

**SUBSTITUTE FOR
HOUSE BILL NO. 6500**

A bill to amend 2016 PA 281, entitled
"Medical marihuana facilities licensing act,"
by amending sections 102, 207, 301, 305, 401, 402, 406, 407, 409,
and 702 (MCL 333.27102, 333.27207, 333.27301, 333.27305, 333.27401,
333.27402, 333.27406, 333.27407, 333.27409, and 333.27702), section
102 as amended by 2018 PA 10 and section 402 as amended by 2017 PA
105, and by adding section 407a; and to repeal acts and parts of
acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 102. As used in this act:
- 2 (a) "Advisory panel" or "panel" means the marihuana advisory
- 3 panel created in section 801.
- 4 (b) "Affiliate" means any person that controls, is controlled
- 5 by, or is under common control with; is in a partnership or joint

1 venture relationship with; or is a co-shareholder of a corporation,
2 a co-member of a limited liability company, or a co-partner in a
3 limited liability partnership with a licensee or applicant.

4 (c) "Applicant" means a person who applies for a state
5 operating license. ~~With~~

6 (D) **"APPLICANT" INCLUDES, WITH** respect to disclosures in an
7 application, or for purposes of ineligibility for a license under
8 section 402, ~~the term applicant includes an officer, director, and~~
9 ~~managerial employee of the applicant and a person who holds any~~
10 ~~direct or indirect ownership interest in the applicant.~~**FOR**

11 **APPLICATIONS SUBMITTED ON OR AFTER DECEMBER 15, 2017, A MANAGERIAL**
12 **EMPLOYEE AND THE FOLLOWING FOR EACH TYPE OF APPLICANT:**

13 (i) **FOR AN INDIVIDUAL OR SOLE PROPRIETORSHIP: THE PROPRIETOR**
14 **AND SPOUSE.**

15 (ii) **FOR A PARTNERSHIP AND LIMITED LIABILITY PARTNERSHIP: ALL**
16 **PARTNERS AND THEIR SPOUSES. FOR A LIMITED PARTNERSHIP AND LIMITED**
17 **LIABILITY LIMITED PARTNERSHIP: ALL GENERAL AND LIMITED PARTNERS AND**
18 **THEIR SPOUSES. FOR A LIMITED LIABILITY COMPANY: ALL MEMBERS,**
19 **MANAGERS, AND THEIR SPOUSES.**

20 (iii) **FOR A PRIVATELY HELD CORPORATION: ALL CORPORATE OFFICERS**
21 **OR PERSONS WITH EQUIVALENT TITLES AND THEIR SPOUSES AND ALL**
22 **STOCKHOLDERS HOLDING A DIRECT OR INDIRECT OWNERSHIP INTEREST OF 5%**
23 **OR MORE AND THEIR SPOUSES.**

24 (iv) **FOR A PUBLICLY HELD CORPORATION: ALL CORPORATE OFFICERS**
25 **OR PERSONS WITH EQUIVALENT TITLES AND THEIR SPOUSES AND ALL**
26 **STOCKHOLDERS HOLDING A DIRECT OR INDIRECT OWNERSHIP INTEREST OF 5%**
27 **OR MORE AND THEIR SPOUSES.**

(v) FOR A MULTILEVEL OWNERSHIP ENTERPRISE: ANY ENTITY OR PERSON THAT RECEIVES OR HAS THE RIGHT TO RECEIVE 5% OR MORE OF THE GROSS OR NET PROFIT FROM THE ENTERPRISE DURING ANY FULL OR PARTIAL CALENDAR OR FISCAL YEAR.

(vi) FOR A NONPROFIT CORPORATION: ALL INDIVIDUALS AND ENTITIES WITH MEMBERSHIP OR SHAREHOLDER RIGHTS IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION OR THE BYLAWS AND THEIR SPOUSES.

(E) "APPLICANT" DOES NOT INCLUDE, WITH RESPECT TO DISCLOSURES IN AN APPLICATION, OR FOR PURPOSES OF INELIGIBILITY FOR A LICENSE UNDER SECTION 402, FOR APPLICATIONS SUBMITTED ON OR AFTER DECEMBER 15, 2017, ANY OF THE FOLLOWING:

(i) A PERSON OR ENTITY RECEIVING FROM AN APPLICANT REASONABLE PAYMENT FOR RENT ON A FIXED BASIS UNDER A BONA FIDE LEASE OR RENTAL OBLIGATION, UNLESS THE LESSOR OR PROPERTY MANAGER EXERCISES CONTROL OVER OR PARTICIPATES IN THE MANAGEMENT OF THE APPLICANT'S BUSINESS.

(ii) A PERSON WHO RECEIVES A BONUS AS AN EMPLOYEE OF AN APPLICANT IF THE EMPLOYEE IS ON A FIXED WAGE OR SALARY AND THE BONUS IS NOT MORE THAN 25% OF THE EMPLOYEE'S PREBONUS ANNUAL COMPENSATION OR IF THE BONUS IS BASED ON A WRITTEN INCENTIVE/BONUS PROGRAM THAT IS NOT OUT OF THE ORDINARY FOR THE SERVICES RENDERED.

(F) ~~(d)~~—"Board" means the medical marihuana licensing board created in section 301.

(G) ~~(e)~~—"Cutting" means a section of a lead stem or root stock that is used for vegetative asexual propagation.

(H) ~~(f)~~—"Department" means the department of licensing and regulatory affairs.

(I) ~~(g)~~—"Grower" means a licensee that is a commercial entity

1 located in this state that cultivates, dries, trims, or cures and
2 packages marihuana for sale to a processor, provisioning center, or
3 another grower.

4 (J) ~~(h)~~ "Licensee" means a person holding a state operating
5 license.

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

8 (L) ~~(j)~~ "Marihuana facility" means a location at which a
9 licensee is licensed to operate under this act.

10 (M) ~~(k)~~ "Marihuana plant" means any plant of the species
11 *Cannabis sativa* L.

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

18 (O) ~~(m)~~ "Marihuana tracking act" means the marihuana tracking
19 act, 2016 PA 282, MCL 333.27901 to 333.27904.

20 (P) ~~(n)~~ "Michigan medical marihuana act" means the Michigan
21 medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430.

22 (Q) ~~(o)~~ "Municipality" means a city, township, or village.

23 (R) ~~(p)~~ "Paraphernalia" means any equipment, product, or
24 material of any kind that is designed for or used in growing,
25 cultivating, producing, manufacturing, compounding, converting,
26 storing, processing, preparing, transporting, injecting, smoking,
27 ingesting, inhaling, or otherwise introducing into the human body,

1 marihuana.

2 **(S)** ~~(q)~~—"Person" means an individual, corporation, limited
3 liability company, partnership, limited partnership, limited
4 liability partnership, limited liability limited partnership,
5 trust, or other legal entity.

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

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

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

26 **(W)** ~~(u)~~—"Registered primary caregiver" means a primary
27 caregiver who has been issued a current registry identification

1 card under the Michigan medical marihuana act.

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

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

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

14 **(AA)** ~~(y)~~—"Safety compliance facility" means a licensee that is
15 a commercial entity that takes marihuana from a marihuana facility
16 or receives marihuana from a registered primary caregiver, tests
17 the marihuana for contaminants and for tetrahydrocannabinol and
18 other cannabinoids, returns the test results, and may return the
19 marihuana to the marihuana facility.

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

23 **(CC)** ~~(aa)~~—"Seed" means the fertilized, ungerminated, matured
24 ovule, containing an embryo or rudimentary plant, of a marihuana
25 plant that is flowering.

26 **(DD)** ~~(bb)~~—"Seedling" means a marihuana plant that has
27 germinated and has not flowered and is not harvestable.

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

- 5 (i) A grower.
- 6 (ii) A processor.
- 7 (iii) A secure transporter.
- 8 (iv) A provisioning center.
- 9 (v) A safety compliance facility.

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

- 17 (i) Verifying registry identification cards.
- 18 (ii) Tracking marihuana transfer and transportation by
19 licensees, including transferee, date, quantity, and price.
- 20 (iii) Verifying in commercially reasonable time that a
21 transfer will not exceed the limit that the patient or caregiver is
22 authorized to receive under section 4 of the Michigan medical
23 marihuana act, MCL 333.26424.

24 **(GG)** ~~(ee)~~ "Tissue culture" means a marihuana plant cell,
25 cutting, tissue, or organ, that is kept under a sterile condition
26 on a nutrient culture medium of known composition and that does not
27 have visible root formation. A tissue culture is not a marihuana

1 plant for purposes of a grower.

2 **(HH)** ~~(ff)~~ "Usable marihuana" means the dried leaves, flowers,
3 plant resin, or extract of the marihuana plant, but does not
4 include the seeds, stalks, and roots of the plant.

5 Sec. 207. **(1)** ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
6 **(2)**, **A** licensee shall adopt and use a third-party inventory control
7 and tracking system that is capable of interfacing with the
8 statewide monitoring system to allow the licensee to enter or
9 access information in the statewide monitoring system as required
10 under this act and rules. The third-party inventory control and
11 tracking system must have all of the following capabilities
12 necessary for the licensee to comply with the requirements
13 applicable to the licensee's license type:

14 (a) Tracking all marihuana plants, products, packages, patient
15 and primary caregiver purchase totals, waste, transfers,
16 conversions, sales, and returns that are linked to unique
17 identification numbers.

18 (b) Tracking lot and batch information throughout the entire
19 chain of custody.

20 (c) Tracking all products, conversions, and derivatives
21 throughout the entire chain of custody.

22 (d) Tracking marihuana plant, batch, and product destruction.

23 (e) Tracking transportation of product.

24 (f) Performing complete batch recall tracking that clearly
25 identifies all of the following details relating to the specific
26 batch subject to the recall:

27 (i) Sold product.

1 (ii) Product inventory that is finished and available for
2 sale.

3 (iii) Product that is in the process of transfer.

4 (iv) Product being processed into another form.

5 (v) Postharvest raw product, such as product that is in the
6 drying, trimming, or curing process.

7 (g) Reporting and tracking loss, theft, or diversion of
8 product containing marihuana.

9 (h) Reporting and tracking all inventory discrepancies.

10 (i) Reporting and tracking adverse patient responses or dose-
11 related efficacy issues.

12 (j) Reporting and tracking all sales and refunds.

13 (k) Electronically receiving and transmitting information as
14 required under this act, the Michigan medical marihuana act, 2008
15 IL 1, MCL 333.26421 to 333.26430, and the marihuana tracking act.

16 (l) Receiving testing results electronically from a safety
17 compliance facility via a secured application program interface
18 into the system and directly linking the testing results to each
19 applicable source batch and sample.

20 (m) Identifying test results that may have been altered.

21 (n) Providing the licensee with access to information in the
22 tracking system that is necessary to verify that the licensee is
23 carrying out the marihuana transactions authorized under the
24 licensee's license in accordance with this act.

25 (o) Providing information to cross-check that product sales
26 are made to a registered qualifying patient or a registered primary
27 caregiver on behalf of a registered qualifying patient and that the

1 product received the required testing.

2 (p) Providing the department and state agencies with access to
3 information in the database that they are authorized to access.

4 (q) Providing law enforcement agencies with access to only the
5 information in the database that is necessary to verify that an
6 individual possesses a valid and current registry identification
7 card.

8 (r) Providing licensees with access only to the information in
9 the system that they are required to receive before a sale,
10 transfer, transport, or other activity authorized under a license
11 issued under this act.

12 (s) Securing the confidentiality of information in the
13 database by preventing access by a person who is not authorized to
14 access the statewide monitoring system or is not authorized to
15 access the particular information.

16 (t) Providing analytics to the department regarding key
17 performance indicators such as the following:

18 (i) Total daily sales.

19 (ii) Total marihuana plants in production.

20 (iii) Total marihuana plants destroyed.

21 (iv) Total inventory adjustments.

22 **(2) IF THE STATEWIDE MONITORING SYSTEM IS CAPABLE OF ALLOWING**
23 **A LICENSEE TO ACCESS OR ENTER INFORMATION INTO THE STATEWIDE**
24 **MONITORING SYSTEM WITHOUT USE OF A THIRD-PARTY INVENTORY CONTROL**
25 **AND TRACKING SYSTEM, A LICENSEE MAY ACCESS OR ENTER INFORMATION**
26 **INTO THE STATEWIDE MONITORING SYSTEM DIRECTLY AND THE LICENSEE IS**
27 **NOT REQUIRED TO ADOPT AND USE A THIRD-PARTY INVENTORY CONTROL AND**

1 **TRACKING SYSTEM.**

2 Sec. 301. (1) The medical marihuana licensing board is created
3 within the department of licensing and regulatory affairs.

4 (2) The board consists of 5 members who are residents of this
5 state, not more than 3 of whom are members of the same political
6 party. The governor shall appoint the members. One of the members
7 shall be appointed from 3 nominees submitted by the senate majority
8 leader and 1 from 3 nominees submitted by the speaker of the house.
9 The governor shall designate 1 of the members as chairperson.

10 (3) The members shall be appointed for terms of 4 years,
11 except, of those who are first appointed, 1 member shall be
12 appointed for a term of 2 years and 2 members shall be appointed
13 for a term of 3 years. A member's term expires on December 31 of
14 the last year of the member's term. If a vacancy occurs, the
15 governor shall appoint a successor to fill the unexpired term in
16 the manner of the original appointment.

17 (4) Each member of the board shall be reimbursed for all
18 actual and necessary expenses and disbursements incurred in
19 carrying out official duties.

20 (5) A board member shall not hold any other public office for
21 which he or she receives compensation other than necessary travel
22 or other incidental expenses.

23 (6) A person who is not of good moral character or who has
24 been indicted for, charged with, or convicted of, pled guilty or
25 nolo contendere to, or forfeited bail concerning any felony or a
26 misdemeanor involving a controlled substance violation, theft,
27 dishonesty, or fraud under the laws of this state, any other state,

1 or the United States or a local ordinance in any state involving a
2 controlled substance violation, dishonesty, theft, or fraud that
3 substantially corresponds to a misdemeanor in that state is not
4 eligible to serve on the board.

5 (7) The governor may remove any member of the board for
6 neglect of duty, misfeasance, malfeasance, nonfeasance, or any
7 other just cause.

8 ~~—— (8) The department in conjunction with the board shall employ~~
9 ~~an executive director and other personnel as necessary to assist~~
10 ~~the board in carrying out its duties. The executive director shall~~
11 ~~devote his or her full time to the duties of the office and shall~~
12 ~~not hold any other office or employment.~~

13 (8) ~~(9)~~ The board shall not appoint or employ an individual if
14 any of the following circumstances exist:

15 (a) During the 3 years immediately preceding appointment or
16 employment, the individual held any direct or indirect interest in,
17 or was employed by, a person who is licensed to operate under this
18 act or under a corresponding license in another jurisdiction or a
19 person with an application for an operating license pending before
20 the board or in any other jurisdiction. The board shall not employ
21 an individual who has a direct or indirect interest in a licensee
22 or a marihuana facility.

23 (b) The individual or his or her spouse, parent, child,
24 child's spouse, sibling, or spouse of a sibling has an application
25 for a license pending before the board or is a member of the board
26 of directors of, or an individual financially interested in, any
27 licensee or marihuana facility.

1 **(9)** ~~(10)~~ Each member of the board ~~, the executive director,~~
2 and each key employee as determined by the department shall file
3 with the governor a financial disclosure statement listing all
4 assets and liabilities, property and business interests, and
5 sources of income of the member ~~, executive director,~~ and key
6 employee and his or her spouse, if any, affirming that the member ~~,~~
7 ~~executive director,~~ and key employee are in compliance with
8 subsection ~~(9) (a)~~ **(8) (A)** and (b). The financial disclosure
9 statement shall be made under oath and filed at the time of
10 employment and annually thereafter.

11 **(10)** ~~(11)~~ Each employee of the board shall file with the board
12 a financial disclosure statement listing all assets and
13 liabilities, property and business interests, and sources of income
14 of the employee and his or her spouse. This subsection does not
15 apply to ~~the executive director or a~~ key employee.

16 **(11)** ~~(12)~~ A member of the board ~~, executive director,~~ or key
17 employee shall not hold any direct or indirect interest in, be
18 employed by, or enter into a contract for services with an
19 applicant, a board licensee, or a marihuana facility for a period
20 of 4 years after the date his or her employment or membership on
21 the board terminates. The department in consultation with the board
22 shall define the term "direct or indirect interest" by rule.

23 **(12)** ~~(13)~~ For 2 years after the date his or her employment
24 with the board is terminated, an employee of the board shall not
25 acquire any direct or indirect interest in, be employed by, or
26 enter into a contract for services with any applicant, licensee, or
27 marihuana facility.

1 **(13)** ~~(14)~~ For 2 years after the termination of his or her
2 office or employment with the board, a board member or an
3 individual employed by the board shall not represent any person or
4 party other than this state before or against the board.

5 **(14)** ~~(15)~~ A business entity in which a former board member or
6 employee or agent has an interest, or any partner, officer, or
7 employee of the business entity, shall not make any appearance or
8 represent a party that the former member, employee, or agent is
9 prohibited from appearing for or representing. As used in this
10 subsection, "business entity" means a corporation, limited
11 liability company, partnership, limited liability partnership,
12 association, trust, or other form of legal entity.

13 Sec. 305. (1) By January 31 of each year, each member of the
14 board shall prepare and file with the governor's office and the
15 board a disclosure form in which the member does all of the
16 following:

17 (a) Affirms that the member or the member's spouse, parent,
18 child, or child's spouse is not a member of the board of directors
19 of, financially interested in, or employed by a licensee or
20 applicant.

21 (b) Affirms that the member continues to meet any other
22 criteria for board membership under this act or the rules
23 promulgated by the board.

24 (c) Discloses any legal or beneficial interests in any real
25 property that is or that may be directly or indirectly involved
26 with operations authorized by this act.

27 (d) Discloses any other information as may be required to

1 ensure that the integrity of the board and its work is maintained.

2 (2) By January 31 of each year, each employee of the board
3 shall prepare and file with the board an employee disclosure form
4 in which the employee does all of the following:

5 (a) Affirms the absence of financial interests prohibited by
6 this act.

7 (b) Discloses any legal or beneficial interests in any real
8 property that is or that may be directly or indirectly involved
9 with operations authorized by this act.

10 (c) Discloses whether the employee or the employee's spouse,
11 parent, child, or child's spouse is financially interested in or
12 employed by a licensee or an applicant for a license under this
13 act.

14 (d) Discloses such other matters as may be required to ensure
15 that the integrity of the board and its work is maintained.

16 (3) A member, employee, or agent of the board who becomes
17 aware that the member, employee, or agent of the board or his or
18 her spouse, parent, or child is a member of the board of directors
19 of, financially interested in, or employed by a licensee or an
20 applicant shall immediately provide detailed written notice thereof
21 to the chairperson.

22 (4) A member, employee, or agent of the board who within the
23 previous 10 years has been indicted for, charged with, or convicted
24 of, pled guilty or nolo contendere to, or forfeited bail concerning
25 a misdemeanor involving controlled substances, dishonesty, theft,
26 or fraud or a local ordinance in any state involving controlled
27 substances, dishonesty, theft, or fraud that substantially

1 corresponds to a misdemeanor in that state, or a felony under
2 Michigan law, the laws of any other state, or the laws of the
3 United States or any other jurisdiction shall immediately provide
4 detailed written notice of the conviction or charge to the
5 chairperson.

6 (5) Any member, employee, or agent of the board who is
7 negotiating for, or acquires by any means, any interest in any
8 person who is a licensee or an applicant, or any person affiliated
9 with such a person, shall immediately provide written notice of the
10 details of the interest to the chairperson. The member, employee,
11 or agent of the board shall not act on behalf of the board with
12 respect to that person.

13 (6) A member, employee, or agent of the board shall not enter
14 into any negotiations for employment with any person or affiliate
15 of any person who is a licensee or an applicant and shall
16 immediately provide written notice of the details of any such
17 negotiations or discussions in progress to the chairperson. The
18 member, employee, or agent of the board shall not take action on
19 behalf of the board with respect to that person.

20 (7) Any member, employee, or agent of the board who receives
21 an invitation, written or oral, to initiate a discussion concerning
22 employment or the possibility of employment with a person or
23 affiliate of a person who is a licensee or an applicant shall
24 immediately report that he or she received the invitation to the
25 chairperson. The member, employee, or agent of the board shall not
26 take action on behalf of the board with respect to the person.

27 (8) A licensee or applicant shall not knowingly initiate a

1 negotiation for or discussion of employment with a member,
2 employee, or agent of the board. A licensee or applicant who
3 initiates a negotiation or discussion about employment shall
4 immediately provide written notice of the details of the
5 negotiation or discussion to the chairperson as soon as he or she
6 becomes aware that the negotiation or discussion has been initiated
7 with a member, employee, or agent of the board.

8 (9) A member, employee, or agent of the board, or former
9 member, employee, or agent of the board, shall not disseminate or
10 otherwise disclose any material or information in the possession of
11 the board that the board considers confidential unless specifically
12 authorized to do so by the chairperson or the board.

13 (10) A member, employee, or agent of the board or a parent,
14 spouse, sibling, spouse of a sibling, child, or spouse of a child
15 of a member, employee, or agent of the board shall not accept any
16 gift, gratuity, compensation, travel, lodging, or anything of
17 value, directly or indirectly, from any licensee or any applicant
18 or affiliate or representative of a licensee or applicant, unless
19 the acceptance conforms to a written policy or directive that is
20 issued by the chairperson or the board. Any member, employee, or
21 agent of the board who is offered or receives any gift, gratuity,
22 compensation, travel, lodging, or anything of value, directly or
23 indirectly, from any licensee or any applicant or affiliate or
24 representative of an applicant or licensee shall immediately
25 provide written notification of the details to the chairperson.

26 (11) A licensee or applicant, or an affiliate or
27 representative of an applicant or licensee, shall not, directly or

1 indirectly, give or offer to give any gift, gratuity, compensation,
2 travel, lodging, or anything of value to any member, employee, or
3 agent of the board that the member, employee, or agent of the board
4 is prohibited from accepting under subsection (10).

5 (12) A member, employee, or agent of the board shall not
6 engage in any conduct that constitutes a conflict of interest and
7 shall immediately advise the chairperson in writing of the details
8 of any incident or circumstances that would present the existence
9 of a conflict of interest with respect to performing board-related
10 work or duties.

11 (13) A member, employee, or agent of the board who is
12 approached and offered a bribe as described in section 118 of the
13 Michigan penal code, 1931 PA 328, MCL 750.118, or this act shall
14 immediately provide written account of the details of the incident
15 to the chairperson and to a law enforcement officer of a law
16 enforcement agency having jurisdiction.

17 (14) A member, employee, or agent of the board shall disclose
18 his or her past involvement with any marihuana enterprise in the
19 past 5 years and shall not engage in political activity or
20 politically related activity during the duration of his or her
21 appointment or employment.

22 (15) A former member, employee, or agent of the board may
23 appear before the board as a fact witness about matters or actions
24 handled by the member, employee, or agent during his or her tenure
25 as a member, employee, or agent of the board. The member, employee,
26 or agent of the board shall not receive compensation for such an
27 appearance other than a standard witness fee and reimbursement for

1 travel expenses as established by statute or court rule.

2 (16) A licensee or applicant or any affiliate or
3 representative of an applicant or licensee shall not engage in ex
4 parte communications with a member of the board. A member of the
5 board shall not engage in any ex parte communications with a
6 licensee or an applicant or with any affiliate or representative of
7 an applicant or licensee.

8 (17) Any board member, licensee, or applicant or affiliate or
9 representative of a board member, licensee, or applicant who
10 receives any ex parte communication in violation of subsection
11 (16), or who is aware of an attempted communication in violation of
12 subsection (16), shall immediately report details of the
13 communication or attempted communication in writing to the
14 chairperson.

15 (18) Any member of the board who receives an ex parte
16 communication in an attempt to influence that member's official
17 action shall disclose the source and content of the communication
18 to the chairperson. The chairperson may investigate or initiate an
19 investigation of the matter with the assistance of the attorney
20 general and state police to determine if the communication violates
21 subsection (16) or subsection (17) or other state law. The
22 disclosure under this section and the investigation are
23 confidential. Following an investigation, the chairperson shall
24 advise the governor or the board, or both, of the results of the
25 investigation and may recommend action as the chairperson considers
26 appropriate. If the chairperson receives such an ex parte
27 communication, he or she shall report the communication to the

1 governor's office for appropriate action.

2 (19) A new or current employee or agent of the board shall
3 obtain written permission from the ~~executive director~~ **OF THE**
4 **DEPARTMENT OR HIS OR HER DESIGNEE** before continuing outside
5 employment held at the time the employee begins to work for the
6 board. Permission shall be denied, or permission previously granted
7 shall be revoked, if the ~~executive director~~ **OF THE DEPARTMENT OR**
8 **HIS OR HER DESIGNEE** considers the nature of the work to create a
9 possible conflict of interest or if it would otherwise interfere
10 with the duties of the employee or agent for the board.

11 (20) An employee or agent of the board granted permission for
12 outside employment shall not conduct any business or perform any
13 activities, including solicitation, related to outside employment
14 on premises used by the board or during the employee's working
15 hours for the board.

16 (21) The chairperson shall report any action he or she has
17 taken or proposes to take under this section with respect to an
18 employee or agent or former employee or former agent to the board
19 at the next meeting of the board. ~~The board may direct the~~
20 ~~executive director to take additional or different action.~~

21 (22) Except as allowed under the Michigan medical marihuana
22 act, a member, employee, or agent of the board shall not enter into
23 any personal transaction involving marihuana with a licensee or
24 applicant.

25 (23) If a licensee or applicant, or an affiliate or
26 representative of a licensee or applicant, violates this section,
27 the board may deny a license application, revoke or suspend a

1 license, or take other disciplinary action as provided in section
2 407.

3 (24) Violation of this section by a member of the board may
4 result in disqualification or constitute cause for removal under
5 section 301(7) or other disciplinary action as recommended by the
6 board to the governor.

7 (25) A violation of this section by an employee or agent of
8 the board need not result in termination of employment if the board
9 determines that the conduct involved does not violate the purpose
10 of this act. However, all of the following apply:

11 (a) If, after being offered employment or beginning employment
12 with the board, the employee or agent intentionally acquires a
13 financial interest in a licensee or an applicant, or an affiliate
14 or representative of a licensee or applicant, the offer or
15 employment with the board shall be terminated.

16 (b) If a financial interest in a licensee or an applicant, or
17 an affiliate or representative of a licensee or applicant, is
18 acquired by an employee or agent that has been offered employment
19 with the board, an employee of the board, or the employee's or
20 agent's spouse, parent, or child, through no intentional action of
21 the employee or agent, the individual shall have up to 30 days to
22 divest or terminate the financial interest. Employment may be
23 terminated if the interest has not been divested after 30 days.

24 (c) Employment shall be terminated if the employee or agent is
25 a spouse, parent, child, or spouse of a child of a board member.

26 (26) Violation of this section does not create a civil cause
27 of action.

1 (27) As used in this section:

2 (a) "Outside employment", in addition to employment by a third
3 party, includes, but is not limited to, the following:

4 (i) Operation of a proprietorship.

5 (ii) Participation in a partnership or group business
6 enterprise.

7 (iii) Performance as a director or corporate officer of any
8 for-profit or nonprofit corporation or banking or credit
9 institution.

10 (iv) Performance as a manager of a limited liability company.

11 (b) "Political activity" or "politically related activity"
12 includes all of the following:

13 (i) Using his or her official authority or influence for the
14 purpose of interfering with or affecting the result of an election.

15 (ii) Knowingly soliciting, accepting, or receiving a political
16 contribution from any person.

17 (iii) Running for the nomination or as a candidate for
18 election to a partisan political office.

19 (iv) Knowingly soliciting or discouraging the participation in
20 any political activity of any person who is either of the
21 following:

22 (A) Applying for any compensation, grant, contract, ruling,
23 license, permit, or certificate pending before the board.

24 (B) The subject of or a participant in an ongoing audit,
25 investigation, or enforcement action being carried out by the
26 board.

27 Sec. 401. (1) Beginning ~~360 days after the effective date of~~

1 ~~this act,~~ **DECEMBER 15, 2017**, a person may apply to the board for
2 state operating licenses in the categories of class A, B, or C
3 grower; processor; provisioning center; secure transporter; and
4 safety compliance facility as provided in this act. The application
5 shall be made under oath on a form provided by the board and shall
6 contain information as prescribed by the board, including, but not
7 limited to, all of the following:

8 (a) The name, business address, business telephone number,
9 ~~social security~~ **SOCIAL SECURITY** number, and, if applicable, federal
10 tax identification number of the applicant.

11 (b) The identity of every person having any ownership interest
12 in the applicant with respect to which the license is sought. If
13 the disclosed entity is a trust, the application shall disclose the
14 names and addresses of the beneficiaries; if a **PRIVATELY HELD**
15 corporation, the names and addresses of all shareholders, officers,
16 and directors; **IF A PUBLICLY HELD CORPORATION, THE NAMES AND**
17 **ADDRESSES OF ALL SHAREHOLDERS HOLDING A DIRECT OR INDIRECT INTEREST**
18 **OF GREATER THAN 5%, OFFICERS, AND DIRECTORS**; if a partnership or
19 limited liability partnership, the names and addresses of all
20 partners; if a limited partnership or limited liability limited
21 partnership, the names of all partners, both general and limited;
22 or if a limited liability company, the names and addresses of all
23 members and managers.

24 (c) An identification of any business that is directly or
25 indirectly involved in the growing, processing, testing,
26 transporting, or sale of marihuana, including, if applicable, the
27 state of incorporation or registration, in which an applicant or,

1 if the applicant is an individual, the applicant's spouse, parent,
2 or child has any equity interest. If an applicant is a corporation,
3 partnership, or other business entity, the applicant shall identify
4 any other corporation, partnership, or other business entity that
5 is directly or indirectly involved in the growing, processing,
6 testing, transporting, or sale of marihuana in which it has any
7 equity interest, including, if applicable, the state of
8 incorporation or registration. An applicant may comply with this
9 subdivision by filing a copy of the applicant's registration with
10 the Securities and Exchange Commission if the registration contains
11 the information required by this subdivision.

12 (d) Whether an applicant has been ~~indicted for, charged with,~~
13 ~~arrested for, or~~ convicted of, pled guilty or nolo contendere to,
14 forfeited bail concerning any criminal offense under the laws of
15 any jurisdiction, either felony or controlled-substance-related
16 misdemeanor, not including traffic violations, ~~regardless of~~
17 ~~whether the offense has been reversed on appeal or otherwise,~~
18 including the date, the name and location of the court, arresting
19 agency, and prosecuting agency, the case caption, the docket
20 number, the offense, the disposition, and the location and length
21 of incarceration.

22 (e) Whether an applicant has ever applied for or has been
23 granted any commercial license or certificate issued by a licensing
24 authority in Michigan or any other jurisdiction that has been
25 denied, restricted, suspended, revoked, or not renewed and a
26 statement describing the facts and circumstances concerning the
27 application, denial, restriction, suspension, revocation, or

1 nonrenewal, including the licensing authority, the date each action
2 was taken, and the reason for each action.

3 (f) Whether an applicant has filed, or been served with, a
4 complaint or other notice filed with any public body, regarding the
5 delinquency in the payment of, or a dispute over the filings
6 concerning the payment of, any tax required under federal, state,
7 or local law, including the amount, type of tax, taxing agency, and
8 time periods involved.

9 (g) A statement listing the names and titles of all public
10 officials or officers of any unit of government, and the spouses,
11 parents, and children of those public officials or officers, who,
12 directly or indirectly, own any financial interest in, have any
13 beneficial interest in, are the creditors of or hold any debt
14 instrument issued by, or hold or have any interest in any
15 contractual or service relationship with an applicant. As used in
16 this subdivision, public official or officer does not include a
17 person who would have to be listed solely because of his or her
18 state or federal military service.

19 (h) A description of the type of marihuana facility;
20 anticipated or actual number of employees; and projected or actual
21 gross receipts.

22 (i) Financial information in the manner and form prescribed by
23 the board.

24 (j) A paper copy or electronic posting website reference for
25 the ordinance or zoning restriction that the municipality adopted
26 to authorize or restrict operation of 1 or more marihuana
27 facilities in the municipality.

1 (k) A copy of the notice informing the municipality by
2 registered mail that the applicant has applied for a license under
3 this act. The applicant shall also certify that it has delivered
4 the notice to the municipality or will do so by 10 days after the
5 date the applicant submits the application for a license to the
6 board.

7 (l) Any other information the department requires by rule.

8 (2) The board shall use information provided on the
9 application as a basis to conduct a thorough background
10 investigation on the applicant. A false application is cause for
11 the board to deny a license. The board shall not consider an
12 incomplete application but shall, within a reasonable time, return
13 the application to the applicant with notification of the
14 deficiency and instructions for submitting a corrected application.
15 Information the board obtains from the background investigation is
16 exempt from disclosure under the freedom of information act, 1976
17 PA 442, MCL 15.231 to 15.246.

18 (3) An applicant must provide written consent to the
19 inspections, examinations, searches, and seizures provided for in
20 section 303(1)(c)(i) to (iv) and to disclosure to the board and its
21 agents of otherwise confidential records, including tax records
22 held by any federal, state, or local agency, or credit bureau or
23 financial institution, while applying for or holding a license.
24 Information the board receives under this subsection is exempt from
25 disclosure under the freedom of information act, 1976 PA 442, MCL
26 15.231 to 15.246.

27 (4) An applicant must certify that the applicant does not have

1 an interest in any other state operating license that is prohibited
2 under this act.

3 (5) A nonrefundable application fee must be paid at the time
4 of filing to defray the costs associated with the background
5 investigation conducted by the board. The department in
6 consultation with the board shall set the amount of the application
7 fee for each category and class of license by rule. If the costs of
8 the investigation and processing the application exceed the
9 application fee, the applicant shall pay the additional amount to
10 the board. All information, records, interviews, reports,
11 statements, memoranda, or other data supplied to or used by the
12 board in the course of its review or investigation of an
13 application for a license under this act shall be disclosed only in
14 accordance with this act. The information, records, interviews,
15 reports, statements, memoranda, or other data are not admissible as
16 evidence or discoverable in any action of any kind in any court or
17 before any tribunal, board, agency, or person, except for any
18 action considered necessary by the board.

19 (6) By 10 days after the date the applicant submits an
20 application to the board, the applicant shall notify the
21 municipality by registered mail that it has applied for a license
22 under this act.

23 Sec. 402. (1) The board shall issue a license to an applicant
24 who submits a complete application and pays both the nonrefundable
25 application fee required under section 401(5) and the regulatory
26 assessment established by the board for the first year of
27 operation, if the board determines that the applicant is qualified

1 to receive a license under this act.

2 (2) An applicant is ineligible to receive a license if any of
3 the following circumstances exist:

4 (a) The applicant has been convicted of or released from
5 incarceration for a felony under the laws of this state, any other
6 state, or the United States within the past 10 years or has been
7 convicted of a controlled substance-related felony within the past
8 10 years.

9 (b) Within the past 5 years the applicant has been convicted
10 of a misdemeanor involving a controlled substance, theft,
11 dishonesty, or fraud in any state or been found responsible for
12 violating a local ordinance in any state involving a controlled
13 substance, dishonesty, theft, or fraud that substantially
14 corresponds to a misdemeanor in that state.

15 (c) The applicant has knowingly submitted an application for a
16 license under this act that contains false information.

17 (d) The applicant is a member of the board.

18 (e) The applicant fails to demonstrate the applicant's ability
19 to maintain adequate premises liability and casualty insurance for
20 its proposed marihuana facility.

21 (f) The applicant holds an elective office of a governmental
22 unit of this state, another state, or the federal government; is a
23 member of or employed by a regulatory body of a governmental unit
24 in this state, another state, or the federal government; or is
25 employed by a governmental unit of this state. This subdivision
26 does not apply to an elected officer of or employee of a federally
27 recognized Indian tribe or to an elected precinct delegate.

~~(g) The applicant, if an individual, has been a resident of this state for less than a continuous 2-year period immediately preceding the date of filing the application. The requirements in this subdivision do not apply after June 30, 2018.~~

(G) ~~(h)~~ The board determines that the applicant is not in compliance with section 205(1).

(H) ~~(i)~~ The applicant fails to meet other criteria established by rule.

(3) In determining whether to grant a license to an applicant, the board may also consider all of the following:

(a) The integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility or means to operate or maintain a marihuana facility of the applicant and of any other person that meets either of the following:

(i) Controls, directly or indirectly, the applicant.

(ii) Is controlled, directly or indirectly, by the applicant or by a person who controls, directly or indirectly, the applicant.

(b) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance.

(c) The sources and total amount of the applicant's capitalization to operate and maintain the proposed marihuana facility.

(d) Whether the applicant has been ~~indicted for, charged with, arrested for, or convicted of, pled guilty or nolo contendere to, forfeited bail concerning, or had expunged~~ any relevant criminal offense under the laws of any jurisdiction, either felony or

1 misdemeanor, not including traffic violations. ~~, regardless of~~
2 ~~whether the offense has been expunged, pardoned, or reversed on~~
3 ~~appeal or otherwise.~~

4 ~~—— (c) Whether the applicant has filed, or had filed against it,~~
5 ~~a proceeding for bankruptcy within the past 7 years.~~

6 (E) ~~(f)~~ Whether the applicant has been served with a complaint
7 or other notice filed with any public body regarding payment of any
8 tax required under federal, state, or local law that has been
9 delinquent for 1 or more years.

10 (F) ~~(g)~~ Whether the applicant has a history of noncompliance
11 with any regulatory requirements in this state or any other
12 jurisdiction.

13 (G) ~~(h)~~ Whether at the time of application the applicant is a
14 defendant in litigation involving its business practices.

15 (H) ~~(i)~~ Whether the applicant meets other standards in rules
16 applicable to the license category.

17 (4) Each applicant ~~shall submit with its application, on forms~~
18 ~~provided by the board, a passport quality photograph and shall~~
19 ensure that 1 set of fingerprints is submitted to the department of
20 state police. ~~for each person having any ownership interest in the~~
21 ~~marihuana facility and each person who is an officer, director, or~~
22 ~~managerial employee of the applicant, in order for the department~~
23 ~~of state police to conduct a criminal history check on each person~~
24 ~~and to forward each person's fingerprints to the Federal Bureau of~~
25 ~~Investigation for a national criminal history check.~~ The applicant
26 shall submit with its application ~~each person's~~ **THE APPLICANT'S**
27 written consent to the criminal history check described in this

1 section and the submission of ~~each person's~~ **THE APPLICANT'S**
2 fingerprints to, and the inclusion of ~~each person's~~ **THE APPLICANT'S**
3 fingerprints in, the state and federal database systems described
4 in subsection (7).

5 (5) The fingerprints required under subsection (4) may be
6 taken by a law enforcement agency or any other person determined by
7 the department of state police to be qualified to take
8 fingerprints. The applicant shall submit a fingerprint processing
9 fee to the department in an amount required under section 3 of 1935
10 PA 120, MCL 28.273, and any costs imposed by the Federal Bureau of
11 Investigation.

12 (6) The department of state police shall ~~conduct~~ **DO ALL OF THE**
13 **FOLLOWING:**

14 (A) **CONDUCT** a criminal history check on each ~~person described~~
15 ~~in subsection (4)~~ **APPLICANT** and shall request the Federal Bureau of
16 Investigation to make a determination of the existence of any
17 national criminal history pertaining to each ~~person~~. ~~The department~~
18 ~~of state police shall provide~~ **APPLICANT**.

19 (B) **PROVIDE** the board with a written report containing the
20 criminal history record information of each ~~person who was the~~
21 ~~subject of the criminal history check conducted under this~~
22 ~~section~~ **APPLICANT**.

23 (7) All of the following apply concerning fingerprints
24 submitted to the department of state police under this section:

25 (a) The department of state police shall store and retain all
26 fingerprints submitted under this section in an automated
27 fingerprint identification system database that searches against

1 latent fingerprints, and provides for an automatic notification if
2 and when a subsequent fingerprint is submitted into the system that
3 matches a set of fingerprints previously submitted under this
4 section or if and when the criminal history of an individual whose
5 fingerprints are retained in the system is updated. Upon receiving
6 a notification, the department of state police shall immediately
7 notify the board. Information in the database maintained under this
8 subsection is confidential, is not subject to disclosure under the
9 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, and
10 shall not be disclosed to any person except for purposes of this
11 act or for law enforcement purposes.

12 (b) The department of state police shall forward all
13 fingerprints submitted to it under this section to the Federal
14 Bureau of Investigation for submission of those fingerprints into
15 the FBI automatic notification system. This subdivision does not
16 apply until the department of state police is a participant in the
17 FBI automatic notification system. As used in this subdivision:

18 (i) "Automatic notification system" means a system that stores
19 and retains fingerprints, and that provides for an automatic
20 notification to a participant if and when a fingerprint is
21 submitted into the system that matches an individual whose
22 fingerprints are retained in the system or if and when the criminal
23 history of an individual whose fingerprints are retained in the
24 system is updated.

25 (ii) "FBI automatic notification system" means the automatic
26 notification system that is maintained by the Federal Bureau of
27 Investigation.

1 (8) The board shall review all applications for licenses and
2 shall inform each applicant of the board's decision.

3 (9) A license shall be issued for a 1-year period and is
4 renewable annually. Except as otherwise provided in this act, the
5 board shall renew a license if all of the following requirements
6 are met:

7 (a) The licensee applies to the board on a renewal form
8 provided by the board that requires information prescribed in
9 rules.

10 (b) The application is received by the board on or before the
11 expiration date of the current license.

12 (c) The licensee pays the regulatory assessment under section
13 603.

14 (d) The licensee meets the requirements of this act and any
15 other renewal requirements set forth in rules.

16 (10) The department shall notify the licensee by mail or
17 electronic mail at the last known address on file with the board
18 advising of the time, procedure, and regulatory assessment under
19 section 603. The failure of the licensee to receive notice under
20 this subsection does not relieve the licensee of the responsibility
21 for renewing the license.

22 (11) If a license renewal application is not submitted by the
23 license expiration date, the license may be renewed within 60 days
24 after its expiration date upon application, payment of the
25 regulatory assessment under section 603, and satisfaction of any
26 renewal requirement and late fee set forth in rules. The licensee
27 may continue to operate during the 60 days after the license

1 expiration date if the license is renewed by the end of the 60-day
2 period.

3 (12) License expiration does not terminate the board's
4 authority to impose sanctions on a licensee whose license has
5 expired.

6 (13) In its decision on an application for renewal, the board
7 shall consider any specific written input it receives from an
8 individual or entity within the local unit of government in which
9 the applicant for renewal is located.

10 (14) A licensee must consent in writing to inspections,
11 examinations, searches, and seizures that are permitted under this
12 act and must provide a handwriting exemplar, fingerprints,
13 photographs, and information as authorized in this act or by rules.

14 (15) An applicant or licensee has a continuing duty to provide
15 information requested by the board and to cooperate in any
16 investigation, inquiry, or hearing conducted by the board.

17 Sec. 406. Each license is exclusive to the licensee, and a
18 licensee or any other person must apply for and receive the board's
19 approval before a license is transferred, sold, or purchased. The
20 attempted transfer, sale, or other conveyance of an interest of
21 more than ~~1%~~ 5% in a license without prior board approval is
22 grounds for suspension or revocation of the license or for other
23 sanction considered appropriate by the board.

24 Sec. 407. (1) If an applicant or licensee fails to comply with
25 this act or rules, if a licensee fails to comply with the marihuana
26 tracking act, if a licensee no longer meets the eligibility
27 requirements for a license under this act, or if an applicant or

1 licensee fails to provide information the board requests to assist
2 in any investigation, inquiry, or board hearing, the board may
3 deny, suspend, revoke, or restrict a license. The board may
4 suspend, revoke, or restrict a license and require the removal of a
5 licensee or an employee of a licensee for a violation of this act,
6 rules, the marihuana tracking act, or any ordinance adopted under
7 section 205. The board may impose civil fines of up to \$5,000.00
8 against an individual and up to \$10,000.00 or an amount equal to
9 the daily gross receipts, whichever is greater, against a licensee
10 for each violation of this act, rules, or an order of the board.
11 Assessment of a civil fine under this subsection is not a bar to
12 the investigation, arrest, charging, or prosecution of an
13 individual for any other violation of this act and is not grounds
14 to suppress evidence in any criminal prosecution that arises under
15 this act or any other law of this state.

16 (2) The board shall comply with the administrative procedures
17 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, when denying,
18 revoking, suspending, or restricting a license or imposing a fine.
19 The board may suspend a license without notice or hearing upon a
20 determination that the safety or health of patrons or employees is
21 jeopardized by continuing a marihuana facility's operation. If the
22 board suspends a license under this subsection without notice or
23 hearing, a prompt postsuspension hearing must be held to determine
24 if the suspension should remain in effect. The suspension may
25 remain in effect until the board determines that the cause for
26 suspension has been abated. The board may revoke the license or
27 approve a transfer or sale of the license upon a determination that

1 the licensee has not made satisfactory progress toward abating the
2 hazard.

3 (3) After denying an application for a license, the board
4 shall, upon request, provide a public investigative hearing at
5 which the applicant is given the opportunity to present testimony
6 and evidence to establish its suitability for a license. Other
7 testimony and evidence may be presented at the hearing, but the
8 board's decision must be based on the whole record before the board
9 and is not limited to testimony and evidence submitted at the
10 public investigative hearing.

11 (4) Except for license applicants who may be granted a hearing
12 at the discretion of the board under subsection (3), any party
13 aggrieved by an action of the board suspending, revoking,
14 restricting, or refusing to renew a license, or imposing a fine,
15 shall be given a hearing before the board upon request. A request
16 for a hearing must be made to the board in writing within 21 days
17 after service of notice of the action of the board. Notice of the
18 action of the board must be served either by personal delivery or
19 by certified mail, postage prepaid, to the aggrieved party. Notice
20 served by certified mail is considered complete on the business day
21 following the date of the mailing.

22 (5) The board may conduct investigative and contested case
23 hearings; issue subpoenas for the attendance of witnesses; issue
24 subpoenas duces tecum for the production of books, ledgers,
25 records, memoranda, electronically retrievable data, and other
26 pertinent documents; and administer oaths and affirmations to
27 witnesses as appropriate to exercise and discharge the powers and

1 duties of the board under this act. The ~~executive director~~ **OF THE**
2 **DEPARTMENT** or his or her designee may issue subpoenas and
3 administer oaths and affirmations to witnesses.

4 **SEC. 407A. A PERSON SHALL NOT HOLD ITSELF OUT AS OPERATING A**
5 **MARIHUANA FACILITY IF THE PERSON DOES NOT HOLD A LICENSE TO OPERATE**
6 **THAT MARIHUANA FACILITY OR IF THE PERSON'S LICENSE TO OPERATE THAT**
7 **MARIHUANA FACILITY IS SUSPENDED, REVOKED, LAPSED, OR VOID, OR WAS**
8 **FRAUDULENTLY OBTAINED OR TRANSFERRED TO THE PERSON OTHER THAN**
9 **PURSUANT TO SECTION 406. A PERSON THAT VIOLATES THIS SECTION IS**
10 **GUILTY AS FOLLOWS:**

11 (A) IN THE CASE OF A FIRST VIOLATION, A MISDEMEANOR PUNISHABLE
12 BY A FINE OF NOT LESS THAN \$10,000.00 OR MORE THAN \$25,000.00 OR
13 IMPRISONMENT OF NOT MORE THAN 93 DAYS, OR BOTH.

14 (B) IN THE CASE OF A SECOND OR SUBSEQUENT VIOLATION, A
15 MISDEMEANOR PUNISHABLE BY A FINE OF NOT LESS THAN \$10,000.00 OR
16 MORE THAN \$25,000.00 OR IMPRISONMENT OF NOT MORE THAN 1 YEAR, OR
17 BOTH.

18 (C) IF THE VIOLATION CAUSES DEATH OR SERIOUS INJURY, A FELONY
19 PUNISHABLE BY A FINE OF NOT LESS THAN \$10,000.00 OR MORE THAN
20 \$25,000.00 OR IMPRISONMENT FOR NOT MORE THAN 4 YEARS, OR BOTH.

21 Sec. 409. A state operating license is a revocable privilege
22 granted by this state and is not a property right. Granting a
23 license does not create or vest any right, title, franchise, or
24 other property interest. ~~Each license is exclusive to the licensee,~~
25 ~~and a licensee or any other person must apply for and receive the~~
26 ~~board's and municipality's approval before a license is~~
27 ~~transferred, sold, or purchased.~~ A licensee or any other person

1 shall not lease, pledge, or borrow or loan money against a license.
2 ~~The attempted transfer, sale, or other conveyance of an interest in~~
3 ~~a license without prior board approval is grounds for suspension or~~
4 ~~revocation of the license or for other sanction considered~~
5 ~~appropriate by the board.~~

6 Sec. 702. The board shall submit with the annual report to the
7 governor under section ~~302(k)~~ **302 (l)** and to the chairs of the
8 legislative committees that govern issues related to marihuana
9 facilities a report covering the previous year. The report shall
10 include an account of the board actions, its financial position,
11 results of operation under this act, and any recommendations for
12 legislation that the board considers advisable.

13 Enacting section 1. Section 404 of the medical marihuana
14 facilities licensing act, 2016 PA 281, MCL 333.27404, is repealed.