



# Racial Equity Advisory Workgroup

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## Final Recommendations



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## Executive Summary

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According to the Bureau of Justice Statistics, nearly 80% of people in federal prison and almost 60% of people in state prison for drug offenses are black or Latino.<sup>1</sup> As state laws regarding the legality of marijuana have evolved, concerns about equitable opportunity in the industry for people of color have been at the forefront of the conversation.

To address this key issue, many states have implemented forms of social equity programs. Similarly, the Marijuana Regulatory Agency (MRA) has established such a program and is committed to making Michigan the model agency in the country, including being a leader on diversity, equity, and inclusion in the marijuana industry.

The commercial marijuana industry is in its infancy in Michigan. Medical marijuana has been legal in the state since 2008 and commercialized in 2016. Adult-use marijuana was legalized and commercialized in 2018. As the agency responsible for implementing and administering the laws governing commercial licensure, the MRA recognizes the importance of equity in opportunity for businesses operating in this newly legalized industry.

The Michigan Regulation and Taxation of Marijuana Act (MRTMA) directed the MRA to create a plan “to promote and encourage participation in the marijuana industry by people from communities that have been disproportionately impacted by marijuana prohibition and enforcement and to positively impact those communities.”

As the MRA implemented and expanded this plan, it became clear that the broad language of the statute was not enough to address the specific issue of racial inequities within the commercial industry. Data collected in December 2020 by the MRA on individuals who have an ownership interest in a licensed adult-use establishment in Michigan showed that only 3.8% are black or African American and 1.5% are Hispanic or Latino.<sup>2</sup>

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<sup>1</sup> Bureau of Justice Statistics, "Federal Justice Statistics Program," <http://www.bjs.gov/fjsrc/>; E. Ann Carson, "Prisoners in 2016," Washington, DC: U.S. Department of Justice, Bureau of Justice Statistics, 2017). <https://www.bjs.gov/content/pub/pdf/p16.pdf>

<sup>2</sup> MRA adult-use licensee demographic survey results, December 2020: 79.0% white, 3.8% black or African American, 0.8% American Indian or Alaska Native, 3.8% Asian or Pacific Islander, 1.5% Hispanic, Latino, or Spanish Origin, 6.4% other, 4.6% prefer not to answer.

Accordingly, the MRA established a Racial Equity Advisory Workgroup as authorized by Section 2(h) of Executive Reorganization Order No. 2019-2, MCL 333.27001(2)(h), composed of state and local officials and industry stakeholders as follows:

- Representatives of the Michigan Legislature.
- Representatives of municipalities with significant minority populations.
- Representatives of minority-focused marijuana industry groups.
- Representatives of minority-focused business groups.
- Attorneys with experience in racial disparities and equity issues pertaining to marijuana.
- Individuals with experience in common barriers to the marijuana industry such as banking, finance, and real estate.

The Racial Equity Advisory Workgroup was charged with developing policy ideas and recommendations to address the disparities in ownership and participation in the marijuana industry by people of color and establishing the State of Michigan as a leader on diversity, equity, and inclusion in this industry.

The workgroup met first in July 2020 and continued to meet monthly through December 2020. Subcommittees were established to focus on key concepts and develop proposals to present to the full body.

The subcommittees were established as follows:

- **Social justice** - Focused on expungement and medical marijuana and health disparities in communities of color.
- **Business development** - Focused on access to capital; acceleration, mentorship, and coaching; and talent and placement acquisition.
- **Local equity** - Focused on land acquisition and ownership and local guidance and ordinances.
- **Process and pathways** - Focused on an online one-stop on-demand pipeline; additional license types; and innovation in health, science, and entrepreneurship.
- **Resource deployment and strategic partnerships** - Focused on procurement and supplier diversity and strategic partnerships.

Each subcommittee developed and presented proposals to the full workgroup that included the following elements for the implementation of the proposal:

- A summary of the concept
- Identification of necessary statutory changes
- Identification of necessary administrative rule changes
- Funding required and the proposed source of the funding
- The role of the MRA
- Any external partners

Updates on the proposals were provided at each workgroup meeting and finally presented to the full workgroup for consideration. Members were also asked to identify the implementation priority of the proposals adopted by the group. The adopted proposals are included in this final report in the recommended order of priority.

As suggested by the workgroup, the MRA will establish a standing Diversity, Equity, and Inclusion Workgroup to continue the focus on these key areas in future policy making and to provide support for the implementation of the proposals adopted by the ad hoc Racial Equity Advisory Workgroup.

Andrew Brisbo, Executive Director  
Marijuana Regulatory Agency

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## *Committee Members*

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- Business Development
  - Cimone Casson, Chair
  - Berton Brown
  - Chris Jackson
  - Felipe Lopez-Sustaita
- Local Equity
  - Barton Morris, Chair
  - Rep. Sarah Anthony
  - Derek Brown
  - Mark Washington (Designees: Ciarra Adkins and Lou Canfield)
- Process and Pathways
  - Eric Foster, Chair
  - Jim LaPorte
  - Shanita Penny
  - Andrew Sims
  - Camilo Suero
- Resource Deployment and Strategic Partnerships
  - Tatiana Grant, Chair
  - Sen. Marshall Bullock
  - Rep. Sarah Anthony
  - Kenneth Harris
  - Shoran Reid Williams
  - Andrew Sims
- Social Justice
  - Anqunette Sarfoh, Chair
  - Sen. Marshall Bullock
  - Courtney Adams
  - Dexter Mitchell
  - Denavvia Mojet

# License Type Proposal

## Summary

Create a new license type, to be known as a class A marijuana microbusiness, pursuant to the Marijuana Regulatory Agency's (MRA) 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.

## Statute Changes

No statutory changes would be required.

## Rules Changes

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

(2) A class A marijuana microbusiness license authorizes the following:

- (a) The cultivation of not more than 300 marijuana plants. Only mature marijuana plants are included in the plant count in this subdivision.
- (b) Purchasing or otherwise obtaining mature marijuana plants from a marijuana grower only by means of a marijuana secure transporter.
- (c) Selling or otherwise transferring marijuana to a marijuana processor only by means of a marijuana secure transporter.
- (d) Purchasing or otherwise obtaining marijuana products that are processed or manufactured by a marijuana processor from marijuana sold or otherwise transferred under this rule and only by means of a marijuana secure transporter.
- (e) The processing and packaging of marijuana.
- (f) The retail sale or transfer of marijuana to individuals who are 21 years of age or older, but not to other marijuana establishments except as authorized under this rule.
- (g) The transfer of marijuana to a marijuana safety compliance facility for testing.

(3) Except as otherwise provided in these rules and the MRTMA, a class A marijuana microbusiness license authorizes the class A marijuana microbusiness to transfer marijuana from the marijuana grower area to the marijuana processor and marijuana retailer areas of the class A marijuana microbusiness and from the marijuana processor area to marijuana grower and marijuana retailer areas of the class A marijuana microbusiness without using a marijuana secure transporter if all areas of the class A marijuana microbusiness enter each

transfer between different areas of the marijuana microbusiness into the statewide monitoring system.

(4) A class A marijuana microbusiness shall not operate at multiple locations.

(5) A class A marijuana microbusiness must enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

(6) A class A marijuana microbusiness may accept the transfer of marijuana seeds, tissue cultures, clones, and mature marijuana plants at any time from a marijuana grower licensed under the acts, these rules, or both. A class A marijuana microbusiness shall not sell or transfer marijuana seeds, tissue cultures, or clones received under this subrule.

(7) A class A marijuana microbusiness may accept the transfer of mature marijuana plants once upon licensure from a registered primary caregiver if the registered primary caregiver was an applicant for that class A marijuana microbusiness license.

(8) A class A marijuana microbusiness license is subject to all applicable provisions in the Michigan regulation and taxation of marijuana act and these rules related to a marijuana grower, marijuana retailer, and marijuana processor license except for R 420.102(8).

(9) A person may apply for a class A marijuana microbusiness license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. An application for a class A marijuana microbusiness license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency.

(10) An applicant for a class A marijuana microbusiness license shall pay applicable fees required under these rules.

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

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

(13) An applicant shall pay the initial licensure fee for a class A marijuana microbusiness license within 10 days of approval or within 90 days of a complete application being submitted, whichever date is first.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Promulgate a rule creating the license type.



## External Partnerships

No external partnerships would be needed.

## Details

The class A marijuana microbusiness is designed to allow a licensee to grow, process, and sell marijuana under a single license. However, the class A marijuana microbusiness would differ from the existing marijuana microbusiness license type in three primary ways: (1) to grow 300 plants, as opposed to the 150 plants currently allowed to be cultivated by a marijuana microbusiness; (2) to obtain mature marijuana plants from licensed growers; and (3) to utilize outside licensed processors.

By allowing the class A marijuana microbusiness to both grow more plants and to procure mature plants from licensed growers, the model both insulates the license type against crop failures due to infestation, but also to ensure that the microbusiness has a continuous supply of marijuana, as opposed to potentially selling out of certain products while waiting for the next harvest.

Additionally, by allowing the class A microbusiness license to utilize the services of outside processors, class A microbusiness licensees are able to increase the range of available products that they carry, and also able to protect themselves against issues with their processing systems, and to significantly reduce the amount of capital required to establish their operation, as processing equipment can often cost hundreds of thousands of dollars.

## Social Equity Ownership Pathways

### Summary

Create a Joint Venture Pathway Program (JVPP - similar to the MMSDC model) 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.

### Statute Changes

- Amend Sec. 102, 203, 205, 207, 501, 506 of the Medical Marijuana Facilities Licensing Act (MMFLA) to codify the SEEO pathway as an allowable model for MMFLA license ownership.
- Amend MMFLA Sec. 402 (2)(a) and (b) and MMFLA Sec. 405; to codify expungement of prior marijuana-related and similar non-violent offenses and codify both employment opportunities and qualification for licensing if the disqualifying offenses for employment or ownership are expunged.
- Include new section 209 of MMFLA to codify the SEEO program pathway as an allowable model for Michigan Regulation and Taxation of Marijuana Act (MRTMA) license ownership.

### Rules Changes

- Add to R 420.101 Definitions - add “social equity employment-to-ownership” to the definitions section of this administrative rule.
- Amend R 420.3 Application procedure; requirements, R 420.4 Application requirements; financial and criminal background.
- R 420.5 Application requirements; complete application to include SEEO criteria to the steps of licensing requirements and passing the criminal background check.
- Apply Sec. 8(2)(a) of the MRTMA which allows the Marijuana Regulatory Agency (MRA) to define or create additional license types.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA’s Role

The MRA would promote facilitate the matchmaking support between large multi-state operators (MSO), major in-state operators, and potential social equity applicants. Seminars and educational materials would be created to recruit participants for the JVPP and SEEO programs. Administration of all qualifying documentation for the facilitation of the programs and identifying opportunities for financing and capital investment for SEEO graduates.

## External Partnerships

The MMSDC, Marijuana Business Trade Associations like M4MM, MCBA, MCIA, MCMA, Detroit Regional Chamber of Commerce, Michigan Chamber of Commerce, Minority Business and Trade Associations, and Grand Rapids Chamber of Commerce.

## Details

Create a JVPP to partner social equity applicants with MSO operators and larger Michigan based groups to help social equity applicants get the capital assets through documented minority/majority business licensees with an investment drawdown model to increase the equity ownership of the social equity applicants and equally decrease the equity ownership of the MSO and/or large Michigan operator.

Create a SEEO plan for social equity individuals who lack direct financial and professional operational experience to start a licensed business but meet a multitude of key social equity and social economic criteria as an eligible employee to ownership candidate.

The eligible employee would work for a qualified partner licensee who is committed to providing technical and capital investment streams for opening their business upon graduation of the SEEO program.

The trainee would go through a regimented program, working in the following functional areas during an 18-24-month period:

1. Management, recruitment, and employee trainings
2. Accounting and sales forecasting
3. Financial systems management
4. Marketing, customer service and customer retention
5. Tax prediction and compliance
6. Legal compliance
7. Business plan creation and operational development
8. Marijuana industry best practices
9. Supplier & procurement management

The model would be similar to Bizdom U created by Dan Gilbert and Goldman Sachs 10,000 Small Business program.

## 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 Marijuana Regulatory Agency (MRA) 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.

### Statute Changes

Amend Sections 16204-16204d of the PHC that require CE for pain and symptom management. Alternatively, each board could be approached to require/allow cannabis-related education to qualify for existing CE requirements.

The MRA's certification program would be required by rule per Sec. 8(1)(c) of the Michigan Regulation and Taxation of Marijuana Act (MRTMA).

### Rules Changes

PHC rules for each profession, with or without statute change.

The MRA would mandate that all license owners, operators, and employees be required to obtain certification prior to the issuance of a license and to renew a license.

### Funding Needed and Sources of Funding

For prelicensure education, a college/university or licensed proprietary school would be required. Funding would be needed for state-level approval of prelicensure curriculum and CE providers. Funding for scholarships for social equity license holders for the prelicensure education requirement would also be needed.

### The MRA's Role

Facilitate a platform to promote CE courses. This would also include creating a certification process along with requirements for accredited providers. May need to consider a delayed implementation to develop acceptable curriculum, potentially by rule, for CE providers to become available and avoid creating a mandate that licensees cannot complete.

### External Partnerships

Leaf Medic, Michigan Department of Labor and Economic Opportunity (LEO), Colleges/universities and proprietary schools who can provide CE.

### Details

Evidence-based education that is operationalized at different levels throughout organizations and institutions that intersect with citizens so that they can make better informed decisions related to their health. Those required to complete CE would need to complete 2 hours each year and documentation would need to be made available to LARA/MRA upon request. Those

required to complete CE would include PHC licensees and license owners, operators, and employees of establishments. LARA/MRA's foundation for curriculum would be reviewed and approved by the state medical board to ensure there is agreement on required scientific information being taught, and that evidence-based curricula are aligned with the most current research evidence.

## Michigan Marijuana Market

### Summary

The Michigan Marijuana Market (MMM) is a crowdfunding platform housed and supported on the Marijuana Regulatory Agency's (MRA) website that serves as a portal for local investors and local marijuana 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.

### Statute Changes

No statutory changes would be required.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

Costs to cover contract with state exempt broker/dealer along with general administrative costs.

The MIM can charge fees for securities transactions; however, the fees are capped at 5 percent of the value of the transaction.

### The MRA's Role

The MRA would serve as the administrator and hosting portal on the MRA's website, as well as serve as the administrator for receiving applications for registration for the MMM and approving/denying applications for entry.

### External Partnerships

All transactions would be facilitated by a state exempt broker/dealer and management of the online portal would be licensed to a crowdfunding platform.

### Details

The MMM's purpose would be to promote entrepreneurship in the cannabis space in distressed communities via local finance, which would expand the reach and power of local ownership. The intended goal is to employ logical requirements to build up the structures of local finance as a replication of what markets have done nationally and globally. The MMM would ultimately boost the likelihood of success for locally owned businesses, which are critical to a community's economic, social, and political vitality. By offering residents local investment opportunities, it can plug existing capital leaks and offer an exciting new project for community action.

Marijuana businesses that join the platform would be required to meet qualifications to be listed on the portal including but not limited to state and municipal licenses, location

approval, good actor approval, product testing minimums, etc. Under the Reg CF and MIM Act, businesses can raise up to one million dollars in 12 months with limited financial statements and two million dollars with full financial audit.

**Purchaser Acknowledgement:**

Each purchaser acknowledges, in writing, all the following:

- The investment is high-risk, and they may lose all the money they invested.
- The offer to sell has not been approved by the State or any other Agency.
- There is no easy way to sell or transfer the security.
- They may have to pay taxes on the investment.

The shares purchased via the MMM are considered “sticky” (not easily sold), therefore the expectation should always be for long-term growth and investors should hold shares until at least the end of the offering. Residents would be limited to investments of \$10,000.

## Municipal Education

### Summary

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

### Statute Changes

No statutory changes would be required.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

The Marijuana Regulatory Agency (MRA) would support the creation and distribution of content, including the facilitation of the municipal webinar.

### External Partnerships

External partnerships could include local bar associations, the Michigan Municipal League, Michigan Townships Association, municipal government agencies, policy consultants, law firms, and Detroit, Grand Rapids, and Michigan Chambers of Commerce.

### Details

The MRA would create a municipal opt-in process manual and infographics to help educate municipalities on create enabling ordinances, methods for structuring land-use policy for local licensing, and best practices from other Michigan cities.

Municipal officials nationwide who have existing ordinances may participate, regardless of how they approached social equity. They would be invited to share best practices, missed opportunities, and more. The Michigan Municipal League and Michigan Township Association are already great sources of information for local government and would be ideal partners in the distribution of this information. The webinars could start with a small workgroup to develop the content and to determine the needs of the intended audience and who can best provide the information.



## Social Equity Presentation Tour

### Summary

The Marijuana Regulatory Agency (MRA) would create more available times for individuals to attend social equity presentations and provide bilingual content. The MRA would also create licensing infographics for applicant educational purposes.

### Statute Changes

No statutory changes would be required.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

Funding would be needed for additional administrative expenses and translation services for all available material.

### The MRA's Role

The MRA would play a role by providing staffing for presentations, administrative activities for documents and literature, partnering with educational organizations, and the development of an applicant manual with infographics.

### External Partnerships

External partnerships could include Minorities for Medical Marijuana (M4MM), municipal government agencies, policy consultants, law firms, Michigan Municipal League, Michigan Township Association, and Detroit, Grand Rapids, and Michigan Chambers of Commerce.

### Details

The social equity presentation tour would include bilingual content, available throughout all public documentation. The goal is to have multiple times for individuals to attend presentations, including late mornings and evenings.

The presentation may also transition to a 2-day process where individuals would be able to attend a Cannabis Industry 101 workshop for potential applicants. A great resource would be M4MM who has a program that can potentially be utilized or replicated.

The MRA would create licensing infographics to provide a roadmap to give social equity applicants a way to understand all steps in the licensing and building a business.

- Funding step by step
- Application step by step
- Business Structure step by step
- Real discussion on how to get financing
- Municipal license process step by step

## Integration with Local Economic Development

### Summary

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

### Statute Changes

Amend Sec. 8 of the Michigan Regulation and Taxation of Marijuana Act (MRTMA) and Sec. 201(1) and 208(1) of the Medical Marijuana Facilities Licensing Act (MMFLA) to codify the use of state, county and municipal economic development programs, agencies, incentives, funding and land bank authorities with respect to the furthering and support of commercial marijuana industry and related economic development activities.

Other statutory changes may need to be addressed for economic development agencies and land bank authorities, such as:

- Economic Development Corporations Act (PA 281 of 1945)
- The Regional Planning Act (PA 281 of 1945)
- County or Regional Economic Development Commission Act (PA 46 of 1966)
- Michigan Strategic Fund Act (PA 270 of 1984)
- Recodified Tax Increment Financing Act (PA 57 of 2018)
- Next Michigan Development Act (PA 275 of 2010)
- Brownfield Redevelopment Financing Act (PA 381 of 1996)
- Industrial Development Revenue Bond Act (PA 62 of 1963)
- Division of Minority Business Enterprise (PA 165 of 1975)
- Principal Shopping Districts and Business Improvement Districts (PA 120 of 1961)
- Neighborhood Area Improvements (PA 208 of 1949)

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Facilitating information, educational sessions and materials for licensees and applicants regarding ways to work with land bank and economic development agencies.

### External Partnerships

County and municipal land bank authorities. County, municipal, and state economic development agencies. Business and trade associations.

### Details

Integrating commercial marijuana with local economic development and land bank agencies and programming eligibility to increase land use access for social equity applicants and allow for economic development programs to be used in the development of social equity marijuana businesses.

## MMFLA Social Equity Model

### Summary

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

### Statute Changes

Amend Sec. 402, 501 of the MMFLA to add the language from Sec. 8(1)(j) of the Michigan Regulation and Taxation of Marijuana Act (MRTMA).

### Rules Changes

The Marijuana Regulatory Agency (MRA) would need to promulgate rules to define the medical social equity program.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

If adopted by the Legislature, the MRA would add new medical marijuana applicants and existing prequalified applicants who fit the social equity criteria to the program.

### External Partnerships

Vendors who are willing to work with medical social equity applicants in addition to adult-use marijuana.

### Details

Amend the MMFLA to establish a social equity model to expand social equity to disproportionately impacted applicants who have received prequalification status or licensing under the MMFLA but deal with the same barriers as the social equity applicants under adult-use marijuana licensing.

## Corporate Spend Plans

### Summary

In spirit of Governor Whitmer's Executive Directive 2019-08, licensed cannabis companies would be required to provide corporate spending plans.

### Statute Changes

No statutory changes would be required.

### Rules Changes

Implement corporate spend plan requirements for license renewals that benefit geographically disadvantaged business enterprises, including but not limited to supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and all other items needed to operate cannabis businesses.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

The Marijuana Regulatory Agency (MRA) would implement a license renewal requirement regarding corporate spending plans. Additionally, the Enforcement Division would be required to follow up on the renewal application information to ensure that it is being performed.

### External Partnerships

External partnerships could include Michigan Minority Supplier Development Council, National Business League, Michigan Hispanic Chamber of Commerce, Asian Pacific American Chamber of Commerce, Minority Cannabis Business Association, MCIA, MCMA, CBAM, GLCCC, MICIL, and SensiConnects.

### Details

Recommendation would be to set a requirement - corporate spend plans from companies with a certain revenue level:

- Provide options, to not limit to a percent of ownership:
  - Certain number of employees
  - Rule (not statute) - percent spend (certain size/spend)
  - Look at direct suppliers (multiplier effect)
  - Supplier relationships/downstream
  - Affiliate companies
  - Scalable over time/annually (10% - to 20% - 30%)
- Database of businesses - possible certified MBE/WBE
- Needs of MSO's/Vertically Integrated companies - Connect Portal/event
- Resource Marketplace (ALL) federal, state, county, city, private, public
- Tie to Joint Venture Partnership Program and Social Equity Employment to Ownership program

## Registry Fund Grants

### Summary

Allocate monies within the Marijuana Registry Fund for social equity grants.

### Statute Changes

Change the Marijuana Regulatory Agency (MRA) budget boilerplate language to reallocate funding currently provided for county grants (see Sec. 901 of 2020 PA 166) to provide for social equity grants.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

Funding source would be the Medical Marijuana Registry Fund as provided for in the budget bill.

### The MRA's Role

The MRA would promote the availability and direct the distribution of the grant funds in a manner consistent with budget language.

### External Partnerships

The MRA Racial Equity Advisory Workgroup, Resource Deployment, and Strategic Partnerships committee.

### Details

Proposing that a portion of the monies provided in the above outlined laws be allocated in a targeted manner to increase the presence of black and brown-owned businesses in the cannabis space as well as helping brown and black businesses experience longevity in the space.

## 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.

### Statute Changes

No statutory changes would be required.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Review the data and assessment surveys with licensees and prequalified applicants. Integrate findings into social equity programming and other applicant educational materials, advisories, and bulletins.

### External Partnerships

Licensees and prequalified applicants.

### Details

The Marijuana Regulatory Agency (MRA) would create a voluntary survey/data collection tool to identify barriers and challenges for existing licensees and prequalified applicants of color for both medical and adult-use marijuana licensing. MRA would prioritize administrative, appropriate and statutory services, programs and policies to help reduce barriers. Category items can include application process, land acquisition, local approval process, inspections for Step 2 licensing, etc.

## Event Permits

### Summary

To create more value to the event organizer license type, the Marijuana Regulatory Agency (MRA) 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.

### Statute Changes

The requirement of Attestation 4-C in the event permit puts unreasonable liability and financial requirements on the non-retailed licensed event organizers. The requirement is that of product liability. This means that an event organizer (event planner/coordinator) is required to take on the liability of any products that would be sold at the event. The revision in the requirement is that the retailer is required to provide the liability policy (for products they sell), not the non-retail licensed event organizer.

### Rules Changes

Amend Rule 420.10(3).

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Enforce event organizer license-type regardless of geographic location or attendance size.

### External Partnerships

Insurance partners.

### Details

Based on our research and attempt to obtain the required Attestation 4-C, we were made aware that there is only one insurance provider in the nation that will provide the special events policy and attestation that are required by MRA. As such, they are seemingly cautious of the liability and are charging an exorbitant amount. An average of \$6,500-9,000 is currently the insurance expense to obtain a non-refundable, one-day special event policy, in addition to the cost of obtaining a standard general liability policy. The non-refundable policy is required prior to getting approval on the event.

## Licensee Exit Interview and Annual Assessment Survey

### Summary

The Marijuana Regulatory Agency (MRA) 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.

### Statute Changes

No statutory changes would be required.

### Rules Changes

No rule changes would be required.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Facilitate the interviews and assessment survey with licensees and prequalified applicants.

### External Partnerships

Licensees, prequalified applicants, stakeholders, and the Racial Equity Advisory Workgroup.

### Details

The MRA 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 adult-use marijuana licensing to quantify outcomes, existing or new barriers and best practices to improve outcomes for social equity applicants and existing licensees and prequalified applicants of color.



# Clinical Research Proposal

## Summary

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

## Statute Changes

Create a new statutory bill to codify medical marijuana research. The bill would also authorize the controlled clinical trials to focus on the identification and creation of ailment specific marijuana strains and medicinal grade products to address specific health ailments and/or ailment specific research in conjunction with the qualifying health conditions that are allowed for the approval of a qualifying medical marijuana card, pursuant to Sec. 4 and 6, under the Michigan Medical Marijuana Act (MMMA) and examining testing methods for detecting harmful contaminants in marijuana, including mold and bacteria.

The Department of Health and Human Services (DHHS) to appoint the members of a multidisciplinary Scientific Advisory Council, to provide policy guidance in the creation and implementation of the Michigan Medical Marijuana Research Act and shall manage the implementation of the act.

## Rules Changes

Will require rules changes within the Marijuana Regulatory Agency (MRA), plus DHHS for administration of program. Licensing approval of a clinical registrant license classification for licensees, created by rule, that choose to pursue medical research within their business model.

## Funding Needed and Sources of Funding

Funding for state-sponsored research would come from one or more of the following existing and modified sections of the Michigan Regulation and Taxation of Marijuana Act (MRTMA) and Medical Marijuana Facilities Licensing Act (MMFLA):

- Amend MRTMA, Sec. 14(3) to reallocate a minimum of \$15 million annually to the Michigan Medical Marijuana Research Act to authorize the controlled clinical trials to focus on the identification and creation of ailment-specific marijuana strains and medicinal-grade products to address specific health ailments and examining testing methods for detecting harmful contaminants in cannabis, including mold and bacteria.
- Amend MMFLA, Sec. 601 to reinstate the 3% excise tax. Amend the allocations as recommended - including a portion of revenues to the newly defined Marijuana Research Fund.
- Amend MMFLA, add Sec. 603 to impose a 1.5% intra-licensee transaction excise tax and add a new section 604 to earmark distribution of the revenues including a portion of revenues to the newly defined Marijuana Research Fund.
- Amend MRTMA, Sec. 13 to add a new subsection 2 impose a 1.5% intra-licensee transaction excise tax and add a new subsection 3 to earmark distribution of the revenues - including a portion of revenues to the newly defined Marijuana Research Fund.

## The MRA's Role

Program coordination with DHHS. Licensing approval of clinical registrant license classification for licensees that chose to pursue medical research within their business model.

## External Partnerships

Universities, hospital systems, health advocacy and research organizations, marijuana trade associations.

## Details

Statutory Action - Introduce and pass Michigan version of state based marijuana medical and clinical research (beyond the PTSD Veterans study proposed in the MRTMA) similar to Pennsylvania's 2016 Act 16 Chapter 19 and 20, Maryland Chapter 456-Medical Research Act amendment, Colorado, California' Cannabis Research Program Bill of 20190-AB420 and Massachusetts Adult Use Regulations for Marijuana Research and Marijuana Research Facility Licenses as defined in 935 CMR 500.050, for exploring the medical benefits of marijuana and the current qualifying medical conditions allowed for under the MMMA of 2008.

## 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).

### Statute Changes

Amend the MMFLA Sec. 601 to add Sec. 603 to impose a 1.5% intra-licensee transaction excise tax and add a new section 604 to earmark distribution of the revenues and Sec. 13 of the MRTMA to add a new subsection 4 impose a 1.5% intra-licensee transaction excise tax and add a new subsection 5 to earmark distribution of the revenues.

### Rules Changes

Compliance stipulated as a condition for license renewal.

Amending the Administrative Rules to include protocols for marijuana research programs, licensee interaction and allocation of funds towards qualified medical marijuana research studies.

### Funding Needed and Sources of Funding

No funding or sources would be needed.

### The MRA's Role

Allocation management of tax revenue allocated to social equity programming.

Use earmarked funds to assist the Marijuana Regulatory Agency's (MRA) social equity applicants and licensees and local social equity applicants and licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace with loan and grant assistance for startup and/or ongoing costs; provide technical assistance and assist in providing sources of capital.

- To provide a loan or a grant to MRA's social equity applicants and licensees and local social equity applicants and licensees (through local municipality social equity program grants from this fund) to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, capital improvements, and training and retention of a qualified and diverse workforce.
- Support the development of workforce training programs (direct through grants to municipalities or for licensees to apply for) for persons from transitional worker categories to obtain employment with marijuana licensed facilities.
- To provide grant funding to support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.

- To provide direct technical assistance to MRA’s social equity applicants and licensees and grants for municipalities to provide direct technical support to local social equity applicants and licensees.
- To assist in the administration of local equity programs.

### External Partnerships

Social equity program participants and partners. Possibly municipal units of government who facilitate companion social equity and economic inclusion programming.

### Details

Create a new commercial marijuana (MRTMA and MMFLA) intra-licensee transaction tax of 1.5% on transactions between licensees with a 30% distribution to the host city for the licensee, 20% towards the social equity investment fund, 20% for the host county, 20% for the host community school district and 10% for marijuana medical research.

Vertically integrated licensees and microbusinesses - weight-based system of taxing marijuana by imposing the tax on the wholesale cannabis transactions/transfers within the vertical licensee. Ad Valorem on transactions between production and retail licensees who are not vertically integrated (including those under one corporate banner).

## Medical Excise Tax

### Summary

Reinstitute the Medical Marijuana Excise Tax on provisioning center sales.

### Statute Changes

Amend the Medical Marijuana Facilities Licensing Act (MMFLA) Sec. 601 to reinstate the 3% excise tax. Amend the MMFLA and amend the allocations as recommended.

### Rules Changes

Compliance stipulated as a condition for license renewal.

### Funding Needed and Sources of Funding

- 25% of the 3% excise tax - Tax receipts to the municipalities in which a marijuana facility is located, allocated in proportion to the number of marijuana facilities within the municipality.
- 30% of the 3% excise tax - Tax receipts to the county in which a marijuana facility is located, allocated in proportion to the number of marijuana facilities within the county.
- 5% of the 3% excise tax - Tax receipts to the county sheriff - to counties, in which a marijuana facility is located, allocated in proportion to the number of marijuana facilities within the county. Money allocated under this subdivision shall be used exclusively to support the county sheriffs and shall be in addition to and not in replacement of any other funding received by the county sheriffs.
- 10% of the 3% excise tax - Tax receipts allocated to the new Michigan Marijuana Medical Research Fund.
- 30% of the 3% excise tax to state - Tax receipts allocated to the Michigan Social Equity Capital Investment program.

If the Medical Marijuana Excise Tax was levied in 2020, based upon 2020 medical marijuana sales receipts equaling \$329,337,421.87, this would have generated a minimum of \$9,880,122.66 in tax revenue, with 30% going towards the Social Equity Capital Investment program.

### The MRA's Role

Allocation management of tax revenue allocated to social equity programming.

Use earmarked funds to assist the Marijuana Regulatory Agency's (MRA) social equity applicants and licensees and local social equity applicants and licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace with loan and grant assistance for startup and/or ongoing costs; provide technical assistance and assist in providing sources of capital.

- To provide a loan or a grant to MRA’s social equity applicants and licensees and local social equity applicants and licensees (through local municipality social equity program grants from this fund) to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, “startup and ongoing costs” include, but are not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, capital improvements, and training and retention of a qualified and diverse workforce.
- Support the development of workforce training programs (direct through grants to municipalities or for licensees to apply for) for persons from transitional worker categories to obtain employment with marijuana licensed facilities.
- To provide grant funding to support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
- To provide direct technical assistance to MRA’s social equity applicants and licensees and grants for municipalities to provide direct technical support to local social equity applicants and licensees.
- To assist in the administration of local equity programs.

### External Partnerships

Social equity program participants and partners. Possibly municipal units of government who facilitate companion social equity and economic inclusion programming.

### Details

The MRA would reinstitute the Medical Marijuana Excise Tax on provisioning center sales and allocate 40% of the generated revenue to be used for creating a Michigan model of the California Social Equity Capital Investment program and distribute the remaining tax revenue to the host city and county.