

HOUSE BILL NO. 5040

September 24, 2025, Introduced by Reps. McKinney, Wilson, Meerman, Tsernoglou, Edwards, B. Carter, Hoskins, Grant, Myers-Phillips, O'Neal, Bruck, Scott, Andrews and Farhat and referred to Committee on Regulatory Reform.

A bill to authorize certain activities involving industrial hemp and certain consumable hemp products; to require the licensing of certain people; to provide for the sampling and testing of certain consumable hemp products; to establish labeling requirements for certain consumable hemp products; to provide for the collection of fees; to provide for the powers and duties of certain state governmental officers and entities; to create certain funds; to require the promulgation of rules; to prohibit certain

acts and prescribe civil sanctions and penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Chapter I

General Provisions

Sec. 101. This act may be cited as the "industrial hemp processing act".

Sec. 103. As used in this act:

(a) "Agency" means the cannabis regulatory agency.

(b) "Applicant" means a person that submits an application for a state license.

(c) "Consumable hemp processor" means a person that is licensed under section 201.

(d) "Consumable hemp product" means an edible substance, beverage, infused liquid, or similar product that contains a nonintoxicating cannabinoid and is intended for human or animal consumption, ingestion, or inhalation. Consumable hemp product is not considered a food under the food law, 2000 PA 92, MCL 289.1101 to 289.8111, and does not include a product that contains industrial hemp seed or an industrial hemp seed-derived ingredient.

(e) "Converted cannabinoid" means a cannabinoid that is converted from a different cannabinoid using a chemical reaction. Converted cannabinoid does not include a cannabinoid that is created through decarboxylation of a naturally occurring acidic form of a cannabinoid into the corresponding neutral cannabinoid through the use of heat or light, or both, if the following requirements are met:

(i) No chemical reagents or catalysts are used to produce the cannabinoid.

1 (ii) No other chemical change occurs.

2 (f) "Dwelling" means a structure that is used for residential
3 purposes.

4 (g) "Fund" means the consumable hemp product fund created in
5 section 407.

6 (h) "Industrial hemp" means that term as defined in section 3
7 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL
8 1, MCL 333.27953.

9 (i) "Intoxicating cannabinoids" means a cannabinoid listed in
10 section 305(2).

11 (j) "Key participant" means a person that has a direct or
12 indirect financial interest in the person or business that produces
13 a consumable hemp product or a person in a corporate entity at an
14 executive level that is regularly responsible for decision making
15 that impacts the production of a consumable hemp product. A key
16 participant includes, but is not limited to, any of the following:

17 (i) For a sole proprietorship, a sole proprietor.

18 (ii) For a partnership, a partner.

19 (iii) For a corporation, an individual with executive managerial
20 control, including, but not limited to, a chief executive officer,
21 a chief operating officer, or a chief financial officer.

22 (k) "Licensee" means a person that holds a state license.

23 (l) "Nonintoxicating cannabinoids" means a cannabinoid listed
24 in section 305(1).

25 (m) "Person" means an individual, partnership, corporation,
26 association, or other legal entity.

27 (n) "Potentially intoxicating cannabinoids" means a
28 cannabinoid listed in section 305(3).

29 (o) "Process" or "processing" means to separate or otherwise

1 prepare parts of an industrial hemp plant and compound, blend,
2 extract, infuse, or otherwise make or prepare a consumable hemp
3 product.

4 (p) "State license" means a license granted under chapter II.

5 (q) "THC" means that term as defined in section 3 of the
6 Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL
7 333.27953.

8 Chapter II

9 Applications and Licenses

10 Sec. 201. (1) A person shall not process a consumable hemp
11 product unless the person is granted a state license under this
12 act.

13 (2) To apply for a state license, a person shall submit an
14 application on a form and in a manner as prescribed by the agency.
15 An applicant shall include with an application the following
16 information:

17 (a) The applicant's full name, date of birth, mailing address,
18 telephone number, Social Security number, and email address. If the
19 applicant is not an individual, the application must include the
20 EIN number and the full name of each key participant, including
21 each key participant's date of birth, title, and email address.

22 (b) The address and legal description of each building or
23 other location where the applicant will process consumable hemp
24 products.

25 (3) The agency shall grant an applicant a state license if all
26 of the following conditions are met:

27 (a) The applicant submits a completed application under this
28 section.

29 (b) The applicant meets the qualifications for a state

1 license.

2 (c) The applicant pays the applicable fee under section 405.

3 Sec. 203. (1) A state license is valid for 1 year beginning on
4 December 1 and expiring at midnight on the following November 30,
5 except that an initial state license expires at midnight on
6 November 30 in the year in which the state license is granted.

7 (2) To renew a state license, the licensee must submit an
8 application on a form and in a manner prescribed by the agency no
9 later than November 30. If a licensee does not renew a state
10 license by November 30, the licensee may renew the state license
11 within 60 days after November 30. A licensee that renews a state
12 license within this 60-day period must pay a late fee of \$250.00 in
13 addition to any other applicable fee required under section 405.
14 The applicant may continue to operate under the state license
15 during the 60-day time period. If a licensee does not renew a state
16 license within the 60-day time period, the state license is void. A
17 late fee collected under this subsection must be deposited into the
18 fund.

19 (3) Information submitted by an applicant to the agency is
20 exempt from disclosure under the freedom of information act, 1976
21 PA 442, MCL 15.231 to 15.246.

22 (4) A state license is nontransferable and nonrefundable.

23 Sec. 205. (1) The agency shall approve or deny an application
24 for a state license within a reasonable amount of time that does
25 not otherwise result in a delay in the processing of an
26 application.

27 (2) The agency shall deny an application for a state license
28 if any of the following apply:

29 (a) The application is incomplete.

1 (b) If the applicant is an individual, the applicant is under
2 the age of 18.

3 (c) The applicant's buildings or locations disclosed on an
4 application submitted under this chapter are dwellings or are not
5 located in this state.

6 (d) The applicant has not demonstrated, as determined by the
7 agency, a willingness to comply with this act or the rules
8 promulgated under this act.

9 (e) The applicant has unpaid fees or civil fines owed to this
10 state under this act.

11 (f) The applicant has made a false statement or
12 representation, as determined by the agency, to the agency or a law
13 enforcement agency.

14 (3) If the agency denies an application because the
15 application is incomplete, the agency shall notify the applicant of
16 the denial not later than 120 days after determining the
17 application is incomplete by letter or email. The notice must state
18 the deficiency and request additional information.

19 Sec. 207. The agency shall issue a document to a licensee that
20 evidences the granting of a state license. A licensee shall display
21 a copy of that document prominently in all buildings or locations
22 disclosed on an application submitted under this chapter.

23 Sec. 209. If the agency denies an application for a state
24 license, the applicant may appeal the denial by submitting a
25 written request for a hearing to the agency. The applicant must
26 submit the request to the agency not more than 21 days after the
27 date stated on the denial. The agency shall conduct a hearing
28 requested under this section in accordance with the administrative
29 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

1 Sec. 211. (1) To modify a site location listed in an
2 application submitted under this chapter, the licensee shall do
3 both of the following:

4 (a) Submit a site location modification request on a form and
5 in a manner prescribed by the agency.

6 (b) Pay the required fee under section 405.

7 (2) The agency shall approve a site location modification
8 request only if all of the following conditions are met:

9 (a) The new site or modified site is located within this
10 state.

11 (b) The new site or modified site complies with requirements
12 specified in rules promulgated under this act.

13 (c) The licensee pays the site location modification fee under
14 section 405 in full.

15 Chapter III

16 Consumable Hemp Processors

17 Sec. 301. (1) A consumable hemp processor may process,
18 package, transport, distribute, or sell consumable hemp products in
19 accordance with this act.

20 (2) A consumable hemp processor shall do all of the following:

21 (a) Comply with all applicable state and federal laws and
22 regulations.

23 (b) Destroy any intoxicating cannabinoid that is created or
24 otherwise results from processing a consumable hemp product.

25 (c) Test all consumable hemp products in accordance with the
26 rules promulgated under this act.

27 (d) Provide an invoice for the sale of industrial hemp. An
28 invoice described under this subdivision must be maintained for not
29 less than 5 years and made available to the agency on request.

1 (3) A consumable hemp processor shall not purchase a converted
2 cannabinoid for use in processing a consumable hemp product.

3 (4) Except as otherwise provided under the Michigan Regulation
4 and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to
5 333.27967; the medical marihuana facilities licensing act, 2016 PA
6 281, MCL 333.27101 to 333.27801; and the Michigan Medical Marihuana
7 Act, 2008 IL 1, MCL 333.26421 to 333.26430, a person shall not do
8 any of the following:

9 (a) Process, sell, or otherwise transfer a product that
10 contains an intoxicating or potentially intoxicating cannabinoid.

11 (b) Process, sell, or otherwise transfer an intoxicating or
12 potentially intoxicating cannabinoid.

13 (c) Process, sell, or otherwise transfer a product that
14 contains a converted cannabinoid.

15 (d) Process, sell, or otherwise transfer a converted
16 cannabinoid.

17 Sec. 303. (1) A person may sell a consumable hemp product in
18 this state with or without a state license if the consumable hemp
19 product is processed by and obtained from a consumable hemp
20 processor.

21 (2) A consumable hemp product sold in this state must meet the
22 requirements specified in rules promulgated under this act and have
23 a label that meets all of the following requirements:

24 (a) Not be designed in a way that is attractive to minors.

25 (b) Contain the following statements in bold capital letters:

26 (i) "THIS PRODUCT HAS NOT BEEN EVALUATED BY THE FOOD AND DRUG
27 ADMINISTRATION AND IS NOT INTENDED TO DIAGNOSE, TREAT, CURE, OR
28 PREVENT ANY DISEASE."

29 (ii) "KEEP OUT OF REACH OF CHILDREN."

1 (c) Not contain any medical claims.

2 (d) List the net weight.

3 (e) List all of the ingredients.

4 (f) List the percentage of nonintoxicating cannabinoids by
5 weight.

6 Sec. 305. (1) Nonintoxicating cannabinoids include all of the
7 following:

8 (a) Full spectrum industrial hemp extract that contains no
9 more than 1.75 milligrams of THC per serving and contains a ratio
10 of cannabidiol to THC of greater than or equal to 15-1.

11 (b) Broad spectrum industrial hemp extract.

12 (c) Cannabidiol.

13 (d) Tetrahydrocannabivarin.

14 (e) Cannabichromene.

15 (f) Cannabicitran.

16 (g) Cannabicyclol.

17 (h) Cannabielsoin.

18 (i) Cannabigerol.

19 (j) Cannabidivarin.

20 (k) Cannabinol.

21 (l) Any other cannabinoid that the agency determines in rules
22 promulgated under this act is nonintoxicating.

23 (2) Intoxicating cannabinoids include all of the following:

24 (a) Delta-9, delta-8, delta-7, delta-10, delta-6a, and delta-
25 10a THC and their isomers.

26 (b) Exo-tetrahydrocannabinol.

27 (c) Metabolites of THC, including 11-hydroxy-THC, 3-hydroxy-
28 THC, or 7-hydroxy-THC.

29 (d) Hydrogenated forms of THC, including hexahydrocannabinol,

1 hexahydrocannabiphorol, and hexahydrocannabihexol.

2 (e) Synthetic forms of THC, including dronabinol.

3 (f) Ester forms of THC, including delta-8 THC-O-acetate,
4 delta-9 THC-O-acetate, and hexahydrocannabinol-O-acetate.

5 (g) Tetrahydrocannabivarin, including delta-8
6 tetrahydrocannabivarin but excluding delta-9
7 tetrahydrocannabivarin.

8 (h) Analogues of tetrahydrocannabinols with an alkyl chain of
9 4 or more carbon atoms, including tetrathydrocannabiphorols,
10 tetrahydrocannabiocyls, tetrahydrocannabihexols, and
11 tetrahydrocannabutols.

12 (i) Any combination of the compounds, including
13 hexahydrocannabiphorol-O-ester, listed above.

14 (j) Any other cannabinoid that the agency determines in rules
15 promulgated under this act is intoxicating.

16 (3) Potentially intoxicating cannabinoids include all of the
17 following:

18 (a) Any cannabinoid that has not been assessed by this state
19 or a federal agency for a safety profile and intoxication profile.

20 (b) A cannabinoid that is not a phytocannabinoid.

21 (c) Any other cannabinoid that the agency determines in rules
22 promulgated under this act is potentially intoxicating.

23 Chapter IV

24 Administration

25 Sec. 401. (1) The agency shall promulgate rules to implement
26 this act in accordance with the administrative procedures act of
27 1969, 1969 PA 306, MCL 24.201 to 24.328. The rules must include,
28 but are not limited to, the following:

29 (a) Requirements and procedures for testing consumable hemp

1 products. All consumable hemp products must be tested before being
2 sold or offered for sale in this state. Testing under this
3 subdivision must be conducted by 1 of the following:

4 (i) A marihuana safety compliance facility that is licensed
5 under and meets the requirements of either of the following:

6 (A) The Michigan Regulation and Taxation of Marihuana Act,
7 2018 IL 1, MCL 333.27951 to 333.27967.

8 (B) The medical marihuana facilities licensing act, 2016 PA
9 281, MCL 333.27101 to 333.27801.

10 (ii) A regulatory testing facility that complies with the
11 industrial hemp growers act, 2020 PA 220, MCL 333.29101 to
12 333.29801.

13 (iii) A laboratory in another state that substantially meets the
14 requirements of an entity described under subparagraph (i) or (ii).

15 (b) Requirements and procedures for the agency to request
16 additional sampling and testing of consumable hemp products.

17 (c) Processes for determining whether a cannabinoid is
18 nonintoxicating, intoxicating, or potentially intoxicating, and a
19 list of nonintoxicating, intoxicating, and potentially intoxicating
20 cannabinoids.

21 (d) Requirements for consumable hemp products sold in this
22 state.

23 (2) The agency may promulgate an emergency rule in accordance
24 with section 48 of the administrative procedures act of 1969, 1969
25 PA 306, MCL 24.248, if the agency determines that a cannabinoid is
26 an intoxicating cannabinoid or potentially intoxicating cannabinoid
27 and that consumption of the cannabinoid poses a risk to public
28 health and safety.

29 Sec. 403. (1) The agency shall create an application for use

1 under chapter II.

2 (2) The agency shall maintain an application submitted under
3 chapter II for not less than 5 years.

4 Sec. 405. (1) A licensee shall pay the following fees, as
5 applicable:

6 (a) A state license fee of \$1,350.00.

7 (b) A site location modification fee of \$50.00 for each
8 location modification request form submitted under section 211.

9 (2) A licensee shall pay the fees required under subsection
10 (1) at the time an application is submitted under chapter II. Fees
11 must be paid with a check or money order payable to the agency.

12 (3) Fees collected under subsection (2) must be deposited into
13 the fund.

14 (4) Fees required under this section are nonrefundable and
15 nontransferable.

16 Sec. 407. (1) The consumable hemp product fund is created
17 within the state treasury. The state treasurer may receive fees
18 collected under section 405 or a late fee collected under section
19 203(2) for deposit into the fund. The state treasurer may also
20 receive money or other assets from any other source for deposit
21 into the fund and shall credit to the fund interest and earnings
22 from fund investments.

23 (2) Money in the fund at the close of the fiscal year remains
24 in the fund and does not lapse to the general fund. The agency is
25 the administrator of the fund for auditing purposes.

26 (3) The agency shall expend money from the fund to administer
27 and enforce this act and the rules promulgated under this act.

28 Sec. 409. A political subdivision of this state shall not
29 adopt a rule, regulation, code, or ordinance that is contrary to

1 this act.

2 Chapter X

3 Violations and Penalties

4 Sec. 501. (1) If a licensee violates a provision of this act
5 or a rule promulgated under this act, the agency may suspend,
6 revoke, or restrict the licensee's state license.

7 (2) If the agency suspends, revokes, or restricts a state
8 license under this section, the agency shall notify the licensee in
9 writing that the state license is suspended, revoked, or
10 restricted.

11 (3) If a state license is suspended, revoked, or restricted
12 under this section, the licensee shall not obtain, process,
13 package, transport, or distribute a consumable hemp product, except
14 as authorized in writing by the agency.

15 (4) The agency may impose a civil fine of not more than
16 \$5,000.00 against an individual and not more than \$10,000.00
17 against a licensee, for a violation of this act or a rule
18 promulgated under this act. Assessment of a civil fine under this
19 subsection is not a bar to the investigation, arrest, charging, or
20 prosecution of an individual or licensee for any other violation of
21 this act or a rule promulgated under this act and is not grounds to
22 suppress evidence in any criminal prosecution that arises under
23 this act or any other law of this state.

24 Sec. 503. (1) The agency shall schedule a hearing on a
25 suspension, revocation, or restriction of a state license under
26 section 501(1) or the imposition of a civil fine under section
27 501(4) for a date as soon as practicable that is not more than 60
28 days after the date of notification of a state license suspension,
29 revocation, or restriction or the imposition of the civil fine.

1 (2) The agency shall conduct the hearing required under this
2 section in accordance with the administrative procedures act of
3 1969, 1969 PA 306, MCL 24.201 to 24.328.

4 (3) The agency may suspend a state license without notice or
5 hearing on a determination that the public health, safety, or
6 welfare is jeopardized by allowing the licensee to continue to
7 obtain, process, package, transport, or distribute a consumable
8 hemp product. If the agency suspends a state license under this
9 subsection without notice or hearing, a prompt postsuspension
10 hearing must be held to determine if the suspension should remain
11 in effect. The suspension may remain in effect until the agency
12 determines that the cause for suspension has abated. The agency may
13 revoke the state license on a determination that the licensee has
14 not made satisfactory progress toward abating the hazard.

15 (4) The agency may conduct investigative and contested case
16 hearings; issue subpoenas for the attendance of witnesses; issue
17 subpoenas duces tecum for the production of books, ledgers,
18 records, memoranda, electronically retrievable data, and other
19 pertinent documents; and administer oaths and affirmations to
20 witnesses as appropriate to exercise and discharge the powers and
21 duties of the agency under this act. The agency's authorized
22 representative may issue subpoenas and administer oaths and
23 affirmations to witnesses.

24 Sec. 505. (1) A person that violates section 301(4) is guilty
25 as follows:

26 (a) For a first violation, a misdemeanor punishable by a fine
27 of not less than \$10,000.00 or more than \$25,000.00 or imprisonment
28 for not more than 93 days, or both.

29 (b) For a second or subsequent violation, a misdemeanor

1 punishable by a fine of not less than \$10,000.00 or more than
2 \$25,000.00 or imprisonment for not more than 1 year, or both.

3 Enacting section 1. The industrial hemp research and
4 development act, 2014 PA 547, MCL 286.841 to 286.859, is repealed.

5 Enacting section 2. This act does not take effect unless all
6 of the following bills of the 103rd Legislature are enacted into
7 law:

8 (a) Senate Bill No. ____ (request no. S01375'25 a) or House
9 Bill No. 5041 (request no. H01375'25 a).

10 (b) Senate Bill No. ____ (request no. S01375'25 b) or House
11 Bill No. 5042 (request no. H01375'25 b).

12 (c) Senate Bill No. ____ (request no. S01375'25 c) or House
13 Bill No. 5043 (request no. H01375'25 c).