

The Experts Look Ahead to 2019- Michigan Cannabis Industries Report

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The Experts Look Ahead to 2019

The Report asked a group of Michigan experts what they thought might happen with cannabis law reform in the coming year. These industry observers made some bold predictions and shed some light on entrepreneurial opportunities in Michigan.

by Rick Thompson

“Prohibition as we once knew it is over, and anything is possible!” said Margeaux Bruner.



Margeaux Bruner of Perpetual Harvest Sustainable Solutions

She was talking about the outlook for Michigan's cannabis industry during 2019. It would be hard to match the progress made by cannabis activists and entrepreneurs during our wildly successful 2018,

which included state legalization of cannabis, the rollout of the medical marijuana business program, the federal descheduling of hemp and signals that federal change will continue into the year to come.

Could 2019 top that? Maybe, Bruner said. Her optimism for a successful 12 months was matched by many experts, when consulted by The Report for their opinion on what the next four seasons hold for Michigan's cannabis enthusiasts and businesspersons.

"2019 will be a year of many transitions, many moving parts, many moving policies," said Tami Vandenberg, a Grand Rapids entrepreneur and Board member of MILEgaize 2018.

"I look forward to marijuana being more mainstream in 2019," said Lapeer criminal defense attorney and founder of the Marijuana Law Section of the Michigan State Bar Association (MLS), Bernard Jocuns. "People being able to use cannabis as a medicine, or simply because you may like the way it makes you feel. More people will come out green," Jocuns predicted.

"My vision for 2019 is that Americans will continue to empower themselves through education and research, and to learn that governmental orders and edicts are necessarily insufficient for, and generally inconsistent with, a prosperous and healthy society," said former Chair of the MLS, attorney Dan Grow. Regarding cannabis, Grow said: "It is time to end its status as a scheduled substance because it is not a scheduled substance."



Daniel Grow, criminal defense attorney and former head of the Marijuana Law Section of the State Bar of Michigan

Legalized cannabis makes 2019 a field of dreams for the state's cannabis entrepreneurs and citizens. Farmington-based criminal defense attorney Michael Komorn said, "Prop 1, along with the new hemp legislation should set the stage for the renaissance of an entirely new industry."

Tim Beck agreed. "The risk of getting busted, especially for small amounts of herb, has been reduced to practically zero in most areas of the state, now that the law has survived the Republican efforts to ban home growing in the Lame Duck session of the Legislature," said the leader of the Safer Michigan Coalition.

That future vision is dependent upon the creation of a successful recreational cannabis market, which will experience problems typical of any emergent market, including supply-and-demand issues. Fortunately, Michigan just elected a leadership team which “dramatically improved” the outlook for the industry, said Jamie Lowell.

“The new governor and attorney general are in support of taking a significantly more sensible approach to cannabis and many other related issues than we have seen in recent times,” said the long-time cannabis entrepreneur, who referred to the previous administration and legislature’s handling of cannabis issues as “overreaching” and “unnecessarily restrictive”.

That sensible approach should be attractive to companies from the numerous and varied industries looking to carve themselves out a piece of the Michigan market in the year to come. “2019 will be the year of the cannabis green rush,” observed Komorn, who is also President of the Michigan Medical Marijuana Association. “There will be winners and losers.”

When losers try to become winners, people often cheat. An emergent industry with its regulations still in development is an environment ripe for people who bend the rules or take advantage of well-intended dreamers.



Kareyna Miller
C.P.A., President- LC Solutions

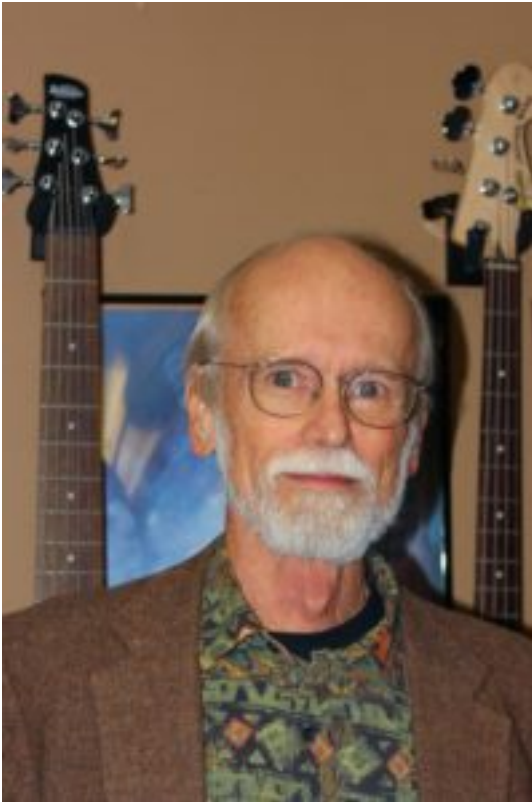
“A new challenge I see with the recreational market is with the need to operate in a strict business environment. There may be attempts to find clever ways of avoiding licensing requirements and potentially cause problems and unfair competition for the regulated market,” says Kareyna Miller, CPA and President of LC Solutions Inc. “I think once regulated businesses prove themselves to be successful and naysayers can experience a legitimate marijuana industry, more minds will start to change for the better.”

Certain areas of interest were singled out by several experts as deserving of extra attention in 2019.

MMFLA

The program to license businesses serving the state's 300,000 registered medical marijuana patients has had some ups and downs since the program officially launched in December of 2017.

Attorney Abel sees improvement ahead. "I think we can expect the licensing process to accelerate in 2019," he opined, adding, "It appears that the Snyder administration was slow-pedaling the process as much as possible, both to slow the process of establishing retail stores, while also enriching a few growers who had gained the favor of the bureaucracy."



Chuck Ream, legendary Ann Arbor activist and co-founder, Safermichigan Coalition

The new Governor and Attorney General can do much to facilitate the licensing process."

Some companies will survive 2019 and some will not, observed Komorn. "My only hope is that these outcomes are determined from the organic market place (the best business, the best products, the best operators) and not from the inept licensing board that has interfered with the development of the states regulated system," he said.

Vandenberg made a stronger statement about the year to come. "We'll push for a reform of the MMFLA, or dissolving the board entirely," she boldly stated. "The extreme bureaucracy imposed on cannabis businesses currently is not acceptable and needs immediate reform."

LARA is responsible for licensing the businesses in the legalized cannabis marketplace, too. LARA has 12 months to promulgate rules for the legalized cannabis businesses, but they could advance faster than the statutory maximum time. "Since the 10% excise tax will only begin when adult use stores are licensed for business, there is an incentive for the state to move on that quickly (which can be done through the promulgation of emergency rules)," Abel declared.

Said Jocuns: "I would like to see more communities be welcoming to legal adult use marijuana and

create a vibrant marijuana industry in the State of Michigan that will go far beyond the hands of corporate cannabis.”

SOCIAL USE CLUBS

“Social Clubs/smoke lounges will be a big topic in 2019, for the people who cannot smoke at home,” said Komorn.



Bernard Jocuns, criminal defense attorney and founder, Marijuana Law Section of the State Bar of Michigan

Chuck Ream is a big believer in integrating cannabis use into society, not just cannabis businesses. “Now we are going to have legal marijuana sales with no place to smoke it legally,” he said. “We are proud of our plant and we want to ‘normalize’ it. We also want to get together and socialize in peace after so many years underground,” he said.

“We can start with private clubs, but then we will move forward with municipal ‘social use ordinances’, for everything from coffee houses to restaurants to night clubs to yoga studios to special events.”

And if there is a discrepancy between popular understanding and police interpretation, Komorn said, “Let’s hope that any confusion on this topic is resolved with civility and not the military type raids that has been the calling card of law of enforcement regarding medical marihuana.”

LOCAL ACTION

2019 will continue to see cannabis-based political action on a local level. “Folks who want to operate in a town that has opted out, but their voters clearly voted for legalization, will have to decide whether to wait until 2020 to do their local initiatives, or try something in 2019,” said Ream. He would know; Chuck is part of the leadership of the Safer Michigan Coalition and is a veteran of many local petition drives to reform cannabis laws.



Matthew Abel, criminal defense attorney and Executive Director, NORML of Michigan

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“Communities across the State of Michigan will be having conversations/debates/arguments about the cannabis industry – how, where, when, if it will be allowed in their communities,” said Vandenberg. “I predict many elected officials throughout the cities/counties/state will continue to lag behind the citizens and voters on the reform of cannabis policy, so the citizens will need to fight hard to get the cannabis industry they want and deserve.”

“It would also be nice if the legal ‘smash & grab’ from forfeitures would also come to an end,” Jocuns added.

STATE BASED ACTIONS

Some improvements in 2019 will have to come from state government- either through the legislature or via the duo of Governor and Attorney General.



Tami Vandenberg, Milegalize 2018 Board member and Grand Rapids entrepreneur

2019 is the year to expunge the records of those whose past crimes involved actions which would be considered legal now. “We will also be fighting for expungement of records, said Vandenberg. “We’ll continue to organize around this issue so that so many of our neighbors and friends can finally move on with their lives with a clean or cleaner record – which will open up so many opportunities to them.”

Former state House Representative and current state Senator, Jeff Irwin, singled out expungement as a priority for 2019. “Now that we have secured the rights of the citizens to use, possess, and cultivate through the ballot box, I hope that 2019 will be the year that we expunge the cannabis crimes of the past, restoring rights to those wronged by the war on drugs,” he said.

“We’ll also continue to push for diverse ownership of cannabis businesses,” said Vandenberg, “more women, people of color accessing this chance, and we’ll push for Michigan citizens and local players to get into the market.”

HEMP



Jamie Lowell, Board member, Milegalize 2018

“The 2018 Farm Bill is now the law of the land, prepare for all things green,” predicted Margeaux Bruner of Perpetual Harvest Sustainable Solutions. “Hemp derived CBD should be descheduled, logically. Sustainable food, clothing, and building materials will begin to appear by the end of 2019. An entire industry was reborn. The case for federal legalization of marijuana will grow exponentially stronger once New York drafts its first laws.”

Thomas Lavigne, principal at Cannabis Counsel with Abel, said, “Hemp will be planted in the Spring and be made into hempcrete housing, packaging, automotive components, food fiber and fuel, or rather

that would have been so, if it wasn't for the State getting in the way with these sore loser lame duck bills.”



Michael Komorn, criminal defense attorney and President, Michigan Medical Marijuana Association

The state administration will simultaneously operate three different cannabis industries in 2019: medical, adult-use and hemp. “Here on the home front in Michigan, the Bureau of Marijuana Regulation will be tasked with the responsibility of compliant medical marijuana, adult use marijuana and hemp industries,” Bruner said. “Consumers will begin to observe an emerging market, with more national brands becoming available. Soon people will be able to dress in hemp clothing, drive hemp fueled cars to purchase beautifully packaged cannabis products in ethereum to consume in social lounges.”

Juggling that triad of emergent industries may be a tough challenge but it is one the state can handle, says Kareyna Miller. “There is opportunity for balance in the marijuana industry in Michigan that has yet to be achieved anywhere else. We know how to do business, create a well-regulated system, and how to navigate through financial ups and downs,” she said.



Tim Beck, co-founder, Safer
Michigan Coalition

“We also have strong roots in experience, activism and personal passion for the industry here. Michigan’s economic glory has historically been in manufacturing, agricultural and health services. It is a perfect storm for success. I’d like to see marijuana and hemp become the next generation of these industries to continue to move us forward.”

CONCLUSION

Cannabis users should be safer exercising their rights in 2019, according to Komorn. “Prop 1, along with the new State and Federal hemp legislation and the MMFLA, fundamentally reconfigure the police encounter” when cannabis is involved. But there is still reason to be concerned about the nature of the medical cannabis program, he cautions.

“Medical marihuana will be under attack in 2019 from the prohibitionists who thought ‘medical marijuana’ was a sham all along. We must continue to be steadfast in defending the MMMA for both patients and especially for the caregivers.”



Thomas Lavigne, criminal defense attorney
and Board member, Milegalize 2018

“It will remain necessary into 2019 and beyond to properly educate the public and contradict the propaganda,” added Lowell.

Monitoring the state government during 2019 will be a priority for many of the experts featured in this writing. For example, more than one of the experts said state bureaucracy directly benefits the black market by delaying legal and medical cannabis sales.

“It’s going to be a good year for the illegal market, given the fact there will be no place for recreational users to purchase their supply,” said Beck.

“One challenge is to try to incorporate former grey market sellers into the licensed industry,” said Abel. The medical business licensing process seems skewed against entrepreneurs which served patients in the pre-MMFLA Michigan cannabis marketplace, a bias which should not be extended into the legalized business licensing process.

Another challenge comes from the Michigan legislature. “Science will continue to show no driving influence with marijuana, but a nanogram limit maybe imposed by the prohibitionists, despite zero science to support such a finding,” predicted Komorn.



Michigan Senator Jeff Irwin, D-Ann Arbor

“Banking, taxation, and insurance issues will still give the government powerful tools to punish its enemies,” Grow pointed out. “Notwithstanding all of the wonderful developments to date, I fear that certain individuals, groups, and communities will continue to fail to see that the prosecution of growers, sellers, and users will not address any of the concerns they seemingly express about cannabis.”

All of the experts agree that more work lies ahead for cannabis entrepreneurs and activists.

“There are factions with influence continuously seeking advantage in the cannabis industry,” warned Jamie Lowell. “There will be the need to keep an eye on how the state ultimately promulgates the rules and the many cannabis related bills expected to be introduced and discussed in the 2019 legislature.”

“Unfortunately the war isn’t quite over,” observed Jocus.

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