stalks, oil or cake made from the seeds of the plant, **or** any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks. ~~, except the resin extracted from those stalks, fiber, oil, or cake, or any sterilized seed of the plant that is incapable of germination;~~

(ii) ~~(2) industrial~~ **Industrial** hemp. ~~;~~ ~~or~~

(iii) ~~(3) any~~ **Any** other ingredient combined with marihuana to prepare topical or oral administrations, food, drink, or other products.

(f) "Marihuana accessories" means any equipment, product,



1 material, or combination of equipment, products, or materials,
2 ~~which~~**that** is specifically designed for use in planting,
3 propagating, cultivating, growing, harvesting, manufacturing,
4 compounding, converting, producing, processing, preparing, testing,
5 analyzing, packaging, repackaging, storing, containing, ingesting,
6 inhaling, or otherwise introducing marihuana into the human body.

7 (g) "Marihuana concentrate" means the resin extracted from any
8 part of the plant of the genus ~~cannabis~~**Cannabis**.

9 (h) "Marihuana establishment" means a marihuana grower,
10 marihuana safety compliance facility, marihuana processor,
11 marihuana microbusiness, marihuana retailer, marihuana secure
12 transporter, or any other type of marihuana-related business
13 licensed by the ~~department~~**marijuana regulatory agency**.

14 (i) "Marihuana grower" means a person licensed to cultivate
15 marihuana and sell or otherwise transfer marihuana to marihuana
16 establishments.

17 (j) "Marihuana-infused product" means a topical formulation,
18 tincture, beverage, edible substance, or similar product containing
19 marihuana and other ingredients and that is intended for human
20 consumption.

21 (k) "Marihuana microbusiness" means a person licensed to
22 cultivate not more than 150 marihuana plants; process and package
23 marihuana; and sell or otherwise transfer marihuana to individuals
24 who are 21 years of age or older or to a marihuana safety
25 compliance facility, but not to other marihuana establishments.

26 (l) "Marihuana processor" means a person licensed to obtain
27 marihuana from marihuana establishments; process and package
28 marihuana; and sell or otherwise transfer marihuana to marihuana
29 establishments.



(m) "Marihuana retailer" means a person licensed to obtain marihuana from marihuana establishments and to sell or otherwise transfer marihuana to marihuana establishments and to individuals who are 21 years of age or older.

(n) "Marihuana secure transporter" means a person licensed to obtain marihuana from marihuana establishments in order to transport marihuana to marihuana establishments.

(o) "Marihuana safety compliance facility" means a person licensed to test marihuana, including certification for potency and the presence of contaminants.

(p) "Marijuana regulatory agency" means the marijuana regulatory agency created under Executive Reorganization Order No. 2019-2, MCL 333.27001.

(q) ~~(p)~~ "Municipal license" means a license issued by a municipality pursuant to section 16 ~~of this act~~ that allows a person to operate a marihuana establishment in that municipality.

(r) ~~(q)~~ "Municipality" means a city, village, or township.

(s) ~~(r)~~ "Person" means an individual, corporation, limited liability company, partnership of any type, trust, or other legal entity.

(t) ~~(s)~~ "Process" or ~~"Processing"~~ **"processing"** means to separate or otherwise prepare parts of the marihuana plant and to compound, blend, extract, infuse, or otherwise make or prepare marihuana concentrate or marihuana-infused products.

(u) ~~(t)~~ "State license" means a license issued by the ~~department~~ **marijuana regulatory agency** that allows a person to operate a marihuana establishment.

(v) ~~(u)~~ "Unreasonably impracticable" means that the measures necessary to comply with the rules or ordinances adopted pursuant



1 to this act subject licensees to unreasonable risk or require such
 2 a high investment of money, time, or any other resource or asset
 3 that a reasonably prudent businessperson would not operate the
 4 marihuana establishment.

5 Sec. 8. ~~(1) 1. The department~~ **marijuana regulatory agency**
 6 shall promulgate rules to implement and administer this act
 7 ~~pursuant to the administrative procedures act of 1969, 1969 PA 306,~~
 8 ~~MCL 24.201 to MCL 24.328, including:~~ **that include all of the**
 9 **following:**

10 (a) ~~procedures~~ **Procedures** for issuing a state license pursuant
 11 to section 9 ~~of this act~~ and for renewing, suspending, and revoking
 12 a state license. +

13 (b) ~~a~~ **A** schedule of fees in amounts not more than necessary to
 14 pay for implementation, administration, and enforcement costs of
 15 this act and that relate to the size of each licensee or the volume
 16 of business conducted by the licensee. +

17 (c) ~~qualifications~~ **Qualifications** for licensure that are
 18 directly and demonstrably related to the operation of a marihuana
 19 establishment. ~~, provided that~~ **However**, a prior conviction solely
 20 for a marihuana-related offense does not disqualify an individual
 21 or otherwise affect eligibility for licensure, unless the offense
 22 involved distribution of a controlled substance to a minor. +

23 (d) ~~requirements~~ **Requirements** and standards for safe
 24 cultivation, processing, and distribution of marihuana by marihuana
 25 establishments, including health standards to ensure the safe
 26 preparation of marihuana-infused products and prohibitions on
 27 pesticides that are not safe for use on marihuana. +

28 (e) ~~testing~~ **Testing**, packaging, and labeling standards,
 29 procedures, and requirements for marihuana, including ~~a~~ **all of the**



1 following:

2 (i) **A** maximum tetrahydrocannabinol level for marihuana-infused
3 products. ~~7-a~~

4 (ii) **A** requirement that a representative sample of marihuana be
5 tested by a marihuana safety compliance facility. ~~7-and-a~~

6 (iii) **A** requirement that the amount of marihuana or marihuana
7 concentrate contained within a marihuana-infused product be
8 specified on the product label. ~~7~~

9 (f) ~~security~~**Security** requirements, including lighting,
10 physical security, and alarm requirements, and requirements for
11 securely transporting marihuana between marihuana establishments. ~~7~~
12 ~~provided that such~~**The** requirements ~~do~~**described in this**
13 **subdivision must** not prohibit cultivation of marihuana outdoors or
14 in greenhouses. ~~7~~

15 (g) ~~record~~**Record** keeping requirements for marihuana
16 establishments and monitoring requirements to track the transfer of
17 marihuana by licensees. ~~7~~

18 (h) ~~requirements~~**Requirements** for the operation of marihuana
19 secure transporters to ensure that all marihuana establishments are
20 properly serviced. ~~7~~

21 (i) ~~reasonable~~**Reasonable** restrictions on advertising,
22 marketing, and display of marihuana and marihuana establishments. ~~7~~

23 (j) ~~a~~**A** plan to promote and encourage participation in the
24 marihuana industry by people from communities that have been
25 disproportionately impacted by marihuana prohibition and
26 enforcement and to positively impact those communities. ~~7-and~~

27 (k) ~~penalties~~**Penalties** for failure to comply with any rule
28 promulgated pursuant to this section or for any violation of this
29 act by a licensee, including civil fines and suspension,



1 revocation, or restriction of a state license.

2 (l) **Procedures and standards for approving an appointee to**
3 **operate a marihuana establishment under section 9a.**

4 (2) ~~2. In furtherance of the intent of this act, the~~
5 ~~department~~ **The marijuana regulatory agency** may promulgate rules to
6 **do any of the following:**

7 (a) ~~provide~~ **Provide** for the issuance of additional types or
8 classes of state licenses to operate marihuana-related businesses,
9 including licenses that authorize ~~only limited~~ **any of the**
10 **following:**

11 (i) **Limited** cultivation, processing, transportation, delivery,
12 storage, sale, or purchase of marihuana. ~~7 licenses that authorize~~
13 ~~the consumption~~

14 (ii) **Consumption** of marihuana within designated areas. ~~7~~
15 ~~licenses that authorize the consumption~~

16 (iii) **Consumption** of marihuana at special events in limited
17 areas and for a limited time. ~~7 licenses that authorize cultivation~~

18 (iv) **Cultivation** for purposes of propagation. ~~7 and licenses~~
19 ~~intended to facilitate~~

20 (v) **Facilitation of** scientific research or education. ~~7 or~~

21 (b) ~~regulate~~ **Regulate** the cultivation, processing,
22 distribution, and sale of industrial hemp.

23 (3) ~~3. The department may~~ **marijuana regulatory agency shall**
24 **not promulgate a rule that does any of the following:**

25 (a) ~~establishes~~ **Establishes** a limit on the number of any type
26 of state licenses that may be granted. ~~7~~

27 (b) ~~requires~~ **Requires** a customer to provide a marihuana
28 retailer with identifying information other than identification to
29 determine the customer's age or requires the marihuana retailer to



1 acquire or record personal information about customers other than
2 information typically required in a retail transaction. ~~+~~

3 (c) ~~prohibits~~ **Prohibits** a marihuana establishment from
4 operating at a shared location of a marihuana facility operating
5 pursuant to the medical marihuana facilities licensing act, 2016 PA
6 281, MCL 333.27101 to 333.27801, or prohibits a marihuana grower,
7 marihuana processor, or marihuana retailer from operating within a
8 single facility. ~~+~~ ~~or~~

9 (d) ~~is~~ **Is** unreasonably impracticable.

10 (4) A rule promulgated under this act must be promulgated
11 pursuant to the administrative procedures act of 1969, 1969 PA 306,
12 MCL 24.201 to 24.328.

13 Sec. 9a. (1) The marijuana regulatory agency may approve the
14 operation of a marihuana establishment by any of the following:

15 (a) A court-appointed personal representative, guardian, or
16 conservator of an individual who holds a state license or has an
17 interest in a person that holds a state license.

18 (b) A court-appointed receiver or trustee.

19 (2) If an individual approved to operate a marihuana
20 establishment under subsection (1) receives notice from the
21 marijuana regulatory agency that the marihuana establishment the
22 individual is operating is in violation of this act or the rules
23 promulgated under this act, the individual shall notify the court
24 that appointed the individual of the notice of violation within 2
25 days after receiving the notice of violation.

