



STATE OF MICHIGAN
JOCELYN BENSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

June 22, 2020

NOTICE OF FILING

ADMINISTRATIVE RULES

To: Secretary of the Senate
Clerk of the House of Representatives
Joint Committee on Administrative Rules
Michigan Office of Administrative Hearings and Rules (Administrative Rule #19-067-LR)
Legislative Service Bureau (Secretary of State Filing #20-06-05)
Department of Licensing and Regulatory Affairs

In accordance with the requirements of Section 46 of Act No. 306 of the Public Acts of 1969, being MCL 24.246, and paragraph 16 of Executive Order 1995-6, this is to advise you that the Michigan Office of Administrative Hearings and Rules filed Administrative Rule #2019-067-LR (Secretary of State Filing #20-06-05) on this date at 07:59 A.M. for the Department of Licensing and Regulatory Affairs entitled, "Marihuana Licenses".

These rules take effect immediately upon filing with the Secretary of State unless adopted under section 33, 44, or 45a(6) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the Secretary of State.

Sincerely,

Jocelyn Benson
Secretary of State

Melissa Malerman / CK

Melissa Malerman, Departmental Supervisor
Office of the Great Seal

Enclosure



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

Mar 27, 2020

Joint Committee on Administrative Rules
Boji Tower; 3rd Floor - 124 W. Allegan
P.O. 30036
Lansing, Michigan 48909-7536

Dear JCAR Staff:

On behalf of the Michigan Office of Administrative Hearings and Rules, I hereby submit the following rule set for consideration by the Joint Committee on Administrative Rules:

(2019-67 LR) Marihuana Licenses

Enclosed, you will find copies of the following:

- 1.1 copy of the Request for Rulemaking.
- 2.1 copy of the LSB formal certificate.
- 3.1 copy of the MOAHR legal certificate.
- 4.1 copy of the Regulatory Impact Statement.
- 5.1 copy of the draft rules.
- 6.1 copy of the JCAR Agency Report.

Please let MOAHR know if there are any questions.
Thanks.

Sincerely,

Michigan Office of Administrative Hearings and Rules

enclosures



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

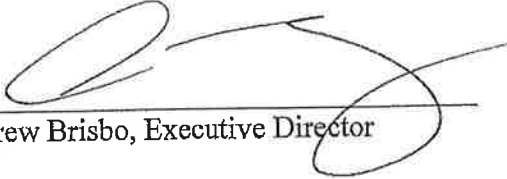
ORLENE HAWKS
DIRECTOR

CERTIFICATE OF ADOPTION

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marijuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marijuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.1, R 420.2, R 420.3, R 420.4, R 420.5, R 420.6, R 420.7, R 420.8, R 420.9, R 420.10, R 420.11, R 420.12, R 420.13, R 420.14, R 420.15, R 420.16, R 420.17, R 420.18, R 420.19, R 420.20, R 420.21, R 420.22, R 420.23, R 420.24, R 420.25, R 420.26, R 420.27, R 420.28, and R 420.29 are added to the Michigan Administrative Code as follows:

Date: March 27, 2020



Andrew Brisbo, Executive Director



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

ORLENE HAWKS
DIRECTOR

LEGAL CERTIFICATION OF RULES

I certify that I have examined the attached administrative rules, dated March 23, 2020, in which the Department of Licensing and Regulatory Affairs proposes to modify a portion of the Michigan Administrative Code entitled “**Marihuana Licenses**” by:

- ◆ Adding R 420.1, R 420.2, R 420.3, R 420.4, R 420.5, R 420.6, R 420.7, R 420.8, R. 420.9, R 420.10, R 420.11, R 420.12, R 420.13, R 420.14, R 420.15, R 420.16, R 420.17, R 420.18, R 420.19, R 420.20, R 420.21, R 420.22, R 420.23, R 420.24, R 420.25, R 240.26, R 420.27, R 240.28, and R 420.29.

The Legislative Service Bureau has approved the proposed rules as to form, classification, and arrangement.

I approve the rules as to legality pursuant to the Administrative Procedures Act, MCL 24.201 *et seq.* and Executive Order No. 2019-6. In certifying the rules as to legality, I have determined that they are within the scope of the authority of the agency, do not violate constitutional rights, and are in conformity with the requirements of the Administrative Procedures Act.

Dated: March 26, 2020

Michigan Office of Administrative Hearings and Rules

By: _____

Katie Wienczewski,
Attorney

THE LEGISLATURE

LANSING, MICHIGAN

JOINT COMMITTEE ON ADMINISTRATIVE RULES

P.O. BOX 30036 • LANSING, MICHIGAN 48909-
(517) 373-9425 • (517) 373-5624

Waiver of Remaining Session Days

TO: Katie Wienczewski, Administrative Rules Manager
Michigan Office of Administrative Hearings and Rules (MOAHR)
Secretary of the Senate
Clerk of the House

FROM: Senator Peter Lucido, Chair
Representative Matt Maddock, Alternate Chair

DATE: June 10, 2020

Pursuant to MCL 24.245a(1) the Joint Committee on Administrative Rules has by a concurrent majority vote, waived the remaining session days for the following rule sets:

JCAR No. 20-09
MOAHR No. 2019-067 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Licenses

JCAR No. 20-10
MOAHR No. 2019-068 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Licensees

JCAR No. 20-11
MOAHR No. 2019-069 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Operations

JCAR No. 20-12
MOAHR No. 2019-070 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Sampling and Testing

JCAR No. 20-13
MOAHR No. 2019-071 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana-Infused Products and Edible Marihuana Product

JCAR No. 20-14
MOAHR No. 2019-072 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Sale or Transfer

JCAR No. 20-15
MOAHR No. 2019-073 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Employees

JCAR No. 20-16
MOAHR No. 2019-074 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Hearings

JCAR No. 20-17
MOAHR No. 2019-075 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Disciplinary Proceedings

JCAR No. 20-18
MOAHR No. 2019-088 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Industrial Hemp Rules for Marihuana Businesses

JCAR No. 20-19
MOAHR No. 2019-123 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Medical Marihuana Facilities

According to MCL 24.245a(3), if the Committee waives the remaining session days, the Michigan Office of Administrative Hearings and Rules may immediately file the rule.

Sincerely,



Senator Peter Lucido
Chair



Representative Matt Maddock
Alternate Chair



Since 1941

Legal Division

Kevin H. Studebaker, Director

CERTIFICATE OF APPROVAL

On behalf of the Legislative Service Bureau, and as required by section 45 of the Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.245, I have examined the proposed rules of the Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency, dated March 23, 2020, adding R 420.1, R 420.2, R 420.3, R 420.4, R 420.5, R 420.6, R 420.7, R 420.8, R. 420.9, R 420.10, R 420.11, R 420.12, R 420.13, R 420.14, R 420.15, R 420.16, R 420.17, R 420.18, R 420.19, R 420.20, R 420.21, R 420.22, R 420.23, R 420.24, R 420.25, R 240.26, R 420.27, R 240.28, and R 420.29 of the Department's rules entitled "Marihuana Licenses." I approve the rules as to form, classification, and arrangement.

Dated: March 26, 2020

LEGISLATIVE SERVICE BUREAU

By

Elizabeth R. Edberg,
Legal Counsel

Michigan Legislature

124 W. Allegan Street, 3rd Floor • P.O. Box 30036 • Lansing, MI 48909-7536 • (517) 373-9425 • Fax: (517) 373-5642

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA LICENSES

Filed with the secretary of state on June 22, 2020

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(6) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the executive director of the marijuana regulatory agency by section 206 of the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27206, sections 7 and 8 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27957 and 333.27958, and Executive Reorganization Order No. 2019-2, MCL 333.27001)

R 420.1, R 420.2, R 420.3, R 420.4, R 420.5, R 420.6, R 420.7, R 420.8, R. 420.9, R 420.10, R 420.11, R 420.12, R 420.13, R 420.14, R 420.15, R 420.16, R 420.17, R 420.18, R 420.19, R 420.20, R 420.21, R 420.22, R 420.23, R 420.24, R 420.25, R 240.26, R 420.27, R 240.28, and R 420.29 are added to the Michigan Administrative Code as follows:

R 420.1 Definitions.

Rule 1. (1) As used in these rules:

(a) "Acts" refers to the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801, and the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, when applicable.

(b) "Agency" means the marijuana regulatory agency.

(c) "Applicant" means a person who applies for a marihuana license, subject to paragraphs (i) and (ii):

(i) For purposes of this definition, an applicant includes a managerial employee of the applicant, a person holding a direct or indirect ownership interest of more than 10% in the applicant, and the following for each type of applicant:

(A) For an individual or sole proprietorship: the proprietor and spouse.

(B) For a partnership and limited liability partnership: all partners and their spouses.

(C) For a limited partnership and limited liability limited partnership: all general and limited partners, not including a limited partner holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the partnership, and their spouses.

(D) For a limited liability company: all members and managers, not including a member holding a direct or indirect ownership interest of 10% or less who does not exercise control over or participate in the management of the company, and their spouses.

(E) For a privately held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(F) For a publicly held corporation: all corporate officers or persons with equivalent titles and their spouses, all directors and their spouses, all stockholders, not including those holding a direct or indirect ownership interest of 10% or less, and their spouses.

(G) For a multilevel ownership enterprise: any entity or person that receives or has the right to receive more than 10% of the gross or net profit from the enterprise during any full or partial calendar or fiscal year.

(H) For a nonprofit corporation: all individuals and entities with membership or shareholder rights in accordance with the articles of incorporation or the bylaws and their spouses.

(I) For a trust, any beneficiary who receives or has the right to receive more than 10% of the gross or net profit of the trust during any full or partial calendar or fiscal year and their spouses.

(ii) For purposes of this definition, an applicant does not include:

(A) A person who provides financing to an applicant or licensee under a bona fide financing agreement at a reasonable interest rate unless the person exercises control over or participates in the management of the marihuana business.

(B) A franchisor who grants a franchise to an applicant, if the franchisor does not have the right to receive royalties based upon the sale of marihuana or marihuana-infused products by the applicant who is a franchisee. Nothing in this subrule shall be construed to preclude a franchisor from charging an applicant who is a franchisee a fixed fee. As used in this definition, the terms "franchise," "franchisor," and "franchisee" have the meanings set forth in section 2 of the franchise investment law, 1974 PA 269, MCL 445.1502.

(C) A person receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation unless the person exercises control over or participates in the management of the marihuana business.

(D) A person receiving reasonable payment under a licensing agreement or contract approved by the agency concerning the licensing of intellectual property including, but not limited to, brands and recipes.

(E) A person who receives a percentage of profits as an employee if the employee does not meet the definition of "managerial employee" and the employee does not receive more than 10% of the gross or net profit from the licensee during any full or partial calendar or fiscal year.

(F) A person who receives a bonus as an employee if the employee is on a fixed wage or salary and the bonus is not more than 25% of the employee's pre-bonus annual compensation or if the bonus is based upon a written incentive/bonus program that is not out of the ordinary for the services rendered.

(d) "Building" means a combination of materials forming a structure affording facility, establishment, or shelter for use or occupancy by individuals or property. Building includes a part or parts of the building and all equipment in the building. A building does not include a building incidental to the use for agricultural purposes of the land on which the building is located.

(e) "Bureau of fire services" or "BFS" means the bureau of fire services in the department of licensing and regulatory affairs.

(f) "Common ownership" means 2 or more state licenses or 2 or more equivalent licenses held by one person under the Michigan regulation and taxation of marihuana act.

(g) "Complete application" means an application that includes all of the information required in R 420.2 through R 420.11.

(h) "Department" means the department of licensing and regulatory affairs.

(i) “Designated consumption establishment” means a commercial space that is licensed by the agency and authorized to permit adults 21 years of age and older to consume marihuana products at the location indicated on the state license issued under the Michigan regulation and taxation of marihuana act.

(j) “Director” means the director of the department of licensing and regulatory affairs or his or her designee.

(k) “Employee” means a person performing work or service for compensation. “Employee” does not include individuals providing trade or professional services who are not normally engaged in the operation of a marihuana business.

(l) “Equivalent licenses” means any of the following held by a person:

(i) A marihuana grower license of any class issued under the Michigan regulation and taxation of marihuana act and a grower license, of any class, issued under the medical marihuana facilities licensing act.

(ii) A marihuana processor license issued under the Michigan regulation and taxation of marihuana act and a processor license issued under the medical marihuana facilities licensing act.

(iii) A marihuana retailer license issued under the Michigan regulation and taxation of marihuana act and a provisioning center license issued under the medical marihuana facilities licensing act.

(iv) A marihuana secure transporter license issued under the Michigan regulation and taxation of marihuana act and a secure transporter license issued under the medical marihuana facilities licensing act.

(v) A marihuana safety compliance facility license issued under the Michigan regulation and taxation of marihuana act and a safety compliance facility license issued under the medical marihuana facilities licensing act.

(m) “Excess marihuana grower” means a license issued to a person holding 5 class C marihuana grower licenses and licensed to cultivate marihuana and sell or otherwise transfer marihuana to marihuana establishments.

(n) “Immature plant” means a nonflowering marihuana plant that is no taller than 8 inches from the growing or cultivating medium and no wider than 8 inches produced from a cutting, clipping, tissue culture, or seedling that is in a growing or cultivating medium or in a growing or cultivating container.

(o) “Managerial employee” means those employees who have the ability to control and direct the affairs of the marihuana business or have the ability to make policy concerning the marihuana business, or both.

(p) “Marihuana business” means a marihuana facility under the medical marihuana facilities licensing act, or a marihuana establishment under the Michigan regulation and taxation of marihuana act, or both.

(q) “Marihuana business location plan” means a marihuana facility plan under the medical marihuana facilities licensing act, or a marihuana establishment plan under the Michigan regulation and taxation of marihuana act, or both.

(r) “Marihuana establishment” means a location at which a licensee is licensed to operate a marihuana grower, marihuana safety compliance facility, marihuana processor, marihuana microbusiness, marihuana retailer, marihuana secure transporter, or any other type of marihuana-related business licensed to operate by the agency under the Michigan regulation and taxation of marihuana act.

(s) “Marihuana event organizer” means a person licensed to apply for a temporary marihuana event license under these rules.

(t) “Marihuana facility” means a location at which a licensee is licensed to operate under the medical marihuana facilities licensing act.

(u) “Marihuana license” means a state operating license issued under the medical marihuana facilities licensing act, or a state license issued under the Michigan regulation and taxation of marihuana act, or both.

(v) “Marihuana product” means marihuana or a marihuana-infused product, or both, as those terms are defined in the acts unless otherwise provided for in these rules.

(w) “Marihuana tracking act” means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(x) “Marihuana transporter” means a secure transporter under the medical marihuana facilities licensing act or a marihuana secure transporter under the Michigan regulation and taxation of marihuana act, or both.

(y) “Medical marihuana facilities licensing act” or “MMFLA” means the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801.

(z) “Michigan medical marihuana act” means the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

(aa) “Michigan regulation and taxation of marihuana act” or “MRTMA” means the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967.

(bb) “Proposed marihuana business” means a proposed marihuana establishment under the Michigan regulation and taxation of marihuana act or a proposed marihuana facility under the medical marihuana facilities licensing act, or both.

(cc) “These rules” means the administrative rules promulgated by the agency under the authority of the medical marihuana facilities licensing act, the marihuana tracking act, the Michigan regulation and taxation of marihuana act, and Executive Reorganization Order No. 2019-2, MCL 333.27001.

(dd) “Same location” means separate marihuana licenses that are issued to multiple marihuana businesses that are authorized to operate at a single property but with separate business suites, partitions, or addresses.

(ee) “Special license” means a state license as described under section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, and issued pursuant to section 9 of that act, MCL 333.27959.

(ff) “Stacked license” means more than 1 marihuana license issued to a single licensee to operate as a class C grower as specified in each license at a marihuana business under the medical marihuana facilities licensing act, or under the Michigan regulation and taxation of marihuana act, or both.

(gg) “Tag” or “RFID tag” means the unique identification number or Radio Frequency Identification (RFID) issued to a licensee by the agency for tracking, identifying, and verifying marihuana plants, marihuana products, and packages of marihuana product in the statewide monitoring system.

(hh) “Temporary marihuana event license” means a state license held by a marihuana event organizer under the Michigan regulation and taxation of marihuana act, for an event where the onsite sale or consumption of marihuana products, or both, are authorized at the location indicated on the state license.

(2) Terms defined in the acts have the same meanings when used in these rules unless otherwise indicated.

R 420.2 Licensure; application; background investigation; consent to inspections, investigations, and audits; disclosure of confidential records; interest in other state license; fee; additional costs.

Rule 2. (1) A person may apply to the agency for marihuana licenses and special licenses as provided in the acts and these rules.

(2) The agency shall use information provided on the application as a basis to conduct a thorough background investigation on the applicant. The agency shall notify the applicant of a deficiency and provide instructions for submitting a complete application. The applicant shall timely respond to the notice of the deficiency in accordance with R. 420.5.

(3) An applicant must provide written consent to investigations of compliance, regular inspections, examinations, searches, seizures, and auditing of books and records and to disclosure to the agency and its agents of otherwise confidential records, including tax records held by any federal, state, or local agency, or credit bureau or financial institution, while applying for or holding a marihuana license as authorized under the acts and these rules.

(4) An applicant must certify that the applicant does not have any interest in any other marihuana license that is prohibited under the acts.

(5) A nonrefundable application fee must be paid at the time of filing to defray the costs associated with the background investigation conducted by the agency. The agency shall set the amount of the application fee for each category and class of license by rule. If the costs of the investigation and processing the application exceed the application fee, the applicant shall pay the additional amount to the agency. All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the agency in the course of its review or investigation of an application for a marihuana license under the acts shall be disclosed only in accordance with the acts.

R420.3 Application procedure; requirements.

Rule 3. (1) A person shall apply for a marihuana license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. Each question on the application must be answered by the applicant, under oath, in its entirety and all attestations, disclosures, and information requested and required by the agency, the acts, and these rules must be submitted in the application. Failure to comply with these rules and the application requirements in the acts is grounds for denial of the application.

(2) A person may submit a partial application under these rules on the condition that it is to prequalify to complete the remaining application requirements. This application has a pending status until all application requirements in these rules are completed, or the agency denies the partial or complete application. The agency shall not issue a marihuana license at this stage of the application process. The finding of prequalification status for a pending application is valid for 2 years after the agency issues a notice of prequalification status. After 2 years has expired, the applicant may be required to submit a new application and pay a new nonrefundable application fee.

(3) The agency may request additional disclosures and documentation to be furnished to the agency. The applicant shall submit the information requested by the agency within 5 days pursuant to R. 420.5 or the application may be denied.

R420.4 Application requirements; financial and criminal background.

Rule 4. (1) Each applicant shall disclose the identity of any other person who controls, either directly or indirectly, the applicant, including, but not limited to, date of birth, government issued identification, and any other documents required by the agency.

(2) Each applicant shall disclose the financial information required in the acts and these rules on a form created by the agency, including the following:

(a) For an applicant seeking licensure under the medical marihuana facilities licensing act, required information includes, but is not limited to, all of the following:

(i) Financial statements regarding all of the following:

(A) A pecuniary interest.

(B) Any deposit of value of the applicant or made directly or indirectly to the applicant, or both.

(C) Financial accounts including, but not limited to, all of the following: funds, savings, checking, or other accounts including all applicable account information, such as the name of the financial institution, names of the account holders, account type, account balances, and a list of all loans types specified by the agency, amounts, securities, or lender information.

(ii) Property ownership information, including, but not limited to, deeds, leases, rental agreements, real estate trusts, or purchase agreements.

(iii) Tax information, including, but not limited to, W-2 and 1099 forms, and any other information required by the agency.

(iv) Disclosure by the applicant of the identity of any other person who meets either of the following:

(A) Controls, directly or indirectly, the applicant.

(B) Is controlled, directly or indirectly, by the applicant or by a person who controls, directly or indirectly, the applicant.

(v) Each applicant shall disclose all shareholders holding a direct or indirect interest of greater than 5%, officers, and directors in the proposed marihuana facility.

(vi) The sources and total amount of the applicant's capitalization to operate and maintain the proposed marihuana facility in compliance with R 420.11.

(vii) A financial statement attested by a certified public accountant (CPA), on a form created by the agency, including a foreign-attested CPA statement, or its equivalent if applicable on capitalization pursuant to R 420.11.

(viii) Information on the financial ability of the applicant to purchase and maintain adequate liability and casualty insurance in compliance with R 420.10.

(ix) Any other documents, disclosures, or attestations created or requested by the agency that are not inconsistent with the acts or these rules.

(b) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act required information includes, but is not limited to, all of the following:

(i) Tax information, including, but not limited to:

(A) W-2 forms for the most recent tax year.

(B) 1099 forms for the most recent tax year.

(ii) Any other information required by the agency.

(3) Each applicant shall disclose all shareholders holding a direct or indirect interest of greater than 5%, officers, and directors in the proposed marihuana establishment.

(4) Each applicant shall disclose the applicant's business organizational documents filed with this state, any other state, local county, or foreign entity, if applicable, including proof of

registration to do business in this state and certificate of good standing from this state, any other state, or foreign entity, if applicable.

(5) Each applicant shall disclose to the agency criminal and financial background information and regulatory compliance as provided under the acts and these rules on a form created by the agency.

(6) Each applicant shall provide written consent to a criminal and financial background investigation as authorized under the acts and these rules.

(7) Each applicant shall provide an attestation acknowledging that sanctions may be imposed for violations on a licensee while licensed or after the marihuana license has expired, as provided in the acts and these rules.

(8) Each applicant shall provide an attestation affirming a continuing duty to provide information requested by the agency and to cooperate in any investigation, inspection, inquiry, or hearing.

(9) Each applicant shall disclose any noncompliance with any regulatory requirements, all legal judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, against the applicant, that are related to business operations, including, but not limited to fraud, environmental, food safety, tobacco, alcohol, labor, employment, worker's compensation, discrimination, and tax laws and regulations, in this state or any other jurisdiction.

(10) Each applicant shall disclose any application or issuance of any commercial license or certificate issued in this state or any other jurisdiction that meets the requirements under the acts and these rules.

(11) Each applicant shall provide any other documents or attestations created by, or make any disclosures requested by, the agency that are not inconsistent with the acts or these rules.

(12) An applicant shall submit in the application any information requested and required by the acts and these rules.

(13) Each applicant seeking licensure under the medical marihuana facilities licensing act must submit one set of fingerprints to the department of state police in accordance with section 402 of the MMFLA, MCL 333.27402.

(14) Each applicant seeking licensure under the Michigan regulation and taxation of marihuana act shall provide an attestation acknowledging that the applicant must have a physical structure for the marihuana establishment and pass the prelicensure inspection within 60 days of a complete application being submitted to the agency. Failure to pass the prelicensure inspection within 60 days of the complete application being submitted to the agency may result in the application being denied in accordance with R 420.12.

(15) An applicant shall provide an attestation signed by a representative of the department of treasury and the applicant, verifying that the applicant is not delinquent in the payment of sales, excise, or any other taxes.

(16) An applicant seeking licensure under the Michigan regulation and taxation of marihuana act shall provide a social equity plan detailing a plan to promote and encourage participation in the marihuana industry by people from communities that have been disproportionately impacted by marihuana prohibition and enforcement and to positively impact those communities.

R. 420.5 Application requirements; complete application.

Rule 5. (1) A complete application for a marihuana license must include all the information specified in these rules and all of the following:

- (a) A description of the type of marihuana business that includes all of the following:
- (i) An estimate or actual number of employees.
 - (ii) The projected or actual gross receipts.
 - (iii) A business plan.
 - (iv) The proposed location of the marihuana business.
 - (v) A security plan, as required under the acts and these rules.
- (b) A copy of the proposed marihuana business location plan as required under R 420.8.
- (c) An applicant shall pass the preclosure inspection as determined by the agency and as required in R 420.9.
- (d) Confirmation of compliance with any municipal ordinances the municipality may have adopted under the medical marihuana facilities licensing act, or the Michigan regulation and taxation of marihuana act, whichever act is applicable. For purposes of these rules, confirmation of compliance must be on an attestation form prepared by the agency that contains all of the following:
- (i) For an applicant seeking licensure under the medical marihuana facilities licensing act, written affirmation that the municipality has adopted an ordinance under section 205 of the MMFLA, MCL 333.27205, including if applicable, a description of any limitations on the number of each type of marihuana facility.
 - (ii) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, verification that the municipality has not adopted an ordinance prohibiting marihuana establishments.
 - (iii) For an applicant seeking licensure under the medical marihuana facilities licensing act, description of any regulations within the municipality that apply to the proposed marihuana business.
 - (iv) The date and signature of the clerk of the municipality or his or her designee on the attestation form attesting that the information stated in the document is correct.
 - (v) The date and signature of the applicant.
 - (vi) The marihuana business name and address.
 - (vii) Attestation that any changes that occur with municipal approvals, the municipal ordinance, or any violations of a municipal or zoning ordinance will be reported to the agency.
- (e) The disclosure of the following persons:
- (i) For an applicant seeking licensure under the medical marihuana facilities licensing act, persons that have a beneficial interest as required in section 303(1)(g) of the MMFLA, MCL 333.27303.
 - (ii) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, persons who have a direct or indirect ownership interest in the marihuana establishment.
- (2) Each applicant shall provide any additional information and documents requested by the agency not inconsistent with the acts and these rules.
- (3) Each applicant shall provide any other documents, disclosures, or attestations created or requested by the agency that are not inconsistent with the acts and these rules.
- (4) If the agency identifies a deficiency in an application, the agency shall notify the applicant and the applicant shall submit the missing information or proof that the deficiency has been corrected to the agency within 5 days of the date the applicant received the deficiency notice.

(5) The failure of an applicant to correct a deficiency within 5 days of notification by the agency may result in the denial of the application. An applicant denied under this subrule is not barred from reapplying by submitting a new application and application fee.

R 420.6 State license under the Michigan regulation and taxation of marihuana act; issuance; qualifications; ineligibility.

Rule 6. (1) The agency shall issue a state license under the Michigan regulation and taxation of marihuana act to a qualified applicant whose application has been approved for issuance and who pays the required licensure or excess background investigation fees within 10 days of the state license being approved for issuance. Failure to pay the fees required under R 420.7 may result in a denial of state license.

(2) An applicant is ineligible to receive a state license if any of the following circumstances exist:

(a) The applicant has a prior conviction that involved distribution of a controlled substance to a minor.

(b) The applicant has knowingly submitted an application for a state license under the Michigan regulation and taxation act that contains false information.

(c) The applicant is an employee, advisor, or consultant of the agency involved in the implementation, administration, or enforcement of the Michigan regulation and taxation of marihuana act or these rules pursuant to section 7 of the Michigan regulation and taxation of marihuana act, MCL 333.27957.

(d) The applicant holds an elective office of a governmental unit of this state, another state, or the federal government; is a member of or employed by a regulatory body of a governmental unit in this state, another state, or the federal government; or is employed by a governmental unit of this state. This subdivision does not apply to an elected officer of or employee of a federally recognized Indian tribe or to an elected precinct delegate.

(e) The applicant, if an individual, is not a resident of this state on the date of filing the application for a class A marihuana grower or for a marihuana microbusiness license. The requirements in this subdivision do not apply after December 6, 2021.

(f) The applicant does not hold a state operating license pursuant to the MMFLA and is applying for a marihuana retailer, marihuana processor, class B marihuana grower, class C marihuana grower, or a marihuana secure transporter license under the Michigan regulation and taxation of marihuana act and these rules. The requirements in this subdivision do not apply after December 6, 2021.

(g) The agency determines the municipality in which the applicant's proposed marihuana establishment will operate has adopted an ordinance that prohibits marihuana establishments or that the proposed establishment is noncompliant with an ordinance adopted by the municipality under section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956.

(h) The applicant will hold an ownership interest in both a marihuana safety compliance facility or in a marihuana secure transporter and in a marihuana grower, a marihuana processor, a marihuana retailer, or a marihuana microbusiness, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(i) The applicant will hold an ownership interest in both a marihuana microbusiness and in a marihuana grower, a marihuana processor, a marihuana retailer, a marihuana safety compliance facility, or a marihuana secure transporter, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(j) The applicant will hold an ownership interest in more than 5 marihuana growers or in more than 1 marihuana microbusiness, in violation of section 9 of the Michigan regulation and taxation of marihuana act, MCL 333.27959.

(k) The applicant fails to meet other criteria established in these rules.

(3) In determining whether to grant a state license to an applicant, the agency may also consider all of the following:

(a) Whether the applicant or anyone meeting the definition of applicant has a pattern of convictions involving dishonesty, theft, or fraud that indicate the proposed marihuana establishment is unlikely to be operated with honesty and integrity.

(b) Whether the applicant has been served with a complaint or other notice filed with any public body regarding payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years.

(c) Whether the applicant has a history of noncompliance with any regulatory requirements, all legal judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, against the applicant, that are related to business operations, including, but not limited to fraud, environmental, food safety, labor, employment, worker's compensation, discrimination, and tax laws and regulations, in this state or any other jurisdiction.

(d) Whether the applicant meets other standards in rules applicable to the state license category.

(4) The agency shall review all applications for state licenses and shall inform each applicant of the agency's decision.

(5) An applicant or licensee has a continuing duty to provide information requested by the agency and to cooperate in any investigation, inquiry, or hearing conducted by the agency.

Rule 420.7 Application; fees; assessment.

Rule 7. (1) At the beginning of each state fiscal year, the agency may increase the fees collected under the Michigan regulation and taxation of marihuana act by 10% in order to pay for implementation, administration, and enforcement of that act and these rules.

(2) An applicant for a marihuana license shall submit an application that is accompanied by the nonrefundable application fee of \$6,000 upon initial application.

(3) If the costs of the investigation and processing the application exceed the application fee, the applicant shall pay the additional amount.

(4) Additional fees for state licenses under MRTMA are listed in table 1:

TABLE 1

State License Type	Initial Licensure Fee	Renewal Fee
Class A Marihuana Grower	\$4,000	Bottom 33% - \$3,000 Middle 33% - \$4,000 Top 33% - \$5,000
Class B Marihuana Grower	\$8,000	Bottom 33% - \$6,000 Middle 33% - \$8,000 Top 33% - \$10,000
Class C Marihuana Grower	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000

Designated Consumption Establishment	\$1,000	\$1,000
Excess Marihuana Grower	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000
Marihuana Event Organizer	\$1,000	\$1,000
Marihuana Microbusiness	\$8,000	Bottom 33% - \$6,000 Middle 33% - \$8,000 Top 33% - \$10,000
Marihuana Processor	\$40,000	Bottom 33% - \$30,000 Middle 33% - \$40,000 Top 33% - \$50,000
Marihuana Retailer	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Marihuana Safety Compliance Facility	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Marihuana Secure Transporter	\$25,000	Bottom 33% - \$20,000 Middle 33% - \$25,000 Top 33% - \$30,000
Temporary Marihuana Event	See R 420.24	N/A

(5) The agency shall establish and publish annually the regulatory assessment for licensees under the medical marihuana facilities licensing act pursuant to section 603 of the MMFLA, MCL 333.27603.

(6) The renewal fees for marihuana grower, excess marihuana grower, and marihuana processor licenses are determined by the gross weight transferred by the licensee. The agency shall determine whether the gross weight transferred by the licensee is in the top third, middle third, or bottom third for gross weight transferred in that fiscal year compared against all other licensees for the license held. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(7) The renewal fees for marihuana retailers and marihuana microbusiness licenses are determined by the gross retail sales by the licensee. The agency shall determine whether the gross retail sales made by the licensee is in the top third, middle third, or bottom third for gross retail sales in that fiscal year compared against all other licensees for the license held. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(8) The renewal fee for a marihuana secure transporter license is determined by the net weight transported by the licensee. The agency shall determine whether the net weight transported by the licensee is in the top third, middle third, or bottom third for net weight transported in that fiscal year compared against all other marihuana secure transporter licensees. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(9) The renewal fee for marihuana safety compliance facilities is determined by the number of tests completed by the licensee. The agency shall determine whether the number of tests completed by the licensee is in the top third, middle third, or bottom third for number of tests completed in that fiscal year compared against all other marihuana safety compliance facilities. The licensee shall then pay the corresponding fee outlined in subrule (4) of this rule.

(10) An applicant shall pay the initial licensure fees or regulatory assessment, if applicable, on or before the date the licensee begins operating and the renewal fee annually thereafter, pursuant to these rules.

(11) The agency shall not issue a marihuana license until a complete application is submitted, the fees required under these rules are paid, and the agency determines that the applicant is qualified to receive a marihuana license under the acts and these rules. An applicant under the MRTMA must pay initial licensure fees within 10 days of approval of the marihuana license or within 90 days of a complete application being submitted, whichever date is first. An applicant under the MMFLA must pay initial licensure fees within 10 days of approval of the marihuana license. An applicant must pay renewal fees upon submission of the application for renewal. Failure to pay the required fee may be grounds for the denial of a marihuana license in accordance with Rule 420.12.

R 420.8 Marihuana business location plan.

Rule 8. (1) An applicant shall submit a marihuana business location plan for the proposed marihuana business as required in these rules and upon request by the agency. Upon the request of the agency, an applicant or licensee may be required to submit a revised marihuana business location plan.

(2) The marihuana business location plan must include, but is not limited to, all of the following:

(a) The type of proposed marihuana business, the location of the marihuana business, a description of the municipality where the marihuana business will be located, and any of the following, if applicable:

(i) A statement in the marihuana business location plan that a combination of marihuana licenses will operate as separate marihuana businesses at the same location, as provided under these rules.

(ii) A statement in the marihuana business location plan that the applicant has or intends to apply to stack a marihuana license at the proposed marihuana business as provided under these rules.

(iii) A marihuana business location plan submitted for an applicant seeking licensure under the Michigan regulation and taxation of marihuana act and these rules must include a statement in the marihuana business location plan that equivalent licenses will operate at the same location.

(b) A diagram of the marihuana business including, but not limited to, all of the following:

(i) The proposed marihuana business's size and dimensions.

(ii) Specifications of the marihuana business.

(iii) Physical address.

(iv) Location of common entryways, doorways, or passageways.

(v) Public entries and exits.

(vi) Limited access areas and restricted access areas within the marihuana business.

(vii) An indication of the distinct areas or structures for separate marihuana businesses at the same location as provided in these rules.

(c) A detailed floor plan and layout that includes all of the following:

(i) Dimensions of the marihuana business including interior and exterior rooms.

(ii) Maximum storage capabilities.

(iii) Number of rooms.

(iv) Dividing structures.

(v) Fire walls.

(vi) Entrances and exits.

- (vii) Locations of hazardous material storage.
 - (viii) Quantities of hazardous materials, such as chemical, flammable/combustible liquids and gases, and the expected daily consumption of the hazardous materials.
 - (d) Means of egress, including, but not limited to, delivery and transfer points.
 - (e) Construction details for structures and fire-rated construction for required walls.
 - (f) Building structure information, including but not limited to, new, pre-existing, freestanding, or fixed.
 - (g) Building type information, including, but not limited to, commercial, warehouse, industrial, retail, converted property, house, mercantile building, pole barn, greenhouse, laboratory, or center.
 - (h) Zoning classification and zoning information.
 - (i) If the proposed marijuana business is in a location that contains multiple tenants and any applicable occupancy restrictions.
 - (j) A proposed security plan that demonstrates the proposed marijuana business meets the security requirements specified in these rules.
 - (k) Any other information required by the agency if not inconsistent with the acts and these rules.
- (3) Any changes or modifications to the marijuana business location plan under this rule must be reported to the agency and may require preapproval by the agency.
- (4) The agency may provide a copy of the marijuana business location plan to the BFS, local fire department, Michigan state police, local law enforcement, and building officials for use in review and planning.
- (5) The agency may reinspect the marijuana business to verify the plan at any time during the business's hours of operation and may require that the plan be resubmitted upon renewal.

R 420.9 Prelicensure investigation; proposed marijuana establishment inspection.

Rule 9. (1) An applicant for a marijuana license shall submit to a prelicensure physical inspection of a proposed marijuana business, as determined by the agency.

- (2) The agency shall establish an inspection process to confirm that the applicants and proposed marijuana businesses meet the requirements of the acts and these rules.
- (3) The agency shall investigate an applicant in accordance with the acts and these rules.
- (4) The agency, through its investigators, agents, auditors, or the state police shall conduct inspections and examinations of an applicant and a proposed marijuana business in accordance with the acts and these rules.
- (5) An applicant shall submit proof to the agency of both of the following:
 - (a) A certificate of use and occupancy as required pursuant to section 13 of the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1513, and these rules. If this certificate is not available, the agency may accept alternative documentation from the building authority.
 - (b) If applicable, a fire safety inspection as specified in these rules.

R 420.10 Proof of financial responsibility; insurance.

Rule 10. (1) Before a marijuana license is issued or renewed, the licensee or renewal applicant shall file a proof of financial responsibility for liability for bodily injury to lawful users resulting from the manufacture, distribution, transportation, or sale of adulterated marijuana or adulterated marijuana-infused products on the form prescribed by the agency, for an amount not

less than \$100,000.00. If the proof required in this subrule is a bond, the bond must be in a format acceptable to the agency.

(2) In addition to the requirements in subrule (1) of this rule, a marihuana transporter shall show proof of auto insurance, vehicle registration, and registration as a commercial motor vehicle, as applicable, for any vehicles used to transport marihuana product as required by the acts and these rules.

(3) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, proof of financial responsibility for liability for bodily injury is not required for a marihuana event organizer license. A marihuana event organizer licensee shall file a proof of financial responsibility for liability for bodily injury when applying for a temporary marihuana event license.

(4) In addition to the proof of financial responsibility requirements contained in subrule (1) of this rule, a renewal applicant or licensee holding a license under the medical marihuana facilities licensing act shall also carry commercial general liability insurance covering premises liability for an amount not less than \$100,000.00. An applicant shall provide proof of commercial general liability insurance covering the premises liability to the agency no later than 60 days after a state operating license is issued or renewed.

R 420.11 Capitalization requirements; medical marihuana facilities licensing act.

Rule 11. (1) An applicant for initial licensure under the medical marihuana facilities licensing act shall disclose the sources and total amount of capitalization to operate and maintain a proposed marihuana facility.

(2) The total amounts of capitalization based on the type of marihuana facility specified in the application for a state operating license are as follows:

- (a) Grower - Class A: \$150,000.00.
- (b) Grower - Class B: \$300,000.00.
- (c) Grower - Class C: \$500,000.00.
- (d) Processor: \$300,000.00.
- (e) Provisioning Center: \$300,000.00.
- (f) Secure Transporter: \$200,000.00.
- (g) Safety Compliance Facility: \$200,000.00.

(3) An applicant under the MMFLA shall provide proof to the agency of the capitalization amounts specified in subrule (2)(a) to (g) of this rule from both of the following sources:

(a) Not less than 25% is in liquid assets to cover the initial expenses of operating and maintaining the proposed marihuana facility, as specified in the application. As used in this subdivision, "liquid assets" include assets easily convertible to cash, including, but not limited to, cash, certificates of deposit, 401(k) plans, stocks, and bonds.

(b) Proof of the remaining capitalization to cover the initial expenses of operating and maintaining the proposed marihuana facility may include, but is not limited to, additional liquid assets as described in subdivision (a) of this subrule or equity in real property, supplies, equipment, fixtures, or any other nonliquid asset.

(4) The applicant shall provide proof that there is no lien or encumbrance, except for a mortgage encumbering the real property, on the asset provided as a source of capitalization. For purposes of this subrule, if the encumbrance is a mortgage on the real property then the applicant shall disclose the value of the equity of the real property less any mortgage.

(5) The capitalization amounts and sources must be validated by Certified Public Accountant (CPA) attested financial statements. The applicant shall disclose any of the capitalization sources that are foreign and a foreign CPA or its equivalent shall attest to the validation, and a domestic CPA shall attest to that foreign validation.

R 420.12 Denial of a marihuana license; additional reasons.

Rule 12. (1) If an applicant fails to comply with the applicable act or these rules, a marihuana license may be denied by the agency as provided under the applicable act and these rules.

(2) In addition to the reasons for denial in the acts, a marihuana license may be denied by the agency for the following reasons:

- (a) The applicant's marihuana business location plan does not fully comply with the acts or these rules.
- (b) The applicant's proposed marihuana business or marihuana business is substantially different from the marihuana business location plan pursuant to R 420.8 and these rules.
- (c) The agency is unable to access the proposed marihuana business for prelicensure agency inspection or the applicant denied the agency access to the proposed marihuana business.
- (d) The applicant made a material misrepresentation on the application.
- (e) The applicant failed to correct a deficiency within 5 days of notification by the agency in accordance with the acts and these rules.
- (f) The applicant failed to satisfy the confirmation of compliance by a municipality in accordance with the acts and these rules.
- (g) The applicant is operating or was operating a proposed marihuana business without a marihuana license.
- (h) The applicant has knowingly submitted an application containing false information.
- (i) The applicant has failed to pay required fees pursuant to these rules.
- (j) The applicant has failed to comply with these rules and the application requirements pursuant to these rules.
- (k) The applicant has been delinquent with the payment of taxes required under federal, state, or local law for 1 or more years.
- (l) The applicant fails to provide notifications or reports to the agency pursuant to these rules.
- (m) The applicant or anyone meeting the definition of applicant has a pattern of convictions involving dishonesty, theft, or fraud that indicate the proposed marihuana business is unlikely to be operated with honesty and integrity.
- (n) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant failed to receive a passing prelicensure inspection within 60 days of a complete application being submitted to the agency.
- (o) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant or anyone meeting the definition of applicant has a conviction involving distribution of a controlled substance to a minor pursuant to section 8 of the MRTMA, MCL 333.27958.
- (p) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant holds a state operating license under the MMFLA and has failed to file or is delinquent in the payment of the sales tax required under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, or the excise tax required under section 601 of the MMFLA, MCL 333.27601.

(q) For an applicant seeking licensure under the Michigan regulation and taxation of marihuana act, the applicant holds a state license and has failed to file or is delinquent in the payment of the sales tax required under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, or the excise tax required under section 13 of the MRTMA, MCL 333.27963.

R 420.13 Renewal of marihuana license.

Rule 13. (1) A marihuana license is issued for a 1-year period and is renewable annually. A licensee shall apply to renew a marihuana license on a form established by the agency. The licensee shall pay the required fee upon submission of the application for renewal. The marihuana license may be renewed no more than 90 days before the expiration of the marihuana license, if the licensee has submitted the renewal form required by the agency and, if applicable, the licensee has paid any additional background investigation charge assessed by the agency under these rules. The agency shall include on the renewal form, a statement requesting renewal of the marihuana license and all of the following information:

(a) To the extent that information has changed or not been previously reported, updated personal, business, and financial information, as the agency may require, related to the eligibility of the licensee to continue to hold the marihuana license for which renewal is requested under the acts and these rules. For a licensee seeking renewal under the medical marihuana facilities licensing act required information may also be related to the suitability and general fitness of the licensee and include, without limitation, information regarding the identification, integrity, moral character, reputation, relevant business experience, ability, probity, and financial experience, ability, and responsibility of the licensee and each person required to be qualified for renewal of the license under the MMFLA. To the extent that the information has changed or has not been previously reported, updated information on the marihuana business.

(b) A statement under oath by the licensee that the information provided in the licensee's annual renewal form is current, complete, true, and accurate, and that the licensee has fulfilled its obligation under the acts and these rules to notify the agency of any change in information provided in its original marihuana license application and subsequent annual renewal form or forms previously filed, if applicable.

(c) Attestation by the municipality on a form created by the agency regarding a licensee who submits an application for marihuana license renewal which shall include, but not be limited to, both of the following:

(i) A description of any violation, if applicable, of an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the acts or these rules.

(ii) Whether there has been a change to an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, since the marihuana license was issued to the licensee and a description of the change.

(d) An attestation by the licensee that the licensee's annual renewal form provides all information and documentation required by the agency to establish that the licensee is eligible, qualified, and suitable to have its marihuana license renewed and is ready and able to continue conducting its marihuana business in compliance with the acts and these rules throughout the new 1-year time period for which the license is to be renewed.

(e) Other relevant information and documentation that the agency may require to determine the licensee's eligibility to have its marihuana license renewed under the licensing standards of the acts and these rules.

(2) Failure to comply with any of the provisions of the acts and these rules may result in the nonrenewal of a marihuana license. The agency shall not renew a marihuana license unless the agency determines, as part of the license renewal, that each person required by the acts and these rules to meet licensing standards is eligible, qualified, and suitable under the relevant licensing standards.

(3) The licensee shall meet the requirements of the acts and any other renewal requirements set forth in these rules.

(4) The agency may refuse to renew a marihuana license and issue a notice of nonrenewal if the licensee fails to apply for renewal in accordance with section 402 of the medical marihuana facilities licensing act, MCL 333.27402, as applicable, and this rule. In addition, the agency may refuse to renew a marihuana license and issue a notice of nonrenewal if the agency determines, after reviewing the licensee's annual renewal form, that the marihuana license should not be renewed because the licensee's annual renewal form does not provide the information and documentation required by the agency to determine that the licensee is eligible, qualified, and suitable to continue to be licensed and ready and able to continue conducting its marihuana business in compliance with the acts and these rules.

(5) If a license renewal application for a license under the medical marihuana facilities licensing act is not submitted by the license expiration date, the license may be renewed within 60 days after its expiration date upon submission of the required application, payment of the required fees, and satisfaction of any renewal requirements. The licensee may continue to operate during the 60 days after the license expiration date if the licensee submits the renewal application to the agency and complies with the other requirements for renewal.

(6) The agency shall send a renewal notice to the last known address of a licensee on file with the agency. The failure of a licensee to notify the agency of a change of address does not extend the expiration date of a license and may result in disciplinary action.

(7) A marihuana licensee who is served with a notice of nonrenewal may request a hearing pursuant to these rules.

(8) If the licensee does not request a hearing in writing within 21 days after service of the notice of nonrenewal, the notice of nonrenewal becomes the final order of the agency.

(9) A person who has not applied for marihuana license renewal for any and all licenses that are due for renewal shall cease and desist operation and is subject to any sanctions or fines, or both, in accordance with the acts and these rules.

R 420.14 Notification and reporting.

Rule 14. (1) Applicants have a continuing duty to provide the agency with up-to-date contact information and shall notify the agency in writing of any changes to the mailing addresses, phone numbers, electronic mail addresses, and other contact information they provide the agency.

(2) Applicants shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

(3) Applicants shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes include, but are not limited to, the following:

(a) Change in owners, officers, members, or managers.

- (b) Change of processing machinery or equipment.
- (c) A description of a violation of an ordinance or a zoning regulation adopted pursuant to section 205 of the medical marihuana facilities licensing act, MCL 333.27205, or section 6 of the Michigan regulation and taxation of marihuana act, MCL 333.27956, committed by the licensee, but only if the violation relates to activities licensed under the acts, the Michigan medical marihuana act, and these rules.
- (d) The addition or removal of persons named in the application or disclosed.
- (e) Change in entity name.
- (f) Any attempted transfer, sale, or conveyance of an interest in a marihuana license.
- (g) Any change or modification to the marihuana business before or after licensure that was not preinspected, inspected, or part of the marihuana business location plan or final inspection including, but not limited to, all of the following:
 - (i) Operational or method changes requiring inspection under these rules.
 - (ii) Additions or reductions in equipment or processes at a marihuana business.
 - (iii) Increase or decrease in the size or capacity of the marihuana business.
 - (iv) Alterations of ingress or egress.
 - (v) Changes that impact security, fire safety, and building safety.
- (4) An applicant shall notify the agency within 1 business day of becoming aware of or within 1 business day of when the applicant should have been aware of any of the following:
 - (a) Adverse reactions to a marihuana product sold or transferred by any licensee.
 - (b) Criminal convictions, charges, or civil judgments against an applicant in this state or any other state, federal, or foreign jurisdiction.
 - (c) Regulatory disciplinary action taken against an applicant by this state or any other state, federal, or foreign jurisdiction, including any pending action.
- (5) The applicant shall notify the agency within 10 days of the initiation or conclusion of any new judgments, lawsuits, legal proceedings, charges, or government investigations, whether initiated, pending, or concluded, that involve the applicant.
- (6) Failure to provide notifications or reports to the agency pursuant to this rule may result in sanctions or fines, or both.

R 420.15 Notifications of diversion, theft, loss, or criminal activity.

Rule 15. (1) Applicants shall notify the agency and local law enforcement authorities within 24 hours of becoming aware of or within 24 hours of when the applicant should have been aware of the theft or loss of any marihuana product or criminal activity at the marihuana business.

(2) Failure to notify as required under subrule (1) of this rule may result in sanctions or fines, or both.

R 420.16 Inspection; investigation

Rule 16. (1) The agency shall do all of the following with respect to inspections and investigations of applicants, licensees, proposed marihuana businesses, and marihuana business operations:

- (a) Oversee and conduct inspections through its investigators, agents, auditors, or the state police of proposed marihuana businesses and marihuana businesses to ensure compliance with the acts and these rules.
- (b) Inspect and examine marihuana businesses and proposed marihuana businesses.
- (c) Inspect, examine, and audit records of the licensee.

(2) The agency may investigate individuals employed by proposed marihuana businesses and marihuana businesses.

(3) As authorized by the acts, a licensee may not refuse the agency access to the marihuana business during the hours of operation. The agency may access the marihuana business without a warrant and without notice to the licensee during the marihuana business's hours of operation.

(4) The agency may place an administrative hold on a marihuana product and order that no sales or transfers occur during an investigation for an alleged violation or violation of the acts or these rules.

(5) The agency may inspect, examine, and audit relevant records of the licensee. If a licensee fails to cooperate with an investigation, the agency may impound, seize, assume physical control of, or summarily remove records from a proposed marihuana business or marihuana business as authorized under the acts and these rules.

(6) The agency may eject or exclude, or authorize the ejection or exclusion of, an individual from a proposed marihuana business or marihuana business if that individual violates the acts, a final order, or these rules.

(7) The agency may take any reasonable or appropriate action to enforce the acts and these rules.

(8) This rule does not limit the application of any other remedies or sanctions that are available through local, state, and federal laws, the acts, and these rules.

(9) As used in this rule, "record" means books, ledgers, documents, writings, photocopies, correspondence, electronic storage media, electronically stored records, money receptacles, equipment in which records are stored, including data or information in the statewide monitoring system, or any other document that is used for recording information.

R 420.17 Stacked license.

Rule 17. (1) A licensee holding a license as a grower under the medical marihuana facilities licensing act, or a marihuana grower under the Michigan regulation and taxation of marihuana act, or both, may apply to stack class C licenses at a marihuana business specified in the marihuana license application. The licensee shall pay a separate initial licensure fee or regulatory assessment, as applicable, for each marihuana license issued and stacked and may be subject to additional fees under these rules.

(2) A licensee that has been issued stacked licenses is subject to all the requirements of the acts and these rules.

R 420.18 Changes to licensed marihuana business.

Rule 18. (1) Any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

(2) Any change of a location of a marihuana business after licensure requires notification to the agency prior to the change of location, must be approved by the agency, requires a new marihuana license application under these rules, and may include, but is not limited to, all of the following:

- (a) Additional application fees.
- (b) Additional inspections by the agency or BFS.
- (c) Initial licensure fees or regulatory assessment, as applicable, or both.

(3) A licensee shall produce written documentation from the municipality approving the proposed new marihuana business location, and confirmation of compliance with any municipal ordinances the municipality adopted under the acts. For purposes of these rules, confirmation of compliance must be on an attestation form prepared by the agency that contains all of the information required in these rules.

R 420.19 Communities disproportionately impacted by marihuana prohibition.

Rule 19. (1) Pursuant to section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, the agency shall establish a plan that promotes and encourages participation in the marihuana industry by people from communities that have been disproportionately impacted by marihuana prohibition and enforcement and to positively impact those communities.

(2) The agency shall publish information about the plan which must include, but not be limited to, all of the following:

(a) The criteria used to select communities that have been disproportionately impacted by marihuana prohibition and enforcement.

(b) Based on the selection criteria, a list of the communities that have been disproportionately impacted by marihuana prohibition and enforcement.

(c) The requirements persons in those communities must meet to utilize services and resources offered through the plan.

(d) The services and resources that are available to those communities and qualifying persons residing in and planning to operate a marihuana establishment in those communities selected in subdivision (b) of this subrule.

(e) Specific goals and objectives for the plan.

(3) The agency shall collect data to measure its progress towards achieving the specific goals and objectives outlined in subrule (2)(e) of this rule.

(4) The agency shall publish a list of services and resources offered through the plan, which must include, but not be limited to, all of the following:

(a) Education and outreach to the communities and potential applicants from the community.

(b) Waiving or reducing fees for qualified applicants from the communities.

(c) Increased assistance with the application process for applicants from these communities.

(d) Coordinating communities', applicants', and licensees' utilization of resources that will allow participation in the marihuana industry.

R 420.20 Financial Statements

Rule 20. Each licensee under the Michigan regulation and taxation of marihuana act shall transmit to the agency financial statements of the licensee's total operations. The financial statements shall be reviewed by a certified public accountant in a manner and form prescribed by the agency. The certified public accountant must be licensed in this state under article 7 of the occupational code, 1980 PA 299, MCL 339.720 to 339.736. The compensation for the certified public accountant shall be paid directly by the licensee to the certified public accountant. The agency shall issue an advisory bulletin to instruct licensees on the time and manner in which to submit the financial statements.

PART 2. SPECIAL LICENSES UNDER THE MICHIGAN REGULATION AND
TAXATION OF MARIHUANA ACT

R 420.21 Special licenses; eligibility.

Rule 21. (1) A person may apply to the agency for a special license as described under section 8 of the Michigan regulation and taxation of marihuana act, MCL 333.27958, and issued pursuant to section 9 of the act, MCL 333.27959, and these rules. A person may apply to the agency for a special license in the following categories:

(a) Designated consumption establishment license. A designated consumption establishment license is valid for 1 year.

(b) Excess marihuana grower license. An excess marihuana grower license is valid for 1 year.

(c) Marihuana event organizer license. A marihuana event organizer license is valid for 1 year.

(d) Temporary marihuana event license. A temporary marihuana event license is valid for a minimum of 1 day and ends on the date specified on the state license.

(2) An applicant shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules to be eligible for a special license.

(3) A person that allows consumption of marihuana products on the premises of a non-residential location and charges a fee for entry, sells goods or services while individuals are consuming on the premises, or requires membership for entry shall acquire a designated consumption establishment or temporary marihuana event license.

R 420.22 Designated consumption establishment license.

Rule 22. (1) An applicant for a designated consumption establishment license is subject to and shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules.

(2) A person may apply for a designated consumption establishment license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. An application for a designated consumption establishment license must be made under oath on a form provided by the agency. A complete application for a designated consumption establishment license must contain the information required in these rules and information regarding the designated consumption establishment including, but not limited to, all of the following:

(a) A designated consumption establishment plan for the proposed consumption establishment. Upon the request of the agency, an applicant or licensee may be required to submit a revised designated consumption establishment plan. The plan must include a diagram of the designated consumption establishment including, but not limited to, all of the following:

(i) The proposed establishment's size and dimensions.

(ii) Specifications of the designated consumption establishment.

(iii) Physical address.

(iv) Location of common entryways, doorways, or passageways.

(v) Means of public entry or exit.

(vi) An indication of the distinct areas or structures for separate marihuana establishments at the same location as provided in these rules.

(b) A detailed floor plan and layout that includes all of the following:

(i) Dimensions of the consumption establishment including interior and exterior rooms.

(ii) Number of rooms.

- (iii) Dividing structures.
 - (iv) Fire walls.
 - (v) Entrances and exits.
 - (vi) Locations of hazardous material storage, if applicable.
 - (vii) Means of egress.
 - (c) Construction details for structures and fire-rated construction for required walls.
 - (d) Building structure information, including but not limited to, new, pre-existing, freestanding, or fixed.
 - (e) Building type information, including, but not limited to, commercial, warehouse, industrial, retail, converted property, house, building, mercantile building, pole barn, greenhouse, laboratory, or center.
 - (f) Zoning classification and zoning information.
 - (g) If the proposed designated consumption establishment is in a location that contains multiple tenants, any applicable occupancy restrictions.
 - (h) A business plan that includes a description of the proposed hours of operation.
 - (i) Proof of possession of the premises where the proposed designated consumption establishment will be located and, if the premises are leased, written permission from the owner of the premises approving the applicant's use of the designated consumption establishment for marihuana consumption.
 - (j) A responsible operations plan that includes a detailed explanation of how employees will monitor and prevent over-intoxication, underage access to the designated consumption establishment, the illegal sale or distribution of marihuana or marihuana products within the consumption establishment, and any other potential criminal activity on the premises.
 - (k) A documented employee training that addresses all components of the responsible operations plan.
 - (l) A marihuana product destruction and waste management plan that meets the requirements of these rules, as applicable, for destroying and disposing of marihuana waste left at the marihuana establishment.
 - (m) Any other information required by the agency if not inconsistent with the Michigan regulation and taxation of marihuana act and these rules.
- (3) The agency may provide a copy of the marihuana establishment plan to the BFS, local fire department, building officials, the Michigan state police, and local law enforcement for use in pre-incident review and planning.
- (4) An applicant shall pay the fees required under these rules.
- (5) An applicant is subject to the preclosure investigation and proposed establishment inspection required under these rules.
- (6) An applicant is subject to the proof of financial responsibility and insurance requirements under these rules.
- (7) A designated consumption establishment shall have the following characteristics:
- (a) A smoke-free area for employees to monitor the marihuana consumption area.
 - (b) A ventilation system that directs air from the marihuana consumption area to the outside of the building through a filtration system sufficient to remove visible smoke, consistent with all applicable building codes and ordinances, and adequate to eliminate odor at the property line, if consumption by inhalation is permitted.
 - (c) A location physically separated from areas where smoking is prohibited and where smoke does not infiltrate into nonsmoking areas or buildings.

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

R 420.23 Excess marihuana grower license.

Rule 23. (1) An applicant for an excess marihuana grower license is subject to and shall meet the requirements of the Michigan regulation and taxation of marihuana act and these rules.

(2) An excess marihuana grower license authorizes sale of marihuana, other than seeds, seedlings, tissue cultures, immature plants, and cuttings, to a marihuana processor or marihuana retailer.

(3) An excess marihuana grower license shall only be issued to a person who holds 5 stacked class C marihuana grower licenses issued by the agency under the Michigan regulation and taxation of marihuana act and at least 2 grower class C licenses issued by the agency under the MMFLA.

(4) A person may apply for an excess marihuana grower license on the form created by the agency accompanied by the nonrefundable application fee as prescribed in these rules. An application for an excess marihuana grower license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency.

(5) An applicant for an excess marihuana grower license shall pay applicable fees required under these rules.

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

(7) The agency shall set the total marihuana plant count for an excess marihuana grower license in increments of 2,000 marihuana plants not in excess of the total marihuana plants permitted under grower class C licenses held under the MMFLA.

(8) Payment of the initial licensure fee must be received prior to issuance of the state license. In determining the initial licensure fee for an excess marihuana grower license, the initial licensure fee of a class C marihuana grower license is assessed on the excess marihuana grower license at every 2,000 marihuana plant increment authorized by the state license.

(9) An excess marihuana grower licensee is subject to all requirements for a marihuana grower as provided for in the Michigan regulation and taxation of marihuana act and these rules, as applicable.

(10) An applicant shall pay the initial licensure fee for an excess grower license within 10 days of approval or within 90 days of a complete application being submitted, whichever date is first.

(11) A marihuana grower's application for an excess grower license is exempt from the application fee of \$6,000 under these rules.

R 420.24 Marihuana event organizer license.

Rule 24. (1) A marihuana event organizer is not authorized to engage in the operations of a marihuana establishment licensee without first obtaining the appropriate licenses.

(2) A person may apply for a marihuana event organizer license on the form created by the agency accompanied by the application fee as prescribed in these rules. An application for a marihuana event organizer license shall be made under oath on a form provided by the agency and shall contain information as prescribed by the agency.

(3) An applicant for a marihuana event organizer license is subject to and shall meet the requirements of these rules, as applicable.

(4) An applicant for a marihuana event organizer license shall pay the nonrefundable application fee and any other fees required under these rules.

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

R 420.25 Temporary marihuana event license; application; operations.

Rule 25. (1) A temporary marihuana event license shall only be issued to a person who holds a marihuana event organizer license issued by the agency.

(2) Violations of the requirements applicable to temporary marihuana events may result in disciplinary action against the marihuana event organizer license or any other licenses held by a licensee participating in the temporary marihuana event and responsible for a violation of the MRTMA or these rules.

(3) A temporary marihuana event license must only be issued for a single day or up to 7 consecutive days. A temporary marihuana event license must not be issued for more than 7 days.

(4) An application for a temporary marihuana event license must be submitted to the agency not less than 90 calendar days before the first day of the temporary marihuana event.

(5) A temporary marihuana event may only be held at a venue expressly approved by a municipality for the purpose of holding a temporary marihuana event.

(6) An application for a temporary marihuana event license must be made under oath on a form provided by the agency and must contain information as prescribed by the agency, including, but not limited to, all of the following:

(a) The name of the applicant. Applicants who are individuals shall provide both the first and last name of the individual. Applicants that are business entities shall provide the legal business name of the applicant.

(b) The marihuana event organizer license number and each marihuana establishment license held by the applicant.

(c) The address of the location where the temporary marihuana event will be held.

(d) The name of the temporary marihuana event.

(e) A diagram of the physical layout of the temporary marihuana event. The diagram must clearly indicate all of the following:

(i) Where the temporary marihuana event will be taking place on the location grounds.

(ii) All entrances and exits that will be used by participants during the event.

(iii) All marihuana consumption areas.

(iv) All marihuana retail areas where marihuana products will be sold.

(v) Where marihuana waste will be stored.

(vi) All areas where marihuana products will be stored.

(vii) The specific location of each marihuana retailer or marihuana microbusiness licensee who will be participating in the event. Each marihuana retailer or marihuana microbusiness licensee participating in the event must be identified with an assigned temporary marihuana event location number.

(f) The dates and hours of operation for which the temporary marihuana event license is being sought. A temporary marihuana event license is required for any date in which the applicant engages in onsite marihuana product sales or allows onsite marihuana product consumption.

(g) Contact information for the applicant's designated primary contact person regarding the temporary marihuana event license, including the name, title, address, phone number, and email address of the individual.

(h) Contact information for a designated contact person or persons who shall be onsite at the event, and reachable by telephone at all times that the event is occurring.

(i) Written attestation on a form provided by the agency from the municipality authorizing the applicant to engage in onsite marihuana sales to, and onsite consumption by, persons 21 years of age or older at the temporary marihuana event at the proposed location.

(j) A list of all licensees and employees that will be providing onsite sales of marihuana products at the temporary marihuana event. If the list of licensees and employees participating in the temporary marihuana event changes after the application is submitted or after the temporary marihuana event license is issued, the applicant shall submit an updated list and an updated diagram to the agency not less than 72 hours before the event. Licensees not on the list submitted to the agency shall not participate in the temporary marihuana event.

(7) An applicant for a temporary marihuana event shall pay all required fees before the agency issues a temporary marihuana event license.

(8) The licensed marihuana event organizer shall hire or contract for licensed security personnel to provide security services at the licensed temporary marihuana event. All security personnel hired or contracted for by the licensee shall be at least 21 years of age, and present on the licensed event premises at all times marihuana products are available for sale or marihuana consumption is allowed on the licensed event premises. The security personnel shall not engage in the consumption of marihuana products before or during the event.

(9) A licensed marihuana event organizer shall maintain a clearly legible sign, not less than 7" x 11" in size reading, "No Persons Under 21 Allowed" at or near each public entrance to any area where the sale or consumption of marihuana products is allowed. The lettering of the sign shall be not less than 1 inch in height.

(10) The marihuana event organizer licensee shall ensure that access to the event is restricted to persons 21 years of age or older and ensure that marihuana sales or consumption is not visible from any public place or non-age-restricted area.

(11) The marihuana event organizer licensee, who holds the temporary marihuana event license, is responsible for ensuring that all rules and requirements for the onsite consumption of marihuana products are followed.

(12) The marihuana event organizer licensee shall ensure that all marihuana waste generated at a temporary marihuana event is collected and disposed of in accordance with the requirements of these rules, as applicable.

(13) A licensed marihuana event organizer and all other licensees participating in a temporary marihuana event are required to comply with all other applicable requirements in the Michigan regulation and taxation of marihuana act and these rules and any municipal ordinances.

(14) The agency may require the marihuana event organizer and all participants to cease operations without delay if in the opinion of the agency or law enforcement it is necessary to protect the immediate public health and safety of the people of this state. Upon notification from the agency that the event is to cease operations, the marihuana event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the agency.

(15) Upon notification from the agency, the marihuana event organizer shall immediately expel from the event any person selling marihuana products without a marihuana retailer or marihuana microbusiness license issued by the agency. The marihuana event organizer or their representative shall remain with the person being expelled from the premises at all times until he or she vacates the premises. If the person does not vacate the premises, the agency may inform

the marihuana event organizer that the event must cease operations. Upon notification from the agency that the event is to cease operations, the marihuana event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the agency.

R 420.26 Temporary marihuana event fee.

Rule 26. (1) Each marihuana event organizer licensed to hold a temporary marihuana event in this state shall pay an initial licensure fee that consists of the following:

(a) For temporary marihuana events that do not include the sale of marihuana products, a \$500.00 fee for each day of the scheduled event to cover the agency's enforcement and compliance costs.

(b) For temporary marihuana events that include the sale of marihuana products:

(i) A \$500.00 fee for each licensee authorized to sell marihuana product at the event to cover the agency's enforcement and compliance costs.

(ii) A \$500.00 fee for each day of the temporary marihuana event to cover the agency's enforcement and compliance costs.

(2) If a licensee scheduled to attend an event withdraws from the event prior to the first day of the event, the marihuana event organizer may request a refund for that portion of the fees paid to the agency to cover the enforcement and compliance costs for that licensee.

(3) A marihuana event organizer's application for a temporary marihuana event license is exempt from the application fee of \$6,000 under these rules.

R 420.27 Temporary marihuana event sales.

Rule 27. (1) A marihuana event organizer licensee shall ensure that access to the area where marihuana sales are allowed is restricted to persons 21 years of age or older.

(2) Only persons age 21 or older may purchase and consume marihuana products at a temporary marihuana event. Prior to selling marihuana products to a customer, the licensee making the sale shall confirm, using valid identification as specified in the Michigan regulation and taxation of marihuana act and these rules, the age and identity of the customer.

(3) All sales of marihuana products at a temporary marihuana event must occur in a retail area as designated in the premises diagram required in these rules.

(4) Each sale at a temporary marihuana event must be performed by a licensed marihuana retailer or marihuana microbusiness that is authorized to sell marihuana products to customers. The marihuana event organizer may also sell marihuana products at the temporary marihuana event if the marihuana event organizer separately holds a state license as a marihuana retailer or marihuana microbusiness.

(5) Licensed marihuana retailers or licensed marihuana microbusinesses shall only conduct sales activities within their specifically assigned area, identified in the diagram of the physical layout of the temporary marihuana event.

(6) Mobile sales activities via wagon, cart, or similar means are prohibited at the temporary marihuana event site.

(7) Licensed marihuana retailers or marihuana microbusinesses must prominently display their temporary marihuana event location number and state license within plain sight of the public.

(8) All sales at a temporary marihuana event must occur on the dates stated on the state license and must occur at the location stated on the state license. All onsite sales of marihuana products must comply with the hours of operation requirements in these rules.

(9) The marihuana products sold onsite at a temporary marihuana event must be transported to the site of the temporary marihuana event by a licensed secure transporter in compliance with the Michigan regulation and taxation of marihuana act and these rules. A licensed transporter is not required if less than 15 ounces of marihuana or 60 grams of concentrate is being transported at one time.

(10) Except small amounts of products used for display, all marihuana products for sale at a temporary marihuana event must be stored in a secure, locked container that is not accessible to the public. Marihuana products being stored by a licensee at a temporary marihuana event must not be left unattended.

(11) All marihuana products made available for sale at a temporary marihuana event by a licensee must comply with all requirements of the Michigan regulation and taxation of marihuana act and these rules for the sale and tracking of marihuana products. This includes, but is not limited to, all of the following:

(a) Identifying marihuana product from licensees' inventory at the marihuana establishment that will be transported for sale at the event using a marihuana secure transporter or an agent of the licensee to the temporary marihuana event.

(b) Tracking in the statewide monitoring system any sales of marihuana product at the event in accordance with the requirements of these rules.

(c) Tracking in the statewide monitoring system any marihuana product that is not sold at the event and is being returned to the marihuana establishment's inventory at its permanent location. If more than 15 ounces of marihuana or 60 grams of concentrate is being transported at one time, it must be transported using a marihuana secure transporter.

R 420.28 Renewal; notifications; inspections and investigations; penalties; sanctions; fines; sale or transfer.

Rule 28. (1) A designated consumption establishment and marihuana event organizer license are issued for a 1-year period and may be renewed. An applicant for renewal must meet the requirements, as applicable, and apply in the manner prescribed in these rules.

(2) A designated consumption establishment and marihuana event organizer applicant or licensee are subject to the notification and reporting requirements specified in these rules as applicable.

(3) A designated consumption establishment or marihuana event organizer licensee or licensee participating in a temporary marihuana event shall comply with the notification requirements for theft, loss, or criminal activity pertaining to marihuana product under these rules, as applicable.

(4) An applicant for or a licensed designated consumption establishment or marihuana event organizer are subject to the inspections and investigations specified in these rules, as applicable.

(5) An applicant for or a licensed designated consumption establishment or marihuana event organizer are subject to these rules regarding violations, sanctions, and fines.

(6) A licensee selling marihuana products at a temporary marihuana event shall comply with the requirements of these rules regarding the sale or transfer of marihuana.

(7) A licensee selling marihuana products at a temporary marihuana event shall comply with the requirements of these rules regarding purchasing limits in a single transaction.

R 420.29 Severability.

Rule 29. If any rule or subrule of these rules, in whole or in part, is found to be invalid by a court of competent jurisdiction, such decision will not affect the validity of the remaining portion of these rules.

FILED WITH SECRETARY OF STATE

ON 6/22/20 AT 7:59 A.M.