



Monday, May 15, 2023

The Honorable Zach Stephenson

Via email: Rep.Zack.Stephenson@house.mn.gov

The Honorable Lindsey Port

Via email: Sen.Lindsey.Port@senate.mn

Cc: HF 100 Conference Committee Members

Dear Senator Port, Representative Stephenson, and members of the Conference Committee:

Without full transparency and public participation in conversations with the bill over the past two weeks by the Conference Committee, it has been extremely challenging for stakeholders to properly comment on, and identify, provisions that need to be fixed to make this bill work for all Minnesotans.

On behalf of Plift, we submit this written testimony urging the members of the Cannabis Conference Committee to correct four specific issues in the Articles 2 and 9 which were only just released after 7PM on Monday May 15, 2023.

First, please revert the amount appropriated to the Local Government Cannabis Aid Fund from “20%” to “25%”. Cities and counties bear the burden of cannabis business enforcement costs which can be quite costly if cannabis businesses, or the elected officials overseeing them, break the law.

Second, we urge you to be realistic about the revenue estimates for the sake of all interested parties. **Revenue estimates remain unchanged from earlier versions of HF100 in spite of significant changes how revenue is generated.** The previous definition of gross receipts applied the tax to **all** items in a transaction if a taxable cannabis product was purchased with non-cannabis products. The definition of gross receipts tax contemplated for adoption in Senate §8 only applies to the entire transaction if the cannabis product is part of a bundled transaction. Moreover, Minnesota businesses must sell 14,000 pounds of cannabis at \$5,000 per pound to generate the estimated \$70,000,000 in cannabis sales in 2024. There is no physical way to grow that much cannabis in Minnesota between now and the end of FY24. The revenue estimates will be even harder to achieve due to the extreme burdens HF100 places on hemp businesses. Many hemp businesses are preparing to shut down or leave Minnesota, further decreasing taxable cannabis product sales. The revenue estimate spreadsheet ignores certain realities which will further strain budgets for Minnesota consumers, Minnesota Cities and Counties, and the State.

Third, the Director of the Office of Cannabis Management and its employees will manage over \$100 million in appropriations over the next four years. Please consider reintroducing limitations to exclude employees from having a direct or indirect financial interest in the very businesses they are supposed to oversee. These sections were removed today in Article 1, Senate § 2, 3, and 7.

We look forward to reviewing the fully amended version of HF100 over the coming days and appreciate the work that went into getting HF100 and SF73 to this point. Our great hope at this point in the process is that the Conference Committee will continue to consider further changes suggested by stakeholders, and the public.

Thank you for your consideration,

Glenn McElfresh

Co-founder, Plift

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