



Senate Fiscal Agency
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Senate Bill 599 (Substitute S-2 as reported)
Senate Bills 600 and 602 (as reported without amendment)
Senate Bill 601 (Substitute S-1 as reported)
Sponsor: Senator Dayna Polehanki (S.B. 599 & 602)
Senator Sam Singh (S.B. 600 & 601)
Committee: Regulatory Affairs

CONTENT

The bills would enact the "Industrial Hemp Processing Act" to require a person to hold a license before processing consumable hemp products from industrial hemp. Industrial hemp is generally cannabis with less than 0.3% Tetrahydrocannabinol (THC), the intoxicant in marijuana. Currently, the licensing of persons engaged in the growing, processing, and handling of industrial hemp is governed by the Industrial Hemp Research and Development Act, which the bills would repeal. The bills would require the Cannabis Regulatory Agency (CRA) to administer the "Industrial Hemp Processing Act's" licensing and regulatory requirements and to promulgate rules. They also would establish licensure fees and qualifications and civil and criminal penalties for violations of the proposed Act.

Senate Bills 600 through 602 are tie-barred to Senate Bill 599, which is tie-barred to Senate Bills 600 through 602.

MCL 333.27102 et al. (S.B. 600)
333.29103 et al. (S.B. 601)
333.27953 & 333.27958 (S.B. 602)

BRIEF RATIONALE

According to testimony, intoxicating products made from hemp are often sold by small retailers the State with no oversight. Often deceptively labeled with packaging similar to candy and other products that are usually associated with child consumers. These products are not regulated, inconsistently dosed and untested. Some have argued that the regulatory framework that currently applies to the cannabis industry should also apply to industrial hemp processing to regulate these products made from hemp.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have a minimal fiscal impact on the CRA in the Department of Licensing and Regulatory Affairs. While the bill would require the CRA to perform certain administrative duties in the licensing and regulation of processing and handling of industrial hemp, the CRA already performs these duties under the Industrial Hemp Research and Development Act.

The bill would have a negative and corresponding positive fiscal impact on the State and local government. A civil fine of not more than \$5,000 for individuals and \$10,000 for licensees could be imposed for a violation of the Act. Additionally, a violation of the Act could result in new misdemeanor arrests and convictions, thereby increasing resource demands on law enforcement, court systems, community supervision, and jails; however, it is unknown how

many people would be prosecuted under provisions of the Act. The Act also would impose misdemeanor fines of between \$10,000 and \$25,000, benefiting local libraries. Any additional revenue from imposed fines would go to local and county law libraries.

The bill would not have a significant fiscal impact on the Department of Treasury. Ongoing costs associated with the investment and monitoring of the Consumable Hemp Product Fund likely could be covered by existing appropriations.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.