



## MEMORANDUM

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**DATE:** April 9, 2021

**TO:** Mayor Eveleth and Owosso City Council members

**FROM:** Nathan Henne, City Manager

**SUBJECT:** **1<sup>st</sup> Reading:** Recreational Marijuana Ordinance Amendment

### **RECOMMENDATION:**

Approve ordinance amendment to allow for the transfer of Recreational marijuana licenses.

### **BACKGROUND:**

The City's recreational marijuana ordinance does not allow for the transfer of licenses even through sales. The state allows such transfers. For retail dispensaries, initial license selection is based on a lottery – but again, there was no provision in the ordinance that addresses sale or transfer of licenses. A lottery process for retail license transfer will not work. So, I am recommending the ordinance be amended to allow for the sale of marijuana licenses. The state's vetting process for all license holders is sufficient to ensure any transferee is eligible to hold a marijuana license in the city.

The ordinance would allow a transfer under the following conditions:

- 1) The licensee submits to the City Clerk a written request to transfer license indicating the current licensee and the proposed licensee
- 2) Proposed licensee delivers the application fee, in full, as required by Owosso City Ordinance 16.6-3(d)
- 3) Proposed licensee submits a complete license application
- 4) As soon as reasonably possible, after the City Clerk is in receipt of the aforementioned items, licensee's request to transfer a license issued under this Chapter to a different individual or entity shall be reviewed by council. At the sole discretion and satisfaction of the council, the transfer shall be approved by resolution.

The attempted transfer, sale, or other conveyance of an interest in a license without resolution approving transfer by council is grounds for suspension or revocation of the license.

**FISCAL IMPACTS:** This depends on how many transfers take place as every instance will require a \$5000 license fee paid to the city.

**RESOLUTION NO.**

**SETTING A PUBLIC HEARING FOR  
THE PROPOSED ORDINANCE AMENDMENT  
TO SECTION 16.6-4 TO ALLOW TRANSFER OF RECREATIONAL MARIHUANA ESTABLISHMENT  
LICENSES**

WHEREAS, the City of Owosso allows recreational marihuana facilities to do business within the City with the required license; and

WHEREAS, the City of Owosso wishes to end the prohibition on the transfer of said licenses from one owner to another as long as certain conditions are met; and

WHEREAS, a public hearing is required before an ordinance amendment can be enacted.

NOW THEREFORE BE IT RESOLVED THAT THE CITY OF OWOSSO ORDAINS:

SECTION 1. AMENDMENT. That Section 16.6-4 of the Owosso City Code shall be amended to read:

**Sec. 16.6-4. - Requirements and procedure for issuing license.**

- (a) No person shall operate an adult use marihuana establishment within the city without a valid adult use marihuana establishment license issued by the city pursuant to the provisions of this chapter, and state law.
- (b) The license requirement in this chapter applies to all facilities whether operated for profit or not for profit.
- (c) Every applicant for a license to operate an adult use marihuana establishment shall file an application in the building department office upon a form provided by the city.
- (d) Applications to operate any adult use marihuana establishment shall include proof of a duly issued adult use marihuana establishment license by the State of Michigan. Any application delivered to the city without the aforementioned adult use marihuana establishment license will be deemed incomplete and shall be rejected. Any delay due to the filing of an incomplete application shall be deemed the fault of the applicant and not the city.
- (e) Upon an applicant's completion of said form and furnishing of all required information and documentation, city staff shall accept the application and assign it a sequential application number by establishment type, based on the date and time of acceptance. The city staff shall act to approve or deny an application not later than twenty (20) days from the date the application was accepted. If approved, the building department shall issue the applicant a conditional license.
- (f) A conditional license means only that the applicant has submitted a valid application for an adult use marihuana establishment license that has been considered and approved by the city, and the applicant shall not locate or operate a marihuana establishment without obtaining all other permits and approvals required by all other applicable ordinances and regulations of the city.
- (g) Applicant's receipt of a conditional license from the city shall provide for reasonable time, but not more than eight (8) months, to secure any and all subsequent and/or collateral permits as required by the state and/or city. Any applicant with a conditional license that has not completed every task as required by the state and/or the city, within eight (8) months after receipt of the conditional license from the city will result in revocation of applicant's city issued conditional license and denial of license.

- (1) An extension of time may be granted upon applicant's written request and showing of good cause for delay. A request for an extension of time shall also include the estimated time to remedy the delay. Any extension of time shall be at the sole discretion of the city.
- (h) Within twenty (20) days from the applicant submitting proof of obtaining all other required permits and approvals and payment of the license fee, city staff shall approve or deny the marihuana establishment license. The building department shall issue marihuana establishment licenses in order of the sequential application number previously assigned.
- (i) Maintaining a valid adult use marihuana establishment license issued by the state is a condition for the issuance and maintenance of an adult use marihuana establishment license under this chapter and continued operation of any adult use marihuana establishment.
- (j) ~~An adult use marihuana establishment license issued under this chapter is not transferable.~~ **An adult use marihuana establishment license issued under this chapter is exclusive to the licensee and may be transferable, if all of the following are met:**
- 1) **The licensee submits to the City Clerk a written request to transfer license indicating the current licensee and the proposed licensee;**
  - 2) **Proposed licensee delivers to the City Clerk the annual fee, in full, as required by Owosso City Ordinance 16.6-3(d);**
  - 3) **Proposed licensee submits a complete license application as required by this Chapter; and**
  - 4) **As soon as reasonably possible, after the City Clerk is in receipt of the aforementioned items, licensee's request to transfer a license issued under this chapter to a different individual or entity shall be reviewed by council. At the sole discretion and satisfaction of the council, the transfer shall be approved by resolution.**

**The attempted transfer, sale, or other conveyance of an interest in a license without resolution approving transfer by council is grounds for suspension or revocation of the license.**

- (k) If the application is for a grower's license, the maximum number of plants that the applicant intends to grow will be included with the application.
- (l) The placement of restrictions by the state on a state operating license applies equally to an adult use marihuana establishment license issued by the city.

SECTION 2. PUBLIC HEARING. A public hearing is set for Monday, May 3, 2021 at 7:30 p.m. for the purpose of hearing citizen comment regarding the proposed amendments to Chapter 16.6, Adult Use Marihuana Establishments Licensing – Police Power Ordinance, of the Code of the City of Owosso.

SECTION 3. AVAILABILITY. This ordinance may be purchased or inspected in the city clerk's office, Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m.

SECTION 4. EFFECTIVE DATE. This amendment shall become effective 20 days after approval.