



Legislation Text

File #: 19-2102, Version: 1

Resolution Regarding the Michigan Regulation and Taxation of Marihuana Act “Competitive Process” for Adult Use Retailers, Designated Consumption Establishments, and Microbusinesses
Staff recommends that City Council not establish a “competitive process”, which is referred to in the Michigan Regulation and Taxation of Marihuana Act, for the adult use retailers, designated consumption establishments, and microbusinesses, the operation of which the City ordinance establishes a maximum of 28 to operate in the City of each type. The City has an existing process that was established in 2017 for medical marijuana provisioning centers, which now applies also to adult use retailers, designated consumption establishments, and microbusinesses. Staff have determined that the City’s existing process may constitute a “competitive process” as referred to in the MRTMA.

Reviewed by: Kristen D. Larcom, Senior Assistant City Attorney

Whereas, On November 6, 2018, the Michigan electorate passed an initiative known as the Michigan Regulation and Taxation of Marihuana Act (“MRTMA”), which legalized marijuana for persons who are at least 21 years old and also provided for the following adult use establishments: (1) retailer (business where persons 21 or older may purchase marijuana); (2) designated consumption establishment; (3) microbusiness; (4) grower; (5) secure transporter; (6) processor; and, (7) safety compliance facility.

Whereas, On October 7, 2019, the Ann Arbor City Council determined to allow adult use marijuana establishments to operate in the City as authorized by the MRTMA by passing amendments to Chapter 96 related to City permits for adult use establishments (“the permit ordinance”) and to Chapter 55 related to zoning for adult use establishments (“the zoning ordinance”);

Whereas, The permit ordinance allows for a maximum of 28 retailers, 28 microbusinesses, and 28 designated consumption establishments to obtain a City permit to lawfully operate in the City;

Whereas, The October 7, 2019 permit ordinance and zoning ordinance do not alter an existing process for issuing medical marijuana provisioning center permits that was established after City Council passed ordinance amendments in 2017 to allow for medical marijuana facilities;

Whereas, Therefore the existing process referred to above applies to adult use retailers, microbusinesses, and designated consumption establishments;

Whereas, Section 9.4 of the MRTMA provides that **if** the City’s limit on the number of a particular type of adult use establishment allowed in the City were to prevent the state from issuing a state license for that type of adult use establishment to all businesses that apply for it, **then** the City would be required to use a process that the MRTMA calls a “competitive process” by which the City would decide which state license applicant(s) was/were “best suited to operate in compliance with [the MRTMA]” in the City;”

Whereas, Based on what staff understands at this time and without receiving responses from the

state to inquiries by City staff regarding its practices in issuing state licenses for which the state started accepting applications on November 1, 2019, staff have determined at this time that the City's existing process for issuing permits for adult use retailers, microbusinesses, and designated consumption establishments may constitute a "competitive process" as referred to in the MRTMA; and,

Whereas, Staff recommends that City Council not establish a "competitive process" within the meaning of the MRTMA unless and until it becomes evident that the City's existing process requires supplementation to satisfy the MRTMA;

RESOLVED, That City Council direct the City Administrator to advise City Council if and when it becomes evident that the City's existing process for issuing permits for adult use retailers, microbusinesses, and designated consumption establishments requires supplementation to satisfy the MRTMA.