

**STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE**

HOUSE OF DANK MICHIGAN, LLC,
HERBAL WELLNESS, LLC, AND TJM
ENTERPRISES SERVICES, LLC,
Michigan limited liability companies, and
DETROIT NATURAL SELECTIONS
ENTERPRISES, INC, a Michigan
Corporation

Case No. -CZ
HON.

Plaintiffs,

-v-

CITY OF DETROIT,
a Michigan municipal corporation,

Defendant.

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VERIFIED COMPLAINT

There is no other civil action between these parties arising out of the same transaction or occurrence as alleged in this Complaint pending in this Court, nor has any such action been previously filed and dismissed or transferred after having been assigned to a judge.

NOW COMES Plaintiffs House of Dank Michigan, LLC, Herbal Wellness, LLC, TJM Enterprises Services, LLC, and Detroit Natural Selections Enterprises, Inc (together, "Plaintiffs")

by their attorneys Honigman LLP, and for their Complaint against City of Detroit (the “City”), states as follows:

Overview

1. This case concerns Plaintiffs’ straightforward challenge to one aspect of the City’s adult-use marijuana¹ licensing ordinance. Specifically, the City is attempting to give certain preferred newcomer applicants an artificial head start by preventing Plaintiffs (and the other existing medical marijuana provisioning center licensees in the City) from even applying for adult-use retailer licenses until at least 2027—which clearly violates both the letter and spirit of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 *et seq.* (“MRTMA”).

2. Michigan voters overwhelmingly passed MRTMA in 2018, and the law’s primary stated purposes are to “remove the commercial production and distribution of marijuana from the illicit market”; to ensure that the revenue from marijuana sales goes to licensed business rather than “to criminal enterprises or gangs”; and to “ensure the safety of marihuana and marihuana-infused products.” MCL 333.27952. The drafters of MRTMA recognized that, to achieve those purposes, it was necessary to ensure that safe marijuana products were widely available to consumers through licensed entities.

3. Moreover, realizing that the passage of MRTMA would likely alter the medical marijuana market in Michigan, the drafters were also concerned that existing medical marijuana facility licensees – many of whom had spent tremendous amounts of time, energy, and capital to

¹ While Plaintiffs recognize that “marihuana” is the proper statutory spelling, they use the more common “marijuana” in this Complaint except when citing to, or directly, quoting a statute.

help establish and operate under the State’s medical marijuana regulatory system – could potentially be frozen out of the State’s larger adult-use marketplace.

4. The MRTMA drafters also anticipated (correctly) that some communities might be reluctant to allow brick-and-mortar marijuana retail stores within their borders, which posed a serious challenge because MRTMA had no realistic chance of eliminating the illicit market in areas of the state where customers had no licensed stores nearby, and municipalities that allowed medical marijuana licensing, but not adult-use, would cause serious financial harm to existing medical licensees. As such, the MRTMA drafters included MCL 333.27956(5) to balance those potential concerns.

5. Any communities that want to completely prohibit brick-and-mortar marijuana businesses have the absolute right to do so. MCL 333.27956(1). But once communities elect to allow marijuana businesses within their borders, MCL 333.27956(5) specifies that they cannot prevent medical marijuana licensees from obtaining co-located MRTMA licenses. This provision was crucial for effectuating MRTMA’s objective of eliminating the illicit market.

6. While MRTMA clearly contemplates a symbiotic relationship between medical and adult-use licensees, the City’s current ordinance does the exact opposite by intentionally singling out and punishing the existing provisioning center licensees, who will all certainly be strangled to death and go out of business long before they are even eligible to apply for adult-use retailer licenses in 2027.

The Parties

7. Plaintiff House of Dank Michigan, LLC is a Michigan limited liability company that currently operates a state-licensed medical marijuana provisioning center within the City.

8. Plaintiff Herbal Wellness, LLC is a Michigan limited liability company that currently operates a state-licensed medical marijuana provisioning center within the City.

9. Plaintiff TJM Enterprises Services, LLC is a Michigan limited liability company that currently operates a state-licensed medical marijuana provisioning center within the City.

10. Plaintiff Detroit Natural Selections Enterprises, Inc, is a Michigan limited liability company that currently operates a state-licensed medical marijuana provisioning center within the City.

11. Defendant City of Detroit is a Michigan municipal corporation.

Jurisdiction and Venue

12. This is an action for a declaratory judgment under MCR 2.605. This Court has jurisdiction because this is a civil action, no other court has exclusive jurisdiction over this action, and no law denies the circuit court's jurisdiction over this action. Further, jurisdiction is proper under MCL 600.605 because Plaintiffs seek equitable remedies.

13. Venue in this county is proper under MCL 600.1615 because the City is a municipality located within the county.

Background and Common Allegations

14. The City first enacted an ordinance regulating and licensing "medical marihuana caregiver centers" in 2015, and when the ordinance took effect on March 1, 2016, Plaintiffs were among some of the first entities to apply for such a license.

15. Today, Plaintiffs collectively operate four state-licensed medical marijuana provisioning centers in the City, with the first opening as a caregiver center shortly after that ordinance went into effect.

16. Each of these provisioning centers is a “marihuana facility” operating pursuant to the Medical Marihuana Facilities Licensing Act, 2016 PA 281, MCL 333.27101 *et seq.* (“MMFLA”).

17. Plaintiffs want to open adult-use marijuana retail establishments at the same locations as their existing, licensed provisioning centers pursuant to MRTMA, but are prohibited from doing so until at least 2027 by the City’s marijuana licensing ordinance.

The MMFLA

18. In 2016, the Legislature enacted the MMFLA, which, among other things, established a legal and regulatory framework for state-licensed businesses to legally grow, process, and sell marijuana for medicinal purposes (referred to as “medical marijuana facilities”).

19. To legally operate under the MMFLA, a business must obtain both a state license from the Cannabis Regulatory Agency, and approval from the relevant local unit of government.

20. The MMFLA is designed so that municipalities are “opted out” by default—i.e., there can be no state-licensed marijuana establishments in a municipality unless that municipality affirmatively “opts in” to allow such businesses. See MCL 333.27205(1).

21. After the passage of the MMFLA, the City refused to adopt an ordinance authorizing medical marijuana facilities within its jurisdiction, instead continuing to operate under its existing caregiver center ordinance.

22. After more than a year of the City dragging its feet, medical marijuana advocates in the City took matters into their own hands and, at the November 2017 election, voters in the City approved two initiatives, which, together, created a regulatory and licensing system for medical marijuana facilities within the City and enacted relevant changes to the City’s zoning ordinance.

23. After the passage of the initiatives, the City’s Planning Commission and the Detroit City Council (“City Council”) adopted a resolution calling upon the City’s Law Department to file a legal challenge against them.²

24. Despite the fact that the initiatives went into effect on January 4, 2018, the City’s corporation counsel issued a memorandum to City officials stating that applications for medical marijuana facilities would not be accepted while litigation was pending.³

25. Eventually, the Court of Appeals issued an emergency order requiring the City to accept medical marijuana facility applications, but, shortly thereafter, the City enacted a 180-day moratorium on accepting such licenses.⁴

26. In October 2018, the City enacted its own medical marijuana facilities ordinance and, today, there are approximately 60 state-licensed provisioning centers operating in the City, including the four owned by Plaintiffs.

MRTMA

27. Michigan voters passed MRTMA via State Proposal 18-1 on November 6, 2018.

28. MRTMA allows individuals 21 years of age and over to possess and consume marijuana for non-medical purposes, and established a system to license and regulate businesses that grow, process, and sell adult-use marijuana (referred to as “marijuana establishments”).

² Ferretti, *Planning staff wants Detroit to sue over marijuana laws*, Detroit News (November 21, 2017) <<https://www.detroitnews.com/story/news/local/detroit-city/2017/11/21/planning-officials-want-sue-marijuana-laws/107919102/>> (accessed May 11, 2022).

³ Oosting, *Detroit ordered to accept medical pot applications*, Detroit News (February 12, 2018) <<https://www.detroitnews.com/story/news/politics/2018/02/12/detroit-medical-marijuana-applications/110355328/>> (accessed May 11, 2022).

⁴ *Id.*

29. Fifty-six percent of voters in the City of Detroit voted in favor of State Proposal 18-1.

30. MRTMA went into effect on December 6, 2018 and the CRA began accepting applications for marijuana establishments in November 2019.

31. The local approval provisions in MRTMA are essentially a mirror image of the local approval provisions in the MMFLA. In other words, the default under the MMFLA is that there can be no state-licensed marijuana establishments in a municipality unless that municipality affirmatively “opts in” to allow such businesses. See MCL 333.27205(1). The opposite is true under MRTMA. The default under MRTMA is that a municipality is automatically “opted in” unless it affirmatively enacts an ordinance to “completely prohibit or limit the number of marihuana establishments within its boundaries.” MCL 333.27956(1).

32. Importantly, though, “marihuana establishment” is defined in MRTMA to mean any “type of marihuana-related business licensed by [LARA].” See MCL 333.27953(h) and (b).⁵ Stated differently, the reference to “marihuana establishments” in MCL 333.27956(1) specifically includes all *medical* “marihuana-related business[es]” licensed under the MMFLA, in addition to all the *adult-use* “marihuana-related business[es]” licensed under MRTMA. See MCL 333.27953(h).

33. MRTMA also specifies that a “municipality may not adopt an ordinance that . . . prohibits a marihuana grower, a marihuana processor, and a marihuana retailer from . . . operating

⁵ Under MRTMA, the Department of Licensing and Regulatory Affairs (“LARA”) was initially vested with the authority to grant or deny licenses. MCL 333.27957(1)(b). In Executive Reorganization Order No. 2019-2, Governor Whitmer created the Marijuana Regulatory Agency (“MRA”) as a Type 1 agency within LARA, and transferred all of LARA’s authorities, powers, duties, functions, and responsibilities under MRTMA to the MRA. MCL 333.27001(1)(a). The MRA was recently renamed as the CRA in Executive Order No. 2022-1. MCL 333.27002.

at a location shared with a marihuana facility operating pursuant to the [MMFLA].” MCL 333.27956(5).

34. Thus, while MCL 333.27956(1) provides generally that a municipality may “completely prohibit or limit the number of marihuana establishments within its boundaries,” MCL 333.27956(5) clarifies that municipalities cannot prevent MMFLA licensees from obtaining an equivalent license⁶ under MRTMA to grow, process, and/or sell adult-use marijuana at that same location.

35. As with the MMFLA, the City declined to act expeditiously in enacting an ordinance pursuant to MRTMA, and opted out of allowing marijuana establishments in November 2019.

36. As neighboring municipalities adopted ordinances allowing adult-use marijuana establishments, the City extended its prohibition several times until November 2020, when the City Council decided to change course, opting in to MRTMA and passing the Medical Marijuana Facilities and Adult-Use Marijuana Establishments ordinance (the “First Ordinance”) to authorize the licensure of adult-use marijuana businesses in the City.

37. Under the First Ordinance, the City chose to prioritize so-called “Detroit legacy” applicants. First Ordinance § 20-6-3(d). The Ordinance defined “Detroit legacy applicant or licensee” to generally mean an individual who had resided in the City for an extended period of time in the past 30 years, or an entity that was at least 51 percent owned and controlled by such individuals. *Id.* § 20-6-2.

⁶ See Mich Code Admin, R 420.1(l).

38. The First Ordinance imposed a 75-license cap on the number of available adult-use marijuana retailer licenses, *id.* § 20-6-34, and instructed that “[n]o less than 50%” of those licenses shall be awarded to “Detroit legacy applicants,” *id.* § 20-6-31(d). The First Ordinance further provided that, “[t]he City shall not issue a license . . . if such issuance would cause the number of licenses held by Detroit legacy licensees to be less than 50% of the total licenses.” *Id.* § 20-6-31(e).

39. On March 2, 2021, an individual plaintiff, Crystal Lowe, filed suit against the City in this Court, arguing that, due to its extreme preferences for long-term City residents, the First Ordinance violated the Commerce Clause of the United States Constitution, as well as the Equal Protection and Due Process Clauses of the Michigan Constitution.

40. The City shortly thereafter removed that case to the United States District Court for the Eastern District of Michigan, where, after a hearing on April 7, 2021, the Court granted a request for a temporary restraining order and, on June 17, 2021, Judge Friedman issued an order granting plaintiff’s request for a preliminary injunction because the First Ordinance “gives an unfair, irrational, and likely unconstitutional advantage to long-term Detroit residents over all other applicants.” *Lowe v City of Detroit*, 544 F Supp 3d 804, 806 (ED Mich, 2021).

41. Following Judge Friedman’s order, provisioning centers in the City watched as other, neighboring municipalities continued to allow adult-use marijuana businesses to operate within their borders, greatly eroding their own customer base, as such businesses are authorized to sell to a greater market and are allowed to deliver (medical and adult-use) products to customers’ homes within the City. Mich Admin Code, R 420.207.

42. It was not until almost eight months after Judge Friedman’s order that City Council formally introduced a new adult-use marijuana establishment ordinance, which it subsequently enacted on April 5, 2022 (the “Second Ordinance,” attached hereto as **Exhibit A**).

43. Under the Second Ordinance, the City has largely done away with the problematic “Detroit legacy” classification in the First Ordinance, instead giving preference to individuals who meet the definition of an “equity applicant,” namely “an individual whose primary residence is located within a disproportionately impacted community..., including individuals with certified Detroit Legacy status...; or an entity where one or more of the aforementioned individuals owns and controls at least 51% of the applicant entity.” Second Ordinance, § 20-6-2.

44. The Second Ordinance allows for a total of 100 marijuana retailer licenses, 50 of which are earmarked for equity applicants and 50 for non-equity applicants. *Id.* § 20-6-34.

45. The City will award the licenses following three different applicant windows, each separated by at least 120 days. *Id.* § 20-6-38(a)(1). During the first window, the City will award 20 social equity and 20 non-equity licenses, and then 15 of each in both of the subsequent windows. *Id.*

46. The Second Ordinance provides that the current medical marijuana provisioning center licensees in Detroit (including Plaintiffs) may not even apply for an adult-use retailer license until at least January 1, 2027:

(e) Commencing on January 1, 2027, any licensees that are holders of one or more licenses to operate a medical marijuana provisioning center in accordance with this article and which have been the holder of such licenses since prior to the effective date of this ordinance, may apply for an adult use retailer license by submitting a license application with the required materials as set forth in Section 20-6-36 of this article.

Id. § 20-6-38(e).

47. Further, the Second Ordinance also specifically prohibits the issuance of a marijuana retailer license to any applicant where “such applicant or any direct or indirect owner

of such applicant is also a direct or indirect owner or any licensee that is the holder of an adult-use retailer license under [the Second Ordinance].” *Id.* § 20-6-38(e)(4).

48. Importantly, however, both of these restrictions only apply to licensed medical marijuana provisioning centers in the City, and not to other types of licensed medical marijuana facilities.

49. For example, neither the 39 state-licensed medical marijuana growers in the City nor the two licensed medical processors have to wait until 2027 to apply for equivalent adult-use licenses in the City.

Plaintiffs’ Irreparable Harm

50. As currently written, the Second Ordinance prohibits Plaintiffs from even applying for an adult-use marijuana retailer license until January 1, 2027.

51. This means that, over the next four and a half years, Plaintiffs must watch as other entities apply for, and receive, marijuana retailer licenses, despite Plaintiffs’ years-long commitment to operating businesses in the City.

52. During this time, it is highly unlikely that Plaintiffs’ existing provisioning center businesses will survive, as they will face increased competition from adult-use marijuana retailers in surrounding areas, as well as new businesses that will be licensed as adult-use retailers in the City.

53. As such, Plaintiffs will likely hemorrhage customers and funds as nearby stores are able to sell to a much larger customer base.

54. As the operator of licensed provisioning centers, Plaintiffs can only sell to registered qualifying patients, either directly or through their registered primary caregivers.

55. According to the CRA, in March 2022, there were approximately 230,000 registered medical marijuana patients in the entire State of Michigan, and only 43,199 of those reside in Wayne County.⁷

56. Moreover, with the passage of MRTMA, the number of registered medical marijuana patients in Michigan and Wayne County has continued to shrink. For example, in March 2021, there were 250,000 patients in the state and 46,638 in Wayne County.⁸

57. Further emphasizing this point, the CRA recently announced that total statewide medical marijuana sales in Michigan decreased approximately 44 percent between April 2021⁹ and April 2022¹⁰ from \$48 million to just \$27 million, while adult-use marijuana sales increased by approximately 60 percent, from \$105 million to nearly \$168 million.

58. Under the Second Ordinance, Plaintiffs can only sell to this dwindling customer base of registered medical marijuana patients, while competing adult-use marijuana retailers can access a much larger and more lucrative market by selling to anyone over the age of 21 years old.

⁷Michigan Marijuana Regulatory Agency, *Monthly Report March 1, 2022 - March 31, 2022* (March 2022) <<https://www.michigan.gov/mra/-/media/Project/Websites/mra/Agency-Reports/Statistical-Reports/monthly-report/March-2022-Monthly-Report.pdf?rev=f5d975ee61a540169ae67962e5209c08&hash=3071BF21E59DBAFD7BDAD48E41F32306>> (accessed May 11, 2022).

⁸Michigan Marijuana Regulatory Agency, *Monthly Report March 1, 2021 - March 31, 2022* (March 2021) <https://www.michigan.gov/mra/-/media/Project/Websites/mra/Agency-Reports/Statistical-Reports/monthly-report/March_2021_Monthly_Report.pdf?rev=2a4ca101956b42d6a7f2c2e04b00cbc4&hash=65BC7FB85416F367D74547A8F231E558> (accessed May 11, 2022).

⁹Michigan Marijuana Regulatory Agency, *Monthly Report April 1, 2021 - April 30, 2021* (April 2021) <https://www.michigan.gov/mra/-/media/Project/Websites/mra/Agency-Reports/Statistical-Reports/monthly-report/April_2021_Monthly_Report.pdf?rev=c7a887fe540449bc8295c4b96c0e3fa4&hash=0957B68C92B4B3BBF5175B371C0D58A7> (accessed May 11, 2022).

¹⁰Michigan Marijuana Regulatory Agency, *Monthly Report April 1, 2022 - April 30, 2022* (April 2022) <<https://www.michigan.gov/mra/-/media/Project/Websites/mra/Agency-Reports/Statistical-Reports/monthly-report/April-2022-Monthly-Report.pdf?rev=1b375525f6514216ada4364fc404f3a2&hash=F33C6A74A8DA76E685DAE540DA9DF0EB>> (accessed May 11, 2022).

59. The longer Plaintiffs are prevented from serving this broader customer population, the more likely these individuals will become loyal customers somewhere else.

60. Under the best case scenario, the City will ***not*** have awarded all 100 of its available marijuana retailer licenses by 2027, and Plaintiffs will be able to obtain such a license for one of their businesses (since the Second Ordinance prohibits ownership interest in more than one such licensee).

61. Under the worst case, and most likely, scenario, the City will have awarded all 100 of its allowable retailer licenses by 2027, leaving Plaintiffs unable to obtain even one such license, which will ensure the financial ruin of their businesses, as well as the termination of dozens of employees, many of whom are residents of the City.

COUNT I – Declaratory Judgment

62. Plaintiffs incorporate by reference the allegations in the above paragraphs as if fully set forth herein.

63. Under MCR 2.605, in “a case of actual controversy within its jurisdiction, a Michigan court of record may declare the rights and other legal relations of an interested party seeking a declaratory judgment, whether or not other relief is or could be sought or granted.”

64. Plaintiffs want to operate adult-use marijuana retailers under MRTMA at the same location as their state-licensed medical marijuana provisioning centers in accordance with MCL 333.27956(5).

65. The Second Ordinance violates both the letter and spirit of MRTMA because it prohibits Plaintiffs from even applying for a co-located adult-use license until at least 2027.

66. Indeed, it is highly unlikely that there will be any licenses left to apply for in 2027 anyway, so the January 2027 application date is almost certainly just an illusory mirage on the distant horizon.

67. Even if somehow there are any of the initial 100 licenses left in 2027, or the City amends the Second Ordinance before then to increase the number of licenses, Plaintiffs submit that the City may not accept applications and grant licenses to newcomer applicants ahead of the existing medical provisioning center licensees (including Plaintiffs) who want to apply for and obtain co-located MRTMA licenses in accordance with MCL 333.27956(5).

68. Here, there is an actual case or controversy because the parties respectfully disagree about whether the Second Ordinance violates MRTMA by effectively prohibiting Plaintiffs from co-locating marijuana retailers with its existing provisioning center licenses until at least 2027, and likely ever.

69. While the Second Ordinance requires Plaintiffs to sit on the sidelines for nearly five years, it allows others to open up to 100 marijuana retailers in the City in the interim.

70. While Plaintiffs already face stiff competition from licensed retailers in other jurisdictions who can deliver marijuana to individuals in the City, the consequences on its business of only being able to sell medical marijuana to registered patients while its nearby competitors can sell marijuana to anyone over the age of 21 years old will be catastrophic, and likely result in the closure of its businesses.

71. Moreover, such a circumstance will result in the total erosion of the goodwill that Plaintiffs have created amongst customers while operating in the City since approximately 2016.

72. Plaintiffs have operated their businesses in the City for nearly a decade, and have developed a well-deserved reputation for offering premium marijuana products in a safe, secure, and comfortable environment.

WHEREFORE, Plaintiffs respectfully requests that this Court:

- A. issue a declaratory judgment that Detroit's Second Ordinance violates MCL 333.27956 as applied to MMFLA licensees like Plaintiffs who want to operate a MRTMA-licensed retailer establishment at the same location as their existing state-licensed provisioning center;
- B. permanently enjoin Detroit from enforcing the Second Ordinance against MMFLA licensees that want to also operate a MRTMA retailer establishment at the same location as their existing state-licensed provisioning center; and
- C. grant such other relief as is just and appropriate.

Respectfully submitted,

Dated: May 11, 2022

By: /s/ Kevin M. Blair
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VERIFICATION


I, Vinson Bahri, declare that the factual statements made in the foregoing Verified Complaint are true and accurate to the best of my information, knowledge and belief.



Vinson Bahri
Member
House of Dank Michigan, LLC

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this 11th day of May 2022 by Vinson Bahri.



Notary Public, Oakland County, Michigan
My commission expires: 11-2027

EXHIBIT A

S U M M A R Y

This ordinance amends Chapter 20 of the 2019 Detroit City Code, *Health*:

By repealing Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 3, *Licensing*, Section 20-6-33, *Provisional certificate*, and Section 20-6-37, *Fees*;

By renumbering and amending Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 3, *Licensing*, Section 20-6-38, *Application review process*

By adding Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 3, *Licensing*, Section 20-6-33, *Supportive program*, Section 20-6-37, *Licensing process for unlimited licenses*, and Section 20-6-38, *Licensing process for limited licenses*;

By amending Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 1, *Generally*, Section 20-6-1, *Purpose*, and Section 20-6-2, *Definitions*, Section 20-6-3, *Opt-in provisions; severability*, Division 2, *Marijuana License Review Committee*, Section 20-6-22, *Personnel*, Section 20-6-23, *Management*, and Section 20-6-24, *Duties and functions*, and Division 3, *Licensing*, Section 20-6-31, *License required*, Section 20-6-32, *Detroit legacy status*, Section 20-6-34, *Number of licenses*, Section 20-6-35, *Detroit legacy certification; application periods*, Section 20-6-36, *License Application*, Section 20-6-39, *Inspections, investigations, review of materials submitted*, Section 20-6-40, *Operating requirements*, Section 20-6-41, *License issuance*, Section 20-6-42, *Renewal of license; notification of deficiency or violation*, Section 20-6-43, *License suspension, revocation, or denial of renewal*, Section 20-6-44, *Penalty*, Section 20-6-45, *Appeals*, Section 20-46, *Inspection by authorized local officials*, and Section 20-6-47, *Social equity initiatives and substance use prevention appropriations*; and

By restating without amendment Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 2, *Marijuana License Review Committee*, Section 20-6-21, *Creation*.

1 **BY COUNCIL MEMBER _____ :**

2 **AN ORDINANCE** to amend Chapter 20 of the 2019 Detroit City Code, *Health*: by
3 repealing Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*,
4 Division 3, *Licensing*, Section 20-6-33, *Provisional certificate*, and Section 20-6-37, *Fees*; by
5 renumbering and amending Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana*
6 *Establishments*, Division 3, *Licensing*, Section 20-6-38, *Application review process*; by adding
7 Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 3,
8 *Licensing*, Section 20-6-33, *Supportive program*, Section 20-6-37, *Licensing process for unlimited*
9 *licenses* and Section 20-6-38, *Licensing process for limited licenses*; by amending Article VI,
10 *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 1, *Generally*,
11 Section 20-6-1, *Purpose*, and Section 20-6-2, *Definitions*, Section 20-6-3, *Opt-in provision*;
12 *severability*, Division 2, *Marijuana License Review Committee*, Section 20-6-22, *Personnel*,
13 Section 20-6-23, *Management*, and Section 20-6-24, *Duties and functions*, and Division 3,
14 *Licensing*, Section 20-6-31, *License required*, Section 20-6-32, *Detroit legacy status*, Section 20-
15 6-34, *Number of licenses*, Section 20-6-35, *Detroit legacy certification*; *application periods*,
16 Section 20-6-36, *License application*, Section 20-6-39, *Inspections, investigations, review of*
17 *materials submitted*, Section 20-6-40, *Operating requirements*, Section 20-6-41, *License issuance*,
18 Section 20-6-42, *Renewal of license; notification of deficiency or violation*, Section 20-6-43,
19 *License suspension, revocation, or denial of renewal*, Section 20-6-44, *Penalty*, Section 20-6-45,
20 *Appeals*, Section 20-46, *Inspection by authorized local officials*, and Section 20-6-47, *Social equity*
21 *initiatives and substance use prevention appropriations*; and by restating without amendment
22 Article VI, *Medical Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 2,
23 *Marijuana License Review Committee*, Section 20-6-21, *Creation*.

1 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:**

2 **Section 1.** Chapter 20 of the 2019 Detroit City Code, *Health*, Article VI, *Medical*
3 *Marijuana Facilities and Adult-Use Marijuana Establishments*, Division 1 containing Sections 20-
4 6-1 through 20-6-3, and Division 2 containing Sections 20-6-21 through 20-6-24, and Division 3
5 containing Sections 20-6-31 through 20-6-48, be amended to read as follows:

6 **CHAPTER 20. HEALTH**

7 **ARTICLE VI. MEDICAL MARIJUANA FACILITIES AND ADULT-USE MARIJUANA**
8 **ESTABLISHMENTS**

9 **DIVISION 1. GENERALLY**

10 **Sec. 20-6-1. Purpose.**

11 The purpose of this article is to establish standards and procedures for the issuance,
12 renewal, suspension, and revocation of business licenses for medical marijuana facilities and
13 adult-use marijuana establishments consistent with the Michigan Medical Marihuana Facilities
14 Licensing Act, being MCL 333.27101, *et seq.*, and the Michigan Regulation and Taxation of
15 Marihuana Act, being MCL 333.27951, *et seq.*, respectively, to:

- 16 (1) Serve and protect the health, safety, and welfare of the general public through
17 reasonable regulation of marijuana business operations including noise, odor, air
18 and water quality, food safety and public safety;
- 19 (2) Establish an application fee and a licensing fee for medical marijuana facilities and
20 adult-use marijuana establishments to cover the City's costs in administering this
21 ordinance;

- 1 (3) Establish procedures for application, renewal, suspension, and revocation of a
2 business license for medical marijuana facilities, and for adult-use marijuana
3 establishments;
- 4 (4) Minimize adverse effects, if any, from the cultivation, processing, dispensing and
5 storage of marijuana;
- 6 (5) Adopt reasonable regulations as needed pursuant to the city's general police
7 power granted to cities by the Michigan Constitution of 1963 and the Home Rule
8 City Act, being MCL 117.1 *et seq.*;
- 9 (6) Recognize that social equity in the marijuana industry is required to address the
10 historical disproportionate impact of marijuana prohibition and enforcement on
11 Detroiters and to positively impact the Detroit community, and that the City of
12 Detroit has been expressly named by the State of Michigan's Social Equity Program
13 as a community that has been disproportionately impacted by marijuana prohibition
14 and enforcement;
- 15 (7) Recognize that ~~long term~~ residents of disproportionately impacted communities ~~the~~
16 ~~City of Detroit~~ have historically been excluded from ownership opportunities in the
17 legal marijuana industry due to the disproportionate impact of marijuana
18 prohibition, enforcement, and the lack of access to capital, land, and resources; ~~that~~
19 ~~more than 30% of Detroiters live below the federal poverty level; that Detroit has~~
20 ~~a marijuana-related criminal conviction rate that exceeds the average marijuana-~~
21 ~~related criminal conviction rate in the State of Michigan; and that long term Detroit~~
22 ~~residents have substantially contributed to the economy in the form of taxes and~~
23 ~~fees to the extent that a reduction in fees, and reservation of adult-use retailer, adult-~~

1 use grower, adult-use processor, designated consumption, marijuana event
2 organizer, and microbusiness licenses for long-term Detroit residents under this
3 article is appropriate as a form of social equity;

- 4 (8) Recognize that ~~long-term~~ residents of the City of Detroit are uniquely invested,
5 personally and financially, in the success of the City's marijuana programs; that at
6 least 20% of Detroiters live below the federal poverty level; and that Detroit has a
7 marijuana-related criminal conviction rate that exceeds the average marijuana-
8 related criminal conviction rate in the State of Michigan; and that long-term
9 residence is a key predictor of the likelihood that an applicant will operate in
10 compliance with the MRTMA, as applicable.

- 11 (9) Recognize that employment opportunities in the legal marijuana industry are
12 essential for Detroiters, and to strongly encourage and incentivize licensees under
13 this article to ensure that at least 50% of its employees are Detroit residents,
14 specifically those Detroit residents who are ~~veterans~~, low income, or have a prior
15 controlled substance record, as such terms are defined in Section 20-6-2 of this
16 Code, and that the jobs provided pay at least \$15 an hour;

- 17 (10) Facilitate real property ownership opportunities for Detroit residents, for the
18 purpose of operating adult-use marijuana establishments licensed under this article
19 and MRTMA; the City of Detroit shall use good faith efforts to transfer eligible
20 City-owned real property to ~~one of the City's economic development agencies or~~
21 ~~authorities, for the specific purpose of transferring the property to~~ individuals who
22 have obtained Detroit Legacy status ~~legacy applicants or licensees~~ as defined in
23 Section 20-6-2 of this Code, at ~~25% of~~ the property's lowest justifiable fair market

1 value. Such a transfer would be subject to applicable approvals by the City of
2 Detroit ~~and the economic development agency or authority board~~, as well as certain
3 program rules that may be developed. The development and use of the transferred
4 property would be subject to all requirements of this Code and MRTMA;

5 (11) Recommend that, subject to appropriation, amounts equal to ~~\$500,000~~\$1,000,000
6 of the fees generated from the licenses issued pursuant to this article, and
7 ~~\$500,000~~\$1,000,000 from an allocation to the City of Detroit pursuant to M.C.L.
8 333.27964 be used annually to further social equity goals, including, but not limited
9 to, addressing the challenges set forth in Subsections (6), (7), (8), (9), and (10) of
10 this section; and to

11 (12) Clarify that licensure of either a medical marijuana facility or an adult-use
12 marijuana establishment is a revocable privilege and not a right in the City. There is
13 no property right for an individual or business to have a medical marijuana facility
14 business license or an adult-use marijuana establishment business license in the
15 City of Detroit.

16 **Sec. 20-6-2. Definitions.**

17 The following words, terms and phrases, when used in this article, shall have the meanings
18 provided in this section:

19 *Adult-use marijuana establishment* means a business licensed under the MRTMA and this
20 article to operate as a grower, processor, retailer, secure transporter, safety compliance facility,
21 microbusiness, excess marijuana grower, marijuana event organizer, temporary marijuana event,
22 or designated consumption establishment, or any other type of marijuana-related business licensed
23 to operate in accordance with the MRTMA.

1 *Applicant* means the entity or individual making application for a license under this
2 article, and includes all members, partners, directors, shareholders, officers, and owners of the
3 entity applying for licensure.

4 *Authorized local official* means a Detroit police officer, or other City of Detroit employee
5 or agent designated by the director of the Department, who is authorized to issue violations and
6 perform inspections in accordance with this Code.

7 *Cap, or numerical cap* means a limit on the number, within a category of license type, of
8 adult-use marijuana establishments and medical marijuana facilities.

9 *Co-location* means a property that has been zoned to allow more than one type of medical
10 marijuana facility or adult-use marijuana establishment to operate on the same premises, subject
11 to the applicable rules promulgated in accordance with the MMFLA, the MRTMA, and this Code.

12 *Co-location license* means a license required under this Article when a property has been
13 zoned to allow more than one medical marijuana facility or adult-use marijuana establishment to
14 operate on the same premises, and the property owner is not the licensee of all the businesses
15 operating on the premises.

16 ~~*Common ownership* means two or more state operating licenses or two or more equivalent~~
17 ~~licenses held by one individual or one entity.~~

18 *Community outreach* means any outreach meeting, technology aided outreach, or outreach
19 alert intended to ensure community awareness of licensing activities under this article.

20 *Community outreach plan* means a plan for ongoing efforts by a licensee under this article
21 to continually engage and inform the community that surrounds the licensee's business location of
22 employment and social equity opportunities at the licensee's place of business.

1 *Community outreach report* means a report of the efforts taken by a license applicant to
2 inform and engage the community that surrounds the applicant’s proposed business location of the
3 applicant’s proposed business operation, and any employment or social equity opportunities that
4 the applicant intends to offer.

5 *Cultivation or cultivate* means:

- 6 (1) all phases of growth of marijuana from seed to harvest; or
7 (2) preparing, packaging or repackaging, labeling, or relabeling of any form of
8 marijuana.

9 *Department* means the City of Detroit Buildings, Safety Engineering, and Environmental
10 Department.

11 *Designated consumption establishment* means a business that is licensed under the
12 MRTMA and this Article to permit adults 21 years of age and older to consume marijuana products
13 at a commercial location designated by the state operating license.

14 *Detroit Legacy status applicant or licensee* means a status obtained by an individual who
15 has, or an entity that is at least 51% owned and controlled by one or more individuals who have,
16 as certified by the Civil Rights, Inclusion, and Opportunity Department (“CRIO”), been a City of
17 Detroit resident at the time of application for at least one year, ~~and upon renewal~~, and additionally
18 has been:

- 19 (1) a City of Detroit resident for 15 of the past 30 years preceding the date of
20 application, and continues to so reside throughout the period of licensure; or
21 (2) a City of Detroit resident for 13 of the past 30 years preceding the date of
22 application, and continues to so reside throughout the period of licensure, and is a
23 low-income applicant at the time of application, as defined in this section; or

(3) a City of Detroit resident for the 10 of the past 30 years preceding the date of application, and continues to so reside throughout the period of licensure, and has a prior controlled substance record, as defined in this section, or a parent with a prior controlled substance record as defined in this section under the following circumstances:

- a. the parent is named on the applicant's birth certificate, and the parent's conviction took place before the applicant's 18th birthday; or
- b. the parent has claimed the applicant as a dependent regularly on federal income tax filings, and the parent's conviction took place before the applicant's 18th birthday.

Digital notification means any form of electronic communication.

Disproportionately impacted community means any community where marijuana-related convictions are greater than the state of Michigan median, and where 20% or more of the population is living below the federal poverty level according to 2019 American Community Survey 5-year estimates published by the United States Census Bureau.

Equity applicant means an individual whose primary residence is located within a disproportionately impacted community as defined in this section, including individuals with certified Detroit Legacy status as defined in this section; or an entity where one or more of the aforementioned individuals owns and controls at least 51% of the applicant entity.

Equivalent licenses means any of the following held by a single licensee:

- (1) A marijuana grower license, of any class, issued under MRTMA and a grower license, of any class, issued under the MMFLA;

- (2) A marijuana processor license issued under the MRTMA and a processor license under the MMFLA;
- (3) A marijuana retailer license issued under the MRTMA and a provisioning center license issued under the MMFLA;
- (4) A secure transporter license issued under the MRTMA and a secure transporter license issued under the MMFLA; or
- (5) A safety compliance facility license issued under the MRTMA and a safety compliance facility license issued under the MMFLA.

Excess marijuana grower means a state operating license holder holding five class C marijuana grower licenses under the MRTMA.

Grower means a business licensed under the MMFLA or MRTMA and this article, located in this state, which cultivates, dries, trims, or cures and packages marijuana for sale or transfer to a medical marijuana facility or an adult-use marijuana establishment, and is licensed as follows:

- (1) *class A adult-use marijuana grower* means a state operating license holder who is authorized to grow 100 marijuana plants;
- (2) *class B adult-use marijuana grower* means a state operating license holder who is authorized to grow 500 marijuana plants;
- (3) *class C adult-use marijuana grower* means a state operating license holder who is authorized to grow 2000 marijuana plants;
- (4) *class A medical marijuana grower* means a state operating license holder who is licensed to grow 500 medical marijuana plants;
- (5) *class B medical marijuana grower* means a state operating license holder who is licensed to grow 1000 medical marijuana plants; or

1 (6) *class C medical marijuana grower* means a state operating license holder who is
2 licensed to grow 1500 medical marijuana plants.

3 *License competition* means a competitive process to select ~~licensees~~ applicants that are best
4 suited to operate in compliance with the MRTMA.

5 *Licensee* means an individual or entity that holds a state operating license and a business
6 license under this article.

7 *Limited license* means a license authorized by this article that is subject to a numerical cap
8 limiting the number of licenses to be issued. Licenses for medical marijuana provisioning centers,
9 adult-use retailers, designated consumption lounges, and microbusinesses are all subject to a
10 numerical cap under this article, and are considered limited licenses.

11 *Low-income applicant* means an individual who, at the time of licensing, lives in a
12 household with household income that is less than 80% of the ~~existing~~ Detroit median household
13 income at the time of application.

14 *Marijuana event organizer* means a state license holder authorized to apply for a temporary
15 marijuana event license in accordance with the MRTMA.

16 *Medical marijuana facility* means any facility, entity, establishment, or center that is
17 required to be licensed under the MMFLA, and this article, including a grower, processor,
18 provisioning center, safety compliance facility, or a secure transporter.

19 *Marijuana-infused product* means a topical formulation, tincture, beverage, edible
20 substance, or similar product containing any usable marijuana that is intended for human
21 consumption in a manner other than smoke inhalation.

22 *Microbusiness* means a business licensed under MRTMA and this article that cultivates up
23 to 150 marijuana plants or more as allowed by the State of Michigan, processes, and packages

1 marijuana, purchases marijuana plants from other licensed growers as allowed by the State of
2 Michigan, purchases marijuana concentrate or other marijuana products from other licensed
3 processors as allowed by the State of Michigan, and sells or otherwise transfers marijuana to
4 individuals who are 21 years of age or older or to a safety compliance facility, but not to other
5 adult-use marijuana establishments or medical marijuana facilities.

6 *MMFLA* means the Michigan Medical Marihuana Facilities Licensing Act, Public Act 281
7 of 2016, being MCL 333.27101, *et seq.*

8 *MMMA* means the Michigan Medical Marihuana Act, means Initiated Law 1 of 2008,
9 being MCL 333.26421, *et seq.*

10 *MRTMA* means the Michigan Regulation and Taxation of Marihuana Act, Initiated Law 1
11 of 2018, being MCL 333.27951 *et seq.*

12 *Outreach alert* means any form of one-way communication that informs a community or
13 neighborhood of an issue, problem, opportunity, or decision.

14 *Outreach meeting* means any in person or virtual meeting that provides for public
15 discussion of a topic.

16 *Person* means an individual, partnership, firm, company, corporation, association, sole
17 proprietorship, limited liability company, joint venture, estate, trust, or any other legal entity.

18 *Primary caregiver* means the term as defined by the MMMA.

19 *Prior controlled substance record* means to have been convicted as an adult or adjudged
20 to be a ward of the juvenile court, for any crime relating to the sale, possession, use, cultivation,
21 processing, or transport of marijuana prior to November 7, 2018.

1 *Process or Processing* means to separate or otherwise prepare parts of the marijuana plant
2 and to compound, blend, extract, infuse or otherwise make or prepare marijuana concentrate or
3 marijuana-infused products.

4 *Processor* means a business licensed under the MRTMA or the MMFLA and this article,
5 located in this state, that obtains marijuana from a medical marijuana facility or an adult-use
6 marijuana establishment and that processes marijuana for sale and transfer in packaged form to
7 a medical marijuana facility or an adult-use marijuana establishment.

8 ~~*Provisional certificate* means a placeholder pre-licensure document granted under this~~
9 ~~article to a Detroit legacy applicant who does not yet have an approved location to operate the~~
10 ~~business for which the applicant seeks a license, which will be converted to a full license if the~~
11 ~~applicant secures an approved location and meets all the requirements of this article within twelve~~
12 ~~months of being granted the provisional certificate. A provisional certificate will not be counted~~
13 ~~as a full license for purposes of the numerical caps established under Section 20-6-34 of this Code,~~
14 ~~nor in determining whether the requirements of Section 20-6-31(d) and (e) are met, until it has~~
15 ~~been converted to a full license.~~

16 *Provisioning center* means a business licensed under the MMFLA that is a commercial
17 entity located in this state that purchases marijuana from a grower or processor and sells, supplies,
18 or provides marijuana to qualifying patients, directly or through the registered primary caregivers
19 of patients. Provisioning center includes any commercial property where marijuana is sold at retail
20 to qualifying patients or primary caregivers. A non-commercial location used by a primary
21 caregiver to assist a qualifying patient connected to the caregiver through the state's marijuana
22 registration process in accordance with the MMMA is not a provisioning center for purposes of
23 this article.

1 *Qualifying patient* means the term as defined by the MMMA.

2 *Registered user* means any person or entity that has submitted their email address or
3 telephone number for the purpose of receiving digital notifications.

4 *Retailer* means a business licensed under the MRTMA and this article that may obtain
5 marijuana from adult-use marijuana establishments and sell or transfer marijuana to individuals
6 who are 21 years of age or older and to other adult-use marijuana establishments.

7 *Safety compliance facility* means a business licensed under the MRTMA or the MMFLA
8 and this article that tests marijuana for contaminants and potency, or as required by the MRTMA
9 or the MMFLA, for a primary caregiver, medical marijuana facility, or adult-use marijuana
10 establishment.

11 *Secure transporter* means a business licensed under the MRTMA or the MMFLA and this
12 article that stores marijuana and transports marijuana between medical marijuana facilities or adult-
13 use marijuana establishments for a fee.

14 *Social equity program or SEP* means a the State of Michigan certification program
15 ~~authorized by the MRTMA, which is~~ designed to promote and encourage participation in the
16 marijuana industry by people who live in disproportionately impacted communities in Michigan
17 ~~certain Michigan communities designated by the State of Michigan, who have been~~
18 ~~disproportionately impacted by marijuana prohibition and enforcement, and to positively impact~~
19 those communities, in accordance with MCL 333.27958(1)(j).

20 *State operating license* means a license that is issued under the MMFLA or the MRTMA
21 that allows the licensee to operate as a medical marijuana facility or an adult-use marijuana
22 establishment, respectively.

1 *Technology aided outreach* means any form of electronic communication transmitted by
2 digital surveys or an online comment process that allows residents to provide comments.

3 *Temporary marijuana event ~~permit~~ license* means a ~~permit~~ license held by a marijuana
4 event organizer under this article and the MRTMA, which the state has approved, authorizing
5 an event where the onsite sale or consumption of marijuana products, or both, are authorized at
6 the location and on the dates indicated on the state operating license.

7 *Tiebreaking lottery* means a process, conducted under the observation of affected
8 applicants, by which licensees are randomly selected from a pool of similarly situated applicants
9 with identical scores.

10 **Sec. 20-6-3. Opt-in provision; severability.**

11 (a) Pursuant to Section 205(1) of the MMFLA, the City shall authorize licenses in
12 accordance with the provisions of this article for the following types of medical marijuana
13 facilities:

- 14 (1) Grower;
- 15 (2) Processor;
- 16 (3) Provisioning center;
- 17 (4) Safety compliance facility; and
- 18 (5) Secure transporter.

19 (b) Pursuant to Section 6(3) of the MRTMA, the City may authorize licenses in
20 accordance with the provisions of this article for the following types of marijuana establishments:

- 21 (1) Grower;
- 22 (2) Retailer;
- 23 (3) Processor;

- (4) Safety compliance facility;
- (5) Secure transporter;
- (6) Temporary marijuana event;
- (7) Marijuana event organizer;
- (8) Designated consumption establishment; and
- (9) Microbusiness.

(c) The City may sign attestations or other documents to evidence municipal approval for a state operating license as required by the State of Michigan ~~Marijuana~~ Cannabis Regulatory Agency only upon issuance of a license under this article. The City shall notify the Michigan Cannabis Regulatory Agency if any applicant for a state operating license is not in compliance with this article or any other section the 2019 Detroit City Code.

(d) Detroit City Council is exercising its discretion to permit adult-use marijuana establishments in Detroit as supported by the legal opinion of the Corporation Counsel that the ordinance is lawful, ~~and on the condition that licenses for Detroit legacy applicants shall be prioritized in accordance with the legislative purpose of this ordinance.~~ Should any provision of this ordinance governing the limited license adult-use marijuana establishments be enjoined, ruled invalid or unconstitutional, or struck down by a court of law, Subsections (b)(2), (b)(8), and (b)(9) of this section will be thereto repealed as to the adult-use establishment limited licenses authorized by this article, and future limited license adult-use marijuana establishments will be prohibited in accordance with Section 6(1) of the MRTMA, excluding those limited license adult-use marijuana establishments previously licensed under this article, which licenses shall continue in effect until their expiration date, after which time they will not be renewed.

Secs. 20-6-4—20-6-20. Reserved.

1 **DIVISION 2. MARIJUANA LICENSE REVIEW COMMITTEE**

2 **Sec. 20-6-21. Creation.**

3 There is hereby established a Marijuana License Review Committee (“MLRC”), which
4 shall perform its duties and exercise its powers in accordance with this article.

5 **Sec. 20-6-22. Personnel.**

6 The MLRC shall consist of a staff member of each of the departments and agencies that
7 are identified in this section. The directors of the respective departments and the heads of the
8 respective agencies identified in this section shall each appoint a qualified representative or
9 representatives from among their respective staffs to serve on the MLRC. The respective
10 departments and agencies that must appoint representatives to the MLRC are as follows:

11 (1) Office of the Chief Financial Officer, ~~Assessor~~;

12 (2) Buildings, Safety Engineering, and Environmental Department (the
13 “Department”);

14 ~~(3) — Office of the Chief Financial Officer, Treasury;~~

15 (3) Health Department;

16 (4) Law Department;

17 (5) Police Department;

18 (6) Civil Rights, Inclusion, and Opportunity Department (“CRIO”);

19 ~~(8) — Office of Sustainability;~~

20 (7) Department of Neighborhoods; and

21 (8) Such other departments, agencies, or individuals as deemed appropriate by the
22 chairperson, on a case-by-case basis.

23 **Sec. 20-6-23. Management.**

1 (a) The representative from the Civil Rights, Inclusion, and Opportunity Department
2 ("CRIO") serves as chairperson of the MLRC and shall maintain a record of applications, licenses
3 granted under this Article, and other relevant files as needed.

4 (b) The MLRC may meet in person or virtually at the call of the chairperson and shall
5 receive all materials for review electronically.

6 ~~(c) — The MLRC shall develop a standard of review for making recommendations on~~
7 ~~adult-use license applications under this article that shall be approved by the Detroit City Council~~
8 ~~prior to reviewing any adult-use license applications.~~

9 **Sec. 20-6-24. Duties and functions.**

10 (a) New or renewal applications for a medical marijuana facility license or an adult-
11 use marijuana establishment license shall be reviewed by the MLRC and a recommendation
12 provided to the Department director before a license may be issued or renewed by the Department,
13 in accordance with the applicable review criteria and processes set forth in this article. For
14 temporary marijuana events, the MLRC shall make its recommendation to the Detroit City
15 Council, which must approve the temporary marijuana event before a temporary marijuana event
16 license permit is issued by the Department.

17 (b) Each department representative shall be responsible for investigating the
18 application within its their department's respective area of oversight, providing relevant
19 information, reports or data to the MLRC for review, including, but not limited to, the information
20 set forth in Section 20-6-39 of this Code.

21 (c) Through the chairperson, the MLRC may communicate and meet with the
22 applicant, visit the proposed site to be licensed, and request certain conditions be met prior to
23 recommending approval of the issuance of a license.

(d) ~~After December 31, 2021, and~~ Excluding temporary marijuana events, applications shall be reviewed and a recommendation provided by the MLRC to the Department within ninety (90) days of receipt of a complete application as determined by the MLRC, or the application shall be forwarded to the Department without recommendation.

(e) Every six months after the effective date of this ordinance, the MLRC will provide a report to the Detroit City Council including the following information:

(1) name of all applicants, date of application and application status;

(2) name of all licensees, locations, and license date;

(3) number of licenses issued by license category; and

(4) details of each applicant's "Good Neighbor Plan".

(f) Members of the MLRC shall take ethics training two times per calendar year, as provided by the City of Detroit.

Secs. 20-6-25—20-6-30. Reserved.

DIVISION 3. LICENSING

Sec. 20-6-31. License required.

(a) No person may operate a medical marijuana facility or an adult-use marijuana establishment in the City without first obtaining a license from the City pursuant to this article, and a state operating license ~~in accordance with the provisions of this article~~. Licensees must obtain a separate license under this article from the City is required for each business with a state operating license they hold, including multiple grower licenses in one building and stacked licenses operating in one building. A co-location license is required for a property owner that maintains more than one medical marijuana facility or adult-use marijuana establishment in one

1 building, and who is not the licensee for all of the establishments or facilities located in the
2 building.

3 (b) No more than one medical marijuana provisioning center and one marijuana retailer
4 establishment may be licensed in any single building, unless approved by the Detroit City Council
5 through a planned development (“PD”) zoning designation in accordance with Sec. 50-3-97 of this
6 Code.

7 (c) License applications shall be time and date stamped in order of submission in each
8 category of licensure.

9 ~~(d) — 50% of licenses for adult-use retailers, adult-use processors, adult-use growers,~~
10 ~~designated consumption establishments, microbusinesses, and marijuana event organizers shall be~~
11 ~~granted to Detroit legacy applicants as defined in Section 20-6-2.~~

12 ~~(e) — The City shall not issue a license for an adult-use retailer, adult-use processor,~~
13 ~~designated consumption establishment, microbusiness, or a marijuana event organizer if such~~
14 ~~issuance would cause the number of licenses held by Detroit legacy licensees to be less than 50%~~
15 ~~of the total licenses held in each respective category.~~

16 (d) Excluding those applicants for marijuana event organizer licenses, all applicants
17 must conduct community outreach, as defined in Section 20-6-2 of this Code, and provide a
18 community outreach report and a community outreach plan with the application. The applicant
19 must forward notice of the community outreach to the Department of Neighborhoods. The
20 Department of Neighborhoods shall send digital notification of the pending application to all
21 registered users in the Council district where the business is proposed to be located.

22 **Sec. 20-6-32. Detroit Legacy status; programming.**

~~Applicants~~ Individuals may seek to obtain Detroit Legacy status by applying to the Civil Rights, Inclusion, and Opportunity Department (CRIO) electronically on a form provided by CRIO, with documentation required to establish Detroit Legacy status. ~~Once certified by CRIO, applicants may submit a license application under this article as a Detroit legacy applicant. A Detroit legacy licensee must complete such certification annually prior to license renewal.~~

~~Sec. 20-6-33. Provisional certificate.~~

~~(a) — Detroit legacy applicants may apply for a provisional certificate for adult use marijuana establishments, excluding temporary marijuana event permits and marijuana event organizer licenses, under the following circumstances:~~

~~(1) — The applicant has been certified as a Detroit legacy applicant;~~

~~(2) — The applicant does not yet have a location that is properly zoned to operate the adult-use marijuana establishment for which the applicant seeks licensing; and~~

~~(3) — The applicant meets all of the requirements of this article other than those related to the location where the adult-use marijuana establishment will be licensed.~~

~~(b) — A provisional certificate will be converted to a full license if the applicant establishes a location that is properly zoned and meets the other requirements of this article within 12 months from the date of the provisional certificate, subject to the numerical caps set forth in Section 20-6-34.~~

~~(c) — A licensee may not commence operations until it has received a full license under this article and a state operating license.~~

~~(d) — A provisional certificate will not be counted as a full license for purposes of the numerical caps established under Section 20-6-34 of this Code, nor in determining whether the~~

requirements of Section 20-6-31(d) and (e) are met until it has been converted to a full license.
REPEALED.

Sec. 20-6-33. Supportive program.

CRIO shall establish a program and shall provide mentoring, business education, and networking opportunities for individuals who have obtained Detroit Legacy status.

Sec. 20-6-34. Number of Licenses.

(a) The City hereby establishes the following numerical caps and may grant licenses for medical marijuana facilities and adult-use marijuana establishments, subject to the requirements of this article, in accordance with the charts below:

<u>Unlimited Licenses</u>	
<u>Grower</u>	<u>Unlimited</u>
<u>Processor</u>	<u>Unlimited</u>
<u>Secured Transporter</u>	<u>Unlimited</u>
<u>Safety Compliance</u>	<u>Unlimited</u>
<u>Temporary Marijuana Event Organizer</u>	<u>Unlimited</u>
<u>Temporary Marijuana Event</u>	<u>Unlimited</u>

<u>Limited Licenses</u>	
<u>Medical Marijuana Provisioning Center License</u>	<u>75</u>
<u>Adult-Use Retailer Establishment License</u>	<u>50</u>
<u>Adult-Use Retailer Establishment-Equity License</u>	<u>50</u>
<u>Designated Consumption Lounge License</u>	<u>15</u>

<u>Designated Consumption Lounge-Equity License</u>	<u>15</u>
<u>Microbusiness License</u>	<u>15</u>
<u>Microbusiness-Equity License</u>	<u>15</u>

(b) The foregoing cap on Adult-Use Retailer Establishments shall not apply to licenses issued in accordance with Section 20-6-38(e) of this article.

Medical Marijuana Provisioning Center	75
Adult Use Retailer Establishment	75
Grower	unlimited
Processor	unlimited
Secured Transporter	unlimited
Safety Compliance Facility	unlimited
Designated Consumption Lounge	35
Microbusiness	35
Marijuana Event Organizer	unlimited
Temporary Marijuana Event	unlimited

Sec. 20-6-35. ~~Detroit legacy certification; application periods~~ License application acceptance date by license type; fees.

(a) Upon the effective date of this ordinance, the City may immediately accept license applications and may issue licenses for medical marijuana facilities, excluding medical marijuana provisioning centersy licenses; adult-use growers, processors, secured transporters, safety compliance facilities, marijuana event organizers, and temporary marijuana events ~~under this article in accordance with Section 20-6-37 of this Code. Applications for medical marijuana facility licenses that are under consideration by the City upon the effective date of this article shall not be subject to the requirements of this article, except that the number of medical marijuana provisioning center licenses is subject to the numerical cap set forth in Section 20-6-34.~~

1 ~~(b) — Upon the effective date of this ordinance, the Civil Rights, Inclusion, and~~
2 ~~Opportunity Department will begin certifying Detroit legacy applicants.~~

3 **(b)** The City will begin accepting license applications for adult-use marijuana retailers,
4 microbusinesses, and designated consumption establishments during one or more 30-day periods
5 established in accordance with Section 20-6-38 of this Code. License applications under
6 Subsection (b) of this section shall be evaluated and issued in accordance with Section 20-6-38 of
7 this Code. ~~licenses on April 1, 2021, and shall review eligible license applications submitted by~~
8 ~~April 30, 2021 within the time periods set forth in Subsections (d) and (e), below.~~

9 **(c)** A nonrefundable application fee shall be paid by each applicant upon filing any license
10 application. The application fee shall be in an amount established from time to time by the Director
11 of the Department and shall be approved by resolution of the City Council. The fee shall be
12 intended to defray direct and indirect costs incurred by the City in processing the license
13 application and may be different for each license type. The fee shall be posted on a schedule in the
14 Department.

15 **(d)** A nonrefundable license fee shall be paid by each awardee of a license prior to
16 issuance of a license and upon applying for renewal of a license. The license fee shall be in an
17 amount established from time-to-time by the Director of the Department and shall be approved
18 by resolution of the City Council. The fee shall be intended to defray direct and indirect costs
19 incurred by the City to process and monitor licensed facilities and establishments and may be
20 different for each license type. The fee shall be posted on a schedule in the Department.

21 **(e)** A nonrefundable application fee shall be charged for the processing and
22 certification of Detroit Legacy status in accordance with Section 20-6-32 of this Code. The fee
23 shall defray direct and indirect costs incurred by the City in processing the certification application.

1 The certification fee shall be in an amount established from time-to-time by the Director of CRIO,
2 and shall be approved by resolution of the City Council. The fee shall be posted on a schedule in
3 CRIO.

4 (f) The Detroit City Council may approve a fee schedule that incorporates a sliding
5 scale fee structure to accommodate low-income applicants, as defined by Sec. 20-6-2 of this article.

6 ~~(d) — From May 1, 2021 through June 15, 2021 there will be a reserved review period~~
7 ~~wherein the City will review and may approve applications for adult-use marijuana establishment~~
8 ~~licenses from Detroit legacy applicants, as well as applications for adult-use growers from current~~
9 ~~holders of a state operating license for a medical marijuana facility in the City of Detroit. An~~
10 ~~eligible applicant that wishes to be considered during this time period must submit a complete~~
11 ~~application by April 30, 2021. If the City receives more qualified applications in a category than~~
12 ~~there are licenses available, the City shall award the licenses to the highest-scoring applicants,~~
13 ~~using a tie-breaking lottery if necessary. The City will also issue an undetermined number of~~
14 ~~provisional certificates to Detroit legacy applicants who qualify. The chronological order of~~
15 ~~reviewing license applications under this subsection shall be determined by an independent,~~
16 ~~transparent, and random selection process.~~

17 ~~(e) — From June 16, 2021 through July 31, 2021 there will be a reserved review period~~
18 ~~wherein the City will review and may approve applications for adult-use marijuana establishment~~
19 ~~licenses, from holders of a state operating license for a medical marijuana facility in the City of~~
20 ~~Detroit. An eligible applicant that wishes to be considered during this time period must submit a~~
21 ~~complete application by April 30, 2021. If the City receives more qualified applications in a~~
22 ~~category than there are licenses available, the City shall award the licenses to the highest-scoring~~
23 ~~applicants, using a tie-breaking lottery if necessary. The chronological order of reviewing license~~

1 applications under this subsection shall be determined by an independent, transparent, and random
2 selection process.

3 ~~(f) After both review periods forth in Subsections (d) and (e) are completed, the City~~
4 ~~will determine whether no less than 50% of adult-use grower licenses have been issued to Detroit~~
5 ~~legacy applicants in accordance with Section 20-6-31(d), and if not, shall not issue any more adult-~~
6 ~~use grower licenses to applicants other than Detroit legacy applicants until this requirement has~~
7 ~~been met.~~

8 ~~(g) Beginning April 1, 2021, and continuing thereafter, the City will accept~~
9 ~~applications for temporary marijuana events. Applications must be submitted at least 90 days in~~
10 ~~advance of the event.~~

11 ~~(h) Beginning August 1, 2021, and continuing thereafter, the City will review~~
12 ~~applications in order of submission and may approve applications for adult-use marijuana~~
13 ~~establishment licenses from any applicant.~~

14 ~~(i) The City may postpone or modify the timelines set forth in this section for~~
15 ~~reviewing applications to alternate dates out of administrative necessity, and shall inform the~~
16 ~~public forthwith.~~

17 **Sec. 20-6-36. License application.**

18 (a) Any person seeking to operate a medical marijuana facility or an adult-use
19 marijuana establishment, excluding marijuana event organizers, temporary marijuana events, and
20 co-location licenses, shall file an application electronically upon a form provided by the
21 Department. The application shall include, or include as an attachment, the following information:

- 22 (1) The name, age, home address, principal telephone number and email address of the
23 applicant, and a copy of the applicant's government issued identification;

- 1 (2) For license applications submitted pursuant to Section 20-6-38, documentation to
2 establish an applicant's status as an equity applicant if applicable, or the satisfaction
3 of the social equity scoring criteria as a non-equity applicant. ~~Detroit legacy~~
4 ~~certification;~~
- 5 (3) If the applicant is an organized legal entity: the name, ~~mailing~~ home address,
6 telephone number and email of all direct and indirect owners, directors, members,
7 managers, officers, partners, ~~or~~ shareholders, ~~as well as~~ and the registered agent,
8 and the entity's bylaws, operating agreement, or other organizational documents
9 depicting the ownership structure;
- 10 (4) A signed release authorizing the Police Department to perform criminal
11 background checks on the applicant, or, in the case of an entity applicant, all
12 individuals identified as ~~part of the ownership~~ direct or indirect owners of the entity;
- 13 (5) The address of the property/building proposed to be used as a medical marijuana
14 facility or adult-use marijuana establishment, as well as a deed, lease, or other
15 document evidencing site control of the proposed location;
- 16 (6) The type and class of medical marijuana facility or adult-use marijuana
17 establishment license requested;
- 18 ~~(7) — For renewals, a copy of the required state operating license;~~
- 19 ~~(8) — A copy of City of Detroit income tax returns for the previous three years for each~~
20 ~~individual who has whole or partial ownership of the entity, and corporate tax~~
21 ~~returns if applicable;~~
- 22 (7) A comprehensive business plan detailing:
23 a. business operations

b. security/customer and employee safety

~~e. testing~~

c. nuisance mitigation

d. waste management ~~handling and disposal~~

~~f. environmentally sustainable practices~~

~~g. community relations~~

e. recruitment and training of employees;

~~i. protocols for employee and customer safety~~

~~j. number of Detroit residents employed~~

(8) ~~Financial documentation demonstrating resources sufficient to meet the capitalization required for the facility or establishment by the State of Michigan pursuant to the MMFLA. A certified statement from a CPA is sufficient~~ Income tax clearances for the applicant and for all individuals described in subsection (a)(3) herein, or a sworn statement from each of such individual attesting that no income was made in the City of Detroit, from any source, which would require the individual to file a city income tax return;

(9) Property tax clearance for the proposed location;

(10) Blight clearance for the proposed location;

(11) A copy of the unexpired conditional land use approval for the intended use or the intended use of an equivalent license;

(12) A copy of an unexpired building permit or the temporary or final certificate of occupancy for the intended use permitted by Subsection (11) of this section. A certificate of occupancy is required before receiving a license;

1 (13) A signed release acknowledging that the City will investigate the income and
2 property tax status of the applicant, its direct or indirect owners, directors, officers,
3 members, managers, partners, shareholders, employees, and any medical marijuana
4 facilities or adult-use marijuana establishments related to any of the aforementioned
5 individuals, and that any outstanding taxes, fines, or fees will be paid prior to a
6 license being issued under this article.

7 ~~(16) — Whether the applicant is seeking provisional certificate status in accordance with~~
8 ~~Section 20-6-33 of this Code, in such case, submission of the information required~~
9 ~~under Subsections (5), (11), (12), (13), (14), and (17) of this section shall be~~
10 ~~suspended until such time within 12 months of the provisional certificate that the~~
11 ~~applicant can provide such information;~~

12 (14) For adult-use license applicants only, a “Good Neighbor Plan,” indicating the
13 applicant’s annual commitment to the community in which the adult-use marijuana
14 establishment will be located, including a community outreach report and a
15 community outreach plan as defined in Section 20-6-2 of this Code to ensure
16 awareness of the application and potential employment opportunities in the
17 neighborhoods surrounding the proposed business, as well as completing one or
18 more of the following during the term of the license:

- 19 a. Hiring at least 50% of full-time employees who are Detroit residents for
20 jobs paying at least \$15 an hour; or
- 21 b. Hiring at least 30% of full-time employees who have a prior controlled
22 substance record, as defined in Section 20-6-2 of this Code, for jobs paying
23 at least \$15 an hour; or

- 1 c. Purchasing at least 50% of necessary goods and services from licensed
2 ~~medical marijuana facilities, adult-use marijuana establishments, Detroit~~
3 ~~legacy licensees, or other businesses located in the City of Detroit; or~~
- 4 d. If a grower or processor, selling at least 25% of available harvest or products
5 to ~~Detroit legacy~~ equity licensees at a price that is at least 25% lower than
6 the current market rate in Detroit, or less; or
- 7 e. ~~a minimum of 750 annual hours serving a duly organized Detroit-based tax-~~
8 ~~exempt charitable organization, community organization, religious~~
9 ~~institution, preK-12 public or charter school, or block club that operates~~
10 ~~within the community where the applicant's facility or establishment is~~
11 ~~located; or~~
- 12 f. ~~Annually donate~~ Donating annually a minimum of ~~+~~ .25% of the applicant's
13 gross revenue to a duly organized Detroit-based tax-exempt charitable
14 organization that operates within the community where the applicant's
15 facility or establishment is located, or to the a fund ~~that may be~~ established
16 by the City of Detroit for the purpose of funding social equity initiatives,
17 and substance use prevention programs.

18 (15) ~~Whether the applicant is a current or former medical marijuana facility or adult-use~~
19 ~~establishment state operating license holder, licensing history, and any violation~~
20 ~~history pertaining to operation of the medical marijuana facility or adult-use~~
21 ~~establishment~~ For limited license applications pursuant to Section 20-6-38, a
22 statement detailing the applicant's current and past community leadership roles,
23 volunteer activities, and business operation history in the City in the past five years;

1 (16) A copy of the applicant's prequalification received from the State of Michigan
2 Marijuana Cannabis Regulatory Agency.

3 (b) An applicant for a marijuana event organizer license or a temporary marijuana
4 event license shall file an application with the Department electronically upon a form provided by
5 the Department. An application for a temporary marijuana event must be submitted at least 90 days
6 prior to the event. The application shall include the following information, as applicable:

7 (1) The name, age, home address, business address, principal telephone number and
8 email address of the applicant;

9 (2) A signed release authorizing the Detroit Police Department to perform criminal
10 background checks on the applicant, and, in the case of an entity applicant, all
11 individuals identified as ~~part of the ownership~~ direct or indirect owners of the entity;

12 (3) A copy of the applicant's government issued identification;

13 (4) If the applicant is an organized legal entity: the name, home address, telephone
14 number and email of all direct and indirect owners, directors, members, managers,
15 officers, partners, shareholders, and the registered agent, and the entity's bylaws,
16 operating agreement, or other organizational documents indicating the ownership
17 structure;

18 (5) The address of the privately owned property and/or building proposed to be used
19 for the temporary marijuana event;

20 (6) A certificate of occupancy and certificate of compliance for the building, or
21 drawing of the outdoor site proposed to be used for the temporary marijuana event;

22 (7) A description of the temporary marijuana event including dates and proposed hours
23 of operation;

1 (8) Income tax clearances for the applicant and for each individual individuals
2 described in Subsection (b)(4) of this section, or a sworn statement from ~~the named~~
3 each of such individuals attesting that no income was made in the City of Detroit,
4 from any source, which would require the individual to file a city income tax return;

5 (9) Property tax clearance for the proposed location;

6 (10) Blight clearance for the proposed location;

7 (11) A deed, lease, or other document evidencing site control of the proposed location;

8 (12) A signed release acknowledging that the City will investigate the income and
9 property tax status of the applicant, its owners, directors, officers, members,
10 managers, partners, shareholders, employees and any medical marijuana facilities
11 or adult-use marijuana establishments related to any of the individuals, and that any
12 outstanding taxes, fines, or fees will be paid prior to a license being issued under
13 this article;

14 (13) A statement attesting that the applicant will cooperate with law enforcement during
15 the temporary marijuana event, and in any enforcement action taken as a result of
16 the temporary marijuana event; and

17 (14) For a marijuana event organizer, a copy of the applicant's prequalification from the
18 State of Michigan ~~Marijuana~~ Cannabis Regulatory Agency.

19 (c) The MLRC shall provide a recommendation of approval or denial of a temporary
20 marijuana event, and all submitted materials to the Detroit City Council. The Detroit City Council
21 must approve a temporary marijuana event before a ~~permit~~ temporary marijuana event license is
22 issued by the Department and may add conditions of approval.

(d) Property owners seeking a co-location license for a building where more than one medical marijuana facility or adult-use marijuana establishment is located, and at least one is operated by a licensee other than the property owner, shall file an application with the Department electronically upon a form provided by the Department. The application shall include the following information:

(1) A deed, lease, or other document evidencing site control of the proposed location

(+2) A copy of the conditional land use grant or grants approving the co-located uses;

(23) A copy of each state operating license associated with the site;

(34) Property tax clearance for the proposed location;

(45) Income tax clearance for each person who has whole or partial ownership of the proposed location; ~~A copy of City of Detroit income tax returns for the previous three years for each individual who has whole or partial ownership of the entity; or, a sworn statement attesting that no income was made in the City of Detroit requiring the individual to file a city income tax return.~~

(56) Blight clearance for the proposed location;

(67) Certificate of occupancy or certificate of compliance for all permitted uses;

(78) A sworn statement attesting that the property owner will ensure all permitted uses at the site hold a state operating license and a license under this article before commencing operation; and

(79) A sworn statement attesting that the property owner will cooperate with law enforcement in addressing alleged criminal activity at the site.

Sec. 20-6-37. Fees.[REPEALED]

1 ~~(a) — A nonrefundable application fee shall be paid upon filing the application. The~~
2 ~~application fee shall be in an amount established from time to time by the Director of the~~
3 ~~Department and shall be approved by resolution of the City Council. The fee shall be intended to~~
4 ~~defray direct and indirect costs incurred by the City in processing the license application and may~~
5 ~~be different for each license type. The fee shall be posted on a schedule in the Department.~~

6 ~~(b) — The application fee for a Detroit legacy applicant shall be 1% of the fee~~
7 ~~established in accordance with Subsection (a) of this section.~~

8 ~~(b) — A nonrefundable license fee shall be paid prior to issuance of a license and upon~~
9 ~~applying for renewal. The license fee shall be in an amount established from time to time by the~~
10 ~~Director of the Department and shall be approved by resolution of the City Council. The fee shall~~
11 ~~be intended to defray direct and indirect costs incurred by the City to process and monitor licensed~~
12 ~~facilities and establishments and may be different for each license type. The fee shall be posted on~~
13 ~~a schedule in the Department.~~

14 ~~(d) — For the first year of licensure, the license fee for a Detroit legacy applicant shall~~
15 ~~be 1% of the fee established in accordance with Subsection (c) of this section. For the second~~
16 ~~year of licensure, the license fee for a Detroit Legacy licensee shall be 25% of the fee established~~
17 ~~in accordance with Subsection (c) of this section, and for all subsequent years of licensure, the full~~
18 ~~fee shall apply.~~

19 ~~(e) — A nonrefundable fee shall be paid prior to issuance of a provisional certificate. The~~
20 ~~fee shall be in an amount established from time to time by the Director of the Department, shall~~
21 ~~be no more than the fee for the first year of licensure of a Detroit Legacy applicant, and shall be~~
22 ~~approved by resolution of the City Council. The fee shall be intended to defray direct and indirect~~

costs incurred by the City to process and monitor provisional certificates. The fee shall be posted on a schedule in the Department.

~~(c) — A nonrefundable application fee shall be charged for the processing and certification, or renewal of a Detroit legacy applicant or licensee in accordance with Section 20-6-32 of this Code. The fee shall be intended to defray direct and indirect costs incurred by the City in processing the certification application. The certification fee shall be in an amount established from time to time by the Director of the Civil Rights, Inclusion, and Opportunity Department and shall be approved by resolution of the City Council. The fee shall be posted on a schedule in the Civil Rights, Inclusion, and Opportunity Department.~~

Sec. 20-6-38. 20-6-37. Application review Licensing process for unlimited licenses.

(a) ~~For each~~ Upon receipt of a new license application or renewal of for a medical or adult use grower, medical or adult use processor, medical or adult use secured transporter, and medical or adult use safety compliance facility; adult- use marijuana event organizer; or adult-use temporary marijuana event medical marijuana facility or adult-use marijuana establishment license submitted under this article, the Department will confirm whether the application is complete, and that the application fee has been paid. The Department may reject any application that contains insufficient information and may deny an application for failure to pay the application fee.

(b) Upon receipt of a complete application of the materials required under Section 20-6-36 of this Code, the Department will forward the application materials to the MLRC for review and a recommendation.

(c) The MLRC shall consider the information submitted by the applicant, and the requisite departments before providing a recommendation to the Department, or to the Detroit City Council in the case of a temporary marijuana event license.

1 (d) Upon receipt of a ~~favorable~~ recommendation from the MLRC, or the approval of
2 Detroit City Council in the case of a temporary marijuana event license, the Department may issue
3 the license in the manner required by this article.

4 (e) The applicant shall pay the license fee prior to receiving a license.

5 **Sec. 20-6-38. Licensing process for limited licenses.**

6 (a) The City may award up to 50 adult-use retailer licenses, 50 adult-use retailer Equity
7 licenses, 15 microbusiness licenses, 15 microbusiness equity licenses, 15 designated consumption
8 establishment licenses, and 15 designated consumption establishment equity licenses in the
9 following manner:

10 (1) The City shall establish three 30-day periods of for taking applications for limited
11 licenses other than medical marijuana provisioning center licenses under this
12 section. Each of such three 30-day periods shall be separated by a period of at least
13 120 days. CRIO shall make its recommendation for the timing of each of such three
14 30-day application periods to the City Council, whose approval shall be required
15 prior to the commencement of such application periods. Following each of such
16 three application periods the City may issue up to the following number of licenses
17 to qualified applicants who applied for the corresponding licenses during such
18 period:

19 (i) 20 adult-use retailer licenses following the first application period, and 15
20 adult-use retailer licenses following each of the second and third
21 application periods;

1 (ii) 20 adult-use equity retailer licenses following the first application period,
2 and 15 adult-use retailer equity licenses following each of the second and
3 third application periods;

4 (iii) 5 microbusiness licenses;

5 (iv) 5 microbusiness equity licenses;

6 (v) 5 designated consumption establishment licenses; and

7 (vi) 5 designated consumption establishment equity licenses.

8 After the conclusion of the foregoing initial three 30-day application periods, as
9 one of more limited licenses may be or become available, the City may thereafter
10 establish one or more 30-day periods for taking applications for limited licenses
11 other than medical marijuana provisioning center licenses under this section. CRIO
12 shall make its recommendation for the timing of each of such 30-day application
13 period and the number and type of limited licenses to be issued following such
14 application period to the Detroit City Council, whose approval shall be required
15 prior to the commencement of such application period.

16 (2) Applicants shall submit a license application with the required materials as set forth
17 in Section 20-6-36 of this article;

18 (3) A license may not be awarded to an applicant if such applicant or any direct or
19 indirect owner of such applicant is also a direct or indirect owner of (i) any other
20 applicant applying for a license of the same type under this section, or (ii) any
21 licensee that is the holder of a license of the same type under this section.

22 (4) A non-equity license may not be awarded to an applicant if such applicant or any
23 direct or indirect owner of such applicant is also a direct or indirect owner of any

other applicant applying for an equity license or any licensee that is the holder of an equity license.

(5) After the application period, the MLRC shall evaluate submitted applications in accordance with the following criteria and shall award the applicant the number of points listed below for each category or sub-category satisfactorily completed by the applicant, as applicable:

<u>Non-Equity License Application</u>		<u>Equity License Application</u>
<u>Eligibility</u>		
<u>Anyone</u>		<u>Equity Applicants</u>
<u>General Scoring Criteria (100 points)</u>		
<u>Business Plan</u>		
<u>Operations</u>	<u>5</u>	<u>Operations</u>
<u>Waste Management</u>	<u>5</u>	<u>Waste Management</u>
<u>Safety and Nuisance Mitigation</u>	<u>5</u>	<u>Safety and Nuisance Mitigation</u>
<u>Training</u>	<u>5</u>	<u>Training</u>
<u>Security Plan</u>	<u>5</u>	<u>Security Plan</u>
<u>Site Control</u>		
<u>Unexpired conditional land use approval</u>	<u>5</u>	<u>Unexpired conditional land use approval</u>
<u>Obtained all building permits</u>	<u>5</u>	<u>Obtained all building permits</u>
<u>Obtained Certificate of Occupancy or Certificate of Compliance for permitted use</u>	<u>15</u>	<u>Obtained Certificate of Occupancy or Certificate of Compliance for permitted use</u>
<u>Due Diligence</u>		
<u>MRTMA Entity Prequalification</u>	<u>5</u>	<u>MRTMA Entity Prequalification</u>
<u>Income Tax Clearance</u>	<u>5</u>	<u>Income Tax Clearance</u>
<u>Property tax Clearance</u>	<u>5</u>	<u>Property tax Clearance</u>

<u>Blight Clearance</u>	<u>5</u>	<u>Blight Clearance</u>	
<u>No history of illegal operation or existing violations</u>	<u>5</u>	<u>No history of illegal operation or existing violations</u>	
<u>Community Investment</u>			
<u>Complete a “Good Neighbor Plan”</u>	<u>10</u>	<u>Complete a “Good Neighbor Plan”</u>	
<u>Leadership roles in duly established and licensed (if applicable) Detroit-based businesses, nonprofits, religious organizations, educational institutions, philanthropic organizations, community block clubs or neighborhood associations during the previous five 5 years</u>	<u>15</u>	<u>Leadership roles in duly established and licensed (if applicable) Detroit-based businesses, nonprofits, religious organizations, educational institutions, philanthropic organizations, community block clubs or neighborhood associations during the previous five 5 years</u>	
<u>Social Equity Scoring Criteria (27 points Maximum)</u>			
<u>Sell real property that is properly zoned and licensable for an adult-use marijuana establishment to an equity applicant within 2 years prior to applying for licensure for less than 50% of the real property’s appraised fair market value;</u>	<u>OR, form a joint venture with an equity applicant where the equity applicant owns and controls 41-50% of applicant equity</u>	<u>25</u>	<u>According to the 2019 American Community Survey 5-year estimates published by the United States Census Bureau, Equity applicant’s primary residence is in a disproportionately impacted community where at least 35% of the population lives below the federal poverty level</u>
<u>Lease licensable, habitable space to an equity applicant at a properly zoned property (does not have to be the same property for which the non-equity applicant is seeking licensure) for at least 20 years and at a rate not exceeding 50% of the average market rent for similar commercial</u>	<u>OR, form a joint venture with an equity applicant where the equity applicant owns and controls 31 – 40% of applicant equity</u>	<u>15</u>	<u>According to the 2019 American Community Survey 5-year estimates published by the United States Census Bureau, Equity applicant’s primary residence is in a disproportionately impacted community where at least 30% of the population lives below the federal poverty level</u>

<u>or industrial properties in Detroit;</u>			
<u>Lease licensable, habitable space to an equity applicant at a properly zoned property (does not have to be the same property for which the non-equity applicant is seeking licensure) for at least 10 years and at a rate not exceeding 60% of the average market rent for similar commercial or industrial properties in Detroit;</u>	<u>OR, form a joint venture with an equity applicant where the equity applicant owns and controls 20 – 30% of applicant equity</u>	<u>5</u>	<u>According to the 2019 American Community Survey 5-year estimates published by the United States Census Bureau, Equity applicant’s primary residence is in a disproportionately impacted community where at least 20% of the population lives below the federal poverty level</u>
<u>Joined the Michigan Joint Ventures Pathway Program</u>	<u>1</u>	<u>Joined the Michigan Joint Ventures Pathway Program</u>	
<u>Commit to publishing applicant’s Social Equity Plan on State’s website</u>	<u>1</u>	<u>Commit to publishing applicant’s Social Equity Plan on State’s website</u>	
<u>Qualified Applicant Lottery: Licenses shall be granted in order of applicant scores, with tiebreaker lotteries used for applicants who (1) have received the same score and (2) have earned a minimum of 100 points of the General Scoring Criteria and a minimum of 5 points of the Social Equity Scoring Criteria.</u>			

(b) After the license applications have been reviewed and scored by an independent third party to be determined, the MLRC will recommended the highest scoring applications, subject to the numerical caps and the potential lottery set forth in this article, to the Department, and the Department may issue licenses in the manner required by this article.

(c) The applicant shall pay the license fee prior to receiving a license.

1 (d) Notwithstanding the numerical cap set forth in Section 20-6-34, from and after the
2 effective date of this ordinance, the City shall not issue any new medical marijuana provisioning
3 center licenses under this article. The foregoing shall not prohibit renewal of any unexpired
4 medical marijuana provisioning center licenses, or the approval of license applications for medical
5 marijuana provisioning centers submitted to the Department as of the effective date of this
6 ordinance, subject to the numerical cap set forth in Section 20-6-34.

7 (e) Commencing on January 1, 2027, any licensees that are holders of one or more
8 licenses to operate a medical marijuana provisioning center in accordance with this article and
9 which have been the holder of such licenses since prior to the effective date of this ordinance, may
10 apply for an adult use retailer license by submitting a license application with the required
11 materials as set forth in Section 20-6-36 of this article.

12 (1) Upon receipt of a complete application of the materials required under Section 20-
13 6-36 of this Code, the Department will forward the application materials to the
14 MLRC for review, independent third party scoring, and a recommendation.

15 (2) The MLRC shall consider the information submitted by the applicant, and the
16 requisite departments before providing a recommendation to the Department.

17 (3) Upon receipt of a recommendation from the MLRC, the Department may issue the
18 license in the manner required by this article.

19 (4) A license may not be issued to an applicant under this subsection if such applicant
20 or any direct or indirect owner of such applicant is also a direct or indirect owner
21 of any licensee that is the holder of an adult-use retailer license under this article.

22 (5) The applicant shall pay the license fee prior to receiving an adult-use retailer
23 license.

1 (f) Notwithstanding the requirements of Sec. 20-6-26(a), in any application period
2 after the first one authorized by Sec. 20-6-38(a)(1), the Department may accept applications under
3 this section from applicants that do not meet the requirements of Sec. 20-6-36(a)(5), Sec. 20-6-
4 36(a)(9), Sec. 20-6-36(a)(10), Sec. 20-6-36(a)(11), and Sec. 20-6-36(a)(12) of this article, and
5 consider them complete for the purpose of this subsection(f). The application shall provide for the
6 applicant to designate that the application is submitted pursuant to this subsection, and the City
7 may award provisional certificates as follows:

8 (1) If the number of applicants submitting complete applications for any type of limited
9 licenses available in any application period following the first one provided by
10 Section 20-6-38(a)(1) and who have obtained an unexpired conditional land use
11 approval, a Certificate of Occupancy or a Certificate of Compliance for a proposed
12 location, is less than the number of limited licenses of that type available in such
13 application period, the City may issue a number of provisional certificates to
14 applicants for such limited license type, equal to the number of licenses that are
15 available in such application period minus the number of licenses to be awarded to
16 applicants that have obtained an unexpired conditional land use approval, a
17 Certificate of Occupancy or a Certificate of Compliance for a proposed location;

18 (2) Provisional certificates may only be awarded to applicants for limited licenses that
19 meet all the requirements of this article, other than those set forth in Sec. 20-6-
20 36(a)(5), Sec. 20-6-36(a)(9), Sec. 20-6-36(a)(10), Sec. 20-6-36(a)(11), and Sec. 20-
21 6-36(a)(12) of this article;

22 (3) Provisional certificates may be granted up to the number available pursuant to this
23 section in order of applicant scores with tiebreaker lotteries used for applicants who

1 (A) have received the same score and (B) have earned a minimum of 75 points of
2 the General Scoring Criteria excluding the Site Control criteria, and a minimum of
3 5 points of the Social Equity Scoring Criteria;

4 (4) Upon receipt of a provisional certificate, a holder shall have a period of eighteen
5 months to meet the requirements of Sec. 20-6-36(a)(5), Sec. 20-6-36(a)(9), Sec. 20-
6 6-36(a)(10), Sec. 20-6-36(a)(11), and Sec. 20-6-36(a)(12) for the adult-use
7 marijuana establishment corresponding to the type of limited license for which the
8 provisional certificate holder applied;

9 (5) The provisional certificate holder shall submit a complete application for a license,
10 including the requirements of Sec. 20-6-36(a)(5), Sec. 20-6-36(a)(9), Sec. 20-6-
11 36(a)(10), Sec. 20-6-36(a)(11), and Sec. 20-6-36(a)(12) to the Department within
12 18 months of being granted the provisional certificate;

13 (6) Upon receipt, the Department will forward the application materials to the MLRC
14 for review and a recommendation. Upon receipt of a recommendation from the
15 MLRC, the Department may issue the license in the manner required by this article;

16 (7) The provisional certificate holder shall pay the license fee and surrender its
17 provisional certificate prior to receiving a license;

18 (8) If the provisional certificate holder has not secured a licensed within eighteen
19 months of receipt, the provisional certificate shall expire and be of no further force
20 or effect, and such applicant shall thereafter not be entitled to receive a license
21 pursuant to this subsection (f);

22 (9) A provisional certificate awarded hereunder is not a license and does not permit a
23 holder to operate an adult-use marijuana establishment. A provisional certificate

holder may not commence operations until it has received a full license under this article and a state operating license;

(10) A license may not be issued to an applicant under this subsection, if such applicant or any direct or indirect owner of such applicant is also a direct or indirect owner of any licensee that is the holder of a license or a provisional certificate of the same type under this article;

(11) While any number of provisional certificates are outstanding and are in full force and effect, the City shall reserve and may not issue the number of limited licenses of the corresponding type for which provisional certificates are issued in accordance with the numerical cap contained in Section 20-6-34 and subsection (a)(1) of this section.

Sec. 20-6-39. Inspections, investigations, review of materials submitted.

(a) Upon application and before a license under this article is issued for a medical marijuana facility or an adult-use marijuana establishment, the application shall be referred to appropriate departments of the City, for respective reports to be provided to the MLRC on compliance with this Code and state law, rules and regulations, including the following:

(1) *Zoning.* The medical marijuana facility or adult-use marijuana establishment shall meet applicable requirements of the Detroit Zoning Ordinance, being Chapter 50 of this Code. For purposes of this article, license applicants for adult-use marijuana establishments, excluding temporary marijuana events, shall be deemed to have appropriate met the applicable zoning requirements if the property ~~is zoned properly~~ has a conditional land use approval grant for an equivalent license under the MMFLA ~~or as set forth in Subsections (13), (14) and (15) of Section 20-6-36;~~

- 1 (2) *Building and Property Maintenance Codes.* The medical marijuana facility or
2 adult-use marijuana establishment shall meet applicable requirements of the Stille-
3 DeRossett-Hale Single State Construction Code Act, being MCL 125.1501 *et seq.*,
4 and the Property Maintenance Code, being Chapter 8, Article XV of this Code;
- 5 (3) A property that is the designated location and subject of an application for a
6 business license for a temporary marijuana event shall have a certificate of
7 occupancy, a certificate of compliance, and no outstanding blight violations,
8 inspection fees, or property taxes;
- 9 (4) *Fire protection and safety.* The medical marijuana facility or adult-use marijuana
10 establishment shall meet applicable requirements of the Detroit Fire Prevention and
11 Protection Code, being Chapter 18, Article I of this Code;
- 12 (5) *Plumbing.* The medical marijuana facility or adult-use marijuana establishment
13 shall meet applicable requirements of the Stille-DeRossett-Hale Single State
14 Construction Code Act, being MCL 125.1501 *et seq.*, and the Michigan Plumbing
15 Code, being Chapter 8, Article V of this Code;
- 16 (6) *Ventilation.* Proper ventilation, either natural or mechanical, shall be provided so
17 that each person within a medical marijuana facility or adult-use marijuana
18 establishment will be supplied with 1,200 cubic feet of air per hour, or as required
19 by applicable state code, whichever is greater;
- 20 (7) *Lighting.* The medical marijuana facility or adult-use marijuana establishment shall
21 have adequate lighting in every part of the premises in compliance with applicable
22 requirements of the Michigan Electrical Code, being Chapter 8, Article III, of this
23 Code;

1 (8) *Health and sanitation.* All rooms within a medical marijuana facility or adult-use
2 marijuana establishment housing toilet facilities shall be equipped with sanitary
3 towels of a type acceptable to the Health Department. All rooms within the
4 premises shall meet the requirements of the Michigan Public Health Code, being
5 MCL 333.1101 *et seq.*, including those concerning food preparation and sanitation.

6 (b) A license shall not be issued or renewed until satisfactory inspections and reviews
7 are completed by the departments delineated in Subsection (a) of this section, and written reports
8 are issued indicating that the applicant complies with the requirements of this section.

9 (c) A licensee that is the holder of a limited license shall notify CRIO within 30 days
10 if the licensee does not maintain the social equity criteria for which it received points on its license
11 application.

12 ~~(e) — In addition to the inspections required above, upon application and before any~~
13 ~~license under this article is issued for a medical marijuana facility or adult-use marijuana~~
14 ~~establishment, including provisional certificates and marijuana event organizer license~~
15 ~~applications, the application shall be referred to the City's Police Department and Finance~~
16 ~~Department for respective reports on compliance with the following:~~

17 ~~(1) — The Police Department shall complete criminal background checks on all~~
18 ~~individuals who are part of the ownership entity;~~

19 ~~(2) — The Finance Department shall cause an investigation to be completed to determine~~
20 ~~whether any property or income taxes, special assessments, fines, fees or other~~
21 ~~financial obligations to the City are unpaid, outstanding and/or delinquent at the~~
22 ~~licensed location or from the applicant, its owners, directors, officers, members,~~
23 ~~managers, partners, and shareholders.~~

~~(d) — A license shall not be issued or renewed under this article until satisfactory inspections and reviews are completed by the departments delineated in Subsection (c) of this section. A license shall not be issued or renewed by the Department until both of the following have occurred: (1) the Police Department provides written confirmation that all individuals who are part of the ownership entity do not have any felony convictions related to violent crimes, fraud, embezzlement or dishonesty; and (2) the Finance Department provides written confirmation that all individuals making up the ownership entity are not in arrears for any property or income taxes, special assessments, fines, fees or other financial obligations to the City.~~

~~(e) — If the applicant is a current or former licensee, the MLRC shall consider the applicant's operational history, experience, and taxpaying history~~

~~(f) — The MLRC shall also take social equity considerations into account when recommending approval or denial of an adult-use license, including, but not limited to:~~

~~(1) — Whether the applicant intends to ensure that at least 50% of its employees are Detroit residents, especially those Detroit residents who are veterans, low income as defined in Section 20-6-2 of this Code, and/or have a prior controlled substance record as defined in Section 20-6-2, and that the jobs provided pay at least \$15 an hour;~~

~~(2) — Whether an applicant for a grower or processor license intends to supply businesses owned by Detroit legacy licensees; and~~

~~(3) — The applicant's Good Neighbor Plan submitted in accordance with Section 20-6-36(a)(19).~~

Sec. 20-6-40. Operating requirements.

A medical marijuana facility or adult-use marijuana establishment licensed under this article shall be subject to the following conditions:

- (1) Compliance with the requirements of this Code, and all applicable state ~~and federal~~ laws;
- (2) Compliance with the provisions of the MMFLA or the MRTMA;
- (3) Medical marijuana facilities and adult-use marijuana establishments must obtain all necessary state and local licenses before commencing operations and shall always maintain a valid state operating license and business license under this article at all times during operation. If a state operating license lapses, is revoked, or is otherwise terminated by the State of Michigan, the related business license granted under this article shall be automatically suspended, and licensee may not operate until it has an active state operating license;
- (4) No persons under the age of 18 may be allowed within any medical marijuana facility or adult-use marijuana establishment, unless the individual is a qualifying patient or accompanied by his/her primary caregiver- parent or documented legal guardian;
- (5) No medical marijuana facility or adult-use marijuana establishment shall permit the sale or dispensing of alcoholic liquor or tobacco for consumption on or off the premises;
- (6) Operating hours for provisioning centers, retailer establishments, and microbusinesses shall not exceed the hours between 9:00 AM and 10:00 PM daily. Designated consumption establishments may operate between 9:00 AM and 2:00 AM daily;
- ~~(7) An adult use marijuana establishment may post signage identifying the location as being a certified Detroit Legacy establishment only if the owner is certified as a~~

1 ~~Detroit legacy licensee. Signs displayed on the exterior and interior of the property,~~
2 ~~shall conform to this Code and applicable state law requirements.~~

3 (7) Public and common areas must be separated from restricted and non-public areas
4 by a permanent opaque barrier that cannot be accessed by individuals not approved
5 as personnel.

6 **Sec. 20-6-41. License issuance.**

7 (a) When the application and proposed medical marijuana facility or adult-use
8 marijuana establishment has been reviewed by the MLRC and a recommendation regarding the
9 license, or an approval for a temporary marijuana event license by City Council, is provided to the
10 Department, the Department may issue a license in writing after the license fee is paid. A license
11 that is issued under this article shall be continually posted inside the licensed medical marijuana
12 facility or adult-use marijuana establishment in a conspicuous location near the entrance.

13 (b) Except for a temporary marijuana event permit license, which shall expire ~~when the~~
14 ~~event concludes at the time stated on the state operating license~~, the term of a license issued
15 pursuant to this article shall be not more than one year and shall expire each year on September
16 30. Any application to renew a license shall be made as specified in Sec. 20-6-42.

17 (c) A license issued under this article is nontransferable. A new owner or operator of a
18 licensed business under this article must obtain a new business license in accordance with this
19 article before the City will provide the attestation or other municipal approval required for a
20 transfer by the State of Michigan ~~Marijuana~~ Cannabis Regulatory Agency.

21 (d) If a holder of a limited license under this article desires to relocate its operations to
22 real property other than the real property where the license was approved, then prior to such
23 relocation, the licensee shall submit those documents described in Sec. 20-6-36(a) to the
24 Department, which shall provide the complete file to the MLRC for review. Upon receipt of a

favorable recommendation from the MLRC, and the surrender of the existing limited license to the Department, the Department shall issue a replacement limited license of the same type for the new location. ~~A business owned by a Detroit legacy applicant and licensed under this article shall not be transferred, sold, or conveyed to anyone other than another Detroit legacy applicant for a period of five years from the date of the initial license granted, or the licensee will lose its Detroit legacy status and must re-apply and be approved for a license as a general applicant before operating.~~

Sec. 20-6-42. Renewal of license; notification of deficiency or violation.

(a) At least 120 days prior to the expiration of a license issued under this article, licensees must submit a renewal application electronically on a form to be provided by the Department. The renewal application shall include, but is not limited to:

(1) ~~Changes to the~~ A written statement depicting the ownership structure of the licensee, and the names and addresses of all individuals having a direct or indirect ownership interest in the licensee ~~or an affidavit attesting that no changes have occurred;~~

(2) A copy of the state operating license for the medical marijuana facility, adult-use marijuana establishment, or licensed activity;

(3) For any limited license, documentation of the licensee's continued satisfaction of the social equity scoring criteria for which the licensee received points in its license application.

~~(3) Confirmation that the licensee is still certified as Detroit legacy applicant, if applicable.~~

(4) A copy of the licensee's annual financial statement submitted to the Michigan Marijuana Cannabis Regulatory Agency for the licensing year immediately

1 preceding the year for which licensee is seeking renewal. If the licensee has not
2 been operating long enough to have filed an annual financial statement, the licensee
3 must submit an accounting of its gross revenue for the period of time the licensee
4 has operated a state licensed marijuana business as attested by a certified public
5 accounting firm acceptable to the City.

6 (b) The MLRC shall review and provide a recommendation for all applications for
7 renewal. A license under this article may be renewed by the Department after the MLRC has
8 confirmed the following:

- 9 (1) The licensee has paid all applicable City of Detroit income taxes and property taxes;
- 10 (2) All natural persons who make up the ownership entity have filed City of Detroit
11 income tax returns for the preceding tax year;
- 12 (3) The licensee has paid all fees, fines, or any other financial obligations owing the
13 City of Detroit;
- 14 (4) The licensee holds a valid state operating license, and a current City of Detroit
15 business license for each use permitted at the site;
- 16 (5) There are no outstanding ~~licensing~~ violations from the City of Detroit or State of
17 Michigan pertaining to the operation of the licensed business;
- 18 (6) The licensed premises has a current certificate of compliance from the Department
19 for the permitted use;
- 20 (7) The police department has indicated that no criminal activity that would require a
21 nonrenewal has occurred pertaining to the operation of the licensed business during
22 the license period immediately preceding that for which the renewal license is
23 sought;
- 24 (8) That the licensee has operated as a good corporate citizen with respect for its

surrounding environment, has kept its commitments in its Good Neighbor Plan (as confirmed by financial statements audited by a certified public accounting firm acceptable to the City) and community outreach plan, and has complied with the requirements of this article, and the MMFLA or the MRTMA;

(9) That the licensee continues to satisfy the social equity scoring criteria for which the licensee received points in its license application.

(c) Where there is an existing deficiency of a requirement under this Code or a violation of this article concerning the premises or licensee that can be cured, the licensee shall be notified by the Department or the MLRC and must cure the deficiency before a renewal license is issued. If the deficiency is not cured within 30 days of the licensee being notified, and the license expiration date has passed, the ~~license and~~ renewal application will expire, and a new license application will have to be filed with a new associated fee.

Sec. 20-6-43. License suspension, revocation, or denial of renewal.

(a) A license that is issued under this division may be suspended, revoked, or denied renewal in accordance with this article and Chapter 28 of this Code.

(b) In addition to Subsection (a) of this section, the Department may also suspend, revoke or deny renewal of a license in accordance with the procedures in Chapter 28 of this Code based on any of the following:

(1) A failure to meet the conditions or maintain compliance with the standards established by this article, including, but not limited to failure to submit a timely renewal application in accordance with this article;

(2) One or more uncorrected violations of any City ordinance on the premises;

(3) Maintenance of a nuisance or criminal activity on the premises;

- 1 (4) A demonstrated history of excessive complaints for public safety intervention,
2 which may include dispatches of police, fire, or emergency medical services,
3 relative to the licensed premises, being three or more runs in any 30-day period;
- 4 (5) Non-payment of any property or income taxes, special assessments, fines, fees or
5 other financial obligations to the City;
- 6 (6) Any fraud, misrepresentation or false statement in an application, any materials filed
7 with an application or related to a license, any materials provided in conjunction
8 with and application or license, or any statement related to an application or license
9 made to any City officials or agents;
- 10 (7) Any instance of operating a medical marijuana facility or adult-use marijuana
11 establishment without a license under this article and a state operating license; or
- 12 (8) Any other grounds for suspension, revocation or non-renewal set forth in this Code.

13 **Sec. 20-6-44. Penalty.**

- 14 (a) A person who commits a violation of this article:
- 15 (1) May be subject to a misdemeanor ordinance violation and a fine of not more than
16 \$500.00, in the discretion of the court, for each such offense;
- 17 (2) May be subject to nonrenewal, revocation, or suspension of its business license
18 under this article and Section 28-1-7 of this Code; and
- 19 (3) May be subject to any other sanctions or penalties under applicable laws, rules or
20 regulations, including immediate closure if operating without the required licenses;
- 21 (b) Each day of continued violation shall constitute a separate offense.
- 22
- 23

24 **Sec. 20-6-45. Appeals**

Applicants and licensees under this article may file appeals of adverse determinations under this article with the City of Detroit Administrative Appeals Bureau as set forth in Chapter 3 of this Code, in accordance with its published rules.

Sec. 20-6-46 Inspection by authorized local officials.

For purposes of ensuring compliance with this article, applicants and licensees shall permit authorized local officials to inspect, during regular business hours, any portion of a proposed or operating medical marijuana facility or adult-use marijuana establishment, subject to constitutional restrictions on unreasonable searches and seizures. Where entry is refused or not obtained, the City is authorized to pursue recourse as provided by law, including obtaining a search warrant, and the penalties set forth in Section 20-6-44 of this Code.

Sec. 20-6-47. Social equity initiatives and substance use prevention appropriations.

(a) ~~The Office of Budget is hereby authorized to appropriate \$2,000,000 from prior year fund balance to the Civil Rights, Inclusion, and Opportunity Department to support the initial social equity initiatives and activities performed by the City in accordance with the legislative purposes of this article.~~ Subject to the annual budget process, it is expected that the City's annual budget will contain a \$1,000,000 appropriation to CRIO ~~the Civil Rights, Inclusion, and Opportunity Department~~ to support the ongoing social equity initiatives and activities performed by the City in accordance with the legislative purposes of this article.

(b) Subject to the annual budget approval process, the City's annual budget will contain an appropriation, equal to two percent (2%) of the gross allocation received by the City of Detroit in the previous fiscal year pursuant to M.C.L. 333.27964, to the Detroit Health Department for substance use prevention programming for youth.

Secs. 20-6-48—20-6-80. Reserved.

1 **Section 2.** This ordinance is hereby declared necessary to preserve the public peace, health,
2 safety and welfare of the People of the City of Detroit.

3 **Section 3.** All ordinances, or parts of ordinances, that conflict with this ordinance are
4 repealed.

5 **Section 4.** This ordinance shall become effective on April 18, 2022, after publication by
6 the City Clerk in accordance with Sec. 4-118 of the 2012 Charter of the City of Detroit.

Approved as to form:



Charles Raimi,
Deputy Corporation Counsel