

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5144

A bill to amend 2016 PA 281, entitled
"Medical marihuana facilities licensing act,"
by amending the title and sections 102, 201, 205, 206, 501, 502,
503, 504, 505, 602, and 801 (MCL 333.27102, 333.27201, 333.27205,
333.27206, 333.27501, 333.27502, 333.27503, 333.27504, 333.27505,
333.27602, and 333.27801).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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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~~ **IS NOT** considered a food for purposes
18 of the 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

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

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

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

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

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

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

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

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

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

27 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, A FINANCIAL

1 INSTITUTION IS NOT SUBJECT TO ANY OF THE FOLLOWING FOR PROVIDING A
2 FINANCIAL SERVICE TO A LICENSEE UNDER THIS ACT:

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

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

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

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

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

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

19 (a) The business corporation act, 1972 PA 284, MCL 450.1101 to
20 450.2098.

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

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

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

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

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

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

3 (h) The uniform partnership act, 1917 PA 72, MCL 449.1 to
4 449.48.

5 (7) AS USED IN THIS SECTION:

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

7 (i) A STATE OR NATIONAL BANK.

8 (ii) A STATE OR FEDERALLY CHARTERED SAVINGS AND LOAN
9 ASSOCIATION.

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

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

12 (v) AN INSURANCE COMPANY.

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

15 (A) A MUTUAL FUND ACCOUNT.

16 (B) A SECURITIES BROKERAGE ACCOUNT.

17 (C) A MONEY MARKET ACCOUNT.

18 (D) A RETAIL INVESTMENT ACCOUNT.

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

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

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

24 (B) "FINANCIAL SERVICE" MEANS A DEPOSIT; WITHDRAWAL; TRANSFER
25 BETWEEN ACCOUNTS; EXCHANGE OF CURRENCY; LOAN; EXTENSION OF CREDIT;
26 PURCHASE OR SALE OF ANY STOCK, BOND, CERTIFICATE OF DEPOSIT, OR
27 OTHER MONETARY INSTRUMENT; OR ANY OTHER PAYMENT, TRANSFER, OR

1 DELIVERY BY, THROUGH, OR TO A FINANCIAL INSTITUTION, BY WHATEVER
2 MEANS EFFECTED.

3 Sec. 205. (1) ~~A marihuana facility~~ **THE BOARD** shall not operate
4 ~~in a municipality~~ **ISSUE A STATE OPERATING LICENSE TO AN APPLICANT**
5 unless the municipality **IN WHICH THE APPLICANT'S PROPOSED MARIHUANA**
6 **FACILITY WILL OPERATE** has adopted an ordinance that authorizes that
7 type of facility. A municipality may adopt an ordinance to
8 authorize 1 or more types of marihuana facilities within its
9 boundaries and to limit the number of each type of marihuana
10 facility. A municipality may adopt other ordinances relating to
11 marihuana facilities within its jurisdiction, including zoning
12 regulations, but shall not impose regulations regarding the purity
13 or pricing of marihuana or interfering or conflicting with
14 ~~statutory regulations~~ **THIS ACT OR RULES** for licensing marihuana
15 facilities. A municipality **THAT ADOPTS AN ORDINANCE UNDER THIS**
16 **SUBSECTION THAT AUTHORIZES A MARIHUANA FACILITY** shall provide ~~the~~
17 ~~following information to the board within 90 days after the~~
18 ~~municipality receives notification from the applicant that he or~~
19 ~~she has applied for a license under this act.~~ **THE DEPARTMENT WITH**
20 **ALL OF THE FOLLOWING ON A FORM PRESCRIBED AND PROVIDED BY THE**
21 **DEPARTMENT:**

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

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

27 ~~—— (c) A description of any violation of the local ordinance or~~

1 ~~zoning regulations included under subdivision (a) or (b) committed~~
2 ~~by the applicant, but only if those violations relate to activities~~
3 ~~licensed under this act or the Michigan medical marihuana act.~~

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

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

10 (D) ANY OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

11 (2) ~~(3)~~ A municipal ordinance may establish an annual,
12 nonrefundable fee of not more than \$5,000.00 ~~on a licensee to help~~
13 defray administrative and enforcement costs associated with the
14 operation of a marihuana facility in the municipality.

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

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

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

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

1 (4) Information a municipality obtains from an applicant
2 ~~related to licensure~~ under this section is exempt from disclosure
3 under the freedom of information act, 1976 PA 442, MCL 15.231 to
4 15.246. **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,**
5 **INFORMATION A MUNICIPALITY PROVIDES TO THE DEPARTMENT UNDER THIS**
6 **SECTION IS SUBJECT TO DISCLOSURE UNDER THE FREEDOM OF INFORMATION**
7 **ACT, 1976 PA 442, MCL 15.231 TO 15.246.**

8 Sec. 206. The department, in consultation with the board,
9 shall promulgate rules and emergency rules as necessary to
10 implement, administer, and enforce this act. The rules ~~shall~~**MUST**
11 ensure the safety, security, and integrity of the operation of
12 marihuana facilities, and ~~shall~~**MUST** include rules to do the
13 following:

14 (a) Set appropriate standards for marihuana facilities and
15 associated equipment.

16 (b) Subject to section 408, establish minimum levels of
17 insurance that licensees must maintain.

18 (c) Establish operating regulations for each category of
19 license to ensure the health, safety, and security of the public
20 and the integrity of marihuana facility operations.

21 (d) Establish qualifications and restrictions for persons
22 participating in or involved with operating marihuana facilities.

23 (e) Establish testing standards, procedures, and requirements
24 for marihuana sold through provisioning centers.

25 (f) Provide for the levy and collection of fines for a
26 violation of this act or rules.

27 (g) Prescribe use of the statewide monitoring system to track

1 all marihuana transfers, as provided in the marihuana tracking act
2 and this act and provide for a funding mechanism to support the
3 system.

4 (h) Establish quality control standards, procedures, and
5 requirements for marihuana facilities.

6 (i) Establish chain of custody standards, procedures, and
7 requirements for marihuana facilities.

8 (j) Establish standards, procedures, and requirements for
9 waste product disposal and storage by marihuana facilities.

10 (k) Establish chemical storage standards, procedures, and
11 requirements for marihuana facilities.

12 (l) Establish standards, procedures, and requirements for
13 securely and safely transporting marihuana between marihuana
14 facilities.

15 (m) Establish standards, procedures, and requirements for the
16 storage of marihuana by marihuana facilities.

17 (n) Establish labeling and packaging standards, procedures,
18 and requirements for marihuana sold or transferred through
19 provisioning centers, including a prohibition on labeling or
20 packaging that is intended to appeal to or has the effect of
21 appealing to minors.

22 (o) Establish daily **AND MONTHLY** purchasing limits at
23 provisioning centers for registered qualifying patients and
24 registered primary caregivers to ensure compliance with the
25 Michigan medical marihuana act.

26 (p) Establish marketing and advertising restrictions for
27 marihuana products and marihuana facilities.

1 (q) Establish maximum tetrahydrocannabinol levels for
2 marihuana-infused products sold or transferred through provisioning
3 centers.

4 (r) Establish health standards to ensure the safe preparation
5 of products containing marihuana that are intended for human
6 consumption in a manner other than smoke inhalation.

7 (s) Establish restrictions on edible marihuana-infused
8 products to prohibit shapes that would appeal to minors.

9 Sec. 501. (1) A grower license authorizes the grower to grow
10 not more than the following number of marihuana plants under the
11 indicated license class for each license the grower holds in that
12 class:

13 (a) Class A - 500 marihuana plants.

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

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

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

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

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

1 **(B) THE GROWER ENTERS EACH TRANSFER INTO THE STATEWIDE**
2 **MONITORING SYSTEM.**

3 **(4) ~~(3)~~**A grower license authorizes sale of marihuana, other
4 than seeds, ~~only SEEDLINGS, TISSUE CULTURES, AND CUTTINGS,~~ to a
5 processor or provisioning center.

6 **(5) ~~(4)~~**A ~~EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND~~
7 **(3) AND SECTION 505,** A grower license authorizes the grower to
8 transfer marihuana only by means of a secure transporter.

9 **(6) ~~(5)~~**To be eligible for a grower license, the applicant and
10 each investor in the grower must not have an interest in a secure
11 transporter or safety compliance facility.

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

17 **(A) MARIHUANA PLANTS.**

18 **(B) SEEDS.**

19 **(C) SEEDLINGS.**

20 **(8) ~~(6)~~**A grower shall comply with all of the following:

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

24 (b) While holding a license as a grower, not be a registered
25 primary caregiver and not employ an individual who is
26 simultaneously a registered primary caregiver.

27 (c) Enter all transactions, current inventory, and other

1 information into the statewide monitoring system as required in
2 this act, rules, and the marihuana tracking act.

3 (9) ~~(7)~~—A grower license does not authorize the grower to
4 operate in an area unless the area is zoned for industrial or
5 agricultural uses or is unzoned and otherwise meets the
6 requirements established in section 205(1).

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

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

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

19 (B) **THE PROCESSOR ENTERS EACH TRANSFER INTO THE STATEWIDE**
20 **MONITORING SYSTEM.**

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

24 (4) **UNTIL DECEMBER 31, 2018, FOR A PERIOD OF 30 DAYS AFTER THE**
25 **ISSUANCE OF A PROCESSOR LICENSE AND IN ACCORD WITH RULES, A**
26 **PROCESSOR MAY TRANSFER ANY OF THE FOLLOWING THAT ARE LAWFULLY**
27 **POSSESSED BY AN INDIVIDUAL FORMERLY REGISTERED AS A PRIMARY**

1 CAREGIVER WHO IS AN ACTIVE EMPLOYEE OF THE PROCESSOR:

2 (A) MARIHUANA PLANTS.

3 (B) USABLE MARIHUANA.

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

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

8 (b) While holding a license as a processor, not be a
9 registered primary caregiver and not employ an individual who is
10 simultaneously a registered primary caregiver.

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

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

24 (2) To be eligible for a secure transporter license, the
25 applicant and each investor with an interest in the secure
26 transporter must not have an interest in a grower, processor,
27 provisioning center, or safety compliance facility and must not be

1 a registered qualifying patient or a registered primary caregiver.

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

6 (4) A secure transporter shall comply with all of the
7 following:

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

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

16 (c) Each vehicle ~~shall~~**MUST** be operated with a 2-person crew
17 with at least 1 individual remaining with the vehicle at all times
18 during the transportation of marihuana.

19 (d) A route plan and manifest ~~shall~~**MUST** be entered into the
20 statewide monitoring system, and a copy ~~shall~~**MUST** be carried in
21 the transporting vehicle and presented to a law enforcement officer
22 upon request.

23 (e) The marihuana ~~shall~~**MUST** be transported in 1 or more
24 sealed containers and not be accessible while in transit.

25 (f) A secure transporting vehicle ~~shall~~**MUST** not bear markings
26 or other indication that it is carrying marihuana or a marihuana-
27 infused product.

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

4 Sec. 504. (1) A provisioning center license authorizes the
5 purchase or transfer of marihuana only from a grower or processor
6 and sale or transfer to only a registered qualifying patient or
7 registered primary caregiver. ~~All~~**EXCEPT AS OTHERWISE PROVIDED IN**
8 **SECTION 505 AND THIS SUBSECTION, ALL** transfers of marihuana to a
9 provisioning center from a separate marihuana facility ~~shall~~**MUST**
10 be by means of a secure transporter. **A TRANSFER OF MARIHUANA TO A**
11 **PROVISIONING CENTER FROM A MARIHUANA FACILITY THAT OCCUPIES THE**
12 **SAME LOCATION AS THE PROVISIONING CENTER DOES NOT REQUIRE A SECURE**
13 **TRANSPORTER IF THE MARIHUANA IS TRANSFERRED TO THE PROVISIONING**
14 **CENTER USING ONLY PRIVATE REAL PROPERTY WITHOUT ACCESSING PUBLIC**
15 **ROADWAYS.**

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

20 (3) To be eligible for a provisioning center license, the
21 applicant and each investor in the provisioning center must not
22 have an interest in a secure transporter or safety compliance
23 facility.

24 (4) A provisioning center shall comply with all of the
25 following:

26 (a) Sell or transfer marihuana to a registered qualifying
27 patient or registered primary caregiver only after it has been

1 tested and bears the label required for retail sale.

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

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

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

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

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

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

25 (B) **COLLECT A RANDOM SAMPLE OF MARIHUANA AT THE MARIHUANA**
26 **FACILITY OF A GROWER, PROCESSOR, OR PROVISIONING CENTER FOR**
27 **TESTING.**

1 (2) A safety compliance facility must be accredited by an
2 entity approved by the board by 1 year after the date the license
3 is issued or have previously provided drug testing services to this
4 state or this state's court system and be a vendor in good standing
5 in regard to those services. The board may grant a variance from
6 this requirement upon a finding that the variance is necessary to
7 protect and preserve the public health, safety, or welfare.

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

12 (4) A safety compliance facility shall comply with all of the
13 following:

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

16 (b) Use validated test methods to determine
17 tetrahydrocannabinol, tetrahydrocannabinol acid, cannabidiol, and
18 cannabidiol acid levels.

19 (c) Perform tests that determine whether marihuana complies
20 with the standards the board establishes for microbial and
21 mycotoxin contents.

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

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

27 (f) Have a secured laboratory space that cannot be accessed by

1 the general public.

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

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

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

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

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

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

20 (a) 25% to municipalities in which a marihuana facility is
21 located, allocated in proportion to the number of marihuana
22 facilities within the municipality.

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

26 (c) 5% to counties in which a marihuana facility is located,
27 allocated in proportion to the number of marihuana facilities

1 within the county. Money allocated under this subdivision ~~shall~~
2 **MUST** be used exclusively to support the county sheriffs and ~~shall~~
3 **MUST** be in addition to and not in replacement of any other funding
4 received by the county sheriffs.

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

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

8 (ii) Beginning October 1, 2017, for deposit in the first
9 responder presumed coverage fund created in section 405 of the
10 worker's disability compensation act of 1969, 1969 PA 317, MCL
11 418.405.

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

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

15 Sec. 801. (1) The marihuana advisory panel is created within
16 the department.

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

25 (a) One registered medical marihuana patient or medical
26 marihuana primary caregiver.

27 (b) One representative of **THE INDUSTRY FROM THE** growers

1 **CATEGORY.**

2 (c) One representative of **THE INDUSTRY FROM THE** processors

3 **CATEGORY.**

4 (d) One representative of **THE INDUSTRY FROM THE** provisioning
5 centers **CATEGORY.**

6 (e) One representative of **THE INDUSTRY FROM THE** safety
7 compliance facilities **CATEGORY.**

8 (f) One representative of townships.

9 (g) One representative of cities and villages.

10 (h) One representative of counties.

11 (i) One representative of sheriffs.

12 (j) One representative of local police.

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

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

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

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

26 (5) The **DIRECTOR OF THE DEPARTMENT OR HIS OR HER DESIGNEE**
27 **SHALL CALL THE** first meeting of the panel ~~shall be called by the~~

1 ~~director of the department or his or her designee~~ within 1 month
2 after the advisory panel is appointed. At the first meeting, the
3 panel shall elect from among its members a chairperson and any
4 other officers it considers necessary or appropriate. After the
5 first meeting, the panel shall meet at least 2 times each year, or
6 more frequently at the call of the chairperson.

7 (6) A majority of the members of the panel constitute a quorum
8 for the transaction of business. A majority of the members present
9 and serving are required for official action of the panel.

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

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

17 (9) Members of the panel shall serve without compensation.
18 However, members of the panel may be reimbursed for their actual
19 and necessary expenses incurred in the performance of their
20 official duties as members of the panel.

21 (10) The panel may make recommendations to the board
22 concerning promulgation of rules and, as requested by the board or
23 the department, the administration, implementation, and enforcement
24 of this act and the marihuana tracking act.

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