

Cannabis Regulatory Agency

Presentation to the House Appropriations
Subcommittee on LARA/DIFS

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Statutes

Michigan Medical Marihuana Act (MMMA)

- Initiated Law 1 of 2008 (Requires $\frac{3}{4}$ vote of the legislature to amend)
- Established the patient / caregiver registry card program

Medical Marihuana Facilities Licensing Act (MMFLA)

- Public Act 281 of 2016
- Established the commercial medical marijuana market

Michigan Regulation and Taxation of Marihuana Act (MRTMA)

- Initiated Law 1 of 2018 (Requires $\frac{3}{4}$ vote of the legislature to amend)
- Legalized marijuana possession and use for adults 21 and over
- Established the commercial adult-use marijuana market

Industrial Hemp Research and Development Act

- Public Act 547 of 2014
- Regulates the processing of industrial hemp products



Marijuana Funds

Marihuana Registry Fund

- Established in the Michigan Medical Marihuana Act (2008)
- Receives revenue from registry card fees
- Money is expended to support overseeing the medical marijuana program

Marihuana Regulatory Fund

- Established in the Medical Marihuana Facilities Licensing Act (2016)
- Receives revenue from regulatory assessments charged to medical licensees
- Money is expended to regulate the medical licensing program and for other specified purposes

Marihuana Regulation Fund

- Established in the Michigan Regulation and Taxation of Marijuana Act (2018)
- Receives revenue from regulatory assessments charged to adult-use licensees and the excise tax
- Money is expended to regulate the adult use licensing program and for other specified purposes

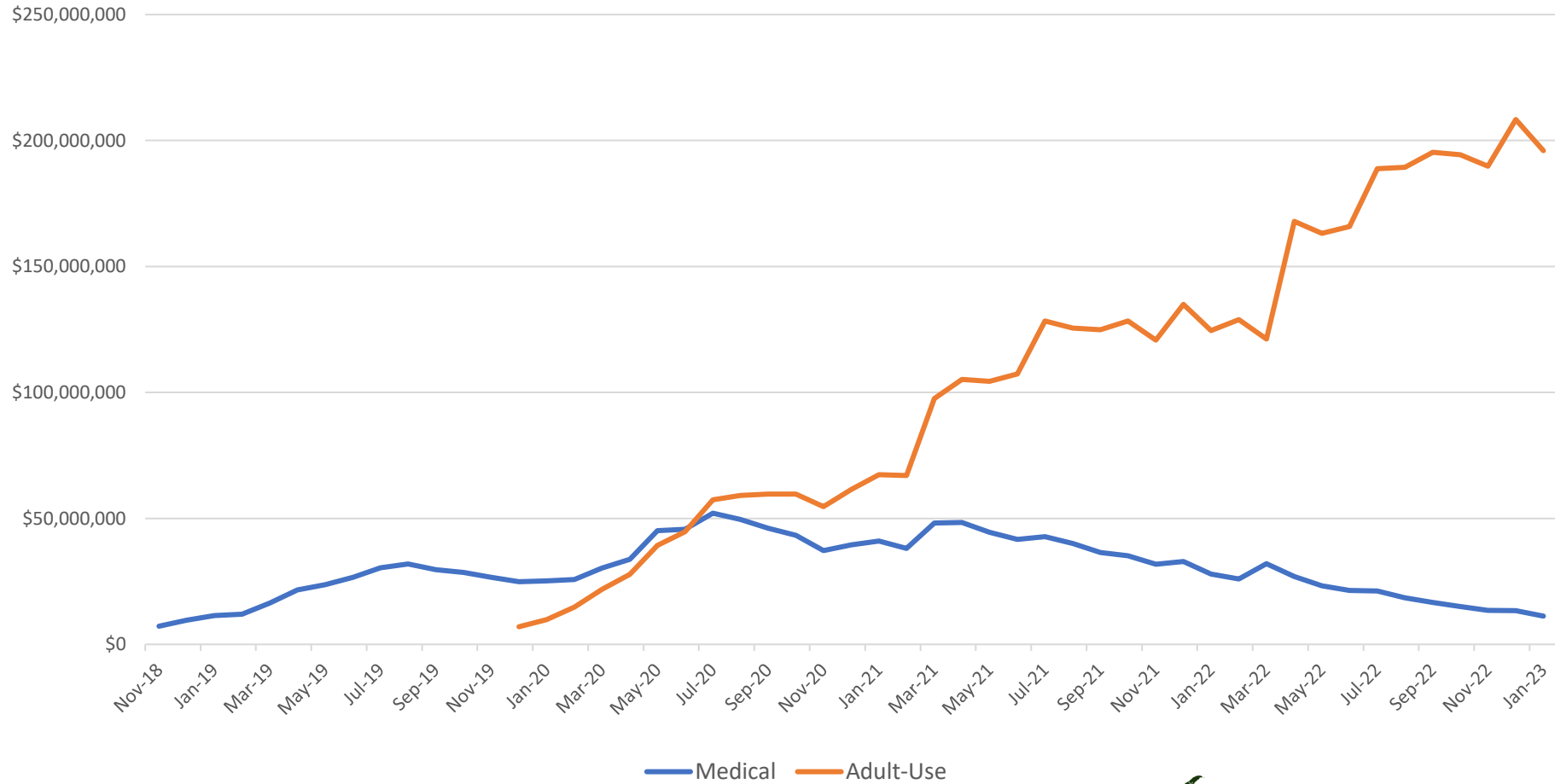


Tax Revenue

		<u>Sales Tax</u>	<u>Excise Tax</u>	<u>Total</u>
Medical and adult-use sales are subject to the 6% state sales tax.	FY 19	\$13,300,636	\$1,726,405	\$15,027,041
Adult-use sales are subject to a 10% excise tax, distributed in order:	FY 20	\$48,594,716	\$34,176,023	\$82,770,739
1. Implementation, administration, and enforcement of the MRTMA.	FY 21	\$102,924,928	\$121,854,248	\$224,779,176
2. Until 2022, \$20 million/year for research into the efficacy of marijuana in treating veterans.	FY 22	\$139,588,211	\$185,698,104	\$325,286,315
3. The remainder as follows:				
• 15% to municipalities with retail stores				
• 15% to counties with retail stores				
• 35% to the School Aid Fund				
• 35% to the Michigan Transportation Fund				



Retail Sales



Commercial Marijuana Licensing

Adult-Use

	Received	Issued	Denied	Active
STEP 1 -- Prequalification	2,392	2,301	8	
STEP 1 -- Social Equity Prequalification	575	536	1	
STEP 2 -- License Applications	2,580	1,966	8	
STEP 2 -- Social Equity License Applications	230	184	1	
Grower A	35	12	0	7
Grower B	144	111	0	94
Grower C	1033	797	0	737
Excess Grower	258	164	0	133
Processor	302	217	0	209
Retailer	820	693	9	633
Class A Microbusiness	2	2	0	2
Microbusiness	18	15	0	12
Secure Transporter	38	35	0	23
Safety Compliance Facility	34	27	0	23
Designated Consumption Establishment	4	2	0	2
Educational Research License	0	0	0	0
Event Organizer	69	53	0	46
Temporary Event	53	22	0	0
Total				1921

As of 1/31/23

Medical

	Received	Issued	Denied	Active
STEP 1 -- Prequalifications	3,209	2,823	169	
STEP 2 -- License Applications	2,678	1,833	38	
Grower A	220	128	2	68
Grower B	40	24	0	19
Grower C	1,230	846	2	596
Processor	291	170	4	143
Provisioning Center	794	595	29	378
Secure Transporter	67	42	0	23
Safety Compliance Facility	36	28	1	23
Total				1250

As of 1/31/23

Municipalities opted in under the MMFLA: 169

Municipalities opted in under the MRTMA: 129

Municipalities opted out under the MRTMA: 1,378



Agency Organization

Licensing Division

Processes applications, conducts background checks, and issues state operating licenses and patient/caregiver registry cards.

Serves the needs of licensees, including renewals, amendments and ownership changes.

Reviews licensee financial statements to ensure compliance with accounting and recordkeeping requirements.

Enforcement Division

Conducts inspections of licensed businesses and counsels licensees on being compliant.

Investigates suspected violations of statute or rule.

Oversees and supports the statewide monitoring system.

Provides technical expertise to the agency and industry on matters of science, testing, and safety standards.

Centralized Services

Receives incoming phone calls and emails and routes as appropriate.

Performs legal functions, including representing the agency in administrative hearings

Provides public relations services and administers social equity programs.



Agency Highlights

- Stakeholder engagement
 - Regular meetings with industry associations and consumer advocates
 - Scientific Advisory Workgroup
 - Diversity, Equity, and Inclusion Workgroup
 - Municipality summits
 - Cannabis Regulators Association (CANNRA)
- Enforcement
 - Crack down on illicit activities within the regulated market
 - Prioritize investigations into violations jeopardizing health and safety
- Legislative efforts
 - Allow for tribal commercial operations
 - Modernize regulation of industrial hemp processing
- Administrative rules
 - Combining multiple rule sets into one
 - Opening the marijuana rule set for rulemaking



FY 2024 Executive Budget Recommendation

Create a state-run reference laboratory

- Enhance investigative capabilities by enabling the CRA to independently test marijuana products during an investigation.
- Increase confidence in the testing industry by performing audits of state licensed safety compliance facilities.
- Assist in industry standardization by developing and optimizing testing methods.
- Total Cost: \$4.4 million (\$2.8 million in one-time funding, \$1.6 million ongoing)

CRA Operations

- \$28 million and 173 FTEs to implement and enforce the statutes regulating the Michigan medical marijuana program, the commercial adult-use and medical marijuana industries, and industrial hemp processing.



The Cannabis Regulatory Agency will establish Michigan as the national model for a regulatory program that stimulates business growth while preserving safe consumer access to cannabis.

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