



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bills 599 and 600 (as introduced 9-28-17)  
Sponsor: Senator David Knezek (S.B. 599)  
Senator Rick Jones (S.B. 600)  
Committee: Health Policy

Date Completed: 10-10-17

**CONTENT**

**The bills would amend the Medical Marihuana Facilities Licensing Act to do the following:**

- **Provide that an applicant would be a licensee if, on or before August 15, 2017, he or she engaged in an activity licensable under the Act, and, by February 15, 2018, submitted a complete application and paid the application fee and regulatory assessment.**
- **Require the Medical Marihuana Licensing Board to determine whether an applicant was qualified to receive a State operating license on or before February 15, 2018, if the applicant submitted a complete application and paid an application fee and regulatory assessment by that date.**

The bills are tie-barred.

**Senate Bill 600**

The Act allows a person to apply to the Medical Marihuana Licensing Board for State operating licenses in the categories of class A, B, or C grower; processor; provisioning center; secure transporter; and safety compliance facility. A nonrefundable application fee must be paid at the time of filing and a regulatory assessment will be imposed on certain licensees.

The Board must issue a license to an applicant who submits a complete application and pays both the nonrefundable application fee and the regulatory assessment, if the Board determines that the applicant is qualified to receive a license under the Act. Under the bill, for an applicant that, on or before February 15, 2018, submitted a complete application and paid both the nonrefundable application fee and the regulatory assessment, the Board would have to determine whether the applicant was qualified to receive a license on or before February 15, 2018.

Additionally, the Act specifies that an applicant is ineligible to receive a license if the Board determines that the applicant is not in compliance with Section 205(1) (which prohibits a marihuana facility from operating in a municipality unless the municipality has adopted an ordinance that authorizes that type of facility, and allows municipalities to adopt other ordinances relating to marihuana facilities within their jurisdiction). Under the bill, this provision would not apply to an applicant that met the requirements proposed by Senate Bill 599.

## **Senate Bill 599**

Under the Act, a person who performs any of the following activities under a State operating license is protected from criminal prosecution and other sanctions:

- Growing, possessing, processing, or transporting marihuana.
- Purchasing, receiving, selling, transporting, or transferring marihuana from or to a licensee, a licensee's agent, a registered qualifying patient, or a registered primary caregiver.
- Possessing or manufacturing marihuana paraphernalia for medical use.
- Testing, transferring, infusing, extracting, altering, or studying marihuana.
- Receiving or providing compensation for products or services.

The bill provides that an applicant that, on or before August 15, 2017, engaged in an activity that was licensable under the Act and, on or before February 15, 2018, submitted a complete application and paid both the nonrefundable fee and the regulatory assessment, would be a licensee, until the Board determined whether the applicant was qualified to receive a license under the Act.

MCL 333.27201 (S.B. 599)  
333.27302 & 333.27402 (S.B. 600)

### **BACKGROUND**

Public Act 281 of 2016 enacted the Medical Marihuana Facilities Licensing Act (MMFLA) to establish a licensing and regulatory framework for medical marihuana facilities, which must be implemented by December 15, 2017. At that time, the Department of Licensing and Regulation will begin accepting applications for facilities seeking licensure as dispensaries.

On September 12, 2017, LARA issued a news release indicating that the Department intended to notify the Medical Marihuana Licensing Board that day of its intent to submit emergency rules necessary for the implementation of the Act. The news release stated, "The department's intent for the emergency rules is to consider any operation of a facility -- that would otherwise need to be licensed under the MMFLA -- as a potential impediment to licensure if continued after December 15, 2017."

According to the draft minutes of the September 12 meeting, regarding existing medical marihuana facilities, "The Department will not shut down facilities; however, continued operation by a facility is a business risk as they may be shut down by law enforcement and continued operation may be a potential impediment to licensure."

Legislative Analyst: Stephen Jackson

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government. The bills amend the law for medical marihuana licensing applicants to allow existing operations to apply for a medical marihuana license by February 15, 2018, and be considered licensees until the Medical Marihuana Licensing Board determined whether they were qualified; and require the Board to determine whether those applicants were qualified. In addition, such an applicant would not be considered disqualified should that licensee's municipality enact an ordinance or zoning regulation under Section 205(1) that would put the licensee in violation of the requirement that an applicant be in compliance with that section.

The bills would have no impact on State revenue from application fees and the regulatory assessment fees that are already anticipated, though still unknown at this time.

Fiscal Analyst: Michael Siracuse

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.