

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5839

A bill to amend 2018 IL 1, entitled
"Michigan Regulation and Taxation of Marihuana Act,"
by amending section 7 (MCL 333.27957).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7. **(1)** ~~1.~~ The ~~department~~ **cannabis regulatory agency** is
2 responsible for implementing this act and has the powers and duties
3 necessary to control the commercial production and distribution of
4 marihuana. The ~~department~~ **cannabis regulatory agency** shall employ
5 ~~personnel and may contract with advisors and consultants as~~
6 ~~necessary to adequately perform its duties. No person who is~~
7 ~~pecuniarily interested, directly or indirectly, in any marihuana~~
8 ~~establishment may be an employee, advisor, or consultant involved~~
9 ~~in the implementation, administration, or enforcement of this act.~~

1 ~~An employee, advisor, or consultant of the department may not be~~
 2 ~~personally liable for any action at law for damages sustained by a~~
 3 ~~person because of an action performed or done in the performance of~~
 4 ~~their duties in the implementation, administration, or enforcement~~
 5 ~~of this act. The department of state police shall cooperate and~~
 6 ~~assist the department in conducting background investigations of~~
 7 ~~applicants. Responsibilities of the department include:~~**do all of**
 8 **the following:**

9 (a) ~~promulgating~~**Promulgate** rules pursuant to section 8 ~~of~~
 10 ~~this act~~ that are necessary to implement, administer, and enforce
 11 this act. †

12 (b) ~~granting~~**Subject to subsection (2), grant** or ~~denying~~**deny**
 13 each application for licensure and ~~investigating~~**investigate** each
 14 applicant to determine eligibility for licensure, including **by**
 15 conducting a background investigation ~~on~~**of** each person holding an
 16 ownership interest in the applicant. †**If an applicant has a spouse**
 17 **and does not submit an attestation under subsection (3), the**
 18 **applicant's spouse is considered an applicant for purposes of this**
 19 **subdivision.**

20 (c) ~~ensuring compliance~~**Ensure that marihuana establishments**
 21 **comply** with this act and the rules promulgated ~~thereunder by~~
 22 ~~marihuana establishments under this act~~ by ~~performing~~**doing all of**
 23 **the following:**

24 (i) **Performing** investigations of compliance and regular
 25 inspections of marihuana establishments. ~~and by taking~~

26 (ii) **Taking** appropriate disciplinary action against a licensee,
 27 including prescribing civil fines for violations of this act or **the**
 28 rules **promulgated under this act** and suspending, restricting, or
 29 revoking a state license. †

1 (d) ~~holding~~ **Hold** at least 4 public meetings each calendar year
2 for the purpose of hearing complaints and receiving the views of
3 the public with respect to administration of this act. ~~;~~

4 (e) ~~collecting~~ **Collect** fees for licensure and fines for
5 violations of this act or **the** rules promulgated ~~thereunder,~~
6 ~~depositing~~ **under this act.**

7 (f) **Deposit** all fees collected ~~in~~ **for licensure into** the
8 marihuana regulation fund established ~~by~~ **under** section 14 ~~of this~~
9 ~~act,~~ and ~~remitting~~ **remit** all fines collected ~~to be deposited in~~ **for**
10 **deposit into** the general fund. ~~;~~ and

11 (g) ~~(f)~~ ~~submitting~~ **Submit** an annual report to the governor
12 ~~covering the previous~~ **that includes all of the following**
13 **information for the immediately preceding** year: ~~;~~ ~~which report~~
14 ~~shall include the~~

15 (i) **The** number of state licenses of each class issued. ~~;~~
16 ~~demographic~~

17 (ii) **Demographic** information ~~on~~ **of** licensees. ~~;~~ a

18 (iii) **A** description of enforcement and disciplinary actions
19 taken against licensees. ~~;~~ and a

20 (iv) **A** statement of revenues and expenses of the ~~department~~
21 **cannabis regulatory agency** related to the implementation,
22 administration, and enforcement of this act.

23 (h) **Employ personnel as necessary to adequately perform its**
24 **duties under this act.**

25 (2) If an applicant submits an attestation under subsection
26 (3), the cannabis regulatory agency shall not, in exercising its
27 duties under subsection (1)(b), do any of the following:

28 (a) Conduct a background investigation of the applicant's
29 spouse.

1 (b) Require the applicant's spouse to submit an application
2 for licensure.

3 (c) Deny the applicant's application for licensure solely
4 because the applicant's spouse is a member of or employed by a
5 regulatory body of a governmental unit in this state, another
6 state, or the federal government, or is employed by a governmental
7 unit of this state, unless 1 of the following conditions applies:

8 (i) The spouse's position creates a conflict of interest.

9 (ii) The spouse's position is within the cannabis regulatory
10 agency.

11 (iii) The spouse's position is within a regulatory body of a
12 governmental unit in this state, another state, or the federal
13 government that makes decisions regarding marihuana.

14 (3) If an applicant has a spouse, the applicant may submit to
15 the cannabis regulatory agency an attestation, on a form and in a
16 manner as prescribed by the cannabis regulatory agency, that states
17 that all of the following are true:

18 (a) The applicant's spouse does not control or direct the
19 affairs of a marihuana establishment.

20 (b) The applicant's spouse does not have the ability to make
21 policy decisions regarding a marihuana establishment.

22 (c) The applicant's spouse is not an applicant for a state
23 license.

24 (d) If the applicant is granted a state license, the
25 applicant's spouse will not control or direct the affairs of the
26 applicant's marihuana establishment or have the ability to make
27 policy decisions regarding the applicant's marihuana establishment.

28 (e) If the applicant's spouse has a position described in
29 subsection (2)(c), none of the conditions listed in subsection

1 (2) (c) (i) to (iii) apply.

2 (4) The cannabis regulatory agency may enter into an agreement
3 with an advisor or consultant as necessary to adequately perform
4 its duties under this act.

5 (5) A person who has a pecuniary interest, directly or
6 indirectly, in a marihuana establishment must not be an employee,
7 advisor, or consultant involved in the implementation,
8 administration, or enforcement of this act. An employee, advisor,
9 or consultant of the cannabis regulatory agency is not personally
10 liable for any action at law for damages sustained by a person
11 because of an action performed or done in the performance of the
12 employee's, advisor's, or consultant's duties in the
13 implementation, administration, or enforcement of this act.

14 (6) The department of state police shall cooperate with and
15 assist the cannabis regulatory agency in conducting background
16 investigations of applicants.

17 (7) As used in this section, "cannabis regulatory agency"
18 means the marijuana regulatory agency and renamed the cannabis
19 regulatory agency under Executive Reorganization Order No. 2022-1,
20 MCL 333.27002.

21 Enacting section 1. This amendatory act takes effect 90 days
22 after the date it is enacted into law.