

HOUSE BILL No. 5144

October 19, 2017, Introduced by Rep. Kesto and referred to the Committee on Law and Justice.

A bill to amend 2016 PA 281, entitled
"Medical marihuana facilities licensing act,"
by amending the title and sections 102, 201, 205, 501, 502, 503,
504, 505, 602, and 801 (MCL 333.27102, 333.27201, 333.27205,
333.27501, 333.27502, 333.27503, 333.27504, 333.27505, 333.27602,
and 333.27801).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to license and regulate medical marihuana growers,
processors, provisioning centers, secure transporters, and safety
compliance facilities; to provide for the powers and duties of
certain state and local governmental officers and entities; to
create a medical marihuana licensing board; to provide for
interaction with the statewide monitoring system for commercial

1 marihuana transactions; to create an advisory panel; to provide
2 immunity from prosecution for marihuana-related offenses for
3 persons engaging in ~~marihuana-related~~ **CERTAIN** activities in
4 compliance with this act; to prescribe civil fines and sanctions
5 and provide remedies; to provide for forfeiture of contraband; to
6 provide for taxes, fees, and assessments; and to require the
7 promulgation of rules.

8 Sec. 102. As used in this act:

9 (a) "Advisory panel" or "panel" means the marihuana advisory
10 panel created in section 801.

11 (b) "Affiliate" means any person that controls, is controlled
12 by, or is under common control with; is in a partnership or joint
13 venture relationship with; or is a co-shareholder of a corporation,
14 a co-member of a limited liability company, or a co-partner in a
15 limited liability partnership with a licensee or applicant.

16 (c) "Applicant" means a person who applies for a state
17 operating license. With respect to disclosures in an application,
18 or for purposes of ineligibility for a license under section 402,
19 the term applicant includes an officer, director, and managerial
20 employee of the applicant and a person who holds any direct or
21 indirect ownership interest in the applicant.

22 (d) "Board" means the medical marihuana licensing board
23 created in section 301.

24 **(E) "CUTTING" MEANS A SECTION OF A LEAD STEM OR ROOT STOCK**
25 **THAT IS USED FOR VEGETATIVE ASEXUAL PROPAGATION.**

26 **(F)** ~~(e)~~ "Department" means the department of licensing and
27 regulatory affairs.

1 (G) ~~(f)~~ "Grower" means a licensee that is a commercial entity
2 located in this state that cultivates, dries, trims, or cures and
3 packages marihuana for sale to a processor, ~~or~~ provisioning center,
4 **OR ANOTHER GROWER.**

5 (H) ~~(g)~~ "Licensee" means a person holding a state operating
6 license.

7 (I) ~~(h)~~ "Marihuana" means that term as defined in section 7106
8 of the public health code, 1978 PA 368, MCL 333.7106.

9 (J) ~~(i)~~ "Marihuana facility" means a location at which a
10 ~~license holder~~ **LICENSEE** is licensed to operate under this act.

11 (K) ~~(j)~~ "Marihuana plant" means any plant of the species
12 Cannabis sativa L.

13 (L) ~~(k)~~ "Marihuana-infused product" means a topical
14 formulation, tincture, beverage, edible substance, or similar
15 product containing any usable marihuana that is intended for human
16 consumption in a manner other than smoke inhalation. Marihuana-
17 infused product shall not be considered a food for purposes of the
18 food law, 2000 PA 92, MCL 289.1101 to 289.8111.

19 (M) **"MARIHUANA TRACKING ACT" MEANS THE MARIHUANA TRACKING ACT,**
20 **2016 PA 282, MCL 333.27901 TO 333.27904.**

21 (N) ~~(l)~~ "Michigan medical marihuana act" means the Michigan
22 medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430.

23 (O) ~~(m)~~ "Municipality" means a city, township, or village.

24 (P) ~~(n)~~ "Paraphernalia" means any equipment, product, or
25 material of any kind that is designed for or used in growing,
26 cultivating, producing, manufacturing, compounding, converting,
27 storing, processing, preparing, transporting, injecting, smoking,

1 ingesting, inhaling, or otherwise introducing into the human body,
2 marihuana.

3 (Q) ~~(e)~~—"Person" means an individual, corporation, limited
4 liability company, partnership, limited partnership, limited
5 liability partnership, limited liability limited partnership,
6 trust, or other legal entity.

7 (R) ~~(p)~~—"Plant" means any living organism that produces its
8 own food through photosynthesis and has observable root formation
9 or is in growth material.

10 (S) ~~(q)~~—"Processor" means a licensee that is a commercial
11 entity located in this state that purchases marihuana from a grower
12 and that extracts resin from the marihuana or creates a marihuana-
13 infused product for sale and transfer in packaged form to a
14 provisioning center **OR ANOTHER PROCESSOR.**

15 (T) ~~(r)~~—"Provisioning center" means a licensee that is a
16 commercial entity located in this state that purchases marihuana
17 from a grower or processor and sells, supplies, or provides
18 marihuana to registered qualifying patients, directly or through
19 the patients' registered primary caregivers. Provisioning center
20 includes any commercial property where marihuana is sold at retail
21 to registered qualifying patients or registered primary caregivers.
22 A noncommercial location used by a primary caregiver to assist a
23 qualifying patient connected to the caregiver through the
24 department's marihuana registration process in accordance with the
25 Michigan medical marihuana act is not a provisioning center for
26 purposes of this act.

27 (U) ~~(s)~~—"Registered primary caregiver" means a primary

1 caregiver who has been issued a current registry identification
2 card under the Michigan medical marihuana act.

3 (V) ~~(t)~~—"Registered qualifying patient" means a qualifying
4 patient who has been issued a current registry identification card
5 under the Michigan medical marihuana act or a visiting qualifying
6 patient as that term is defined in section 3 of the Michigan
7 medical marihuana act, MCL 333.26423.

8 (W) ~~(u)~~—"Registry identification card" means that term as
9 defined in section 3 of the Michigan medical marihuana act, MCL
10 333.26423.

11 (X) ~~(v)~~—"Rules" means rules promulgated under the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328, by the department in consultation with the board to
14 implement this act.

15 (Y) ~~(w)~~—"Safety compliance facility" means a licensee that is
16 a commercial entity that ~~receives~~ **TAKES** marihuana from a marihuana
17 facility or **RECEIVES MARIHUANA FROM A** registered primary caregiver,
18 tests ~~it~~ **THE MARIHUANA** for contaminants and for
19 tetrahydrocannabinol and other cannabinoids, returns the test
20 results, and may return the marihuana to the marihuana facility.

21 (Z) ~~(x)~~—"Secure transporter" means a licensee that is a
22 commercial entity located in this state that stores marihuana and
23 transports marihuana between marihuana facilities for a fee.

24 (AA) **"SEED" MEANS THE FERTILIZED, UNGERMINATED, MATURED OVULE,**
25 **CONTAINING AN EMBRYO OR RUDIMENTARY PLANT, OF A MARIHUANA PLANT**
26 **THAT IS FLOWERING.**

27 (BB) **"SEEDLING" MEANS A MARIHUANA PLANT THAT HAS GERMINATED**

1 **AND HAS NOT FLOWERED AND IS NOT HARVESTABLE.**

2 **(CC)** ~~(y)~~ "State operating license" or, unless the context
3 requires a different meaning, "license" means a license that is
4 issued under this act that allows the licensee to operate as 1 of
5 the following, specified in the license:

6 (i) A grower.

7 (ii) A processor.

8 (iii) A secure transporter.

9 (iv) A provisioning center.

10 (v) A safety compliance facility.

11 **(DD)** ~~(z)~~ "Statewide monitoring system" or, unless the context
12 requires a different meaning, "system" means an internet-based,
13 statewide database established, implemented, and maintained by the
14 department under the marihuana tracking act, that is available to
15 licensees, law enforcement agencies, and authorized state
16 departments and agencies on a 24-hour basis for all of the
17 following:

18 (i) Verifying registry identification cards.

19 (ii) Tracking marihuana transfer and transportation by
20 licensees, including transferee, date, quantity, and price.

21 (iii) Verifying in commercially reasonable time that a
22 transfer will not exceed the limit that the patient or caregiver is
23 authorized to receive under section 4 of the Michigan medical
24 marihuana act, MCL 333.26424.

25 **(EE) "TISSUE CULTURE" MEANS A MARIHUANA PLANT CELL, CUTTING,**
26 **TISSUE, OR ORGAN, THAT IS KEPT UNDER A STERILE CONDITION ON A**
27 **NUTRIENT CULTURE MEDIUM OF KNOWN COMPOSITION AND THAT DOES NOT HAVE**

1 **VISIBLE ROOT FORMATION. A TISSUE CULTURE IS NOT A MARIHUANA PLANT**
2 **FOR PURPOSES OF A GROWER.**

3 (FF) ~~(aa)~~—"Usable marihuana" means the dried leaves, flowers,
4 plant resin, or extract of the marihuana plant, but does not
5 include the seeds, stalks, and roots of the plant.

6 Sec. 201. (1) Except as otherwise provided in this act, if a
7 person has been granted a state operating license and is operating
8 within the scope of the license, the licensee and its agents are
9 not subject to any of the following for engaging in activities
10 described in subsection (2):

11 (a) Criminal penalties under state law or local ordinances
12 regulating marihuana.

13 (b) State or local criminal prosecution for a marihuana-
14 related offense.

15 (c) State or local civil prosecution for a marihuana-related
16 offense.

17 (d) Search or inspection, except for an inspection authorized
18 under this act by law enforcement officers, the municipality, or
19 the department.

20 (e) Seizure of marihuana, real property, personal property, or
21 anything of value based on a marihuana-related offense.

22 (f) Any sanction, including disciplinary action or denial of a
23 right or privilege, by a business or occupational or professional
24 licensing board or bureau based on a marihuana-related offense.

25 (2) The following activities are protected under subsection
26 (1) if performed under a state operating license within the scope
27 of that license and in accord with this act, rules, and any

1 ordinance adopted under section 205:

2 (a) Growing marihuana.

3 (b) Purchasing, receiving, selling, transporting, or
4 transferring marihuana from or to a licensee, a licensee's agent, a
5 registered qualifying patient, or a registered primary caregiver.

6 (c) Possessing marihuana.

7 (d) Possessing or manufacturing marihuana paraphernalia for
8 medical use.

9 (e) Processing marihuana.

10 (f) Transporting marihuana.

11 (g) Testing, transferring, infusing, extracting, altering, or
12 studying marihuana.

13 (h) Receiving or providing compensation for products or
14 services.

15 (3) Except as otherwise provided in this act, a person who
16 owns or leases real property upon which a marihuana facility is
17 located and who has no knowledge that the licensee violated this
18 act is not subject to any of the following for owning, leasing, or
19 permitting the operation of a marihuana facility on the real
20 property:

21 (a) Criminal penalties under state law or local ordinances
22 regulating marihuana.

23 (b) State or local civil prosecution based on a marihuana-
24 related offense.

25 (c) State or local criminal prosecution based on a marihuana-
26 related offense.

27 (d) Search or inspection, except for an inspection authorized

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under this act by law enforcement officers, the municipality, or the department.

(e) Seizure of any real or personal property or anything of value based on a marihuana-related offense.

(f) Any sanction, including disciplinary action or denial of a right or privilege, by a business or occupational or professional licensing board or bureau.

(4) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, A CERTIFIED PUBLIC ACCOUNTANT WHO IS LICENSED UNDER ARTICLE 7 OF THE OCCUPATIONAL CODE, 1980 PA 299, MCL 339.720 TO 339.736, IS NOT SUBJECT TO ANY OF THE FOLLOWING FOR [ENGAGING IN THE PRACTICE OF PUBLIC ACCOUNTING AS THAT TERM IS DEFINED IN SECTION 720 OF THE OCCUPATIONAL CODE, 1980 PA 299, MCL 339.720, FOR AN APPLICANT OR LICENSEE WHO IS IN COMPLIANCE WITH THIS ACT, RULES, AND THE MICHIGAN MEDICAL MARIHUANA ACT:]

(A) CRIMINAL PENALTIES UNDER STATE LAW OR LOCAL ORDINANCES REGULATING MARIHUANA.

(B) STATE OR LOCAL CIVIL PROSECUTION BASED ON A MARIHUANA-RELATED OFFENSE.

(C) STATE OR LOCAL CRIMINAL PROSECUTION BASED ON A MARIHUANA-RELATED OFFENSE.

(D) SEIZURE OF ANY REAL OR PERSONAL PROPERTY OR ANYTHING OF VALUE BASED ON A MARIHUANA-RELATED OFFENSE.

(E) ANY SANCTION, INCLUDING DISCIPLINARY ACTION OR DENIAL OF A RIGHT OR PRIVILEGE, BY A BUSINESS OR OCCUPATIONAL OR PROFESSIONAL LICENSING BOARD OR BUREAU BASED ON A MARIHUANA-RELATED OFFENSE.

(5) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, A FINANCIAL INSTITUTION IS NOT SUBJECT TO ANY OF THE FOLLOWING FOR PROVIDING A FINANCIAL SERVICE TO A LICENSEE UNDER THIS ACT:

(A) CRIMINAL PENALTIES UNDER STATE LAW OR LOCAL ORDINANCES

1 REGULATING MARIHUANA.

2 (B) STATE OR LOCAL CIVIL PROSECUTION BASED ON A MARIHUANA-
3 RELATED OFFENSE.

4 (C) STATE OR LOCAL CRIMINAL PROSECUTION BASED ON A MARIHUANA-
5 RELATED OFFENSE.

6 (D) SEIZURE OF ANY REAL OR PERSONAL PROPERTY OR ANYTHING OF
7 VALUE BASED ON A MARIHUANA-RELATED OFFENSE.

8 (E) ANY SANCTION, INCLUDING DISCIPLINARY ACTION OR DENIAL OF A
9 RIGHT OR PRIVILEGE, BY A BUSINESS OR OCCUPATIONAL OR PROFESSIONAL
10 LICENSING BOARD OR BUREAU BASED ON A MARIHUANA-RELATED OFFENSE.

11 (6) ~~(4)~~—For the purposes of regulating the commercial entities
12 established under this act, any provisions of the following acts
13 that are inconsistent with this act do not apply to a grower,
14 processor, secure transporter, provisioning center, or safety
15 compliance facility operating in compliance with this act:

16 (a) The business corporation act, 1972 PA 284, MCL 450.1101 to
17 450.2098.

18 (b) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
19 to 450.3192.

20 (c) 1931 PA 327, MCL 450.98 to 450.192.

21 (d) The Michigan revised uniform limited partnership act, 1982
22 PA 213, MCL 449.1101 to 449.2108.

23 (e) The Michigan limited liability company act, 1993 PA 23,
24 MCL 450.4101 to 450.5200.

25 (f) 1907 PA 101, MCL 445.1 to 445.5.

26 (g) 1913 PA 164, MCL 449.101 to 449.106.

27 (h) The uniform partnership act, 1917 PA 72, MCL 449.1 to

1 449.48.

2 (7) AS USED IN THIS SECTION:

3 (A) "FINANCIAL INSTITUTION" MEANS ANY OF THE FOLLOWING:

4 (i) A STATE OR NATIONAL BANK.

5 (ii) A STATE OR FEDERALLY CHARTERED SAVINGS AND LOAN
6 ASSOCIATION.

7 (iii) A STATE OR FEDERALLY CHARTERED SAVINGS BANK.

8 (iv) A STATE OR FEDERALLY CHARTERED CREDIT UNION.

9 (v) AN INSURANCE COMPANY.

10 (vi) AN ENTITY THAT OFFERS ANY OF THE FOLLOWING TO A RESIDENT
11 OF THIS STATE:

12 (A) A MUTUAL FUND ACCOUNT.

13 (B) A SECURITIES BROKERAGE ACCOUNT.

14 (C) A MONEY MARKET ACCOUNT.

15 (D) A RETAIL INVESTMENT ACCOUNT.

16 (vii) AN ENTITY REGULATED BY THE SECURITIES AND EXCHANGE
17 COMMISSION THAT COLLECTS FUNDS FROM THE PUBLIC.

18 (viii) AN ENTITY THAT IS A MEMBER OF THE NATIONAL ASSOCIATION
19 OF SECURITIES DEALERS AND THAT COLLECTS FUNDS FROM THE PUBLIC.

20 (ix) ANOTHER ENTITY THAT COLLECTS FUNDS FROM THE PUBLIC.

21 (B) "FINANCIAL SERVICE" MEANS A DEPOSIT; WITHDRAWAL; TRANSFER
22 BETWEEN ACCOUNTS; EXCHANGE OF CURRENCY; LOAN; EXTENSION OF CREDIT;
23 PURCHASE OR SALE OF ANY STOCK, BOND, CERTIFICATE OF DEPOSIT, OR
24 OTHER MONETARY INSTRUMENT; OR ANY OTHER PAYMENT, TRANSFER, OR
25 DELIVERY BY, THROUGH, OR TO A FINANCIAL INSTITUTION, BY WHATEVER
26 MEANS EFFECTED.

27 Sec. 205. (1) ~~A marihuana facility~~ **THE BOARD** shall not operate

1 ~~in a municipality~~ **ISSUE A STATE OPERATING LICENSE TO AN APPLICANT**
 2 unless the municipality **IN WHICH THE APPLICANT'S PROPOSED MARIHUANA**
 3 **FACILITY WILL OPERATE** has adopted an ordinance that authorizes that
 4 type of facility. A municipality may adopt an ordinance to
 5 authorize 1 or more types of marihuana facilities within its
 6 boundaries and to limit the number of each type of marihuana
 7 facility. A municipality may adopt other ordinances relating to
 8 marihuana facilities within its jurisdiction, including zoning
 9 regulations, but shall not impose regulations regarding the purity
 10 or pricing of marihuana or interfering or conflicting with
 11 ~~statutory regulations~~ **THIS ACT OR RULES** for licensing marihuana
 12 facilities. A municipality **THAT ADOPTS AN ORDINANCE UNDER THIS**
 13 **SUBSECTION THAT AUTHORIZES A MARIHUANA FACILITY** shall provide ~~the~~
 14 ~~following information to the board within 90 days after the~~
 15 ~~municipality receives notification from the applicant that he or~~
 16 ~~she has applied for a license under this act:~~ **THE DEPARTMENT WITH**
 17 **ALL OF THE FOLLOWING ON A FORM PRESCRIBED AND PROVIDED BY THE**
 18 **DEPARTMENT:**

19 (a) ~~A copy of the local~~ **AN ATTESTATION THAT THE MUNICIPALITY**
 20 **HAS ADOPTED AN** ordinance **UNDER THIS SUBSECTION** that authorizes the
 21 marihuana facility.

22 (b) ~~A copy~~ **DESCRIPTION** of any zoning regulations that apply to
 23 the proposed marihuana facility within the municipality.

24 ~~— (c) A description of any violation of the local ordinance or~~
 25 ~~zoning regulations included under subdivision (a) or (b) committed~~
 26 ~~by the applicant, but only if those violations relate to activities~~
 27 ~~licensed under this act or the Michigan medical marihuana act.~~

~~(2) The board may consider the information provided under subsection (1) in the application process. However, the municipality's failure to provide information to the board shall not be used against the applicant.~~

(C) THE SIGNATURE OF THE CLERK OF THE MUNICIPALITY OR HIS OR HER DESIGNEE.

(D) ANY OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

~~(2) (3)~~ A municipal ordinance may establish an annual, nonrefundable fee of not more than \$5,000.00 ~~on a licensee to help~~ defray administrative and enforcement costs associated with the operation of a marihuana facility in the municipality.

(3) THE DEPARTMENT MAY REQUIRE A MUNICIPALITY TO PROVIDE THE FOLLOWING INFORMATION TO THE DEPARTMENT ON A FORM PRESCRIBED AND PROVIDED BY THE DEPARTMENT REGARDING A LICENSEE WHO SUBMITS AN APPLICATION FOR LICENSE RENEWAL:

(A) INFORMATION THAT THE BOARD DECLARES NECESSARY TO DETERMINE WHETHER THE LICENSEE'S LICENSE SHOULD BE RENEWED.

(B) A DESCRIPTION OF A VIOLATION OF AN ORDINANCE OR A ZONING REGULATION ADOPTED UNDER SUBSECTION (1) COMMITTED BY THE LICENSEE, BUT ONLY IF THE VIOLATION RELATES TO ACTIVITIES LICENSED UNDER THIS ACT AND RULES OR THE MICHIGAN MEDICAL MARIHUANA ACT.

(C) WHETHER THERE HAS BEEN A CHANGE TO AN ORDINANCE OR A ZONING REGULATION ADOPTED UNDER SUBSECTION (1) SINCE THE LICENSE WAS ISSUED TO THE LICENSEE AND A DESCRIPTION OF THE CHANGE.

(4) Information a municipality obtains from an applicant ~~related to licensure~~ under this section is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to

1 15.246. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,
2 INFORMATION A MUNICIPALITY PROVIDES TO THE DEPARTMENT UNDER THIS
3 SECTION IS SUBJECT TO DISCLOSURE UNDER THE FREEDOM OF INFORMATION
4 ACT, 1976 PA 442, MCL 15.231 TO 15.246.

5 Sec. 501. (1) A grower license authorizes the grower to grow
6 not more than the following number of marihuana plants under the
7 indicated license class for each license the grower holds in that
8 class:

9 (a) Class A - 500 marihuana plants.

10 (b) Class B - 1,000 marihuana plants.

11 (c) Class C - 1,500 marihuana plants.

12 (2) A ~~EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A~~
13 grower license authorizes sale of ~~marihuana seeds or marihuana~~
14 ~~plants only~~ to a grower **ONLY** by means of a secure transporter. **A**
15 **GROWER LICENSE AUTHORIZES THE SALE OR TRANSFER OF SEEDS, SEEDLINGS,**
16 **OR TISSUE CULTURES TO A GROWER FROM A REGISTERED PRIMARY CAREGIVER**
17 **OR ANOTHER GROWER WITHOUT USING A SECURE TRANSPORTER.**

18 (3) A GROWER LICENSE AUTHORIZES A GROWER TO TRANSFER MARIHUANA
19 WITHOUT USING A SECURE TRANSPORTER TO A PROCESSOR OR PROVISIONING
20 CENTER IF BOTH OF THE FOLLOWING ARE MET:

21 (A) THE PROCESSOR OR PROVISIONING CENTER OCCUPIES THE SAME
22 LOCATION AS THE GROWER AND THE MARIHUANA IS TRANSFERRED USING ONLY
23 PRIVATE REAL PROPERTY WITHOUT ACCESSING PUBLIC ROADWAYS.

24 (B) THE GROWER ENTERS EACH TRANSFER INTO THE STATEWIDE
25 MONITORING SYSTEM.

26 (4) ~~(3)~~ A grower license authorizes sale of marihuana, other
27 than seeds, ~~only~~ **SEEDLINGS, TISSUE CULTURES, AND CUTTINGS,** to a

1 processor or provisioning center.

2 (5) ~~(4)~~ **A EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND**
3 **(3) AND SECTION 505, A** grower license authorizes the grower to
4 transfer marihuana only by means of a secure transporter.

5 (6) ~~(5)~~ To be eligible for a grower license, the applicant and
6 each investor in the grower must not have an interest in a secure
7 transporter or safety compliance facility.

8 (7) **UNTIL DECEMBER 31, 2018, FOR A PERIOD OF 30 DAYS AFTER THE**
9 **ISSUANCE OF A GROWER LICENSE AND IN ACCORD WITH RULES, A GROWER MAY**
10 **TRANSFER ANY OF THE FOLLOWING THAT ARE LAWFULLY POSSESSED BY AN**
11 **INDIVIDUAL FORMERLY REGISTERED AS A PRIMARY CAREGIVER WHO IS AN**
12 **ACTIVE EMPLOYEE OF THE GROWER:**

13 **(A) MARIHUANA PLANTS.**

14 **(B) SEEDS.**

15 **(C) SEEDLINGS.**

16 (8) ~~(6)~~ A grower shall comply with all of the following:

17 (a) Until December 31, 2021, have, or have as an active
18 employee an individual who has, a minimum of 2 years' experience as
19 a registered primary caregiver.

20 (b) While holding a license as a grower, not be a registered
21 primary caregiver and not employ an individual who is
22 simultaneously a registered primary caregiver.

23 (c) Enter all transactions, current inventory, and other
24 information into the statewide monitoring system as required in
25 this act, rules, and the marihuana tracking act.

26 (9) ~~(7)~~ A grower license does not authorize the grower to
27 operate in an area unless the area is zoned for industrial or

1 agricultural uses or is unzoned and otherwise meets the
2 requirements established in section 205(1).

3 Sec. 502. (1) A processor license authorizes purchase of
4 marihuana only from a grower and sale of marihuana-infused products
5 or marihuana only to a provisioning center **OR ANOTHER PROCESSOR.**

6 (2) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN SECTION 505 AND THIS**
7 **SUBSECTION, A** processor license authorizes the processor to
8 transfer marihuana only by means of a secure transporter. ~~A~~
9 **PROCESSOR LICENSE AUTHORIZES A PROCESSOR TO TRANSFER MARIHUANA**
10 **WITHOUT USING A SECURE TRANSPORTER TO A GROWER OR PROVISIONING**
11 **CENTER IF BOTH OF THE FOLLOWING ARE MET:**

12 (A) **THE GROWER OR PROVISIONING CENTER OCCUPIES THE SAME**
13 **LOCATION AS THE PROCESSOR AND THE MARIHUANA IS TRANSFERRED USING**
14 **ONLY PRIVATE REAL PROPERTY WITHOUT ACCESSING PUBLIC ROADWAYS.**

15 (B) **THE PROCESSOR ENTERS EACH TRANSFER INTO THE STATEWIDE**
16 **MONITORING SYSTEM.**

17 (3) To be eligible for a processor license, the applicant and
18 each investor in the processor must not have an interest in a
19 secure transporter or safety compliance facility.

20 (4) **UNTIL DECEMBER 31, 2018, FOR A PERIOD OF 30 DAYS AFTER THE**
21 **ISSUANCE OF A PROCESSOR LICENSE AND IN ACCORD WITH RULES, A**
22 **PROCESSOR MAY TRANSFER ANY OF THE FOLLOWING THAT ARE LAWFULLY**
23 **POSSESSED BY AN INDIVIDUAL FORMERLY REGISTERED AS A PRIMARY**
24 **CAREGIVER WHO IS AN ACTIVE EMPLOYEE OF THE PROCESSOR:**

25 (A) **MARIHUANA PLANTS.**

26 (B) **USABLE MARIHUANA.**

27 (5) ~~(4)~~A processor shall comply with all of the following:

1 (a) Until December 31, 2021, have, or have as an active
2 employee an individual who has, a minimum of 2 years' experience as
3 a registered primary caregiver.

4 (b) While holding a license as a processor, not be a
5 registered primary caregiver and not employ an individual who is
6 simultaneously a registered primary caregiver.

7 (c) Enter all transactions, current inventory, and other
8 information into the statewide monitoring system as required in
9 this act, rules, and the marihuana tracking act.

10 Sec. 503. (1) A secure transporter license authorizes the
11 licensee to store and transport marihuana and money associated with
12 the purchase or sale of marihuana between marihuana facilities for
13 a fee upon request of a person with legal custody of that marihuana
14 or money. It does not authorize transport to a registered
15 qualifying patient or registered primary caregiver. **IF A SECURE**
16 **TRANSPORTER HAS ITS PRIMARY PLACE OF BUSINESS IN A MUNICIPALITY**
17 **THAT HAS ADOPTED AN ORDINANCE UNDER SECTION 205 AUTHORIZING THAT**
18 **MARIHUANA FACILITY, THE SECURE TRANSPORTER MAY TRAVEL THROUGH ANY**
19 **MUNICIPALITY.**

20 (2) To be eligible for a secure transporter license, the
21 applicant and each investor with an interest in the secure
22 transporter must not have an interest in a grower, processor,
23 provisioning center, or safety compliance facility and must not be
24 a registered qualifying patient or a registered primary caregiver.

25 (3) A secure transporter shall enter all transactions, current
26 inventory, and other information into the statewide monitoring
27 system as required in this act, rules, and the marihuana tracking

1 act.

2 (4) A secure transporter shall comply with all of the
3 following:

4 (a) Each driver transporting marihuana must have a chauffeur's
5 license issued by this state.

6 (b) Each employee who has custody of marihuana or money that
7 is related to a marihuana transaction shall not have been convicted
8 of or released from incarceration for a felony under the laws of
9 this state, any other state, or the United States within the past 5
10 years or have been convicted of a misdemeanor involving a
11 controlled substance within the past 5 years.

12 (c) Each vehicle shall be operated with a 2-person crew with
13 at least 1 individual remaining with the vehicle at all times
14 during the transportation of marihuana.

15 (d) A route plan and manifest shall be entered into the
16 statewide monitoring system, and a copy shall be carried in the
17 transporting vehicle and presented to a law enforcement officer
18 upon request.

19 (e) The marihuana shall be transported in 1 or more sealed
20 containers and not be accessible while in transit.

21 (f) A secure transporting vehicle shall not bear markings or
22 other indication that it is carrying marihuana or a marihuana-
23 infused product.

24 (5) A secure transporter is subject to administrative
25 inspection by a law enforcement officer at any point during the
26 transportation of marihuana to determine compliance with this act.

27 Sec. 504. (1) A provisioning center license authorizes the

1 purchase or transfer of marihuana only from a grower or processor
2 and sale or transfer to only a registered qualifying patient or
3 registered primary caregiver. All—**EXCEPT AS OTHERWISE PROVIDED IN**
4 **SECTION 505 AND THIS SUBSECTION, ALL** transfers of marihuana to a
5 provisioning center from a separate marihuana facility shall be by
6 means of a secure transporter. **A TRANSFER OF MARIHUANA TO A**
7 **PROVISIONING CENTER FROM A MARIHUANA FACILITY THAT OCCUPIES THE**
8 **SAME LOCATION AS THE PROVISIONING CENTER DOES NOT REQUIRE A SECURE**
9 **TRANSPORTER IF THE MARIHUANA IS TRANSFERRED TO THE PROVISIONING**
10 **CENTER USING ONLY PRIVATE REAL PROPERTY WITHOUT ACCESSING PUBLIC**
11 **ROADWAYS.**

12 (2) A provisioning center license authorizes the provisioning
13 center to transfer marihuana to or from a safety compliance
14 facility for testing by means of a secure transporter **OR AS**
15 **PROVIDED IN SECTION 505.**

16 (3) To be eligible for a provisioning center license, the
17 applicant and each investor in the provisioning center must not
18 have an interest in a secure transporter or safety compliance
19 facility.

20 (4) A provisioning center shall comply with all of the
21 following:

22 (a) Sell or transfer marihuana to a registered qualifying
23 patient or registered primary caregiver only after it has been
24 tested and bears the label required for retail sale.

25 (b) Enter all transactions, current inventory, and other
26 information into the statewide monitoring system as required in
27 this act, rules, and the marihuana tracking act.

1 (c) Before selling or transferring marihuana to a registered
2 qualifying patient or to a registered primary caregiver on behalf
3 of a registered qualifying patient, inquire of the statewide
4 monitoring system to determine whether the patient and, if
5 applicable, the caregiver hold a valid, current, unexpired, and
6 unrevoked registry identification card and that the sale or
7 transfer will not exceed the daily purchasing limit established by
8 the medical marihuana licensing board under this act.

9 (d) Not allow the sale, consumption, or use of alcohol or
10 tobacco products on the premises.

11 (e) Not allow a physician to conduct a medical examination or
12 issue a medical certification document on the premises for the
13 purpose of obtaining a registry identification card.

14 Sec. 505. (1) In addition to transfer and testing authorized
15 in section 203, a safety compliance facility license authorizes the
16 **SAFETY COMPLIANCE** facility to ~~receive~~ **DO ALL OF THE FOLLOWING**
17 **WITHOUT USING A SECURE TRANSPORTER:**

18 (A) **TAKE** marihuana from, test marihuana for, and return
19 marihuana to only a marihuana facility.

20 (B) **COLLECT A RANDOM SAMPLE OF MARIHUANA AT THE MARIHUANA**
21 **FACILITY OF A GROWER, PROCESSOR, OR PROVISIONING CENTER FOR**
22 **TESTING.**

23 (2) A safety compliance facility must be accredited by an
24 entity approved by the board by 1 year after the date the license
25 is issued or have previously provided drug testing services to this
26 state or this state's court system and be a vendor in good standing
27 in regard to those services. The board may grant a variance from

1 this requirement upon a finding that the variance is necessary to
2 protect and preserve the public health, safety, or welfare.

3 (3) To be eligible for a safety compliance facility license,
4 the applicant and each investor with any interest in the safety
5 compliance facility must not have an interest in a grower, secure
6 transporter, processor, or provisioning center.

7 (4) A safety compliance facility shall comply with all of the
8 following:

9 (a) Perform tests to certify that marihuana is reasonably free
10 of chemical residues such as fungicides and insecticides.

11 (b) Use validated test methods to determine
12 tetrahydrocannabinol, tetrahydrocannabinol acid, cannabidiol, and
13 cannabidiol acid levels.

14 (c) Perform tests that determine whether marihuana complies
15 with the standards the board establishes for microbial and
16 mycotoxin contents.

17 (d) Perform other tests necessary to determine compliance with
18 any other good manufacturing practices as prescribed in rules.

19 (e) Enter all transactions, current inventory, and other
20 information into the statewide monitoring system as required in
21 this act, rules, and the marihuana tracking act.

22 (f) Have a secured laboratory space that cannot be accessed by
23 the general public.

24 (g) Retain and employ at least 1 staff member with a relevant
25 advanced degree in a medical or laboratory science.

26 Sec. 602. (1) The medical marihuana excise fund is created in
27 the state treasury.

1 (2) Except for the application fee under section 401, the
2 regulatory assessment under section 603, and any local ~~licensing~~
3 fees, all money collected under section 601 and all other fees,
4 fines, and charges, imposed under this act shall be deposited in
5 the medical marihuana excise fund. The state treasurer shall direct
6 the investment of the fund. The state treasurer shall credit to the
7 fund interest and earnings from fund investments.

8 (3) Money in the medical marihuana excise fund at the close of
9 the fiscal year ~~shall remain~~ **REMAINS** in the fund and ~~shall~~ **DOES** not
10 lapse to the general fund.

11 (4) The state treasurer ~~shall be~~ **IS** the administrator of the
12 medical marihuana excise fund for auditing purposes.

13 (5) The money in the medical marihuana excise fund ~~shall~~ **MUST**
14 be allocated, upon appropriation, as follows:

15 (a) 25% to municipalities in which a marihuana facility is
16 located, allocated in proportion to the number of marihuana
17 facilities within the municipality.

18 (b) 30% to counties in which a marihuana facility is located,
19 allocated in proportion to the number of marihuana facilities
20 within the county.

21 (c) 5% to counties in which a marihuana facility is located,
22 allocated in proportion to the number of marihuana facilities
23 within the county. Money allocated under this subdivision ~~shall~~
24 **MUST** be used exclusively to support the county sheriffs and ~~shall~~
25 **MUST** be in addition to and not in replacement of any other funding
26 received by the county sheriffs.

27 (d) 30% to this state for the following:

1 (i) Until September 30, 2017, for deposit in the general fund
2 of the state treasury.

3 (ii) Beginning October 1, 2017, for deposit in the first
4 responder presumed coverage fund created in section 405 of the
5 worker's disability compensation act of 1969, 1969 PA 317, MCL
6 418.405.

7 (e) 5% to the Michigan commission on law enforcement standards
8 for training local law enforcement officers.

9 (f) 5% to the department of state police.

10 Sec. 801. (1) The marihuana advisory panel is created within
11 the department.

12 (2) The marihuana advisory panel ~~shall consist~~ **CONSISTS** of 17
13 members, including the director of state police or his or her
14 designee, the director of this state's department of health and
15 human services or his or her designee, the director of the
16 ~~department of licensing and regulatory affairs~~ or his or her
17 designee, the attorney general or his or her designee, the director
18 of the department of agriculture and rural development or his or
19 her designee, and the following members appointed by the governor:

20 (a) One registered medical marihuana patient or medical
21 marihuana primary caregiver.

22 (b) One representative of **THE INDUSTRY FROM THE** growers
23 **CATEGORY.**

24 (c) One representative of **THE INDUSTRY FROM THE** processors
25 **CATEGORY.**

26 (d) One representative of **THE INDUSTRY FROM THE** provisioning
27 centers **CATEGORY.**

1 (e) One representative of **THE INDUSTRY FROM THE** safety
2 compliance facilities **CATEGORY**.

3 (f) One representative of townships.

4 (g) One representative of cities and villages.

5 (h) One representative of counties.

6 (i) One representative of sheriffs.

7 (j) One representative of local police.

8 (k) One physician licensed under article 15 of the public
9 health code, 1978 PA 368, MCL 333.16101 to 333.18838.

10 (l) One representative of ~~a~~**THE INDUSTRY FROM THE** secure
11 transporter **CATEGORY**.

12 (3) The **GOVERNOR SHALL APPOINT THE FIRST** members ~~first~~
13 ~~appointed to~~**OF** the panel ~~shall be appointed within 3 months after~~
14 ~~the effective date of this act and~~**BY MARCH 1, 2018. THE MEMBERS**
15 **APPOINTED TO THE PANEL** shall serve at the pleasure of the governor
16 ~~. Appointed members of the panel AND~~ shall serve for terms of 3
17 years or until a successor is appointed, whichever is later.

18 (4) If a vacancy occurs on the advisory panel, the governor
19 shall make an appointment for the unexpired term in the same manner
20 as the original appointment.

21 (5) The **DIRECTOR OF THE DEPARTMENT OR HIS OR HER DESIGNEE**
22 **SHALL CALL THE** first meeting of the panel ~~shall be called by the~~
23 ~~director of the department or his or her designee~~ within 1 month
24 after the advisory panel is appointed. At the first meeting, the
25 panel shall elect from among its members a chairperson and any
26 other officers it considers necessary or appropriate. After the
27 first meeting, the panel shall meet at least 2 times each year, or

1 more frequently at the call of the chairperson.

2 (6) A majority of the members of the panel constitute a quorum
3 for the transaction of business. A majority of the members present
4 and serving are required for official action of the panel.

5 (7) The business that the panel performs shall be conducted at
6 a public meeting held in compliance with the open meetings act,
7 1976 PA 267, MCL 15.261 to 15.275.

8 (8) A writing prepared, owned, used, in the possession of, or
9 retained by the panel in the performance of an official function is
10 subject to the freedom of information act, 1976 PA 442, MCL 15.231
11 to 15.246.

12 (9) Members of the panel shall serve without compensation.
13 However, members of the panel may be reimbursed for their actual
14 and necessary expenses incurred in the performance of their
15 official duties as members of the panel.

16 (10) The panel may make recommendations to the board
17 concerning promulgation of rules and, as requested by the board or
18 the department, the administration, implementation, and enforcement
19 of this act and the marihuana tracking act.

20 (11) State departments and agencies shall cooperate with the
21 panel and, upon request, provide it with meeting space and other
22 necessary resources to assist it in the performance of its duties.