

Medical Marihuana Regulation

Facilities Licensing, Tracking & Regulatory Responsibilities

Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

Background

In September 2016, the Michigan Legislature passed and the Governor subsequently signed into law three bills (House Bills 4209, 4827 and 4210, being Public Acts 281-283 respectively) that will create a regulatory framework for medical marihuana facilities. This establishes a support structure for medical marihuana provisioning centers, growers, processors, secure transporters, and safety compliance facilities. It also creates a statewide monitoring system for the tracking, inventory, and verification of medical marihuana and allows for the manufacture and use of marihuana-infused products. This regulatory framework must be implemented by December 15, 2017.



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IT Infrastructure

- Statewide Monitoring System
 - System for tracking, inventory, and verification of medical marihuana.
 - System will allow for verification of patient status as current and active.
 - Selected Franwell Inc. as the vendor, METRC system.
 - Implementation scheduled to begin in early May.
- Licensing System
 - Customer portal and backend system for applications, renewals, fee assessments, inspections, investigations, compliance, and license verification.
 - LARA will leverage an existing enterprise solution being utilized by the Bureau of Construction Codes, Bureau of Fire Services, and Bureau of Professional Licensing.
 - Implementation began in April.



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Administrative Rules – Section 206

- Standards for marihuana facilities and associated equipment
- Minimum levels of insurance
- Operating regulations
- Qualifications and restrictions for participating/involved persons
- Standards, procedures, and requirements for testing, quality control, chain of custody, waste product disposal, chemical storage, transportation, storage, and labeling (prohibition on appealing to minors)
- Levy and collection of fines for violations
- Prescribe use of the statewide monitoring system
- Daily purchasing limits
- Marketing and advertising restrictions
- Maximum THC levels for infused products
- Health standards for preparation of consumable products
- Restrictions on edible product shapes that would appeal to minors



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Municipalities

- Ordinance to authorize facilities must be adopted
- May adopt other ordinances, including zoning, cannot impose regulations regarding purity or pricing or conflicting with statutory regulations
- Provide to LARA within 90 days after notice of application from an applicant:
 - Copy of authorizing zoning ordinance
 - Copy of any zoning regulations that apply
 - Description of any violation of local ordinance or zoning regulations related to activities licensed under the MMFLA



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LARA Regulatory Responsibilities

- Granting/denying licenses in a reasonable order
- Good moral character and financial background checks for applicants, including all direct/indirect owners, beneficiaries, shareholders, officers, directors, partners, members and managers
- Statewide prelicensure and routine facility compliance inspections and audits.
- Collecting fees and fines
- Statewide administrative complaint investigations
- Administrative hearings
- Disciplinary compliance monitoring
- Board and Advisory Panel support and administrative functions
- Customer service
- Conducting public meetings
- Annual renewals, regulatory assessment collections, and financial statement reviews
- Key performance indicator analytics
- IT system support and maintenance.



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Medical Marihuana Licensing Board

Members

- 5 members, appointed by the Governor (with input from the Senate Majority Leader and the Speaker of the House), to administer the Act.
- Members have not been appointed.

Responsibilities

- Issuing licenses, revoking/suspending licenses, levying fines, and investigating individuals who are applying for licensure or complaints received about someone who holds a license.



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Medical Marihuana Advisory Panel

Members

- State agencies – LARA, MSP, AG, MDARD, DHHS
- Locals – townships, cities and villages, counties, sheriffs, local police
- Licensees – growers, processors, provisioning centers, safety compliance facilities, secure transporters, physician, registered patient or primary caregiver

Responsibilities

- Public meetings at least 2x per year
- Make recommendations to the board on rule promulgation
- As requested by board or department, make recommendations on administration, implementation, and enforcement



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LARA Implementation

- Meeting with stakeholders
- Reviewing best practices in other states
- Initiating implementation of IT systems
- Developing preliminary language for emergency administrative rules for the Board's consideration
- Researching potential external resources and partnerships for specialized processes: grow facility inspections, processor inspections (food safety), criminal and financial background investigations



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- **Medical Marihuana Excise Fund:**

Includes revenue from a 3% excise tax on provisioning center sales, and all other charges associated with Public Act 281 of 2016 (not including revenue from the application fees, the regulatory assessment, and any local licensing fees).

- **Key Highlights of the Excise Tax Distribution:**

- The majority of the excise tax revenue generated (60%) will go to support local units of government and by statute is distributed in proportion to the number of marihuana facilities in a municipality or county.

- The remainder of the excise tax revenue generated (40%) will be allocated to the Michigan Commission on Local Law Enforcement Standards for local law enforcement training, the Dept. of State Police for enforcement activities, and the Dept. of Licensing and Regulatory Affairs for the First Responder Presumed Coverage Fund to support cancer claims of eligible firefighters.

| Impacted Fund/Entity | PA 281 | Agency Budget | FY18 | FY19 |
|----------------------------------------|--------|---------------|-------------|--------------|
| Municipalities | 25% | Treasury | \$1,650,000 | \$4,537,500 |
| Counties | 30% | Treasury | \$1,980,000 | \$5,445,000 |
| County Sheriffs | 5% | Treasury | \$330,000 | \$907,500 |
| MCOLES | 5% | State Police | \$330,000 | \$907,500 |
| State Police | 5% | State Police | \$330,000 | \$907,500 |
| First Responder Presumed Coverage Fund | 30% | LARA | \$1,980,000 | \$5,445,000 |
| Total: | 100% | | \$6,600,000 | \$18,150,000 |

State Budget Office Analysis, Medical Marihuana Regulatory and Licensing Framework, February 8, 2017



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For additional information and to sign up for updates please visit:

<http://www.michigan.gov/medicalmarihuana>

