

Michigan's 2019 Emergency Rules to Regulate Marijuana for Adult Use

On July 3, 2019, the Marijuana Regulatory Agency (MRA), within Michigan's Department of Licensing and Regulatory Affairs (LARA), published [regulations](#) to steer the implementation of the 2018 voter-approved law that legalized marijuana for adults 21 and older.

License types and fees

State License Type	Initial Licensure Fee	Renewal Fee
Class A Marihuana Grower	\$4,000	Bottom 33% - \$3,000 Middle 33% - \$4,000 Top 33% - \$5,000
Class B Marihuana Grower	\$8,000	Bottom 33% - \$6,000 Middle 33% - \$8,000 Top 33% - \$10,000
Class C Marihuana Grower	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000
Excess Marihuana Grower	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000
Marihuana Microbusiness	\$8,000	Bottom 33% - \$6,000 Middle 33% - \$8,000 Top 33% - \$10,000
Marihuana Processor	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000
Marihuana Retailer	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Marihuana Secure Transporter	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Marihuana Safety Compliance Facility	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Marihuana Event Organizer	\$1,000	\$1,000
Temporary Marihuana Event	See Rule 63	N/A
Designated Consumption Establishment	\$1,000	\$1,000

License renewals and fees: All licenses, except those for temporary events, must be renewed annually. Most renewal fees are triple-tiered based on the gross weight of products transferred by the licensee in the prior year.

Notable provisions in the application process

Applicants: For the purposes of background checks and reviewing license applications, “applicants” include managerial employees, individuals with a direct or indirect ownership interest of more than 10%, and spouses of individuals who meet those criteria. Applicants do not necessarily include financiers with a bona fide financing agreement and reasonable interest rate or franchisors who receive a fixed fee.

Application fees: The application fee for all licenses, unless otherwise waived or exempted, is \$6,000.

Social equity plan: Each applicant is required to provide a social equity plan “detailing a plan to promote and encourage participation in the marihuana industry by people from communities that have been disproportionately impacted by marihuana prohibition and enforcement and to positively impact those communities.”

License applications will be rejected for any of the following reasons:

- An applicant has a prior conviction that involved distribution of a controlled substance to a minor.
- False information has been submitted.
- An applicant is an elected official or a government employee.
- Before Dec. 6, 2021, the applicant is not a resident of Michigan and is applying for a class A grower or microbusiness license.
- Before Dec. 6, 2021, the applicant is not currently licensed as a medical cannabis establishment and is applying for a retailer, processor, class B or C grower, or a secure transporter.
- The applicant would be noncompliant with municipal ordinances (e.g., a town has banned the operation of the kind of facility for which the applicant is applying).
- The applicant would control a prohibited combination of licenses.
 - If an applicant would control a safety compliance facility or secure transporter license, the applicant may not also control a grower, processor, retailer, or microbusiness license.
 - If an applicant would control a microbusiness license, the applicant may not also control a grower, processor, or retailer license.
- The applicant will hold an ownership interest in more than five growers or in more than one microbusiness.

Denial hearing: If an applicant is denied licensure, the agency is required, upon request, to provide a public investigative hearing.

Notable regulations for licensees

Violations: Violations of the agency's rules may result in revocation or suspension of licenses and civil fines of up to \$10,000 or an amount equal to the licensee's daily receipts, whichever is greater, for each violation.

Microbusiness: Allows for cultivation of up to 150 plants, processing, and retail sales

Grower: Class A - 100 plants, Class B - 500 plants, Class C - 2,000 plants

- An excess grower license may be granted to a business that holds five stacked class C grower licenses under the adult-use program and at least two Class C grower licenses under the medical marijuana statute.

Processor:

- No infused cannabis products may be easily confused with commercially sold candy or associated with or have cartoons, caricatures, toys, designs, shapes, labels, or packaging that would appeal to minors.
- Edible products must be in opaque, child-resistant packaging.

Retailer:

- Home delivery is allowed.
 - A delivery employee shall make no more than 10 deliveries per trip before returning to the marijuana retailer. In making deliveries, a retailer may not transport more than 15 ounces of cannabis or more than 60 grams of concentrate.
- Retailers may not sell infused products that exceed THC limits, which will be published by the agency at a later date.

Event organizer:

- Licensed event organizers are authorized to apply for and be granted temporary marijuana event licenses.

Temporary event:

- Temporary event licenses may only be granted to licensed marijuana event organizers.
- Licenses are valid for one to seven days.
- Applications must be submitted at least 90 days in advance.
- Temporary events may only be held in a venue expressly approved by the municipality.
- Organizers must provide a list of licensees, which may only be retailers and microbusinesses, who will be selling cannabis products at the event.
- Organizers are responsible for hiring event security, posting a "No Persons Under 21 Allowed" sign in the entrance of the consumption area, and expelling from the event any person selling marijuana without a license.

- Sale and serving of food or alcohol is allowed if other applicable local, state, and federal regulations and rules are met.

Designated consumption establishment:

- Applicants must submit an operations plan that includes an explanation of how employees will monitor and prevent over-intoxication, underage access to the designated consumption establishment, and the illegal sale or distribution of products.
 - If consumption by inhalation is permitted, the licensee must have a ventilation system that can transfer visible smoke outside and adequately eliminate odor at the property line.
 - Facilities must have a smoke-free area for employees to monitor the consumption area.
 - Sale and serving of food or alcohol is allowed if other applicable local, state, and federal regulations and rules are met.
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Social equity plan

Related to establishing a plan to promote the participation of people disproportionately impacted by marijuana prohibition and enforcement, the agency will publish:

- Criteria used to select communities that have been disproportionately impacted;
 - A list of the communities that have been disproportionately impacted;
 - Requirements that persons in those communities shall meet to utilize services and resources offered through the plan; and
 - Services and resources that are available to those communities and qualifying persons, which will include, but are not limited to:
 - Education and outreach to the communities and potential applicants from the community;
 - Waiving or reducing fees for qualified applicants from the communities;
 - Increased assistance with the application process for applicants from the communities; and
 - Coordinating communities', applicants', and licensees' utilization of resources that will allow participation in the marijuana industry.
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Miscellaneous

- Mobile marijuana establishments and drive-through operations are prohibited.
- Marijuana businesses may be "vertically integrated," with some limitations.
- Grower licenses may be "stacked," e.g., an entity may control more than one Class C license.
- A business may operate equivalent medical marijuana and adult-use cannabis facilities in the same location.
- Grower licensees are permitted to cultivate outdoors.