

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA LICENSES

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.1 Definitions.

Rule 1. (1) As used in these rules:

(a) "Acts" refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) "Agency" means the marijuana regulatory agency.

(c) "Applicant" means a person who applies for a marihuana license, subject to paragraphs (i) and (ii):

(i) For purposes of this definition, an applicant includes a managerial employee of the applicant, a person holding a direct or indirect ownership interest of more than 10% in the applicant, and the following for each type of applicant:

(A) For an individual or sole proprietorship: the proprietor and spouse.

(B) For a partnership and limited liability partnership: all partners and their spouses.

(C) For a limited partnership and limited liability limited partnership: all general and limited partners, not including a limited partner holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the partnership, and their spouses.

(D) For a limited liability company: all members and managers, not including a member holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the company, and their spouses.

(E) For a privately held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(F) For a publicly held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(G) For a multilevel ownership enterprise: any entity or person that receives or has the right to receive more than 10% of the gross or net profit from the enterprise during any full or partial calendar or fiscal year.

(H) For a nonprofit corporation: all individuals and entities with membership or shareholder rights in accordance with the articles of incorporation or the bylaws and their spouses.

(I) For a trust, any beneficiary who receives or has the right to receive more than 10% of the gross or net profit of the trust during any full or partial calendar or fiscal year and their spouses.

(ii) For purposes of this definition, an applicant does not include:

(A) A person who provides financing to an applicant or licensee under a bona fide financing agreement at a reasonable interest rate unless the person exercises control over or participates in the management of the marihuana business.

(B) A franchisor who grants a franchise to an applicant, if the franchisor does not have the right to receive royalties based upon the sale of marihuana or marihuana-infused products by the applicant who is a franchisee. Nothing in this subrule shall be construed to preclude a franchisor from charging an applicant who is a franchisee a fixed fee. As used in this definition, the terms “franchise,” “franchisor,” and “franchisee” have the meanings set forth in section 2 of the franchise investment law, 1974 PA 269, MCL 445.1502.

(C) A person receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation unless the person exercises control over or participates in the management of the marihuana business.

(D) A person receiving reasonable payment under a licensing agreement or contract approved by the agency concerning the licensing of intellectual property including, but not limited to, brands and recipes.

(E) A person who receives a percentage of profits as an employee if the employee does not meet the definition of “managerial employee” and the employee does not receive more than 10% of the gross or net profit from the licensee during any full or partial calendar or fiscal year.

(F) A person who receives a bonus as an employee if the employee is on a fixed wage or salary and the bonus is not more than 25% of the employee’s pre-bonus annual compensation or if the bonus is based upon a written incentive/bonus program that is not out of the ordinary for the services rendered.

(d) “Building” means a combination of materials forming a structure affording facility, establishment, or shelter for use or occupancy by individuals or property. Building includes a part or parts of the building and all equipment in the building. A building does not include a building incidental to the use for agricultural purposes of the land on which the building is located.

(e) “Bureau of fire services” or “BFS” means the bureau of fire services in the department of licensing and regulatory affairs.

(f) “Common ownership” means 2 or more state licenses or 2 or more equivalent licenses held by one person under the Michigan regulation and taxation of marihuana act.

(g) “Complete application” means an application that includes all of the information required in R 420.2 through R 420.11.

(h) “Department” means the department of licensing and regulatory affairs.

(i) “Designated consumption establishment” means a commercial space that is licensed by the agency and authorized to permit adults 21 years of age and older to consume marihuana products at the location indicated on the state license issued under the Michigan regulation and taxation of marihuana act.

(j) “Director” means the director of the department of licensing and regulatory affairs or his or her designee.

(k) “Employee” means a person performing work or service for compensation. “Employee” does not include individuals providing trade **or professional** services who are not normally engaged in the operation of a marihuana business.

(l) “Equivalent licenses” means any of the following held by a person:

(i) A marihuana grower license of any class issued under the Michigan regulation and taxation of marihuana act and a grower license, of any class, issued under the medical marihuana facilities licensing act.

(ii) A marihuana processor license issued under the Michigan regulation and taxation of marihuana act and a processor license issued under the medical marihuana facilities licensing act.

(iii) A marihuana retailer license issued under the Michigan regulation and taxation of marihuana act and a provisioning center license issued under the medical marihuana facilities licensing act.

(iv) A marihuana secure transporter license issued under the Michigan regulation and taxation of marihuana act and a secure transporter license issued under the medical marihuana facilities licensing act.

(v) A marihuana safety compliance facility license issued under the Michigan regulation and taxation of marihuana act and a safety compliance facility license issued under the medical marihuana facilities licensing act.

(m) “Excess marihuana grower” means a license issued to a person holding 5 class C marihuana grower licenses and licensed to cultivate marihuana and sell or otherwise transfer marihuana to marihuana establishments.

(n) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches produced from a cutting, clipping, tissue culture, or seedling that is in a growing or cultivating medium or in a growing or cultivating container.

(o) “Managerial employee” means those employees who have the ability to control and direct the affairs of the marihuana business or have the ability to make policy concerning the marihuana business, or both.

(p) “Marihuana business” means a marihuana facility under the medical marihuana facilities licensing act, or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(q) “Marihuana business location plan” means a marihuana facility plan under the medical marihuana facilities licensing act, or a marihuana establishment plan under the Michigan regulation and taxation of marihuana act, or both.

(r) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, or any other type of marihuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(s) “Marihuana event organizer” means a person licensed to apply for a temporary marihuana event license under these rules.

(t) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(u) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act, or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(v) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(w) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(x) “Marihuana transporter” means a secure transporter under the medical marihuana facilities licensing act or a marihuana secure transporter under the Michigan regulation and taxation of marihuana act, or both.

(y) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(z) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(aa) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(bb) “Proposed marihuana business” means a proposed marihuana establishment under the Michigan regulation and taxation of marihuana act or a proposed marihuana facility under the medical marihuana facilities licensing act, or both.

(cc) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(dd) “Same location” means separate marihuana licenses that are issued to multiple marihuana businesses that are authorized to operate at a single property but with separate business suites, partitions, or addresses.

(ee) “Special license” means a state license as described under section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, and issued pursuant to section 9 of that act, MCL 333.27959.

(ff) “Stacked license” means more than 1 marihuana license issued to a single licensee to operate as a class C grower as specified in each license at a marihuana business under the medical marihuana facilities licensing act, or under the Michigan regulation and taxation of marihuana act, or both.

(gg) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying, and verifying marihuana plants, marihuana products, and packages of marihuana product in the statewide monitoring system.

(hh) “Temporary marihuana event license” means a state license held by a marihuana event organizer under the Michigan regulation and taxation of marihuana act, for an event where the onsite sale or consumption of marihuana products, or both, are authorized at the location indicated on the state license.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.2 Licensure; application; background investigation; consent to inspections, investigations, and audits; disclosure of confidential records; interest in other state license; fee; additional costs.

Rule 2. (1) A person may apply to the agency for marihuana licenses and special licenses as provided in the acts and these rules.

(2) The agency shall use information provided on the application as a basis to conduct a thorough background investigation on the applicant. The agency shall notify the applicant of a deficiency and provide instructions for submitting a complete application. The applicant shall timely respond to the notice of the deficiency in accordance with R. 420.5.

(3) An applicant must provide written consent to investigations of compliance, regular inspections, examinations, searches, seizures, and auditing of books and records and to disclosure to the agency and its agents of otherwise confidential records, including tax records held by any federal, state, or local agency, or credit bureau or financial institution, while applying for or holding a marihuana license as authorized under the acts and these rules.

(4) An applicant must certify that the applicant does not have any interest in any other marihuana license that is prohibited under the acts.

(5) A nonrefundable application fee must be paid at the time of filing to defray the costs associated with the background investigation conducted by the agency. The agency shall set the amount of the application fee for each category and class of license by rule. If the costs of the investigation and processing the application exceed the application fee, the applicant shall pay the additional amount to the agency. All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the agency in the course of its review or investigation of an application for a marihuana license under the acts shall be disclosed only in accordance with the acts.

History: 2020 MR 12, Eff. June 22, 2020.

R420.3 Application procedure; requirements.

Rule 3. (1) A person shall apply for a marihuana license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. Each question on the application must be answered by the applicant, under oath, in its entirety and all attestations, disclosures, and information requested and required by the agency, the acts, and these rules must be submitted in the application. Failure to comply with these rules and the application requirements in the acts is grounds for denial of the application.

(2) A person may submit a partial application under these rules on the condition that it is to prequalify to complete the remaining application requirements. This application has a pending status until all application requirements in these rules are completed, or the agency denies the partial or complete application. The agency shall not issue a marihuana license at this stage of the application process. The finding of prequalification status for a pending application is valid for 2 years after the agency issues a notice of prequalification status. After 2 years has expired, the applicant may be required to submit a new application and pay a new nonrefundable application fee.

(3) The agency may request additional disclosures and documentation to be furnished to the agency. The applicant shall submit the information requested by the agency within 5 days pursuant to R. 420.5 or the application may be denied.

History: 2020 MR 12, Eff. June 22, 2020.

R420.4 Application requirements; financial and criminal background.

Rule 4. (1) Each applicant shall disclose the identity of any other person who controls, either directly or indirectly, the applicant, including, but not limited to, date of birth, government issued identification, and any other documents required by the agency.

(2) Each applicant shall disclose the financial information required in the acts and these rules on a form created by the agency, including the following:

(a) For an applicant seeking licensure under the medical marihuana facilities licensing act, required information includes, but is not limited to, all of the following:

(i) Financial statements regarding all of the following:

(A) A pecuniary interest.

(B) Any deposit of value of the applicant or made directly or indirectly to the applicant, or both.

(C) Financial accounts including, but not limited to, all of the following: funds, savings, checking, or other accounts including all applicable account information, such as the name of the financial institution, names of the account holders, account type, account balances, and a list of all loans types specified by the agency, amounts, securities, or lender information.

(ii) Property ownership information, including, but not limited to, deeds, leases, rental agreements, real estate trusts, or purchase agreements.

(iii) Tax information, including, but not limited to, W-2 and 1099 forms, and any other information required by the agency.

(iv) Disclosure by the applicant of the identity of any other person who meets either of the following:

(A) Controls, directly or indirectly, the applicant.

(B) Is controlled, directly or indirectly, by the applicant or by a person who controls, directly or indirectly, the applicant.

(v) Each applicant shall disclose all shareholders holding a direct or indirect interest of greater than 5%, officers, and directors in the proposed marihuana facility.

(vi) The sources and total amount of the applicant's capitalization to operate and maintain the proposed marihuana facility in compliance with R 420.11.

(vii) A financial statement attested by a certified public accountant (CPA), on a form created by the agency, including a foreign-attested CPA statement, or its equivalent if applicable on capitalization pursuant to R 420.11.

(viii) Information on the financial ability of the applicant to purchase and maintain adequate liability and casualty insurance in compliance with R 420.10.

(ix) Any other documents, disclosures, or attestations created or requested by the agency that are not inconsistent with the acts or these rules.

(b) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act required information includes, but is not limited to, all of the following:

(i) Tax information, including, but not limited to:

(A) W-2 forms for the most recent tax year.

(B) 1099 forms for the most recent tax year.

(ii) Any other information required by the agency.

(3) Each applicant shall disclose all shareholders holding a direct or indirect interest of greater than 5%, officers, and directors in the proposed marihuana establishment.

(4) Each applicant shall disclose the applicant's business organizational documents filed with this state, any other state, local county, or foreign entity, if applicable, including proof of registration to do business in this state and certificate of good standing from this state, any other state, or foreign entity, if applicable.

(5) Each applicant shall disclose to the agency criminal and financial background information and regulatory compliance as provided under the acts and these rules on a form created by the agency.

(6) Each applicant shall provide written consent to a criminal and financial background investigation as authorized under the acts and these rules.

(7) Each applicant shall provide an attestation acknowledging that sanctions may be imposed for violations on a licensee while licensed or after the marihuana license has expired, as provided in the acts and these rules.

(8) Each applicant shall provide an attestation affirming a continuing duty to provide information requested by the agency and to cooperate in any investigation, inspection, inquiry, or hearing.

(9) Each applicant shall disclose any noncompliance with any regulatory requirements, all legal judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, against the applicant, that are related to business operations, including, but not limited to fraud, environmental, food safety, tobacco, alcohol, labor, employment, worker's compensation, discrimination, and tax laws and regulations, in this state or any other jurisdiction.

(10) Each applicant shall disclose any application or issuance of any commercial license or certificate issued in this state or any other jurisdiction that meets the requirements under the acts and these rules.

(11) Each applicant shall provide any other documents or attestations created by, or make any disclosures requested by, the agency that are not inconsistent with the acts or these rules.

(12) An applicant shall submit in the application any information requested and required by the acts and these rules.

(13) Each applicant seeking licensure under the medical marihuana facilities licensing act must submit one set of fingerprints to the department of state police in accordance with section 402 of the MMFLA, MCL 333.27402.

(14) Each applicant seeking licensure under the Michigan regulation and taxation of marihuana act shall provide an attestation acknowledging that the applicant must have a physical structure for the marihuana establishment and pass the precensure inspection within 60 days of a complete application being submitted to the agency. Failure to pass the precensure inspection within 60 days of the complete application being submitted to the agency may result in the application begin denied in accordance with R 420.12.

(15) An applicant shall provide an attestation signed by a representative of the department of treasury and the applicant, verifying that the applicant is not delinquent in the payment of sales, excise, or any other taxes.

(16) An applicant seeking licensure under the Michigan regulation and taxation of marihuana act shall 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.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.5 Application requirements; complete application.

Rule 5. (1) A complete application for a marihuana license must include all the information specified in these rules and all of the following:

(a) A description of the type of marihuana business that includes all of the following:

(i) An estimate or actual number of employees.

(ii) The projected or actual gross receipts.

(iii) A business plan.

(iv) The proposed location of the marihuana business.

(v) A security plan, as required under the acts and these rules.

(b) A copy of the proposed marihuana business location plan as required under R 420.8.

(c) An applicant shall pass the precicensure inspection as determined by the agency and as required in R 420.9.

(d) Confirmation of compliance with any municipal ordinances the municipality may have adopted under the medical marihuana facilities licensing act, or the Michigan regulation and taxation of marihuana act, whichever act is applicable. For purposes of these rules, confirmation of compliance must be on an attestation form prepared by the agency that contains all of the following:

(i) For an applicant seeking licensure under the medical marihuana facilities licensing act, written affirmation that the municipality has adopted an ordinance under section 205 of the MMFLA, MCL 333.27205, including if applicable, a description of any limitations on the number of each type of marihuana facility.

(ii) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, verification that the municipality has not adopted an ordinance prohibiting marihuana establishments.

(iii) For an applicant seeking licensure under the medical marihuana facilities licensing act, description of any regulations within the municipality that apply to the proposed marihuana business.

(iv) The date and signature of the clerk of the municipality or his or her designee on the attestation form attesting that the information stated in the document is correct.

(v) The date and signature of the applicant.

(vi) The marihuana business name and address.

(vii) Attestation that any changes that occur with municipal approvals, the municipal ordinance, or any violations of a municipal or zoning ordinance will be reported to the agency.

(e) The disclosure of the following persons:

(i) For an applicant seeking licensure under the medical marihuana facilities licensing act, persons that have a beneficial interest as required in section 303(1)(g) of the MMFLA, MCL 333.27303.

(ii) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, persons who have a direct or indirect ownership interest in the marihuana establishment.

(2) Each applicant shall provide any additional information and documents requested by the agency not inconsistent with the acts and these rules.

(3) Each applicant shall provide any other documents, disclosures, or attestations created or requested by the agency that are not inconsistent with the acts and these rules.

(4) If the agency identifies a deficiency in an application, the agency shall notify the applicant and the applicant shall submit the missing information or proof that the deficiency has been corrected to the agency within 5 days of the date the applicant received the deficiency notice.

(5) The failure of an applicant to correct a deficiency within 5 days of notification by the agency may result in the denial of the application. An applicant denied under this subrule is not barred from reapplying by submitting a new application and application fee.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.6 State license under the Michigan regulation and taxation of marihuana act; issuance; qualifications; ineligibility.

Rule 6. (1) The agency shall issue a state license under the Michigan regulation and taxation of marihuana act to a qualified applicant whose application has been approved for issuance and who

pays the required licensure or excess background investigation fees within 10 days of the state license being approved for issuance. Failure to pay the fees required under R 420.7 may result in a denial of state license.

(2) An applicant is ineligible to receive a state license if any of the following circumstances exist:

(a) The applicant has a prior conviction that involved distribution of a controlled substance to a minor.

(b) The applicant has knowingly submitted an application for a state license under the Michigan regulation and taxation act that contains false information.

(c) The applicant is an employee, advisor, or consultant of the agency involved in the implementation, administration, or enforcement of the Michigan regulation and taxation of marihuana act or these rules pursuant to section 7 of the Michigan regulation and taxation of marihuana act, MCL 333.27957.

(d) The applicant holds an elective office of a governmental unit of this state, another state, or the federal government; is a member of or employed by a regulatory body of a governmental unit in this state, another state, or the federal government; or is employed by a governmental unit of this state. This subdivision does not apply to an elected officer of or employee of a federally recognized Indian tribe or to an elected precinct delegate.

(e) The applicant, if an individual, is not a resident of this state on the date of filing the application for a class A marihuana grower or for a marihuana microbusiness license. The requirements in this subdivision do not apply after December 6, 2021.

(f) The applicant does not hold a state operating license pursuant to the MMFLA and is applying for a marihuana retailer, marihuana processor, class B marihuana grower, class C marihuana grower, or a marihuana secure transporter license under the Michigan regulation and taxation of marihuana act and these rules. The requirements in this subdivision do not apply after December 6, 2021.

(g) The agency determines the municipality in which the applicant's proposed marihuana establishment will operate has adopted an ordinance that prohibits marihuana establishments or that the proposed establishment is noncompliant with an ordinance adopted by the municipality under section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956.

(h) The applicant will hold an ownership interest in both a marihuana safety compliance facility or in a marihuana secure transporter and in a marihuana grower, a marihuana processor, a marihuana retailer, or a marihuana microbusiness, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(i) The applicant will hold an ownership interest in both a marihuana microbusiness and in a marihuana grower, a marihuana processor, a marihuana retailer, a marihuana safety compliance facility, or a marihuana secure transporter, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(j) The applicant will hold an ownership interest in more than 5 marihuana growers or in more than 1 marihuana microbusiness, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(k) The applicant fails to meet other criteria established in these rules.

(3) In determining whether to grant a state license to an applicant, the agency may also consider all of the following:

(a) Whether the applicant or anyone meeting the definition of applicant has a pattern of convictions involving dishonesty, theft, or fraud that indicate the proposed marihuana establishment is unlikely to be operated with honesty and integrity.

(b) Whether the applicant has been served with a complaint or other notice filed with any public body regarding payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.

(c) Whether the applicant has a history of noncompliance with any regulatory requirements, all legal judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, against the applicant, that are related to business operations, including, but not limited to fraud, environmental, food safety, labor, employment, worker's compensation, discrimination, and tax laws and regulations, in this state or any other jurisdiction.

(d) Whether the applicant meets other standards in rules applicable to the state license category.

(4) The agency shall review all applications for state licenses and shall inform each applicant of the agency's decision.

(5) An applicant or licensee has a continuing duty to provide information requested by the agency and to cooperate in any investigation, inquiry, or hearing conducted by the agency.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.7 Application; fees; assessment.

Rule 7. (1) At the beginning of each state fiscal year, the agency may increase the fees collected under the Michigan regulation and taxation of marihuana act by 10% in order to pay for implementation, administration, and enforcement of that act and these rules.

(2) An applicant for a marihuana license shall submit an application that is accompanied by the nonrefundable application fee of \$6,000 upon initial application.

(3) If the costs of the investigation and processing the application exceed the application fee, the applicant shall pay the additional amount.

(4) Additional fees for state licenses under MRTMA are listed in table 1:

TABLE 1

| State License Type | Initial Fee | Licensure | 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 |
| Designated Consumption Establishment | \$1,000 | | \$1,000 |
| Excess Marihuana Grower | \$40,000 | | Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000 |
| Marihuana Event Organizer | \$1,000 | | \$1,000 |
| 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 Safety Compliance Facility | \$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 |
| Temporary Marihuana Event | See R 420.24 | N/A |

(5) The agency shall establish and publish annually the regulatory assessment for licensees under the medical marihuana facilities licensing act pursuant to section 603 of the MMFLA, MCL 333.27603.

(6) The renewal fees for marihuana grower, excess marihuana grower, and marihuana processor licenses are determined by the gross weight transferred by the licensee. The agency shall determine whether the gross weight transferred by the licensee is in the top third, middle third, or bottom third for gross weight transferred in that fiscal year compared against all other licensees for the license held. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(7) The renewal fees for marihuana retailers and marihuana microbusiness licenses are determined by the gross retail sales by the licensee. The agency shall determine whether the gross retail sales made by the licensee is in the top third, middle third, or bottom third for gross retail sales in that fiscal year compared against all other licensees for the license held. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(8) The renewal fee for a marihuana secure transporter license is determined by the net weight transported by the licensee. The agency shall determine whether the net weight transported by the licensee is in the top third, middle third, or bottom third for net weight transported in that fiscal year compared against all other marihuana secure transporter licensees. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(9) The renewal fee for marihuana safety compliance facilities is determined by the number of tests completed by the licensee. The agency shall determine whether the number of tests completed by the licensee is in the top third, middle third, or bottom third for number of tests completed in that fiscal year compared against all other marihuana safety compliance facilities. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(10) An applicant shall pay the initial licensure fees or regulatory assessment, if applicable, on or before the date the licensee begins operating and the renewal fee annually thereafter, pursuant to these rules.

(11) The agency shall not issue a marihuana license until a complete application is submitted, the fees required under these rules are paid, and the agency determines that the applicant is qualified to receive a marihuana license under the acts and these rules. An applicant under the MRTMA must pay initial licensure fees within 10 days of approval of the marihuana license or within 90 days of a complete application being submitted, whichever date is first. An applicant under the MMFLA must pay initial licensure fees within 10 days of approval of the marihuana license. An applicant must pay renewal fees upon submission of the application for renewal. Failure to pay

the required fee may be grounds for the denial of a marihuana license in accordance with Rule 420.12.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.8 Marihuana business location plan.

Rule 8. (1) An applicant shall submit a marihuana business location plan for the proposed marihuana business as required in these rules and upon request by the agency. Upon the request of the agency, an applicant or licensee may be required to submit a revised marihuana business location plan.

(2) The marihuana business location plan must include, but is not limited to, all of the following:

(a) The type of proposed marihuana business, the location of the marihuana business, a description of the municipality where the marihuana business will be located, and any of the following, if applicable:

(i) A statement in the marihuana business location plan that a combination of marihuana licenses will operate as separate marihuana businesses at the same location, as provided under these rules.

(ii) A statement in the marihuana business location plan that the applicant has or intends to apply to stack a marihuana license at the proposed marihuana business as provided under these rules.

(iii) A marihuana business location plan submitted for an applicant seeking licensure under the Michigan regulation and taxation of marihuana act and these rules must include a statement in the marihuana business location plan that equivalent licenses will operate at the same location.

(b) A diagram of the marihuana business including, but not limited to, all of the following:

(i) The proposed marihuana business's size and dimensions.

(ii) Specifications of the marihuana business.

(iii) Physical address.

(iv) Location of common entryways, doorways, or passageways.

(v) Public entries and exits.

(vi) Limited access areas and restricted access areas within the marihuana business.

(vii) An indication of the distinct areas or structures for separate marihuana businesses at the same location as provided in these rules.

(c) A detailed floor plan and layout that includes all of the following:

(i) Dimensions of the marihuana business including interior and exterior rooms.

(ii) Maximum storage capabilities.

(iii) Number of rooms.

(iv) Dividing structures.

(v) Fire walls.

(vi) Entrances and exits.

(vii) Locations of hazardous material storage.

(viii) Quantities of hazardous materials, such as chemical, flammable/combustible liquids and gases, and the expected daily consumption of the hazardous materials.

(d) Means of egress, including, but not limited to, delivery and transfer points.

(e) Construction details for structures and fire-rated construction for required walls.

(f) Building structure information, including but not limited to, new, pre-existing, freestanding, or fixed.

(g) Building type information, including, but not limited to, commercial, warehouse, industrial, retail, converted property, house, mercantile building, pole barn, greenhouse, laboratory, or center.

- (h) Zoning classification and zoning information.
- (i) If the proposed marihuana business is in a location that contains multiple tenants and any applicable occupancy restrictions.
- (j) A proposed security plan that demonstrates the proposed marihuana business meets the security requirements specified in these rules.
- (k) Any other information required by the agency if not inconsistent with the acts and these rules.
- (3) Any changes or modifications to the marihuana business location plan under this rule must be reported to the agency and may require preapproval by the agency.
- (4) The agency may provide a copy of the marihuana business location plan to the BFS, local fire department, Michigan state police, local law enforcement, and building officials for use in review and planning.
- (5) The agency may reinspect the marihuana business to verify the plan at any time during the business's hours of operation and may require that the plan be resubmitted upon renewal.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.9 Prelicensure investigation; proposed marihuana establishment inspection.

- Rule 9. (1) An applicant for a marihuana license shall submit to a preclicensure physical inspection of a proposed marihuana business, as determined by the agency.
- (2) The agency shall establish an inspection process to confirm that the applicants and proposed marihuana businesses meet the requirements of the acts and these rules.
 - (3) The agency shall investigate an applicant in accordance with the acts and these rules.
 - (4) The agency, through its investigators, agents, auditors, or the state police shall conduct inspections and examinations of an applicant and a proposed marihuana business in accordance with the acts and these rules.
 - (5) An applicant shall submit proof to the agency of both of the following:
 - (a) A certificate of use and occupancy as required pursuant to section 13 of the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1513, and these rules. If this certificate is not available, the agency may accept alternative documentation from the building authority.
 - (b) If applicable, a fire safety inspection as specified in these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.10 Proof of financial responsibility; insurance.

- Rule 10. (1) Before a marihuana license is issued or renewed, the licensee or renewal applicant shall file a proof of financial responsibility for liability for bodily injury to lawful users resulting from the manufacture, distribution, transportation, or sale of adulterated marihuana or adulterated marihuana-infused products on the form prescribed by the agency, for an amount not less than \$100,000.00. If the proof required in this subrule is a bond, the bond must be in a format acceptable to the agency.
- (2) In addition to the requirements in subrule (1) of this rule, a marihuana transporter shall show proof of auto insurance, vehicle registration, and registration as a commercial motor vehicle, as applicable, for any vehicles used to transport marihuana product as required by the acts and these rules.

(3) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, proof of financial responsibility for liability for bodily injury is not required for a marihuana event organizer license. A marihuana event organizer licensee shall file a proof of financial responsibility for liability for bodily injury when applying for a temporary marihuana event license.

(4) In addition to the proof of financial responsibility requirements contained in subrule (1) of this rule, a renewal applicant or licensee holding a license under the medical marihuana facilities licensing act shall also carry commercial general liability insurance covering premises liability for an amount not less than \$100,000.00. An applicant shall provide proof of commercial general liability insurance covering the premises liability to the agency no later than 60 days after a state operating license is issued or renewed.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.11 Capitalization requirements; medical marihuana facilities licensing act.

Rule 11. (1) An applicant for initial licensure under the medical marihuana facilities licensing act shall disclose the sources and total amount of capitalization to operate and maintain a proposed marihuana facility.

(2) The total amounts of capitalization based on the type of marihuana facility specified in the application for a state operating license are as follows:

- (a) Grower - Class A: \$150,000.00.
- (b) Grower - Class B: \$300,000.00.
- (c) Grower - Class C: \$500,000.00.
- (d) Processor: \$300,000.00.
- (e) Provisioning Center: \$300,000.00.
- (f) Secure Transporter: \$200,000.00.
- (g) Safety Compliance Facility: \$200,000.00.

(3) An applicant under the MMFLA shall provide proof to the agency of the capitalization amounts specified in subrule (2)(a) to (g) of this rule from both of the following sources:

(a) Not less than 25% is in liquid assets to cover the initial expenses of operating and maintaining the proposed marihuana facility, as specified in the application. As used in this subdivision, "liquid assets" include assets easily convertible to cash, including, but not limited to, cash, certificates of deposit, 401(k) plans, stocks, and bonds.

(b) Proof of the remaining capitalization to cover the initial expenses of operating and maintaining the proposed marihuana facility may include, but is not limited to, additional liquid assets as described in subdivision (a) of this subrule or equity in real property, supplies, equipment, fixtures, or any other nonliquid asset.

(4) The applicant shall provide proof that there is no lien or encumbrance, except for a mortgage encumbering the real property, on the asset provided as a source of capitalization. For purposes of this subrule, if the encumbrance is a mortgage on the real property then the applicant shall disclose the value of the equity of the real property less any mortgage.

(5) The capitalization amounts and sources must be validated by Certified Public Accountant (CPA) attested financial statements. The applicant shall disclose any of the capitalization sources that are foreign and a foreign CPA or its equivalent shall attest to the validation, and a domestic CPA shall attest to that foreign validation.

R 420.12 Denial of a marihuana license; additional reasons.

Rule 12. (1) If an applicant fails to comply with the applicable act or these rules, a marihuana license may be denied by the agency as provided under the applicable act and these rules.

(2) In addition to the reasons for denial in the acts, a marihuana license may be denied by the agency for the following reasons:

(a) The applicant's marihuana business location plan does not fully comply with the acts or these rules.

(b) The applicant's proposed marihuana business or marihuana business is substantially different from the marihuana business location plan pursuant to R 420.8 and these rules.

(c) The agency is unable to access the proposed marihuana business for preclearance agency inspection or the applicant denied the agency access to the proposed marihuana business.

(d) The applicant made a material misrepresentation on the application.

(e) The applicant failed to correct a deficiency within 5 days of notification by the agency in accordance with the acts and these rules.

(f) The applicant failed to satisfy the confirmation of compliance by a municipality in accordance with the acts and these rules.

(g) The applicant is operating or was operating a proposed marihuana business without a marihuana license.

(h) The applicant has knowingly submitted an application containing false information.

(i) The applicant has failed to pay required fees pursuant to these rules.

(j) The applicant has failed to comply with these rules and the application requirements pursuant to these rules.

(k) The applicant has been delinquent with the payment of taxes required under federal, state, or local law for 1 or more years.

(l) The applicant fails to provide notifications or reports to the agency pursuant to these rules.

(m) The applicant or anyone meeting the definition of applicant has a pattern of convictions involving dishonesty, theft, or fraud that indicate the proposed marihuana business is unlikely to be operated with honesty and integrity.

(n) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant failed to receive a passing preclearance inspection within 60 days of a complete application being submitted to the agency.

(o) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant or anyone meeting the definition of applicant has a conviction involving distribution of a controlled substance to a minor pursuant to section 8 of the MRTMA, MCL 333.27958.

(p) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant holds a state operating license under the MMFLA and has failed to file or is delinquent in the payment of the sales tax required under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, or the excise tax required under section 601 of the MMFLA, MCL 333.27601.

(q) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant holds a state license and has failed to file or is delinquent in the payment of the sales tax required under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, or the excise tax required under section 13 of the MRTMA, MCL 333.27963.

R 420.13 Renewal of marihuana license.

Rule 13. (1) A marihuana license is issued for a 1-year period and is renewable annually. A licensee shall apply to renew a marihuana license on a form established by the agency. The licensee shall pay the required fee upon submission of the application for renewal. The marihuana license may be renewed no more than 90 days before the expiration of the marihuana license, if the licensee has submitted the renewal form required by the agency and, if applicable, the licensee has paid any additional background investigation charge assessed by the agency under these rules. The agency shall include on the renewal form, a statement requesting renewal of the marihuana license and all of the following information:

(a) To the extent that information has changed or not been previously reported, updated personal, business, and financial information, as the agency may require, related to the eligibility of the licensee to continue to hold the marihuana license for which renewal is requested under the acts and these rules. For a licensee seeking renewal under the medical marihuana facilities licensing act required information may also be related to the suitability and general fitness of the licensee and include, without limitation, information regarding the identification, integrity, moral character, reputation, relevant business experience, ability, probity, and financial experience, ability, and responsibility of the licensee and each person required to be qualified for renewal of the license under the MMFLA. To the extent that the information has changed or has not been previously reported, updated information on the marihuana business.

(b) A statement under oath by the licensee that the information provided in the licensee's annual renewal form is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the acts and these rules to notify the agency of any change in information provided in its original marihuana license application and subsequent annual renewal form or forms previously filed, if applicable.

(c) Attestation by the municipality on a form created by the agency regarding a licensee who submits an application for marihuana license renewal which shall include, but not be limited to, both of the following:

(i) A description of any violation, if applicable, of an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the acts or these rules.

(ii) Whether there has been a change to an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, since the marihuana license was issued to the licensee and a description of the change.

(d) An attestation by the licensee that the licensee's annual renewal form provides all information and documentation required by the agency to establish that the licensee is eligible, qualified, and suitable to have its marihuana license renewed and is ready and able to continue conducting its marihuana business in compliance with the acts and these rules throughout the new 1-year time period for which the license is to be renewed.

(e) Other relevant information and documentation that the agency may require to determine the licensee's eligibility to have its marihuana license renewed under the licensing standards of the acts and these rules.

(2) Failure to comply with any of the provisions of the acts and these rules may result in the nonrenewal of a marihuana license. The agency shall not renew a marihuana license unless the agency determines, as part of the license renewal, that each person required by the acts and these rules to meet licensing standards is eligible, qualified, and suitable under the relevant licensing standards.

(3) The licensee shall meet the requirements of the acts and any other renewal requirements set forth in these rules.

(4) The agency may refuse to renew a marihuana license and issue a notice of nonrenewal if the licensee fails to apply for renewal in accordance with section 402 of the medical marihuana facilities licensing act, MCL 333.27402, as applicable, and this rule. In addition, the agency may refuse to renew a marihuana license and issue a notice of nonrenewal if the agency determines, after reviewing the licensee's annual renewal form, that the marihuana license should not be renewed because the licensee's annual renewal form does not provide the information and documentation required by the agency to determine that the licensee is eligible, qualified, and suitable to continue to be licensed and ready and able to continue conducting its marihuana business in compliance with the acts and these rules.

(5) If a license renewal application for a license under the medical marihuana facilities licensing act is not submitted by the license expiration date, the license may be renewed within 60 days after its expiration date upon submission of the required application, payment of the required fees, and satisfaction of any renewal requirements. The licensee may continue to operate during the 60 days after the license expiration date if the licensee submits the renewal application to the agency and complies with the other requirements for renewal.

(6) The agency shall send a renewal notice to the last known address of a licensee on file with the agency. The failure of a licensee to notify the agency of a change of address does not extend the expiration date of a license and may result in disciplinary action.

(7) A marihuana licensee who is served with a notice of nonrenewal may request a hearing pursuant to these rules.

(8) If the licensee does not request a hearing in writing within 21 days after service of the notice of nonrenewal, the notice of nonrenewal becomes the final order of the agency.

(9) A person who has not applied for marihuana license renewal for any and all licenses that are due for renewal shall cease and desist operation and is subject to any sanctions or fines, or both, in accordance with the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.14 Notification and reporting.

Rule 14. (1) Applicants have a continuing duty to provide the agency with up-to-date contact information and shall notify the agency in writing of any changes to the mailing addresses, phone numbers, electronic mail addresses, and other contact information they provide the agency.

(2) Applicants shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

(3) Applicants shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes include, but are not limited to, the following:

- (a) Change in owners, officers, members, or managers.
- (b) Change of processing machinery or equipment.

(c) A description of a violation of an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the acts, the Michigan medical marihuana act, and these rules.

(d) The addition or removal of persons named in the application or disclosed.

(e) Change in entity name.

(f) Any attempted transfer, sale, or conveyance of an interest in a marihuana license.

(g) Any change or modification to the marihuana business before or after licensure that was not preinspected, inspected, or part of the marihuana business location plan or final inspection including, but not limited to, all of the following:

(i) Operational or method changes requiring inspection under these rules.

(ii) Additions or reductions in equipment or processes at a marihuana business.

(iii) Increase or decrease in the size or capacity of the marihuana business.

(iv) Alterations of ingress or egress.

(v) Changes that impact security, fire safety, and building safety.

(4) An applicant shall notify the agency within 1 business day of becoming aware of or within 1 business day of when the applicant should have been aware of any of the following:

(a) Adverse reactions to a marihuana product sold or transferred by any licensee.

(b) Criminal convictions, charges, or civil judgments against an applicant in this state or any other state, federal, or foreign jurisdiction.

(c) Regulatory disciplinary action taken against an applicant by this state or any other state, federal, or foreign jurisdiction, including any pending action.

(5) The applicant shall notify the agency within 10 days of the initiation or conclusion of any new judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, that involve the applicant.

(6) Failure to provide notifications or reports to the agency pursuant to this rule may result in sanctions or fines, or both.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.15 Notifications of diversion, theft, loss, or criminal activity.

Rule 15. (1) Applicants shall notify the agency and local law enforcement authorities within 24 hours of becoming aware of or within 24 hours of when the applicant should have been aware of the theft or loss of any marihuana product or criminal activity at the marihuana business.

(2) Failure to notify as required under subrule (1) of this rule may result in sanctions or fines, or both.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.16 Inspection; investigation

Rule 16. (1) The agency shall do all of the following with respect to inspections and investigations of applicants, licensees, proposed marihuana businesses, and marihuana business operations:

(a) Oversee and conduct inspections through its investigators, agents, auditors, or the state police of proposed marihuana businesses and marihuana businesses to ensure compliance with the acts and these rules.

(b) Inspect and examine marihuana businesses and proposed marihuana businesses.

(c) Inspect, examine, and audit records of the licensee.

(2) The agency may investigate individuals employed by proposed marihuana businesses and marihuana businesses.

(3) As authorized by the acts, a licensee may not refuse the agency access to the marihuana business during the hours of operation. The agency may access the marihuana business without a warrant and without notice to the licensee during the marihuana business's hours of operation.

(4) The agency may place an administrative hold on a marihuana product and order that no sales or transfers occur during an investigation for an alleged violation or violation of the acts or these rules.

(5) The agency may inspect, examine, and audit relevant records of the licensee. If a licensee fails to cooperate with an investigation, the agency may impound, seize, assume physical control of, or summarily remove records from a proposed marihuana business or marihuana business as authorized under the acts and these rules.

(6) The agency may eject or exclude, or authorize the ejection or exclusion of, an individual from a proposed marihuana business or marihuana business if that individual violates the acts, a final order, or these rules.

(7) The agency may take any reasonable or appropriate action to enforce the acts and these rules.

(8) This rule does not limit the application of any other remedies or sanctions that are available through local, state, and federal laws, the acts, and these rules.

(9) As used in this rule, "record" means books, ledgers, documents, writings, photocopies, correspondence, electronic storage media, electronically stored records, money receptacles, equipment in which records are stored, including data or information in the statewide monitoring system, or any other document that is used for recording information.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.17 Stacked license.

Rule 17. (1) A licensee holding a license as a grower under the medical marihuana facilities licensing act, or a marihuana grower under the Michigan regulation and taxation of marihuana act, or both, may apply to stack class C licenses at a marihuana business specified in the marihuana license application. The licensee shall pay a separate initial licensure fee or regulatory assessment, as applicable, for each marihuana license issued and stacked and may be subject to additional fees under these rules.

(2) A licensee that has been issued stacked licenses is subject to all the requirements of the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.18 Changes to licensed marihuana business.

Rule 18. (1) Any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the

acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

(2) Any change of a location of a marihuana business after licensure requires notification to the agency prior to the change of location, must be approved by the agency, requires a new marihuana license application under these rules, and may include, but is not limited to, all of the following:

- (a) Additional application fees.
- (b) Additional inspections by the agency or BFS.
- (c) Initial licensure fees or regulatory assessment, as applicable, or both.

(3) A licensee shall produce written documentation from the municipality approving the proposed new marihuana business location, and confirmation of compliance with any municipal ordinances the municipality adopted under the acts. For purposes of these rules, confirmation of compliance must be on an attestation form prepared by the agency that contains all of the information required in these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.19 Communities disproportionately impacted by marihuana prohibition.

Rule 19. (1) Pursuant to section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, the agency shall establish a plan that promotes and encourages 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.

(2) The agency shall publish information about the plan which must include, but not be limited to, all of the following:

(a) The criteria used to select communities that have been disproportionately impacted by marihuana prohibition and enforcement.

(b) Based on the selection criteria, a list of the communities that have been disproportionately impacted by marihuana prohibition and enforcement.

(c) The requirements persons in those communities must meet to utilize services and resources offered through the plan.

(d) The services and resources that are available to those communities and qualifying persons residing in and planning to operate a marihuana establishment in those communities selected in subdivision (b) of this subrule.

(e) Specific goals and objectives for the plan.

(3) The agency shall collect data to measure its progress towards achieving the specific goals and objectives outlined in subrule (2)(e) of this rule.

(4) The agency shall publish a list of services and resources offered through the plan, which must include, but not be limited to, all of the following:

(a) Education and outreach to the communities and potential applicants from the community.

(b) Waiving or reducing fees for qualified applicants from the communities.

(c) Increased assistance with the application process for applicants from these communities.

(d) Coordinating communities', applicants', and licensees' utilization of resources that will allow participation in the marihuana industry.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.20 Financial Statements

Rule 20. Each licensee under the Michigan regulation and taxation of marihuana act shall transmit to the agency financial statements of the licensee's total operations. The financial statements shall be reviewed by a certified public accountant in a manner and form prescribed by the agency. The certified public accountant must be licensed in this state under article 7 of the occupational code, 1980 PA 299, MCL 339.720 to 339.736. The compensation for the certified public accountant shall be paid directly by the licensee to the certified public accountant. The agency shall issue an advisory bulletin to instruct licensees on the time and manner in which to submit the financial statements.

History: 2020 MR 12, Eff. June 22, 2020.

PART 2. SPECIAL LICENSES UNDER THE MICHIGAN REGULATION AND TAXATION OF MARIHUANA ACT

R 420.21 Special licenses; eligibility.

Rule 21. (1) A person may apply to the agency for a special license as described under section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, and issued pursuant to section 9 of the act, MCL 333.27959, and these rules. A person may apply to the agency for a special license in the following categories:

(a) Designated consumption establishment license. A designated consumption establishment license is valid for 1 year.

(b) Excess marihuana grower license. An excess marihuana grower license is valid for 1 year.

(c) Marihuana event organizer license. A marihuana event organizer license is valid for 1 year.

(d) Temporary marihuana event license. A temporary marihuana event license is valid for a minimum of 1 day and ends on the date specified on the state license.

(2) An applicant shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules to be eligible for a special license.

(3) A person that allows consumption of marihuana products on the premises of a non-residential location and charges a fee for entry, sells goods or services while individuals are consuming on the premises, or requires membership for entry shall acquire a designated consumption establishment or temporary marihuana event license.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.22 Designated consumption establishment license.

Rule 22. (1) An applicant for a designated consumption establishment license is subject to and shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules.

(2) A person may apply for a designated consumption establishment license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. An application for a designated consumption establishment license must be made under oath on a form provided by the agency. A complete application for a designated consumption establishment

license must contain the information required in these rules and information regarding the designated consumption establishment including, but not limited to, all of the following:

(a) A designated consumption establishment plan for the proposed consumption establishment. Upon the request of the agency, an applicant or licensee may be required to submit a revised designated consumption establishment plan. The plan must include a diagram of the designated consumption establishment including, but not limited to, all of the following:

- (i) The proposed establishment's size and dimensions.
- (ii) Specifications of the designated consumption establishment.
- (iii) Physical address.
- (iv) Location of common entryways, doorways, or passageways.
- (v) Means of public entry or exit.

(vi) An indication of the distinct areas or structures for separate marihuana establishments at the same location as provided in these rules.

(b) A detailed floor plan and layout that includes all of the following:

- (i) Dimensions of the consumption establishment including interior and exterior rooms.
- (ii) Number of rooms.
- (iii) Dividing structures.
- (iv) Fire walls.
- (v) Entrances and exits.
- (vi) Locations of hazardous material storage, if applicable.
- (vii) Means of egress.

(c) Construction details for structures and fire-rated construction for required walls.

(d) Building structure information, including but not limited to, new, pre-existing, freestanding, or fixed.

(e) Building type information, including, but not limited to, commercial, warehouse, industrial, retail, converted property, house, building, mercantile building, pole barn, greenhouse, laboratory, or center.

(f) Zoning classification and zoning information.

(g) If the proposed designated consumption establishment is in a location that contains multiple tenants, any applicable occupancy restrictions.

(h) A business plan that includes a description of the proposed hours of operation.

(i) Proof of possession of the premises where the proposed designated consumption establishment will be located and, if the premises are leased, written permission from the owner of the premises approving the applicant's use of the designated consumption establishment for marihuana consumption.

(j) A responsible operations plan that includes a detailed explanation of how employees will monitor and prevent over-intoxication, underage access to the designated consumption establishment, the illegal sale or distribution of marihuana or marihuana products within the consumption establishment, and any other potential criminal activity on the premises.

(k) A documented employee training that addresses all components of the responsible operations plan.

(l) A marihuana product destruction and waste management plan that meets the requirements of these rules, as applicable, for destroying and disposing of marihuana waste left at the marihuana establishment.

(m) Any other information required by the agency if not inconsistent with the Michigan regulation and taxation of marihuana act and these rules.

(3) The agency may provide a copy of the marihuana establishment plan to the BFS, local fire department, building officials, the Michigan state police, and local law enforcement for use in pre-incident review and planning.

(4) An applicant shall pay the fees required under these rules.

(5) An applicant is subject to the precicensure investigation and proposed establishment inspection required under these rules.

(6) An applicant is subject to the proof of financial responsibility and insurance requirements under these rules.

(7) A designated consumption establishment shall have the following characteristics:

(a) A smoke-free area for employees to monitor the marihuana consumption area.

(b) A ventilation system that directs air from the marihuana consumption area to the outside of the building through a filtration system sufficient to remove visible smoke, consistent with all applicable building codes and ordinances, and adequate to eliminate odor at the property line, if consumption by inhalation is permitted.

(c) A location physically separated from areas where smoking is prohibited and where smoke does not infiltrate into nonsmoking areas or buildings.

(8) The agency may determine an applicant is ineligible or deny an application for the reasons specified in these rules, as applicable.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.23 Excess marihuana grower license.

Rule 23. (1) An applicant for an excess marihuana grower license is subject to and shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules.

(2) An excess marihuana grower license authorizes sale of marihuana, other than seeds, seedlings, tissue cultures, immature plants, and cuttings, to a marihuana processor or marihuana retailer.

(3) An excess marihuana grower license shall only be issued to a person who holds 5 stacked class C marihuana grower licenses issued by the agency under the Michigan regulation and taxation of marihuana act and at least 2 grower class C licenses issued by the agency under the MMFLA.

(4) A person may apply for an excess marihuana grower license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. An application for an excess marihuana grower license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency.

(5) An applicant for an excess marihuana grower license shall pay applicable fees required under these rules.

(6) The agency may determine an applicant is ineligible or deny an application for the reasons specified in these rules, as applicable.

(7) The agency shall set the total marihuana plant count for an excess marihuana grower license in increments of 2,000 marihuana plants not in excess of the total marihuana plants permitted under grower class C licenses held under the MMFLA.

(8) Payment of the initial licensure fee must be received prior to issuance of the state license. In determining the initial licensure fee for an excess marihuana grower license, the initial licensure fee of a class C marihuana grower license is assessed on the excess marihuana grower license at every 2,000 marihuana plant increment authorized by the state license.

(9) An excess marihuana grower licensee is subject to all requirements for a marihuana grower as provided for in the Michigan regulation and taxation of marihuana act and these rules, as applicable.

(10) An applicant shall pay the initial licensure fee for an excess grower license within 10 days of approval or within 90 days of a complete application being submitted, whichever date is first.

(11) A marihuana grower's application for an excess grower license is exempt from the application fee of \$6,000 under these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.24 Marihuana event organizer license.

Rule 24. (1) A marihuana event organizer is not authorized to engage in the operations of a marihuana establishment licensee without first obtaining the appropriate licenses.

(2) A person may apply for a marihuana event organizer license on the form created by the agency accompanied by the application fee as prescribed in these rules. An application for a marihuana event organizer license shall be made under oath on a form provided by the agency and shall contain information as prescribed by the agency.

(3) An applicant for a marihuana event organizer license is subject to and shall meet the requirements of these rules, as applicable.

(4) An applicant for a marihuana event organizer license shall pay the nonrefundable application fee and any other fees required under these rules.

(5) The agency may determine an applicant is ineligible or deny an application for the reasons specified in these rules, as applicable.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.25 Temporary marihuana event license; application; operations.

Rule 25. (1) A temporary marihuana event license shall only be issued to a person who holds a marihuana event organizer license issued by the agency.

(2) Violations of the requirements applicable to temporary marihuana events may result in disciplinary action against the marihuana event organizer license or any other licenses held by a licensee participating in the temporary marihuana event and responsible for a violation of the MRTMA or these rules.

(3) A temporary marihuana event license must only be issued for a single day or up to 7 consecutive days. A temporary marihuana event license must not be issued for more than 7 days.

(4) An application for a temporary marihuana event license must be submitted to the agency not less than 90 calendar days before the first day of the temporary marihuana event.

(5) A temporary marihuana event may only be held at a venue expressly approved by a municipality for the purpose of holding a temporary marihuana event.

(6) An application for a temporary marihuana event license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency, including, but not limited to, all of the following:

(a) The name of the applicant. Applicants who are individuals shall provide both the first and last name of the individual. Applicants that are business entities shall provide the legal business name of the applicant.

(b) The marihuana event organizer license number and each marihuana establishment license held by the applicant.

(c) The address of the location where the temporary marihuana event will be held.

(d) The name of the temporary marihuana event.

(e) A diagram of the physical layout of the temporary marihuana event. The diagram must clearly indicate all of the following:

(i) Where the temporary marihuana event will be taking place on the location grounds.

(ii) All entrances and exits that will be used by participants during the event.

(iii) All marihuana consumption areas.

(iv) All marihuana retail areas where marihuana products will be sold.

(v) Where marihuana waste will be stored.

(vi) All areas where marihuana products will be stored.

(vii) The specific location of each marihuana retailer or marihuana microbusiness licensee who will be participating in the event. Each marihuana retailer or marihuana microbusiness licensee participating in the event must be identified with an assigned temporary marihuana event location number.

(f) The dates and hours of operation for which the temporary marihuana event license is being sought. A temporary marihuana event license is required for any date in which the applicant engages in onsite marihuana product sales or allows onsite marihuana product consumption.

(g) Contact information for the applicant's designated primary contact person regarding the temporary marihuana event license, including the name, title, address, phone number, and email address of the individual.

(h) Contact information for a designated contact person or persons who shall be onsite at the event, and reachable by telephone at all times that the event is occurring.

(i) Written attestation on a form provided by the agency from the municipality authorizing the applicant to engage in onsite marihuana sales to, and onsite consumption by, persons 21 years of age or older at the temporary marihuana event at the proposed location.

(j) A list of all licensees and employees that will be providing onsite sales of marihuana products at the temporary marihuana event. If the list of licensees and employees participating in the temporary marihuana event changes after the application is submitted or after the temporary marihuana event license is issued, the applicant shall submit an updated list and an updated diagram to the agency not less than 72 hours before the event. Licensees not on the list submitted to the agency shall not participate in the temporary marihuana event.

(7) An applicant for a temporary marihuana event shall pay all required fees before the agency issues a temporary marihuana event license.

(8) The licensed marihuana event organizer shall hire or contract for licensed security personnel to provide security services at the licensed temporary marihuana event. All security personnel hired or contracted for by the licensee shall be at least 21 years of age, and present on the licensed event premises at all times marihuana products are available for sale or marihuana consumption is allowed on the licensed event premises. The security personnel shall not engage in the consumption of marihuana products before or during the event.

(9) A licensed marihuana event organizer shall maintain a clearly legible sign, not less than 7" x 11" in size reading, "No Persons Under 21 Allowed" at or near each public entrance to any area where the sale or consumption of marihuana products is allowed. The lettering of the sign shall be not less than 1 inch in height.

(10) The marihuana event organizer licensee shall ensure that access to the event is restricted to persons 21 years of age or older and ensure that marihuana sales or consumption is not visible from any public place or non-age-restricted area.

(11) The marihuana event organizer licensee, who holds the temporary marihuana event license, is responsible for ensuring that all rules and requirements for the onsite consumption of marihuana products are followed.

(12) The marihuana event organizer licensee shall ensure that all marihuana waste generated at a temporary marihuana event is collected and disposed of in accordance with the requirements of these rules, as applicable.

(13) A licensed marihuana event organizer and all other licensees participating in a temporary marihuana event are required to comply with all other applicable requirements in the Michigan regulation and taxation of marihuana act and these rules and any municipal ordinances.

(14) The agency may require the marihuana event organizer and all participants to cease operations without delay if in the opinion of the agency or law enforcement it is necessary to protect the immediate public health and safety of the people of this state. Upon notification from the agency that the event is to cease operations, the marihuana event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the agency.

(15) Upon notification from the agency, the marihuana event organizer shall immediately expel from the event any person selling marihuana products without a marihuana retailer or marihuana microbusiness license issued by the agency. The marihuana event organizer or their representative shall remain with the person being expelled from the premises at all times until he or she vacates the premises. If the person does not vacate the premises, the agency may inform the marihuana event organizer that the event must cease operations. Upon notification from the agency that the event is to cease operations, the marihuana event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the agency.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.26 Temporary marihuana event fee.

Rule 26. (1) Each marihuana event organizer licensed to hold a temporary marihuana event in this state shall pay an initial licensure fee that consists of the following:

(a) For temporary marihuana events that do not include the sale of marihuana products, a \$500.00 fee for each day of the scheduled event to cover the agency's enforcement and compliance costs.

(b) For temporary marihuana events that include the sale of marihuana products:

(i) A \$500.00 fee for each licensee authorized to sell marihuana product at the event to cover the agency's enforcement and compliance costs.

(ii) A \$500.00 fee for each day of the temporary marihuana event to cover the agency's enforcement and compliance costs.

(2) If a licensee scheduled to attend an event withdraws from the event prior to the first day of the event, the marihuana event organizer may request a refund for that portion of the fees paid to the agency to cover the enforcement and compliance costs for that licensee.

(3) A marihuana event organizer's application for a temporary marihuana event license is exempt from the application fee of \$6,000 under these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.27 Temporary marihuana event sales.

Rule 27. (1) A marihuana event organizer licensee shall ensure that access to the area where marihuana sales are allowed is restricted to persons 21 years of age or older.

(2) Only persons age 21 or older may purchase and consume marihuana products at a temporary marihuana event. Prior to selling marihuana products to a customer, the licensee making the sale shall confirm, using valid identification as specified in the Michigan regulation and taxation of marihuana act and these rules, the age and identity of the customer.

(3) All sales of marihuana products at a temporary marihuana event must occur in a retail area as designated in the premises diagram required in these rules.

(4) Each sale at a temporary marihuana event must be performed by a licensed marihuana retailer or marihuana microbusiness that is authorized to sell marihuana products to customers. The marihuana event organizer may also sell marihuana products at the temporary marihuana event if the marihuana event organizer separately holds a state license as a marihuana retailer or marihuana microbusiness.

(5) Licensed marihuana retailers or licensed marihuana microbusinesses shall only conduct sales activities within their specifically assigned area, identified in the diagram of the physical layout of the temporary marihuana event.

(6) Mobile sales activities via wagon, cart, or similar means are prohibited at the temporary marihuana event site.

(7) Licensed marihuana retailers or marihuana microbusinesses must prominently display their temporary marihuana event location number and state license within plain sight of the public.

(8) All sales at a temporary marihuana event must occur on the dates stated on the state license and must occur at the location stated on the state license. All onsite sales of marihuana products must comply with the hours of operation requirements in these rules.

(9) The marihuana products sold onsite at a temporary marihuana event must be transported to the site of the temporary marihuana event by a licensed secure transporter in compliance with the Michigan regulation and taxation of marihuana act and these rules. A licensed transporter is not required if less than 15 ounces of marihuana or 60 grams of concentrate is being transported at one time.

(10) Except small amounts of products used for display, all marihuana products for sale at a temporary marihuana event must be stored in a secure, locked container that is not accessible to the public. Marihuana products being stored by a licensee at a temporary marihuana event must not be left unattended.

(11) All marihuana products made available for sale at a temporary marihuana event by a licensee must comply with all requirements of the Michigan regulation and taxation of marihuana act and these rules for the sale and tracking of marihuana products. This includes, but is not limited to, all of the following:

(a) Identifying marihuana product from licensees' inventory at the marihuana establishment that will be transported for sale at the event using a marihuana secure transporter or an agent of the licensee to the temporary marihuana event.

(b) Tracking in the statewide monitoring system any sales of marihuana product at the event in accordance with the requirements of these rules.

(c) Tracking in the statewide monitoring system any marihuana product that is not sold at the event and is being returned to the marihuana establishment's inventory at its permanent location.

If more than 15 ounces of marihuana or 60 grams of concentrate is being transported at one time, it must be transported using a marihuana secure transporter.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.28 Renewal; notifications; inspections and investigations; penalties; sanctions; fines; sale or transfer.

Rule 28. (1) A designated consumption establishment and marihuana event organizer license are issued for a 1-year period and may be renewed. An applicant for renewal must meet the requirements, as applicable, and apply in the manner prescribed in these rules.

(2) A designated consumption establishment and marihuana event organizer applicant or licensee are subject to the notification and reporting requirements specified in these rules as applicable.

(3) A designated consumption establishment or marihuana event organizer licensee or licensee participating in a temporary marihuana event shall comply with the notification requirements for theft, loss, or criminal activity pertaining to marihuana product under these rules, as applicable.

(4) An applicant for or a licensed designated consumption establishment or marihuana event organizer are subject to the inspections and investigations specified in these rules, as applicable.

(5) An applicant for or a licensed designated consumption establishment or marihuana event organizer are subject to these rules regarding violations, sanctions, and fines.

(6) A licensee selling marihuana products at a temporary marihuana event shall comply with the requirements of these rules regarding the sale or transfer of marihuana.

(7) A licensee selling marihuana products at a temporary marihuana event shall comply with the requirements of these rules regarding purchasing limits in a single transaction.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.29 Severability.

Rule 29. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA LICENSEES

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilitates licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.101 Definitions.

Rule 1. (1) As used in these rules:

(a) "Acts" refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) "Agency" means the marijuana regulatory agency.

(c) "Applicant" means a person who applies for a marihuana license, subject to paragraphs (i) and (ii):

(i) For purposes of this definition, an applicant includes a managerial employee of the applicant, a person holding a direct or indirect ownership interest of more than 10% in the applicant, and the following for each type of applicant:

(A) For an individual or sole proprietorship: the proprietor and spouse.

(B) For a partnership and limited liability partnership: all partners and their spouses.

(C) For a limited partnership and limited liability limited partnership: all general and limited partners, not including a limited partner holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the partnership, and their spouses.

(D) For a limited liability company: all members and managers, not including a member holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the company, and their spouses.

(E) For a privately held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(F) For a publicly held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(G) For a multilevel ownership enterprise: any entity or person that receives or has the right to receive more than 10% of the gross or net profit from the enterprise during any full or partial calendar or fiscal year.

(H) For a nonprofit corporation: all individuals and entities with membership or shareholder rights in accordance with the articles of incorporation or the bylaws and their spouses.

(I) For a trust, any beneficiary who receives or has the right to receive more than 10% of the gross or net profit of the trust during any full or partial calendar or fiscal year and their spouses.

(ii) For purposes of this definition, an applicant does not include:

(A) A person who provides financing to an applicant or licensee under a bona fide financing agreement at a reasonable interest rate unless the person exercises control over or participates in the management of the marihuana business.

(B) A franchisor who grants a franchise to an applicant, if the franchisor does not have the right to receive royalties based upon the sale of marihuana or marihuana-infused products by the applicant who is a franchisee. Nothing in this subrule shall be construed to preclude a franchisor from charging an applicant who is a franchisee a fixed fee. As used in this definition, the terms “franchise,” “franchisor,” and “franchisee” have the meanings set forth in section 2 of the franchise investment law, 1974 PA 269, MCL 445.1502.

(C) A person receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation unless the person exercises control over or participates in the management of the marihuana business.

(D) A person receiving reasonable payment under a licensing agreement or contract approved by the agency concerning the licensing of intellectual property including, but not limited to, brands and recipes.

(E) A person who receives a percentage of profits as an employee if the employee does not meet the definition of “managerial employee” and the employee does not receive more than 10% of the gross or net profit from the licensee during any full or partial calendar or fiscal year.

(F) A person who receives a bonus as an employee if the employee is on a fixed wage or salary and the bonus is not more than 25% of the employee’s pre-bonus annual compensation or if the bonus is based upon a written incentive/bonus program that is not out of the ordinary for the services rendered.

(d) “Clone” means a replication of a single parent plant through vegetative propagation.

(e) “Common ownership” means 2 or more state licenses or two or more equivalent licenses held by one person under the Michigan regulation and taxation of marihuana act.

(f) “Employee” means a person performing work or service for compensation. “Employee” does not include individuals providing trade or professional services who are not normally engaged in the operation of a marihuana business.

(g) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches, produced from a cutting, clipping, tissue culture, or seedling, and that is in a growing or cultivating medium or in a growing or cultivating container.

(h) “Industrial hemp” means that term as defined in section 7106 of the public health code, 1978 PA 368, MCL 333.7106.

(i) “Industrial hemp research and development act” means the industrial hemp research and development act, 2014 PA 547, MCL 286.841 to 286.859.

(j) “Managerial employee” means those employees who have the ability to control and direct the affairs of the marihuana business or have the ability to make policy concerning the marihuana business, or both.

(k) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, or any other type of marihuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(l) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(m) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act, or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(n) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the applicable act unless otherwise provided for in these rules.

(o) “Mature plant” means a flowering or nonflowering marihuana plant that has taken root and is taller than 8 inches from the growing or cultivating medium or wider than 8 inches, produced from a cutting, clipping, tissue culture, or seedling, and that is in a growing or cultivating medium or in a growing or cultivating container.

(p) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(q) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(r) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(s) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(t) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL .333.27001.

(u) “Same location” means separate marihuana licenses that are issued to multiple marihuana businesses that are authorized to operate at a single property but with separate business suites, partitions, or addresses.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

PART 1. LICENSEES UNDER THE MICHIGAN REGULATION AND TAXATION OF MARIHUANA ACT

R 420.102 Marihuana grower license.

Rule 2. (1) A marihuana grower license authorizes the marihuana grower to grow not more than the following number of marihuana plants under the indicated license class for each marihuana grower license the marihuana grower holds in that class:

- (a) Class A – 100 marihuana plants.
- (b) Class B – 500 marihuana plants.
- (c) Class C – 2,000 marihuana plants.

(2) For the purposes of this rule, only mature marihuana plants are included in the plant count in subrule (1) of this rule.

(3) Except as otherwise provided in the MRTMA and these rules, a marihuana grower license authorizes sale of marihuana plants to a marihuana grower only by means of a marihuana secure transporter. A marihuana grower license authorizes the sale or transfer of seeds, seedlings, tissue

cultures, or immature plants to a marihuana grower from another marihuana grower without using a marihuana secure transporter.

(4) A marihuana grower license authorizes a marihuana grower to transfer marihuana without using a marihuana secure transporter to a marihuana processor or marihuana retailer if both of the following are met:

(a) The marihuana processor or marihuana retailer occupies the same location as the marihuana grower and the marihuana is transferred using only private real property without accessing public roadways.

(b) The marihuana grower enters each transfer into the statewide monitoring system.

(5) A marihuana grower license authorizes sale of marihuana, other than seeds, seedlings, tissue cultures, immature plants, and cuttings, to a marihuana processor or marihuana retailer.

(6) Except as otherwise provided in the MRTMA, subrules (3) and (4) of this rule, and R 420.304, a marihuana grower license authorizes the marihuana grower to transfer marihuana only by means of a marihuana secure transporter.

(7) A marihuana grower must enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(8) A marihuana grower license does not authorize the marihuana grower to operate in an area unless the area is zoned for industrial or agricultural uses or otherwise meets the requirements established in section 9.3.(c) of the MRTMA, MCL 333.27959.

(9) A marihuana grower may accept the transfer of marihuana seeds, tissue cultures, and clones that do not meet the definition of marihuana plant in these rules at any time from another grower licensed under the acts, these rules, or both.

(10) A class A marihuana grower may accept the transfer of marihuana plants only once upon licensure from a registered primary caregiver if the registered primary caregiver was an applicant for that class A marihuana grower license.

(11) A marihuana grower licensee is required to comply with the requirements of the Michigan regulation and taxation of marihuana act and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.103 Marihuana processor license.

Rule 3. (1) A marihuana processor license authorizes purchase or transfer of marihuana or marihuana-infused products from only a licensed marihuana establishment and sale or transfer of marihuana-infused products or marihuana to only a licensed marihuana establishment.

(2) Except as otherwise provided in these rules and the MRTMA, a marihuana processor license authorizes a marihuana processor to transfer marihuana only by means of a marihuana secure transporter. A marihuana processor license authorizes a marihuana processor to transfer marihuana without using a marihuana secure transporter to a marihuana grower, marihuana processor, or marihuana retailer if both of the following are met:

(a) The marihuana grower, marihuana processor, or marihuana retailer occupies the same location as the marihuana processor and the marihuana is transferred using only private real property without accessing public roadways.

(b) The marihuana processor enters each transfer into the statewide monitoring system.

(3) A licensee who holds 2 or more marihuana processor licenses with common ownership at different establishments may transfer marihuana product inventory between the licensed

marihuana processor establishments. The transferred marihuana product must be entered and tracked in the statewide monitoring system as required in these rules.

(4) A marihuana processor must enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.104. Marihuana retailer license.

Rule 4. (1) A marihuana retailer license authorizes the purchase or transfer of marihuana or marihuana-infused products from only a licensed marihuana establishment and sale or transfer to only a licensed marihuana establishment or an individual 21 years of age or older. Except as otherwise provided in these rules, and the MRTMA, all transfers of marihuana to a marihuana retailer from a separate marihuana establishment must be by means of a marihuana secure transporter. A transfer of marihuana to a marihuana retailer from a marihuana establishment that occupies the same location as the marihuana retailer does not require a marihuana secure transporter if the marihuana is transferred to the marihuana retailer using only private real property without accessing public roadways.

(2) A marihuana retailer license authorizes the marihuana retailer to transfer marihuana to or from a marihuana safety compliance facility for testing by means of a marihuana secure transporter or as provided in these rules.

(3) A marihuana retailer shall comply with all of the following:

(a) Sell or transfer marihuana to an individual 21 years of age or older only after it has been tested in accordance with these rules and bears the label required for retail sale.

(b) Enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(c) Before selling or transferring marihuana to an individual 21 years of age or older, verify the individual appears to be 21 years of age or older by means of government-issued photographic identification containing a date of birth and that the sale or transfer will not exceed the single transaction limit in these rules.

(4) A licensee who holds 2 or more marihuana retailer licenses with common ownership at different establishments may transfer marihuana product inventory between the licensed marihuana retailer establishments. The transferred marihuana product must be entered and tracked in the statewide monitoring system as required in these rules and any requirements published by the agency.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.105 Marihuana microbusiness license.

Rule 5. (1) A marihuana microbusiness license authorizes the following:

(a) The cultivation of not more than 150 plants. Only mature marihuana plants are included in the plant count in this subdivision.

(b) The processing and packaging of marihuana.

(c) The retail sale or transfer of marihuana to only an individual 21 years of age or older, but not to other marihuana establishments.

(d) The transfer of marihuana to a marihuana safety compliance facility for testing.

(2) Except as otherwise provided in R 420.304, this rule, and the MRTMA, a marihuana microbusiness license authorizes a marihuana microbusiness to transfer marihuana from the marihuana grower area to the marihuana processor and marihuana retailer areas of the marihuana microbusiness and from the marihuana processor area to marihuana grower and marihuana retailer areas of the marihuana microbusiness without using a marihuana secure transporter if all areas of the marihuana microbusiness enter each transfer between different areas of the marihuana microbusiness into the statewide monitoring system.

(3) A marihuana microbusiness shall not operate at multiple locations.

(4) A marihuana microbusiness must enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(5) A marihuana microbusiness may accept the transfer of marihuana seeds, tissue cultures, and clones that do not meet the definition of marihuana plant in these rules at any time from another grower licensed under the acts, these rules, or both. A marihuana microbusiness shall not sell or transfer marihuana seeds, tissue cultures, or clones received under this subrule.

(6) A marihuana microbusiness may accept the transfer of marihuana plants only once upon licensure from a registered primary caregiver if the registered primary caregiver was an applicant for that marihuana microbusiness license.

(7) A marihuana microbusiness license is subject to all applicable provisions in the Michigan regulation and taxation of marihuana act and these rules related to a marihuana grower, marihuana retailer, and marihuana processor license except for R 420.102(8).

History: 2020 MR 12, Eff. June 22, 2020.

R 420.106 Marihuana secure transporter license.

Rule 6. (1) A marihuana secure transporter license authorizes the licensee to store and transport marihuana and money associated with the purchase or sale of marihuana between marihuana establishments for a fee upon request of a person with legal custody of that marihuana or money. It does not authorize transport to a registered qualifying patient or registered primary caregiver. If a marihuana secure transporter has its primary place of business in a municipality that has not adopted an ordinance under section 6 of the MRTMA, MCL 333.27956, prohibiting marihuana establishments, the marihuana secure transporter may travel through any municipality.

(2) A marihuana secure transporter shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(3) A marihuana secure transporter shall comply with all of the following:

(a) Each driver transporting marihuana must have a chauffeur's license issued by this state.

(b) Each vehicle must be operated with a 2-person crew with at least 1 individual remaining with the vehicle at all times during the transportation of marihuana.

(c) A route plan and manifest must be entered into the statewide monitoring system, and a copy must be carried in the transporting vehicle and presented to a law enforcement officer upon request.

(d) The marihuana must be transported in 1 or more sealed containers and not be accessible while in transit.

(e) A secure transporting vehicle must not bear markings or other indication that it is carrying marihuana or a marihuana-infused product.

(f) A secure transport vehicle may be stored at a location that is not the primary place of business of the secure transporter if the vehicle does not contain marihuana products and the address of storage is reported to the agency in the licensee's staffing plan.

(4) A marihuana secure transporter is subject to administrative inspection by a law enforcement officer at any point during the transportation of marihuana to determine compliance with the MRTMA and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.107 Marihuana safety compliance facility license.

Rule 7. (1) A marihuana safety compliance facility license authorizes the marihuana safety compliance facility to do all of the following without using a marihuana secure transporter:

(a) Take marihuana from, test marihuana for, and return marihuana to only a licensed marihuana establishment.

(b) Collect a random sample of marihuana at the marihuana establishment of a marihuana grower, marihuana processor, marihuana retailer, or marihuana microbusiness for testing.

(2) A marihuana safety compliance facility must be accredited by an entity approved by the agency by 1 year after the date the marihuana safety compliance facility license is issued or have previously provided drug testing services to this state or this state's court system and be a vendor in good standing in regard to those services. The agency may grant a variance from this requirement upon a finding that the variance is necessary to protect and preserve the public health, safety, or welfare.

(3) A marihuana safety compliance facility shall comply with all of the following:

(a) Perform safety tests to certify that marihuana is reasonably free of known contaminants in compliance with the standards established by the agency.

(b) Use validated test methods to perform all safety tests and to determine tetrahydrocannabinol (THC), tetrahydrocannabinol acid (THC-A), cannabidiol (CBD), and cannabidiol acid (CBD-A) concentrations.

(c) Perform other tests necessary to determine compliance with good manufacturing processes as prescribed in these rules.

(d) Enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(e) Have a secured laboratory space that cannot be accessed by the general public.

(f) Retain and employ at least 1 laboratory manager with a relevant advanced degree in a medical or laboratory science. A laboratory manager shall be responsible for the following duties including, but not limited to:

(i) Ensure tests are conducted in accordance with R 420.305.

(ii) Ensure test results are accurate and valid.

(iii) Oversee day-to-day operations.

(iv) Validate reporting requirements in the statewide monitoring system.

History: 2020 MR 12, Eff. June 22, 2020.

**PART 2. LICENSEES UNDER THE MEDICAL MARIHUANA FACILITIES
LICENSING ACT**

R 420.108 Grower license.

Rule 8. (1) A grower license authorizes the grower to grow not more than the following number of marihuana plants under the indicated license class for each license the grower holds in that class:

- (a) Class A – 500 marihuana plants.
- (b) Class B – 1,000 marihuana plants.
- (c) Class C – 1,500 marihuana plants.

(2) Except as otherwise provided in this subrule, a grower license authorizes sale of marihuana plants to a grower only by means of a secure transporter. A grower license authorizes the sale or transfer of seeds, seedlings, or tissue cultures to a grower from a registered primary caregiver or another grower without using a secure transporter.

(3) A grower license authorizes a grower to transfer marihuana without using a secure transporter to a processor or provisioning center if both of the following are met:

(a) The processor or provisioning center occupies the same location as the grower and the marihuana is transferred using only private real property without accessing public roadways.

(b) The grower enters each transfer into the statewide monitoring system.

(4) A grower license authorizes sale of marihuana, other than seeds, seedlings, tissue cultures, and cuttings, to a processor or a provisioning center.

(5) Except as otherwise provided in subrules (2) and (3) and section 505 of the medical marihuana facilities licensing act, MCL 333.27505, a grower license authorizes the grower to transfer marihuana only by means of a secure transporter.

(6) To be eligible for a grower license, the applicant and each investor in the grower must not have an interest in a secure transporter or safety compliance facility.

(7) A grower shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

(8) A grower license does not authorize the grower to operate in an area unless the area is zoned for industrial or agricultural uses or is unzoned and otherwise meets the requirements established in section 205(1) of the medical marihuana facilities licensing act, MCL 333.27205(1).

History: 2020 MR 12, Eff. June 22, 2020.

R 420.109 Processor license.

Rule 9. (1) A processor license authorizes purchase of marihuana only from a grower and sale of marihuana-infused products or marihuana only to a provisioning center or another processor.

(2) Except as otherwise provided in section 505 of the medical marihuana facilities licensing act, MCL 333.27505, and this subrule, a processor license authorizes the processor to transfer marihuana only by means of a secure transporter. A processor license authorizes a processor to transfer marihuana without using a secure transporter to a grower or provisioning center if both of the following are met:

(a) The grower or provisioning center occupies the same location as the processor and the marihuana is transferred using only private real property without accessing public roadways.

(b) The processor enters each transfer into the statewide monitoring system.

(3) To be eligible for a processor license, the applicant and each investor in the processor must not have an interest in a secure transporter or safety compliance facility.

(4) A processor shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.110 Secure transporter license.

Rule 10. (1) A secure transporter license authorizes the licensee to store and transport marihuana and money associated with the purchase or sale of marihuana between marihuana facilities for a fee upon request of a person with legal custody of that marihuana or money. It does not authorize transport of marihuana products to a registered qualifying patient or registered primary caregiver. If a secure transporter has its primary place of business in a municipality that has adopted an ordinance under section 205 of the medical marihuana facilities licensing act, MCL 333.27205, authorizing the marihuana facility, the secure transporter may travel through any municipality.

(2) To be eligible for a secure transporter license, the applicant and each investor with an interest in the secure transporter must not have an interest in a grower, processor, provisioning center, or safety compliance facility and must not be a registered qualifying patient or registered primary caregiver.

(3) A secure transporter shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

(4) A secure transporter shall comply with all of the following:

(a) Each driver transporting marihuana must have a chauffeur's license issued by this state.

(b) Each employee who has custody of marihuana or money that is related to a marihuana transaction shall not have been convicted of or released from incarceration for a felony under the laws of this state, any other state, or the United States within the past 5 years or have been convicted of a misdemeanor involving a controlled substance within the past 5 years.

(c) Each vehicle must be operated with a 2-person crew with at least one individual remaining with the vehicle at all times during the transportation of marihuana.

(d) A route plan and manifest must be entered into the statewide monitoring system, and a copy must be carried in the transporting vehicle and presented to a law enforcement officer upon request.

(e) The marihuana must be transported in one or more sealed containers and not be accessible while in transit.

(f) A secure transporting vehicle must not bear markings or other indication that it is carrying marihuana or a marihuana-infused product.

(g) A secure transport vehicle may be stored at a location that is not the primary place of business of the secure transporter if the vehicle does not contain marihuana products and the address of storage is reported to the agency in the licensee's staffing plan.

(5) A secure transporter is subject to administrative inspection by a law enforcement officer at any point during the transportation of marihuana to determine compliance with the medical marihuana facilities licensing act.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.111 Provisioning center license.

Rule 11. (1) A provisioning center license authorizes the purchase or transfer of marihuana only from a grower or processor and sale or transfer to only a registered qualifying patient or registered primary caregiver. Except as otherwise provided in section 505 of the medical marihuana facilities

licensing act, 333.27505 and this subrule, all transfers of marihuana to a provisioning center from a separate marihuana facility must be by means of a secure transporter. A transfer of marihuana to a provisioning center from a marihuana facility that occupies the same location as the provisioning center does not require a secure transporter if the marihuana is transferred to the provisioning center using only private real property without accessing public roadways.

(2) A provisioning center license authorizes the provisioning center to transfer marihuana to or from a safety compliance facility for testing by means of a secure transporter or as provided in section 505 of the medical marihuana facilities licensing act, MCL 333.27505.

(3) To be eligible for a provisioning center license, the applicant and each investor in the provisioning center must not have an interest in a secure transporter or safety compliance facility.

(4) A provisioning center shall comply with all of the following:

(a) Sell or transfer marihuana to a registered qualifying patient or registered primary caregiver only after it has been tested and bears the label required for retail sale.

(b) Enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

(c) Before selling or transferring marihuana to a registered qualifying patient or to a registered primary caregiver on behalf of a registered qualifying patient, inquire of the statewide monitoring system to determine whether the patient and, if applicable, the caregiver hold a valid, current, unexpired, and unrevoked registry identification card and that the sale or transfer will not exceed the daily and monthly purchasing limit established by the agency under the medical marihuana facilities licensing act.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.112 Safety compliance facility license; exception for industrial hemp.

Rule 12. (1) In addition to transfer and testing as authorized in section 203 of the medical marihuana facilities licensing act, MCL 333.27203, a safety compliance facility license authorizes the safety compliance facility to do all of the following without using a secure transporter:

(a) Take marihuana from, test marihuana for, and return marihuana to only a marihuana facility.

(b) Collect a random sample of marihuana at the marihuana facility of a grower, processor, or provisioning center for testing.

(2) A safety compliance facility must be accredited by an entity approved by the agency by 1 year after the date the license is issued or have previously provided drug testing services to this state or this state's court system and be a vendor in good standing in regard to those services. The agency may grant a variance from this requirement upon a finding that the variance is necessary to protect and preserve the public health, safety, or welfare.

(3) To be eligible for a safety compliance facility license, the applicant and each investor with any interest in the safety compliance facility must not have an interest in a grower, secure transporter, processor, or provisioning center.

(4) A safety compliance facility shall comply with all of the following:

(a) Perform tests to certify that marihuana is reasonably free from chemical residues such as fungicides and insecticides.

(b) Use validated methods for all testing required by the agency.

(c) Perform tests that determine whether marihuana complies with the standards the agency establishes.

(d) Perform additional tests necessary to determine compliance with any other good manufacturing processes as prescribed in these rules.

(e) Enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

(f) Have a secured laboratory space that cannot be accessed by the general public.

(g) Retain and employ at least 1 laboratory manager with a relevant advanced degree in a medical or laboratory science. A laboratory manager shall be responsible for the following duties including, but not limited to:

(i) Ensure tests are conducted in accordance with R 420.305.

(ii) Ensure test results are accurate and valid.

(iii) Oversee day-to-day operations.

(iv) Validate reporting requirements in the statewide monitoring system.

(5) A safety compliance facility is not prohibited from taking or receiving industrial hemp for testing purposes and testing the industrial hemp pursuant to the industrial hemp research and development act.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.113 Severability.

Rule 13. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA OPERATIONS

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.201 Definitions.

Rule 1. (1) As used in these rules:

(a) "Acts" refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) "Administrative hold" means a status given to marihuana product by the agency during an investigation into alleged violations of the acts and these rules. This status includes no sale or transfer of the marihuana product until the hold is lifted.

(c) "Agency" means the marijuana regulatory agency.

(d) "Applicant" means a person who applies for a marihuana license, subject to paragraphs (i) and (ii):

(i) For purposes of this definition, an applicant includes a managerial employee of the applicant, a person holding a direct or indirect ownership interest of more than 10% in the applicant, and the following for each type of applicant:

(A) For an individual or sole proprietorship: the proprietor and spouse.

(B) For a partnership and limited liability partnership: all partners and their spouses.

(C) For a limited partnership and limited liability limited partnership: all general and limited partners, not including a limited partner holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the partnership, and their spouses.

(D) For a limited liability company: all members and managers, not including a member holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the company, and their spouses.

(E) For a privately held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(F) For a publicly held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(G) For a multilevel ownership enterprise: any entity or person that receives or has the right to receive more than 10% of the gross or net profit from the enterprise during any full or partial calendar or fiscal year.

(H) For a nonprofit corporation: all individuals and entities with membership or shareholder rights in accordance with the articles of incorporation or the bylaws and their spouses.

(I) For a trust, any beneficiary who receives or has the right to receive more than 10% of the gross or net profit of the trust during any full or partial calendar or fiscal year and their spouses.

(ii) For purposes of this definition, an applicant does not include:

(A) A person who provides financing to an applicant or licensee under a bona fide financing agreement at a reasonable interest rate.

(B) A franchisor who grants a franchise to an applicant, if the franchisor does not have the right to receive royalties based upon the sale of marihuana or marihuana-infused products by the applicant who is a franchisee. Nothing in this subrule shall be construed to preclude a franchisor from charging an applicant who is a franchisee a fixed fee. As used in this definition, the terms “franchise,” “franchisor,” and “franchisee” have the meanings set forth in section 2 of the franchise investment law, 1974 PA 269, MCL 445.1502.

(C) A person receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation.

(D) A person receiving reasonable payment under a licensing agreement or contract approved by the agency concerning the licensing of intellectual property including, but not limited to, brands and recipes.

(e) “Batch” means all marihuana product of the same variety that has been processed together and exposed to substantially similar conditions throughout processing.

(f) “Building” means a combination of materials forming a structure affording a facility, an establishment, or shelter for use or occupancy by individuals or property. Building includes a part or parts of the building and all equipment in the building. A building does not include a building incidental to the use for agricultural purposes of the land on which the building is located.

(g) “Bureau of fire services” or “BFS” means the bureau of fire services in the department of licensing and regulatory affairs.

(h) “Common ownership” means 2 or more state licenses or 2 or more equivalent licenses held by one person under the Michigan regulation and taxation of marihuana act.

(i) “Cultivator” refers to both a grower under the medical marihuana facilities licensing act and a marihuana grower under the Michigan regulation and taxation of marihuana act.

(j) “Designated consumption establishment” means a commercial space that is licensed by the agency and authorized to permit adults 21 years of age and older to consume marihuana products at the location indicated on the state license.

(k) “Employee” means a person performing work or service for compensation. “Employee” does not include individuals providing trade or professional services who are not normally engaged in the operation of a marihuana business.

(l) “Equivalent licenses” means any of the following held by a person:

(i) A marihuana grower license of any class issued under the Michigan regulation and taxation of marihuana act and a grower license, of any class, issued under the medical marihuana facilities licensing act.

(ii) A marihuana processor license issued under the Michigan regulation and taxation of marihuana act and a processor license issued under the medical marihuana facilities licensing act.

(iii) A marihuana retailer license issued under the Michigan regulation and taxation of marihuana act and a provisioning center license issued under the medical marihuana facilities licensing act.

(iv) A marihuana secure transporter license issued under the Michigan regulation and taxation of marihuana act and a secure transporter license issued under the medical marihuana facilities licensing act.

(v) A marihuana safety compliance facility license issued under the Michigan regulation and taxation of marihuana act and a safety compliance facility license issued under the medical marihuana facilities licensing act.

(m) “Final form” means the form a marihuana product is in when it is available for sale by a marihuana sales location. For marihuana products intended for inhalation, the marihuana concentrate in the e-cigarette or vaping device.

(n) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches produced from a cutting, clipping, tissue culture, or seedling that is in a growing or cultivating medium or in a growing or cultivating container.

(o) “Inactive ingredients” means binding materials, dyes, preservatives, flavoring agents, and any other ingredient that is not derived from the plant *Cannabis Sativa L.*

(p) “Laboratory” refers to both a safety compliance facility under the medical marihuana facilities licensing act and a marihuana safety compliance facility under the Michigan regulation and taxation of marihuana act.

(q) “Limited access area” means a building, room, or other contiguous area of a marihuana business where marihuana is grown, cultivated, stored, weighed, packaged, sold, or processed for sale and that is under the control of the licensee.

(r) “Marihuana business” refers to both a marihuana facility under the medical marihuana facilities licensing act and a marihuana establishment under the Michigan regulation and taxation of marihuana act.

(s) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, or any other type of marihuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(t) “Marihuana event organizer” means a person licensed to apply for a temporary marihuana event under these rules.

(u) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(v) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act, or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(w) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(x) “Marihuana sales location” refers to a provisioning center under the medical marihuana facilities licensing act or a marihuana retailer or marihuana microbusiness under the Michigan regulation and taxation of marihuana act, or both.

(y) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(z) “Marihuana transporter” means a secure transporter under the medical marihuana facilities licensing act or a marihuana secure transporter under the Michigan regulation and taxation of marihuana act, or both.

(aa) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(bb) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(cc) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(dd) “Producer” refers to both a processor under the medical marihuana facilities licensing act and a marihuana processor under the Michigan regulation and taxation of marihuana act.

(ee) “Proposed marihuana business” means a proposed marihuana establishment under the Michigan regulation and taxation of marihuana act or a proposed marihuana facility under the medical marihuana facilities licensing act, or both.

(ff) “Records of formulation” means the documentation that includes at a minimum: the ingredients, recipe, processing in order to be shelf stable, Certificates of Analysis for any ingredient used, and description of the process in which all ingredients are combined to produce a final form.

(gg) “Restricted access area” means a designated and secure area at a marihuana business where marihuana products are sold, possessed for sale, and displayed for sale.

(hh) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(ii) “Same location” means separate marihuana licenses that are issued to multiple marihuana businesses that are authorized to operate at a single property but with separate business suites, partitions, or addresses.

(jj) “Stacked license” means more than 1 marihuana license issued to a single licensee to operate as a Class C grower as specified in each license at a marihuana business under the medical marihuana facilities licensing act, or under the Michigan regulation and taxation of marihuana act, or both.

(kk) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying and verifying marihuana plants, marihuana products, and packages of marihuana product in the statewide monitoring system.

(ll) “Temporary marihuana event license” means a state license held by a marihuana event organizer under the Michigan regulation and taxation of marihuana act, for an event where the onsite sale or consumption of marihuana products, or both, are authorized at the location indicated on the state license during the dates indicated on the state license.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.202 Adoption by reference.

Rule 2. (1) The following codes, standards, or regulations of nationally recognized organizations or associations are adopted by reference in these rules:

National fire protection association (NFPA) standard 1, 2018 edition, entitled “Fire Code” is

adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$106.00.

(b) National fire protection association (NFPA) standard 58, 2020 edition, entitled “Liquified Petroleum Gas Code” is adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$70.50.

(2) The standards adopted in subrule (1) of this rule are available for inspection and distribution at the agency, located at 2407 North Grand River Avenue, Lansing, MI, 48906. Copies of these standards may be obtained from the agency at the cost indicated in subrule (1)(a) and (b) of this rule, plus shipping and handling.

History: 2020 MR 12, Eff. June 22, 2020.

420.203 Marihuana licenses; licensees; operations; general.

Rule 3. (1) A marihuana license and a stacked license as described in these rules are limited to the scope of the marihuana license issued for that type of marihuana business that is located within the municipal boundaries connected with the marihuana license.

(2) A licensee shall comply with all of the following:

(a) Except as provided in R 420.204 and R 420.205, a marihuana business shall be partitioned from any other marihuana business or activity, any other business, or any dwelling.

(b) A marihuana business shall not allow onsite or as part of the marihuana business any of the following:

(i) Sale, consumption, or serving of food except as provided in these rules unless the business is a designated consumption establishment or a temporary marihuana event that has obtained the appropriate authorizations from other federal, state, or local agencies as applicable.

(ii) Consumption, use, or inhalation of a marihuana product unless the licensee has been granted a designated consumption establishment or temporary marihuana event license under the Michigan regulation and taxation of marihuana act, and these rules.

(c) A marihuana business shall have distinct and identifiable areas with designated structures that are contiguous and specific to the marihuana license.

(d) A marihuana business shall have separate entrances and exits, inventory, record keeping, and point of sale operations, if applicable.

(e) Access to a marihuana business’s restricted and limited access areas is restricted to the licensee, employees of the licensee, escorted visitors, and the agency. A marihuana sales location or a marihuana microbusiness may grant access as provided in R 420.206(9) to customers to a dedicated point of sale area.

(f) Licensee records must be maintained and made available to the agency upon request.

(g) The marihuana business must be at a fixed location. Mobile marihuana businesses and drive through operations are prohibited. Any sales or transfers of marihuana product by mail order or on consignment are prohibited.

(h) A marihuana license issued under the acts, after it has been received by the licensee, must be framed under a transparent material and prominently displayed in the marihuana business.

(3) A marihuana business shall comply with all of the following:

(a) The natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106. The agency may publish guidance in cooperation with the department of environment, great lakes, and energy.

(b) Any other operational measures requested by the agency that are not inconsistent with the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

420.204 Operation at same location.

Rule 4. (1) A licensee that has any combination of marihuana licenses may operate separate marihuana businesses at the same location. For purposes of this rule, a stacked license is considered a single marihuana business.

(2) To operate at the same location subject to subrule (1) of this rule, a licensee shall meet all of the following requirements:

(a) The agency has authorized the proposed operation at the same location.

(b) The operation at the same location is not in violation of any local ordinances or regulations.

(c) The operation at the same location does not circumvent a municipal ordinance or zoning regulation that limits the marihuana businesses under the acts.

(d) The licensee of each marihuana business operating at the same location under this rule shall do all the following:

(i) Apply for and be granted separate marihuana licenses and pay the required fees for each marihuana license.

(ii) Have distinct and identifiable areas with designated structures that are on the same parcel or a contiguous parcel and specific to the marihuana license.

(iii) Have separate inventory, record keeping, and point of sale operations.

(iv) Post each marihuana license on the wall in its distinct area and as provided in these rules.

(v) Obtain any additional inspections and permits required for local or state building inspection, fire services, and public health standards.

(vi) Comply with the provisions in the acts and these rules.

(3) Operation of a marihuana license at the same location that includes a licensed marihuana sales location shall have the entrance and exit to the licensed marihuana sales location and entire inventory physically separated from any of the other licensed marihuana businesses so that individuals can clearly identify the sales entrance and exit.

(4) A laboratory may be co-located with an existing accredited laboratory that is not licensed by the MRA, with agency approval, if the following criteria are met:

(a) The existing laboratory performs analytical scientific testing in a laboratory environment, and the testing methods are recognized by an accrediting body.

(b) Testing of marihuana product is performed separately from other materials.

(c) All marihuana product is stored separately from any other materials located at the site for testing.

History: 2020 MR 12, Eff. June 22, 2020.

420.205 Equivalent licenses; operation at same location.

Rule 5. (1) A person that holds equivalent licenses with common ownership under the acts may operate those equivalent licenses at the same location.

(2) To operate equivalent licenses at the same location, all of the following requirements must be met:

- (a) The agency has authorized the proposed operation at the same location.
- (b) The operation at the same location is not in violation of any local ordinances or regulations.
- (c) The operation at the same location does not circumvent a municipal ordinance or zoning regulation that limits the marijuana businesses under the acts.

(d) The person operating the equivalent licenses at the same location under this rule shall do all the following:

(i) Apply for and be granted a separate state license and a state operating license and pay the required fees for each license.

(ii) Post each state license and state operating license on the wall in its distinct area and as provided in these rules.

(iii) Obtain any additional inspections and permits required for local or state building inspection, fire services, and public health standards, if applicable.

(iv) Comply with the provisions in the acts and these rules.

(3) A licensee with common ownership of a marijuana retailer and a provisioning center and operating equivalent licenses at the same location shall physically separate the entire inventories and the items on display for sale so that individuals may clearly identify medical marijuana products from adult-use marijuana products.

(4) A licensee with common ownership of a marijuana retailer and a provisioning center and operating the equivalent licenses at the same location shall not bundle a product subject to the excise tax in section 13 of the Michigan regulation and taxation of marijuana act, MCL 333.27963, in a single transaction with a product or service that is not subject to the tax imposed by that section.

(5) A person who holds equivalent licenses with common ownership under the acts and operates at the same location is not required to have any of the following:

- (a) Separate business suites, partitions, or addresses.
- (b) Separate entrances and exits.
- (c) Distinct and identifiable areas with designated structures that are contiguous and specific to the state license and the state operating license.
- (d) Separate point of sale area and operations.

History: 2020 MR 12, Eff. June 22, 2020.

420.206 Marijuana business; general requirements.

Rule 6. (1) A cultivator shall not operate a marijuana business unless either of the following conditions is met:

(a) The cultivator operations are within a building that meets the security requirements and passes the inspections in these rules and has a building permit pursuant to R 420.208 and these rules.

(b) The cultivator operations are within a building, except that cultivation may occur in an outdoor area, if all of the following conditions are met:

(i) The outdoor area containing the cultivation of marijuana plants is contiguous with the building, fully enclosed by fences or barriers that ensure that the plants are not visible from a public

place without the use of binoculars, aircraft, or other optical aids, and the fences are secured and comply with the applicable security measures in these rules, including, but not limited to, locked entries only accessible to authorized persons or emergency personnel.

(ii) After the marihuana is harvested, all drying, trimming, curing, or packaging of marihuana occurs inside the building meeting all the requirements under these rules.

(iii) The building meets the security requirements and passes the inspections in these rules and has a building permit pursuant to R 420.208 and these rules.

(2) A cultivator who has obtained good agricultural collection processes certification may sell immature plants to a marihuana sales location under the allowances published by the agency.

(3) The agency shall publish a list of approved chemical residue active ingredients for cultivators to use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

(4) The agency shall publish a list of banned chemical residue active ingredients that are prohibited from use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

(5) A marihuana secure transporter under the Michigan regulation and taxation of marihuana act shall have a primary place of business as its marihuana business that operates in a municipality that has not adopted an ordinance prohibiting marihuana businesses from operating within its boundaries under section 6 of the MRTMA, MCL 333.27956, and these rules, and its marihuana business must comply with the requirements prescribed by the MRTMA, these rules, and any municipal ordinances that meet the requirements of section 6 of the act, MCL 333.27956.

(6) A secure transporter under the medical marihuana facilities licensing act shall have a primary place of business as its marihuana facility that operates in a municipality that has adopted an ordinance that meets the requirements of section 205 of the act, MCL 333.27205, and the rules, and its marihuana facility must comply with the requirements prescribed by the MMFLA and these rules.

(7) A marihuana transporter shall hold a separate license for every marihuana transporter location. A marihuana transporter may travel through any municipality to transport a marihuana product. A marihuana transporter shall comply with all of the following:

(a) The marihuana transporter may take physical custody of the marihuana or money, but legal custody belongs to the transferor or transferee.

(b) A marihuana transporter shall not sell or purchase marihuana products.

(c) A marihuana transporter shall transport any marihuana product in a locked, secured, and sealed container that is not accessible while in transit. The container must be secured by a locked closed lid or door. A marihuana transporter of marihuana product from separate marihuana businesses shall not comingle the marihuana product. All marihuana products must be labeled in accordance with these rules and kept in separate compartments or containers within the main locked, secured, and sealed container. If the marihuana transporter transports money associated with the purchase or sale of marihuana product between businesses, the marihuana transporter shall lock the money in a sealed container kept separate from the marihuana product and only accessible to the licensee and its employees.

(d) A marihuana transporter shall log and track all handling of money associated with the purchase or sale of marihuana between marihuana businesses. These records must be maintained and made available to the agency upon request.

(e) A marihuana transporter shall have a route plan and manifest available for inspection by the agency to determine compliance with the acts and these rules. A copy of the route plan and

manifest must be carried with the marihuana transporter during transport between marihuana businesses. A marihuana transporter is subject to administrative inspection by a law enforcement officer at any point during the transportation of marihuana product pursuant to these rules. A marihuana transporter shall carry a copy of a route plan and manifest in the transporting vehicle and shall present them to a law enforcement officer upon request.

(f) A marihuana transporter shall not possess marihuana product that is not on a manifest.

(g) A marihuana transporter shall follow the manifest.

(h) A marihuana transporter shall store vehicles at its primary place of business. If a marihuana transporter stores a vehicle that does not contain marihuana or marihuana product at a location that is not its primary place of business, it shall indicate that in its business plan.

(i) A marihuana transporter transferring marihuana product to a marihuana business shall remain onsite until the marihuana product is weighed and accepted or rejected before leaving the marihuana business.

(j) A marihuana transporter shall not maintain custody of the marihuana product for more than 96 hours unless permission is otherwise sought and granted by the agency, which will be reviewed on a case-by case basis.

(k) A marihuana transporter shall identify and record all vehicles with the agency and have the required vehicle registration with the secretary of state as required under state law. A marihuana transporter's vehicles are subject to inspection at any time by the agency to determine compliance with the acts or these rules.

(8) A laboratory shall comply with all of the following:

(a) Provide written notice to the agency within seven days of a laboratory manager no longer being employed at the facility.

(b) Designate an interim laboratory manager within seven days of the laboratory manager's departure. At a minimum, the interim laboratory manager must meet the qualifications of a supervisory analyst. The interim laboratory manager must meet either of the following requirements:

(i) The interim laboratory manager must meet at least one of the qualifications for a laboratory manager.

(ii) The interim laboratory manager must have, at minimum, a bachelor's degree in one of the natural sciences and three years of full-time laboratory experience in a regulated laboratory environment, performing analytical scientific testing in which the testing methods were recognized by an accrediting body. A combination of education and experience may substitute for the three years of full-time laboratory experience.

(c) Hire a permanent laboratory manager within 60 days from the date of the previous laboratory manager's departure, unless the laboratory receives a written waiver from the agency. A laboratory may submit a waiver request to the agency to receive an additional 60 days to hire a permanent laboratory manager if the laboratory submits a detailed oversight plan along with the waiver request.

(9) A marihuana sales location shall have a separate room that is dedicated as the point of sale area for the transfer or sale of marihuana product as provided in the acts and these rules. The marihuana sales location shall keep marihuana products behind a counter or other barrier to ensure that a customer does not have direct access to the marihuana products.

(10) A marihuana business shall label all marihuana products with the ingredients of the product, in descending order of predominance by weight.

(11) All non-marihuana inactive ingredients must be clearly listed on the product label. Inactive ingredients, other than botanically derived terpenes that are chemically identical to the terpenes derived from the plant *Cannabis Sativa L.*, must be approved by the FDA for the intended use, and the concentration must be less than the maximum concentration listed in the FDA Inactive Ingredient database for the intended use.

(12) A marihuana business producing marihuana products shall maintain records of formulation and make them available to the agency upon request.

(13) A marihuana business shall comply with random quality assurance compliance checks upon the request of the agency. The agency or its authorized agents may collect a random sample of a marihuana product from a marihuana business or designate a laboratory to collect a random sample of a marihuana product in a secure manner to test that sample for compliance.

(14) The agency may update or issue new standards as necessary to protect the health, safety, and welfare of consumers and the public. A marihuana business shall comply with all new or updated standards issued by the agency within 6 months of their adoption by the agency unless there is an identifiable public health or safety risk.

(15) A marihuana business transferring marihuana product to or receiving marihuana product from a marihuana transporter shall initiate the procedures to transfer or receive the marihuana product within 30 minutes of the marihuana transporter's arrival at the marihuana business.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.207 Marihuana delivery; limited circumstances.

Rule 7. (1) A marihuana sales location licensee may engage in the delivery of a marihuana product for sale or transfer to marihuana customers upon approval by the agency of the licensee's delivery procedures.

(2) A marihuana sales location licensed under the medical marihuana facilities licensing act that engages in delivery shall establish procedures as specified in this rule to allow an employee of the marihuana sales location to deliver a marihuana product to a patient at the patient's residential address.

(3) A marihuana sales location licensed under the Michigan regulation and taxation of marihuana act that engages in delivery shall establish procedures as specified in this rule to allow an employee of the marihuana sales location to deliver a marihuana product to an individual 21 years of age or older at a residential address or at the address of a designated consumption establishment provided at the time the order was placed.

(4) All of the following apply to the marihuana delivery procedures established by a marihuana sales location:

(a) For the purposes of this rule only, a marihuana sales location may accept an online order request of a marihuana product and payment for the order that will be delivered only to the physical residence of the registered qualifying patient as provided in this rule, or to a residential address or the address of a designated consumption establishment provided by an individual 21 years of age or older as provided in this rule.

(b) The marihuana sales location shall create a marihuana delivery procedure that is subject to inspection and examination including, but not limited to, record keeping and tracking requirements. The agency may publish guidelines on the required procedure.

(c) All marihuana delivery employees shall meet the requirements in R 420.602 and are employees, as defined in R 420.601(1)(d), of the marihuana sales location.

(5) A marihuana sales location that has received authorization under subrule (1) of this rule shall comply with all of the following:

(a) The marihuana sales location shall verify that the sale or transfer to marihuana customers is in accordance with these rules.

(b) The marihuana delivery employee may take payment upon delivery and shall deliver the marihuana product.

(c) The amount of marihuana product that may be delivered is limited to the daily and monthly purchase limits of the registered qualifying patient as provided in these rules; or to the single transaction purchase limits for individuals 21 years of age or older as provided in these rules.

(d) The marihuana sales location shall record all transactions in the statewide monitoring system as required in the acts and these rules.

(e) An employee of the marihuana sales location shall make marihuana deliveries only to 1 of the following:

(i) Subject to paragraph (ii), a registered qualifying patient.

(ii) A registered primary caregiver if the registered qualifying patient is a minor. If the registered qualifying patient is a minor, delivery must be made only to his or her registered primary caregiver.

(iii) An individual 21 years of age or older.

(f) A marihuana delivery employee shall verify that the person taking delivery is the registered qualifying patient or the registered primary caregiver of a registered qualifying patient who is a minor, who has been recorded in the statewide monitoring system, or the individual 21 years of age or older who placed the order.

(g) The authorization granted to a marihuana sales location pursuant to subrule (1) of this rule may be denied, suspended, or withdrawn by the agency. The marihuana sales location may be subject to other sanctions and fines as provided in the acts and these rules.

(6) A marihuana sales location shall maintain records of all of the following that must be made available to the agency upon request:

(a) For a marihuana sales location licensed under the medical marihuana facilities licensing act, confirmation that the marihuana customer presented his or her valid driver's license or government issued identification bearing a photographic image of the marihuana customer along with his or her marihuana registry card, or temporary marihuana registry card, to verify that he or she is the patient or, if the registered qualifying patient is a minor, the registered primary caregiver.

(b) For a marihuana sales location licensed under the Michigan regulation and taxation of marihuana act, confirmation that the marihuana customer presented his or her valid driver's license or government issued identification bearing a photographic image of the marihuana customer to verify that the marihuana customer is 21 years of age or older at the time of delivery.

(c) Validation that the address for marihuana delivery of a marihuana product is the residential address of the registered qualifying patient, or the residential address or address of a designated consumption establishment provided by the customer at the time the order for the marihuana product was placed.

(d) Maintenance of the following records for any motor vehicle used for marihuana delivery and the making of the records available to the agency upon request:

(i) Vehicle make.

(ii) Vehicle model.

(iii) Vehicle color.

(iv) Vehicle identification number.

(v) License plate number.

(vi) Vehicle registration.

(vii) Proof of vehicle insurance.

(e) Documentation that the marijuana customer has consented to the marijuana delivery of the marijuana product. The consent must include an acknowledgment by the marijuana customer for the release of information necessary in fulfilling the home delivery.

(f) Verification, by a licensee under the medical marijuana facilities licensing act, in the statewide monitoring system that the registered qualifying patient holds a valid, current, unexpired, and unrevoked registry identification card as required in these rules.

(7) A marijuana delivery employee shall carry a physical or electronic copy of all of the following information and shall make these records available to the agency upon request:

(a) The employee identification number required under these rules.

(b) The marijuana sales location licensee license number.

(c) The address of the marijuana sales location licensee.

(d) Contact information of the marijuana sales location licensee.

(e) A copy of the marijuana sales location marijuana delivery log as required in subrule (10) of this rule.

(8) A marijuana delivery employee shall have access to a secure form of communication with the marijuana sales location licensee, such as a cellular telephone, at all times in the vehicle or on his or her person.

(9) To ensure the integrity of the marijuana sales location operation, a marijuana delivery employee shall comply with all the following:

(a) During marijuana delivery, the marijuana delivery employee shall maintain a physical or electronic copy of each marijuana delivery request and shall make the marijuana delivery request available to the agency upon request.

(b) A marijuana delivery employee shall not leave a marijuana product in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system.

(c) A marijuana delivery employee's vehicle must contain a global positioning system (GPS) device for identifying the geographic location of the delivery vehicle. The device must be either permanently or temporarily affixed to the delivery vehicle while the delivery vehicle is in operation, and the device must remain active and in the possession of the delivery employee at all times during delivery. At all times, the marijuana sales location must be able to identify the geographic location of all marijuana delivery vehicles and marijuana delivery employees who are making marijuana deliveries for the marijuana sales location and shall provide that information to the agency upon request.

(d) A marijuana delivery employee shall not carry marijuana product in the delivery vehicle with a value in excess of \$5,000.00 at any time. The value of marijuana products carried in the delivery vehicle for which a delivery order was not received and processed by the licensed retailer prior to the delivery employee departing from the marijuana sales location may not exceed \$3,000.00. For the purposes of this subrule, the value of marijuana products must be determined using the current retail price of all marijuana products carried by, or within the delivery vehicle of, the marijuana delivery employee.

(e) A marijuana delivery employee of a marijuana sales location shall not be employed as a marijuana delivery employee for more than one marijuana sales location.

(f) A marijuana delivery employee shall not leave the marijuana sales location with marijuana products without at least one delivery order that has already been received and processed by the marijuana sales location.

(g) Before leaving the marihuana sales location, the marihuana delivery employee must have a delivery inventory ledger, which may be maintained electronically, of all marihuana products provided to him or her. For each marihuana product, the delivery inventory ledger must include the following:

(i) The type of marihuana product.

(ii) The brand name.

(iii) The retail value.

(iv) The tag number associated with the product in the statewide monitoring system.

(v) The weight, volume, or other accurate measure of the marihuana product.

(h) All marihuana product prepared for an order that was received and processed by the marihuana sales location prior to the marihuana delivery driver departing from the marihuana sales location must be clearly identified on the inventory ledger.

(i) After each delivery, the delivery inventory ledger must be updated to reflect the current inventory in possession of the marihuana delivery employee.

(j) The marihuana delivery employee shall maintain a log that includes all stops from the time he or she leaves the marihuana sales location to the time that he or she returns to the marihuana sales location, and the reason for each stop. The log must be turned in to the marihuana sales location when the marihuana delivery employee returns to the marihuana sales location. The marihuana sales location must maintain the log and make it available upon request by the agency. The log may be maintained electronically.

(k) Immediately upon request by the agency the marihuana delivery employee shall provide all of the following:

(i) All delivery inventory ledgers from the time the marihuana delivery employee left the marihuana sales location up to the time of the request.

(ii) All delivery request receipts for marihuana product carried by the driver, in the delivery vehicle, or any deliveries that have already been made to customers.

(iii) The log of all stops from the time the marihuana delivery employee left the marihuana sales location up to the time of the request.

(l) If a marihuana delivery employee does not have any delivery request to be performed for a 30-minute period, the marihuana delivery employee shall not make any additional deliveries and shall return to the marihuana sales location. Upon returning to the marihuana sales location, all undelivered marihuana products must be returned to inventory and all necessary inventory and statewide monitoring system records must be updated as appropriate.

(10) A marihuana retailer licensed under the Michigan regulation and taxation of marihuana act, in making deliveries, shall not transport more than 15 ounces of marihuana or more than 60 grams of marihuana concentrate at one time pursuant to section 11 of the MRTMA, MCL 333.27961.

(11) A marihuana sales location shall ensure that marihuana deliveries are completed in a timely and efficient manner as provided on the marihuana delivery request and log. All marihuana deliveries must occur within the business hours of the marihuana sales location. Marihuana product for marihuana delivery must be stored within a secured compartment that is clearly marked and latched or locked in a manner to keep all contents secured within.

(12) The process of marihuana delivery begins when the marihuana delivery employee leaves the marihuana sales location's licensed marihuana business with the marihuana product for delivery. The process of marihuana delivery ends when the delivery employee returns to the marihuana sales location's licensed marihuana business after delivering the marihuana product to the marihuana customer.

(13) A marihuana sales location shall maintain a record of each delivery of a marihuana product in a marihuana delivery log, which may be a hard copy or electronic format, and make the marihuana delivery log available to the agency upon request. For each delivery, the marihuana delivery log must record all of the following:

- (a) The date and time that the delivery began and ended.
- (b) The name of the marihuana delivery employee.
- (c) The amount of marihuana product allowed to be possessed for delivery.
- (d) The tag number of the marihuana product and the name of the strain of that marihuana product.
- (e) The signature of the individual who accepted delivery.

(14) A marihuana sales location shall notify the agency, state police, or local law enforcement of any theft, loss of marihuana product, or criminal activity as provided in these rules. A marihuana sales location shall report to the agency and law enforcement, if applicable, any other event occurring during marihuana delivery that violates the marihuana delivery procedure as provided in this rule, including marihuana delivery vehicle accidents and diversion of marihuana product.

History: 2020 MR 12, Eff. June 22, 2020.

420.208 Building and fire safety.

Rule 8. (1) An applicant's proposed marihuana business and a licensee's marihuana business are subject to inspection by a state building code official, state fire official, or code enforcement official to confirm that no health or safety concerns are present.

(2) A state building code official, or his or her authorized designee, may conduct preclosure and post-closure inspections to ensure that applicants and licensees comply with the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531; the skilled trades regulation act, 2016 PA 407, MCL 339.5101 to 339.6133; 1967 PA 227, MCL 408.801 to 408.824; and 1976 PA 333, MCL 338.2151 to 338.2160.

(3) An applicant or licensee shall not operate a marihuana business unless a permanent certificate of occupancy has been issued by the appropriate enforcing agency. A temporary certificate of occupancy may be accepted, at the discretion of the agency. Before a certificate of occupancy is issued, work must be completed in accordance with the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531. An applicant or licensee shall comply with both of the following:

(a) An applicant or licensee shall obtain a building permit for any building utilized as a proposed marihuana business or marihuana business as provided in the acts and these rules. The issuance, enforcement, and inspection of building permits under the acts remains with the governmental entity having jurisdiction under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(b) An applicant or licensee shall obtain a building permit for a change of occupancy for an existing building to be utilized as a proposed marihuana business or marihuana business as provided in the acts and these rules.

(4) An applicant or licensee shall not operate a marihuana business unless the proposed marihuana business or marihuana business has passed the preclosure fire safety inspection by the BFS. The state fire marshal, or his or her authorized designee, may conduct preclosure and post-closure inspections of a marihuana business. An applicant or licensee shall comply with the all of the following:

(a) A BFS inspection may be conducted at any reasonable time to ensure fire safety compliance as provided in this rule and subrule (5) of this rule. A BFS inspection may be annual or biannual and may result in the required installation of fire suppression devices or other means necessary for adequate fire safety pursuant to state standards.

(b) The BFS may require a marijuana business to obtain operational permits, including, but not limited to, any of the following:

(i) Carbon dioxide systems used in beverage dispensing applications, amended for cultivation use and extraction.

(ii) Compressed gases.

(iii) Combustible fibers.

(iv) Flammable and combustible liquids.

(v) Fumigation and insecticidal fogging.

(vi) Hazardous materials.

(vii) High piled storage (high rack system cultivation).

(viii) Liquefied petroleum (LP) gas.

(c) For specific installation or systems, BFS may require marijuana businesses to obtain construction permits, including, but not limited to, any of the following:

(i) Building construction.

(ii) Electrical, mechanical, plumbing, boiler, and elevator.

(iii) Compressed gases.

(iv) Flammable and combustible liquids.

(v) Hazardous materials.

(vi) Liquefied petroleum (LP) gas.

(vii) Automatic fire extinguishing/suppression systems.

(viii) Fire alarm and detection systems.

(ix) Related equipment found during fire safety inspections.

(5) The state fire marshal, or his or her authorized designee, may conduct a BFS fire safety inspection of a marijuana business, at any reasonable time to ensure compliance with the national fire protection association (NFPA) standard 1, 2018 edition, entitled "fire code," which is adopted by reference in R 420.202. A licensee shall comply with the NFPA 1 as adopted and the following additional requirements:

(a) Ductwork must be installed with accordance with the Michigan mechanical code, R 408.30901 to R 408.30998.

(b) Suppression systems outlined in NFPA 1 and the Michigan mechanical code, R 408.30901 to R 408.30998, must be installed if required to meet the suppression needs within a marijuana establishment.

(c) Producers, cultivators, laboratories, and marijuana microbusinesses shall implement appropriate exhaust ventilation systems to mitigate noxious gasses or other fumes used or created as part of any production process or operations. Exhaust and ventilation equipment must be appropriate for the hazard involved and must comply with NFPA 1 and Michigan mechanical code, R 408.30901 to R 408.30998.

(6) In addition to meeting all the requirements in subrules (1) to (5) of this rule, cultivators, producers, and marijuana microbusinesses shall also comply with all of the following:

(a) Permit the agency or its authorized agents, or state fire marshal or his or her authorized designee, to enter and inspect a cultivator, producer, and marijuana microbusiness at any reasonable time.

(b) Have conducted, in addition to any inspections required under the acts and these rules, fire safety inspections that are required if any of the following occur:

(i) Modifications to the grow areas, rooms and storage, extraction equipment and process rooms, or marihuana-infused product processing equipment within a marihuana business.

(ii) Changes in occupancy.

(iii) Material changes to a new or existing cultivator, producer, or marihuana microbusiness establishment including changes made prelicensure and post-licensure.

(iv) Changes in extraction methods and processing or grow areas and building structures.

(c) Ensure that extractions using compressed gases of varying materials including, but not limited to, butane, propane, and carbon dioxide that are used in multiple processes in cultivation or extraction meet all of the following:

(i) Flammable gases of varying materials may be used in multiple processes in cultivation or extraction and must meet the requirements in NFPA 58 and the international fuel gas code.

(ii) Processes that extract oil from marihuana plants and marihuana products using flammable gas or flammable liquid must have leak or gas detection measures, or both. All extraction equipment used in the marihuana business and equipment used in the detection of flammable or toxic gases, or both, must be approved by the BFS and may require construction permits.

(iii) Marihuana businesses that have exhaust systems must comply with the NFPA 1 and the Michigan mechanical code, R 408.30901 to R 408.30998.

(7) The requirements of this rule do not apply to the following license types under the Michigan regulation and taxation of marihuana act:

(a) A marihuana event organizer applicant or licensee.

(b) A temporary marihuana event applicant or licensee.

History: 2020 MR 12, Eff. June 22, 2020.

420.209 Security measures; required plan; video surveillance system.

Rule 9. (1) An applicant for a marihuana license to operate a proposed marihuana business shall submit a security plan that demonstrates, at a minimum, the ability to meet the requirements of this rule.

(2) A licensee shall ensure that any person at the marihuana business, except for employees of the licensee, are escorted at all times by the licensee or an employee of the licensee when in the limited access areas and restricted access areas at the marihuana business.

(3) A licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499.

(4) A licensee shall maintain an alarm system at the marihuana business. Upon request, a licensee shall make available to the agency all information related to the alarm system, monitoring, and alarm activity.

(5) A licensee shall have a video surveillance system that, at a minimum, consists of digital or network video recorders, cameras capable of meeting the recording requirements in this rule, video monitors, digital archiving devices, and a color printer capable of delivering still photos.

(6) A licensee shall ensure the video surveillance system does all the following:

(a) Records, at a minimum, the following areas:

(i) Any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

(ii) Limited access areas and security rooms. Transfers between rooms must be recorded.

(iii) Areas storing a surveillance system storage device with not less than 1 camera recording the access points to the secured surveillance recording area.

(iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

(v) The areas of entrance and exit between marihuana businesses at the same location if applicable, including any transfers between marihuana businesses.

(vi) Point of sale areas where marihuana products are sold and displayed for sale.

(vii) Anywhere marihuana or marihuana products are destroyed.

(b) Records at all times images effectively and efficiently of the area under surveillance with a minimum of 720p resolution.

(7) A licensee shall install each camera so that it is permanently mounted and in a fixed location. Each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the marihuana business and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under these rules.

(8) A licensee shall have sufficient lighting to meet the video surveillance system requirements of this rule.

(9) A licensee shall have cameras that record when motion is detected at the marihuana business and record images that clearly and accurately display the time and date.

(10) A licensee shall secure the physical media or storage device on which surveillance recordings are stored in a manner to protect the recording from tampering or theft.

(11) A licensee shall keep surveillance recordings for a minimum of 30 days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

(12) Surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

(13) A licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device.

(14) A licensee shall maintain a log of the recordings, which includes all of the following:

(a) The identities of the employee or employees responsible for monitoring the video surveillance system.

(b) The identity of the employee who removed the recording from the video surveillance system storage device and the time and date removed.

(c) The identity of the employee who destroyed any recording.

(15) The requirements of this rule do not apply to the following license types under the Michigan regulation and taxation of marihuana act:

(a) A designated consumption establishment applicant or licensee.

(b) A marihuana event organizer applicant or licensee.

(c) A temporary marihuana event applicant or licensee.

History: 2020 MR 12, Eff. June 22, 2020.

420.210 Prohibitions.

Rule 10. (1) Except for designated consumption establishments or temporary marihuana events licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules. A licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to these rules.

(2) Except for a designated consumption establishment or temporary marihuana event licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

(3) A licensee shall not reassign or subsequently assign a tag to another package that has been associated with a package in the statewide monitoring system.

(4) A licensee shall not allow a physician to conduct a medical examination or issue a medical certification document at a marihuana business for the purpose of obtaining a registry identification card.

(5) A violation of these rules may result in sanctions or fines, or both, in accordance with the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

420.211 Marihuana product destruction and waste management.

Rule 11. (1) A marihuana product that is to be destroyed or is considered waste must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana product waste with the non-consumable solid waste specified in subdivisions (a) to (h) of this subrule so that the resulting mixture is not less than 50% non-marihuana product waste:

- (a) Paper waste.
- (b) Plastic waste.
- (c) Cardboard waste.
- (d) Food waste.
- (e) Grease or other compostable oil waste.
- (f) Fermented organic matter or other compost activators.
- (g) Soil.

(h) Other waste approved in writing by the agency that will render the marihuana product waste unusable and unrecognizable.

(2) Marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant waste with compostable waste specified in subdivisions (a) to (d) of this subrule so that the resulting mixture is not less than 50% non-marihuana plant waste:

- (a) Food waste.
- (b) Yard waste.
- (c) Vegetable based grease or oils.

- (d) Other compostable wastes approved by the agency.
- (3) A licensee shall manage all waste that is hazardous waste pursuant to part 111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11101 to 324.11153.
- (4) A marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.
- (5) A licensee shall not sell marihuana waste, marihuana plant waste, or marihuana products that are to be destroyed, or that the agency orders destroyed.
- (6) A licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations:
- (a) A licensed municipal solid waste landfill.
 - (b) A registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.
 - (c) An anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.
 - (d) An in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.
- (7) A licensee shall dispose of wastewater generated during the cultivation of marihuana and the processing of marihuana products in a manner that complies with applicable state and local laws and regulations.
- (8) A licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management.
- (9) "As used in this rule, "unrecognizable" means marihuana product rendered indistinguishable from any other plant material.
- (10) Under the Michigan regulation and taxation of marihuana act, a licensed marihuana microbusiness or marihuana retailer who participates in a temporary marihuana event shall destroy and dispose of any marihuana product that is considered waste, and any marihuana plant waste, resulting from the licensee's activities during the event according to the applicable provisions in this rule.
- (11) Except for the marihuana product waste specified in subrule (10) of this rule, a marihuana event organizer who holds a temporary marihuana event under the Michigan regulation and taxation of marihuana act is responsible for destroying and disposing of any marihuana product waste and marihuana plant waste that results from the event. All marihuana waste must be rendered unusable and unrecognizable and disposed of in accordance with this rule and in compliance with all applicable state and local laws and regulations.
- (12) Under the Michigan regulation and taxation of marihuana act, a licensed designated consumption establishment shall destroy and dispose of any marihuana product left at the establishment that is considered waste and any marihuana plant waste, in accordance with this rule and in compliance with all applicable state and local laws and regulations. The designated consumption establishment shall maintain a log of any marihuana product that is considered waste, and marihuana plant waste, which must include a description of the waste and the amount and the

manner in which it was disposed. The designated consumption establishment licensee shall make the log available to the agency upon request.

(13) Nothing in these rules prohibits a grower, with agency approval, from disposing of marihuana plant waste as compost feedstock or in another organic waste method at their marihuana business in compliance with part 111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11101 to 324.11153.

History: 2020 MR 12, Eff. June 22, 2020.

420.212 Storage of marihuana product.

Rule 12. (1) All marihuana products must be stored at a marihuana business in a secured limited access area or restricted access area and must be identified and tracked consistently in the statewide monitoring system under these rules.

(2) All containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

(3) All chemicals or solvents must be stored separately from marihuana products and kept in locked storage areas.

(4) Marihuana-infused products, edible marihuana products, or materials used in direct contact with the marihuana-infused products or edible marihuana products, must have separate storage areas from toxic or flammable materials.

(5) Marihuana products not in final packaging must be stored separately from other types of marihuana product in compliance with these rules.

(6) A marihuana sales location shall store all marihuana products for transfer or sale behind a counter or other barrier separated from stock rooms.

(7) A laboratory shall establish an adequate chain of custody and instructions for sample and storage requirements.

(8) A licensee shall ensure that any stock or storage room meets the security requirements of these rules and any other applicable requirements in the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

420.213 Marihuana microbusiness operation.

Rule 13. As applicable, a marihuana microbusiness licensee shall operate the corresponding areas of a marihuana microbusiness in compliance with the operation requirements of a marihuana retailer, a marihuana grower, or a marihuana processor as provided for in the Michigan regulation and taxation of marihuana act and these rules. A marihuana microbusiness, if engaging in delivery, shall operate in accordance with R 420.207.

History: 2020 MR 12, Eff. June 22, 2020.

420.214 Transfer of marihuana between equivalent licenses.

Rule 14. (1) To ensure marihuana product is available for customers the agency may authorize licensees who hold equivalent licenses under the Michigan regulation and taxation of marihuana act with common ownership to transfer marihuana product ~~from~~**between** the inventory of their marihuana facility and the inventory of their marihuana establishment.

(2) The following licensees who hold the following equivalent licenses with common ownership may accept the transfer of medical marihuana product under subrule (1) of this rule:

- (a) Class A marihuana growers;
- (b) Class B marihuana growers;
- (c) Class C marihuana growers;
- (d) Marihuana processors;
- (e) Marihuana retailers.

(3) The agency shall publish a specific start date, end date, and other requirements for the transfer of marihuana product between equivalent licenses.

(4) A licensee shall transfer marihuana product between equivalent licenses with common ownership in accordance with these rules and any requirements published by the agency.

(5) A licensee shall track the transfer of product between equivalent licenses with common ownership in the statewide monitoring system in accordance with these rules and any requirements published by the agency. Marihuana plants transferred pursuant to this rule count towards the authorized total amount of marihuana plants for a licensed cultivator.

(6) Marihuana product transferred to an equivalent license with common ownership may only be sold or transferred in accordance with the acts and these rules.

(7) A licensee in receipt of transferred marihuana product shall track the marihuana product sold or transferred in accordance with these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420. 215 Severability.

Rule 15. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA SAMPLING AND TESTING

(By authority conferred on the executive director of the marihuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.301 Definitions.

Rule 1. (1) As used in these rules:

(a) “Action limit” means the maximum permissible level of a contaminant in marihuana product allowable by the agency.

(b) “Acts” refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(c) “Agency” means the marijuana regulatory agency.

(d) “Batch” means all marihuana product of the same variety that has been processed together and exposed to substantially similar conditions throughout processing.

(e) “Bureau of fire services” or “BFS” means the bureau of fire services in the department of licensing and regulatory affairs.

(f) “Cultivator” refers to a grower under the medical marihuana facilities licensing act or a marihuana grower under the Michigan regulation and taxation of marihuana act, or both.

(g) “Final form” means the form a marihuana product is in when it is available for sale by a marihuana sales location. For marihuana products intended for inhalation, the marihuana concentrate in the e-cigarette or vaping device.

(h) “Good agricultural collection practices” or “GACP-GMP” means the World Health Organizations or American Herbal Products Associations guidelines regarding the safety, efficacy and sustainability of medicinal plant material being used in herbal medicines.

(i) “Good manufacturing practices” or “GMP” means the Food and Drug Administration’s formal regulations regarding the design, monitoring, control, and maintenance of manufacturing processes and facilities. They are designed to ensure that products manufactured are to specific requirements including identity, strength, quality, and purity.

(j) “Harvest batch” means a designated quantity of harvested marihuana, all of which is identical in strain and has been grown and harvested together and exposed to substantially similar conditions throughout cultivation.

(k) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches produced from a cutting, clipping, tissue culture, or seedling that is in a growing or cultivating medium or in a growing or cultivating container.

(l) “Inactive ingredients” means binding materials, dyes, preservatives, flavoring agents, and any other ingredient that is not derived from the plant Cannabis Sativa L.

(m) “Laboratory” refers to both a safety compliance facility under the medical marihuana facilities licensing act and a marihuana safety compliance facility under the Michigan regulation and taxation of marihuana act.

(n) “Limit of quantitation” or “LOQ” means the minimum concentration or mass of an analyte in a given matrix that can be reported as a quantitative result.

(o) “Marihuana business” refers to a marihuana facility under the medical marihuana facilities licensing act or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(p) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, marihuana designated consumption establishment, or any other type of marihuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(q) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(r) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the act unless otherwise provided for in these rules.

(s) “Marihuana sales location” refers to a provisioning center under the medical marihuana facilities licensing act or a marihuana retailer under the Michigan regulation and taxation of marihuana act, or both.

(t) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(u) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(v) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(w) “Package tag” means an RFID tag supplied through the statewide monitoring system for the purpose of identifying a package containing a marihuana product.

(x) “Plant tag” means an RFID tag supplied through the statewide monitoring system for the purpose of identifying an individual marihuana plant.

(y) “Pre-testing” means performing full compliance testing on samples, then not reporting the results to the agency, and reporting results of subsequent testing to the agency.

(z) “Proficiency testing” determines the performance of individual laboratories for specific tests or measurements and is used to monitor laboratories’ continuing performance.

(aa) “Producer” refers to both a processor under the medical marihuana facilities licensing act and a marihuana processor under the Michigan regulation and taxation of marihuana act.

(bb) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(cc) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying, and verifying marihuana plants, marihuana products, and packages of marihuana product in the statewide monitoring system.

(dd) “Target analyte” means a non-marihuana inactive ingredient designated for analysis.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.302 Adoption by reference.

Rule 2. (1) The following codes, standards, or regulations of nationally recognized organizations or associations are adopted by reference in these rules:

(a) AOAC International Official Methods of Analysis, 21st edition. Copies of the adopted provisions are available for inspection and distribution from AOAC International, 2275 Research Boulevard, Suite 300, Rockville, Maryland, 20850, telephone number 1-800-379-2622, for the price of \$870.00.

(b) National fire protection association (NFPA) standard 1, 2018 edition, entitled “Fire Code” is adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$106.00.

(c) The International Organization for Standardization (ISO), ISO 22000 / ISO/TS 22002-1:2009 - food safety bundle, available for purchase at: <https://webstore.ansi.org/Standards/ISO/ISO22000TS22002FoodSafety>, for the price of \$275.00.

(d) International Organization for Standardization (ISO), ISO/IEC 17025:2017, general requirements for the competence of testing and calibration laboratories available at: <https://webstore.ansi.org/RecordDetail.aspx?sku=ISO%2fIEC+17025%3a2017>, for the price of \$162.00.

(2) The standards adopted in subrule (1)(a) to (d) of this rule are available for inspection and distribution at the agency, located at 2407 North Grand River Avenue, Lansing, MI, 48906. Copies of these standards may be obtained from the agency at the cost indicated in subrule (1)(a) to (d) of this rule, plus shipping and handling.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.303 Batch; identification and testing.

Rule 3. (1) A cultivator shall uniquely identify each immature plant batch with a single plant tag and record the information in the statewide monitoring system. Each immature plant batch must consist of no more than 100 immature plants.

(2) A cultivator shall tag each individual plant that is greater than 8 inches in height from the growing or cultivating medium or more than 8 inches in width with an individual plant tag and record the identification information in the statewide monitoring system.

(3) A cultivator shall separate the plants as the plants go through different growth stages and ensure that the plant tag is always identified with the plant throughout the growth span so that all plants can be easily identified and inspected. A cultivator shall ensure that identification information is recorded in the statewide monitoring system in accordance with the acts, the marihuana tracking act, and these rules.

(4) After a tagged plant is harvested, it is part of a harvest batch so that a sample of the harvest batch can be tested by a licensed laboratory as provided in R 420.304 and R 420.305. A cultivator

shall quarantine a harvest batch from other plants or batches that have test results pending. A harvest batch must be easily distinguishable from other harvest batches until the batch is broken down into packages.

(5) Before the marijuana product leaves the cultivator, except as provided in subrule (6) of this rule, a sample of the harvest batch must be tested by a licensed laboratory as provided in R 420.304 and R 420.305. All test results must indicate passed in the statewide monitoring system before the marijuana is packaged. A marijuana product from harvest batches must not be transferred or sold until tested, packaged, and tagged as required under subrule (4) of this rule. A marijuana product from a harvest batch that fails safety testing may only be sold or transferred under the remediation protocol as provided in R 420.306.

(6) A cultivator may transfer or sell marijuana to a producer without first being tested by a laboratory in order to produce fresh frozen, or if the marijuana product will be refined to a concentrate, with agency approval. After the producer has processed the material, the producer shall have the sample tested pursuant to R 420.304 and R 420.305. The agency may publish guidance for fresh frozen and concentrate production, transfer, and sale.

(7) After test results show a passed test and the harvest batch is packaged, the cultivator shall destroy the individual plant tags. Each package must have a package tag attached. A cultivator shall ensure this information is placed in the statewide monitoring system in accordance with the acts, the marijuana tracking act, and these rules.

(8) A cultivator shall not transfer or sell any marijuana product that has not been packaged with a package tag attached and recorded in the statewide monitoring system in accordance with the acts, the marijuana tracking act, and these rules.

(9) After a producer receives or purchases a package in the statewide monitoring system, and the producer proceeds to process the marijuana product in accordance with the scope of a producer license, the acts, and these rules, the producer shall give the marijuana product a new package tag anytime the marijuana product changes form or is incorporated into something else.

(10) After a package is created by a producer of the marijuana product in its final form, the producer shall have the sample tested pursuant to R 420.304 and R 420.305. The producer shall not transfer or sell a marijuana product to a marijuana sales location until after test results entered into the statewide monitoring system indicate a passed test. Nothing in this subsection prohibits a producer from transferring or selling a package in accordance with the remediation protocol provided by the agency and these rules.

(11) A marijuana sales location may sell or transfer marijuana product only to a marijuana customer under both of the following conditions:

- (a) The marijuana product has received passing test results in the statewide monitoring system.
- (b) The marijuana product bears the label required for retail sale, under the acts and these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.304 Sampling; testing.

Rule 4. (1) A laboratory shall test samples as provided in the acts and these rules.

(2) A laboratory shall collect samples of a marijuana product from another marijuana business, and that marijuana business shall allow the collection of samples for testing, according to the following requirements:

(a) The laboratory shall physically sample the marijuana product from another marijuana business to be tested at the laboratory. A laboratory shall comply with all the following:

(i) The laboratory shall ensure that samples of the marihuana product are identified in the statewide monitoring system and placed in secured, sealed containers that bear the labeling required under these rules.

(ii) The route plan and manifest must be entered into the statewide monitoring system, and a copy must be carried in the transporting vehicle and presented to a law enforcement officer upon request.

(iii) The marihuana must be transported in 1 or more sealed containers and not be accessible while in transit.

(iv) The vehicle a laboratory is using to transport samples of marihuana product must not bear markings or other indication that it is carrying marihuana or a marihuana-infused product.

(b) Except otherwise required by the agency, the laboratory shall collect a sample size that is sufficient to complete all required analyses, and not less than 0.5% of the weight of the harvest batch. Prior to September 1, 2020, the maximum harvest batch size is 15 pounds. From September 1, 2020, through December 31, 2020, the maximum harvest batch size is 20 pounds. From January 1, 2021 through March 31, 2021, the maximum harvest batch is 25 pounds. After March 31, 2021, the maximum harvest batch is 50 pounds. At least 50% of the sample taken must be homogenized for testing. The agency may publish sample sizes for other marihuana products being tested. The laboratory must develop a statistically valid sampling method to collect a representative sample from each batch of marijuana product. The laboratory must have access to the entire batch for the purposes of sampling.

(c) An employee of the marihuana business from which marihuana product test samples are being taken shall be physically present to observe the laboratory employee collect the sample of marihuana product for testing and shall ensure that the sample increments are taken from throughout the batch.

(d) An employee of a marihuana business shall neither assist the laboratory employee nor touch the marihuana product or the sampling equipment while the laboratory employee is obtaining the sample.

(e) After samples have been selected, both the employee of the marihuana business and the employee from the laboratory shall sign and date the chain of custody form, attesting to the sample information below:

(i) Marihuana product name.

(ii) Weight of marihuana product.

(iii) All marihuana products and samples are correctly identified in the statewide monitoring system.

(iv) If the product test sample is obtained for a retest, the laboratory confirms that it is not accepting a product test sample that is prohibited from being retested.

(f) The marihuana business shall enter in the statewide monitoring system the marihuana product test sample that is collected by a licensed laboratory, including the date and time the marihuana product is collected and transferred. The laboratory shall enter into the statewide monitoring system the test results within 3 business days of test completion.

(g) If a testing sample is collected from a marihuana business for testing in the statewide monitoring system, that marihuana business shall quarantine the marihuana product that is undergoing the testing from any other marihuana product at the marihuana business. The quarantined marihuana product must not be packaged, transferred, or sold until passing test results are entered into the statewide monitoring system.

(h) Any marijuana product that a laboratory collects for testing from a licensee under this rule must not be transferred or sold to any other marijuana business other than the licensee from whom the sample was collected. This provision does not apply to a laboratory who engages another laboratory to perform certain safety tests on a subcontracted basis.

(i) A laboratory may collect additional sample material from the same licensee from which the original sample was collected for the purposes of completing the required safety tests as long as the requirements of this rule are met.

(j) The agency may publish guidance that shall be followed by marijuana businesses for chain of custody documentation.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.305 Testing; laboratory requirements.

Rule 5. (1) A laboratory shall do all of the following:

(a) Become fully accredited to the International Organization for Standardization (ISO), ISO/IEC 17025:2017 by an International Laboratory Accreditation Cooperation (ILAC) recognized accreditation body or by an entity approved by the agency within 1 year after the date the laboratory license is issued and agree to have the inspections and reports of the International Organization for Standardization made available to the agency.

(b) Maintain internal standard operating procedures for the required safety tests in subrule (3) of this rule and for sampling of marijuana and marijuana products that conform to ISO/IEC 17025:2017 standards and have been approved by the agency.

(c) Maintain a quality control and quality assurance program that conforms to ISO/IEC 17025:2017 standards and meets the requirements established by the agency.

(2) A laboratory shall use analytical testing methodologies for the required safety tests in subrule (3) of this rule that are validated by an independent third party and may be monitored on an ongoing basis by the agency or a third party. In the absence of reference to compendia or published methods, Appendix K of Official Methods of Analysis authored by the Association of Official Analytical Chemists must be published in full. The agency shall approve the validated methodology used by the laboratory and confirm that it produces scientifically accurate results for each safety test it conducts.

(3) A laboratory shall conduct the required safety tests specified in subdivisions (a) to (i) of this subrule on marijuana product that is part of the harvest batch as specified in R 420.303, except as provided in subrule (4). After the testing on the harvest batch is completed, the agency may publish a guide indicating which of the following safety tests are required based on product type when the marijuana product has changed form:

(a) Potency analysis performed just as the marijuana product is without any corrective factor taken for moisture content that includes concentrations of the following:

(i) Tetrahydrocannabinol (THC).

(ii) Tetrahydrocannabinol acid (THC-A).

(iii) Cannabidiol (CBD).

(iv) Cannabidiol acid (CBD-A).

(v) Additional cannabinoids, which may be tested with approval from the agency.

(b) Foreign matter inspection.

(c) Microbial screening.

(d) Chemical residue testing that includes all of the following:

- (i) Pesticides.
 - (ii) Fungicides.
 - (iii) Insecticides.
 - (e) Heavy metals testing as required in this rule.
 - (f) Residual solvents. The agency shall publish a list of required residual solvents to be tested for and their action limits.
 - (g) Water activity.
 - (h) Under the medical marijuana facilities licensing act, mycotoxin screening if requested by the agency.
 - (i) Target analytes if requested by the agency. The agency shall publish a list of required target analytes to be tested for and their LOQs.
- (4) All marijuana producers may become certified to GMP by an ISO 17065 accreditation body. This accreditation may enable the licensee certain allowances with testing. The agency will publish those allowances and information on how to obtain approval for allowances. The standard used for certification for GMP must be American National Standards Institute (ANSI) accredited or equivalent.
- (5) All marijuana cultivators may become certified to GACP-GMP by an accrediting body. This accreditation may enable the licensee certain allowances with testing. The agency will publish these allowances and information on how to obtain approval for allowances. The standard used for certification for GACP-GMP must be World Health Organization and American Herbal Products Association or equivalent.
- (6) Except as otherwise provided in 420.306, if a sample collected pursuant to R 420.304 or provided to a laboratory pursuant to these rules does not pass the required safety tests, the marijuana business that provided the sample shall dispose of the entire batch from which the sample was taken and document the disposal of the sample using the statewide monitoring system pursuant to the acts and these rules.
- (7) A laboratory shall conduct residual solvent testing on batches of marijuana concentrates and marijuana-infused products. The agency shall publish a list of required residual solvents to be tested for and their action limits.
- (8) A laboratory shall maintain any marijuana samples for at least 30 days after test completion and dispose of the resulting waste in accordance with R 420.209.
- (9) Potency shall include the following cannabinoid concentrations listed in subdivisions (a) to (f), subject to subdivisions (g) and (h):
- (a) THC concentration.
 - (b) THC-A concentration.
 - (c) Total THC. The following calculation must be used for calculating Total THC, where M is the mass or mass fraction of delta-9 THC or delta-9 THC-A:
$$M \text{ total delta-9 THC} = M \text{ delta-9 THC} + 0.877 \times M \text{ delta-9 THC-A.}$$
 - (d) CBD concentration.
 - (e) CBD-A concentration.
 - (f) Total CBD. The following calculation must be used for calculating Total CBD, where M is the mass or mass fraction of CBD and CBD-A:
$$M \text{ total CBD} = M \text{ CBD} + 0.877 \times M \text{ CBD-A.}$$
 - (g) For marijuana and marijuana concentrates total THC and total CBD must be reported in percentages.

(h) For marihuana infused products potency must be reported as Delta-9-THC and CBD in milligrams (mg) per serving under MRTMA and in milligrams (mg) per dose under MMFLA.

(10) The agency shall publish a list of action limits for the required safety tests in subrule (3) of this rule, except for potency. A marihuana sample with a value that exceeds the published action limit is considered to be a failed sample. A marihuana sample that is at or below the action limit is considered to be a passing sample.

(11) For the purposes of chemical residue testing and target analyte testing, the agency shall publish a list of quantification levels. Any result that exceeds the active limit is a failed sample.

(12) If a sample provided to a laboratory pursuant to this rule and R 420.304 passes the safety tests required under subrule (3) of this rule, the laboratory shall enter the information in the statewide monitoring system of passed test results within 3 business days of test completion. Passed test results must be in the statewide monitoring system for a batch to be released for immediate processing, packaging, and labeling for transfer or sale in accordance with the acts and these rules.

(13) A laboratory shall enter the results into the statewide monitoring system and file with the agency within 3 business days of test completion.

(14) The agency shall establish a proficiency testing program and designate laboratory participation. All laboratories must participate in the program. A laboratory shall analyze proficiency test samples using the same procedures with the same number of replicate analyses, standards, testing analysts, and equipment as used for marihuana product testing. A laboratory shall successfully analyze a set of proficiency testing samples not less than annually. A laboratory shall have annual proficiency testing submitted directly to the agency from the proficiency testing vendor for review. The agency will not accept copies. All failed proficiency tests must include corrective action documentation and an additional acceptable proficiency test. Proficiency test results must be conveyed as numerical accuracy percentages, not simply as PASS/FAIL results. Actual PASS/FAIL results must be calculated based on accuracy thresholds generated by reproducibility studies specific to each assay.

(15) The agency shall take immediate disciplinary action against any laboratory that falsifies records or does not comply with the provisions of this rule, including sanctions or fines, or both.

(16) A laboratory shall not do any of the following:

(a) Desiccate samples.

(b) Pre-test samples.

(17) A laboratory shall comply with random quality assurance compliance checks upon the request of the agency. The agency or its authorized agents may collect a random sample of a marihuana product from a laboratory or designate another laboratory to collect a random sample of a marihuana product in a secure manner to test that sample for compliance pursuant to these rules.

(18) A laboratory may perform terpene analysis on a marihuana product by a method approved by the agency. There are no established safety standards for this analysis.

(19) A laboratory shall comply with investigations to ensure the health and safety of the public. At the request of the agency, a laboratory may be requested to perform testing as part of an investigation.

(20) Under the medical marihuana facilities licensing act, the agency may request mycotoxin testing. A marihuana sample with a value that exceeds the published acceptable level is considered to be a failed sample. A marihuana sample that is below the acceptable value is considered to be a passing sample.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.306 Testing marihuana product after failed initial safety testing and remediation.

Rule 6. (1) A laboratory may test marihuana product that has failed initial safety testing, except as indicated under subrule (3) of this rule.

(2) A failed marihuana product must pass 2 separate tests with new samples consecutively to be eligible to proceed to sale or transfer.

(3) The agency may publish a remediation protocol including, but not limited to, the sale or transfer of marihuana product after a failed safety test as provided in these rules.

(4) The marihuana business that provided the sample is responsible for all costs involved in a retest.

History: 2020 MR 12, Eff. June 22, 2020.

R. 420.307 Research and development testing.

Rule 7. (1) As used in this rule, “research and development testing” means optional testing performed before final compliance testing.

(2) Except for R 420.304(2)(b), when performing research and development testing, the laboratory must comply with these rules.

(3) Punitive action shall not be taken against a marihuana business for conducting research and development testing.

(4) The agency may publish guidance for research and development testing that must be followed by all marihuana businesses.

(5) All research and development testing must be entered into the statewide monitoring system.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.308 Severability.

Rule 8. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA-INFUSED PRODUCTS AND EDIBLE MARIHUANA PRODUCT

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.401 Definitions

Rule 1. (1) As used in these rules:

(a) "Acts" refers to the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) "Agency" means the marijuana regulatory agency.

(c) "Employee" means a person performing work or service for compensation. "Employee" does not include individuals providing trade or professional services who are not normally engaged in the operation of a marijuana establishment.

(d) "Final package" means the form a marijuana product is in when it is available for sale by a marijuana sales location.

(e) "Inactive ingredients" means binding materials, dyes, preservatives, flavoring agents, and any other ingredient that is not derived from the plant Cannabis Sativa L.

(f) "Marijuana business" refers to a marijuana facility under the medical marijuana facilities licensing act or a marijuana establishment under the Michigan regulation and taxation of marijuana act, or both.

(g) "Marijuana establishment" means a location at which a licensee is licensed to operate a marijuana grower, marijuana safety compliance facility, marijuana processor, marijuana microbusiness, marijuana retailer, marijuana secure transporter, marijuana designated consumption establishment, or any other type of marijuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marijuana act.

(h) "Marijuana facility" means a location at which a licensee is licensed to operate under the medical marijuana facilities licensing act.

(i) "Marijuana product" means marijuana or a marijuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(j) "Marijuana sales location" refers to a provisioning center under the medical marijuana facilities licensing act or a marijuana retailer under the Michigan regulation and taxation of marijuana act, or both.

(k) "Marijuana tracking act" means the marijuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(l) "Medical marijuana facilities licensing act" or "MMFLA" means the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(m) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(n) “Producer” refers to both a processor under the medical marihuana facilities licensing act and a marihuana processor under the Michigan regulation and taxation of marihuana act.

(o) “Records of formulation” means the documentation that includes at a minimum: the ingredients, recipe, processing in order to be shelf stable, Certificates of Analysis for any ingredient used, and description of the process in which all ingredients are combined to produce a final package.

(p) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(q) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying, and verifying marihuana plants, marihuana products, and packages of marihuana product in the statewide monitoring system.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.402 Adoption by reference.

Rule 2. (1) The following codes, standards, or regulations of nationally recognized organizations or associations are adopted by reference in these rules:

(a) National fire protection association (NFPA) standard 1, 2018 edition, entitled “Fire Code” is adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$106.00.

(b) The International Organization for Standardization (ISO), ISO 22000 / ISO/TS 22002-1:2009 - food safety bundle, available for purchase at: <https://webstore.ansi.org/Standards/ISO/ISO22000TS22002FoodSafety>, for the price of \$275.00.

(c) International Organization for Standardization (ISO), ISO/IEC 17025:2017, general requirements for the competence of testing and calibration laboratories available at: <https://webstore.ansi.org/RecordDetail.aspx?sku=ISO%2fIEC+17025%3a2017>, for the price of \$162.00.

(2) The standards adopted in subrule (1)(a) to (c) of this rule are available for inspection and distribution at the agency, located at 2407 North Grand River Avenue, Lansing, MI, 48906. Copies of these standards may be obtained from the agency at the cost indicated in subrule (1)(a) to (c) of this rule, plus shipping and handling.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.403 Requirements and restrictions on marihuana-infused products; edible marihuana product.

Rule 3. (1) A producer shall package and properly label marihuana-infused products before sale or transfer.

(2) Marihuana-infused products processed under these rules must be homogenous. The allowable variation for weight and THC and CBD concentrations between the actual results and the intended serving is to be + or – 15%. The agency shall publish guidelines for a producer to follow to verify the marihuana-infused product is homogeneous.

(3) A producer of marihuana-infused products shall list and record the THC concentration and CBD concentration of marihuana-infused products, as provided in Rule 420.305 and subrule (4) of this rule, in the statewide monitoring system and indicate the THC concentration and CBD concentration on the label along with the tag identification as required under these rules.

(4) Marihuana-infused products that are part of a product recall issued in the statewide monitoring system, or by the agency or other state agency, if applicable, are subject to all of the following requirements:

(a) Must be immediately pulled from production by the producer of the marihuana-infused product.

(b) Must be immediately removed from the sales area of a marihuana sales location.

(c) Must not be sold or transferred.

(5) Marihuana-infused products must be stored and secured as prescribed under these rules.

(6) All non-marihuana inactive ingredients must be clearly listed on the product label. Inactive ingredients must be approved by the FDA for the intended use, and the concentration must be less than the maximum concentration listed in the FDA Inactive Ingredient database for the intended use.

(7) A producer shall label all marihuana-infused product with all of the following:

(a) The name of the marihuana-infused product.

(b) The ingredients of the marihuana-infused product, in descending order of predominance by weight.

(c) The net weight or net volume of the product.

(d) For an edible marihuana product, the marihuana processor shall comply with subdivisions (a) to (c) of this subrule and all of the following:

(i) Allergen labeling as specified by the Food and Drug Administration (FDA), Food Allergen Labeling and Consumer Protection Act of 2004 (FALCPA), 21 USC 343.

(ii) If any health or nutritional claim is made, appropriate labeling as specified by the federal regulations regarding Food Labeling, 21 CFR part 101.

(8) A producer of edible marihuana product shall comply with all the following to ensure safe preparation:

(a) Current Good Manufacturing Practice, Hazard Analysis, and Risk-Based Preventative Controls for Human Food, 21 CFR part 117. Any potentially hazardous ingredients used to process shelf-stable edible marihuana products must be stored at 40 degrees Fahrenheit, 4.4 degrees Celsius, or below.

(b) Current Good Manufacturing Practice in Manufacturing, Packaging, or Holding Human Food, 21 CFR part 110. A marihuana business shall ensure that any handling of marihuana product is compliant.

(c) Keep formulation records for all marihuana products. These records at a minimum must include the recipe, any additional processing in order to be shelf stable, and test results for any ingredients used.

(d) Provide annual employee training for all employees on safe food handling and demonstrate an employee's completion of this training by providing proof of food handler certification that includes documentation of employee food handler training, including, but not limited to, allergens and proper sanitation and safe food handling techniques. Any course taken pursuant to this rule must be conducted for not less than 2 hours and cover all of the following subjects:

- (i) Causes of foodborne illness, highly susceptible populations, and worker illness.
- (ii) Personal hygiene and food handling practices.
- (iii) Approved sources of food.
- (iv) Potentially hazardous foods and food temperatures.
- (v) Sanitization and chemical use.
- (vi) Emergency procedures, including, but not limited to, fire, flood, and sewer backup.

(e) Have an employee who is certified as a Food Protection Manager.

(f) To ensure compliance with the safe preparation standards under this subrule, comply with 1 or more of the following:

(i) The FDA food safety modernization act, 21 USC 2201 to 2252.

(ii) The International Organization for Standardization (ISO), ISO 22000/ISO/TS 22002-1 adopted by reference pursuant to R 420.402.

(g) If requested as provided in this subdivision, provide to the agency documentation to verify certifications and compliance with these rules. The agency may request in writing documentation to verify certifications and compliance with these rules.

(9) A producer of edible marihuana product shall comply with all the following:

(a) Edible marihuana product packages shall not be in a shape or labeled in a manner that would appeal to minors aged 17 years or younger. Edible marihuana products shall not be associated with or have cartoons, caricatures, toys, designs, shapes, labels, or packaging that would appeal to minors.

(b) Edible marihuana products shall not be easily confused with commercially sold candy. The use of the word candy or candies on the packaging or labeling is prohibited. Edible marihuana products shall not be in the distinct shape of a human, animal, or fruit, or a shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings. Edible marihuana products that are geometric shapes and simply fruit flavored are permissible.

(c) An edible marihuana product must be in opaque, child-resistant packages or containers that meet the effectiveness specifications outlined in 16 CFR 1700.15. An edible marihuana product containing more than one serving must be in a resealable package or container that meets the effectiveness specifications outlined in 16 CFR 1700.15.

(10) A producer shall not produce an edible marihuana product that requires time and temperature control for safety. The agency may publish validation guidance for shelf stable edible marihuana product. The agency may request to review the validation study for a shelf stable edible marihuana product. The end product must be a shelf stable edible marihuana product and state the following information:

(a) A product expiration date, upon which the marihuana product is no longer fit for consumption. Once a label with an expiration date has been affixed to a marihuana product, a licensee shall not alter that expiration date or affix a new label with a later expiration date.

(b) Any other information requested by the agency that is not inconsistent with the acts and these rules.

(11) As used in this rule, the term “edible marihuana product” means any marihuana-infused product containing marihuana that is intended for human consumption in a manner other than smoke inhalation.

(12) This rule does not affect the application of any applicable local, state, or federal laws or regulations.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.404 Maximum THC concentration for marihuana-infused products.

Rule 4. A marihuana sales location shall not sell or transfer marihuana-infused products that exceed the maximum THC concentrations established by the agency by more than 10%. For the purposes of maximum THC concentrations for marihuana-infused products, the agency shall publish a list of maximum THC concentrations and serving size limits.

History: 2020 MR 12, Eff. June 22, 2020.

R 420. 405 Severability.

Rule 5. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA SALE OR TRANSFER

(By authority conferred on the executive director of the marihuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.501 Definitions.

Rule 1. (1) As used in these rules:

(a) “Acts” refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967 when applicable.

(b) “Administrative hold” means a status given to marihuana product by the agency during an investigation into alleged violations of the acts and these rules. This status includes no sale or transfer of the marihuana product until the hold is lifted.

(c) “Agency” means the marijuana regulatory agency.

(d) “Batch” means all marihuana product of the same variety that has been processed together and exposed to substantially similar conditions throughout processing.

(e) “Cultivator” means a grower under the medical marihuana facilities licensing act or a marihuana grower under the Michigan regulation and taxation of marihuana act, or both.

(f) “Designated consumption establishment” means a commercial space that is licensed by the agency and authorized to permit adults 21 years of age and older to consume marihuana products at the location indicated on the state license.

(g) “Employee” means a person performing work or service for compensation. “Employee” does not include individuals providing trade or professional services who are not normally engaged in the operation of a marihuana business.

(h) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches produced from a cutting, clipping, tissue culture, or seedling that is in a growing or cultivating medium or in a growing or cultivating container.

(i) “Internal product sample” means a sample of products possessed by a cultivator, producer, or marihuana sales location that is provided directly to an employee for the purpose of ensuring product quality and making determinations about whether to sell the marihuana product.

(j) “Laboratory” refers to a safety compliance facility under the medical marihuana facilities licensing act or a marihuana safety compliance facility under the Michigan regulation and taxation of marihuana act, or both.

(k) “Marihuana business” refers to a marihuana facility under the medical marihuana facilities licensing act or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(l) “Marihuana customer” refers to a registered qualifying patient or registered primary caregiver under the medical marihuana facilities licensing act, or an individual 21 years of age or older under the Michigan regulation and taxation of marihuana act, or both.

(m) “Marihuana equivalent” means usable marihuana equivalent as that term is defined in section 3(o) of the Michigan medical marihuana act, MCL 333.26424.

(n) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, or any other type of marihuana related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(o) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(p) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(q) “Marihuana sales location” refers to a provisioning center under the medical marihuana facilities licensing act, or a marihuana retailer or marihuana microbusiness under the Michigan regulation and taxation of marihuana act, or both.

(r) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(s) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(t) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(u) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(v) “Package tag” means an RFID tag supplied through the statewide monitoring system for the purpose of identifying a package containing a marihuana product.

(w) “Plant” means that term as defined in section 102 of the MMFLA, MCL 333.27102, unless otherwise defined in these rules.

(x) “Producer” means a processor under the medical marihuana facilities licensing act or a marihuana processor under the Michigan regulation and taxation of marihuana act, or both.

(y) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(z) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying, and verifying marihuana plants, marihuana products, and packages of marihuana products in the statewide monitoring system.

(aa) “Trade sample” means a sample of marihuana products provided to licensees by a cultivator or producer for the purpose of determining whether to purchase the marihuana product.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

R 420.502 Tracking identification; labeling requirements; general.

Rule 2. (1) All marihuana products sold or transferred between marihuana businesses must have the tracking identification numbers that are assigned by the statewide monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and these rules.

(2) To ensure access to safe sources of marihuana products, the agency, if alerted in the statewide monitoring system, may place an administrative hold on marihuana products, recall marihuana products, issue safety warnings, and require a marihuana business to provide information material or notifications to a marihuana customer at the point of sale.

(3) A marihuana business shall not sell or transfer marihuana product that has been placed on administrative hold, recalled, or ordered to be destroyed.

(4) A marihuana business must verify in the statewide monitoring system, prior to any sale or transfer, that the marihuana product has not been placed on an administrative hold, recalled, or ordered to be destroyed.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.503 Marihuana plant; tracking requirements

Rule 3. Before a marihuana plant is sold or transferred, a package tag must be affixed to the plant or plant container and enclosed with a tamper proof seal that includes all of the following information:

(a) Business or trade name, licensee number, and the RFID package tag assigned by the statewide monitoring system that is visible.

(b) Name of the strain.

(c) Date of harvest, if applicable.

(d) Seed strain, if applicable.

(e) Universal symbol, if applicable.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.504 Marihuana product sale or transfer; labeling and packaging requirements.

Rule 4. (1) Before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information:

(a) The name and the state license number of the producer, including business or trade name, and tag and source number as assigned by the statewide monitoring system.

(b) The name and the marihuana license number of the licensee that packaged the product, including business or trade name, if different from the producer of the marihuana product.

(c) The unique identification number for the package or the harvest, if applicable.

(d) Date of harvest, if applicable.

(e) Name of strain, if applicable.

(f) Net weight in United States customary and metric units.

(g) Concentration of Tetrahydrocannabinol (THC) and cannabidiol (CBD) as reported by the laboratory after potency testing along with a statement that the actual value may vary from the reported value by 10%.

- (h) Activation time expressed in words or through a pictogram.
- (i) Name of the laboratory that performed any test, ~~any associated test batch number,~~ and any test analysis date.
- (j) The universal symbol for marihuana product published on the agency's website.
- (k) A warning that states all the following:
 - (i) "It is illegal to drive a motor vehicle while under the influence of marihuana."
 - (ii) "National Poison Control Center 1-800-222-1222."
 - (iii) For products being sold by a licensee under the medical marihuana facilities licensing act that exceed the maximum THC levels allowed for products sold under MRTMA, "For use by registered qualifying patients only. Keep out of reach of children."
 - (iv) For all other products being sold by a licensee "For use by individuals 21 years of age or older or registered qualifying patients only. Keep out of reach of children."
- (2) An edible marihuana product sold by a marihuana sales location shall comply with R 420.403(7).

History: 2020 MR 12, Eff. June 22, 2020.

R 420.505 Sale or transfer; marihuana sales location.

Rule 5. (1) A marihuana sales location may sell or transfer marihuana or a marihuana product to a marihuana customer if all of the following are met:

- (a) The marihuana product has not been placed on administrative hold, recalled, or ordered to be destroyed.
- (b) The licensee confirms that the marihuana customer presented his or her valid driver's license or government-issued identification card that bears a photographic image of the qualifying patient or primary caregiver, under the medical marihuana facilities licensing act; or bears a photographic image and proof that the individual is 21 years of age or older, under the Michigan regulation and taxation of marihuana act.
- (c) The licensee determines the completed transfer or sale will not exceed the purchasing limit prescribed in R 420.506.
- (d) Any marihuana product that is sold or transferred under this rule has been tested in accordance with R 420.305 and is labeled and packaged for sale or transfer in accordance with R 420.504.
- (e) A licensee selling marihuana product pursuant to the medical marihuana facilities licensing act verifies with the statewide monitoring system that the registered qualifying patient or registered primary caregiver holds a valid, current, unexpired, and unrevoked registry identification card.

(2) A marihuana sales location shall enter all transactions, current inventory, and other information required by these rules in the statewide monitoring system in compliance with the acts and these rules. The marihuana sales location shall maintain appropriate records of all sales or transfers under the acts and these rules and make them available to the agency upon request.

(3) A provisioning center licensed under the medical marihuana facilities licensing act may sell or transfer a marihuana product to a visiting qualifying patient if all of the following are met:

- (a) The licensee verifies that the visiting qualifying patient has a valid unexpired medical marihuana registry card, or its equivalent issued in another state, district, territory, commonwealth, or insular possession of the United States that allows the medical use of marihuana.

(b) The licensee confirms that the visiting qualifying patient presented his or her valid driver license or government-issued identification card that bears a photographic image of the visiting qualifying patient.

(c) The licensee determines, if completed, that any transfer or sale will not exceed the purchasing limit prescribed in R 420.506.

(d) Any marihuana product that is sold or transferred under this rule has been tested in accordance with R 420.305 and is labeled and packaged for sale or transfer in accordance with R 420.504.

(e) As used in this subrule, “visiting qualifying patient” means that term as defined in section 3 of the Michigan medical marihuana act, MCL 333.26423.

(4) A marihuana retailer or microbusiness licensed under the Michigan regulation and taxation of marihuana act is not required to retain information from customers other than the following:

- (a) Payment method.
- (b) Amount of payment.
- (c) Time of sale.
- (d) Product quantity.
- (e) Other product descriptors.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.506 Purchasing limits; transactions; marihuana sales location

Rule 6. (1) Before the sale or transfer of marihuana product to a registered qualifying patient or registered primary caregiver, under the medical marihuana facilities licensing act, the licensee shall verify in the statewide monitoring system that the sale or transfer does not exceed either of the daily purchasing limits as follows:

(a) For a registered qualifying patient, an amount of marihuana product that does not, in total, exceed 2.5 ounces of marihuana or marihuana equivalent per day.

(b) For a registered primary caregiver, an amount of marihuana product that does not, in total, exceed 2.5 ounces of marihuana or marihuana equivalent per day for each registered qualifying patient with whom he or she is connected through the agency’s registration process.

(2) Before the sale or transfer of marihuana product to a registered qualifying patient or registered primary caregiver, under the medical marihuana facilities licensing act, the licensee shall verify in the statewide monitoring system that the sale or transfer does not exceed the monthly purchasing limit of 10 ounces of marihuana product per month to a qualifying patient, either directly or through the qualifying patient’s registered primary caregiver.

(3) A marihuana retailer, under the Michigan regulation and taxation of marihuana act, is prohibited from making a sale or transferring marihuana to an adult 21 years of age or older in a single transaction that exceeds 2.5 ounces, except that not more than 15 grams of marihuana may be in the form of marihuana concentrate.

(4) A marihuana sales location may sell no more than 3 immature plants to a marihuana customer per transaction.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.507 Marketing and advertising restrictions.

Rule 7. (1) A marihuana product may only be advertised or marketed in a way that complies with all municipal ordinances, state law, and these rules that regulate signs and advertising.

(2) Marihuana product must not be advertised in a way that is deceptive, false, or misleading. A person shall not make any deceptive, false, or misleading assertions or statements on any marihuana product, sign, or document provided.

(3) Marihuana product marketing, advertising, packaging, and labeling must not contain any claim related to health or health benefits, unless a qualified health claim has received and complies with a Letter of Enforcement Discretion issued by the United States Food and Drug Administration (FDA), or the health claim has been approved under the significant scientific agreement standard by the FDA.

(4) Marihuana product must not be advertised or marketed to members of the public unless the person advertising the product has reliable evidence that no more than 30 percent of the audience or readership for the television program, radio program, internet website, or print publication, is reasonably expected to be under the age listed in subrules (7) and (8) of this rule. Any marihuana product advertised or marketed under this rule must include the warnings listed in R 420.504(1)(k).

(5) A person receiving reasonable payment under a licensing agreement or contract approved by the agency concerning the licensing of intellectual property, including, but not limited to, brands and recipes, is responsible for any marketing or advertising undertaken by either party to the agreement.

(6) A marihuana product under the medical marihuana facilities licensing act must be marketed or advertised as “medical marihuana” for use only by registered qualifying patients or registered primary caregivers-

(7) A marihuana product under the medical marihuana facilities licensing act must not be marketed or advertised to minors aged 17 years or younger. Sponsorships targeting individuals aged 17 years or younger are prohibited.

(8) A marihuana product under the Michigan regulation and taxation of marihuana act must be marketed or advertised as “marihuana” for use only by individuals 21 years of age or older.

(9) A marihuana product under the Michigan regulation and taxation of marihuana act must not be marketed or advertised to individuals under 21 years of age. Sponsorships targeting individuals under 21 years of age are prohibited.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.508 Trade samples.

Rule 8. (1) The following licensees may provide trade samples:

(a) A cultivator may provide samples of marihuana products to a producer or a marihuana sales location.

(b) A producer may provide samples of marihuana products to a producer or marihuana sales location.

(2) The transfer of trade samples does not require the use of a secure transporter under the MMFLA or a marihuana secure transporter under the MRTMA if the amount of trade samples does not exceed either:

(a) 15 ounces of marihuana.

(b) 60 grams of marihuana concentrate.

(3) Trade samples must not be sold to another licensee or consumer.

(4) Any sample provided to another licensee or received by a licensee must be recorded in the statewide monitoring system.

(5) Any trade samples provided under this rule must be tested in accordance with these rules prior to being transferred to another licensee.

(6) A licensee is limited to providing the following aggregate amounts of trade samples to another licensee in a 30-day period:

(a) 2.5 ounces of marihuana.

(b) 15 grams of marihuana concentrate.

(7) Any sample given to a licensee must have a label containing the following in a legible font:

(a) A statement that reads: “TRADE SAMPLE NOT FOR RESALE” in bold, capital letters attached to the trade sample.

(b) All other information required in R 420.403.

(8) A licensee who receives a trade sample may distribute the trade sample to its employees to determine whether to purchase the marihuana product.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.509 Internal product samples.

Rule 9. (1) A cultivator, producer, marihuana sales location, or marihuana microbusiness may provide internal product samples directly to its employees for the purpose of ensuring product quality and making determinations about whether to sell the marihuana product.

(2) Internal product samples may not be transferred or sold to another licensee or consumer.

(3) Any internal product sample provided under this rule must be recorded in the statewide monitoring system.

(4) A cultivator is limited to providing a total of 1 ounce of internal product samples to each of their employees in a 30-day period.

(5) A producer is limited to providing a total of 2 grams of marihuana concentrate and marihuana infused products with a total THC content of 2000 mgs of internal product samples to each of their employees in a 30-day period.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.510 Product development.

Rule 10. (1) A cultivator or producer may engage in product development. No other marihuana business may engage in product development.

(2) A cultivator may designate marihuana plants for product development. Any marihuana plants designated for product development count towards the authorized total amount of marihuana plants for a cultivator and must be tracked in the statewide monitoring system.

(3) A producer may designate marihuana concentrate for product development. Any marihuana concentrates designated for product development must be tracked in the statewide monitoring system.

(4) A licensee engaged in product development may submit their product development inventory to a laboratory for research and development testing in accordance with these rules.

(5) Disciplinary action shall not be taken against a licensee for failed research and development test results on their product development inventory.

(6) A licensee authorized under this rule to engage in product development may transfer its product development inventory to its employees for consumption. A licensee shall have product development inventory tested pursuant to R 420.304 and R 420.305 before transfer to its employees. The licensee shall not transfer or sell product development inventory to a marijuana sales location until after test results in the statewide monitoring system indicate a passed test. Any product development inventory that is not properly transferred to an employee must be destroyed pursuant to these rules.

(7) The inventory designated for product development may not be consumed or used on the premises of the licensee.

(8) A licensee shall not transfer or sell inventory designated for product development to a marijuana sales location, or to a marijuana customer, until after test results in the statewide monitoring system indicate a passed test.

(9) A licensee authorized under this rule to engage in product development may also engage in a research study with a college, university, or hospital approved by the United States Food and Drug Administration and sponsored by a non-profit organization or researcher within an academic institution researching marijuana. A licensee's participation in a research study must be approved by the agency.

(10) A licensee participating in an approved research study shall track all marijuana product involved in the research study in the statewide monitoring system.

History: 2020 MR 12, Eff. June 22, 2020.

R 420. 511 Severability.

Rule 11. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA EMPLOYEES

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.601 Definitions.

Rule 1. (1) As used in these rules:

(a) “Acts” refers to the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) “Agency” means the marijuana regulatory agency.

(c) “Designated consumption establishment” means a commercial space that is licensed by the agency and authorized to permit adults 21 years of age and older to consume marijuana products at the location indicated on the state license.

(d) “Employee” means, except as otherwise provided in these rules, a person performing work or service for compensation. “Employee” does not include individuals providing trade or professional services who are not normally engaged in the operation of a marijuana establishment.

(e) “Limited access area” means a building, room, or other contiguous area of a marijuana business where marijuana is grown, cultivated, stored, weighed, packaged, sold, or processed for sale and that is under the control of the licensee.

(f) “Marijuana business” refers to a marijuana facility under the medical marijuana facilities licensing act or a marijuana establishment under the Michigan regulation and taxation of marijuana act, or both.

(g) “Marijuana customer” refers to a registered qualifying patient under the medical marijuana facilities licensing act, a registered primary caregiver under the medical marijuana facilities licensing act, or an individual 21 years of age or older under the Michigan regulation and taxation of marijuana act, or all 3.

(h) “Marijuana establishment” means a location at which a licensee is licensed to operate a marijuana grower, marijuana safety compliance facility, marijuana processor, marijuana microbusiness, marijuana retailer, marijuana secure transporter, marijuana designated consumption establishment, or any other type of marijuana related business licensed to operate by the agency under the Michigan regulation and taxation of marijuana act.

(i) “Marijuana event organizer” means a person licensed to apply for a temporary marijuana event license under these rules.

(j) “Marijuana facility” means a location at which a licensee is licensed to operate under the medical marijuana facilities licensing act.

(k) “Marijuana product” means marijuana or a marijuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(l) “Marihuana sales location” refers to a provisioning center under the medical marihuana facilities licensing act or a marihuana retailer or marihuana microbusiness under the Michigan regulation and taxation of marihuana act, or both.

(m) “Medical marihuana facilities license act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(n) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(o) “These rules” means the administrative rules promulgated by the Marijuana Regulatory Agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2.

(p) “Temporary marihuana event license” means a state license held by a marihuana event organizer under the Michigan regulation and taxation of marihuana act, for an event where the onsite sale or consumption of marihuana products, or both, are authorized at the location indicated on the state license.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.602 Employees; requirements.

Rule 2. (1) A licensee shall conduct a criminal history background check on any prospective employee before hiring that individual. A licensee shall keep records of the results of the criminal history background checks for the duration of the employee’s employment with the licensee. A licensee shall record confirmation of criminal history background checks and make the confirmation available for inspection upon request by the agency.

(2) A licensee shall comply with all of the following:

(a) Have a policy in place that requires employees to report any new or pending criminal charges or convictions. If an employee is charged with or convicted of a controlled substance-related felony or any other felony, the licensee shall immediately report the charge or conviction to the agency. If an employee of a licensee under the Michigan regulation and taxation of marihuana act is convicted of an offense involving distribution of a controlled substance to a minor, the licensee shall immediately report the conviction to the agency. The agency shall maintain a list of excluded employees.

(b) Enter in the statewide monitoring system an employee’s information and level of statewide monitoring system access within 7 business days of hiring for the system to assign an employee identification number. The licensee shall update in the statewide monitoring system employee information and changes in status or access within 7 business days.

(c) Remove an employee’s access and permissions to the marihuana business and the statewide monitoring system within 7 business days after the employee’s employment with the licensee is terminated.

(d) Train employees and have an employee training manual that includes, but is not limited to, employee safety procedures, employee guidelines, security protocol, and educational training, including, but not limited to, marihuana product information, dosage and purchasing limits if applicable, and educational materials. Copies of these items must be maintained and made available to the agency upon request.

(e) A licensee under the Michigan regulation and taxation of marihuana act shall, if applicable, include in the employee training manual a responsible operations plan. A responsible operations plan must include a detailed explanation of how employees will monitor and prevent over-intoxication, underage access to the establishment, the illegal sale or distribution of marihuana or marihuana products within the establishment, and any other potential criminal activity on the premises, as applicable. Copies of these items must be maintained and made available to the agency upon request.

(f) Establish point of sale or transfer procedures for employees at marihuana sales locations performing any transfers or sales to marihuana customers. The point of sale or transfer procedures must include, but are not limited to, training in dosage, marihuana product information, health or educational materials, point of sale training, purchasing limits, cannabidiol (CBD) and tetrahydrocannabinol (THC) information, serving size, and consumption information, including any warnings. Copies of these items must be maintained and made available to the agency upon request.

(g) Screen prospective employees against a list of excluded employees based on a report or investigation maintained by the agency in accordance with subdivision (a) of this subrule.

(h) Ensure that employees handle marihuana product in compliance with current good manufacturing practice in manufacturing, packing, or holding human food, 21 CFR part 110, as specified in these rules.

(i) When a registered primary caregiver is hired as an employee of a grower, processor, or secure transporter licensed under the medical marihuana facilities licensing act, withdraw, or ensure the individual withdraws, the individual's registration as a registered primary caregiver in a manner established by the agency.

(j) If a licensee under the Michigan regulation and taxation of marihuana act, not allow a person under 21 years of age to volunteer or work for the marihuana establishment pursuant to section 11 of the MRTMA, MCL 333.27961.

(k) If a licensee under the Michigan regulation and taxation of marihuana act, not employ any individual who has been convicted of an offense involving distribution of a controlled substance to a minor.

(3) If an individual is present at a marihuana business or in a marihuana transporter vehicle who is not identified as a licensee or an employee of the licensee in the statewide monitoring system or is in violation of the acts or these rules, the agency may take any action permitted under the acts and these rules. This subrule does not apply to authorized escorted visitors at a marihuana business.

(4) Employee records are subject to inspection or examination by the agency to determine compliance with the acts and these rules.

(5) Consumption of food and beverages by employees or visitors is prohibited where marihuana product is stored, processed, or packaged or where hazardous materials are used, handled, or stored. The marihuana business may have a designated area for the consumption of food and beverages that includes, but is not limited to, a room with floor to ceiling walls and a door that separates the room from any marihuana product storage, processing, or packaging.

(6) As used in this rule, "employee" includes, but is not limited to, hourly employees, contract employees, trainees, or any other person given any type of employee credentials or authorized access to the marihuana business. Trade or professional services provided by individuals not normally engaged in the operation of a marihuana business, except for those individuals required to have employee credentials under this rule, must be reasonably monitored, logged in as a visitor and escorted through any limited access areas.

(7) Nothing in this rule prohibits a licensee from allowing visitors into the marihuana business, if the visitors are reasonably monitored, logged in as a visitor, and escorted through any limited access areas. Visitors that are not employees or individuals providing trade or professional services are prohibited where hazardous materials are used, handled, or stored in the marihuana business.

History: 2020 MR 12, Eff. June 22, 2020.

R 420. 603 Severability.

Rule 3. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA HEARINGS

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.701 Definitions.

Rule 1. (1) As used in these rules:

(a) “Acts” refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) “Administrative procedures act” means the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(c) “Agency” means the marijuana regulatory agency.

(d) “Contested case hearing” means an administrative hearing conducted by an administrative law judge within the Michigan office of administrative hearings and rules on behalf of the agency in accordance with the acts and these rules.

(e) “MAHS general hearing rules” means the administrative hearing rules promulgated by the Michigan office of administrative hearings and rules set forth in R 792.10101 to R 792.10137 of the Michigan administrative code.

(f) “Marihuana business” means a marihuana facility under the medical marihuana facilities licensing act or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(g) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(h) “MOAHR” means the Michigan office of administrative hearings and rules within the department of licensing and regulatory affairs.

(i) “Public investigative hearing” means a hearing in which an applicant has an opportunity to present testimony and evidence to establish eligibility for a marihuana license.

(j) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.702 Hearing procedures; scope and construction of rules.

Rule 2. (1) These rules apply to hearings under the jurisdiction of the agency involving 1 or more of the following:

- (a) The denial of a marihuana license.
- (b) Licensing actions.
- (c) A complaint by a licensee.

(2) These rules are construed to secure a fair, efficient, and impartial determination of the issues presented in a manner consistent with due process.

(3) If the rules do not address a specific procedure, the MAHS general hearing rules, the Michigan court rules, and the contested case provisions of sections 71 to 87 of the administrative procedures act, MCL 24.271 to 24.287, apply.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.703 Public investigative hearing

Rule 3. (1) An applicant that is denied a marihuana license by the agency may request a public investigative hearing in writing within 21 days of service of notice of the denial.

(2) After the agency receives notice of an applicant's request for a public investigative hearing, the agency shall provide an opportunity for this hearing at which the applicant may present testimony and evidence to establish suitability for a marihuana license.

(3) The parties shall be given reasonable notice of the public investigative hearing in writing. The notice must include all of the following information:

- (a) A statement of the date, hour, place, and nature of the hearing.
- (b) A statement of the legal authority and jurisdiction under which the hearing is to be held.

(c) A short and plain statement of the issues involved, and reference to the pertinent sections of the act and rules involved.

- (d) A short description of the order and manner of presentation for the hearing.

(4) Not less than 2 weeks before the hearing, the agency shall post notice of the public investigative hearing at its business office in a prominent place that is open and visible to the public.

(5) The agency, or 1 or more administrative law judges designated and authorized by the agency, shall conduct and preside over the public investigative hearing and shall do all of the following:

- (a) Administer oaths or affirmations to witnesses called to testify at the hearing.
- (b) Receive evidence in the form of testimony and exhibits.

(c) Establish and regulate the order of presentation and course of the public investigative hearing; set the time and place for continued hearings; and fix the time for filing written arguments, legal briefs, and other legal documents.

(d) Accept and consider relevant written and oral stipulations of fact and law that are made part of the hearing record.

(6) Upon timely request of the applicant or the agency in accordance with the Michigan court rules, the agency or the agency's designated administrative law judge may issue subpoenas duces tecum for the production of books, ledgers, records, memoranda, electronically retrievable data, and other pertinent documents and administer oaths and affirmations to witnesses as appropriate to exercise and discharge the powers and duties under the act.

(7) During the public investigative hearing, the applicant and the agency must be given a full opportunity to present witnesses, cross-examine witnesses, and present all relevant evidence regarding the applicant's eligibility and suitability for licensure.

(8) The applicant shall at all times have the burden of establishing, by clear and convincing evidence, its eligibility and suitability for licensure under the acts and these rules.

(9) The agency shall record the public investigative hearing stenographically or by other means, to adequately ensure preservation of an accurate record of the hearing.

(10) Following the public investigative hearing, the agency shall affirm, reverse, or modify in whole or in part the denial of a marihuana license.

(11) The agency's decision to affirm, reverse, or modify in whole or in part the denial of a marihuana license must be based on the whole record before the agency and not be limited to testimony and evidence submitted at the public investigative hearing.

(12) The agency's decision to affirm, reverse, or modify in whole or in part the denial of a marihuana license must be reduced to writing and served upon the applicant and agency within a reasonable time.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.704 Hearing on disciplinary proceedings actions.

Rule 4. (1) A licensee who has been notified of a marihuana license violation, or of the agency's intent to suspend, revoke, restrict, or refuse to renew a marihuana license or impose a fine, may be given an opportunity to show compliance with the requirements before the agency taking action as prescribed by these rules.

(2) A licensee aggrieved by an action of the agency to suspend, revoke, restrict, or refuse to renew a marihuana license, or to impose a fine, may request a contested case hearing in writing within 21 days after service of notice of the intended action.

(3) Upon receipt of a timely request, the agency shall provide the licensee an opportunity for a contested case hearing in accordance with sections 71 to 87 of the administrative procedures act, MCL 24.271 to 24.287, and the MAHS general hearing rules.

(4) The contested case hearing must be conducted by an administrative law judge within the Michigan office of administrative hearings and rules.

(5) Upon timely request of the licensee or the agency in accordance with the Michigan court rules, an assigned administrative law judge may issue subpoenas duces tecum for the production of books, ledgers, records, memoranda, electronically retrievable data, and other pertinent documents, and administer oaths and affirmations to witnesses as appropriate to exercise and discharge the powers and duties under the acts and these rules.

(6) The agency has the burden of proving, by a preponderance of the evidence, that sufficient grounds exist for the intended action to suspend, revoke, restrict, or refuse to renew a state license, or to impose a fine, or summarily suspend a state license.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.705 Summary suspension.

Rule 5. (1) If the agency summarily suspends a marihuana license without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing the

marihuana business's operation, a post-suspension hearing must be held promptly to determine if the suspension should remain in effect, in accordance with section 92 of the administrative procedures act, MCL 24.292, and the MAHS general hearing rules.

(2) At the post-suspension hearing, the agency has the burden of proving by a preponderance of the evidence that the summary suspension should remain in effect because the safety or health of patrons or employees is jeopardized by continuing the marihuana business's operation.

(3) Immediately after the post-suspension hearing, the administrative law judge shall issue a written order granting or denying dissolution of the summary suspension.

(4) If the licensee fails to appear at the post-suspension hearing, the administrative law judge shall find that the safety or health of patrons or employees is jeopardized by continuing the marihuana business's operation and continue the order of summary suspension.

(5) The record created at the post-suspension hearing becomes a part of the record at any subsequent hearing in the contested case.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.706 Complaint by licensee.

Rule 6. (1) In accordance with the Michigan medical marihuana facilities licensing act, and these rules, a licensee may file a written complaint with the agency regarding any investigative procedures of this state that he or she believes to be unnecessarily disruptive of the marihuana facility operations, as provided in section 302 of the act, MCL 333.27302.

(2) The agency may delegate to a subcommittee of the agency the authority to hear, review, or rule on a licensee complaint.

(3) The agency or its subcommittee may delegate authority to an administrative law judge to hear a licensee's complaint as a contested case in accordance with sections 71 to 79 of the APA, MCL 24.271 to 24.279, and the MAHS general hearing rules.

(4) As the complaining party, a licensee has the burden of proving by a preponderance of the evidence that the investigative procedures of the agency unnecessarily disrupted its marihuana facility operations.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.707 Proposal for decision.

Rule 7. Following an opportunity for a public investigative hearing or contested case hearing and closure of the record after submission of briefs, if any, the administrative law judge shall prepare and serve upon the parties a proposal for decision containing proposed findings of fact and conclusions of law, in accordance with section 81 of the APA, MCL 24.281.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.708 Final order.

Rule 8. (1) The agency shall consider the entire public investigative or contested case record and may affirm, reverse, or modify all or part of the proposal for decision.

(2) The agency's decision must be reduced to writing and served upon the licensee within a reasonable time.

(3) The review decision or order of the agency following an opportunity for hearing is deemed to be the final agency decision or order for purposes of judicial review under chapter 6 of the APA, MCL 24.301 to 24.306.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.709 Severability.

Rule 9. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA DISCIPLINARY PROCEEDINGS

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.801 Definitions.

Rule 1. (1) As used in these rules:

(a) “Acts” refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) “Administrative hold” means a status given to marihuana product by the agency during an investigation into alleged violations of the acts and these rules. This status includes no sale or transfer of the marihuana product until the hold is lifted.

(c) “Agency” means the marijuana regulatory agency.

(d) “Marihuana business” means both a marihuana facility under the medical marihuana facilities licensing act, or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(e) “Marihuana business location plan” means a marihuana facility plan under the medical marihuana facilities licensing act or a marihuana establishment plan under the Michigan regulation and taxation of marihuana act, or both.

(f) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(g) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(h) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(i) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(j) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(k) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.802 Notification and reporting.

Rule 2. (1) Licensees have a continuing duty to provide the agency with up-to-date contact information and shall notify the agency in writing of any changes to the mailing addresses, phone numbers, electronic mail addresses, and other contact information they provide the agency.

(2) Licensees shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

(3) Licensees shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following:

(a) Change in owners, officers, members, or managers.

(b) Change of processing machinery or equipment.

(c) A description of a violation of an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the acts, the Michigan medical marihuana act, or these rules.

(d) The addition or removal of a person named in the application or disclosed.

(e) Change in entity name.

(f) Any attempted transfer, sale, or other conveyance of an interest in a marihuana license.

(g) Any change or modification to the marihuana business before or after licensure that was not preinspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following:

(i) Operational or method changes requiring inspection under these rules.

(ii) Additions or reductions in equipment or processes at a marihuana business.

(iii) Increase or decrease in the size or capacity of the marihuana business.

(iv) Alterations of ingress or egress.

(v) Changes that impact security, fire safety, and building safety.

(4) A licensee shall notify the agency within 1 business day of becoming aware or within 1 business day of when the licensee should have been aware of any of the following;

(a) Adverse reactions to a marihuana product sold or transferred by any licensee.

(b) Criminal convictions, charges, or civil judgments against a licensee in this state or any other state, federal, or foreign jurisdiction.

(c) Regulatory disciplinary action taken or determined against a licensee by this state or any other state, federal, or foreign jurisdiction, including any pending action.

(5) The licensee shall notify the agency within 10 days of the initiation or conclusion of any new judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, that involve the licensee.

(6) The licensee shall notify the agency when an employee has been disciplined or removed from his or her position for misconduct related to marihuana sales or transfers.

(7) Failure to timely provide notifications or reports to the agency pursuant to this rule may result in sanctions or fines, or both.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.803 Changes to licensed marihuana business.

Rule 3. (1) Any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

(2) Any change of a location of a marihuana business after licensure requires notification to the agency prior to the change of location, must be approved by the agency, requires a new marihuana license application under these rules, and may include, but is not limited to, all of the following:

(a) Additional applications fees.

(b) Additional inspections by the agency or BFS.

(c) Initial licensure fees or regulatory assessment, as applicable, or both.

(3) A licensee shall produce written documentation from the municipality approving the proposed new marihuana business location, and confirmation of compliance with any municipal ordinances the municipality adopted under the acts. For purposes of these rules, confirmation of compliance must be on an attestation form prepared by the agency that contains all of the information required in these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.804 Notifications of diversion, theft, loss, or criminal activity.

Rule 4. (1) Licensees shall notify the agency and local law enforcement authorities within 24 hours of becoming aware of, or within 24 hours of when the licensee should have been aware of, the theft or loss of any marihuana product or criminal activity at the marihuana business.

(2) Failure to notify as required under subrule (1) of this rule may result in sanctions or fines, or both.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.805 Persons subject to penalty; violations.

Rule 5. (1) If the agency during a physical site inspection determines violations of the acts or these rules exist, the agency shall notify the person, applicant, or licensee of the violation during the physical site inspection or thereafter, and the person, applicant, or licensee may be subject to sanctions or fines, or both.

(2) The agency may issue a notice of violation, including, but not limited to, warnings, citations, formal complaints, or penalties, for any violations of the acts and applicable rules.

(3) If the agency determines a violation of the acts or these rules exists, these violations must be documented in a format established by the agency. After a notice of violation or fine, or both, is issued to a person, applicant, or licensee, the agency may hold a compliance conference or a hearing if applicable as prescribed in the acts and these rules.

(4) The agency may forward information regarding violations of the acts or these rules or any other state or federal law to the department of state police, department of attorney general, and the prosecutor for the jurisdiction in which the alleged violation occurred.

(5) The agency may take action for failure to pay any fine within the time written on the notice of violation pursuant to the acts or these rules.

(6) The agency may take action against a licensee for selling or transferring marihuana product that has been placed on an administrative hold, recalled, or ordered to be destroyed.

(7) A marihuana licensee may be subject to penalties if any person required to be disclosed as an applicant violates the acts or these rules.

(8) The agency may take action against a licensee holding a license under the MRTMA, if notified of a violation of a municipal ordinance pursuant to section 6 of the MRTMA, MCL 333.27956.

(9) The agency may take action against a licensee for knowingly making misrepresentations to the agency or its contractors during an investigation into the licensee.

(10) The attempted transfer, sale, or other conveyance of an interest in a marihuana license without prior approval are grounds for suspension or revocation of the marihuana license or for other sanctions as provided in these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.806 Penalties.

Rule 6. (1) A person, applicant, or licensee found in violation of the acts or these rules may be subject to sanctions, including, but not limited to, any of the following:

(a) Marihuana license denial.

(b) Limitations on a marihuana license.

(c) Fines.

(d) Revocation, suspension, nonrenewal of a license, or an administrative hold on a marihuana license.

(e) Orders to cease operations.

(2) A violation of the acts, the marihuana tracking act, or these rules may result in 1 or more of the following:

(a) Denial, revocation, or restriction of a marihuana license.

(b) Removal of a licensee or an employee of the licensee from the marihuana business.

(c) Civil fines up to \$10,000.00 or an amount equal to the daily gross receipts, whichever is greater, against a licensee for each violation of the acts, a final order, or these rules.

(d) Civil fines may be assessed for each day the licensee is not in compliance with each violation of the acts or these rules. Assessment of a civil fine is not a bar to the investigation, arrest, charging, or prosecution of an individual for any other violation of the acts or these rules.

(e) Civil fines of up to \$5,000.00 may be imposed against an individual licensed under the MMFLA.

(f) A violation of any ordinance adopted under section 205 of the MMFLA, MCL 333.27205, by a licensee holding a license under the medical marihuana facilities licensing act may result in the possible sanctions listed in subdivisions (a) to (e) of this subrule.

(g) A violation of any ordinance adopted under section 6 of the MRTMA, MCL 333.27956, by a licensee holding a license under the Michigan regulation and taxation of marihuana act may result in the possible sanctions listed in subdivisions (a) to (d) of this subrule.

(3) A marihuana license may be suspended without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a marihuana business' operation.

(4) A person operating without a marihuana license shall cease operation and may be subject to sanctions, including, but not limited to, the sanctions in subrules (1) and (2) of this rule, and may be referred to the department of state police and department of attorney general.

(5) The agency may impose any other remedies, sanctions, or penalties not inconsistent with the acts or these rules.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.807 Warning.

Rule 7. (1) The agency may issue a warning to a licensee if the agency determines through an investigation that the licensee violated the acts, these rules, or an order.

(2) A warning must remain in the licensee's file for one year from the date of service.

(3) A warning may be considered in future licensing actions. Continued or repeated non-compliance or repeated warnings for the same violation may result in further action, including the imposition of fines or other sanctions against a licensee, or both.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.808 Formal complaint.

Rule 8. (1) After an investigation has been conducted and violations have been determined, the agency shall serve the formal complaint on the licensee by certified mail, return receipt requested, or in person by a representative of the agency.

(2) The licensee may do either of the following:

(a) Meet with the agency to negotiate a settlement of the matter, or demonstrate compliance prior to holding a contested case hearing, as required by section 92 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.292.

(b) Proceed to a contested case hearing as set forth in these rules and section 71 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271.

(3) The licensee must request a compliance conference or contested case hearing, or both, within 21 days of receipt of the formal complaint. If the licensee does not respond, the agency shall request a contested case hearing.

(4) If the licensee agrees and accepts the terms negotiated at the compliance conference, the licensee and the agency shall execute a stipulation.

(5) An executed stipulation is subject to review and approval by the executive director of the agency. If the stipulation is approved, the agency shall issue a consent order. If the stipulation is not approved, a compliance conference or a contested case hearing shall be scheduled. The consent order shall be published.

(6) If a licensee does not comply with the terms of a signed and fully executed stipulation and consent order within the time frame listed in the consent order, the licensee's license is suspended until full compliance is demonstrated.

(7) If a compliance conference is not held or does not result in a settlement of a compliance action, a contested case hearing shall be held, pursuant to these rules and the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to MCL 24.328.

History: 2020 MR 12, Eff. June 22, 2020.

R 420. 809 Severability.

Rule 9. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

INDUSTRIAL HEMP RULES FOR MARIHUANA BUSINESSES

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing Act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.1001 Definitions.

Rule 1. (1) As used in these rules:

- (a) “Agency” means the marijuana regulatory agency.
- (b) “Broker” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.
- (c) “Department” means the department of licensing and regulatory affairs.
- (d) “Grower” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.
- (e) “Handle” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.
- (f) “Industrial hemp” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.
- (g) “Industrial hemp research and development act” means the industrial hemp research and development act, 2014 PA 547, MCL 286.841 to 286.859.
- (h) “Laboratory” means a safety compliance facility licensed under the medical marihuana facilities licensing act or a marihuana safety compliance facility licensed under the Michigan regulation and taxation of marihuana act, or both.
- (i) “Marihuana processor” means that term as defined in section 3 of the Michigan regulation and taxation of marihuana act, MCL 333.27953.
- (j) “Marihuana safety compliance facility” means that term as defined in section 3 of the Michigan regulation and taxation of marihuana act, MCL 333.27953.
- (k) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.
- (l) “Market” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.
- (m) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.
- (n) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.
- (o) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.
- (p) “Process” means that term as defined in section 2 of the industrial hemp research and development act, MCL 286.842.

(q) “Processor” means a facility licensed to operate under section 502 of the medical marihuana facilities licensing act, MCL 333.27502, and these rules.

(r) “Producer” means a processor licensed under the medical marihuana facilities licensing act or a marihuana processor licensed under the Michigan regulation and taxation of marihuana act, or both.

(s) “Rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(t) “Safety compliance facility” means a facility licensed to operate under section 505 of the medical marihuana facilities licensing act, MCL 333.27505, and these rules.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.1002 Testing industrial hemp.

Rule 2. (1) A laboratory may perform tests on industrial hemp product as required under the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(2) A laboratory may perform all tests required or requested in the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(3) A laboratory shall document all testing performed on industrial hemp products and shall make those records available to the agency upon request.

(4) A laboratory shall maintain industrial hemp product samples separate from any marihuana product samples at all times.

(5) A laboratory may obtain samples of industrial hemp for testing pursuant to the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(6) A laboratory must report test results as required under the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(7) A laboratory must not transfer or sell any industrial hemp product obtained for testing to any other facility other than the licensee from whom the sample was obtained.

(8) A laboratory shall enter all transactions, current inventory, and other information into the statewide monitoring system as required by the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.1003 Processing industrial hemp.

Rule 3. (1) A producer may handle, process, market, or broker industrial hemp in compliance with the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(2) A producer may obtain industrial hemp to process as allowed under the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

(3) A producer shall always store industrial hemp separately from marihuana products and in compliance with these rules relating to storage of marihuana products promulgated by the agency.

(4) A producer shall document all industrial hemp obtained by the facility and shall make those records available to the agency upon request.

(5) A producer shall enter all transactions, current inventory, and other information into the statewide monitoring system as required by the industrial hemp research and development act and any associated rules promulgated by the Michigan department of agriculture and rural development.

History: 2020 MR 12, Eff. June 22, 2020.

R 420.1004 Severability.

Rule 4. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

History: 2020 MR 12, Eff. June 22, 2020.

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

BUREAU OF MEDICAL MARIHUANA REGULATION

MEDICAL MARIHUANA FACILITIES

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 333.201 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.202 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.203 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.205 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.206 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.207 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.208 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.209 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.210 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.211 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.212 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.213 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.214 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.215 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.216 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.217 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.218 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.219 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.220 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.221 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.231 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.232 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.233 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.234 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.235 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.236 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.237 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.238 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.245 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.246 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.247 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.248 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.261 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.262 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.271 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.272 Rescinded.

History: 2018 AACCS; 2020 MR 12, Eff. June 22, 2020.

R 333.273 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.274 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.275 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.276 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.281 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.282 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.291 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.292 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.293 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.294 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.295 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.296 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.297 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.298 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.

R 333.299 Rescinded.

History: 2018 AACS; 2020 MR 12, Eff. June 22, 2020.