

State of Michigan
Department of Licensing and Regulatory Affairs
Cannabis Regulatory Agency
2023 Cannabis Market Taxation and Regulatory Compliance Analysis (CMTRCA) Grant Program

RESPONSE TO INQUIRIES
(POSTED: January 19, 2023)

Please provide further clarification on the intent of Section 3a and 3b. What suspected sources of differences has the State identified?

Part III-C, item 3 of the RFP requires the bidder to perform an analysis of tax collection and reporting within Michigan's marijuana market, including determining how much tax revenue has been collected from AU and medical sales and how much tax revenue should have been collected from AU and medical sales based on the number of sales. An objective of this analysis is to determine, first, if there is a difference and, second, if so, what the cause of that difference might be.

What existing data does the State intend to make available as part of this grant?

The grantee will be provided access to data in the statewide monitoring system for the sole and exclusive purpose of providing the services specified in the contract and subject to confidentiality restrictions, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the services specified in the contract.

The Department of Treasury can provide aggregate data on marijuana-related tax payments and tax returns, the number of audits conducted, potentially by region or county, and a summary of causes of adjustments made after audit by tax, with total dollars and type of adjustment by year. Treasury also issues attestation letters used by CRA for its license determinations.

Individual annual financial statements may be made available in redacted form upon request.

Are there any data sources related to this RFP that the State does not intend to make available?

The state will not provide access to confidential information about licensees. Individual or individual business tax information will not be provided nor will aggregated data that would potentially allow the vendor to draw conclusions about the tax information of an individual or individual business.

Of the provided data sources, is evaluating the integrity of the provided data sources within the scope?

The CRA is aware that information entered into the statewide monitoring system by licensees may contain inaccuracies. The grantee should identify any detected pattern of anomalies or inaccuracies.

Are there specific policies that the State would like to be considered in relation to 1b?

Part III-C, item 1b of the RFP requires the bidder to determine the expected size of Michigan's marijuana market in five years if no policy changes are made. That includes the size of the adult-use, medical, patient/caregiver, and illicit markets. The intent of this item is to gain a better understanding of what Michigan's marijuana markets will look like in 5 years if no policy changes are made based on current or predicted future trends. The bidder may also choose to provide market predictions based on specific policy changes if they so choose.

Does the State intend to facilitate access to current licensees locations or operations in order to conduct in-scope research?

Basic information about licensees and licensed locations (e.g. business names and addresses) is currently publicly available. The CRA is willing to facilitate access to licensees for research but has no authority to compel licensees to participate in any research. The licensee would have to agree to participate.

Can you provide examples or suspicions of activities the State has already encountered?

One example is discrepancies in sales data. Data from a licensee's point of sale system does not match data in the statewide monitoring system and does not match reports submitted with annual financial statements. Another example of suspected activity is bringing marijuana or marijuana products like distillate into the regulated market from illicit sources.

Will the grantee have access to CRA Data including:

a. A cumulative report of all sales and excise tax returns filed by licensed retailers (AU and MED), or access to data from which a cumulative report can be determined?

The Department of Treasury can provide aggregate data on marijuana-related tax payments and tax returns, the number of audits conducted, potentially by region or county, and a summary of causes of adjustments made after audit by tax, with total dollars and type of adjustment by year. Treasury also issues attestation letters used by CRA for its license determinations.

b. A cumulative report of all Annual Financial Statements Filed (or access to data from which a cumulative report can be prepared).

The CRA has not created a cumulative report of all annual financial statements. Individual annual financial statements may be made available in redacted form upon request.

Will the grantee be given the opportunity to interview personnel of the CRA to discuss matters of public record (noted trends, staff viewpoints, etc.)?

Yes

Will the CRA be able to provide redacted access to Metrc Data?

The grantee will be provided access to data in the statewide monitoring system for the sole and exclusive purpose of providing the services specified in the contract and subject to confidentiality restrictions, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the services specified in the contract.