



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 #19-069-LR)
Legislative Service Bureau (Secretary of State Filing #20-06-07)
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 #2019-069-LR (Secretary of State Filing #20-06-07) on this date at 08:10 A.M. for the Department of Licensing and Regulatory Affairs entitled, "Marihuana Operations".

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 / UK

Melissa Malerman, Departmental Supervisor
Office of the Great Seal

Enclosure



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

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:

(2019-69 LR) Marihuana Operations

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

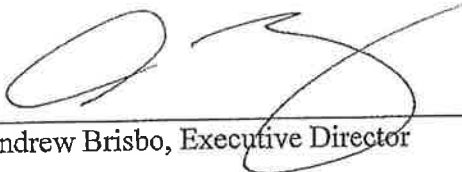
ORLENE HAWKS
DIRECTOR

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 420.201, R 420.202, R 420.203, R 420.204, R 420.205, R 420.206, R 420.207, R 420.208, R 420.209, R 420.210, R 420.211, R 420.212, R 420.213, R 420.214, and R 420.215 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 Operations**” by:

- ◆ Adding R 420.201, R 420.202, R 420.203, R 420.204, R 420.205, R 240.206, R 420.207, R 420.208, R 420.209, R 420.210, R 420.211, R 420.212, R 420.213, R 420.214, and R 420.215.

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 Wienzewski,
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

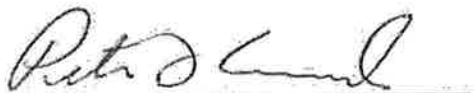
JCAR No. 20-17
MOAHR No. 2019-075 LR
Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency
Marihuana Disciplinary Proceedings

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 420.201, R 420.202, R 420.203, R 420.204, R 420.205, R 420.206, R 420.207, R 420.208, R 420.209, R 420.210, R 420.211, R 420.212, R 420.213, R 420.214, and R 420.215 of the Department's rules entitled "Marihuana Operations." I approve the rules as to form, classification, and arrangement.

Dated: March 26, 2020

LEGISLATIVE SERVICE BUREAU

By

Elizabeth R. Edberg,
Legal Counsel

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MARIJUANA REGULATORY AGENCY

MARIHUANA OPERATIONS

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 420.201, R 420.202, R 420.203, R 420.204, R 420.205, R 240.206, R 420.207, R 420.208, R 420.209, R 420.210, R 420.211, R 420.212, R 420.213, R 420.214, and R 420.215 are added to the Michigan Administrative Code as follows:

R 420.201 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) "Administrative hold" means a status given to marihuana product by the agency during an investigation into alleged violations of the acts and these rules. This status includes no sale or transfer of the marihuana product until the hold is lifted.

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

(d) "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.

(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.

(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) "Batch" means all marihuana product of the same variety that has been processed together and exposed to substantially similar conditions throughout processing.

(f) "Building" means a combination of materials forming a structure affording a facility, an 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.

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

(h) "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.

(i) "Cultivator" refers to both a grower under the medical marihuana facilities licensing act and a marihuana grower under the Michigan regulation and taxation of marihuana act.

(j) "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.

(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) "Final form" means the form a marihuana product is in when it is available for sale by a marihuana sales location. For marihuana products intended for inhalation, the marihuana concentrate in the e-cigarette or vaping device.

(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) "Inactive ingredients" means binding materials, dyes, preservatives, flavoring agents, and any other ingredient that is not derived from the plant *Cannabis Sativa L.*

(p) "Laboratory" refers to both a safety compliance facility under the medical marihuana facilities licensing act and a marihuana safety compliance facility under the Michigan regulation and taxation of marihuana act.

(q) "Limited access area" means a building, room, or other contiguous area of a marihuana business where marihuana is grown, cultivated, stored, weighed, packaged, sold, or processed for sale and that is under the control of the licensee.

(r) "Marihuana business" refers to both a marihuana facility under the medical marihuana facilities licensing act and a marihuana establishment under the Michigan regulation and taxation of marihuana act.

(s) "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.

(t) "Marihuana event organizer" means a person licensed to apply for a temporary marihuana event under these rules.

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

(v) "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.

(w) "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.

(x) "Marihuana sales location" refers to a provisioning center under the medical marihuana facilities licensing act or a marihuana retailer or marihuana microbusiness under the Michigan regulation and taxation of marihuana act, or both.

(y) "Marihuana tracking act" means the marihuana tracking act, 2016 PA 282, MCL 333.27901 to 333.27904.

(z) "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.

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

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

(cc) "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.

(dd) "Producer" refers to both a processor under the medical marihuana facilities licensing act and a marihuana processor under the Michigan regulation and taxation of marihuana act.

(ee) "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.

(ff) "Records of formulation" means the documentation that includes at a minimum: the ingredients, recipe, processing in order to be shelf stable, Certificates of Analysis for any ingredient used, and description of the process in which all ingredients are combined to produce a final form.

(gg) "Restricted access area" means a designated and secure area at a marihuana business where marihuana products are sold, possessed for sale, and displayed for sale.

(hh) "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.

(ii) "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.

(jj) "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.

(kk) "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.

(ll) “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 during the dates indicated on the state license.

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

R 420.202 Adoption by reference.

Rule 2. (1) The following codes, standards, or regulations of nationally recognized organizations or associations are adopted by reference in these rules:

(a) National fire protection association (NFPA) standard 1, 2018 edition, entitled “Fire Code” is adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$106.00.

(b) National fire protection association (NFPA) standard 58, 2020 edition, entitled “Liquified Petroleum Gas Code” is adopted by reference as part of these rules. Copies of the adopted provisions are available for inspection and distribution from the National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, Massachusetts, 02169, telephone number 1-800-344-3555, for the price of \$70.50.

(2) The standards adopted in subrule (1) of this rule are available for inspection and distribution at the agency, located at 2407 North Grand River Avenue, Lansing, MI, 48906. Copies of these standards may be obtained from the agency at the cost indicated in subrule (1)(a) and (b) of this rule, plus shipping and handling.

420.203 Marihuana licenses; licensees; operations; general.

Rule 3. (1) A marihuana license and a stacked license as described in these rules are limited to the scope of the marihuana license issued for that type of marihuana business that is located within the municipal boundaries connected with the marihuana license.

(2) A licensee shall comply with all of the following:

(a) Except as provided in R 420.204 and R 420.205, a marihuana business shall be partitioned from any other marihuana business or activity, any other business, or any dwelling.

(b) A marihuana business shall not allow onsite or as part of the marihuana business any of the following:

(i) Sale, consumption, or serving of food except as provided in these rules unless the business is a designated consumption establishment or a temporary marihuana event that has obtained the appropriate authorizations from other federal, state, or local agencies as applicable.

(ii) Consumption, use, or inhalation of a marihuana product unless the licensee has been granted a designated consumption establishment or temporary marihuana event license under the Michigan regulation and taxation of marihuana act, and these rules.

(c) A marihuana business shall have distinct and identifiable areas with designated structures that are contiguous and specific to the marihuana license.

(d) A marihuana business shall have separate entrances and exits, inventory, record keeping, and point of sale operations, if applicable.

(e) Access to a marihuana business’s restricted and limited access areas is restricted to the licensee, employees of the licensee, escorted visitors, and the agency. A marihuana sales location

or a marihuana microbusiness may grant access as provided in R 420.206(9) to customers to a dedicated point of sale area.

(f) Licensee records must be maintained and made available to the agency upon request.

(g) The marihuana business must be at a fixed location. Mobile marihuana businesses and drive through operations are prohibited. Any sales or transfers of marihuana product by mail order or on consignment are prohibited.

(h) A marihuana license issued under the acts, after it has been received by the licensee, must be framed under a transparent material and prominently displayed in the marihuana business.

(3) A marihuana business shall comply with all of the following:

(a) The natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106. The agency may publish guidance in cooperation with the department of environment, great lakes, and energy.

(b) Any other operational measures requested by the agency that are not inconsistent with the acts and these rules.

420.204 Operation at same location.

Rule 4. (1) A licensee that has any combination of marihuana licenses may operate separate marihuana businesses at the same location. For purposes of this rule, a stacked license is considered a single marihuana business.

(2) To operate at the same location subject to subrule (1) of this rule, a licensee shall meet all of the following requirements:

(a) The agency has authorized the proposed operation at the same location.

(b) The operation at the same location is not in violation of any local ordinances or regulations.

(c) The operation at the same location does not circumvent a municipal ordinance or zoning regulation that limits the marihuana businesses under the acts.

(d) The licensee of each marihuana business operating at the same location under this rule shall do all the following:

(i) Apply for and be granted separate marihuana licenses and pay the required fees for each marihuana license.

(ii) Have distinct and identifiable areas with designated structures that are on the same parcel or a contiguous parcel and specific to the marihuana license.

(iii) Have separate inventory, record keeping, and point of sale operations.

(iv) Post each marihuana license on the wall in its distinct area and as provided in these rules.

(v) Obtain any additional inspections and permits required for local or state building inspection, fire services, and public health standards.

(vi) Comply with the provisions in the acts and these rules.

(3) Operation of a marihuana license at the same location that includes a licensed marihuana sales location shall have the entrance and exit to the licensed marihuana sales location and entire inventory physically separated from any of the other licensed marihuana businesses so that individuals can clearly identify the sales entrance and exit.

(4) A laboratory may be co-located with an existing accredited laboratory that is not licensed by the MRA, with agency approval, if the following criteria are met:

(a) The existing laboratory performs analytical scientific testing in a laboratory environment, and the testing methods are recognized by an accrediting body.

(b) Testing of marihuana product is performed separately from other materials.

(c) All marihuana product is stored separately from any other materials located at the site for testing.

420.205 Equivalent licenses; operation at same location.

Rule 5. (1) A person that holds equivalent licenses with common ownership under the acts may operate those equivalent licenses at the same location.

(2) To operate equivalent licenses at the same location, all of the following requirements must be met:

- (a) The agency has authorized the proposed operation at the same location.
- (b) The operation at the same location is not in violation of any local ordinances or regulations.
- (c) The operation at the same location does not circumvent a municipal ordinance or zoning regulation that limits the marihuana businesses under the acts.
- (d) The person operating the equivalent licenses at the same location under this rule shall do all the following:

- (i) Apply for and be granted a separate state license and a state operating license and pay the required fees for each license.

- (ii) Post each state license and state operating license on the wall in its distinct area and as provided in these rules.

- (iii) Obtain any additional inspections and permits required for local or state building inspection, fire services, and public health standards, if applicable.

- (iv) Comply with the provisions in the acts and these rules.

(3) A licensee with common ownership of a marihuana retailer and a provisioning center and operating equivalent licenses at the same location shall physically separate the entire inventories and the items on display for sale so that individuals may clearly identify medical marihuana products from adult-use marihuana products.

(4) A licensee with common ownership of a marihuana retailer and a provisioning center and operating the equivalent licenses at the same location shall not bundle a product subject to the excise tax in section 13 of the Michigan regulation and taxation of marihuana act, MCL 333.27963, in a single transaction with a product or service that is not subject to the tax imposed by that section.

(5) A person who holds equivalent licenses with common ownership under the acts and operates at the same location is not required to have any of the following:

- (a) Separate business suites, partitions, or addresses.
- (b) Separate entrances and exits.
- (c) Distinct and identifiable areas with designated structures that are contiguous and specific to the state license and the state operating license.
- (d) Separate point of sale area and operations.

420.206 Marihuana business; general requirements.

Rule 6. (1) A cultivator shall not operate a marihuana business unless either of the following conditions is met:

- (a) The cultivator operations are within a building that meets the security requirements and passes the inspections in these rules and has a building permit pursuant to R 420.208 and these rules.

- (b) The cultivator operations are within a building, except that cultivation may occur in an outdoor area, if all of the following conditions are met:

(i) The outdoor area containing the cultivation of marihuana plants is contiguous with the building, fully enclosed by fences or barriers that ensure that the plants are not visible from a public place without the use of binoculars, aircraft, or other optical aids, and the fences are secured and comply with the applicable security measures in these rules, including, but not limited to, locked entries only accessible to authorized persons or emergency personnel.

(ii) After the marihuana is harvested, all drying, trimming, curing, or packaging of marihuana occurs inside the building meeting all the requirements under these rules.

(iii) The building meets the security requirements and passes the inspections in these rules and has a building permit pursuant to R 420.208 and these rules.

(2) A cultivator who has obtained good agricultural collection processes certification may sell immature plants to a marihuana sales location under the allowances published by the agency.

(3) The agency shall publish a list of approved chemical residue active ingredients for cultivators to use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

(4) The agency shall publish a list of banned chemical residue active ingredients that are prohibited from use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

(5) A marihuana secure transporter under the Michigan regulation and taxation of marihuana act shall have a primary place of business as its marihuana business that operates in a municipality that has not adopted an ordinance prohibiting marihuana businesses from operating within its boundaries under section 6 of the MRTMA, MCL 333.27956, and these rules, and its marihuana business must comply with the requirements prescribed by the MRTMA, these rules, and any municipal ordinances that meet the requirements of section 6 of the act, MCL 333.27956.

(6) A secure transporter under the medical marihuana facilities licensing act shall have a primary place of business as its marihuana facility that operates in a municipality that has adopted an ordinance that meets the requirements of section 205 of the act, MCL 333.27205, and the rules, and its marihuana facility must comply with the requirements prescribed by the MMFLA and these rules.

(7) A marihuana transporter shall hold a separate license for every marihuana transporter location. A marihuana transporter may travel through any municipality to transport a marihuana product. A marihuana transporter shall comply with all of the following:

(a) The marihuana transporter may take physical custody of the marihuana or money, but legal custody belongs to the transferor or transferee.

(b) A marihuana transporter shall not sell or purchase marihuana products.

(c) A marihuana transporter shall transport any marihuana product in a locked, secured, and sealed container that is not accessible while in transit. The container must be secured by a locked closed lid or door. A marihuana transporter of marihuana product from separate marihuana businesses shall not commingle the marihuana product. All marihuana products must be labeled in accordance with these rules and kept in separate compartments or containers within the main locked, secured, and sealed container. If the marihuana transporter transports money associated with the purchase or sale of marihuana product between businesses, the marihuana transporter shall lock the money in a sealed container kept separate from the marihuana product and only accessible to the licensee and its employees.

(d) A marihuana transporter shall log and track all handling of money associated with the purchase or sale of marihuana between marihuana businesses. These records must be maintained and made available to the agency upon request.

(e) A marihuana transporter shall have a route plan and manifest available for inspection by the agency to determine compliance with the acts and these rules. A copy of the route plan and manifest must be carried with the marihuana transporter during transport between marihuana businesses. A marihuana transporter is subject to administrative inspection by a law enforcement officer at any point during the transportation of marihuana product pursuant to these rules. A marihuana transporter shall carry a copy of a route plan and manifest in the transporting vehicle and shall present them to a law enforcement officer upon request.

(f) A marihuana transporter shall not possess marihuana product that is not on a manifest.

(g) A marihuana transporter shall follow the manifest.

(h) A marihuana transporter shall store vehicles at its primary place of business. If a marihuana transporter stores a vehicle that does not contain marihuana or marihuana product at a location that is not its primary place of business, it shall indicate that in its business plan.

(i) A marihuana transporter transferring marihuana product to a marihuana business shall remain onsite until the marihuana product is weighed and accepted or rejected before leaving the marihuana business.

(j) A marihuana transporter shall not maintain custody of the marihuana product for more than 96 hours unless permission is otherwise sought and granted by the agency, which will be reviewed on a case-by case basis.

(k) A marihuana transporter shall identify and record all vehicles with the agency and have the required vehicle registration with the secretary of state as required under state law. A marihuana transporter's vehicles are subject to inspection at any time by the agency to determine compliance with the acts or these rules.

(8) A laboratory shall comply with all of the following:

(a) Provide written notice to the agency within seven days of a laboratory manager no longer being employed at the facility.

(b) Designate an interim laboratory manager within seven days of the laboratory manager's departure. At a minimum, the interim laboratory manager must meet the qualifications of a supervisory analyst. The interim laboratory manager must meet either of the following requirements:

(i) The interim laboratory manager must meet at least one of the qualifications for a laboratory manager.

(ii) The interim laboratory manager must have, at minimum, a bachelor's degree in one of the natural sciences and three years of full-time laboratory experience in a regulated laboratory environment, performing analytical scientific testing in which the testing methods were recognized by an accrediting body. A combination of education and experience may substitute for the three years of full-time laboratory experience.

(c) Hire a permanent laboratory manager within 60 days from the date of the previous laboratory manager's departure, unless the laboratory receives a written waiver from the agency. A laboratory may submit a waiver request to the agency to receive an additional 60 days to hire a permanent laboratory manager if the laboratory submits a detailed oversight plan along with the waiver request.

(9) A marihuana sales location shall have a separate room that is dedicated as the point of sale area for the transfer or sale of marihuana product as provided in the acts and these rules. The

marihuana sales location shall keep marihuana products behind a counter or other barrier to ensure that a customer does not have direct access to the marihuana products.

(10) A marihuana business shall label all marihuana products with the ingredients of the product, in descending order of predominance by weight.

(11) All non-marihuana inactive ingredients must be clearly listed on the product label. Inactive ingredients, other than botanically derived terpenes that are chemically identical to the terpenes derived from the plant *Cannabis Sativa L.*, must be approved by the FDA for the intended use, and the concentration must be less than the maximum concentration listed in the FDA Inactive Ingredient database for the intended use.

(12) A marihuana business producing marihuana products shall maintain records of formulation and make them available to the agency upon request.

(13) A marihuana business shall comply with random quality assurance compliance checks upon the request of the agency. The agency or its authorized agents may collect a random sample of a marihuana product from a marihuana business or designate a laboratory to collect a random sample of a marihuana product in a secure manner to test that sample for compliance.

(14) The agency may update or issue new standards as necessary to protect the health, safety, and welfare of consumers and the public. A marihuana business shall comply with all new or updated standards issued by the agency within 6 months of their adoption by the agency unless there is an identifiable public health or safety risk.

(15) A marihuana business transferring marihuana product to or receiving marihuana product from a marihuana transporter shall initiate the procedures to transfer or receive the marihuana product within 30 minutes of the marihuana transporter's arrival at the marihuana business.

R. 420.207 Marihuana delivery; limited circumstances.

Rule 7. (1) A marihuana sales location licensee may engage in the delivery of a marihuana product for sale or transfer to marihuana customers upon approval by the agency of the licensee's delivery procedures.

(2) A marihuana sales location licensed under the medical marihuana facilities licensing act that engages in delivery shall establish procedures as specified in this rule to allow an employee of the marihuana sales location to deliver a marihuana product to a patient at the patient's residential address.

(3) A marihuana sales location licensed under the Michigan regulation and taxation of marihuana act that engages in delivery shall establish procedures as specified in this rule to allow an employee of the marihuana sales location to deliver a marihuana product to an individual 21 years of age or older at a residential address or at the address of a designated consumption establishment provided at the time the order was placed.

(4) All of the following apply to the marihuana delivery procedures established by a marihuana sales location:

(a) For the purposes of this rule only, a marihuana sales location may accept an online order request of a marihuana product and payment for the order that will be delivered only to the physical residence of the registered qualifying patient as provided in this rule, or to a residential address or the address of a designated consumption establishment provided by an individual 21 years of age or older as provided in this rule.

(b) The marihuana sales location shall create a marihuana delivery procedure that is subject to inspection and examination including, but not limited to, record keeping and tracking requirements. The agency may publish guidelines on the required procedure.

(c) All marihuana delivery employees shall meet the requirements in R 420.602 and are employees, as defined in R 420.601(1)(d), of the marihuana sales location.

(5) A marihuana sales location that has received authorization under subrule (1) of this rule shall comply with all of the following:

(a) The marihuana sales location shall verify that the sale or transfer to marihuana customers is in accordance with these rules.

(b) The marihuana delivery employee may take payment upon delivery and shall deliver the marihuana product.

(c) The amount of marihuana product that may be delivered is limited to the daily and monthly purchase limits of the registered qualifying patient as provided in these rules; or to the single transaction purchase limits for individuals 21 years of age or older as provided in these rules.

(d) The marihuana sales location shall record all transactions in the statewide monitoring system as required in the acts and these rules.

(e) An employee of the marihuana sales location shall make marihuana deliveries only to 1 of the following:

(i) Subject to paragraph (ii), a registered qualifying patient.

(ii) A registered primary caregiver if the registered qualifying patient is a minor. If the registered qualifying patient is a minor, delivery must be made only to his or her registered primary caregiver.

(iii) An individual 21 years of age or older.

(f) A marihuana delivery employee shall verify that the person taking delivery is the registered qualifying patient or the registered primary caregiver of a registered qualifying patient who is a minor, who has been recorded in the statewide monitoring system, or the individual 21 years of age or older who placed the order.

(g) The authorization granted to a marihuana sales location pursuant to subrule (1) of this rule may be denied, suspended, or withdrawn by the agency. The marihuana sales location may be subject to other sanctions and fines as provided in the acts and these rules.

(6) A marihuana sales location shall maintain records of all of the following that must be made available to the agency upon request:

(a) For a marihuana sales location licensed under the medical marihuana facilities licensing act, confirmation that the marihuana customer presented his or her valid driver's license or government issued identification bearing a photographic image of the marihuana customer along with his or her marihuana registry card, or temporary marihuana registry card, to verify that he or she is the patient or, if the registered qualifying patient is a minor, the registered primary caregiver.

(b) For a marihuana sales location licensed under the Michigan regulation and taxation of marihuana act, confirmation that the marihuana customer presented his or her valid driver's license or government issued identification bearing a photographic image of the marihuana customer to verify that the marihuana customer is 21 years of age or older at the time of delivery.

(c) Validation that the address for marihuana delivery of a marihuana product is the residential address of the registered qualifying patient, or the residential address or address of a designated consumption establishment provided by the customer at the time the order for the marihuana product was placed.

(d) Maintenance of the following records for any motor vehicle used for marihuana delivery and the making of the records available to the agency upon request:

(i) Vehicle make.

- (ii) Vehicle model.
- (iii) Vehicle color.
- (iv) Vehicle identification number.
- (v) License plate number.
- (vi) Vehicle registration.
- (vii) Proof of vehicle insurance.

(e) Documentation that the marijuana customer has consented to the marijuana delivery of the marijuana product. The consent must include an acknowledgement by the marijuana customer for the release of information necessary in fulfilling the home delivery.

(f) Verification, by a licensee under the medical marijuana facilities licensing act, in the statewide monitoring system that the registered qualifying patient holds a valid, current, unexpired, and unrevoked registry identification card as required in these rules.

(7) A marijuana delivery employee shall carry a physical or electronic copy of all of the following information and shall make these records available to the agency upon request:

- (a) The employee identification number required under these rules.
- (b) The marijuana sales location licensee license number.
- (c) The address of the marijuana sales location licensee.
- (d) Contact information of the marijuana sales location licensee.
- (e) A copy of the marijuana sales location marijuana delivery log as required in subrule (10) of this rule.

(8) A marijuana delivery employee shall have access to a secure form of communication with the marijuana sales location licensee, such as a cellular telephone, at all times in the vehicle or on his or her person.

(9) To ensure the integrity of the marijuana sales location operation, a marijuana delivery employee shall comply with all the following:

(a) During marijuana delivery, the marijuana delivery employee shall maintain a physical or electronic copy of each marijuana delivery request and shall make the marijuana delivery request available to the agency upon request.

(b) A marijuana delivery employee shall not leave a marijuana product in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system.

(c) A marijuana delivery employee's vehicle must contain a global positioning system (GPS) device for identifying the geographic location of the delivery vehicle. The device must be either permanently or temporarily affixed to the delivery vehicle while the delivery vehicle is in operation, and the device must remain active and in the possession of the delivery employee at all times during delivery. At all times, the marijuana sales location must be able to identify the geographic location of all marijuana delivery vehicles and marijuana delivery employees who are making marijuana deliveries for the marijuana sales location and shall provide that information to the agency upon request.

(d) A marijuana delivery employee shall not carry marijuana product in the delivery vehicle with a value in excess of \$5,000.00 at any time. The value of marijuana products carried in the delivery vehicle for which a delivery order was not received and processed by the licensed retailer prior to the delivery employee departing from the marijuana sales location may not exceed \$3,000.00. For the purposes of this subrule, the value of marijuana products must be determined using the current retail price of all marijuana products carried by, or within the delivery vehicle of, the marijuana delivery employee.

(e) A marihuana delivery employee of a marihuana sales location shall not be employed as a marihuana delivery employee for more than one marihuana sales location.

(f) A marihuana delivery employee shall not leave the marihuana sales location with marihuana products without at least one delivery order that has already been received and processed by the marihuana sales location.

(g) Before leaving the marihuana sales location, the marihuana delivery employee must have a delivery inventory ledger, which may be maintained electronically, of all marihuana products provided to him or her. For each marihuana product, the delivery inventory ledger must include the following:

- (i) The type of marihuana product.
- (ii) The brand name.
- (iii) The retail value.
- (iv) The tag number associated with the product in the statewide monitoring system.
- (v) The weight, volume, or other accurate measure of the marihuana product.

(h) All marihuana product prepared for an order that was received and processed by the marihuana sales location prior to the marihuana delivery driver departing from the marihuana sales location must be clearly identified on the inventory ledger.

(i) After each delivery, the delivery inventory ledger must be updated to reflect the current inventory in possession of the marihuana delivery employee.

(j) The marihuana delivery employee shall maintain a log that includes all stops from the time he or she leaves the marihuana sales location to the time that he or she returns to the marihuana sales location, and the reason for each stop. The log must be turned in to the marihuana sales location when the marihuana delivery employee returns to the marihuana sales location. The marihuana sales location must maintain the log and make it available upon request by the agency. The log may be maintained electronically.

(k) Immediately upon request by the agency the marihuana delivery employee shall provide all of the following:

- (i) All delivery inventory ledgers from the time the marihuana delivery employee left the marihuana sales location up to the time of the request.
- (ii) All delivery request receipts for marihuana product carried by the driver, in the delivery vehicle, or any deliveries that have already been made to customers.
- (iii) The log of all stops from the time the marihuana delivery employee left the marihuana sales location up to the time of the request.

(l) If a marihuana delivery employee does not have any delivery request to be performed for a 30-minute period, the marihuana delivery employee shall not make any additional deliveries and shall return to the marihuana sales location. Upon returning to the marihuana sales location, all undelivered marihuana products must be returned to inventory and all necessary inventory and statewide monitoring system records must be updated as appropriate.

(10) A marihuana retailer licensed under the Michigan regulation and taxation of marihuana act, in making deliveries, shall not transport more than 15 ounces of marihuana or more than 60 grams of marihuana concentrate at one time pursuant to section 11 of the MRTMA, MCL 333.27961.

(11) A marihuana sales location shall ensure that marihuana deliveries are completed in a timely and efficient manner as provided on the marihuana delivery request and log. All marihuana deliveries must occur within the business hours of the marihuana sales location.

Marihuana product for marihuana delivery must be stored within a secured compartment that is clearly marked and latched or locked in a manner to keep all contents secured within.

(12) The process of marihuana delivery begins when the marihuana delivery employee leaves the marihuana sales location's licensed marihuana business with the marihuana product for delivery. The process of marihuana delivery ends when the delivery employee returns to the marihuana sales location's licensed marihuana business after delivering the marihuana product to the marihuana customer.

(13) A marihuana sales location shall maintain a record of each delivery of a marihuana product in a marihuana delivery log, which may be a hard copy or electronic format, and make the marihuana delivery log available to the agency upon request. For each delivery, the marihuana delivery log must record all of the following:

- (a) The date and time that the delivery began and ended.
- (b) The name of the marihuana delivery employee.
- (c) The amount of marihuana product allowed to be possessed for delivery.
- (d) The tag number of the marihuana product and the name of the strain of that marihuana product.
- (e) The signature of the individual who accepted delivery.

(14) A marihuana sales location shall notify the agency, state police, or local law enforcement of any theft, loss of marihuana product, or criminal activity as provided in these rules. A marihuana sales location shall report to the agency and law enforcement, if applicable, any other event occurring during marihuana delivery that violates the marihuana delivery procedure as provided in this rule, including marihuana delivery vehicle accidents and diversion of marihuana product.

420.208 Building and fire safety.

Rule 8. (1) An applicant's proposed marihuana business and a licensee's marihuana business are subject to inspection by a state building code official, state fire official, or code enforcement official to confirm that no health or safety concerns are present.

(2) A state building code official, or his or her authorized designee, may conduct prelicensure and post-licensure inspections to ensure that applicants and licensees comply with the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531; the skilled trades regulation act, 2016 PA 407, MCL 339.5101 to 339.6133; 1967 PA 227, MCL 408.801 to 408.824; and 1976 PA 333, MCL 338.2151 to 338.2160.

(3) An applicant or licensee shall not operate a marihuana business unless a permanent certificate of occupancy has been issued by the appropriate enforcing agency. A temporary certificate of occupancy may be accepted, at the discretion of the agency. Before a certificate of occupancy is issued, work must be completed in accordance with the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531. An applicant or licensee shall comply with both of the following:

- (a) An applicant or licensee shall obtain a building permit for any building utilized as a proposed marihuana business or marihuana business as provided in the acts and these rules. The issuance, enforcement, and inspection of building permits under the acts remains with the governmental entity having jurisdiction under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(b) An applicant or licensee shall obtain a building permit for a change of occupancy for an existing building to be utilized as a proposed marihuana business or marihuana business as provided in the acts and these rules.

(4) An applicant or licensee shall not operate a marihuana business unless the proposed marihuana business or marihuana business has passed the prelicensure fire safety inspection by the BFS. The state fire marshal, or his or her authorized designee, may conduct prelicensure and post-licensure inspections of a marihuana business. An applicant or licensee shall comply with the all of the following:

(a) A BFS inspection may be conducted at any reasonable time to ensure fire safety compliance as provided in this rule and subrule (5) of this rule. A BFS inspection may be annual or biannual and may result in the required installation of fire suppression devices or other means necessary for adequate fire safety pursuant to state standards.

(b) The BFS may require a marihuana business to obtain operational permits, including, but not limited to, any of the following:

(i) Carbon dioxide systems used in beverage dispensing applications, amended for cultivation use and extraction.

(ii) Compressed gases.

(iii) Combustible fibers.

(iv) Flammable and combustible liquids.

(v) Fumigation and insecticidal fogging.

(vi) Hazardous materials.

(vii) High piled storage (high rack system cultivation).

(viii) Liquefied petroleum (LP) gas.

(c) For specific installation or systems, BFS may require marihuana businesses to obtain construction permits, including, but not limited to, any of the following:

(i) Building construction.

(ii) Electrical, mechanical, plumbing, boiler, and elevator.

(iii) Compressed gases.

(iv) Flammable and combustible liquids.

(v) Hazardous materials.

(vi) Liquefied petroleum (LP) gas.

(vii) Automatic fire extinguishing/suppression systems.

(viii) Fire alarm and detections systems.

(ix) Related equipment found during fire safety inspections.

(5) The state fire marshal, or his or her authorized designee, may conduct a BFS fire safety inspection of a marihuana business, at any reasonable time to ensure compliance with the national fire protection association (NFPA) standard 1, 2018 edition, entitled "fire code," which is adopted by reference in R 420.202. A licensee shall comply with the NFPA 1 as adopted and the following additional requirements:

(a) Ductwork must be installed with accordance with the Michigan mechanical code, R 408.30901 to R 408.30998.

(b) Suppression systems outlined in NFPA 1 and the Michigan mechanical code, R 408.30901 to R 408.30998, must be installed if required to meet the suppression needs within a marihuana establishment.

(c) Producers, cultivators, laboratories, and marihuana microbusinesses shall implement appropriate exhaust ventilation systems to mitigate noxious gasses or other fumes used or created

as part of any production process or operations. Exhaust and ventilation equipment must be appropriate for the hazard involved and must comply with NFPA 1 and Michigan mechanical code, R 408.30901 to R 408.30998.

(6) In addition to meeting all the requirements in subrules (1) to (5) of this rule, cultivators, producers, and marihuana microbusinesses shall also comply with all of the following:

(a) Permit the agency or its authorized agents, or state fire marshal or his or her authorized designee, to enter and inspect a cultivator, producer, and marihuana microbusiness at any reasonable time.

(b) Have conducted, in addition to any inspections required under the acts and these rules, fire safety inspections that are required if any of the following occur:

(i) Modifications to the grow areas, rooms and storage, extraction equipment and process rooms, or marihuana-infused product processing equipment within a marihuana business.

(ii) Changes in occupancy.

(iii) Material changes to a new or existing cultivator, producer, or marihuana microbusiness establishment including changes made prelicensure and post-licensure.

(iv) Changes in extraction methods and processing or grow areas and building structures.

(c) Ensure that extractions using compressed gases of varying materials including, but not limited to, butane, propane, and carbon dioxide that are used in multiple processes in cultivation or extraction meet all of the following:

(i) Flammable gases of varying materials may be used in multiple processes in cultivation or extraction and must meet the requirements in NFPA 58 and the international fuel gas code.

(ii) Processes that extract oil from marihuana plants and marihuana products using flammable gas or flammable liquid must have leak or gas detection measures, or both. All extraction equipment used in the marihuana business and equipment used in the detection of flammable or toxic gases, or both, must be approved by the BFS and may require construction permits.

(iii) Marihuana businesses that have exhaust systems must comply with the NFPA 1 and the Michigan mechanical code, R 408.30901 to R 408.30998.

(7) The requirements of this rule do not apply to the following license types under the Michigan regulation and taxation of marihuana act:

(a) A marihuana event organizer applicant or licensee.

(b) A temporary marihuana event applicant or licensee.

420.209 Security measures; required plan; video surveillance system.

Rule 9. (1) An applicant for a marihuana license to operate a proposed marihuana business shall submit a security plan that demonstrates, at a minimum, the ability to meet the requirements of this rule.

(2) A licensee shall ensure that any person at the marihuana business, except for employees of the licensee, are escorted at all times by the licensee or an employee of the licensee when in the limited access areas and restricted access areas at the marihuana business.

(3) A licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499.

(4) A licensee shall maintain an alarm system at the marihuana business. Upon request, a licensee shall make available to the agency all information related to the alarm system, monitoring, and alarm activity.

(5) A licensee shall have a video surveillance system that, at a minimum, consists of digital or network video recorders, cameras capable of meeting the recording requirements in this rule, video monitors, digital archiving devices, and a color printer capable of delivering still photos.

(6) A licensee shall ensure the video surveillance system does all the following:

(a) Records, at a minimum, the following areas:

(i) Any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

(ii) Limited access areas and security rooms. Transfers between rooms must be recorded.

(iii) Areas storing a surveillance system storage device with not less than 1 camera recording the access points to the secured surveillance recording area.

(iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

(v) The areas of entrance and exit between marihuana businesses at the same location if applicable, including any transfers between marihuana businesses.

(vi) Point of sale areas where marihuana products are sold and displayed for sale.

(vii) Anywhere marihuana or marihuana products are destroyed.

(b) Records at all times images effectively and efficiently of the area under surveillance with a minimum of 720p resolution.

(7) A licensee shall install each camera so that it is permanently mounted and in a fixed location. Each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the marihuana business and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under these rules.

(8) A licensee shall have sufficient lighting to meet the video surveillance system requirements of this rule.

(9) A licensee shall have cameras that record when motion is detected at the marihuana business and record images that clearly and accurately display the time and date.

(10) A licensee shall secure the physical media or storage device on which surveillance recordings are stored in a manner to protect the recording from tampering or theft.

(11) A licensee shall keep surveillance recordings for a minimum of 30 days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

(12) Surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

(13) A licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device.

(14) A licensee shall maintain a log of the recordings, which includes all of the following:

(a) The identities of the employee or employees responsible for monitoring the video surveillance system.

(b) The identity of the employee who removed the recording from the video surveillance system storage device and the time and date removed.

(c) The identity of the employee who destroyed any recording.

(15) The requirements of this rule do not apply to the following license types under the Michigan regulation and taxation of marihuana act:

(a) A designated consumption establishment applicant or licensee.

(b) A marihuana event organizer applicant or licensee.

(c) A temporary marihuana event applicant or licensee.

420.210 Prohibitions.

Rule 10. (1) Except for designated consumption establishments or temporary marihuana events licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules. A licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to these rules.

(2) Except for a designated consumption establishment or temporary marihuana event licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

(3) A licensee shall not reassign or subsequently assign a tag to another package that has been associated with a package in the statewide monitoring system.

(4) A licensee shall not allow a physician to conduct a medical examination or issue a medical certification document at a marihuana business for the purpose of obtaining a registry identification card.

(5) A violation of these rules may result in sanctions or fines, or both, in accordance with the acts and these rules.

420.211 Marihuana product destruction and waste management.

Rule 11. (1) A marihuana product that is to be destroyed or is considered waste must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana product waste with the non-consumable solid waste specified in subdivisions (a) to (h) of this subrule so that the resulting mixture is not less than 50% non-marihuana product waste:

(a) Paper waste.

(b) Plastic waste.

(c) Cardboard waste.

(d) Food waste.

(e) Grease or other compostable oil waste.

(f) Fermented organic matter or other compost activators.

(g) Soil.

(h) Other waste approved in writing by the agency that will render the marihuana product waste unusable and unrecognizable.

(2) Marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant

waste with compostable waste specified in subdivisions (a) to (d) of this subrule so that the resulting mixture is not less than 50% non-marihuana plant waste:

- (a) Food waste.
- (b) Yard waste.
- (c) Vegetable based grease or oils.
- (d) Other compostable wastes approved by the agency.

(3) A licensee shall manage all waste that is hazardous waste pursuant to part 111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11101 to 324.11153.

(4) A marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

(5) A licensee shall not sell marihuana waste, marihuana plant waste, or marihuana products that are to be destroyed, or that the agency orders destroyed.

(6) A licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations:

- (a) A licensed municipal solid waste landfill.
- (b) A registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.

(c) An anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.

(d) An in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.

(7) A licensee shall dispose of wastewater generated during the cultivation of marihuana and the processing of marihuana products in a manner that complies with applicable state and local laws and regulations.

(8) A licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management.

(9) "As used in this rule, "unrecognizable" means marihuana product rendered indistinguishable from any other plant material.

(10) Under the Michigan regulation and taxation of marihuana act, a licensed marihuana microbusiness or marihuana retailer who participates in a temporary marihuana event shall destroy and dispose of any marihuana product that is considered waste, and any marihuana plant waste, resulting from the licensee's activities during the event according to the applicable provisions in this rule.

(11) Except for the marihuana product waste specified in subrule (10) of this rule, a marihuana event organizer who holds a temporary marihuana event under the Michigan regulation and taxation of marihuana act is responsible for destroying and disposing of any marihuana product waste and marihuana plant waste that results from the event. All marihuana waste must be rendered unusable and unrecognizable and disposed of in accordance with this rule and in compliance with all applicable state and local laws and regulations.

(12) Under the Michigan regulation and taxation of marihuana act, a licensed designated consumption establishment shall destroy and dispose of any marihuana product left at the establishment that is considered waste and any marihuana plant waste, in accordance with this rule and in compliance with all applicable state and local laws and regulations. The designated consumption establishment shall maintain a log of any marihuana product that is considered waste, and marihuana plant waste, which must include a description of the waste and the amount and the manner in which it was disposed. The designated consumption establishment licensee shall make the log available to the agency upon request.

(13) Nothing in these rules prohibits a grower, with agency approval, from disposing of marihuana plant waste as compost feedstock or in another organic waste method at their marihuana business in compliance with part 111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11101 to 324.11153.

420.212 Storage of marihuana product.

Rule 12. (1) All marihuana products must be stored at a marihuana business in a secured limited access area or restricted access area and must be identified and tracked consistently in the statewide monitoring system under these rules.

(2) All containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

(3) All chemicals or solvents must be stored separately from marihuana products and kept in locked storage areas.

(4) Marihuana-infused products, edible marihuana products, or materials used in direct contact with the marihuana-infused products or edible marihuana products, must have separate storage areas from toxic or flammable materials.

(5) Marihuana products not in final packaging must be stored separately from other types of marihuana product in compliance with these rules.

(6) A marihuana sales location shall store all marihuana products for transfer or sale behind a counter or other barrier separated from stock rooms.

(7) A laboratory shall establish an adequate chain of custody and instructions for sample and storage requirements.

(8) A licensee shall ensure that any stock or storage room meets the security requirements of these rules and any other applicable requirements in the acts and these rules.

420.213 Marihuana microbusiness operation.

Rule 13. As applicable, a marihuana microbusiness licensee shall operate the corresponding areas of a marihuana microbusiness in compliance with the operation requirements of a marihuana retailer, a marihuana grower, or a marihuana processor as provided for in the Michigan regulation and taxation of marihuana act and these rules. A marihuana microbusiness, if engaging in delivery, shall operate in accordance with R 420.207.

420.214 Transfer of marihuana between equivalent licenses.

Rule 14. (1) To ensure marihuana product is available for customers the agency may authorize licensees who hold equivalent licenses under the Michigan regulation and taxation of marihuana

act with common ownership to transfer marihuana product ~~from~~ **between** the inventory of their marihuana facility and the inventory of their marihuana establishment.

(2) The following licensees who hold the following equivalent licenses with common ownership may accept the transfer of medical marihuana product under subrule (1) of this rule:

- (a) Class A marihuana growers;
- (b) Class B marihuana growers;
- (c) Class C marihuana growers;
- (d) Marihuana processors;
- (e) Marihuana retailers.

(3) The agency shall publish a specific start date, end date, and other requirements for the transfer of marihuana product between equivalent licenses.

(4) A licensee shall transfer marihuana product between equivalent licenses with common ownership in accordance with these rules and any requirements published by the agency.

(5) A licensee shall track the transfer of product between equivalent licenses with common ownership in the statewide monitoring system in accordance with these rules and any requirements published by the agency. Marihuana plants transferred pursuant to this rule count towards the authorized total amount of marihuana plants for a licensed cultivator.

(6) Marihuana product transferred to an equivalent license with common ownership may only be sold or transferred in accordance with the acts and these rules.

(7) A licensee in receipt of transferred marihuana product shall track the marihuana product sold or transferred in accordance with these rules.

R 420. 215 Severability.

Rule 15. 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 6/27/20 AT 8:10 AM.