

# Cannabis Regulatory Agency

Presentation to the House Regulatory Reform Committee

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# Statutes

## Michigan Medical Marihuana Act (MMMA)

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

## Medical Marihuana Facilities Licensing Act (MMFLA)

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

## Michigan Regulation and Taxation of Marihuana Act (MRTMA)

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

## Industrial Hemp Research and Development Act

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

# Registered Patients and Caregivers



83% of eligible applicants used the online application process



# Commercial Marijuana Licensing

## Adult-Use

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

As of 1/31/23

## Medical

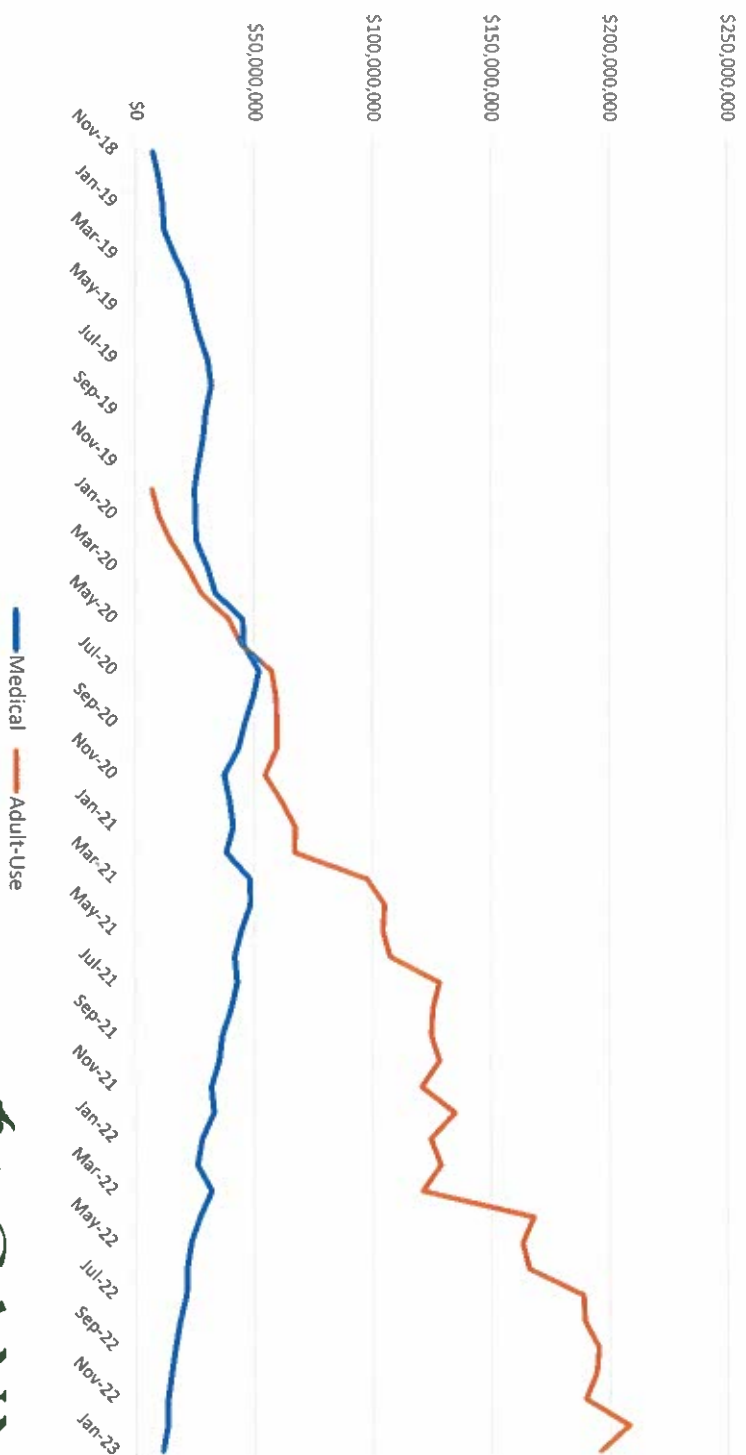
	Received	Issued	Denied	Active
STEP 1 -- Prequalifications	3,209	2,823	169	
STEP 2 -- License Applications	2,678	1,833	38	
Grower A	220	128	2	68
Grower B	40	24	0	19
Grower C	1,230	846	2	596
Processor	291	170	4	143
Provisioning Center	794	595	29	378
Secure Transporter	67	42	0	23
Safety Compliance Facility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

As of 1/31/23

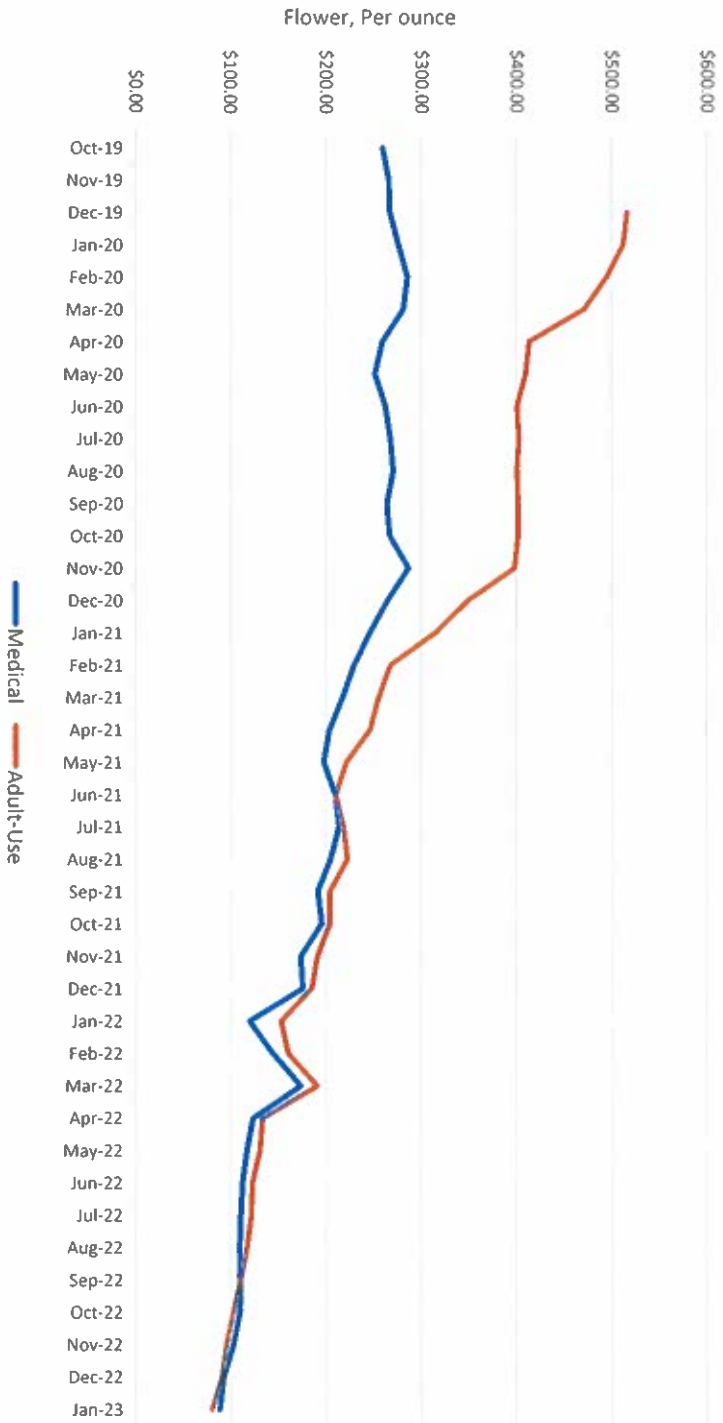
Municipalities opted in under the MMFLA: 169  
 Municipalities opted in under the MRTMA: 129  
 Municipalities opted out under the MRTMA: 1,378



# Retail Sales



# Retail Prices



# Tax Revenue

Medical and adult-use sales are subject to the 6% state sales tax.

Adult-use sales are subject to a 10% excise tax, distributed in order:

1. Implementation, administration, and enforcement of the MRTMA.
2. Until 2022, \$20 million/year for research into the efficacy of marijuana in treating veterans.
3. The remainder as follows:
  - 15% to municipalities with retail stores
  - 15% to counties with retail stores
  - 35% to the School Aid Fund
  - 35% to the Michigan Transportation Fund

	<u>Sales Tax</u>	<u>Excise Tax</u>	<u>Total</u>
FY 19	\$13,300,636	\$1,726,405	\$15,027,041
FY 20	\$48,594,716	\$34,176,023	\$82,770,739
FY 21	\$102,924,928	\$121,854,248	\$224,779,176
FY 22	\$139,588,211	\$185,698,104	\$325,286,315

# Agency Highlights

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





# FY 2024 Executive Budget Recommendation

## Create a state-run reference laboratory

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

## CRA Operations

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

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

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