



REGULATE MARIJUANA

• LIKE ALCOHOL •

March 22, 2017

The Coalition to Regulate Marijuana Like Alcohol has joined with several organizations in Michigan to establish a ballot campaign that will pass a sensible alternative to Michigan's failed policy of marijuana prohibition.

This initiative will establish Michigan as a national leader in the adoption of smart adult-use marijuana laws by doing the following:

1. Legalizes the possession, cultivation, and use of cannabis and industrial hemp.
2. Protects consumers with regulations requiring testing and accurate labeling.
3. Taxes marijuana at the wholesale level in addition to the standard state sales tax at the retail level. Half of the excise taxes will be used to make community colleges and vocational schools more affordable for Michigan residents. The other half will be directed to local governments that decide to allow marijuana businesses in their jurisdictions.
4. Gives persons convicted of a non-violent marijuana crime a path to clear their criminal record

With the help of grassroots activists and criminal law experts, we have a proposal that will end the 20,000 arrests for cannabis possession every year in Michigan. Our proposal allows more generous limitations for possession and cultivation than any other state - making Michigan the leader in personal liberties. Taking a step further, our proposal also decriminalizes possession and use beyond the generous limits set forth in the language. Also, our proposal builds on the state licensing system for medical marijuana establishments but with a focus on competition and small business opportunity

We appreciate the work of grassroots activists and key organizations like MIlegalize, the Michigan Cannabis Coalition, the National Patient Rights Association, Michigan NORML, lawyers representing the Marijuana Law Section of the State Bar of Michigan, the Drug Policy Alliance, the ACLU and others who have made valuable contributions to developing this ballot language. We have also incorporated input and feedback from the public and many more stakeholder organizations across the state.

Our goal is to submit final language to the State Board of Canvassers in mid-April so that a signature collection drive can begin this spring, with the goal of being on Michigan's November 2018 ballot. We are encouraging the public to provide feedback to help us ensure that the final language reflects the will of Michigan voters. If you have comments or feedback on the draft ballot language please send them to info@regulatemichigan.org.

The people of the State of Michigan enact:

Sec. 1. This act shall be known and may be cited as the Michigan Regulation and Taxation of Marihuana Act.

Sec. 2. The purpose of this act is to make marihuana legal under state and local law for adults 21 years of age or older and to control the commercial production and distribution of marihuana under a system that licenses, regulates, and taxes the businesses involved. The intent is to prevent arrest and penalty for personal use and cultivation of marihuana by adults 21 years of age or older; remove the commercial production and distribution of marihuana from the illicit market; prevent revenue generated from commerce in marihuana from going to criminal enterprises or gangs; prevent the distribution of marihuana to persons under 21 years of age; prevent the diversion of marihuana to illicit markets; ensure safety of marihuana and marihuana-infused products; prevent adverse public health consequences; and ensure security of marihuana establishments. To the fullest extent possible, this act shall be interpreted in accordance with the purpose and intent set forth in this section.

Sec. 3. As used in this act:

- (a) "Cultivate" means to propagate, breed, grow, harvest, dry, cure, or separate parts of the marihuana plant by manual or mechanical means.
- (b) "Department" means the department of licensing and regulatory affairs.
- (c) "Industrial hemp" means a plant of the genus cannabis and any part of that plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration that does not exceed 0.3% on a dry-weight basis, or per volume or weight of marihuana-infused product, or the combined percent of delta-9-tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant of the genus cannabis regardless of moisture content.
- (d) "Marihuana" means all parts of the plant of the genus cannabis, growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds or resin, including marihuana concentrate. Marihuana does not include:
 - (1) the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, except the resin extracted from those stalks, fiber, oil, or cake, or any sterilized seed of the plant that is incapable of germination;
 - (2) industrial hemp; or
 - (3) any other ingredient combined with marihuana to prepare topical or oral administrations, food, drink, or other products.
- (e) "Marihuana accessories" means any equipment, product, material, or combination of equipment, products, or materials, which is designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, ingesting, inhaling, or otherwise introducing marihuana into the human body.

(f) “Marihuana concentrate” means the resin extracted from any part of the plant of the genus cannabis that is intended for vaporization or smoking but does not include any other ingredient combined with that resin.

(g) “Marihuana establishment” means a marihuana grower, safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, secure transporter, or any other type of marihuana-related business licensed by the department.

(h) “Marihuana grower” means a person licensed to cultivate marihuana and sell or otherwise transfer marihuana to marihuana establishments.

(i) “Marihuana-infused product” means a topical formulation, tincture, beverage, edible substance, or similar product containing marihuana or an extract from marihuana.

(j) “Marihuana microbusiness” means a person licensed to cultivate not more than 150 marihuana plants; process and package marihuana-infused products; and sell or otherwise transfer marihuana and marihuana-infused products to individuals who are 21 years of age or older or to a marihuana safety compliance facility, but not to other marihuana establishments.

(k) “Marihuana processor” means a person licensed to obtain marihuana from marihuana establishments; process and package marihuana and marihuana-infused products; and sell or otherwise transfer marihuana and marihuana-infused products to marihuana establishments.

(l) “Marihuana retailer” means a person licensed to obtain marihuana and marihuana-infused products from marihuana establishments and to sell or otherwise transfer marihuana and marihuana-infused products to marihuana establishments and to individuals who are 21 years of age or older.

(m) “Marihuana secure transporter” means a person licensed to obtain marihuana from marihuana establishments; remit tax payments on marihuana pursuant to section 14 of this act; and transport or otherwise transfer marihuana to marihuana establishments.

(n) “Marihuana safety compliance facility” means a person licensed to test marihuana and marihuana-infused products, including certification for potency and the presence of contaminants.

(o) “Municipality” means a city, township, or village.

(p) “Person” means an individual, corporation, limited liability company, partnership of any type, trust, or other legal entity.

(q) “Process” or “Processing” means to separate or otherwise prepare parts of the marihuana plant and to compound, blend, extract, infuse, or otherwise make or prepare marihuana or a marihuana-infused product.

(r) “Unreasonably impracticable” means that the measures necessary to comply with the regulations or ordinances adopted pursuant to this act subject licensees to unreasonable risk or require such a high investment of money, time, or any other resource or asset that a reasonably prudent businessperson would not operate the marihuana establishment.

Sec. 4. 1. This act does not authorize:

(a) operating, navigating, or being in physical control of any motor vehicle, aircraft, snowmobile, off-road recreational vehicle, or motorboat while under the influence of marihuana;

(b) transfer of marihuana, marihuana-infused products, or marihuana accessories to a person under the age of 21;

(c) any person under the age of 21 to possess, consume, purchase or otherwise obtain, cultivate, process, transport, or sell marihuana or marihuana-infused products;

(d) separation of plant resin by butane extraction or another method that utilizes a substance with a flashpoint below 100 degrees Fahrenheit in any public place, motor vehicle, or within the curtilage of any residential structure;

(e) consuming marihuana in a public place or smoking marihuana where smoking tobacco is prohibited by the Michigan clean indoor air act, 1978 PA 368, MCL 333.12601 to MCL 333.12616, except for purposes of this subdivision a public place does not include an area designated for consumption within a municipality that has authorized consumption in designated areas;

(f) cultivating marihuana plants if the plants are visible from a public place without the use of binoculars, aircraft, or other optical aids or outside of an enclosed area equipped with locks or other functioning security devices that restrict access to the area;

(g) consuming marihuana or marihuana-infused products within the passenger area of a vehicle upon a public way;

(h) possessing a container of marihuana or marihuana-infused product that is open or upon which the seal is broken and from which contents have been partially removed within the passenger area of a vehicle upon a public way;

(i) possessing or consuming marihuana, marihuana-infused products, or marihuana accessories on the grounds of a public or private school where children attend classes in preschool programs, kindergarten programs, or grades 1 through 12, in a school bus, or on the grounds of any correctional facility; or

(j) Possessing more than 2.5 ounces of marihuana within a person's place of residence unless the excess marihuana is stored in a container or area equipped with locks or other functioning security devices that restrict access to the contents of the container or area.

2. This act does not limit any privileges, rights, immunities, or defenses of a person as provided in the Michigan medical marihuana act, 2008 IL 1, MCL 333.26421 to 333.26430, the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, or any other law of this state allowing for or regulating marihuana for medical use.

3. This act does not require an employer to permit or accommodate conduct otherwise allowed by this act in any workplace or on the employer's property. This act does not prohibit an employer from disciplining an employee for violation of a workplace drug policy or for working while under the influence of marihuana. This act does not prevent an employer from refusing to hire, discharging, disciplining, or otherwise taking an adverse employment action against a person with respect to hire, tenure, terms, conditions, or privileges of employment because of that person's use or possession of

marihuana in violation of a workplace drug policy or because that person was working while under the influence of marihuana.

4. This act does not prevent a person from prohibiting or otherwise regulating the consumption, cultivation, distribution, processing, sale, or display of marihuana, marihuana-infused products, and marihuana accessories on property the person owns, occupies, or manages, except that a lease agreement may not prohibit a tenant from possessing and consuming marihuana by means other than smoking.

5. All other laws inconsistent with this act do not apply to conduct as provided for by this act.

Sec. 5. 1. Notwithstanding any other law or provision of this act, and except as otherwise provided in section 4 of this act, the following acts by a person 21 years of age or older are not unlawful, are not an offense, are not grounds for seizing or forfeiting property, are not grounds for arrest, prosecution, or penalty in any manner, are not grounds for search or inspection, and are not grounds to deny any other right or privilege:

(a) possessing, using or consuming, internally possessing, purchasing, transporting, or processing 2.5 ounces or less of marihuana or marihuana-infused products, except that not more than 15 grams of marihuana may be in the form of marihuana concentrate;

(b) if the conduct occurs at the person's primary residence, cultivating not more than 12 marihuana plants in the aggregate within a single and independent unit of a residential property, possessing any marihuana produced by marihuana plants cultivated on the premises, and storing any marihuana or marihuana-infused products obtained from lawful sources pursuant to state law;

(c) assisting another person who is 21 years of age or older in any of the acts described in this section; and

(d) giving away or otherwise transferring without remuneration up to 2.5 ounces of marihuana or marihuana-infused products, except that not more than 15 grams of marihuana may be in the form of marihuana concentrate, to a person 21 years of age or older, as long as the transfer is not advertised or promoted to the public.

2. Notwithstanding any other law or provision of this act, except as otherwise provided in section 4 of this act, the use, manufacture, possession, and purchase of marihuana accessories by a person 21 years of age or older and the distribution or sale of marihuana accessories to a person 21 years of age or older is authorized, is not unlawful, is not an offense, is not grounds for seizing or forfeiting property, is not grounds for arrest, prosecution, or penalty in any manner, and is not grounds to deny any other right or privilege.

3. A person shall not be denied custody of or visitation with a minor for acting in accordance with this act, unless the person's behavior is such that it creates an unreasonable danger to the minor that can be clearly articulated and substantiated.

Sec. 6. 1. Unless the court determines that granting the petition would pose an unreasonable risk to public safety, upon application to the court that entered a conviction, whether by trial or by plea, the court shall:

- (a) set aside the conviction of a person who would not have been guilty of the violation had this act been in effect at the time of violation;
- (b) redesignate the conviction of a person who would have been guilty of a lesser violation to a misdemeanor or infraction in accordance with this act, as provided in this act had this act been in effect at the time of the violation; or
- (c) resentence a person currently serving a sentence for a violation who would not have been guilty of the violation, or who would have been guilty of a lesser violation had this act been in effect at the time of the violation, in accordance with this act had this act been in effect at the time of the violation.

- 2. Unless requested by the applicant, no hearing is necessary to grant or deny an application filed under this section.
- 3. This section does not create a right to commence an action for damages.
- 4. Upon the setting aside of a conviction under this section, the court shall transmit a copy of the order setting aside the conviction to the arresting agency and to the department of state police, and all records related to the violation shall be designated as nonpublic and exempt from disclosure.

Sec. 7. 1. Except as provided in section 4, a municipality may prohibit completely or limit the number of marihuana establishments within its boundaries. Qualified electors in a municipality may petition to initiate an ordinance to provide for the number of marihuana establishments allowed within the municipality, and such ordinance shall be submitted to the electors of the municipality at the next regular election when a petition substantially similar to a petition under MCL 168.482 is signed by qualified electors in the municipality in a number greater than 5% of the votes cast for governor in the last gubernatorial election by qualified electors in the municipality.

- 2. A municipality may adopt other ordinances that are not unreasonably impracticable and do not conflict with this act or with any regulation promulgated pursuant to this act and that:
 - (a) establish reasonable restrictions on public signs related to marihuana establishments;
 - (b) regulate the time, place, and manner of a marihuana grower, marihuana processor, marihuana retailer, marihuana microbusiness, and marihuana safety compliance facility operation, and of any business dealing in marihuana accessories;
 - (c) authorize the sale of marihuana and marihuana-infused products for consumption in designated areas, or at special events in limited areas and for a limited time; and
 - (d) designate a violation of the ordinance and provide for a penalty for that violation by a marihuana establishment, provided that such violation is a civil infraction and such penalty is a civil fine of not more than \$500.
- 3. A municipality may adopt an ordinance requiring a marihuana establishment with a physical location within the municipality to obtain a municipal license, but may not impose qualifications for licensure that conflict with qualifications for licensure established by the department.
- 4. A municipality may charge an annual fee of not more than \$5,000 to defray administrative and enforcement costs associated with the operation of the marihuana establishment in the municipality.

5. A municipality may not adopt an ordinance that prohibits the transportation of marihuana or marihuana-infused products through the municipality or prohibits a marihuana grower, a marihuana processor, and a marihuana retailer from operating within a single facility or from operating at a location shared with a marihuana facility operating pursuant to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

Sec. 8. 1. The department is responsible for implementing this act and has the powers and duties necessary to control the commercial production and distribution of marihuana. The department shall employ any personnel and may contract with advisors and consultants as necessary to adequately perform its duties. No person who is pecuniarily interested, directly or indirectly, in any marihuana establishment may be an employee, advisor, or consultant involved in the administration of this act. An employee, advisor, or consultant of the department may not be personally liable for any action at law for damages sustained by a person because of an action performed or done in the performance of their duties in the administration of this act. The department of state police shall cooperate and assist the department in conducting background investigations of applicants. Responsibilities of the department include:

- (a) promulgating rules pursuant to section 9 of this act that are necessary to implement, administer, and enforce this act;
- (b) granting or denying each application for licensure and investigating each applicant to determine eligibility for licensure, including conducting a background investigation on each person holding an ownership interest in the applicant;
- (c) ensuring compliance with this act and the rules promulgated pursuant to this act by marihuana establishments by performing investigations of compliance and regular inspections of marihuana establishments and by taking appropriate disciplinary action against a licensee, including prescribing civil fines for violations of this act or rules and suspending, restricting, or revoking a license;
- (d) holding at least 4 public meetings each calendar year for the purpose of hearing complaints and receiving the views of the public with respect to administration of this act;
- (e) collecting fees for licensure and fines for violations of this act or rules, depositing all fees collected in the marihuana regulation fund established by section 15 of this act, and remitting all fines collected to be deposited in the general fund; and
- (f) submitting an annual report to the governor covering the previous year and containing the number of licenses of each class issued, demographic information on licensees, a description of enforcement and disciplinary actions taken against licensees, and a statement of revenues and expenses of the department.

Sec. 9. 1. The department shall promulgate rules to implement and administer this act, including:

- (a) procedures for issuing a license pursuant to section 10 of this act and for renewing, suspending, and revoking a license to operate a marihuana establishment;

- (b) a schedule of fees in amounts not more than necessary to pay for implementation and enforcement costs of this act and that relate to the size of each licensee or the volume of business conducted by the licensee;
 - (c) qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment, provided that a prior conviction solely for a marijuana-related offense does not disqualify an individual or otherwise affect eligibility for licensure, unless the offense involved distribution of a controlled substance to a minor;
 - (d) requirements and standards for safe cultivation, processing, and distribution of marijuana and marijuana-infused products by marijuana establishments;
 - (e) testing, packaging, and labeling standards, procedures, and requirements for marijuana and marijuana-infused products;
 - (f) security requirements, including lighting, physical security, and alarm requirements, and requirements for securely transporting marijuana between marijuana establishments, provided that such requirements do not prohibit cultivation of marijuana outdoors or in greenhouses;
 - (g) record keeping requirements for marijuana establishments and monitoring requirements to track the transfer of marijuana and marijuana-infused products by licensees;
 - (h) requirements for the operation of marijuana secure transporters to ensure that all marijuana establishments are properly serviced;
 - (i) reasonable restrictions on advertising, marketing, and display of marijuana, marijuana-infused products, and marijuana establishments, including prohibiting advertising, marketing, or display with a high likelihood of reaching minors;
 - (j) a plan to promote and encourage participation in the marijuana industry by people from communities that have been disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities; and
 - (k) penalties for failure to comply with any regulation promulgated pursuant to this section or for any violation of this act, including civil fines and suspension, revocation, or restriction of a license to operate a marijuana establishment.
2. In furtherance of the intent of this act, the department may promulgate rules to:
 - (a) provide for the issuance of additional types or classes of licenses to operate marijuana-related businesses, including licenses that authorize only limited cultivation, processing, transportation, delivery, storage, sale, or purchase of marijuana or marijuana-infused products, licenses that authorize the consumption of marijuana or marijuana-infused products within designated areas, licenses that authorize the consumption of marijuana at special events in limited areas and for a limited time, licenses that authorize cultivation for purposes of propagation, and licenses intended to facilitate scientific research or education; or
 - (b) regulate the cultivation, processing, distribution, and sale of industrial hemp.
 3. The department may not promulgate a rule that:
 - (a) establishes a limit on the number of any type of marijuana establishment licenses that may be granted;
 - (b) requires a customer to provide a marijuana retailer with identifying information other than identification to determine the customer's age or requires the marijuana

retailer to acquire or record personal information about customers other than information typically required in a retail transaction;

(c) prohibits a marijuana establishment from operating at a shared location of a marijuana facility operating pursuant to the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, or prohibits a marijuana grower, marijuana processor, or marijuana retailer from operating within a single facility; or

(d) is unreasonably impracticable.

Sec. 10. 1. Each application for a license to operate a marijuana establishment must be submitted to the department. Upon receipt of a complete application and application fee, the department shall forward a copy of the application to the municipality in which the marijuana establishment is to be located, determine whether the applicant and the premises qualify for the license and comply with this act, and issue the appropriate license or send the applicant a notice of rejection setting forth specific reasons why the department did not approve the license application within 90 days.

2. The department shall issue the following license types: marijuana retailer; marijuana safety compliance facility; marijuana secure transporter; marijuana processor; marijuana microbusiness; class A marijuana grower authorizing cultivation of not more than 100 marijuana plants; class B marijuana grower authorizing cultivation of not more than 500 marijuana plants; and class C marijuana grower authorizing cultivation of not more than 2,000 marijuana plants.

3. Except as otherwise provided in this section, the department shall approve a marijuana establishment license application and issue a license if:

(a) the applicant has submitted an application in compliance with rules promulgated by the department, is in compliance with this act and the rules, and has paid the required fee;

(b) the municipality in which the proposed marijuana establishment will be located does not notify the department that the proposed marijuana establishment is not in compliance with an ordinance consistent with section 7 of this act and in effect at the time of application;

(c) the property where the proposed marijuana establishment is to be located is not within an area zoned exclusively for residential use and is not within 1,000 feet of a pre-existing public or private school providing education in kindergarten or any of grades 1 through 12, unless a municipality adopts an ordinance that reduces this distance requirement;

(d) a person who holds any ownership interest in a proposed marijuana establishment:

(1) will not hold an ownership interest in more than 5 marijuana growers, regardless of class;

(2) will not hold an ownership interest in a marijuana safety compliance facility or in a marijuana secure transporter and an ownership interest in a marijuana grower, a marijuana processor, a marijuana retailer, or a marijuana microbusiness; and

(3) will not hold an ownership interest in a marijuana microbusiness and an ownership interest in a marijuana grower, a marijuana processor, a marijuana

retailer, a marihuana safety compliance facility, or another marihuana microbusiness.

4. If a municipality limits the number of marihuana establishments that may be licensed in the municipality pursuant to section 7 of this act and that limit prevents the department from issuing a license to all applicants who meet the requirements of subsection 3 of this section, the municipality shall decide among competing applications by a competitive process intended to select applicants who are best suited to operate in compliance with this act within the municipality.
5. All licenses under this act are effective for 1 year, unless the department issues the license for a longer term. A license is renewed upon receipt of a complete renewal application and a renewal fee from any marihuana establishment in good standing.
6. The department shall begin accepting applications for marihuana establishments within 12 months after the effective date of this act. Except as otherwise provided in this section, for 24 months after the department begins to receive applications for marihuana establishments, the department may only accept applications for licensure: for a class A marihuana grower or for a marihuana microbusiness, from persons who are residents of Michigan; for a marihuana retailer, marihuana processor, class B marihuana grower, or class C marihuana grower, from persons holding a state operating license pursuant to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801; for a marihuana secure transporter, from persons holding a state operating license for a secure transporter pursuant to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and who have experience transporting products upon which an excise tax is collected, remitting excise taxes to the department of treasury, and applying tax stamps to identify when taxes have been paid; and for a marihuana safety compliance facility, from any applicant. One year after the department begins to accept applications pursuant to this section, the department may begin accepting applications from any applicant if the department determines that additional licenses are necessary to minimize the illegal market for marihuana in this state, to efficiently meet demand for marihuana, or to provide for reasonable access to marihuana in rural areas.
7. Information obtained from an applicant related to licensure under this act is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

Sec. 11. 1. Notwithstanding any other law or provision of this act, and except as otherwise provided in section 4 of this act or the rules promulgated pursuant to this act, the following acts performed by persons 21 years of age or older are not unlawful, are not an offense, are not grounds for seizing or forfeiting property, are not grounds for arrest, prosecution, or penalty in any manner, are not grounds for search or inspection except as authorized by this act, and are not grounds to deny any other right or privilege:

- (a) a marihuana grower or an agent acting on behalf of a marihuana grower cultivating not more than the number of marihuana plants authorized by the license class; possessing, packaging, storing, or testing marihuana; selling or otherwise transferring, purchasing or otherwise obtaining, or transporting marihuana to or from a marihuana establishment; or receiving compensation for services;

(b) a marihuana processor or agent acting on behalf of a marihuana processor manufacturing, possessing, packaging, storing, or testing marihuana or marihuana-infused products; selling or otherwise transferring, purchasing or otherwise obtaining, or transporting marihuana or marihuana-infused products to or from a marihuana establishment; or receiving compensation for services;

(c) a marihuana secure transporter or an agent acting on behalf of a marihuana secure transporter possessing, storing, or testing marihuana or marihuana-infused products; transporting marihuana to or from a marihuana establishment; or receiving compensation for services;

(d) a safety compliance facility or an agent acting on behalf of a safety compliance facility testing, possessing, repackaging, or storing marihuana or marihuana-infused products; transferring, obtaining, or transporting marihuana to or from a marihuana establishment; or receiving compensation for services;

(e) a marihuana retailer or an agent acting on behalf of a marihuana retailer possessing, storing, or testing marihuana or marihuana-infused products; selling or otherwise transferring, purchasing or otherwise obtaining, or transporting marihuana to or from a marihuana establishment; selling or otherwise transferring marihuana or marihuana-infused products to a person 21 years of age or older; or receiving compensation for services; or

(f) a marihuana microbusiness or an agent acting on behalf of a marihuana microbusiness, cultivating not more than 150 marihuana plants; possessing, packaging, storing, or testing marihuana and marihuana-infused products produced on the premises where the marihuana plants were cultivated; processing marihuana and marihuana-infused products from marihuana plants cultivated on the premises; selling or otherwise transferring marihuana or marihuana-infused products cultivated or processed on the premises to a person 21 years of age or older; or receiving compensation for services.

2. Notwithstanding any other law or provision of this act, except as otherwise provided in section 4 of this act, the following acts are not unlawful, are not an offense, are not grounds for seizing or forfeiting property, are not grounds for arrest, prosecution, or penalty in any manner, and are not grounds to deny any other right or privilege:

(a) leasing or otherwise allowing the use of property owned, occupied, or managed for activities allowed under this act;

(b) enrolling or employing a person who engages in marihuana-related activities allowed under this act;

(c) possessing, cultivating, processing, obtaining, transferring, or transporting industrial hemp; or

(d) providing professional services to prospective or licensed marihuana establishments related to activity under this act.

3. A person acting as an agent of a marihuana retailer who sells or otherwise transfers marihuana or marihuana accessories to a person under 21 years of age is not subject to arrest, prosecution, forfeiture of property, disciplinary action by a professional licensing board, denial of any right or privilege, or penalty in any manner, if the person reasonably verified that the recipient appeared to be 21 years of age or older by means of government-issued photographic identification containing a date of birth, and the person complied with any rules promulgated pursuant to this act.

4. It is the public policy of this state that contracts related to the operation of marijuana establishments be enforceable.

Sec. 12. (a) A marijuana establishment may not allow cultivation, processing, sale, or display of marijuana or marijuana-infused products to be visible from a public place outside of the marijuana establishment without the use of binoculars, aircraft, or other optical aids.

(b) A marijuana establishment may not cultivate, process, test, or store marijuana or marijuana-infused products at any location other than a physical address approved by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marijuana establishment to access the area.

(c) A marijuana establishment shall secure every entrance to the establishment so that access to areas containing marijuana is restricted to employees and other persons permitted by the marijuana establishment to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marijuana, marijuana-infused products, and marijuana accessories.

(d) No marijuana establishment may refuse representatives of the department the right at any time of operation to inspect the licensed premises or to audit the books and records of the marijuana establishment.

(e) No marijuana establishment may allow a person under 21 years of age to volunteer or work for the marijuana establishment.

(f) No marijuana establishment may sell or otherwise transfer marijuana or marijuana-infused products that were not produced, distributed, and taxed in compliance with this act.

(g) A marijuana grower, marijuana retailer, marijuana processor, marijuana microbusiness, or marijuana testing facility may not transport more than 15 ounces of marijuana or marijuana-infused products or more than 60 grams of marijuana concentrate at one time.

(h) A marijuana grower may not sell or otherwise transfer marijuana before the excise tax due pursuant to section 14 of this act is collected from the marijuana grower by a marijuana secure transporter.

(i) A marijuana secure transporter may not hold title to marijuana or marijuana-infused products.

(j) No marijuana processor may process and no marijuana retailer may sell edible marijuana-infused candy in shapes or packages that are attractive to children or that are easily confused with commercially sold candy that does not contain marijuana.

(k) No marijuana retailer may sell or otherwise transfer marijuana or a marijuana-infused product that is not contained in an opaque, resealable, child-resistant package designed to be significantly difficult for children under 5 years of age to open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.20 (1995).

Sec. 13. In computing net income for marijuana establishments, deductions from state taxes are allowed for all the ordinary and necessary expenses paid or incurred during the taxable year in carrying out a trade or business.

Sec. 14. 1. Marihuana sold or otherwise transferred by a marihuana grower or by a marihuana microbusiness is subject to an excise tax at a rate of:

(a) \$20 per dry-weight ounce of marihuana flowers, and

(b) \$6.75 per dry-weight ounce of marihuana leaves.

2. The department of treasury shall administer the taxes imposed under this section. The department of treasury may establish other categories of harvested marihuana or marihuana plants. These categories are taxed at their relative value compared with marihuana flowers. The department of treasury may adjust the rate for marihuana leaves annually to reflect fluctuations in the relative price of marihuana flowers to marihuana leaves and to account for inflation. All marihuana removed from a marihuana cultivator's premises, except for plant waste, shall be presumed to be sold and thereby taxable under this section.

3. The department of treasury may promulgate rules that prescribe a method and manner for payment of the tax that utilizes stamping or other appropriate mechanisms to ensure proper tax collection.

4. A marihuana secure transporter shall remit the tax imposed by this section to the department of treasury on behalf of a marihuana grower. A marihuana microbusiness shall remit the tax imposed by this section directly to the department of treasury.

5. For purposes of this section:

(a) "marihuana flowers" means the dried flowers of the marihuana plant as defined by the department of treasury; and

(b) "marihuana leaves" means all parts of the marihuana plant other than marihuana flowers that are sold or otherwise transferred.

Sec. 15. 1. The marihuana regulation fund is created in the state treasury. The department shall deposit all money collected under section 14 of this act and all fees collected by the department in the fund. The state treasurer shall direct the investment of the fund and shall credit the fund interest and earnings from fund investments. The department shall administer the fund for auditing purposes. Money in the fund may not lapse to the general fund.

2. Funds for the initial activities of the department under this act shall be appropriated from the general fund. The department shall repay any amount appropriated under this subsection from proceeds in the fund.

3. The department shall expend money in the fund first for the implementation, administration, and enforcement of this act, and second, until 2022, to provide \$20 million annually to one or more FDA-approved clinical trials sponsored by a non-profit organization or researcher within an academic institution in the United States researching the efficacy of marihuana in treating the medical conditions of U.S. Armed Services veterans. Upon appropriation, unexpended balances must be allocated as follows:

(a) 25% to municipalities in which a marihuana establishment is located, allocated in proportion to the number of marihuana establishments within the municipality.

(b) 25% to counties in which a marihuana establishment is located, allocated in proportion to the number of marihuana establishments within the county.

(c) 50% to community colleges in Michigan to be distributed in proportion to enrollment in each community college, dedicated to making community colleges more affordable to Michigan residents.

Sec. 16. 1. A person who commits any of the following acts, and is not otherwise authorized by this act to conduct such activities, may be punished only as provided in this section and is not subject to any other form of punishment or disqualification, including forfeiture of property, arrest, prosecution, or penalty, or denial of any other right or privilege, unless the person consents to another disposition authorized by law:

(a) A person who engaged in the conduct described in section 4(1)(d) of this act is guilty of a misdemeanor and may be punished by a fine of not more than \$1,000 and forfeiture of the marihuana.

(b) A person who engaged in the conduct described in sections 4(1)(e), 4(1)(f), 4(1)(g), 4(1)(h), 4(1)(i), or 4(1)(j) of this act is responsible for a civil infraction and may be punished by a fine of not more than \$100 and forfeiture of the marihuana.

(c) A person who possesses not more than twice the amount of marihuana allowed by section 5, cultivates not more than twice the amount of marihuana allowed by section 5, delivers without receiving any remuneration to a person who is at least 21 years of age not more than twice the amount of marihuana allowed by section 5, or possesses with intent to deliver not more than twice the amount of marihuana allowed by section 5:

(1) for a first violation, is responsible for a civil infraction and may be punished by a fine of not more than \$500 and forfeiture of the marihuana;

(2) for a second violation, is responsible for a civil infraction and may be punished by a fine of not more than \$1,000 and forfeiture of the marihuana;

(3) for a third or subsequent violation, is guilty of a misdemeanor and may be punished by a fine of not more than \$2,000 and forfeiture of the marihuana.

(d) A person under 21 years of age who possesses not more than 2.5 ounces of marihuana or who cultivates not more than 12 marihuana plants is responsible for a civil infraction and may be punished:

(1) If the person is less than 18 years of age, by a fine of not more than \$100 or community service, forfeiture of the marihuana, and completion of 4 hours of drug education or counseling.

(2) If the person is at least 18 years of age but less than 21 years of age, by a fine of not more than \$100 and forfeiture of the marihuana.

2. In imposing punishment for marihuana-related violations of state law, the court shall discriminate between casual or slight violations and violations that are habitual and for a commercial purpose or that involve violence. Notwithstanding any other law, the court shall find a person responsible for a misdemeanor rather than a felony and may not impose a term of imprisonment if the marihuana-related violation is not habitual and for a commercial purpose and did not involve violence.

Sec. 17. 1. If the department does not timely promulgate rules as required by section 9 of this act or accept or process applications in accordance with section 10 of this act, beginning one year after the effective date of this act, an applicant may submit an

application for a marihuana establishment directly to the municipality where the marihuana establishment will be located.

2. If a marihuana establishment submits an application to a municipality under this section, the municipality shall issue a license to the applicant within 90 days after receipt of the application unless the municipality finds and notifies the applicant that the applicant is not in compliance with an ordinance or rule adopted pursuant to this act.

3. If a municipality issues a license pursuant to this section:

(a) the municipality shall notify the department that the license has been issued;

(b) the license has the same force and effect as a license issued by the department pursuant to section 10 of this act; and

(c) the holder of the license is not subject to regulation or enforcement by the department during the license term.

Sec. 18. This act shall be broadly construed to accomplish its intent as stated in section 2 of this act. Nothing in this act purports to supersede any applicable federal law, except where allowed by federal law. All provisions of this act are self-executing. Any section of this act that is found invalid as to any person or circumstances shall not affect the application of any other section of this act that can be given full effect without the invalid section or application.