

Racial Equity Advisory Workgroup

July 2022 Update



License Type Proposal

Summary

To create a new license type, to be known as a class A marijuana microbusiness, pursuant to the Cannabis Regulatory Agency's (CRA) authority under Sec. 8(2)(a) of the Michigan Regulation and Taxation of Marijuana Act (MRTMA) that combines attributes of the existing marijuana microbusiness license.

Update

Effective Monday, March 7, 2022, the CRA updated the administrative rule sets to include the new adult-use class A marijuana microbusiness license. The license must meet the requirements under MRTMA and the marijuana licenses administrative rule sets. License is valid for one year and allows a licensee to grow up to 300 plants. Marijuana liability insurance will be required upon licensure and at renewal. Class A marijuana microbusinesses may purchase marijuana concentrate and marijuana-infused products from a processor.

Social Equity Ownership Pathways

Summary

Creation of a Joint Venture Pathway Program (JVPP) and Social Equity Employment to Ownership (SEEO) program for social equity and other qualified applicants with corporate partners for licensing, capitalization and operational development of social equity businesses.

Update

In August of 2021, the CRA's social equity team announced the creation of the JVPP. Since then, in response to suggestions that were received from current JVPP participants and feedback from the Diversity, Equity, and Inclusion Workgroup, the CRA implemented and announced in January 2022 the creation of a JVPP SharePoint website.

The website has allowed social equity participants' information to be accessed and made available in a streamlined, sortable format to those that request access to the site. Those that request the listings will be provided access to the JVPP SharePoint website and be able to view the most current information available, when it is received from our social equity participants.

The CRA has received requests from dozens of potential JVPP partners hoping to gain access to the JVPP SharePoint website. There are hundreds of individuals that have their information listed and available to access on the JVPP SharePoint website. The addition of the new JVPP SharePoint website has also allowed the CRA's social equity team to easily identify duplicate entries and update users' information quickly, to make sure that the information presented is relevant and efficient.

Marijuana Education

Summary

Mandate continuing education (CE) on cannabis studies for Public Health Code (PHC) professionals under the existing pain and symptom management requirement. The CRA would also require that all license owners, operators, and employees complete certification to obtain licensure and maintain competency through CE requirements. A scholarship program would be available for social equity license holders to obtain and maintain certification through this requirement.

Update

The CRA has engaged with the Bureau of Professional Licensing – the agency that oversees public health code continuing education – on ways to support continuing education on the use of cannabis as an alternative for pain and symptom management. The CRA has begun its analysis on workforce development and how changes to pre-licensure education requirements and continuing education for CRA licensees will impact compliance and competition within the industry. The CRA will continue to engage with stakeholders on this topic during its review of the administrative rules.

Michigan Marijuana Market

Summary

The Michigan Marijuana Market (MMM) is a crowdfunding platform housed and supported on the Cannabis Regulatory Agency's (CRA) website that serves as a portal for local investors and local cannabis businesses located in disproportionately impacted communities (DIC) to gather and invest.

The Michigan Uniform Securities Act (MUSA) provides a regulatory framework for the operation of an intrastate market. The markets would be regulated at the state level as broker-dealers and would deal solely with Michigan-based investors and securities.

Update

The creation of an intrastate market utilizing the Michigan Investment Market Act (Article 4a of the Michigan Uniform Securities Act), while a good recommendation in principle, is incompatible with existing federal exemptions from registration for exchanges. The CRA is considering alternative approaches to assist social equity applicants and licensees in finding ways to generate capital.

Municipal Education

Summary

Create a municipal manual and webinar and establish training sessions for municipalities. The webinar will include opportunities for municipalities to learn about social equity programs throughout the state and, potentially, the nation.

Update

The CRA has facilitated interviews with industry professionals and local municipal officials to assist municipalities who are interested in learning more about – or opting into - the Michigan Taxation of Marihuana Act (MRTMA). The CRA also included representatives of its divisions that have touchpoints with municipal authorities regarding internal processes potentially affecting local jurisdictions. The content of the video is intended to be informational only and is not intended to provide legal advice. The date of publication for this video was September 10, 2021 and is available under the CRA's [Video Library](#).

Social Equity Presentation Tour

Summary

The CRA will create more available times for individuals to attend social equity presentations and provide bilingual content. The CRA will also create licensing infographics for applicant educational purposes.

Update

In the past, the CRA has provided various dates, times, and locations for education sessions. Data has shown that these in-person sessions have not been the most efficient way to impact community engagement. With the restrictions during the COVID-19 pandemic, the social equity team turned their attention to facilitating education sessions using virtual platforms to expand their outreach efforts. Participation numbers and community feedback from the virtual sessions has exceeded in-person session participation numbers and feedback. We have increased the number of sessions that are provided to the public with a goal of three sessions every two months, with an array of topics relating to the application process and insight from licensees regarding their experiences.

With the new rule set now in place, the social equity team will be working to translate all CRA applications in Spanish. Applicants will need to use a translation service when submitting anything to the CRA translated into English. As the CRA we will identify reputable translation services the applicants may use.

Integration with Local Economic Development

Summary

Integrating commercial cannabis with local economic development and land bank agencies.

Update

The CRA will continue to develop its partnership with the Michigan Economic Development Corporation (MEDC) on local economic development. This partnership is designed to increase access to funding for those entering the marijuana industry as licensees for the first time. With access to funding being the primary barrier to entry, the CRA will work with the MEDC to focus on educating licensees on where to access existing funding by organizing cross-collaborative workgroups with nonprofit and support organizations to further analyze what small business support systems could be implemented for entrepreneurs in the cannabis industry.

MMFLA Social Equity Model

Summary

Amend the Medical Marijuana Facilities Licensing Act (MMFLA) to establish a social equity model for the MMFLA.

Update

As the medical side of the industry continues to decrease in size and scope, it has been determined that the best way to incorporate a social equity model for the MMFLA would be to combine the medical and adult-use markets. This will require action by the legislature.

Social Equity All-Star Program

Summary

This recommendation was first inspired by Governor Whitmer's Executive Directive 2019-08, which would require licensed cannabis companies to provide corporate spending plans. After gathering feedback from the public this proposal evolved to include additional social equity initiatives including social equity plans and community reinvestment plans.

Update

On May 10, 2022, the Cannabis Regulatory Agency announced a new initiative to encourage cannabis industry licensees to be proactive in their diversity, equity, and inclusion campaigns through its new Social Equity All-Star Program.

Adult-use licensees are eligible for recognition in the Social Equity All-Star Program by meeting the qualifying criteria of the program, including the development, publishing, and implementation of social equity plans, corporate spend plans, and community reinvestment plans. Participation is incentivized through state-issued bronze, silver, and gold social equity seals. The seals will be used as identifiers in a tiered recognition system to recognize licensees' social equity involvement.

In order to qualify for the **bronze** level of the Social Equity All-Star Program, licensees must publish their social equity plan on the CRA website and attest to its implementation. Licensees' social equity plans should complement their business strategic goals and objectives and make an impact in disproportionately impacted communities through employment, educational or mentorship programs, monetary assistance, or training. An advisory bulletin detailing guidance regarding social equity plans can be found on the CRA's website [here](#).

In order to qualify for the **silver** level of the Social Equity All-Star Program, licensees must meet the bronze level requirements, publish their corporate spend plan on the CRA website, and attest to its implementation. Licensees' corporate spend plans should include a dedicated percentage of the business' annual spending to diverse suppliers.

Licensees can find a list of certified diverse suppliers by utilizing the list of external resources [here](#). There are many ways in which licensees can spend money with diverse suppliers within the cannabis supply chain, including legal services, accounting, real estate, architect services, interior design services, security, insurance, marketing, packaging, and printing (payroll is not considered part of a corporate spend plan).

In order to qualify for the **gold** level of the Social Equity All-Star Program, licensees must meet the silver level requirements, publish their community reinvestment plan on the CRA website, and attest to its implementation. Licensees' community reinvestment plans should detail the licensee's volunteer time or the donation percentages of their revenue to organizations, non-profits, and charities which positively impact any of the groups in these categories:

- [Geographic communities](#) that the CRA has identified as disproportionately impacted.
- Racial/ethnic minorities, women, veterans, Native American tribes, LGBTQ, people with disabilities, and returning citizens.

Various promotions and recognition events will occur throughout the year, highlighting the licensees who meet the criteria for each tier. In addition, Social Equity All-Star Program licensees will be listed on the CRA website and in periodic communications to the public.

Registry Fund Grants

Summary

To allocate monies within the Marijuana Registry Fund for social equity grants.

Update

The CRA will consider this recommendation as part of its Fiscal Year 2024 budget proposal (beginning October 1, 2023).

Survey Data Collection Tool

Summary

Create a voluntary survey/data collection tool to identify barriers and challenges for existing licensees and prequalified applicants of color in both medical and adult-use marijuana licensing.

Update

The CRA has implemented a social equity adult-use survey that is currently being sent out to stakeholders at various stages in the licensing process to continue to identify challenges and barriers during and after the application process. The survey is sent with the prequalification determination, upon notice of initial licensure, and with the renewal notification. The questions are customized at each stage based on issues that the social equity team has identified through data analysis and previous workgroups. This information will be pulled internally from the existing departmental survey tool. Once information has been gathered, it will then be used to measure and report.

Event Permits

Summary

To create more value to the event organizer license type, the CRA would promote further inclusion and equity to the industry by modifying the Attestation 4-C for an event permit to require product liability insurance to be on the licensed retailer.

Update

The Cannabis Regulatory Agency sent out an email notification informing licensees that on December 27, 2021, Governor Whitmer signed Public Act 160 of 2021 and Public Act 161 of 2021, which amended the proof of financial responsibility insurance requirements for

applicants and licensees under the Medical Marijuana Facilities Licensing Act (MMFLA). This law goes into effect March 30, 2022.

Specifically, state law now requires the following:

- The insurance policy is issued by a licensed insurance company or licensed captive insurance company in this state.
- The insurance policy does not include a provision relieving an insurer from liability for payment of any claim for which the insured may be held liable under the act.
- The insurance policy covers bodily injuries to a qualifying patient, including those caused by the intentional conduct of the licensee or its employee or agent. However, the policy would not have to cover bodily injuries to qualifying patients caused by the licensee or its employee or agent when acting with the intent to harm.

Effective March 30, 2022, any applicant or licensee that was in the application process (initial licensure or renewal of a license) – and the application has not yet been approved – had to complete the new Attestation J or Attestation J–Renewal to be in compliance with this law change.

Licensee Exit Interview and Annual Assessment Survey

Summary

The Cannabis Regulatory Agency (CRA) would create a licensing exit interview and annual assessment survey for social equity applicants upon licensing and for annual license reviews and existing licensees and prequalified applicants of color in both medical and recreational marijuana programs.

Update

The CRA has combined this proposal suggestion with the Survey Data Collection Tool proposal during implementation. Please see the Survey Data Collection Tool proposal for the summary update.

Clinical Research Proposal

Summary

Introduce and pass Michigan version of state-based marijuana medical and clinical research.

Update

The CRA is not currently pursuing the recommendations of the advisory workgroup that increase taxes. The CRA may consider other means to fund clinical research initiatives in the future.

Intra-Licensee Transaction Tax

Summary

New commercial marijuana intra-licensee transaction tax under the Michigan Regulation and Taxation of Marijuana Act (MRTMA) and the Medical Marijuana Facilities Licensing Act (MMFLA).

Update

The CRA is not currently pursuing the recommendations of the advisory workgroup that increase taxes. The CRA may consider other means to fund social equity initiatives in the future.

Medical Excise Tax

Summary

Reinstitute the Medical Marijuana Excise Tax on provisioning center sales.

Update

At this time, the CRA's does not intend to recommend a legislative change to reinstitute the Medical Marijuana Excise Tax as this would increase the cost to Michigan's marijuana patients.