

## Marihuana Facilities: Welcome to the MMFLA & the MRTMA

Presented by Dunaskiss Consulting & Development



## The 5 Facility Types Created Within the MMFLA

(ADOPTED IN 2016)

### Grow (Cultivation)

- Class A
- Class B
- Class C

### Processor (Extraction/Manufacturing)

### Safety Compliance (Independent Testing Lab)

### Secure Transport (Transports Product & Currency)

### Provisioning (Licensed Retailer)

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## The 7 Facility Types Created Within the MRTMA

(ADOPTED IN 2018)

### NEW FACILITY TYPES

- Microbusiness (150 plants, vertically integrated)
- Excess Grower
- Marijuana Event Organizer
- Temporary Marijuana Event
- Designated Consumption Establishment

### IDENTICAL FACILITY TYPES

- Grow (all 3 classes)
- Processor
- Provisioning Center (MMFLA)/Retail Establishment (MRTMA)
- Safety Compliance
- Secure Transport



## WHAT DOES THE MRTMA ENABLE?

- Legal under State and Local law for adults+ to consume cannabis
- Allows for those 21+ to grow up to 12 plants per dwelling
- Legalizes industrial hemp
- Enables the State to create additional rules and regulations
- Establishes 6 different marijuana license types
- Allows for excise taxation on cannabis
- Creates numerous opportunities for entrepreneurs

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## Regulation & Enforcement of Public Act 281 & Proposal 1

### WHO REGULATES?

Licensing & Regulatory Affairs (LARA)

- Marijuana Regulatory Agency (MRA),  
formerly Bureau of Marijuana Regulation  
(BMR)

### WHO ENFORCES?

Michigan State Police (MSP)  
Enforcement Division (MRA)  
Bureau of Fire Safety (BFS)



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## What do the MRA and Administrative Rules Dictate?

- Operating procedures
- Strict security requirements
- Marketing and advertising restrictions
- Facility and equipment standards
- Daily purchasing limits
- Proper Waste Disposal

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## Overview of Public Act 282 of 2016: Marijuana Tracking Act

- The State established a "seed-to-sale," state-of-the-art, real-time, internet-based, Statewide Monitoring System to track the movement of all marijuana 24 hours a day, 365 days a year.
- The system (METRC) will track batch information throughout the custody, sales/refunds, plant counts, product destruction, inventory discrepancies, etc.
- Provides real time access to the system for law enforcement agencies, State agencies and LARA.
- Validate patient identity, track purchase limits, and flag purchases in excess of authorized limits.
- Enables the Michigan State Police to oversee and enforce the tracking system.

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## GROW FACILITY

### Definition:

Licensee that is a commercial entity located in Michigan that cultivates, dries, trims, or cures and packages marijuana for sale to a processor, provisioning center, or another grower.

- Build out costs: \$100-6500 per square foot
- Number of employees needed per 500 plants: 10+/-
- Average footprint per 500 plants: 10,000 square feet
- Wages range between \$16/hourly for Assistant Cultivators to \$18,000/yearly for a Director of Cultivation.

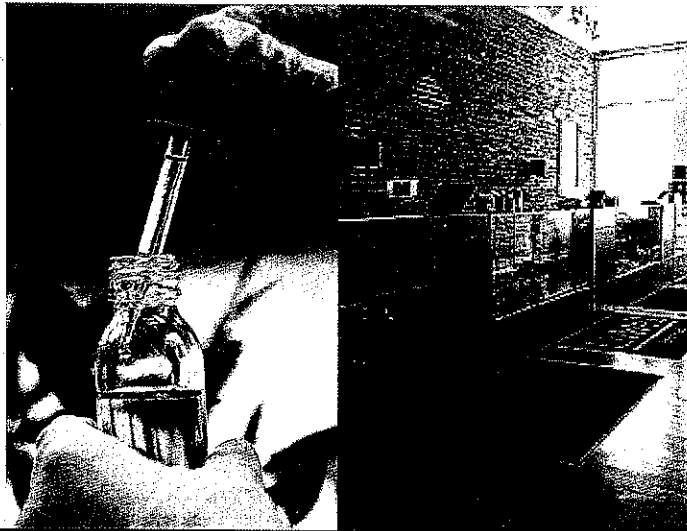
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## Processor Facility

### Definition:

Licensee that is a commercial entity located in Michigan that purchases marijuana from a grower and that extracts resin from the marijuana or creates a marijuana-infused product for sale and transfer in packaged form to a provisioning center or another person.

- Buildout costs: \$50-\$100 per square foot
- Average equipment costs: \$100K-\$1M+
- Average footprint: 2,000-10,000 square feet
- Number of employees: 6-10
  
- Wages range from \$16/hour for an Associate Processor to \$65,000/yearly for a Head Processor.



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## Provisioning Center

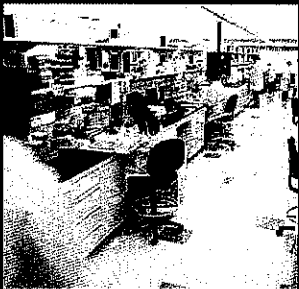
### Definition:

Licensee which is a commercial entity located in Michigan that purchases marijuana from a grower or processor and sells, supplies, or provides marijuana to registered qualifying patients, directly or through the patients' registered primary caregiver.

- Buildout costs: \$50-\$250 per square foot
- Average number of employees: 25
- Average footprint: 1,000-3,000 per square foot
  
- Wages range from \$16/hour for a Supervisor to \$60,000 a year for a Store Manager.

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## Safety Compliance



### Definition:

Licensee that is a commercial entity that takes marijuana from a marijuana facility or receives marijuana from a registered primary caregiver, tests the marijuana for contaminants and for tetrahydrocannabinol and other cannabinoids, returns the test results, and may return the marijuana to the marijuana facility.

- Buildout costs: \$50-\$100 per square foot
- Average equipment costs: \$100K-\$1M+
- Average footprint: 1,000-3,000 square feet
- Number of employees: 6-10
  
- Average wage for a Lab Scientist: \$75,000/year

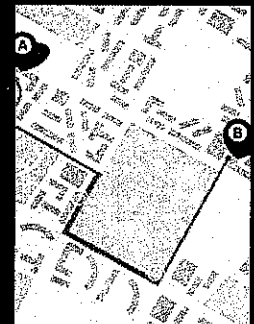
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## SECURE TRANSPORTER

### Definition:

Licensee that is a commercial entity located in the State of Michigan that stores marijuana and transports marijuana between marijuana facilities for a fee.

- Buildout costs: \$20-\$100 per square foot
- Average footprint: 5,000-50,000 square feet
- Average number of employees: 6-10
  
- Wages range between \$16/hourly for Drivers to \$55,000 yearly for Transport Managers.

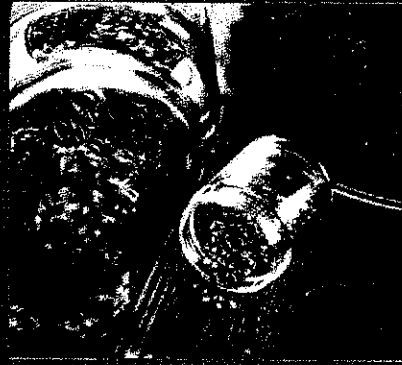


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## Microbusiness

SPECIALIZES IN SMALL-BATCH CANNABIS TO THE PUBLIC

- Licenses to cultivate up to 150 plants
- Includes processing and packaging
- Products must be tested
- Sale of marijuana to adults 21+
- Cannot sell products to other marijuana establishments
- Average number of employees: 10-14
- Average footprint: 1,500-3,000 square feet
- Wages range from \$16/hour for budtenders to \$85,000/yearly for Facility Managers.



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## DESIGNATED CONSUMPTION ESTABLISHMENT

### Definition:

Commercial space licensed by the Agency and authorized to permit adults 21+ of age to consume marijuana through smoking, vaping and ingestion on-site.

- Wages average between \$16/hourly for Floor Staff and Security to \$55,000 yearly for a Hospitality Manager.

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## MARIJUANA EVENT ORGANIZER

### Definition:

A state license held by a marijuana event organizer for an event where the onsite sale or consumption of marijuana products, or both, are authorized at the location indicated on the state license during the dates indicated on the state license.

- License valid for 1 year
- Eligible to apply for permission to hold a Temporary Marijuana Event
- Temporary Marijuana Event licenses are good for a single day and up to 7 consecutive days
- Events may only be held at a venue expressly approved by the Municipality
- \$5,500+ per event scheduled



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## Marijuana Tax Structure

### MRTMA creates Marijuana Regulation Fund

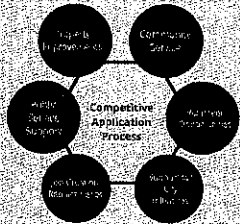
- Includes all fees, assessments, and fines
- Collect the 6% state sales tax
- Collect a 10% excise tax on all retail sales of marijuana

### MRTMA creates Marijuana Regulation Fund

- 15% to municipalities where retail stores or microbusinesses are authorized to operate
  - Based on the number of permitted facilities
- 15% to counties where retail stores or microbusinesses are authorized to operate
  - Based on the number of permitted facilities
- 35% to the school aid fund (K-12 education)
- 35% to the Michigan transportation fund
  - To be used for repair and maintenance of roads and bridges

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## What Opting in to Marijuana Facilities Has Meant to OTHER Municipalities



- A competitive application process and point system allows municipalities to put more weight on things that are important to them.
- Community outreach and volunteer initiatives and programs can make a community stronger for years to come.
- Property improvement requirements are a good community investment. If you invest, your neighbor is more likely to upgrade his property as well.
- Job creation requirements help ensure that the municipality keeps jobs in the community.

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## What Opting in to Marijuana Facilities Has Meant to OTHER Municipalities

A competitive application process will bring the municipality multiple applications above and beyond the available licenses.

The City of Pontiac received 103 applications for 20 available retail license opportunities

**THIS IS A TOTAL OF \$515,000 FOR INITIAL APPLICATIONS AND ANOTHER \$100,000 ANNUALLY FOR THE MUNICIPALITY**

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## LOCAL REVENUE GENERATED

1

### MUNICIPAL LICENSING FEES

- \$5,000 initial application fee for each facility license
- \$5,000 annual renewal fee for each active license,

2

### EXCESS TAX REVENUE

- Estimated to be \$28,000 annually for each marijuana retailer or micro business that is located in the municipality.

3

### LOCAL PERMITS

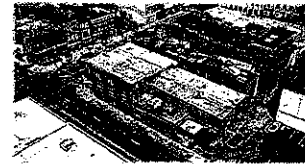
- \$1,000's for each building and inspection permit.

4

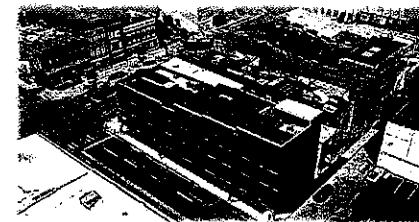
### INCREASED PROPERTY TAX AND PERSONAL PROPERTY TAX

- Estimated in the \$10,000's for each property licensed.

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## ECONOMIC DEVELOPMENT & STABILIZATION OF ADJACENT PROPERTIES



Because of the large capital investments that are made into these facilities, most of them end up being the most up to date and well kept properties in the municipalities that they are located in.

These facilities have the wherewithal to keep the building and grounds well maintained.

You will also see the properties adjacent and or surrounding these properties begin to stabilize and also be rehabilitated.

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## Property Values Increase When Municipalities Allow Cannabis Facilities

NUMEROUS STUDIES CONDUCTED BY RESEARCHERS, COMPANIES, REAL ESTATE ASSOCIATIONS AND THE LIKE, CONTINUE TO SHOW THAT PROPERTY VALUES INCREASE WHEN CANNABIS FACILITIES OPEN NEARBY.

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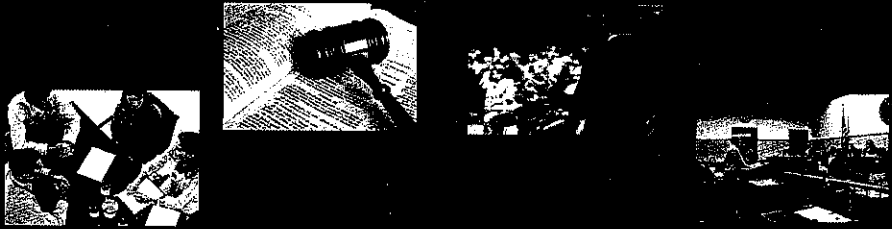
COMMERCIAL/INDUSTRIAL SPACE  
 DEMAND IS ON THE RISE  
 AS MUNICIPALITIES AND  
 STATES ALLOW CANNABIS  
 FACILITIES TO OPERATE  
 IN COMMERCIAL/INDUSTRIAL  
 ZONES. THIS IS BECAUSE  
 CANNABIS FACILITIES  
 REQUIRE LARGE AMOUNTS  
 OF SPACE AND ARE  
 OFTEN USED FOR  
 MANUFACTURING AND  
 DISTRIBUTION.

## Increased Demand for Commercial/Industrial Space

The National Association of Realtors Research Group conducted a study in late 2018 that found there is a direct correlation to increased demand for commercial and industrial space in states and municipalities that allow commercial cannabis facilities.

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## NEXT STEPS FOR YOUR MUNICIPALITY



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# Keep in Touch

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# Thank you.

We look forward to  
hearing from you  
soon!

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