

HOUSE BILL NO. 4608

April 13, 2021, Introduced by Reps. Whiteford, Hammoud, Thanedar, Damoose, Weiss, Aiyash, O'Neal, Frederick, Paquette, Bezotte, LaGrand, Wozniak and Meerman and referred to the Committee on Regulatory Reform.

A bill to amend 2016 PA 281, entitled "Medical marihuana facilities licensing act," by amending sections 102 and 206 (MCL 333.27102 and 333.27206), as amended by 2020 PA 207, and by adding section 506.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 102. As used in this act:
- 2 (a) "Advisory panel" or "panel" means the marijuana regulatory
- 3 agency.
- 4 (b) "Affiliate" means any person that controls, is controlled

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

5 (c) "Applicant" means a person who applies for a state
6 operating license. Applicant includes, with respect to disclosures
7 in an application, for purposes of ineligibility for a license
8 under section 402, or for purposes of prior marijuana regulatory
9 agency approval of a transfer of interest under section 406, and
10 only for applications submitted on or after January 1, 2019, a
11 managerial employee of the applicant, a person holding a direct or
12 indirect ownership interest of more than 10% in the applicant, and
13 the following for each type of applicant:

14 (i) For an individual or sole proprietorship: the proprietor
15 and the proprietor's spouse.

16 (ii) For a partnership and limited liability partnership: all
17 partners and their spouses. For a limited partnership and limited
18 liability limited partnership: all general and limited partners,
19 not including a limited partner holding a direct or indirect
20 ownership interest of 10% or less and who does not exercise control
21 over or participate in the management of the partnership, and their
22 spouses. For a limited liability company: all members and managers,
23 not including a member holding a direct or indirect ownership
24 interest of 10% or less and who does not exercise control over or
25 participate in the management of the company, and their spouses.

26 (iii) For a privately held corporation: all corporate officers
27 or persons with equivalent titles and their spouses, all directors
28 and their spouses, and all stockholders, not including those
29 holding a direct or indirect ownership interest of 10% or less, and

1 their spouses.

2 (iv) For a publicly held corporation: all corporate officers or
3 persons with equivalent titles and their spouses, all directors and
4 their spouses, and all stockholders, not including those holding a
5 direct or indirect ownership interest of 10% or less, and their
6 spouses.

7 (v) For a multilevel ownership enterprise: any entity or
8 person that receives or has the right to receive more than 10% of
9 the gross or net profit from the enterprise during any full or
10 partial calendar or fiscal year.

11 (vi) For a nonprofit corporation: all individuals and entities
12 with membership or shareholder rights in accordance with the
13 articles of incorporation or the bylaws and the spouses of the
14 individuals.

15 (d) **"Billboard" means that term as defined in section 2 of the**
16 **highway advertising act of 1972, 1972 PA 106, MCL 252.302.**

17 (e) ~~(d)~~—"Board" means the marijuana regulatory agency.

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

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

22 (h) **"Digital billboard" means that term as defined in section**
23 **2 of the highway advertising act of 1972, 1972 PA 106, MCL 252.302.**

24 (i) ~~(g)~~—"Grower" means a licensee that is a commercial entity
25 located in this state that cultivates, dries, trims, or cures and
26 packages marihuana for sale to a processor, provisioning center, or
27 another grower.

28 (j) ~~(h)~~—"Industrial hemp" means that term as defined in
29 section 7106 of the public health code, 1978 PA 368, MCL 333.7106.

1 (k) ~~(i)~~—"Industrial hemp research and development act" means
2 the industrial hemp research and development act, 2014 PA 547, MCL
3 286.841 to 286.859.

4 (l) ~~(j)~~—"Licensee" means a person holding a state operating
5 license.

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

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

10 (o) ~~(m)~~—"Marihuana plant" means any plant of the species
11 *Cannabis sativa* L. Marihuana plant does not include industrial
12 hemp.

13 (p) ~~(n)~~—"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 is not considered a food for purposes of the food
18 law, 2000 PA 92, MCL 289.1101 to 289.8111.

19 (q) ~~(o)~~—"Marihuana tracking act" means the marihuana tracking
20 act, 2016 PA 282, MCL 333.27901 to 333.27904.

21 (r) ~~(p)~~—"Marijuana regulatory agency" means the marijuana
22 regulatory agency created under Executive Reorganization Order No.
23 2019-2, MCL 333.27001.

24 (s) ~~(q)~~ "~~Michigan medical marihuana act~~" "**Michigan Medical**
25 **Marijuana Act**" means the Michigan Medical Marihuana Act, 2008 IL 1,
26 MCL 333.26421 to 333.26430.

27 (t) ~~(r)~~—"Municipality" means a city, township, or village.

28 (u) ~~(s)~~—"Paraphernalia" means any equipment, product, or
29 material of any kind that is designed for or used in growing,

1 cultivating, producing, manufacturing, compounding, converting,
2 storing, processing, preparing, transporting, injecting, smoking,
3 ingesting, inhaling, or otherwise introducing into the human body,
4 marihuana.

5 (v) ~~(t)~~—"Person" means an individual, corporation, limited
6 liability company, partnership, limited partnership, limited
7 liability partnership, limited liability limited partnership,
8 trust, or other legal entity.

9 (w) ~~(u)~~—"Plant" means any living organism that produces its
10 own food through photosynthesis and has observable root formation
11 or is in growth material.

12 (x) ~~(v)~~—"Processor" means a licensee that is a commercial
13 entity located in this state that purchases marihuana from a grower
14 and that extracts resin from the marihuana or creates a marihuana-
15 infused product for sale and transfer in packaged form to a
16 provisioning center or another processor.

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

29 (z) ~~(x)~~—"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 **(aa)** ~~(y)~~—"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 **(bb)** ~~(z)~~—"Registry identification card" means that term as
9 defined in section 3 of the Michigan Medical Marihuana Act, MCL
10 333.26423.

11 **(cc)** ~~(aa)~~—"Rules" means rules promulgated under the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328, by the marijuana regulatory agency to implement this act.

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

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

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

28 **(hh)** ~~(ff)~~—"State operating license" or, unless the context
29 requires a different meaning, "license" means a license that is

1 issued under this act that allows the licensee to operate as 1 of
2 the following, specified in the license:

3 (i) A grower.

4 (ii) A processor.

5 (iii) A secure transporter.

6 (iv) A provisioning center.

7 (v) A safety compliance facility.

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

15 (i) Verifying registry identification cards.

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

18 (iii) Verifying in commercially reasonable time that a transfer
19 will not exceed the limit that the patient or caregiver is
20 authorized to receive under section 4 of the Michigan Medical
21 Marihuana Act, MCL 333.26424.

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

27 **(kk)** ~~(ii)~~ "Usable marihuana" means the dried leaves, flowers,
28 plant resin, or extract of the marihuana plant, but does not
29 include the seeds, stalks, and roots of the plant.

1 Sec. 206. The marijuana regulatory agency shall promulgate
2 rules and emergency rules as necessary to implement, administer,
3 and enforce this act. The rules must ensure the safety, security,
4 and integrity of the operation of marihuana facilities, and must
5 include rules to do the following:

6 (a) Set appropriate standards for marihuana facilities and
7 associated equipment.

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

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

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

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

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

19 (g) Prescribe use of the statewide monitoring system to track
20 all marihuana transfers, as provided in the marihuana tracking act
21 and this act, and provide for a funding mechanism to support the
22 system.

23 (h) Establish quality control standards, procedures, and
24 requirements for marihuana facilities.

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

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

29 (k) Establish chemical storage standards, procedures, and

1 requirements for marihuana facilities.

2 (l) Establish standards, procedures, and requirements for
3 securely and safely transporting marihuana between marihuana
4 facilities.

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

7 (n) Establish labeling and packaging standards, procedures,
8 and requirements for marihuana sold or transferred through
9 provisioning centers, including, but not limited to:

10 (i) A prohibition on labeling or packaging that is intended to
11 appeal to or has the effect of appealing to minors.

12 (ii) A requirement that all marihuana sold through provisioning
13 centers include on the exterior of the marihuana packaging the
14 following warning printed in clearly legible type and surrounded by
15 a continuous heavy line:

16 WARNING: USE BY PREGNANT OR BREASTFEEDING WOMEN, OR BY
17 WOMEN PLANNING TO BECOME PREGNANT, MAY RESULT IN FETAL
18 INJURY, PRETERM BIRTH, LOW BIRTH WEIGHT, OR DEVELOPMENTAL
19 PROBLEMS FOR THE CHILD.

20 (o) Establish daily and monthly purchasing limits at
21 provisioning centers for registered qualifying patients and
22 registered primary caregivers to ensure compliance with the
23 Michigan Medical Marihuana Act.

24 (p) ~~Establish~~ **Subject to section 506, establish** marketing and
25 advertising restrictions for marihuana products and marihuana
26 facilities.

27 (q) Establish maximum tetrahydrocannabinol levels for
28 marihuana-infused products sold or transferred through provisioning
29 centers.

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

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

6 (t) Establish standards, procedures, and requirements for the
7 sale of industrial hemp from a provisioning center to a registered
8 qualified patient. The rules promulgated under this subdivision
9 must be promulgated before March 1, 2019.

10 (u) Establish informational pamphlet standards for
11 provisioning centers including, but not limited to, a requirement
12 to make available to every patron at the time of sale a pamphlet
13 measuring 3.5 inches by 5 inches that includes safety information
14 related to marihuana use by minors and the poison control hotline
15 number.

16 (v) Establish procedures and standards for approving an
17 appointee to operate a marihuana facility under section 206a.

18 **Sec. 506. A person shall not advertise any of the following on**
19 **a billboard or digital billboard that is located in this state:**

20 (a) **Marihuana.**

21 (b) **A marihuana-infused product.**

22 (c) **A marihuana product.**

23 (d) **A marihuana facility.**

24 (e) **A licensee.**