

Medical Marihuana Regulation

Facilities Licensing, Tracking & Current Registry Program

Presentation to the House Appropriations Subcommittee on
Licensing and Regulatory Affairs and
Insurance and Financial Services
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Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

Background

In September 2016, the Michigan Legislature passed and the Governor subsequently signed into law three bills (House Bills 4209, 4827 and 4210, being Public Acts 281-283 respectively) that will create a regulatory framework for medical marihuana facilities. This establishes a support structure for medical marihuana provisioning centers, growers, processors, secure transporters and safety compliance facilities. It also creates a statewide monitoring system for the tracking, inventory and verification of medical marihuana and allows for the manufacture and use of marihuana-infused products. This regulatory framework must be implemented by December 15, 2017.



Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

IT Infrastructure

- Statewide Monitoring System
 - System for tracking, inventory, and verification of medical marihuana.
 - System will allow for verification of patient status as current and active.
 - Vendor spotlight held 12/6/2016-12/8/2016.
 - RFP posted to Buy4Michigan on 1/30/2017; bids must be submitted by 3/2/2017.
 - Implementation scheduled to begin in early May.
- Licensing System
 - Customer portal and backend system for applications, renewals, fee assessments, inspections, investigations, compliance, and license verification.
 - LARA will leverage an existing enterprise solution being utilized by the Bureau of Construction Codes, Bureau of Fire Services, and Bureau of Professional Licensing.
 - System requirements drafted and Statement of Work in progress.
 - Implementation scheduled to begin in mid-April.



Medical Marijuana Facilities Licensing Act & Marijuana Tracking Act

LARA Regulatory Responsibilities

- Good moral character and financial background checks for applicants, including all direct/indirect owners, beneficiaries, shareholders, officers, directors, partners, members and managers.
- Statewide prelicensure and routine facility compliance inspections and audits.
- Statewide administrative complaint investigations.
- Administrative hearings.
- Disciplinary compliance monitoring.
- Board and Advisory Panel support and administrative functions.
- Customer service.
- Annual renewals, regulatory assessment collections, and financial statement reviews.
- Key performance indicator analytics.
- IT system support and maintenance.



Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

Budget

- **Medical Marihuana Excise Fund:** Includes revenue from a 3 percent excise tax on provisioning center sales, and all other charges associated with Public Act 281 of 2016 (not including revenue from the application fees, the regulatory assessment, and any local licensing fees).

Estimated Revenue Impact of Provisioning Center Sales for Medical Marihuana (Excise Tax)

Impacted Fund/Entity	PA 281	Agency Budget	FY16	FY15
Municipalities	25%	Treasury	\$1,650,000	\$4,537,500
Counties	30%	Treasury	\$1,980,000	\$5,445,000
County Sheriffs	5%	Treasury	\$330,000	\$907,500
Michigan Commission on Local Law Enforcement Standards	5%	State Police	\$330,000	\$907,500
State Police	5%	State Police	\$330,000	\$907,500
First Responder Presumed Coverage Fund	30%	Licensing & Regulatory Affairs	\$1,980,000	\$5,445,000
Total:	100%		\$6,600,000	\$18,160,000

- **Key Highlights of the Excise Tax Distribution:**
 - The majority of the excise tax revenue generated (60 percent) will go to support local units of government and by statute is distributed in proportion to the number of marihuana facilities in a municipality or county.
 - The remaining revenue of the excise tax revenue generated (40 percent) will be allocated to the Michigan Commission on Local Law Enforcement Standards for local law enforcement training, the Department of State Police for enforcement activities, and the Department of Licensing and Regulatory Affairs for the First Responder Presumed Coverage Fund to support cancer claims of eligible firefighters.

State Budget Office Analysis, Medical Marihuana Regulatory and Licensing Framework, February 8, 2017



Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

Budget

- **Marihuana Regulatory Fund:** includes revenue from the application fees of licensees and an annual regulatory assessment collected from licensed growers, processors, provisioning centers, and secure transporters.

Executive Budget Recommendations for Regulation and Enforcement

Agency/Budget	Responsibility	FY 2018	FY 2019
Licensing & Regulatory Affairs	Medical Marihuana Facilities, Licensing, and Tracking Program (108.0 FTEs)	\$18,651,600	\$24,868,700
State Police	Investigation and Inspection Activities (48.0 FTEs)	\$8,775,700	\$11,699,900
Attorney General	Investigation and Enforcement Activities (4.0 FTEs)	\$375,000	\$500,000
Health & Human Services	Substance Use Disorder (SUD) Prevention and Treatment Services	\$1,423,900	\$1,898,400
Treasury	Tax Processing, Compliance, and Collections (6.0 FTEs)	\$675,000	\$900,000
Total:		\$29,901,200	\$39,867,000

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Budget

Sales Tax Impact:

Estimated Revenue Impact of Provisioning Center Sales for Medical Marihuana (Sales Tax)

	Impacted Fund/Entity	PA 281	Agency Budget	FY18	FY19
Sales Tax (6%)	School Aid Fund	N/A	-	\$9,680,000	\$26,620,000
	GF/GP and Other	N/A	-	\$2,200,000	\$6,050,000
	Constitutional Revenue Sharing	N/A	-	\$1,320,000	\$3,630,000
Total:				\$13,200,000	\$36,300,000

- o The School Aid Fund, the state general fund, and local governments will benefit from the sales tax revenue that will be generated from provisioning center sales.

State Budget Office Analysis, Medical Marihuana Regulatory and Licensing Framework, February 8, 2017



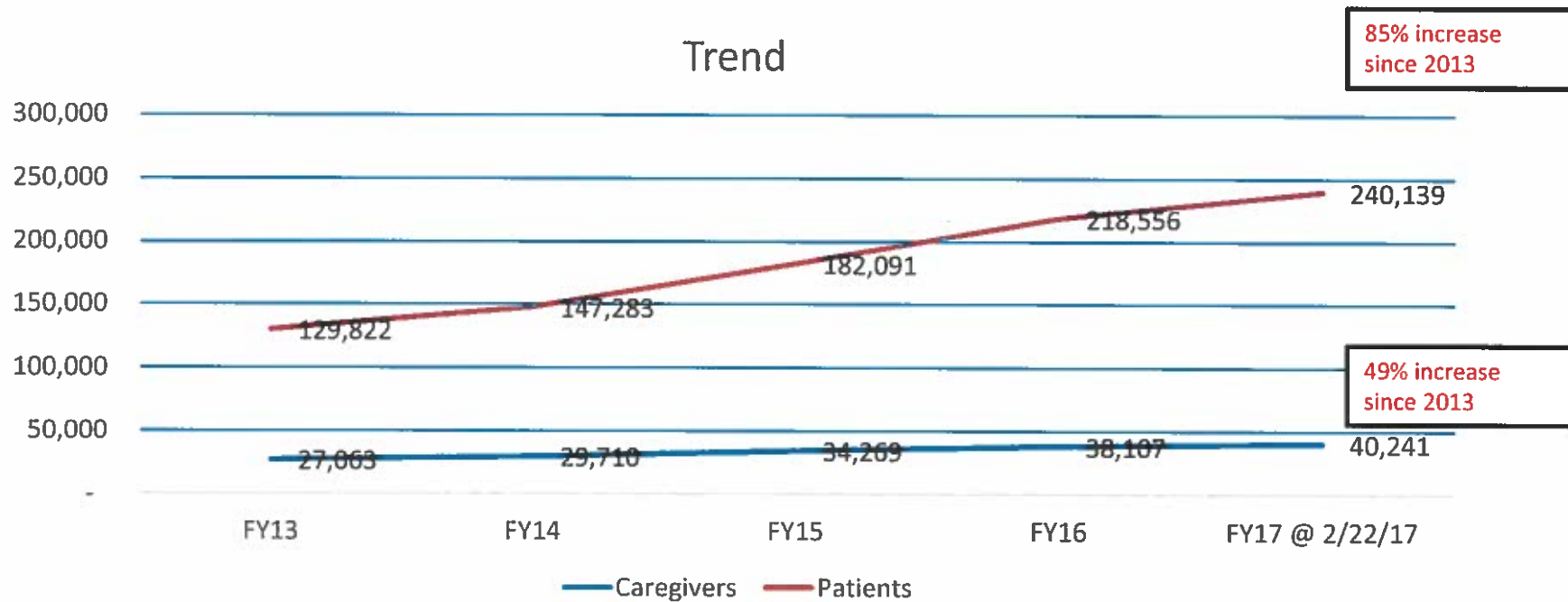
Medical Marihuana Registry

- 2008 ballot proposal created a registry of individuals qualified to use medical marihuana (patients) and caregivers qualified to assist patients (Initiated Law 1 of 2008).
- Law authorizes creation of fees in rules.
- Currently fees set at \$60 for patients and an additional \$25 to register a caregiver, if applicable.
- As of today there is a total of 240,139 patients and 40,241 caregivers.



Medical Marihuana Registry

Medical Marihuana Active Patients and Caregivers FY13 to 2/22/17



2/22/2017



Medical Marihuana Facilities Licensing Act & Marihuana Tracking Act

Additional information please visit:

<http://www.michigan.gov/medicalmarihuana>

Medical Marihuana Act Statistical Report For Fiscal Year 2016:

[http://www.michigan.gov/documents/lara/Medical_Marihuana_Act -
_FY 2016 Statistical Report MCL 333.26426 and Program Information Section 50
7 546675 7.pdf](http://www.michigan.gov/documents/lara/Medical_Marihuana_Act_-_FY_2016_Statistical_Report_MCL_333.26426_and_Program_Information_Section_507_546675_7.pdf)

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