

# Cannabis Regulatory Agency

Presentation to the House Appropriations  
Subcommittee on LARA/DIFS

Brian Hanna  
Executive Director

April 17, 2025



# 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 (IHRDA)

- 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, other specified purposes, and distribution to schools, roads, counties, and local governments

## Industrial Hemp Licensing and Registration Fund

- Established in the Industrial Hemp Research and Development Act (2014)
- Receives revenue from licensing fees charged to industrial hemp processor-handlers
- Money is expended to regulate industrial hemp processing



# FY 2025 Budget

Operations Funding	FY 2024-2025	FTEs	FY 2023-2024	FTEs
Cannabis Regulatory Agency	\$33,649,200	182	\$28,004,600	173

## New FTEs

- Provide more timely and effective customer service to the growing number of licensees renewing their licenses, amending ownership structures, or reporting changes to their businesses.
- Shorten wait times for performing fire inspections, allowing businesses to open their doors sooner.
- Reduce staff caseloads to eliminate a current bottleneck in the disciplinary process.
- Provide better oversight and support for frontline employees.
- Enhance audit capabilities to better combat tax avoidance and illicit activity.

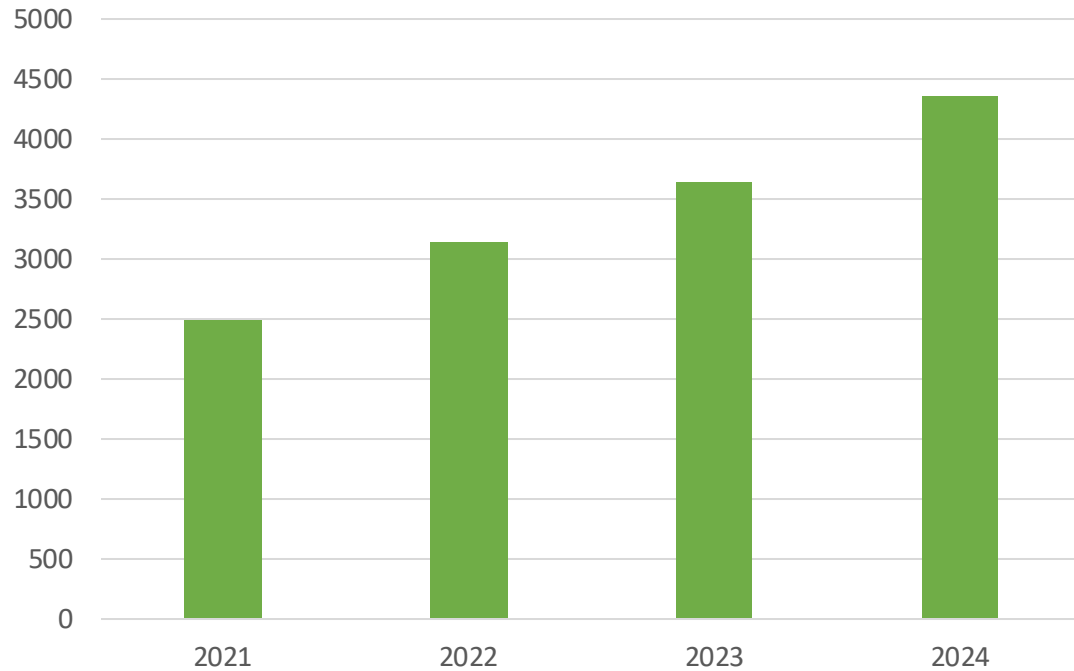
## Absorbing costs of the statewide monitoring system

- Reduce the financial burden on licensees by using existing license fee revenue to pay all fixed costs of the statewide monitoring system.

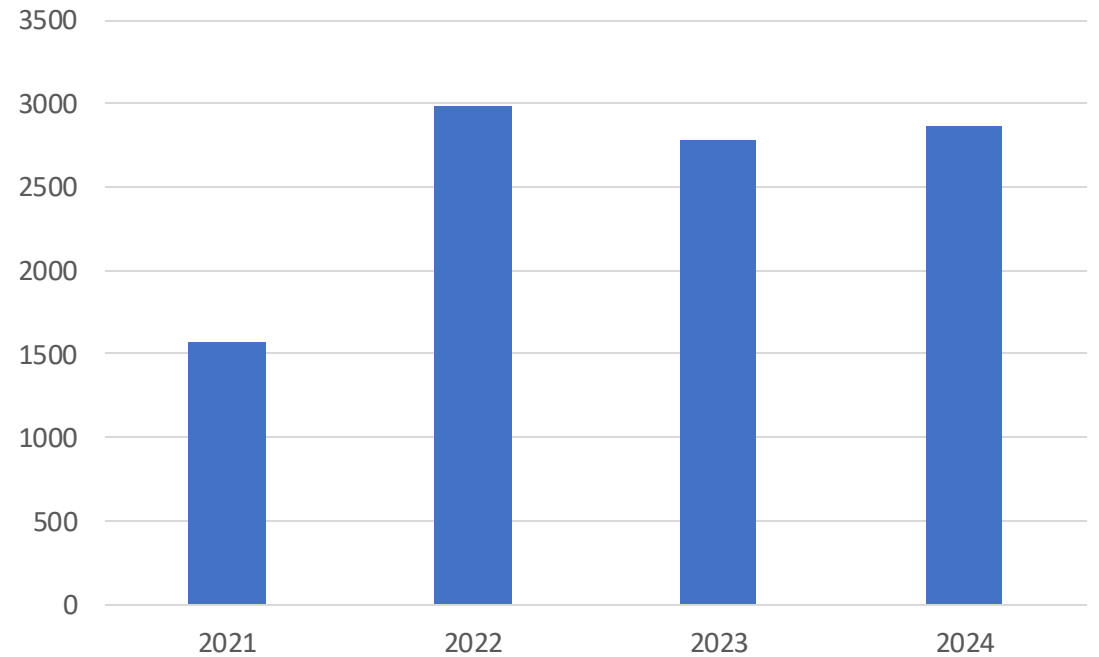


# 2021 – 2024: Continued Growth

Number of Active Licenses



Number of Complaints Received



# License Fees

Adult-Use License Types	Fee
Grower Class A	\$1,200
Grower Class B	\$6,000
Grower Class C	\$24,000
Excess Grow	\$24,000
Processor	\$24,000
Retailer	\$15,000
Class A Microbusiness	\$18,600
Microbusiness	\$8,300
Secure Transporter	\$15,000
Safety Compliance	\$15,000
Designated Consumption	\$1,000
Educational Research License	N/A
Marihuana Event Organizer	\$1,000

Medical License Types	Fee
Grower Class A	\$2,5000
Grower Class B	\$4,000
Grower Class C	\$15,000
Processor	\$5,500
Provisioning Center	\$3,813
Secure Transporter	\$3,813
Safety Compliance	N/A

In addition to marijuana regulation, medical license fees also support other programs not directly related to marijuana regulation.



# Agency Highlights

- Partner engagement
  - Regular meetings with industry associations, licensees, and consumer advocates
  - Education sessions
  - Municipality summits
  - Tribal meetings
  - Cannabis Regulators Association (CANNRA)
- Enforcement
  - Crack down on illicit activities within the regulated market
  - Prioritize investigations into violations jeopardizing health and safety
  - Performing unannounced inspections
  - Educate before we regulate
- Administrative rules
  - Public Hearing on May 6<sup>th</sup>
  - Protecting consumer health by prohibiting CBD to THC conversion
  - Deleting rules that place unnecessary burdens on licensees
  - Strengthening provisions that deter and detect illicit activity
  - Improving the organization and readability of the ruleset



# Forbes: How To Reframe Cannabis Compliance

By: Ryan Kocot

August 18, 2023

*“..... According to BriAnne Ramsay, Founder of Rocky Mountain Cannabis Consulting, the Cannabis Regulatory Agency in the State of Michigan provides helpful bulletins and webinars that may provide a model for other jurisdictions.*

*“The state of Michigan, CRA, is doing a great job of releasing bulletins of their expectations and presenting weekly webinars for cannabis businesses with regulators, experts, and legal counsel. This method helps relieve the burden of the regulators presenting all the information themselves, and even better - they review all of your materials for accuracy before presenting them to the licensees,” she says.....”*





# Challenges

- **Enforcement**

- Lacking the authority to summarily suspend licenses for egregious conduct.
  - Proposed changes to the marijuana administrative rules would give the agency more capability to summarily suspend licenses for inverting or diverting product and obstructing agency investigations.
- Inability to perform investigative testing in-house.
  - Requires the assistance of private labs to perform investigations.
  - Exacerbates the problem of unreliable and inaccurate test results.

NATURAL PRODUCTS

# Shopping around for favorable cannabis testing labs

In US states struggling to regulate testing, some labs seem to offer results that are too good to be true

by [Britt E. Erickson](#)

September 6, 2024 | A version of this story appeared in [Volume 102, Issue 28](#)



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## Colorado cannabis operator's testing experiment yields damning pesticide, microbial and potency results



By **Kate Lavin**, Senior Editor  
February 3, 2025

Los Angeles Times



CALIFORNIA  
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### The dirty secret of California's legal weed

An L.A. Times/WeedWeek investigation finds alarming levels of pesticides in cannabis products at dispensaries across the state

June 14, 2024

# CRAIN'S GRAND RAPIDS BUSINESS

Economic Development

## 'Lab shopping' accusations create tough environment for cannabis testing facilities

Kate Carlson - August 14, 2022

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## Marijuana lab-testing analysis finds routine THC inflation, data manipulation



By **Chris Roberts**, Reporter  
November 28, 2023 - Updated November 30, 2023

Bloomberg Law



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Jan. 31, 2025, 11:13 AM EST

## Cannabis Labs Inflate Potency, Ignore Contaminants, Lawsuit Says



**Allie Reed**  
Correspondent



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LIVE

Michigan ▾

CANNABIS

## Accuracy is sometimes 'bad for business' in Michigan's world of marijuana testing

Published: Feb. 01, 2024, 9:19 a.m.

By [Gus Burns](#) | [fburns@mlive.com](mailto:fburns@mlive.com)

# Cannabis Reference Laboratory

The FY 2024 state budget included \$2.8 million to build and equip a state-run cannabis reference laboratory. Remaining funds have been put into a work project.

Instruments and equipment have been ordered and received.

Standard Operating Procedures have been drafted.

Construction is currently underway.

Preparing for the interview and hiring process for laboratory staff.

Planning for trainings, IT integrations, process maps, and audit programs.



# Challenges

- The proliferation of intoxicating “hemp-derived” products
  - Changes made to the Farm Bill in 2018 have allowed unregulated intoxicating hemp products to flood the market.
  - Poses health and safety risks to consumers – particularly minors.
  - Often contain more THC than is allowed in marijuana products.
  - Presents significant unfair competition to the licensed industry.





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.

Brian Hanna, Executive Director

Derek Sova, Policy and Legislative Specialist  
sovad@michigan.gov  
(517) 643-0757

