



## **Grand Traverse County Marihuana Revenue Funds Spending Plan**

### **1. Overview**

#### **a. Introduction**

This plan is intended to guide the Board of Commissioners (BOC) for the future expenditure of marihuana funds that the Michigan Department of Treasury distributes on an annual basis. This plan provides a strategy and process for use of funds for internal or operational purposes, and to support County service providers. This plan includes an overview, description of the development of this plan, the purpose or use of funds, and the method for disbursing funds through an application and award process.

#### **b. Marihuana Funds; Michigan Regulation and Taxation of Marihuana Act**

Grand Traverse County annually receives funds generated from adult use marihuana businesses operating in the County. The Michigan Regulation and Taxation of Marihuana Act, Initiated Law 1 of 2018, imposes certain taxes and fees on adult-use marihuana facilities. The Michigan Department of Treasury distributes fifteen percent of the revenue to counties in which a marihuana microbusiness or marihuana retail establishment is located. Treasury notifies counties and other local units of government in February of each year of the amount of funds and then transfers the funds to governmental entities in March.

In 2024, there were sixteen microbusinesses or retail establishments operating in the County -- thirteen in the City of Traverse City, two in Green Lake Township, and one in Fife Lake Township. It is estimated that in 2025, Treasury will transfer \$931,658.56 to the County. This amount represents the number of licenses multiplied by \$58,228.66 which is the amount taxes for each business.

Treasury has indicated through published guidance that these funds are considered general funds and can be used for any lawful purpose. However, it is important to note that generally, under Michigan's Constitution, general funds typically cannot be granted to other organizations or entities. Although grants are prohibited, expenditures to a private organization for a lawful expense for specific services are permitted so long as a services contract is negotiated which clearly defines the intent and purpose of the expenditure.



**c. Establishment of the Workgroup**

At its January 15, 2025, regular meeting, the Grand Traverse County Board of Commissioners established a Workgroup “to create a process for how to spend opioid settlement funds and marihuana funds<sup>1</sup>.” The Board appointed the following to be members of the Workgroup:

1. Commissioner Ashley Walter
2. Commissioner Daryl Nelson
3. Commissioner Lauren Flynn
4. County Administrator Nate Alger
5. Deputy County Administrator Chris Forsyth
6. Finance Director Dean Bott
7. Civil Counsel Matt Nordfjord

The Workgroup met three times – once in February and twice in May. All Workgroup meetings were held at the Governmental Center and were conducted as an open meeting under the Open Meetings Act (OMA), which included public notification of the meetings, and the opportunity for public comment. The first meeting included a discussion of general legal principles and various approaches to distribute funds. The second meeting focused on process development and internal/operational needs for funding. At the third meeting this document was discussed by the Workgroup. At the end of the discussion, the Workgroup adopted a motion to recommend to the Board of Commissioners adoption of this plan.

**2. Plan Purpose**

The purpose of this plan is to deploy marihuana funds to advance Grand Traverse County’s 2024-2027 Strategic Plan. Use of funds are intended to promote the County’s mission and vision of quality services to the Community through collaboration and innovation. Further, the funds will be spent to support the four goals identified in the strategic plan – first, plan for sustainable growth and innovation, second, recruit and retain qualified staff, third, build trust and transparency, and fourth, focus on the needs of the community.

The Strategic Plan recognizes the value of supporting internal programs and working with external partners. Thus, this plan provides for a balanced funding approach for both County Departments, and for area nonprofits and similar organizations.

**3. Spending Process in General**

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<sup>1</sup> Use of Opioid Settlement Funds are not covered in this document due to different use restrictions related to the funds.



a. **Total Funding Amount.** Each year at a regular meeting in April, Administration will provide the BOC with a report of the amount of marihuana funds that are received. The BOC will then determine the amount that will be retained for internal purposes, and the amount that will be available to external agencies through a competitive application process on an annual basis.

For 2025, the Department of Treasury has distributed \$931,658 in marihuana revenues. The Workgroup recommends that revenues be divided with \$431,658 be used internally to fund future facilities renovations, remodeling, or new construction projects, which fall under Strategic Plan Goal one – plan for sustainable growth and innovation. The remaining amount, \$500,000, will be disbursed to external agencies through a competitive application and award process.

For future years, the BOC may provide for different amounts (both total and award amounts) based on various factors. These factors include balancing internal needs vs needs of external partners, and community issues that should be addressed as described in the last National Community Survey or a similar survey. As to this last factor, the BOC should determine if the community issues can be best addressed through existing County operations and programs, or by external organizations. However, the intent is to deploy the funds to implement Grand Traverse County's Strategic Plan including the four goals described in the plan.

**b. External Funding -- Application Process, Review and Approval**

1. **Application Amounts and Type of Funding.** Each award will be in a range – a minimum award of \$25,000 to a maximum amount of \$100,000. Applicants that receive the minimum award are eligible to receive the amount unconditionally – an upfront award subject to further requirements described in this Plan. Applicants receiving awards above the minimum amount and up to the maximum amount will be distributed on a reimbursement basis subject to further requirements described in this Plan.

2. **Eligibility of Applicants.** For year 2025, applications are available to only the following entities:

- i. 501c (3) nonprofit organizations
- ii. Places of Worship and other Religious Institutions
- iii. Public, Private, and Charter Schools
- iv. Intermediate School Districts
- v. Colleges and Universities
- vi. Economic Development Organizations
- vii. Economic Development Corporations



In future years, the BOC will review the list of eligible applicants and adjust the list if needed.

3. **Application Notice and Submittal.** Application submittal will open starting July 1 with all applications due within 30 days thereafter. County Administration shall provide notice to potential applicants. The notice will include an application and instructions. The notice to potential applicants shall be provided through a variety of means including posting of the notice on the County's website, mass email, social media and press releases. All applications and supporting documentation must be submitted electronically through an online portal developed using an existing technology application.

4. **Application Review.** County Administration Staff will review all applications received and are authorized to reject any applications that are not timely, incomplete, or do not otherwise comply with the instructions or this plan. Notice of rejection will be provided to the applicant in writing. Thereafter, Administration will prepare a report for the Workgroup that includes the number of applications received, those rejected, including the basis for rejection, and those being accepted. The report will also include a summary of the applications, and a recommendation primarily based on alignment with the County Strategic Plan and other factors Administration will develop in detailed scoring criteria.

5. **Application Recommendation and Approval.** The BOC authorizes the Workgroup to review and recommend approval of all applications. This recommendation will be conducted in an open meeting in compliance with the OMA. The recommendation process will include reviewing the report provided by Administration and the application of scoring criteria. The Workgroup will then adopt a motion recommending the BOC to approve applications and the amounts awarded. Administration will provide notice to all applicants informing them that the applications were recommended for approval or rejected. For any recommended for approval, the Applicant must execute a funding agreement providing for the terms and conditions for use of the funds. All recommendations and agreements will be submitted to the BOC for final approval and authorization by the BOC Chairperson to execute the funding agreements. The BOC appropriate resolution or motion will also include authorization to release funds for awards.

6. **Post approval monitoring and compliance.** The successful Applicant will be responsible for complying with all terms and conditions of the funding agreement, including but not limited to providing County Administration proof of expenditure to receive reimbursement, and document all before and after activity related to the funds.



The applicant may also be required to appear before the BOC to provide a full report on use of the funds and compliance with the funding agreement terms.

7. **Implementation of this Plan and Process.** County Administration is authorized to develop the necessary application, notification plan, instructions, scoring criteria and other documents referenced in this Plan. Administration is also empowered to take any other action related to and necessary to implement this Plan.

8. **Annual review and updates to this Plan.** The BOC will review this plan on an annual basis and may change this plan as necessary. The BOC may also rescind this plan if the Department of Treasury does not distribute marihuana revenues to Grand Traverse County in future years.

<b>Action</b>	<b>Description</b>	<b>Owner</b>	<b>Due*</b>
1. Document Development	Prepare an application, instructions, notification and other related documentation	Administration Staff	July 10
2. Plan Approval	Review and approval of the spending plan; continue appointment of the Workgroup	Board of Commissioners	July 16
3. Notice	Provide potential applicants with notice of grant opportunity the application and instructions to submit application	Admin Staff	September 1
4. Intake and Review	Accept applications, or reject applications that are untimely, incomplete or do not comply with instructions	Admin Staff	October 1
5. Application Report	Documentation of all applications received including those rejected, a description of the requests, scoring of applications and recommendation	Admin Staff	October 15
6. Workgroup Review	Hold meeting to review score applications and make a recommendation	Workgroup	October 21
7. Grant Agreement and Approval	Approval of the applications and terms and conditions related to use of funds and authorization of release of funds for awards	Board of Commissioners	November 5
8. Release of Funds	For unconditional and reimbursement awards	Admin Staff	Ongoing
9. Post Award Compliance and Monitoring	Ensure applicants are complying with the executed funding agreement. This includes any reporting to the BOC.	Admin Staff	Ongoing

All dates are illustrative only and are subject to change.