



**Judiciary Testimony  
House Bill 5189  
October 31, 2017**

House Bill 5189 amends the Medical Marihuana Facilities Licensing Act (MMFLA) to limit the number of commercial grower licenses at a single location to one license per location.

The bill does not limit a licensee from applying for multiple licenses at separate locations.

While this legislation has been debated over the last term, recently LARA posted an advisory bulletin that should be further reviewed by the legislature.

In 2008, the citizen initiated law, the Michigan Medical Marihuana Act (MMMA) allowed for the use of medical marihuana through a caregiver model.

Then, in 2016, the Legislature passed the Medical Marihuana Facility Licensing Act (MMFLA) to provide an alternative through a highly regulated commercial option for patients.

This act created a licensing system with five types of licenses: growers, processors, safety compliance facilities, secured transporters, and provisioning centers.

It allows for three grower license categories, class A (up to 500 plants per license), class B (up to 100) and class C (up to 1500)

In September it was brought to my attention that LARA posted an advisory bulletin impacting grower licensure in the state which is beyond what many legislators intended.

This bulletin advised, that this December, a licensee would be allowed to apply for an unlimited number of class C grower licenses at a single location.

*(This statement issued by LARA has been passed out to committee members).*

The term given to allow multiple licenses per location is "license stacking."

Having both large and small operations is a good model and can provide for more competition and options for patients.

However, having “super grows” that could potentially monopolize the market may not be the direction we should go immediately.

Only time will tell who the good actors are and it is unreasonable to allow unlimited stacking of licenses per location without at least a wait period.

There is no quota or cap on licenses and there is no provision in the act for LARA to review supply and demand.

It is true that the licensure process itself will limit the number of operators. An applicant with a felony in the last ten years is not eligible to obtain licensure. Additionally, there are a number of other strict requirements.

The legislature has an opportunity though to do better and incentivize cooperation with all size actors.

Without a wait period, a potential monopoly within the market could outpace the ability caregivers entering the commercial market.

Without a path to transition this could push some caregivers into the illicit market.

With immediate, unlimited license stacking, super grows have the potential to snuff out the little guys, control the market, raise prices and control policy.

After a year of learning with this new industry we will have a much better idea of what is needed for regulation and enforcement.

This legislation is an avenue to provide time and opportunity for further review and to make sure that we don’t move forward on something that may be near impossible to reverse in the future.

September 28, 2017

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## Medical Marihuana Facilities License Stacking License stacking for class C growers

The purpose of this bulletin is to advise the public and potential medical marihuana licensees of the Bureau of Medical Marihuana Regulation's intention to allow for license stacking of class C grower licenses. This bulletin is only for advisory purposes and is subject to change.

A potential licensee may apply for and be granted multiple ("stacked") class C grow licenses—each authorizing the grower to grow up to 1,500 marihuana plants—in a single location, subject to the following conditions:

- A potential licensee that applies for stacked licenses will be subject to an additional application and regulatory assessment for each license.
- Stacked licenses must be issued to the same applicant/licensee.
- A licensee with stacked licenses must comply with all applicable local ordinances and zoning regulations.
- A licensee with stacked licenses must identify and track all information in the statewide monitoring system under the appropriate license.
- A licensee with stacked licenses is not required to operate each license in a separate, distinct working area.

*This bulletin does not constitute legal advice and is subject to change. It is intended to be advisory only, in anticipation of the Department of Licensing and Regulatory Affairs' promulgation of emergency rules consistent with statutory requirements. Potential licensees are encouraged to seek legal counsel to ensure their licensure applications and operations comply with the Medical Marihuana Facilities Licensing Act and associated administrative rules.*

More information on the BMMR can be found at the bureau's website:  
[www.michigan.gov/bmmr](http://www.michigan.gov/bmmr).

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