CITY OF MT. MORRIS
PLANNING COMMISSION AGENDA

January 18, 2016
6:30 p.m.

1. **MEETING CALLED TO ORDER:** Vice Chairman Marc Middleton.

2. **APPROVAL OF MINUTES:** Approval of November 16, 2015 Minutes.

3. **COMMUNICATIONS:**
    a. None.

4. **PUBLIC COMMENT:**

5. **OLD BUSINESS:**
    a. None.

6. **NEW BUSINESS:**
    a. RESOLUTION 16-01PC: Set Meeting Dates for 2016.
    b. Discussion on Medical Marihuana Facilities.
    c. Discussion on Master Plan.

8. **PUBLIC COMMENT:**

9. **UPDATES:**

10. **PLANNING COMMISSION COMMENTS:**

11. **ADJOURNMENT:**

PLEASE BE COURTEOUS TO OTHERS
TURN OFF ALL CELL PHONES & OTHER DEVICES PRIOR TO THE MEETING.

CITY OF MT MORRIS
PLANNING COMMISSION
November 16, 2015

At **6:30 p.m.,** Chairman Marc Gauze called the Planning Commission Meeting to Order.

PRESENT: City Manager Elena Danishevskaya, Marc Gauze, Mayor Dan Lavelle, Marc Middleton, Mark Middleton, Dan Davis, and Lillian Bigelow.

ABSENT: Jeff Jenson, Cheryl Coleman.

OTHERS: City Clerk Kristina Somers, Treasurer Vicki Fishell.

APPROVAL OF MINUTES:

A motion was made by Lillian Bigelow seconded by Mark Middleton to approve the minutes of the regular meeting held on October 19, 2015 with amendments.

All Ayes.
Motion carried.

COMMUNICATIONS:

None.

PUBLIC COMMENT:

None.

OLD BUSINESS:

No old business.

NEW BUSINESS:

a. **PUBLIC HEARING:** Zoning Ordinance text amendments.

A motion was made by Mayor Dan Lavelle seconded by Commission member Marc Middleton to **open the public hearing at 6:35p.m.**

All Ayes.
Motion Carried.

Dorothy Lindsey - 423 Spruce – Asked why this public hearing was set.

Chairman Marc Gauze explained the reason for the public hearing was to discuss the Zoning Ordinance text amendments.

City Manager Elena Danishevskaya explained that the text amendments will help in working towards being a more business friendly city.

A motion was made by Mayor Dan Lavelle seconded by Commission member Mark Middleton to **close the public meeting closed at 6:41p.m.**

All Ayes
Motion Carried.

b. RESOLUTION 15-02PC: Approval of Zoning Ordinance text amendments.

A motion was made by Commission member Bigelow, and seconded by Commission member Mark Middleton to approve **RESOLUTION 15-02PC: Approval of Zoning Ordinance text amendments.**

____7____Ayes	____0____Nay	____2____Absent (Cheryl Coleman) (Jeff Jensen)

Motion Carried.

PUBLIC COMMENT:

None.

UPDATE:

City Manager Elena Danishevskaya let the Commission know about the free Website training class that she and the City Clerk Kristina attended. Explained how this class will help in making changes to the current website, and being able to post City events to the community.

PLANNING COMMISSION COMMENTS:

Dan Davis – Talked about the Small Cities meeting he attended, put on by Senator Phil Phelps. Two ideas were reviewed at the meeting, the new Medical Marihuana Regulations, and road funding. Commission member Dan Davis would like to see the Planning Commission be proactive with these topics and review them before going to Council.

Mayor Dan Lavelle – Reminded everyone of Unwrapped December, 5th. Wished everyone a Happy Thanksgiving. Gave the Medical Marihuana documents from the small city's meeting to City Clerk Kristina Somers to copy for each commission member to review.

Marc Middleton – Let everyone know that the First United Methodist Church is having a Harvest dinner on November 21, 2015 from 4:30 p.m.-6:30 p.m. with a cost of $5.00 per person. Asked that everyone please RSVP by November 17th. The United Methodist Church is also having a Craft show December 5th, from 9 a.m.-3 p.m. and 5 p.m.-8 p.m., and during Unwrapped, the church will host Santa and popcorn for the kids. On December 12th the church is hosting a cookies with Santa and candy walk from 9 a.m.-Noon.

Chairman Marc Gauze – Talked about the Genesee County Planning Form meeting City Manager Elena Danishevskaya and himself attended in Fenton last week. At the meeting they discussed the review of Master Plans, and marketing new business in the community.

Lillian Bigelow – Wished everyone a Happy Thanksgiving.

Mark Middleton – Commented on the Planning Commission putting in the next agenda the discussion and review of the Master Plan.

City Manager Elena Danishevskaya gave an overview of the Genesee County Planning Form that she attended with Chairman Marc Gauze last week. Found it interesting to see what other communities are doing to get new business, and residents. Looking forward to contacting a few people she met with more information.

Treasurer Vicki Fishell – Asked the Commission if they are planning on meeting in the month of December. After discussion the Commission agreed to meet again in January 2016.

City Clerk Kristina Somers – Let the Planning Commission know that she will get all the information together for the Medical Marihuana Regulations, and send to Planning Commission members for review before the next meeting.

ADJOURNMENT:

With no further business, the meeting was adjourned at **6:54 p.m.**

Lillian Bigelow, Secretary

Kristina Somers, City Clerk

CITY OF MT. MORRIS

RESOLUTION 16-01A

WHEREAS: Public Act No. 267 of 1976, Michigan's Open Meeting Act, requires that within ten (10) days of the first meeting of a public body in each calendar year the body must publicly post a list stating the dates, times and places of all it's regular meetings.

NOW THEREFORE BE IT RESOLVED:

That the Planning Commission of the City of Mt.Morris will meet for regularly scheduled Planning meetings on the third (3rd) Monday of each month at 6:30 p.m. in the City Council Chambers, 11649 N. Saginaw Street, Mt. Morris, unless that day conflicts with a holiday.

Specifically the meeting dates in 2016 shall be:

Monday	January 18
Monday	February 15
Monday	March 21
Monday	April 18
Monday	May 16
Monday	June 20
Monday	July 18*
Monday	August 15*
Monday	September 19
Monday	October 17
Monday	November 21
Monday	December 19*

*Planning Commission will meet only if needed

Moved by Planning Commission member _____ seconded by Planning Commission member _____ and thereafter adopted at a regular meeting held Monday, January 18, 2016 at 6:30 p.m.

_____Yeas _____Nays _____Absent

_____ _____

_____, Secretary Kristina Somers, City Clerk

Legislative Analysis

Phone: (517) 373-8080
http://www.house.mi.gov/hfa

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

MEDICAL MARIHUANA FACILITIES ACT AND MARIHUANA TRACKING ACT

House Bill 4209 (Proposed Substitute H-2)
Sponsor: Rep. Mike Callton, D.C.

House Bill 4827 as introduced
Sponsor: Rep. Klint Kesto

Committee: Judiciary
Complete to 9-21-15

SUMMARY:

House Bill 4209 (Proposed Substitute H-2) creates the Medical Marihuana Facilities Licensing Act to establish a licensing and regulation framework for medical marihuana growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The regulatory framework created by the bill for marihuana draws on elements of the regulatory structure in place for alcohol under the Michigan Liquor Control Code and gaming under the Michigan Gaming Control and Revenue Act.

House Bill 4827 creates the Marihuana Tracking Act to require the establishment of a system to track marihuana grown, processed, transferred, stored, or disposed of under the Medical Marihuana Facilities Licensing Act (House Bill 4209)

In their current form, the two bills are tie-barred, meaning neither could take effect unless both are enacted.

BRIEF SUMMARY OF HB 4209:

The bill, as proposed, would take effect 90 days after enactment and is tie-barred to the Marihuana Tracking Act (House Bill 4827). A brief summary of significant provisions of Substitute H-2 of House Bill 4209 follows:

- A state operating license, renewed annually, would be required to operate as a grower, processor, provisioning center, secure transporter, or safety compliance facility. The application process for licensure requires written approval by the municipality (city, township, or village) in which the marihuana facility is to be located.

- A municipality could enact an ordinance to authorize, and limit the number of, one or more types of marihuana facilities within its boundaries; charge an annual local licensing fee; and enact other ordinances related to marihuana facilities such as zoning ordinances.

- The Medical Marihuana Licensing Board would be created within the Department of Licensing and Regulatory Affairs (LARA). The Board would have general responsibility for implementing the act and all powers necessary and proper to fully and effectively implement and administer the act.

- Licensees, registered qualifying patients, and registered primary caregivers (hereinafter "patient" and "caregiver") would receive specified protection from criminal or civil prosecutions or sanctions ***if*** they were in compliance with the act.

- A tax rate of 8 percent of the purchase price would be imposed on the gross retail income of each provisioning center.

- An annual regulatory assessment would be imposed on licensees to pay for medical-marihuana-related services or expenses of certain state agencies.

- Two new funds would be created to receive revenue from taxes, application fees, annual regulatory assessments, fines, and other charges.

- Licensees would have to file annual financial statements, prepared by a CPA, of their total operations.

- A Marihuana Advisory Panel would be created within LARA to make recommendations concerning rules and the administration of the act.

BRIEF SUMMARY OF HOUSE BILL 4827:

Briefly, the bill would:

- Require the system to track, among other things, lot and batch information throughout the chain of custody; all sales and refunds; plant, batch, and product destruction; inventory discrepancies; loss, theft, or diversion of products containing marihuana; and adverse patient responses.
- Require the system to track patient purchase limits and flag purchases in excess of authorized limits.
- Provide real-time access to the system to local law enforcement agencies, state agencies, and the Department of Licensing and Regulatory Affairs (LARA).
- Require operation of the system to comply with HIPAA and exempt information in the system from disclosure under FOIA.
- Require licensees under the proposed Medical Marihuana Facilities Licensing Act (House Bill 4209) to supply LARA with tracking or testing information regarding each plant, product, package, batch, test, sale, or recall in or from the licensee's possession or control. A provisioning center would have to include information identifying the patient or primary caregiver to whom the sale was made.
- Create penalties for a licensee who willfully fails to comply with the reporting requirements: a civil infraction for a first offense and a misdemeanor penalty for a second or subsequent offense.

DETAILED SUMMARY OF HB 4209

Legislative Findings/Emergency Rules

The Legislature finds that the necessity for access to safe sources of marihuana for medical use and the immediate need for growers, processors, secure transporters, provisioning centers, and safety compliance facilities to operate under clear requirements establish the need to promulgate emergency rules to preserve the public health, safety, or welfare.

[The emergency rule process, governed under MCL 24.248, eliminates some of the procedures (e.g., certain notice and participation procedures) and thus is much shorter than the traditional process. The emergency rule is effective on filing and remains in effect until a date fixed in the rule or six months after the date of its filing, whichever is earlier. The rule may be extended once for not more than six months.]

Part 1. General Provisions

"Grower" would mean a licensee that is a commercial grower entity located in the state that cultivates, dries, trims, or cures and packages marihuana for sale to a processor or provisioning center.

"Marihuana" includes all of the following that are grown, processed, or sold for medical use as described in the Michigan Medical Marihuana Act:

- All parts of the plant *Cannabis sativa* L., its seeds or seedlings, and the resin extracted from any part of it.
- Every compound, manufacture, salt, derivative, mixture, or preparation of *Cannabis sativa* L. or its seeds or resin.

"Person" means an individual, corporation, limited liability company, partnership, limited partnership, limited liability partnership, limited liability limited partnership, trust, or other legal entity.

"Processor" means a licensee that is a commercial facility located in the state that purchases marihuana from a grower and that extracts resin from the marihuana or creates a marihuana-infused product for sale and transfer in packaged form to a provisioning center.

"Marihuana-infused product" means a topical formulation, tincture, beverage, edible substance, or similar product containing marihuana that is intended for human consumption in a manner other than smoke inhalation.

"Provisioning center" means a licensee that is a commercial entity located in the state that purchases marihuana from a grower or processor and sells, supplies, or provides marihuana to patients, directly or through the patient's caregiver. The term includes any commercial property where marihuana is sold at retail to patients or caregivers. A noncommercial location used by a caregiver to assist a patient connected to the caregiver through LARA's marihuana registration process in accordance with the Michigan Medical Marihuana Act is not a provisioning center.

"Safety compliance center" is a licensee that is a commercial entity that receives marihuana from a marihuana facility, tests it for contaminants and for tetrahydrocannabinol and other cannabinoids, and returns it to the marihuana facility or a registered qualifying patient or registered primary caregiver with the test results.

"Secure transporter" means a licensee that is a commercial entity located in the state that stores, transfers, and transports marihuana between separate marihuana facilities for a fee.

"State operating license" or "license" means a license issued under the act that, except for mobile secure transporter licensees, allows the licensee to operate at a single site as one of the following: a grower, processor, secure transporter, provisioning center, or safety compliance facility.

Part 2. Application of Other Laws

Licensees: In general, when engaging in certain protected activities, *a person granted a state operating license who is operating within the scope of the license, and the licensee's agents,* are not subject to criminal penalties regulating marihuana; state or local criminal or civil prosecution for marihuana-related offenses; certain searches or inspections; seizure of marihuana, real or personal property, or anything of value based on a marihuana-related offense; or license or other sanctions by a business, occupational, or professional licensing board or bureau based on a marihuana-related offense.

Protected activities include growing marihuana; purchasing, receiving, selling, transporting, or transferring marihuana from or to a licensee or its agent, a patient, or a caregiver; possessing, processing, or transporting marihuana; possessing or manufacturing marihuana paraphernalia for medical use; testing, infusing, extracting, altering, transferring, or studying marihuana; and receiving or providing compensation for products or services.

A person who owns or leases real property upon which a licensed facility is located, and who had no knowledge that the licensee violated the act, would be protected from certain marihuana-related criminal penalties, state or local civil or criminal prosecution based on a marihuana-related offense, seizure of real or person property based on a marihuana-related offense, and sanctions by a business or occupational or professional licensing board or bureau.

Any other state law that is inconsistent with the act would not apply to a marihuana facility operating in compliance with the act.

Patients and caregivers: A patient or caregiver would not be subject to criminal prosecution or sanctions for purchases of marihuana from a provisioning center *if* the quantity purchased is within the limits established under the Michigan Medical Marihuana Act (MMMA).

Further, the act would not limit the medical purpose defense provided in Section 8 of the MMMA to any prosecution involving marihuana.

Municipalities: A municipality could enact ordinances to authorize one or more types of marihuana facilities within its boundaries and could also limit the number of each type of facility. A facility could not be licensed unless an authorizing ordinance has been adopted.

The ordinance could establish an annual, nonrefundable licensing fee of not more than $1,000 to defray administrative and enforcement costs associated with the operation of a marihuana facility. Other ordinances relating to facilities, including zoning restrictions, could also be adopted. However, regulations that interfere or conflict with uniform statewide regulation of licensees could not be imposed.

Municipalities adopting authorizing ordinances must approve each applicant for a new state operating license before the Medical Marihuana Licensing Board can consider the application. Information obtained by the municipality from an applicant for this purpose would be exempt from disclosure under the Freedom of Information Act.

Rules: LARA, in consultation with the Board, is required to promulgate rules and emergency rules as necessary to implement, administer, and enforce the act. The rules must ensure the safety, security, and integrity of the operation of marihuana facilities and must include, among other things, rules to set appropriate standards for facilities; minimum levels of insurance for licensees; establish testing standards; provide for the levy and collection of fines for violations of the act or rules; establish chain of custody standards and standards for waste disposal; establish procedures for securely and safely transporting marihuana between marihuana facilities; and establish labeling and packaging standards, procedures, and requirements for marihuana sold or transferred through provisioning centers (including a prohibition on labeling or packaging intended to appeal to or has the effect of appealing to minors), and marketing and advertising restrictions for marihuana products and facilities. The rules must also establish daily purchasing limits at provisioning centers for patients and caregivers to ensure compliance with the Michigan Medical Marihuana Act.

Part 3. Medical Marihuana Licensing Board

The Medical Marihuana Licensing Board is created within LARA and consists of five members who are residents of the state, appointed by the governor, not more than three of whom could be members of the same political party. One member must be appointed from a list of three nominees submitted by the Senate Majority Leader and one from three nominees submitted by the Speaker of the House. The chairperson would be appointed by the governor. Other than initial appointees, board members would serve for four years. Members would be reimbursed for all actual and necessary expenses and disbursements incurred in carrying out official duties. Board members could not hold any other public office for which they received compensation other than necessary travel or other incidental expenses.

The bill establishes qualifications and disqualifications for appointment, grants the governor authority to remove a member for neglect of duty or other just causes, requires the employment of an executive director and other personnel as necessary to assist the Board, and lists circumstances that would disqualify persons from appointment or employment and other restrictions on and responsibilities for Board members, the

executive director, and employees similar to those in place for corresponding positions under the Michigan Gaming Control and Revenue Act. For example, the Board could not employ an individual if the individual's interest in a licensee or marihuana facility constituted a controlling interest in that licensee or facility.

The board has the power and duties specified in the act and all other powers necessary and proper to fully and effectively implement and administer the act for the purpose of licensing, regulating, and enforcing the act's licensing and regulation system for marihuana growth, processing, testing, and transporting. It is subject to the Administrative Procedures Act and its duties include, but are not limited to, the following:

- Granting or denying applications for a state operating license within a reasonable time.
- Conducting public meetings in accordance with the Open Meetings Act.
- Implementing, in conjunction with LARA, the assessment and collection of all license and registration fees, assessments, and taxes imposed by the act and rules.
- Providing for the levy and collection of fines for violations of the act or rules.
- Providing oversight of a marihuana facility through the Board's inspectors, agents, and auditors and through the state police or attorney general for the purpose of certifying the revenue, receiving complaints from the public, or conducting investigations into the operation of a marihuana facility as considered necessary and proper to ensure compliance with the act and rules and to protect and promote the overall safety, security, and integrity of the operation of a marihuana facility.
- Reviewing and ruling on any complaint by a licensee regarding any investigative procedures of the state believed to be unnecessarily disruptive of marihuana facility operations. In order to prevail, a licensee must establish by a preponderance of the evidence that the procedures unreasonably disrupted its marihuana facility operations.
- Reviewing the patterns of marihuana transfers by licensees and making recommendations to the governor and the Legislature in a written annual report.

With some exceptions, all information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the Board are subject to the Freedom of Information Act. For example, information in the statewide database of marihuana transactions would not be subject to FOIA, neither would information used by the Board for background investigations of applicants or licensees.

The Board also has the authority to investigate applicants for state operating licenses, determine license eligibility, and grant licenses, as well as investigate employees of licensees. The Board may seek and must receive the cooperation and assistance of the Department of State Police and Department of Attorney General in conducting background investigations of applicants and in fulfilling its responsibilities. It may investigate alleged violations of the act or rules and take appropriate disciplinary action against licensees. Under certain circumstances, and without a warrant or notice, the Board through its investigators, auditors, or state police may enter the premises of a licensee for specified purposes such as inspection and examination of the premises and inspect, examine, and audit relevant records and impound or seize records, etc., if the licensee fails to cooperate.

The Board is also authorized to conduct investigative and contested case hearings; issue subpoenas for the attendance of witnesses as well as for the production of books, ledgers, records and other pertinent documents; and administer oaths and affirmations. The executive director or his or her designee could also issue subpoenas and administer oaths and affirmations.

Certain conduct by Board members, employees, and licensees and applicants are prohibited, such as offering or taking bribes; a violation could result in expulsion from the board, termination from employment, or license sanctions as applicable.

Part 4. Licensing

A person may apply to the Board for a state operating license beginning 180 days after the bill's effective date. The application must be made under oath on a form provided by the Board and contain information as specified in the bill. Required information includes a description of the type of marihuana facility, written approval of the facility location from the municipality, certain criminal history information pertaining to the applicant, financial information, projected or actual gross receipts, and the identity of every person having a greater than one percent direct or indirect ownership interest in the applicant, among other things. The board would be required to use information provided on the application as a basis to conduct a thorough background investigation on the applicant.

The application must be accompanied by a nonrefundable application fee to defray costs associated with the background investigation conducted by the Board. LARA, in consultation with the Board, must set the amount of the application fee for each category and class of license by rule. If the costs of the investigation and processing the application exceed the application fee, the applicant must pay the additional amount to the Board. If a deficiency in an application is identified, the Board must provide the applicant with a reasonable period of time to correct the deficiency.

If the Board determines the applicant is qualified, it must issue a license to an applicant who submits a complete application and pays both the nonrefundable application fee and the regulatory assessment established for the first year of operation. The bill lists numerous disqualifying circumstances, such as a conviction within the past five years of a misdemeanor or a similar local ordinance involving a controlled substance, theft, dishonesty, or fraud.

The bill also lists circumstances and factors that the Board may consider in determining an applicant's eligibility for licensure, such as moral character and reputation, relevant criminal history, or bankruptcy filings within the past seven years.

An applicant must also submit a passport quality photograph and set of fingerprints for each person having a greater than one percent ownership interest in the facility or who is an officer, director, or managerial employee of the applicant.

Licenses would be valid for one year. If a licensee ceased business operations for 60 consecutive days, the licensee must return the license to the Board. If the licensee demonstrates good cause and all required fees are paid, the Board may place the license in

escrow for up to three years. The licensee could remove the license from escrow by submitting a written request to the Board and any other information required by rule.

Licensees must consent in writing to inspections, examinations, searches, and seizures that are permitted under the act and must provide a sample of handwriting, fingerprints, photographs, and information as authorized in the act or by rules.

A state operating license is issued only in the name of the true party of interest, and, except for mobile secure transporter licensees, allows the licensee to operate at a single site as a grower, processor, secure transporter, provisioning center, or safety compliance facility. Board approval must be obtained before a license is transferred, sold, or purchased.

License renewal. State operating licenses would be renewed annually upon payment of the regulatory assessment and providing the Board with an annual report with information required by rules. In its renewal decision, the Board must consider any specific written input it receives from an individual or entity within the local unit of government in which the facility is located.

License sanctions. Failure to transfer, sell, or otherwise convey an interest of more than one percent in a license without Board approval is grounds for suspension or revocation of the license, or any other sanction considered appropriate by the Board.

An applicant or licensee who fails to comply with the act or rules, no longer meets the eligibility requirements for a license, or fails to provide information as requested by the Board to assist in any investigation, inquiry, or Board hearing, then the board may suspend, deny, revoke, or restrict a license.

The Board may suspend, revoke, or restrict a license and require the removal of a licensee or an employee for a violation of the act, rules, or any local ordinance.

Each violation of the act, rules, or an order of the Board may result in the imposition of civil fines up to $5,000 against an individual and up to $10,000 or an amount equal to the daily gross receipts, whichever is greater, against a licensee.

The Board must comply with the Administrative Procedures Act when imposing a license sanction, fine, or penalty. A license could be suspended without notice or hearing if the safety or health of patrons or employees is jeopardized by continuing a marihuana facility's operation. If a license is suspended without notice or hearing, a prompt postsuspension hearing must be held to determine if the suspension should remain in effect. If the licensee does not make satisfactory progress toward abating the hazard, the Board may revoke the license or approve a transfer or sale of the license. In addition, the bill provides for hearings, upon request, for license denials and for any party aggrieved by an action of the Board imposing a license sanction or fine or failing to renew a license.

Employees: A licensee must conduct a background check of a prospective employee before the person is hired. Written permission must be obtained from the Board before hiring a person who has a pending charge or conviction within the past five years for a controlled substance-related felony.

(Note: The bill does not specify if this would be a fingerprint or name-based background check. If a name-based check through ICHAT, the state's Internet Criminal History Access Tool, only the public criminal history record information maintained by the Michigan State Police would be accessible. Not included would be federal, tribal, traffic, or juvenile records; local misdemeanors; and criminal history from other states.)

Part 5. Licensees

The license categories are as follows:

Grower License: The license authorizes the grower to grow not more than the following number of plants under the indicated license class:

- Class A–500 plants.
- Class B–1,000 plants.
- Class C–1,500 plants.

A grower license authorizes sales of marihuana seeds or seedlings only to a grower by means of a secure transporter and purchase of marihuana seeds or seedlings only from a grower, patient, or caregiver. The sale of marihuana, other than seeds or seedlings, can be made only to a processor or provisioning center. Other than transferring marihuana to and from a safety compliance facility for testing or to or from a processor or provisioning center located within the same marihuana facility, a grower could only transfer marihuana by means of secure transporter.

The license applicant and each investor in the grower could not have a greater than 10 percent interest in a secure transporter or a safety compliance facility. In addition, a grower would have to comply with the following requirements:

- Until December 31, 2021, have, or have as an active employee an individual who has, a minimum of two years' experience as a registered primary caregiver.
- While holding a license as a grower, not be a registered primary caregiver and not employ an individual who is simultaneously a registered primary caregiver.
- Enter each transfer of marihuana into the state's database for marihuana tracking, as provided in the Marihuana Tracking Act (House Bill 4827).

Processor License: The license authorizes purchase of marihuana only from a grower and sale of processed marihuana or marihuana-infused products only to a provisioning center. Other than transferring marihuana to and from a safety compliance facility for testing or to or from a grower or provisioning center located within the same marihuana facility, a processor could only transfer marihuana by means of secure transporter.

The applicant for a processor license and each investor in the processor could not have a greater than 10 percent interest in a secure transporter or a safety compliance facility. In addition, a processor would have to comply with the following requirements:

- Until December 31, 2021, have, or have as an active employee an individual who has, a minimum of two years' experience as a registered primary caregiver.

- While holding a license as a processor, not be a registered primary caregiver and not employ an individual who is simultaneously a registered primary caregiver.
- Enter each transfer of marihuana into the state's database for marihuana tracking, as provided in the Marihuana Tracking Act (House Bill 4827).

Secure Transporter License: The license authorizes the licensee to store and transport marihuana and money associated with the purchase or sale of marihuana between separate marihuana facilities for a fee upon request of a person with legal custody of that marihuana or money.

The applicant for a secure transporter license and each investor with a greater than 10 percent interest in the secure transporter could not have a greater than 10 percent interest in a grower, processor, provisioning center, or a safety compliance facility. Each transfer of marihuana must be entered into the state's database for marihuana tracking, as provided in the Marihuana Tracking Act.

Provisioning Center License: The license authorizes the purchase and transfer of marihuana only from a grower or processor, and sale and transfer to only a registered qualifying patient or registered primary caregiver. All transfers of marihuana to a provisioning center from a separate marihuana facility must be by means of a secure transporter. The license also authorizes the transfer of marihuana to or from a safety compliance facility for testing.

To be eligible for a provisioning center license, an applicant and each investor in the provisioning center could not have more than a 10 percent interest in a secure transporter or safety compliance facility. Further, a provisioning center would have to comply with the following requirements:

- Sell or transfer marihuana to a patient or caregiver only after it has been tested and bears the label required for retail sale.
- Enter each transfer of marihuana into the state's database for marihuana tracking as provided in the Marihuana Tracking Act (proposed by House Bill 4827).

In addition, the bill prohibits alcoholic beverages from being sold or distributed on the premises of a provisioning center.

Safety Compliance Facility License: The license authorizes the facility to receive, test, and return marihuana. The facility must be accredited by an entity approved by the Board by one year after the date the license is issued. The Board may grant a variance from this requirement upon a finding that the variance is necessary to protect and preserve the public health, safety, or welfare.

To be eligible for a safety compliance facility license, the applicant and each investor with a greater than 10 percent interest in the safety compliance facility, could not have a greater than 10 percent interest in a grower, secure transporter, processor, or provisioning center.

A safety compliance facility would have to comply with the following requirements:

- Perform tests to certify that marihuana is reasonably free of chemical residues such as fungicides and insecticides.
- Use validated test methods to determine levels of tetrahydrocannabinol, tetrahydrocannabinol acid, cannabidiol, and cannabidiol acid.
- Perform tests that determine whether the marihuana complies with the standards established by LARA for microbial and mycotoxin contents.
- Perform other tests necessary to determine compliance with any other good manufacturing practices as prescribed in rules.
- Enter each transfer of marihuana into the state's database for marihuana tracking under the Marihuana Tracking Act, along with test results.

Part 6. Taxes and Fees

A tax would be imposed on each provisioning center at the rate of 8 percent of the provisioning center's gross retail income. Taxes imposed under this provision would be administered by the Department of Treasury and in case of conflict with the Revenue Act (Public Act 122 of 1941), the provisions of the Medical Marihuana Facilities Licensing Act would prevail.

Medical Marihuana Regulatory Fund: The fund would be created in the state treasury. Except for the license application fee, the annual regulatory assessment, and any local licensing fee, all money collected under the 8 percent tax described above and all other fees, fines, and charges imposed under the act must be deposited in the Fund.

All interest and earnings from Fund investments would be credited to the Fund and money remaining in the Fund at the close of a fiscal year must remain in the Fund and not lapse to the General Fund. The state treasurer would be the administrator of the Fund for auditing purposes.

Money in the Fund would be allocated, upon appropriation, as follows:

- 27.5 percent to the municipalities in which a marihuana facility is located, allocated in proportion to the number of marihuana facilities within the municipality.
- 27.5 percent to the counties in which a marihuana facility is located, allocated in proportion to the number of marihuana facilities within the county.
- 5 percent to the sheriffs of the counties in which a marihuana facility is located, allocated in proportion to the number of marihuana facilities within the county. Money allocated under this subdivision must be used exclusively to support the county sheriffs.
- 40 percent to the state to be deposited in the state General Fund.

Regulatory Assessment: An annual regulatory assessment on licensees would pay for all regulatory and enforcement costs, medical-marihuana-related legal services provided by the attorney general, medical-marihuana-related expenses of services provided by the Department of Health and Human Services, the expenses of licensing substance abuse facilities incurred by LARA, and medical-marihuana-related expenses of the Department of State Police. The assessment is in addition to taxes, application fees, and local licensing fees.

For the first year in which marihuana facilities are licensed, the total annual assessment would be $13 million. LARA must adjust the assessment amount yearly to produce the revenue required under this provision from growers, processors, secure transporters, and provisioning centers. On or before the date a licensee begins operations and on that date annually thereafter, each grower, processor, secure transporter, and provisioning center licensee (but not safety compliance facility) must pay the amount determined by LARA to produce a share of the total assessment from the four categories of licensees.

Marihuana Facilities Regulatory Restricted Fund. Revenue collected under the annual regulatory assessment and the license application fee must be deposited in the MFRRF. From the amount collected from the annual regulatory assessment, a minimum of 5 percent must be allocated to the Department of Health and Human Services for marihuana-related expenditures such as substance use disorder services, prevention, education, and treatment programs. A minimum of $500,000 must be allocated to LARA for licensing substance abuse facilities.

The MFRRF would also be created in the state treasury, with the state treasurer as the administrator for auditing purposes. Fund interest and earnings from investments would be credited to the MFRRF and money in the Fund at the close of the fiscal year would remain in the Fund and not lapse to the General Fund. Money from the MFRRF would be expended upon appropriation, and only for implementing, administering, and enforcing the act.

FY 2016 Appropriation. The bill requires an appropriation to LARA from the Marihuana Facilities Regulatory Restricted Find for the fiscal year ending September 30, 2016, of $8.5 million for funding LARA's and the Board's operations in implementing, administering, and enforcing the act.

Part 7. Reports

By 30 days after the end of each state fiscal year, each licensee must transmit to the Board and to the municipality compiled financial statements of the licensee's total operations. The financial statements must be compiled by a state-licensed certified public accountant (CPA) in a manner and form prescribed by the Board. The licensee would bear the cost of compensation for the CPA.

The Board must submit a report to the governor and the chairs of the legislative committees that govern issues related to marihuana facilities covering the previous year and include an account of the Board actions, its financial position, results of operation under the act, and any recommendations for legislation that the Board considers advisable. This report must be included as part of an annual report that must be prepared for the governor and legislature and submitted by April 15 of each year. This annual report would include recommendations by the Board, a statement of receipts and disbursements by the Board, actions taken by the Board, and any additional information and recommendations that the Board considers appropriate or that the governor requests.

Part 8. Marihuana Advisory Panel

The Marihuana Advisory Panel would be created within LARA. The 14-member panel would include the director of the Department of State Police, director of the Department of Health and Human Services, director of LARA, the attorney general, and the director of the Michigan Department of Agriculture and Rural Development, or their designees. The rest of the membership would be appointed by the governor as follows:

- One registered medical marihuana patient or medical marihuana primary caregiver.
- One representative of growers.
- One representative of provisioning centers.
- One representative of safety compliance centers.
- One representative of townships.
- One representative of cities and villages.
- One representative of counties.
- One representative of local law enforcement agencies.
- One state-licensed physician.

The bill would establish the process for appointments and filling vacancies, and how often the panel would meet. Business would be conducted at a public meeting in compliance with the Open Meetings Act. Writings prepared, owned, used, in the possession of, or retained by the panel in the performance of official duties would be subject to the Freedom of Information Act. Panel members would serve without compensation but could be reimbursed for actual and necessary expenses.

The panel would make recommendations to the Board concerning promulgation of rules, and as requested by the Board or LARA, administration of the new act. State departments and agencies must cooperate with the panel and upon request, provide it with meeting space and other resources to assist it in the performance of its duties.

DETAILED SUMMARY OF HB 4827

House Bill 4827 requires the Department of Licensing and Regulatory Affairs (LARA) to establish, maintain, and utilize a system to track marihuana that is grown, processed, transferred, stored, or disposed of under the Medical Marihuana Facilities Licensing Act (House Bill 4209). This could be accomplished either directly or by contract. The system would be operated in compliance with the federal Health Insurance Portability and Accountability Act (HIPAA).

"Marihuana" is defined to include all of the following that are grown, processed, or sold for medical use as described in the Michigan Medical Marihuana Act and the Medical Marihuana Facilities Licensing Act (House Bill 4209):

- All parts of the plant *Cannabis sativa* L.
- The seeds or seedlings, or the resin extracted from any part, of *Cannabis sativa* L.
- Every compound, manufacture, salt, derivative, mixture, or preparation of *Cannabis sativa* L. or its seeds or resin.

System Platform

The bill requires the system to be hosted on a platform that allows dynamic allocation of resources, data redundancy, and recovery from a natural disaster within hours.

System Capabilities

All of the following capabilities would be required:

- Tracking all plants, products, packages, patient and primary caregiver purchase totals, waste, transfers, conversions, sales, and returns that, if practicable, are linked to unique ID numbers.
- Tracking lot and batch information, as well as all products, conversions, and derivatives, throughout the entire chain of custody.
- Tracking plant, batch, and product destruction.
- Tracking transportation of product.
- Performing complete batch recall tracking that clearly identifies certain details specified in the bill relating to the specific batch subject to the recall; e.g., sold product, product available for sale, and product being processed into another form.
- Reporting and tracking loss, theft, or diversion of products containing marihuana; all inventory discrepancies; adverse patient responses or dose-related efficacy issues; and all sales and refunds.
- Tracking patient purchase limits and flagging purchases in excess of authorized limits.
- Receiving electronically submitted information required to be reported under the bill.
- Receiving testing results electronically from a safety compliance facility via a secured application program interface into the system and directly linking the testing results to each applicable source batch and sample.
- Flagging test results having characteristics indicating that they may have been altered.
- Providing information to cross-check that product sales are made to a qualified patient or designated primary caregiver and that the product received the required testing.
- Providing real-time access to information in the database to LARA, local law enforcement agencies, and state agencies.
- Providing LARA with real-time analytics regarding key performance indicators such as total daily sales, total plants in production, total plants destroyed, and total inventory adjustments.

Supplying Information to the System

Persons licensed under the Medical Marihuana Facilities Licensing Act (House Bill 4209) would be required to supply LARA with the relevant tracking or testing information in the form required by the department regarding each plant, product, package, batch, test, transfer, conversion, sale, recall, or disposition of marihuana in or from the person's possession or control. A provisioning center would be required to include information identifying the patient to whom or for whom the sale was made and, if applicable, the primary caregiver to whom the sale was made. LARA could require this information to be submitted electronically.

Penalties

A person (licensee under the Medical Marihuana Facilities Licensing Act) who willfully violates the reporting requirements described above would be responsible for a state civil infraction and could be ordered to pay a civil fine of not more than $1,000.

A second or subsequent willful violation would be a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $2,500, or both.

Confidentiality

The information in the system established by LARA would be confidential and not subject to disclosure under the Freedom of Information Act. However, information could be disclosed in order to enforce the Michigan Medical Marihuana Act and the Medical Marihuana Facilities Licensing Act (House Bill 4209).

The bill would take effect 90 days after enactment and is tie-barred to House Bill 4209 (Medical Marihuana Facilities Licensing Act).

FISCAL IMPACT:

House Bill 4209 would have a fiscal impact on the state government to the extent that the bill would establish a regulatory regime for the medical marihuana market implemented, administered, and enforced by LARA (with support from the Departments of Attorney General, Health and Human Services, and State Police) and would authorize LARA to prescribe and impose licensure application fees, regulatory assessments, and fines and penalties. The bill would also have a fiscal impact on local units of government to the extent that municipalities opt to permit marihuana facilities to operate within their jurisdiction, establish and enforce additional regulatory provisions, and levy initial licensure application fees. Lastly, the bill could have a fiscal impact on the state and local units of government to the extent that the excise tax on marihuana purchased by provisioning centers generates revenue that would be distributed to municipalities, counties, sheriffs, and the state's General Fund.

The bill would grant LARA the authority to prescribe annual licensure application fees for, and charge amounts in excess of the fees to, (aspirant) marihuana facilities to offset the costs of processing applications and investigating applicants for state operating licenses.

Similarly, the bill would authorize LARA to adjust the annual regulatory assessment levied on marihuana facilities, initially established to generated $13.0 million, to offset the regulatory and enforcement costs of LARA; the expenses of the Departments of Attorney General and State Police related to medical marihuana; and statutory allocations to the Department of Health and Human Services for marihuana-related expenditures (e.g., substance use disorder prevention, education, and treatment programs) and LARA for the licensing of substance abuse facilities (a.k.a. substance use disorder programs) pursuant to Part 62 of the Public Health Code of 1978.[1]

[1] According to information provided by the State Budget Office during the FY 2015-16 budget development, there were approximately 1,275 licensed substance use disorder programs operating in the state. Historically and currently through the end of FY 2014-15, entities licensed to provide substance use disorder programs did not pay licensure

Consequently, the revenues generated by the application fees and regulatory assessment would likely be sufficient to adequately offset LARA's costs to implement, administer, and enforce its duties under the bill.

LARA has estimated that the costs associated with the bill would total approximately $21.1 million annually with $726,000 in one-time information technology expenses. This estimate utilizes a "worst-case scenario" which assumes that:

- LARA would employ 113.0 FTEs for the licensing and enforcement duties under the bill at an annual cost of $13.3 million. This assumption is based on the personnel employed by the Licensing and Enforcement Divisions of the Michigan Liquor Control Commission (LCC) to oversee approximately 17,250 retail liquor licensees.
- The Department of State Police (MSP) would provide 34.0 FTEs for criminal enforcement activities related to medical marihuana at an annual cost of $6.0 million. This assumption is based on the personnel employed by the MSP to provide criminal enforcement activities for the Michigan Casino Gaming Board (MGCB).
- The Department of Attorney General (AG) would provide 4.0 FTEs for legal and prosecutorial support related to medical marihuana at an annual cost of $500,000.
- Remaining annual costs consist of telecom and information technology support ($380,000); contractual services ($350,000); travel ($250,000); equipment, supplies, and materials ($240,000); as well as one-time costs for development and implementation of the marihuana tracking information technology system ($500,000) and initial purchases of information technology equipment ($226,000).

As mentioned above, the bill would authorize LARA to prescribe application fees and adjust the regulatory assessment to generate sufficient revenues to adequately offset the costs of implementing, administering, and enforcing the bill. However, LARA seems to have based its estimates of these costs on assumptions that appear to anticipate the legalization and regulation of marihuana for recreational use. Although the costs estimated by LARA could be appropriate, and potentially accurate, for a scenario in which the recreational use of marihuana is legalized, they do not seem strictly applicable to the provisions of the bill.

According to a statistical report prepared by the Bureau of Health Care Services, there were 96,408 qualifying medical marihuana patients at the close of FY 2013-14; these patients currently either grow their own marihuana or obtain it from their primary caregivers pursuant to the Michigan Medical Marihuana Act of 2008 and could continue to do so irrespective of whether the bill is enacted into law. If the costs estimated above (less the costs for the marihuana tracking information technology system supported by the Michigan Medical Marihuana Fund under HB 4210) were divided equally amongst medical marihuana patients, the average amount ultimately incurred by each patient would be $227.

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fees to support the costs of inspecting and otherwise regulating substance use disorder programs. Such costs were borne by the existing resources of the department which were insufficient to support full compliance with statutorily-required inspections. As recommended by the Governor, the Legislature passed 2015 PA 104 which amended the Public Health Code of 1978 to establish a $500 annual licensure fee for substance use disorder programs and reduce the frequency of periodic inspections. At the time that the amendments were under deliberation by the Legislature, the department stated that revenue generated by the new licensure fee (approximately $637,500 annually) would be sufficient to offset the costs of inspecting and otherwise regulating substance use disorder programs.

This amount would be in addition to the existing application fees for registry identification cards and the effects on prices of any markups by marihuana facilities and from the 8.0% marihuana excise tax. There is a possibility that the medical marihuana market envisioned under the bill would not bear the regulatory costs as estimated by LARA, as medical marihuana patients could opt to continue to grow marihuana or obtain it from caregivers or on the black market rather than pay potentially higher prices charged by provisioning centers.

The amount of revenue that would be generated by the 8.0% excise tax imposed on the purchase price of marihuana paid by provisioning centers to growers or processors and distributed to local units of government and the state's General Fund is currently unknown and is dependent upon the numerous interrelated and dynamic factors affecting both the legal and black markets for marihuana and whether the market envisioned under the bill could bear the regulatory costs estimated by LARA.

House Bill 4210 would amend Initiated Law 1 of 2008 to authorize the expenditure of money from the Michigan Medical Marihuana Fund (MMMF) for the creation and maintenance of the marihuana tracking information technology system (System) required under House Bill 4827. Under current law, LARA administers the MMMF, created by Initiated Law 1, into which revenue generated by fees collected from applicants for medical marihuana registry identification cards are deposited and from which expenditures for the operation and oversight of the Michigan Medical Marihuana Program are made, including grants to county sheriffs' offices. The costs of developing, implementing, operating, and maintaining the System is dependent on the technical specifications and applications of the System; whether the System is provided by the Department of Technology, Management, and Budget (DTMB) or procured via contact a third-party vendor (e.g. Bio-Tech Medical Software, Inc., MJ Freeway Business Solutions, Franwell); and, if the latter, on the outcome of a competitive RFP process. The MMMF has historically received revenue in excess of expenditures and the balance within the MMMF was $26.4 million at the date this document was drafted; however, recent revisions to fee amounts and additional appropriations for grants to county sheriffs' offices will likely reduce the balance in future years.

House Bill 4827 adds new misdemeanors and civil infractions. Misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. The costs of local incarceration in a county jail and local misdemeanor probation supervision vary by jurisdiction. Misdemeanor fines and civil infraction fines are constitutionally dedicated to public libraries.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Paul B. A. Holland

■ 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.

Legislative Analysis

Phone: (517) 373-8080
http://www.house.mi.gov/hfa

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

MARIHUANA-INFUSED PRODUCTS

House Bill 4210 (Substitute H-1, as proposed)
Sponsor: Rep. Lisa Posthumus Lyons
Committee: Judiciary
Complete to 9-21-15

SUMMARY:

The bill would, among other things:

- Revise the definitions of "medical use" and "usable marihuana" to include products using extracts and plant resins (known as "edibles").
- Define "marihuana-infused product" and "usable marihuana equivalent".
- Provide immunity to a qualified patient or caregiver from arrest or prosecution or penalty for certain conduct.
- Prohibit transporting or possessing a marihuana-infused product in a vehicle except as specified. Create a misdemeanor penalty for a violation.
- Prohibit using butane to separate resin from a marihuana plant on residential property.
- Specify the bill is curative and the provisions retroactive.

House Bill 4210 would amend the Michigan Medical Marihuana Act (MMMA) to do the following:

Goal of act and retroactivity

The bill specifies that it clarifies ambiguities in the law in accordance with the original intent of the people, as expressed in Section 2(b) of the MMMA. Further, the bill states that it is curative and applies retroactively as to the following:

- Clarifying the quantities and forms of marihuana for which a person is protected from arrest.
- Precluding an interpretation of "weight" as aggregate weight.
- Excluding an added inactive substrate component of a preparation in determining the amount of marihuana, medical marihuana, or usable marihuana that constitutes an offense.

Definitions

- Change the term "medical use" to "medical use of marihuana" and revise the definition to include the extraction of marihuana and marihuana-infused products.

- Revise the definition of "usable marihuana" to include, in addition to dried leaves and flowers, the plant resin or extract of the marihuana plant. (The term does not include the seeds, stalks, or roots of the plant.)

- Define "marihuana-infused product" to mean a topical formulation, tincture, beverage, edible substance, or similar product containing any usable marihuana that is intended for human consumption in a manner other than smoke inhalation. Marihuana-infused products would not be considered a food for purposes of the Food Law.

- Define "usable marihuana equivalent" as the amount of usable marihuana in a marihuana-infused product. To determine usable marihuana equivalency, the bill would specify that one ounce of usable marihuana would be considered equivalent to (a) 16 ounces of marihuana-infused product if in a solid form; (b) 7 grams if in a gaseous form; and (c) 72 fluid ounces if in a liquid form. In determining whether a patient or primary caregiver did not exceed the 2.5 ounces-per-patient possession limit, the combined total of both usable marijuana equivalents and usable marihuana would have to be considered.

Marihuana-infused product

A registered qualifying patient who was manufacturing a marihuana-infused product for personal use, or a registered primary caregiver manufacturing for the use of his or her qualifying patient, would not be subject to arrest, prosecution, or penalty in any manner, or denied any right or privilege, including, but not limited to, civil penalty or disciplinary action by a business or occupational or professional licensing board or bureau.

The following would be prohibited:

- A qualifying patient transferring a marihuana-infused product to any individual.
- A primary caregiver transferring a marihuana-infused product to any individual who is not one of the caregiver's qualifying patients.

Immunity

If the Medical Marihuana Facilities Licensing Act (House Bill 4209) is enacted into law, a registered qualifying patient or registered primary caregiver would not be subject to arrest, prosecution or penalty in any manner, or denied any right or privilege, including but not limited to, civil penalty or disciplinary action by a business or occupational or professional licensing board or bureau, for any of the following:

- Transferring or purchasing marihuana in an amount authorized by the MMMA.
- Transferring or selling marihuana seeds or seedlings to a grower licensed under the Medical Marihuana Facilities Licensing Act (House Bill 4209).
- Transferring marihuana for testing to and from a safety compliance facility licensed under the Medical Marihuana Facilities Licensing Act.

Transporting or possessing marihuana-infused product in a motor vehicle

A qualifying patient or primary caregiver would be prohibited from transporting or possessing a marihuana-infused product in or upon a motor vehicle except as follows:

- For a qualifying patient:
  - The product is in a sealed and labeled package carried in the trunk of the vehicle (if there is no trunk, carried so as not to be readily accessible from the interior of the vehicle).

- The label must state the weight of the marihuana-infused product in ounces, name of the manufacturer, date of manufacture, name of the person from whom the product was received, and date of receipt.

- For a primary caregiver:
  - The product is accompanied by an accurate marihuana transportation manifest and enclosed in a case carried in the trunk of the vehicle (if no trunk, enclosed in a case and carried so as not to be readily accessible from the interior of the vehicle).
  - The manifest form must state the weight of each marihuana-infused product in ounces, name and address of the manufacturer, date of manufacture, destination name and address, date and time of departure, estimated date and time of arrival, and, if applicable, name and address of the person from whom the product was received and date of receipt.

The bill would not prohibit a caregiver from transporting or possessing a marihuana-infused product in or upon a motor vehicle for the use of his or her own child, spouse, or parent who is a qualified patient if the marihuana-infused product is in a sealed and labeled package that is carried in the trunk of the vehicle (or carried so as not to be readily accessible from the interior of the vehicle if it does not have a trunk). The label must state the weight of the product in ounces, name of the manufacturer, date of manufacture, name of the qualifying patient, and if applicable, name of the person from whom the marihuana-infused product was received and date of receipt.

For purposes of determining compliance with quantity limitations, there is a rebuttable presumption that the weight of a marihuana-infused product listed on its package label or on a marihuana transportation manifest is accurate.

A violation by a patient or caregiver would be a misdemeanor punishable by imprisonment for not more than 93 days and/or a fine of not more than $500.

Miscellaneous provisions
The bill also would:

- Prohibit using butane extraction on residential property to separate plant resin from a marihuana plant.

- Replace the term "use of medical marihuana" with "medical use of marihuana."

- Require LARA to expend money from the Michigan Medical Marihuana Fund for the creation and maintenance of the system required under the Marihuana Tracking Act. Currently, the Department of Licensing and Regulatory Affairs is required to expend money, upon legislative appropriation, from the fund for the operation and oversight of the Michigan medical marihuana program.

The bill would take effect 90 days after enactment.

MCL 333.26423 et al.

FISCAL IMPACT:

House Bill 4210 would authorize the expenditure of money from the Michigan Medical Marihuana Fund (MMMF) for the creation and maintenance of the marihuana tracking information technology system (System) required under House Bill 4827. Under current law, LARA administers the MMMF, into which revenue generated by fees collected from applicants for medical marihuana registry identification cards are deposited and from which expenditures for the operation and oversight of the Michigan Medical Marihuana Program, including grants to county sheriffs' offices, are made.

The costs of developing, operating, and maintaining the System is dependent on the technical specifications and applications of the System; whether the System is provided by the Department of Technology, Management, and Budget (DTMB) or procured via contact a third-party vendor (e.g. Bio-Tech Medical Software, Inc., MJ Freeway Business Solutions, Franwell); and, if the latter, on the outcome of a competitive RFP process. The MMMF has historically received revenue in excess of expenditures, and the balance within the MMMF was $26.4 million at the date this document was drafted; however, recent revisions to fee amounts and additional appropriations for grants to county sheriffs' offices will likely reduce the balance in future years.

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