

**SUBSTITUTE FOR
SENATE BILL NO. 599**

A bill to authorize certain activities involving industrial hemp and certain consumable hemp products; to require the licensing of certain people; to provide for the sampling and testing of certain consumable hemp products; to establish labeling requirements for certain consumable hemp products; to provide for the collection of fees; to provide for the powers and duties of certain state governmental officers and entities; to create certain funds; to require the promulgation of rules; to prohibit certain acts and prescribe civil sanctions and penalties; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER I

GENERAL PROVISIONS



RMH

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1 Sec. 101. This act may be cited as the "industrial hemp
2 processing act".

3 Sec. 103. As used in this act:

4 (a) "Agency" means the cannabis regulatory agency.

5 (b) "Applicant" means a person that submits an application for
6 a state license.

7 (c) "Consumable hemp processor" means a person that is
8 licensed under section 201.

9 (d) "Consumable hemp product" means an edible substance,
10 beverage, infused liquid, or similar product that contains a
11 nonintoxicating cannabinoid and is intended for human or animal
12 consumption, ingestion, or inhalation. Consumable hemp product is
13 not considered a food under the food law, 2000 PA 92, MCL 289.1101
14 to 289.8111, and does not include a product that contains
15 industrial hemp seed or an industrial hemp seed-derived ingredient.

16 (e) "Converted cannabinoid" means a cannabinoid that is
17 converted from a different cannabinoid using a chemical reaction.
18 Converted cannabinoid does not include a cannabinoid that is
19 created through decarboxylation of a naturally occurring acidic
20 form of a cannabinoid into the corresponding neutral cannabinoid
21 through the use of heat or light, or both, if the following
22 requirements are met:

23 (i) No chemical reagents or catalysts are used to produce the
24 cannabinoid.

25 (ii) No other chemical change occurs.

26 (f) "Dwelling" means a structure that is used for residential
27 purposes.

28 (g) "Fund" means the consumable hemp product fund created in
29 section 407.



(h) "Industrial hemp" means that term as defined in section 3 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27953.

(i) "Intoxicating cannabinoids" means a cannabinoid listed in section 305(2).

(j) "Key participant" means a person that has a direct or indirect financial interest in the person or business that produces a consumable hemp product or a person in a corporate entity at an executive level that is regularly responsible for decision making that impacts the production of a consumable hemp product. A key participant includes, but is not limited to, any of the following:

(i) For a sole proprietorship, a sole proprietor.

(ii) For a partnership, a partner.

(iii) For a corporation, an individual with executive managerial control, including, but not limited to, a chief executive officer, a chief operating officer, or a chief financial officer.

(k) "Licensee" means a person that holds a state license.

(l) "Nonintoxicating cannabinoids" means a cannabinoid listed in section 305(1).

(m) "Person" means an individual, partnership, corporation, association, or other legal entity.

(n) "Potentially intoxicating cannabinoids" means a cannabinoid listed in section 305(3).

(o) "Process" or "processing" means to separate or otherwise prepare parts of an industrial hemp plant and compound, blend, extract, infuse, or otherwise make or prepare a consumable hemp product.

(p) "State license" means a license granted under chapter II.

(q) "THC" means that term as defined in section 3 of the



Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL
333.27953.

CHAPTER II

APPLICATIONS AND LICENSES

Sec. 201. (1) A person shall not process a consumable hemp
product unless the person is granted a state license under this
act.

(2) To apply for a state license, a person shall submit an
application on a form and in a manner as prescribed by the agency.
An applicant shall include with an application the following
information:

(a) The applicant's full name, date of birth, mailing address,
telephone number, Social Security number, and email address. If the
applicant is not an individual, the application must include the
EIN number and the full name of each key participant, including
each key participant's date of birth, title, and email address.

(b) The address and legal description of each building or
other location where the applicant will process consumable hemp
products.

(3) The agency shall grant an applicant a state license if all
of the following conditions are met:

(a) The applicant submits a completed application under this
section.

(b) The applicant meets the qualifications for a state
license.

(c) The applicant pays the applicable fee under section 405.

(4) A person does not need a state license under this section
if the person is engaged in the processing of only industrial hemp
products that are not intended for human consumption.



1 Sec. 203. (1) A state license is valid for 1 year beginning on
2 December 1 and expiring at midnight on the following November 30,
3 except that an initial state license expires at midnight on
4 November 30 in the year in which the state license is granted.

5 (2) To renew a state license, the licensee must submit an
6 application on a form and in a manner prescribed by the agency no
7 later than November 30. If a licensee does not renew a state
8 license by November 30, the licensee may renew the state license
9 within 60 days after November 30. A licensee that renews a state
10 license within this 60-day period must pay a late fee of \$250.00 in
11 addition to any other applicable fee required under section 405.
12 The applicant may continue to operate under the state license
13 during the 60-day time period. If a licensee does not renew a state
14 license within the 60-day time period, the state license is void. A
15 late fee collected under this subsection must be deposited into the
16 fund.

17 (3) Information submitted by an applicant to the agency is
18 exempt from disclosure under the freedom of information act, 1976
19 PA 442, MCL 15.231 to 15.246.

20 (4) A state license is nontransferable and nonrefundable.

21 Sec. 205. (1) The agency shall approve or deny an application
22 for a state license within a reasonable amount of time that does
23 not otherwise result in a delay in the processing of an
24 application.

25 (2) The agency shall deny an application for a state license
26 if any of the following apply:

27 (a) The application is incomplete.

28 (b) If the applicant is an individual, the applicant is under
29 the age of 18.



1 (c) The applicant's buildings or locations disclosed on an
2 application submitted under this chapter are dwellings or are not
3 located in this state.

4 (d) The applicant has not demonstrated, as determined by the
5 agency, a willingness to comply with this act or the rules
6 promulgated under this act.

7 (e) The applicant has unpaid fees or civil fines owed to this
8 state under this act.

9 (f) The applicant has made a false statement or
10 representation, as determined by the agency, to the agency or a law
11 enforcement agency.

12 (3) If the agency denies an application because the
13 application is incomplete, the agency shall notify the applicant of
14 the denial not later than 120 days after determining the
15 application is incomplete by letter or email. The notice must state
16 the deficiency and request additional information.

17 Sec. 207. The agency shall issue a document to a licensee that
18 evidences the granting of a state license. A licensee shall display
19 a copy of that document prominently in all buildings or locations
20 disclosed on an application submitted under this chapter.

21 Sec. 209. If the agency denies an application for a state
22 license, the applicant may appeal the denial by submitting a
23 written request for a hearing to the agency. The applicant must
24 submit the request to the agency not more than 21 days after the
25 date stated on the denial. The agency shall conduct a hearing
26 requested under this section in accordance with the administrative
27 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

28 Sec. 211. (1) To modify a site location listed in an
29 application submitted under this chapter, the licensee shall do



1 both of the following:

2 (a) Submit a site location modification request on a form and
3 in a manner prescribed by the agency.

4 (b) Pay the required fee under section 405.

5 (2) The agency shall approve a site location modification
6 request only if all of the following conditions are met:

7 (a) The new site or modified site is located within this
8 state.

9 (b) The new site or modified site complies with requirements
10 specified in rules promulgated under this act.

11 (c) The licensee pays the site location modification fee under
12 section 405 in full.

13 CHAPTER III

14 CONSUMABLE HEMP PROCESSORS

15 Sec. 301. (1) A consumable hemp processor may process,
16 package, transport, distribute, or sell consumable hemp products in
17 accordance with this act.

18 (2) A consumable hemp processor shall do all of the following:

19 (a) Comply with all applicable state and federal laws and
20 regulations.

21 (b) Except as otherwise provided in subsection (5), destroy
22 any intoxicating cannabinoid that is created or otherwise results
23 from processing a consumable hemp product.

24 (c) Test all consumable hemp products in accordance with the
25 rules promulgated under this act.

26 (d) Provide an invoice for the sale of industrial hemp. An
27 invoice described under this subdivision must be maintained for not
28 less than 3 years and made available to the agency on request.

29 (3) A consumable hemp processor shall not purchase a converted



cannabinoid for use in processing a consumable hemp product.

(4) Except as otherwise provided under the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967; the medical marihuana facilities licensing act, 2016 PA 281, MCL 333.27101 to 333.27801; and the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430, a person shall not do any of the following:

(a) Process, sell, or otherwise transfer a product that contains an intoxicating or potentially intoxicating cannabinoid.

(b) Process, sell, or otherwise transfer an intoxicating or potentially intoxicating cannabinoid.

(c) Process, sell, or otherwise transfer a product that contains a converted cannabinoid.

(d) Process, sell, or otherwise transfer a converted cannabinoid.

(5) A consumable hemp processor that is also licensed as a marihuana processor under the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27951 to 333.27967, is not required to destroy an intoxicating cannabinoid that is created or otherwise results from processing a consumable hemp product.

Sec. 303. (1) A person may sell a consumable hemp product in this state with or without a state license if the consumable hemp product is processed by and obtained from a consumable hemp processor.

(2) A consumable hemp product sold in this state must not be sold in a package that is attractive to minors, must meet the requirements specified in rules promulgated under this act, and must have a label that meets all of the following requirements:

(a) Contain the following statements in bold capital letters:



1 (i) "THIS PRODUCT HAS NOT BEEN EVALUATED BY THE FOOD AND DRUG
2 ADMINISTRATION AND IS NOT INTENDED TO DIAGNOSE, TREAT, CURE, OR
3 PREVENT ANY DISEASE."

4 (ii) "KEEP OUT OF REACH OF CHILDREN."

5 (b) Not contain any medical claims.

6 (c) List the net weight.

7 (d) List all of the ingredients.

8 Sec. 305. (1) Nonintoxicating cannabinoids include all of the
9 following:

10 (a) Full spectrum industrial hemp extract that contains no
11 more than 1.75 milligrams of THC per serving and contains a ratio
12 of cannabidiol to THC of greater than or equal to 15-1.

13 (b) Broad spectrum industrial hemp extract.

14 (c) Cannabidiol.

15 (d) Tetrahydrocannabivarin.

16 (e) Cannabichromene.

17 (f) Cannabicitran.

18 (g) Cannabicyclol.

19 (h) Cannabielsoin.

20 (i) Cannabigerol.

21 (j) Cannabidivarin.

22 (k) Cannabinol.

23 (l) Any other cannabinoid that the agency determines in rules
24 promulgated under this act is nonintoxicating.

25 (2) Intoxicating cannabinoids include all of the following:

26 (a) Delta-9, delta-8, delta-7, delta-10, delta-6a, and delta-
27 10a THC and their isomers.

28 (b) Exo-tetrahydrocannabinol.

29 (c) Metabolites of THC, including 11-hydroxy-THC, 3-hydroxy-



1 THC, or 7-hydroxy-THC.

2 (d) Hydrogenated forms of THC, including hexahydrocannabinol,
3 hexahydrocannabiphorol, and hexahydrocannabihexol.

4 (e) Synthetic forms of THC, including dronabinol.

5 (f) Ester forms of THC, including delta-8 THC-O-acetate,
6 delta-9 THC-O-acetate, and hexahydrocannabinol-O-acetate.

7 (g) Tetrahydrocannabivarin, including delta-8
8 tetrahydrocannabivarin but excluding delta-9
9 tetrahydrocannabivarin.

10 (h) Analogues of tetrahydrocannabinols with an alkyl chain of
11 4 or more carbon atoms, including tetrahydrocannabiphorols,
12 tetrahydrocannabioclyls, tetrahydrocannabihexols, and
13 tetrahydrocannabutols.

14 (i) Any combination of the compounds, including
15 hexahydrocannabiphorol-O-ester, listed above.

16 (j) Any other cannabinoid that the agency determines in rules
17 promulgated under this act is intoxicating.

18 (3) Potentially intoxicating cannabinoids include all of the
19 following:

20 (a) Any cannabinoid that has not been assessed by this state
21 or a federal agency for a safety profile and intoxication profile.

22 (b) A cannabinoid that is not a phytocannabinoid.

23 (c) Any other cannabinoid that the agency determines in rules
24 promulgated under this act is potentially intoxicating.

25 CHAPTER IV

26 ADMINISTRATION

27 Sec. 401. (1) The agency shall promulgate rules to implement
28 this act in accordance with the administrative procedures act of
29 1969, 1969 PA 306, MCL 24.201 to 24.328. The rules must include,



1 but are not limited to, the following:

2 (a) Requirements and procedures for testing consumable hemp
3 products. All consumable hemp products must be tested before being
4 sold or offered for sale in this state. Testing under this
5 subdivision must be conducted by 1 of the following:

6 (i) A marihuana safety compliance facility that is licensed
7 under and meets the requirements of either of the following:

8 (A) The Michigan Regulation and Taxation of Marihuana Act,
9 2018 IL 1, MCL 333.27951 to 333.27967.

10 (B) The medical marihuana facilities licensing act, 2016 PA
11 281, MCL 333.27101 to 333.27801.

12 (ii) A regulatory testing facility that complies with the
13 industrial hemp growers act, 2020 PA 220, MCL 333.29101 to
14 333.29801.

15 (iii) A laboratory in another state that substantially meets the
16 requirements of an entity described under subparagraph (i) or (ii).

17 (b) Requirements and procedures for the agency to request
18 additional sampling and testing of consumable hemp products.

19 (c) Processes for determining whether a cannabinoid is
20 nonintoxicating, intoxicating, or potentially intoxicating, and a
21 list of nonintoxicating, intoxicating, and potentially intoxicating
22 cannabinoids.

23 (d) Requirements for consumable hemp products sold in this
24 state.

25 (2) The agency may promulgate an emergency rule in accordance
26 with section 48 of the administrative procedures act of 1969, 1969
27 PA 306, MCL 24.248, if the agency determines that a cannabinoid is
28 an intoxicating cannabinoid or potentially intoxicating cannabinoid
29 and that consumption of the cannabinoid poses a risk to public



1 health and safety.

2 Sec. 403. (1) The agency shall create an application for use
3 under chapter II.

4 (2) The agency shall maintain an application submitted under
5 chapter II for not less than 5 years.

6 Sec. 405. (1) A licensee shall pay the following fees, as
7 applicable:

8 (a) A state license fee of \$1,350.00.

9 (b) A site location modification fee of \$50.00 for each
10 location modification request form submitted under section 211.

11 (2) A licensee shall pay the fees required under subsection
12 (1) at the time an application is submitted under chapter II. Fees
13 must be paid with a check or money order payable to the agency.

14 (3) Fees collected under subsection (2) must be deposited into
15 the fund.

16 (4) Fees required under this section are nonrefundable and
17 nontransferable.

18 Sec. 407. (1) The consumable hemp product fund is created
19 within the state treasury. The state treasurer may receive fees
20 collected under section 405 or a late fee collected under section
21 203(2) for deposit into the fund. The state treasurer may also
22 receive money or other assets from any other source for deposit
23 into the fund and shall credit to the fund interest and earnings
24 from fund investments.

25 (2) Money in the fund at the close of the fiscal year remains
26 in the fund and does not lapse to the general fund. The agency is
27 the administrator of the fund for auditing purposes.

28 (3) The agency shall expend money from the fund to administer
29 and enforce this act and the rules promulgated under this act.



1 Sec. 409. A political subdivision of this state shall not
2 adopt or enforce a rule, regulation, code, or ordinance that
3 imposes regulatory or licensing requirements on consumable hemp
4 products or consumable hemp processors that are contrary to this
5 act. This section does not prohibit a political subdivision of this
6 state from adopting or enforcing a zoning ordinance that governs
7 the location or land use of facilities engaged in the activities
8 regulated under this act.

9 CHAPTER V

10 VIOLATIONS AND PENALTIES

11 Sec. 501. (1) If a licensee violates a provision of this act
12 or a rule promulgated under this act, the agency may suspend,
13 revoke, or restrict the licensee's state license.

14 (2) If the agency suspends, revokes, or restricts a state
15 license under this section, the agency shall notify the licensee in
16 writing that the state license is suspended, revoked, or
17 restricted.

18 (3) If a state license is suspended, revoked, or restricted
19 under this section, the licensee shall not obtain, process,
20 package, transport, or distribute a consumable hemp product, except
21 as authorized in writing by the agency.

22 (4) Except as otherwise provided in this subsection, the
23 agency may impose a civil fine of not more than \$5,000.00 against
24 an individual and not more than \$10,000.00 against a licensee, for
25 a violation of this act or a rule promulgated under this act.
26 Assessment of a civil fine under this subsection is not a bar to
27 the investigation, arrest, charging, or prosecution of an
28 individual or licensee for any other violation of this act or a
29 rule promulgated under this act and is not grounds to suppress



1 evidence in any criminal prosecution that arises under this act or
2 any other law of this state.

3 Sec. 503. (1) The agency shall schedule a hearing on a
4 suspension, revocation, or restriction of a state license under
5 section 501(1) or the imposition of a civil fine under section
6 501(4) for a date as soon as practicable that is not more than 60
7 days after the date of notification of a state license suspension,
8 revocation, or restriction or the imposition of the civil fine.

9 (2) The agency shall conduct the hearing required under this
10 section in accordance with the administrative procedures act of
11 1969, 1969 PA 306, MCL 24.201 to 24.328.

12 (3) The agency may suspend a state license without notice or
13 hearing on a determination that the public health, safety, or
14 welfare is jeopardized by allowing the licensee to continue to
15 obtain, process, package, transport, or distribute a consumable
16 hemp product. If the agency suspends a state license under this
17 subsection without notice or hearing, a prompt postsuspension
18 hearing must be held to determine if the suspension should remain
19 in effect. The suspension may remain in effect until the agency
20 determines that the cause for suspension has abated. The agency may
21 revoke the state license on a determination that the licensee has
22 not made satisfactory progress toward abating the hazard.

23 (4) The agency may conduct investigative and contested case
24 hearings; issue subpoenas for the attendance of witnesses; issue
25 subpoenas duces tecum for the production of books, ledgers,
26 records, memoranda, electronically retrievable data, and other
27 pertinent documents; and administer oaths and affirmations to
28 witnesses as appropriate to exercise and discharge the powers and
29 duties of the agency under this act. The agency's authorized



1 representative may issue subpoenas and administer oaths and
2 affirmations to witnesses.

3 Sec. 505. A person that violates section 301(4) is guilty as
4 follows:

5 (a) For a first violation, a misdemeanor punishable by a fine
6 of not less than \$10,000.00 or more than \$25,000.00 or imprisonment
7 for not more than 93 days, or both.

8 (b) For a second or subsequent violation, a misdemeanor
9 punishable by a fine of not less than \$10,000.00 or more than
10 \$25,000.00 or imprisonment for not more than 1 year, or both.

11 Enacting section 1. The industrial hemp research and
12 development act, 2014 PA 547, MCL 286.841 to 286.859, is repealed.

13 Enacting section 2. This act does not take effect unless all
14 of the following bills of the 103rd Legislature are enacted into
15 law:

16 (a) Senate Bill No. 600.

17 (b) Senate Bill No. 601.

18 (c) Senate Bill No. 602.