Questions Pertaining to Licensing

Are there any items in the administrative rules, or in the application or renewal processes, that you feel are not working or negatively impact or impede applicants or licensees? Please indicate if the feedback pertains to the medical or adult-use process.

- Resubmitting the same documentation that has already been uploaded when renewing and applying for class C stacked licenses; would like a way to streamline that process.

  Response: There are limitations to what we can do with our online application portal, but the MRA will determine if it is possible as we consider process improvements and ways of streamlining the application process.

- Requiring written authorization from the MRA to hire an individual if they have a substance related felony; the documentation is often difficult to obtain and takes too much time and effort; the requirement is excessive and needs to be done away with.

  Response: This is a statutory requirement (See MMFLA, MCL 333.27405). The MRA cannot eliminate this process without a statutory change. In addition, we disagree that the documentation is difficult to obtain as all licensees requesting authorization to hire an employee in this circumstance have been able to provide the documentation. Further, the MRA believes the required documentation is appropriate and is necessary to comply with the intent of this statutory provision.

- The requirement to hold medical licenses to hold excess grow licenses should be done away with.

  Response: The excess grow license was established to ensure there continued to be an adequate supply of marijuana for patients as licensees shifted more of their resources into the adult-use market. The rationale for the excess grower license also stemmed from there previously being a statutory requirement that certain adult-use applicants must possess a medical license to be eligible for initial licensure under the MMFLA. That statutory provision has been lifted, but the need to ensure medical patients have sufficient access to medical marijuana product remains, so the MRA has not made any changes to this requirement.

- Lack of language in Attestation 2-C for situations where the municipality has opted out, but the applicant has been grandfathered in.

  Response: Attestation 2-C is based on the statute and rules (See MRTMA, MCL 333.27959 and Mich Admin Code, R 420.5). Modifications to the attestation form would

be driven by modifications that occur to either the statute or the rule. In addition, the method a municipality used to approve an applicant is not relevant to the MRA. We simply need to verify the applicant has municipal authorization to operate and is compliant with all municipal ordinances, including zoning ordinances.

- Applicants hiring staff and then not having anything for the staff to do while the application process is completed; would like the application process to be quicker.

  Response: By statute, the MRTMA must process applications within 90 days. This deadline has never been exceeded. The average processing time for adult-use license applications (Step 2) in August was 43.74 days, which is well under the statutory processing deadline. The average processing time for medical license applications – which have no statutory deadline – was 54.5 days. The MRA consistently reviews its application processes and makes changes to promote efficiency and reduce processing times when it is appropriate. However, it is not feasible for the MRA to make processing decisions or changes to the process based on applicants' business decisions.

If you have had to go through the amendment process, do you have any feedback for areas where the process, resources, or forms could be improved? Please indicate if the feedback pertains to the medical or adult-use process.

- The amendment process should be simplified, multiple forms for the separate sections should be combined into one form, and there should be a way to indicate if the applicants being added have already been prequalified.

  Response: Please see the newly launched amendment <u>website</u>. The MRA released an advisory <u>bulletin</u> on 7/6/21 concerning the amendment process and revisions we have made to the process. One of the streamlined improvements was to consolidate the process for MMFL and AU licensees. There is one amendment application, and they only need to submit one amendment for their licenses.

As of March 1, the eligibility requirements to apply for an adult-use establishment license were opened to all applicants, not just those who held a medical marijuana facility license. If you hold a medical marijuana facility license, do you intend to continue to hold that license now that it is not a requirement to apply for an adult-use establishment license?

- Several participants plan to continue to renew medical licenses so they can service and provide access to patients (for example, those under 21) and plan to renew medical licenses on case-by-case basis depending on the medical market.

- For those who operate in municipalities who only have opted-in to adult-use, they do not intend to renew their medical license now that it is not a requirement to hold an adult-use license.

- Suggestion for a tiered licensing system with plant counts instead of stacked licenses so applicants are not submitting the same paperwork for multiple licenses.

  Response: Except for special licenses under the MRTMA, plant counts and license types are established in the statutes (MMFLA and MRTMA). It would require statutory changes to modify licenses and the corresponding plant counts. However, the MRA will determine if it is possible to consolidate the licensing process for Class C growers as

Are there additional educational resources you feel are needed to assist applicants or licensees regarding the application and licensing process? Are there areas outside of the application and licensing process that you feel additional educational resources are needed?

- There is a high degree of confusion among municipalities, and it would be useful if some of the confusion was addressed so that everyone is on same page.

  Response: The MRA created a municipal resource [guide] to help the municipalities navigate the licensing process and understand the touchpoints. In addition, the MRA will be releasing an additional educational resource for municipalities soon. Further, the MRA has established a municipal summit quarterly meeting with municipalities where a significant number of licensed facilities/establishments are located to increase communication, collaboration, and understanding.

- A way to easily see the different renewal tiers/cutoffs to help licensees in projecting their costs is suggested.

  Response: The renewal tiers are outlined in the administrative rules (See Mich Admin Code, R 420.7). Additionally, MRA releases updated regulatory assessment fee information for the MMFLA via bulletin annually. MRTMA fees remain established in rule. Specific information concerning the data that establishes the tiers is specific to each licensee and not something that MRA is able to share due to FOIA protections. (See MRTMA, MCL 333.27959 and MMFLA, MCL 333.27302). In addition, it has been proposed in the pending administrative rules that renewal tiers be eliminated because the cost of licenses has dropped to the point that the cost is comparable to the price that would be paid for the lowest renewal tier.

- Confusion on what is required for the state and what is required locally; outreach and education on what is required in the different steps is suggested.

  Response: The MRA created a municipal resource [guide] to help the municipalities navigate the licensing process and understand the touchpoints. In addition, the MRA will be releasing an additional educational resource for municipalities soon. Further, the MRA has established a municipal summit quarterly meeting with municipalities where a significant number of licensed facilities/establishments are located to increase communication, collaboration, and understanding.

- A resource to connect applicants to companies that are willing to mentor those who are new to the industry is suggested.

  Response: The MRA's Social Equity Program has just implemented the Joint Ventures Pathway Program (JVPP), which connects approved social equity participants with other individuals, including marijuana businesses, that are offering mentorships.

- Education should be provided for municipalities on what their local licensing process should look like and feels that operators are asked to pay for things way outside the of purview of municipalities.

Response: The MRA does not have the legal authority to dictate what a municipality's licensing process should look like and is not qualified to provide advice regarding the municipal licensing process. The MRA created a municipal resource [guide](#) to help the municipalities navigate the licensing process and understand the touchpoints. In addition, the MRA will be releasing an additional educational resource for municipalities soon. Further, the MRA has established a quarterly municipal summit meeting with municipalities where a significant number of licensed facilities/establishments are located to increase communication, collaboration, and understanding.

- Examples/clarification on how municipalities can charge for a local license should be posted as a bulletin.

  Response: The MRA does not have the legal authority to dictate how a municipality should establish its licensing fees. It is ultimately up to the municipality to establish their licensing process, which would include fee structures.

- Operators new to the industry need additional resources on METRC; suggests expanding resources with METRC to make sure licensees are tracking product appropriately.

  Response: This feedback will be presented to the MRA Operations Support Section within the Enforcement Division for review and consideration. They have a working relationship with METRC and are committed to providing licensees with the resources and assistance that will allow licensees to compliantly track marijuana product in METRC.

Questions Pertaining to Social Equity

Do you find that the increase in fee reductions offered since June 2020 by the Social Equity program have been beneficial?

- Expand conviction fee reduction for convictions/arrests of immediate family member, specifically the children and spouses who may have been impacted by their parents or spouse's convictions.

  Response: Currently, less than 25% of the fee reductions approved through the Social Equity program are based on a marijuana-related convictions. The MRA will evaluate the data for marijuana-related arrests and determine if including them as an eligibility criterion in this manner is feasible if the program expands.

- Program should offer more than just fee reductions. Examples:
  - Access to capital
  - Better fee reduction schedule like the state of Illinois
  - Focus the program more on people of color and those in poverty
  - Assistance with access to land

  Response: The MRA acknowledges that access to capital and land continue to be two of the largest hurdles for program participants, but the MRA does not currently have the funding to assist with either issue. As a result, the Social Equity Program has focused on compiling resources that can help program participants connect with resources that can assist with these issues or provide advice. For example, our Business Resource

Directory can be found [here](#) and includes a list of financial institutions in the *Banks* section that have designated themselves as marijuana-friendly.

The Social Equity Program's criteria and fee reductions are continuously evaluated to ensure that the program's goals remain focused on helping applicants throughout the licensing process and after licensure. Fee reductions for those who have been disproportionately impacted will be evaluated and if a change is warranted and feasible, the MRA will consider adopting the change. However, any changes to the program's criteria or access to program resources will be compliant with Michigan law.

- The expansion of communities has watered down the meaning of Social Equity. Having 184 communities has made the program no longer equitable. Instead, it has given fee reductions to everyone and not just those who have been harmed by the war on drugs.

  Response: In February 2020, the MRA conducted stakeholder workgroups to discuss and provide suggestions regarding the Social Equity Program. Participants in the workgroups recommended that we increase participation by no longer requiring that applicants reside in a disproportionately impacted community to be eligible for the program. After consideration, we adopted the workgroup's recommendation.

  The MRA is not aware of any evidence suggesting the expansion of communities has made the program less equitable. Instead, the evidence shows that expanding the number of disproportionately impacted communities has made the program more inclusive by allowing more qualifying communities and individuals to participate.

  The following objective qualifying criteria were used to identify the current 184 disproportionately impacted communities:

  a. Marijuana-related convictions: Counties in which the total number of marijuana-related convictions exceeded the median average marijuana-related convictions per county were selected. The conviction data for counties was obtained from the Michigan State Police (MSP) and covers the period of 2008 through 2018.

  b. Poverty: After counties were selected based on marijuana-related convictions, municipalities in those counties in which 20% or more of the population lives below the federal poverty level were selected. Poverty was selected as a criterion because an individual who is arrested and has minimal financial resources is more likely to be convicted.

Are you aware of the process to amend a Social Equity application or add Social Equity to an existing adult-use application? If so, do you have any feedback on where our process, resources, and forms can be improved?

- Release a bulletin on how to complete an amendment and add Social Equity participants to an existing adult-use application.

  Response: On 1/20/2021, the Social Equity Program disseminated two advisory bulletins that explained how qualified program participants can update their eligibility criteria or become eligible after prequalification or licensure. The first bulletin explained how eligible social equity participants can update the fee reductions for which they qualify. The second bulletin explained how prequalified applicants and

- The wait time has increased when contacting the Social Equity team. Suggestion was to add more employees to the Social Equity team to decrease the wait and process time.

  Response: A temporary increase in application volume resulted in a temporary increase in response times for the Social Equity Program. This increase resulted in the program making process changes to improve efficiency. Based on the average application volume for the past year and the program's other responsibilities, there is no evidence that we need to hire additional staff for the program at this time.

If you have ever received adult-use Step 1 application assistance, do you have any feedback on what Social Equity could do to improve our assistance?

- Consensus was no improvement suggestions but rather all compliments regarding their experience with the Social Equity team and their adult-use application assistance sessions.

  - Consulting firms in Detroit were able to reduce their fees for their services due to our adult-use application assistance sessions.

- Additional comment made regarding increased wait time. Suggestion was to add more employees to the Social Equity team to decrease the wait and process time.

  Response: A temporary increase in application volume resulted in an increase in response time for the Social Equity program. Changes have been made to the process to increase efficiency. In addition, the application volume on average over the past year does not indicate we need to hire additional staff for the program currently.

- Publicize the adult-use application assistance service. Get the word out that this is a service the Social Equity program provides. Some individuals mentioned they didn't know that this was available to them as eligible Social Equity participants.

  Response: The Social Equity team has consistently indicated in their presentations that application assistance is available for eligible participants. However, updating the website to promote application assistance is an excellent recommendation that will be implemented.

Are there any additional resources that you feel are needed to assist Social Equity participants?

- Provide more resources regarding banking and financial institutions.

  Response: The MRA acknowledges that access to capital remains one of the largest hurdles for applicants to overcome. Funding is not easily available by way of grant or loan due to the designation of cannabis as a Schedule 1 narcotic under the U.S. Controlled Substances Act. The program will continue to monitor and evaluate program participants' access to capital and ways the program can assist as the

industry continues to grow. There are some financial institutions who have designated themselves as marijuana-friendly businesses; they can be found in the *Banks* section of our Business Resource Directory here.

- Would like to see more than just resource documents.

  Response: The Social Equity team holds Business Resource Workshop sessions 1-2 times a month with industry and licensed professionals who present on an array of topics and opportunities within the industry. They also work to facilitate networking opportunities for Social Equity participants through the use of the MRA's Business Resource Directory, e-blasts to Social Equity participants regarding employment and business opportunities, and the launch of the Joint Ventures Pathway Program (JVPP) in August 2021. More information regarding entry into the JVPP program is available on the MRA's website at www.michigan.gov/mra .

- Create a platform for individuals to network, discuss social equity plans and connect with resources. Example: Facebook groups.

  Response: The MRA has established the Joint Venture Pathway Program (JVPP), which will facilitate communication between qualified Social Equity candidates, adult-use licensees, and prospective adult-use licensees for the purpose of potential joint business ventures, employment, incubator programs, and mentoring opportunities. More information regarding entry into the JVPP program is available on the MRA's website at www.michigan.gov/mra.

- Create more services outside of fee reductions:

  - Mentorship program
  - Employment networking
  - Hands on training opportunities
  - Certification courses
  - Incubator programs
  - Expungement

  Response: The MRA has established the Joint Venture Pathway Program (JVPP), which will facilitate communication between qualified Social Equity candidates, adult-use licensees, and prospective adult-use licensees for the purpose of potential joint business ventures, employment, incubator programs, and mentoring opportunities. More information is available regarding the program on the MRA's website at www.michigan.gov/mra.

  Also, program staff are currently researching ways to provide training opportunities for social equity program participants who are interested in employment in the marijuana industry.

  The MRA provided two Business Resource Workshops (on 11/19/2020 and 5/20/2021) to educate and provide connections for those who are interested in having a conviction expunged. To view the past Business Resource Workshop presentations, please follow this link.

- Provide more resources around banking and financial institutions.

  Response: See response to the related first bullet point above in this section.

- Offer in our Education and Outreach Sessions how to submit the Adult-Use Step 2 application and the process; clear up confusion on what should be submitted to the MRA and what should be submitted to the local municipalities.

  Response: The MRA will evaluate this recommendation and determine the most effective to implement it.

- Reorganize the business resource directory to help the public find the resources easier. Notify the public (again) that this is available.

  Response: The MRA will review the layout of the Business Resource Directory and brainstorm additional ways to present this information so that it is easier to find on the website.