

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA LICENSES

Filed with the secretary of state on March 7, 2022

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(9) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(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, R 420.3, R 420.4, R 420.5, R 420.6, R 420.7, R 420.8, R 420.10, R 420.12, R 420.13, R 420.14, R 420.18, R 420.19, R 420.20, R 420.21, R 420.23, R 420.25, R 420.26, R 420.27, and R 420.28 of the Michigan Administrative Code are amended, R 420.11a, R 420.27a, and R 420.27b are added, and R 420.9 is rescinded, as follows:

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) of this subdivision:

(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: trustees, any individual or body able to control and direct the affairs of the trust, and 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 to R 420.5 and R 420.7 to R 420.10.

(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) “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.

(p) “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.

(q) “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.

(r) “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.

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

(y) “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.

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

(aa) “Michigan Medical Marihuana Act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(bb) “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.

(cc) “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.

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

(ee) “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.

(ff) “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.

(gg) “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.

(hh) “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.

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

(jj) “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.

#### R 420.3 Application procedure; requirements.

Rule 3. (1) A person shall apply for a marihuana license on the form created by the agency and pay a nonrefundable application fee at the time the application is submitted. The applicant shall answer each question on the application, under oath, in its entirety. 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) A partial application filed to obtain prequalification status may be administratively withdrawn if the application was filed and has been pending for more than 1 year. After a partial application has been administratively withdrawn, the applicant may be required to submit a new application and pay a new nonrefundable application fee.

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

(5) The agency may administratively withdraw an application for a marihuana license that was submitted and has been pending for more than 1 year. After an application has been administratively withdrawn, the applicant may be required to submit a new application.

(6) The agency may administratively withdraw an amendment to any application or marihuana license if the applicant or licensee fails to respond or submit documentation to cure all deficiencies within 30 days after notice of the deficiency.

#### R 420.4 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, which may include the following:

(a) For an applicant seeking licensure under the MMFLA, required information may include, 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) The sources and total amount of the applicant's capitalization to operate and maintain the proposed marihuana facility in compliance with R 420.11.

(vi) 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.

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

(viii) 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 MRTMA all of the following may be required:

(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 relevant to the application for licensure required by the agency.

(3) Each applicant shall disclose the identity of every person having a 2.5% or greater ownership interest in the applicant with respect to which the license is sought.

(a) If the disclosed entity is a trust, the applicant shall disclose the names and addresses of the beneficiaries.

(b) If the disclosed entity is a privately held corporation, the names and addresses of all shareholders, officers, and directors.

(c) If the disclosed entity is a publicly held corporation, the names and addresses of all shareholders holding a direct or indirect interest of greater than 5%, officers, and directors.

(d) If the disclosed entity is a partnership or limited liability partnership, the names and addresses of all partners.

(e) If the disclosed entity is a limited partnership or limited liability limited partnership, the names of all partners, both general and limited.

(f) If the disclosed entity is a limited liability company, the names and addresses of all members and managers.

(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 MMFLA 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 MRTMA shall provide an attestation acknowledging that the applicant must have a physical structure for the marihuana establishment and pass the prelicensure inspection within 60 calendar days of submitting a complete application to the agency. Failure to pass the prelicensure inspection within 60 calendar days of submitting the complete application to the agency may result in the application being 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 MRTMA 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.

R. 420.5 Application requirements; complete application.

Rule 5. (1) A complete application for a marihuana license must include all the information required in R 420.2 to R 420.4, R 420.7 to R 420.10, 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) A business plan.
  - (iii) The proposed location of the marihuana business.
  - (iv) 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) The disclosure of both of the following persons:
  - (i) For an applicant seeking licensure under the MMFLA, 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 MRTMA, persons who have a direct or indirect ownership interest in the marihuana establishment.
- (d) For an applicant seeking licensure under the MMFLA, confirmation of municipal compliance on an attestation form provided by the agency that ~~contains~~ includes all of the following:
  - (i) 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) A description of any regulations within the municipality that apply to the proposed marihuana business.
  - (iii) 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.
  - (iv) The date and signature of the applicant.
  - (v) The name and address of the proposed marihuana ~~business facility name and address~~.
  - (vi) The license type of the proposed marihuana facility.
  - (vii) Attestation that the applicant will report any changes that occur with municipal ordinances or zoning regulations that relate to the proposed marihuana facility, any municipal facility approvals, or any violations of a municipal or zoning regulation.
- (e) For an applicant seeking licensure under the MRTMA, confirmation of municipal compliance on an attestation form provided by the agency that includes all of the following:
  - (i) The name and address of the proposed marihuana establishment.
  - (ii) The license type of the proposed marihuana establishment.
  - (iii) The municipality where the proposed marihuana establishment is located.
  - (iv) The contact information for the municipality including the following at a minimum:
    - (A) The name of the clerk of the municipality or his or her designee.
    - (B) The telephone number of the clerk of the municipality or his or her designee.
    - (C) The email address of the clerk of the municipality or his or her designee.
    - (D) The mailing address of the clerk of the municipality or his or her designee.
  - (v) Confirmation that the municipality has not adopted an ordinance prohibiting the proposed marihuana establishment.
  - (vi) Confirmation that the applicant is in compliance with any ordinance the municipality has adopted relating to marihuana establishments within its jurisdiction, including zoning regulations.



(vii) Attestation that the applicant will report any changes that occur with municipal ordinances or zoning regulations that relate to the proposed marihuana establishment, any municipal establishment approvals, or any violations of a municipal or zoning regulation.

(viii) The date and signature of the applicant.

(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.

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

Rule 6. (1) The agency shall not issue a state license under the MRTMA 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 state license under the acts and these rules. An applicant under MRTMA must pay initial licensure fees within 10 calendar days of approval of the state license or within 90 calendar days of submitting a complete application, whichever date is first. Failure to pay the fees required under R 420.7 may be grounds for the 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 MRTMA 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 MRTMA or these rules pursuant to section 7 of the MRTMA, 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 any of the following:

(i) An elected officer of or employee of a federally recognized Indian tribe.

(ii) An elected precinct delegate.

(iii) The spouse of a person who applies for a state license unless the spouse's position creates a conflict of interest or is within any of the following:

(A) The marijuana regulatory agency.

(B) A regulatory body of a governmental unit in this state, another state, or the federal government that makes decisions regarding adult-use marijuana.

(e) 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 consistent with section 6 of the MRTMA, MCL 333.27956.

(f) 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, or a class A marihuana microbusiness in violation of section 9 of the MRTMA, MCL 333.27959.

(g) The applicant will hold an ownership interest in both a marihuana microbusiness or a class 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 MRTMA, MCL 333.27959.

(h) The applicant will hold an ownership interest in more than 5 marihuana growers or in more than 1 marihuana microbusiness or class A marihuana microbusiness, in violation of section 9 of the MRTMA, MCL 333.27959.

(i) 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 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.

(6) A marihuana license is a revocable privilege granted by the agency and is not a property right. Granting a marihuana license does not create or vest any right, title, franchise, or other property interest. A licensee or any other person shall not lease, pledge, borrow, or loan money against a marihuana license.

#### 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 MRTMA 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 \$3,000.

(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

| <b>State License Type</b>            | <b>Initial Licensure and Renewal Fees</b> |
|--------------------------------------|---|
| Class A Marihuana Grower             | \$1,200                                   |
| Class B Marihuana Grower             | \$6,000                                   |
| Class C Marihuana Grower             | \$24,000                                  |
| Designated Consumption Establishment | \$1,000                                   |
| Excess Marihuana Grower              | \$24,000                                  |
| Marihuana Event Organizer            | \$1,000                                   |
| Marihuana Microbusiness              | \$8,300                                   |
| Class A Marihuana Microbusiness      | \$18,600                                  |
| Marihuana Processor                  | \$24,000                                  |
| Marihuana Retailer                   | \$15,000                                  |
| Marihuana Safety Compliance Facility | \$15,000                                  |
| Marihuana Secure Transporter         | \$15,000                                  |
| Temporary Marihuana Event            | See R 420.26                              |
| Marihuana Educational Research       | N/A                                       |

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

(6) 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.

(7) 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 calendar days of approval of the marihuana license or within 90 calendar days of submitting a complete application, whichever date is first. An applicant under the MMFLA must pay initial licensure fees within 10 calendar 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 R 420.12.

#### 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, at a minimum, 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 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) For an applicant seeking licensure under the MRTMA, a statement that equivalent licenses will operate at the same location.

(b) A diagram of the marihuana business that includes, at a minimum, 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, and passageways.

(v) Public entries and exits.

(vi) Limited access areas and restricted access areas.

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

(viii) Areas designated for contactless and limited contact transactions, if the marihuana business is a marihuana sales location.

(c) A detailed floor plan and layout that includes, at a minimum, 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.

#### R 420.9 Rescinded.

#### 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 for a marihuana event organizer license under the MRTMA, proof of financial responsibility for liability for bodily injury is not required. 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 or proof that each marihuana microbusiness, class A marihuana microbusiness, and marihuana retailer participating in the temporary marihuana event has coverage 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 MMFLA 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.

#### R 420.11a Prelicensure investigation; proposed marihuana business inspection.

Rule 11a. (1) An applicant for a marihuana license shall submit to and pass a prelicensure physical inspection of a proposed marihuana business, prior to licensure, 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 pursuant to 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 pursuant to the acts and these rules.

(5) An applicant shall submit to the agency proof 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. The requirement of this subrule is not applicable to temporary marihuana event applicants.

(b) If applicable, a fire safety inspection as specified in these rules.

R 420.12 Denial of a marihuana license; additional reasons.

Rule 12. (1) The agency may deny a license if an applicant fails to comply with the applicable act or these rules.

(2) In addition to the reasons for denial in the acts, the agency may deny a marihuana license 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 prelicensure 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 provide confirmation of municipal compliance as required under R 420.5(1)(d) or (e).

(g) The applicant's proposed marihuana establishment is in a municipality that has adopted an ordinance prohibiting marihuana establishments or the proposed marihuana establishment does not comply with an ordinance consistent with section 6 of the MRTMA, MCL 333.27956.

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

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

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

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

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

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

(n) 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.

(o) For an applicant seeking licensure under the MRTMA, the applicant failed a prelicensure inspection within 60 days of submitting a complete application to the agency.

(p) For an applicant seeking licensure under the MRTMA, 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.

(q) For an applicant seeking licensure under the MRTMA, 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.

(r) For an applicant seeking licensure under the MRTMA, 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.

(s) The applicant failed to pass the precensure inspection required under R 420.11a.

(t) The applicant or licensee has filed an amendment to the application for a marihuana license seeking to add an individual or entity to the application or license that is not eligible or suitable for licensure, or the amendment is not eligible for licensure as it fails to comply with the acts and these rules.

(u) The applicant or licensee was previously required to file an annual financial statement under the MMFLA and these rules and failed to file the annual financial statement.

#### 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 calendar 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 applicant 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 **MMFLA**, required information may also be related to the business probity; financial ability and experience; and responsibility or means to operate or maintain a marihuana facility 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 is required.

(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) For an applicant seeking renewal of a license under the MMFLA, confirmation of municipal compliance on an attestation form provided by the agency that includes all of the following:

(i) A description of any violation of an ordinance or a zoning regulation adopted pursuant to section 205 of the MMFLA, MCL 333.27205 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 MMFLA, MCL 333.27205 since the marihuana license was issued to the licensee and a description of the change.

(iii) The date and signature of the clerk of the municipality or his or her designee.

(iv) The date and signature of the applicant.

(v) The name and address of the marihuana facility.

(vi) The license type of the marihuana facility.

(d) For an applicant seeking renewal of a license under the MRTMA, confirmation of municipal compliance on an attestation form provided by the agency that includes all of the following:

(i) A description of any violation, if applicable, of an ordinance or a zoning regulation consistent with section 6 of the MRTMA, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the act or these rules.

(ii) Whether there has been a change to an ordinance or a zoning regulation consistent with section 6 of the MRTMA, MCL 333.27956, since the marihuana license was issued to the licensee and a description of the change.

(iii) The following information for the municipality where the marihuana establishment is located, including, at a minimum, all of the following:

(A) The name and address of the marihuana establishment.

(B) The license type of the marihuana establishment.

(C) The municipality where the marihuana establishment is located.

(D) The contact information for the municipality, including, at a minimum, all of the following:

(I) The name of the clerk of the municipality or his or her designee.

(II) The telephone number of the clerk of the municipality or his or her designee.

(III) The email address of the clerk of the municipality or his or her designee.

(IV) The mailing address of the clerk of the municipality or his or her designee.

(iv) Confirmation that the municipality has not adopted an ordinance prohibiting the proposed marihuana establishment.

(v) Confirmation that the applicant is in compliance with any ordinance the municipality has adopted relating to marihuana establishments within its jurisdiction, including zoning regulations.

(vi) Attestation that the applicant will report any changes that occur with municipal ordinances or zoning regulations that relate to the marihuana establishment, any municipal establishment approvals, or any violations of a municipal or zoning regulation.

(vii) The date and signature of the applicant.

(e) 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.



(f) 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 MMFLA, 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) The agency may refuse to renew a marihuana license and issue a notice of nonrenewal if the licensee has failed to submit an annual financial statement required under the acts and these rules for the marihuana license it is renewing or for a previously held marihuana license.

(6) If a license renewal application for a license under the MMFLA 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 calendar days after the license expiration date if the licensee submits the renewal application to the agency and complies with the other requirements for renewal.

(7) 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.

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

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

(10) 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, pursuant to the acts and these rules.

#### 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. Material changes include, at a minimum, the following:

- (a) Change in owners, officers, members, or managers.
- (b) Change of processing machinery or equipment.
- (c) The addition or removal of persons named in the application or disclosed.
- (d) Change in entity name.
- (e) Any attempted transfer, sale, or conveyance of an interest in a marihuana license.
- (f) 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, at a minimum, 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 3 business days of becoming aware of or within 3 business days of when the applicant should have been aware of any of the following:

- (a) Criminal convictions, charges, or civil judgments against an applicant in this state or any other state, federal, or foreign jurisdiction.
- (b) 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 calendar 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) The applicant shall notify the agency within 10 calendar days of receiving notification of an alleged violation of an ordinance or a zoning regulation adopted pursuant to section 205 of the MMFLA, MCL 333.27205, or section 6 of the MRTMA, MCL 333.27956, committed by the applicant, but only if the violation relates to activities licensed under the acts, the Michigan Medical Marihuana Act, and these rules.

(7) The applicant shall notify the agency and the BFS within 1 business day following the occurrence of an unwanted fire.

(8) The licensee shall notify the agency within 10 business days of the appointment of a court-appointed personal representative, guardian, conservator, receiver, or trustee of the licensee.

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

#### 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.

R 420.19 Communities disproportionately impacted by marihuana prohibition.

Rule 19. (1) Pursuant to section 8 of the MRTMA, 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 all of the following information about the plan:

(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) The waiver or reduction of fees for qualified applicants from the communities.
- (c) Increased assistance with the application process for applicants from these communities.
- (d) Coordination of communities', applicants', and licensees' utilization of resources that will allow participation in the marihuana industry.

R 420.20 Financial statements.

Rule 20. (1) Each licensee under the MRTMA 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 must 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. Financial statements must be prepared so they include all required information for each license held by the licensee.

(2) A marihuana educational research licensee is not required to file an annual financial statement.

## 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 MRTMA, 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 any of 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.
  - (e) Marihuana educational research license. A marihuana educational research license is valid for 1 year.
  - (f) A class A marihuana microbusiness license. A class A marihuana microbusiness license is valid for 1 year.
- (2) An applicant shall meet the requirements of the MRTMA and these rules to be eligible for a special license.
- (3) A person who 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.

### 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 MRTMA 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 may be issued only to a person who holds 5 stacked class C marihuana grower licenses issued by the agency under the MRTMA 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.
- (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 MRTMA and these rules, as applicable.

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

(11) An applicant for an excess grower license is not required to pay the application fee under these rules.

#### R 420.25 Temporary marihuana event license; application; operations.

Rule 25. (1) A temporary marihuana event license may be issued only 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 may be issued only for a single day or up to 7 consecutive days. A temporary marihuana event license may 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 be held only at a venue expressly approved by a municipality for the purpose of holding a temporary marihuana event.

(6) A temporary marihuana event may be held only if the applicant is expressly approved by a municipality to hold a temporary marihuana event where sales to, or consumption of marihuana by, persons 21 years of age or older will occur.

(7) 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, at a minimum, 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 license number of any other 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 that clearly indicates each of the following:

(i) Where the temporary marihuana event will take 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) All areas 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 or class A marihuana microbusiness licensee who will be participating in the event. Each marihuana retailer or marihuana microbusiness or class A 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 the proposed temporary marihuana event. 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 designated primary contact person for the temporary marihuana event license, including the individual's name, title, address, phone number, and email address.

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

(i) For an applicant seeking licensure for a temporary marihuana event, confirmation of municipal compliance on an attestation form provided by the agency that includes all of the following:

(i) The name and address of the proposed temporary marihuana event.

(ii) The municipality where the proposed temporary marihuana event is located.

(iii) The contact information for the municipality including, at a minimum, all of the following:

(A) The name of the clerk of the municipality or his or her designee.

(B) The telephone number of the clerk of the municipality or his or her designee.

(C) The email address of the clerk of the municipality or his or her designee.

(D) The mailing address of the clerk of the municipality or his or her designee.

(iv) Confirmation that the municipality has not adopted an ordinance prohibiting the proposed temporary marihuana event.

(v) Confirmation that the applicant is in compliance with any ordinance the municipality has adopted relating to marihuana establishments within its jurisdiction, including zoning regulations.

(vi) Attestation that the applicant will report any changes that occur with municipal ordinances or zoning regulations that relate to the proposed temporary marihuana event, any municipal approvals, or any violations of a municipal or zoning regulation.

(vii) Attestation by the applicant describing if the applicant will engage in onsite marihuana sales to, and allow onsite consumption by, person 21 years of age or older at the temporary marihuana event.

(viii) The date and signature of the applicant.

(j) A list of all licensees and employees who 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 may not participate in the temporary marihuana event.

(k) 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.

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

(9) 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 be 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.

(10) A licensed marihuana event organizer shall maintain a clearly legible sign, not less than 7 by 11 inches 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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 MRTMA and these rules and any municipal ordinances.

(15) 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 must be removed from the premises within the time frame provided by the agency.

(16) Upon notification from the agency, the marihuana event organizer shall immediately expel from the event any person selling marihuana products without a marihuana retailer, marihuana microbusiness, or class A marihuana microbusiness license issued by the agency. The marihuana event organizer or his or her 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 must be removed from the premises within the time frame provided by the agency.

#### 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 both 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 applicant is not required to pay an application fee.

#### 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 21 years of age 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 MRTMA and these rules, the age and identity of the customer.

(3) All sales of marihuana products at a temporary marihuana event shall 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, a marihuana microbusiness, or a class A 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 holds a separate state license as a marihuana retailer, a marihuana microbusiness, or a class A marihuana microbusiness.

(5) Licensed marihuana retailers, marihuana microbusinesses, or class A marihuana microbusinesses shall conduct sales activities only 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, marihuana microbusinesses, or class A marihuana microbusinesses shall prominently display their temporary marihuana event location number and state license number 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 transported at 1 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 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 MRTMA and these rules for the sale and tracking of marihuana products. This includes, at a minimum, 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 returned to the marihuana establishment's inventory at its permanent location. If more than 15 ounces of marihuana or 60 grams of concentrate is transported at 1 time, it must be transported using a marihuana secure transporter.

#### R 420.27a Marihuana educational research license.

Rule 27a. (1) A marihuana educational research license authorizes a licensee to do all of the following:

(a) Obtain marihuana from a marihuana establishment.

(b) Produce marihuana products.

(c) Perform research on marihuana and marihuana products.

(d) Dispose of marihuana and marihuana products.

(2) A licensee holding a marihuana educational research license shall apply for the necessary registration from the United States Drug Enforcement Administration (DEA). A licensee must provide proof of registration to the agency before engaging in any licensed activity.

(3) An application for a marihuana educational research license must be made under oath on a form provided by the agency. A complete application for a marihuana educational research license must contain the information required in these rules and information regarding the marihuana educational research license including, at a minimum, all of the following:

(a) A research plan including, at a minimum, all of the following:

(i) A written plan for documenting all individuals who will have access to the location and marihuana or marihuana products.

(ii) Detailed description and documentation of affiliation with a degree or certificate program offered by an institution of higher learning accredited by the Higher Learning Commission.

(iii) A brief description of the research that will be conducted.

(iv) A written plan to ensure secure delivery and receipt of marihuana at the licensed location.

(v) A written plan to ensure the safe storage of marihuana at the licensed location.

(vi) A written plan for the tracking of marihuana quantities at the licensed location.

(vii) A written plan for the disposal of marihuana after research.

(viii) A floor plan of the location.

(b) For an applicant seeking licensure for a marihuana educational research license, confirmation of municipal compliance on an attestation form provided by the agency that includes all of the following:

(i) The name and address of the proposed marihuana educational research license.

(ii) The municipality where the proposed marihuana educational research license is located.

(iii) The contact information for the municipality including, at a minimum, all of the following:

- (A) The name of the clerk of the municipality or his or her designee.
- (B) The telephone number of the clerk of the municipality or his or her designee.
- (C) The email address of the clerk of the municipality or his or her designee.
- (D) The mailing address of the clerk of the municipality or his or her designee.

(iv) Confirmation that the municipality has not adopted an ordinance prohibiting the proposed marihuana educational research license.

(v) Confirmation that the applicant is in compliance with any ordinance the municipality has adopted relating to marihuana establishments within its jurisdiction, including zoning regulations.

(vi) Attestation that the applicant will report any changes that occur with municipal ordinances or zoning regulations that relate to the proposed marihuana educational research license, any municipal approvals, or any violations of a municipal or zoning regulation.

(vii) The date and signature of the applicant.

(c) A certificate of use and occupancy pursuant to R 420.208 in which the authorized activities of the marihuana educational research license are to be conducted.

(d) Any other documents required by the agency that are not inconsistent with the acts and these rules.

(4) An applicant for a marihuana educational research license shall provide notification and report to the agency in writing within 24 hours when he or she became aware of or should have become aware of all of the following:

- (a) Loss of institutional affiliation.
- (b) Loss of institutional accreditation.
- (c) Loss or restriction of DEA registration.
- (d) Theft, loss, diversion, or criminal activity at the licensed location.

(5) A marihuana educational research licensee shall maintain and provide upon request of the agency a written schedule for disposal of marihuana and marihuana products after it has concluded research on that item.

(6) A marihuana educational research licensee shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required by the agency.

(7) A marihuana educational research licensee shall not sell or transfer marihuana or marihuana products to a marihuana establishment or to a marihuana customer.

(8) A marihuana educational research licensee shall designate and enter into the statewide monitoring system administrative users pursuant to R 420.602(2)(b) and (c) as required by the agency.

(9) A marihuana educational research licensee shall prohibit marihuana or marihuana products grown, produced, or obtained under the license to be consumed or sampled on the licensed premises unless the licensee is approved to engage in a research study under R 420.510(11) or the licensee obtains express written permission from the agency.

#### R 420.27b Class A marihuana microbusiness.

Rule 27b. (1) An applicant for a class A marihuana microbusiness license is subject to and shall meet the requirements of the MRTMA and these rules.

(2) An application for a class A marihuana microbusiness license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency.

(3) An applicant for a class A marihuana microbusiness license shall pay applicable fees as required under these rules.

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

(5) Payment of the initial licensure fee must be received prior to issuance of the state license.

(6) A class A marihuana microbusiness licensee is subject to all requirements for a marihuana microbusiness as provided for in the MRTMA and these rules, unless modified in these rules.

(7) An applicant shall pay the initial licensure fee for a class A marihuana microbusiness license within 10 calendar days of approval or within 90 calendar days of submitting a complete application, whichever date is first.

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

Rule 28. (1) A designated consumption establishment, class A marihuana microbusiness, marihuana educational research license, 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, class A marihuana microbusiness, marihuana educational research license, 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, class A marihuana microbusiness, marihuana educational research license, 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, class A marihuana microbusiness, marihuana educational research license, 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, class A marihuana microbusiness, marihuana educational research license, 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.