

Subject Legalization and regulation of cannabis
Bill H.F. 100 / S.F. 73
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Overview

This bill establishes a regulatory framework for adult-use cannabis and lower-potency hemp edibles, moves the medical cannabis program under the newly created Office of Cannabis Management, establishes taxes on regulated products, creates grants to assist individuals entering into the legal cannabis market, amends criminal penalties, provides for expungement and resentencing of certain convictions, provides for temporary regulation of hemp-derived edible cannabinoid products, reschedules marijuana, and appropriates money.

Article 1: Regulation of Adult-Use Cannabis

This article establishes the Office of Cannabis Management to oversee the regulation of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products; specifies licensure categories for cannabis businesses and hemp businesses and requirements and procedures for licensure and operations; establishes legal limitations on the use, possession, and transportation of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products; transfers the medical cannabis registry program

from the Department of Health to the Office of Cannabis Management; and establishes the cannabis industry community renewal grant program. The provisions of article 1 are effective July 1, 2023, unless the bill specifies a different effective date.

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1 Definitions.

Defines terms including “adult-use cannabis flower,” “adult-use cannabis concentrate,” “adult-use cannabis product,” “artificially derived cannabinoid,” “batch,” “cannabinoid profile,” “cannabis business,” “lower-potency hemp edible,” “hemp-derived consumer product,” “labor peace agreement,” “medical cannabis flower,” “medical cannabis product,” “patient,” “qualifying medical condition,” “statewide monitoring system,” “synthetic cannabinoid,” and “visiting patient” as used in the new chapter of law.

2 Office of Cannabis Management.

Establishes the Office of Cannabis Management effective July 1, 2023. Tasks the office with overseeing the regulation of the production and sale of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. Establishes the powers, duties, and guiding principles for the office. Transfers the medical cannabis program to the office effective March 1, 2025. Directs the office to enter into interagency agreements with the Department of Agriculture to assure that edible products meet appropriate standards related to food safety. Gives the office temporary expedited rulemaking authority. Directs the governor to appoint a director with the advice and consent of the senate. Authorizes the office to hire other employees as needed. Establishes a division of social equity to administer grants and act as an ombudsperson for the board.

3 Cannabis Advisory Council.

Establishes an advisory council consisting of individuals with experience and expertise in subjects that are likely to be affected by legalization of cannabis flower and cannabis products. Directs the council to meet monthly or at the call of the chair and provides that the meetings are subject to chapter 13D. Directs the council to perform duties including reviewing national cannabis policy, examining the effectiveness of state cannabis policy, reviewing developments in information about cannabis, and taking public testimony. Prohibits members of the advisory council from working as lobbyists while on the council or for two years after leaving the council.

4 Studies; reports.

Directs the office to conduct multiple studies to determine the expected size and growth of the regulated cannabis industry; the size and makeup of the illicit cannabis industry; the impact of second-hand cannabis smoke; and the impact, if any, of cannabis flower and cannabinoid products on the prevalence of impaired driving.

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Provides that the initial reports must be made to the legislature by January 15, 2024, and final reports must be made by January 15, 2025. Requires the office to collect data on the rate at which the state’s mental health and substance use disorder programs are accessed and requires that information to be included in the office’s annual report. Also requires a report to the legislature on January 15 of each year on topics including the status of the regulated cannabis industry; the illicit cannabis market; proposals for legislative action; and suggestions for legislative funding for social equity grants, education and prevention programs, and training for peace officers.

5 Statewide monitoring system.

Directs the office to contract with an outside vendor to establish a statewide monitoring system to track regulated products from seed or immature plant to disposal or sale to a patient or customer. This section is effective July 1, 2023.

6 Approval of cannabis flower, products, and cannabinoids.

Defines “product category” for purposes of the section to include products created using the same manufacturing or agricultural processes. Directs the office to approve types of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products that may be sold. Approval does not apply to topical products. Authorizes the office to establish limits on the total THC concentration products may contain. Prohibits the approval of products that are, or resemble, certain candies and snacks commonly consumed by children, are substantially similar to a meat or dairy product, contain synthetic cannabinoids, are made by applying cannabinoids to commercially available food products, or contain ingredients other than cannabinoids that are not approved for human consumption.

7 Agricultural and food safety practices; rulemaking.

Requires the office, in consultation with the commissioner of agriculture, to establish requirements for the methods used to grow cannabis plants and hemp plants. Directs the office to consult with the commissioner of agriculture and representatives from the University of Minnesota Extension Service to establish best practices for growing cannabis plants and hemp plants. Requires the office to consult with the commissioner of agriculture to establish an edible cannabinoid product handler endorsement to assure that edible products are manufactured and handled in ways that are comparable to the manufacture and handling of food products.

8 Establishment of environmental standards.

Directs the office, in consultation with the commissioner of the Pollution Control Agency, to establish appropriate standards for water use and disposal for cannabis businesses. Directs the office, in consultation with the commissioner of commerce, to establish standards for energy use by cannabis businesses. Directs the office to

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establish appropriate standards for the disposal of solid waste related to the regulated cannabis industry. Directs the office to establish limitations on the odors produced by cannabis businesses. Establishes that rules must comply with relevant federal laws and that the office must consult with state agencies with expertise or a regulatory interest in the subject of the rule.

9 Personal adult use of cannabis.

Provides legal limitations on the use, possession, and transportation of cannabis and cannabis products and establishes civil penalties for violations. States that a person age 21 or older may:

- use, possess, or transport cannabis paraphernalia;
- possess two ounces or less of cannabis flower in a public place;
- possess two pounds or less of cannabis flower in a person’s residence;
- possess or transport eight grams or less of adult-use cannabis concentrate;
- possess or transport edible products infused with a total of 800 mg or less of tetrahydrocannabinol;
- give away cannabis flower and products in an amount that is legal for a person to possess in public;
- use cannabis flower and products in private areas; and
- cultivate up to eight cannabis plants, of which four or fewer may be mature, flowering plants.

Prohibits smoking cannabis flower or products in places where smoking is prohibited under the Clean Indoor Air Act. Contains other prohibitions including using cannabis flower or products in state correctional facilities, operating a motor vehicle while under the influence of cannabis flower or products, giving cannabis flower or products to a person under the age of 21, giving cannabis flower or products as a promotional gift, or vaporizing or smoking in a place where the smoke, aerosol, or vapor would be inhaled by a minor. Requires certain disclosures by the proprietors of day care programs that operate within a part of a family home that are similar to requirements related to smoking tobacco. Prohibits the use of a volatile solvent to extract cannabis concentrate, sell cannabis flower or products, or import hemp-derived products without an appropriate license. Establishes non-criminal financial penalties for violations. The section is effective July 1, 2023.

10 Licenses; types.

Establishes categories of licenses. License categories are:

- cannabis microbusiness;
- cannabis mezzobusiness;
- cannabis cultivator;

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- cannabis manufacturer;
- cannabis retailer;
- cannabis wholesaler;
- cannabis transporter;
- cannabis testing facility;
- cannabis event organizer;
- cannabis delivery service;
- lower-potency hemp edible manufacturer;
- lower-potency hemp edible retailer;
- medical cannabis cultivator;
- medical cannabis processor;
- medical cannabis retailer; and
- medical cannabis combination business.

11 Licenses; fees.

Establishes application fees, initial license fees, and renewal fees for cannabis businesses and hemp businesses. Establishes that an initial license fee is valid for two years. The application and licensing fee amounts vary by license type.

12 Licenses; transfers; adjustments.

Allows licenses to be transferred with prior written approval by the office. Establishes that social equity applicants may only transfer licenses to other social equity applicants. Requires an entity to obtain a new license under certain circumstances. Requires licenses to be renewed annually. Permits license holders to petition to adjust the tier of a license issued within a license category. Permits the office to allow a license holder to relocate and limits the application fee for relocation to \$250.

13 Local control.

Provides that local units of government may not prohibit the possession, transportation, or use of cannabis flower or products authorized under the chapter. Provides that local units of government may not prohibit the establishment of a cannabis business licensed under this chapter. Directs the office to work with local units of government to establish a model ordinance. Establishes that reasonable restrictions can prohibit operating a cannabis business within 1,000 feet of a school or 500 feet of a day care facility, residential treatment facility, or an attraction in a public park that is regularly used by minors such as a playground or athletic field. Permits local units of government to conduct studies on establishing reasonable limitations on the time, place, and manner of the operation of cannabis businesses and permits local governments to prohibit a cannabis business from opening until January 1, 2025, if the local government is conducting such a study, has authorized a study, or is considering adopting or amending allowed restrictions on the operation

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of a cannabis business. Directs local units of government to review applications sent by the office and certify whether the application complies with local ordinances. Directs the office to seek input on applications from local governments and permits the local governments to provide any information it believes is relevant to the office's decision. Requires the office to establish an expedited complaint process for complaints made by local governments, including a requirement that the office respond to certain reports within one business day. Allows local units of government to limit the number of businesses offering retail sale of cannabis to one for every 12,500 residents.

14 Cannabis license application and renewal.

Directs the office to establish forms and procedures for the processing of cannabis licenses issued under this chapter. Establishes minimum requirements for the information collected by the office including information about the applicant, the ownership and control of the business, the security plan for the business, and an attestation that the entity has entered into a labor peace agreement. Permits the office to establish exceptions to some disclosures for members of a cooperative holding less than a five percent ownership interest in the business.

15 Adult-use cannabis business; criminal history check and disqualifications.

Establishes that the office may require a criminal history background check of applicants and may establish a list of disqualifying offenses. Prohibits the list of disqualifying offenses from including a violation of fifth-degree controlled substance offenses. Provides for a set aside if a person shows that the person does not pose a risk. Establishes that the background checks do not apply to hemp businesses.

16 Cannabis businesses; general ownership disqualifications and requirements.

Establishes requirements for obtaining a cannabis business license, including requirements that the applicant be at least 21 years of age, have paid the relevant fees, never have had a license revoked, not be a licensed peace officer or be employed by an agency that regulates cannabis businesses, and have truthfully completed the application materials. Prohibits a health care practitioner who certifies qualifying medical conditions for patients to participate in the medical cannabis program from having a direct financial interest in a cannabis business or advertising with a cannabis business. Establishes that the requirements do not apply to applicants for a hemp business license.

17 Social equity applicants.

Defines a social equity applicant as (1) a person who was convicted of a cannabis-related offense or was in a familial relationship with someone convicted of such an offense, if the offense took place before May 1, 2023; (2) a service-disabled veteran, current or former member of the National Guard, or a veteran or former member of

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the National Guard who lost honorable status due to a cannabis related offense; (3) someone who has lived for the past five years in an area that experienced a disproportionately large amount of cannabis enforcement as determined by the office; (4) an emerging farmer; or (5) someone who has lived for the last five years in low-income areas (defined similarly to the federal Opportunity Zones).

18 License selection criteria.

Directs the office to issue the number of licenses necessary to assure a sufficient supply of cannabis and cannabis products, provide market stability, and limit the sale of unregulated cannabis. Prohibits the office from authorizing businesses to be fully vertically integrated unless they are microbusinesses, mezzobusinesses, medical cannabis combination businesses, or hemp businesses. Directs the office to score applications in multiple categories, including the status as a social equity applicant.

19 Inspection; license violations; penalties.

Establishes that the office may enter and inspect cannabis businesses and records at reasonable hours. Gives the office the power to issue subpoenas, issue oaths, take depositions, require the production of records, detain or embargo items, and enter into laboratory analysis agreements with the commissioner of agriculture. Permits the office to conduct inspections at any time. Requires the office to prioritize inspections based on suspected violations that pose an imminent danger to customers or the public. Further directs the office to prioritize inspections based on complaints from local units of government. Permits the office to issue administrative orders directing cannabis businesses to take specific action, permits businesses to appeal those orders, and allows the office to assess administrative penalties of up to \$10,000 for each violation. Provides that certain data related to complaints and investigations are not public and may not be shared with any federal entity without a court order.

20 Data practices.

Establishes that certain application and complaint data is private, but requires that other information be made public including ownership information and application scoring. Establishes that most data becomes public if an applicant becomes a license holder, but maintains some data as nonpublic including tax returns, customer information, and business plans. Subjects civil investigative data to the limitations under section 13.39. Requires the office to establish written procedures regarding employee access to nonpublic data and requires audit trails and independent audits to confirm compliance.

21 License suspension or revocation; hearing.

Permits the office to revoke or not renew a license issued under this chapter. Requires the office to provide a business with notice and an opportunity for a hearing

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before revoking or not renewing a license. Permits the office to temporarily suspend the license and operating privilege of any licensed business for up to 90 days if continued operation would threaten the health or safety of any person. Permits the office to extend the suspension for an additional 90 days if it notifies the business of an intent to revoke or not renew the business's license and the required hearing has not taken place.

22 Retailers; local registration and enforcement.

Requires cannabis and hemp retail businesses to register with the local unit of government where the business will be located. Authorizes the local unit of government to charge an initial registration fee of \$500 or up to half the license fee, whichever is less, and a renewal fee of the lesser of \$1,000 or half the license fee. Requires the local unit of government to issue a registration to a licensed business that complies with the requirements in this chapter of law and local zoning requirements. Directs the local unit of government to conduct compliance checks. Permits the local unit of government to suspend the registration if there is a violation and requires that the office be notified. Permits the office to require reinstatement of the registration. Authorizes penalties in an amount of up to \$2,000 for violations.

23 Cannabis businesses and hemp businesses; general operational requirements.

Requires both cannabis businesses and hemp businesses to meet certain requirements including maintaining records, submitting an annual diversity report, documenting the disposal of products, selling only approved products, and maintaining customer privacy.

24 Cannabis businesses; general operational requirements.

Establishes general operation requirements including prohibitions on hiring a person under 21 years of age or allowing a person under 21 years of age into most parts of a cannabis business unless the person is a patient in the registry program; prohibiting consumption of cannabis flower and cannabinoid products within a cannabis business except as authorized for quality control or pursuant to an endorsement permitting consumption on site; having restricted access to areas where cannabis is grown, manufactured, or stored; having adequate ventilation and filtration systems; maintaining certain records; using the statewide monitoring system; having adequate security; and prohibiting a financial relationship between a cannabis business and a medical provider who certifies qualifying medical conditions for patients. Establishes that the requirements do not apply to hemp businesses.

25 Cultivation of cannabis; general requirements.

Requires all cannabis businesses that cultivate cannabis to establish and maintain records for each batch of cannabis plants that is cultivated, comply with limitations on the use of agricultural chemicals, and establish and follow an operation plan that

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includes a description of water usage, recycling, solid waste disposal, and pest management. Requires compliance with pesticide laws and rules and prohibits adulterating cannabis. Permits both indoor and outdoor cultivation subject to security, fencing, and lighting requirements. Establishes that the requirements do not apply to the cultivation of hemp plants.

26 Manufacture of cannabis; general requirements.

Establishes the requirements that all cannabis businesses that manufacture cannabis products must meet. All manufacturing must take place in an enclosed, locked facility that is used exclusively for the manufacture of cannabinoid products except that a business that also holds a cannabis cultivator license may operate in a facility that shares general office space, bathrooms, entryways, and walkways. Requires cannabis manufacturers wishing to perform extraction and concentration, or manufacture of artificially derived cannabinoids, to provide specific information on operations to obtain a license endorsement. Requires cannabis manufacturers that wish to process cannabis for private individuals to use dedicated equipment, provide the cannabis concentrate only to the person who provided the cannabis flower, and comply with applicable health and safety rules. Requires cannabis manufacturers wishing to produce customer products to provide specific information on operations to obtain a license endorsement. Limits the use of trademarked food products in producing products for customers. Establishes that the requirements do not apply to the manufacture of lower-potency hemp edibles.

27 Retail sale of cannabis flower and products; general requirements.

Establishes requirements for all cannabis businesses that offer retail sales. Prohibits the sale of cannabis plants or products to individuals under 21 years of age. Permits the sale of adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products within the limits established by the chapter; hemp-derived topical products; cannabis paraphernalia, including childproof storage containers; certain drinks; books, videos, and magazines related to information on cannabis cultivation and cannabis products; multiple use bags; certain clothing; other hemp products; and products that detect the presence of fentanyl or a fentanyl analog. Requires cannabis retailers to verify the age of customers before selling products. Limits the display of cannabis flower and products. Requires cannabis retailers to post notices announcing product recalls, warning of the dangers of driving while under the influence; and stating that consumption is intended only for individuals who are 21 years of age or older. Prohibits cannabis retailers from operating during certain hours. Requires cannabis retailers to comply with local building ordinances, maintain security, maintain adequate lighting, and accept deliveries through limited access areas. Prohibits sales to a person who is visibly intoxicated; selling more than an individual is permitted to possess; giving away cannabis plants, cannabis flower, cannabinoid products, or hemp-derived consumer products; operating a drive-through window; operating a vending machine

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containing cannabis flower, cannabinoid products, or hemp-derived consumer products; or selling cannabis plants, cannabis flower, or cannabinoid products when a security system, or the statewide monitoring system, is not working. Permits a cannabis retailer to sell medical cannabis from a portion of its premises. Establishes that the requirements do not apply to a lower-potency hemp edible retailer.

28 Cannabis microbusiness licensing and operations.

Provides that a cannabis microbusiness license entitles the license holder to grow cannabis plants; extract tetrahydrocannabinol and other raw materials from cannabis flower; create cannabis concentrate, hemp concentrate, and artificially derived cannabinoids; manufacture products for public consumption; purchase cannabis flower, cannabis products, hemp, and hemp products from other businesses; package and sell cannabis flower, cannabis products, hemp, and hemp products; and operate an establishment that permits on-site consumption of edibles. Establishes limits on the size of a cultivation operation and amount of cannabis the business can process, and limits the business to a single retail location. Requires applicants for a cannabis microbusiness license to provide information regarding business operations. Permits an entity holding a cannabis microbusiness license to also hold a cannabis event organizer license. Establishes endorsements for cannabis microbusiness license holders to cultivate cannabis, extract and concentrate tetrahydrocannabinol and other raw materials from cannabis, produce consumer products, operate a retail establishment, and operate an on-site consumption facility. Requires a cannabis microbusiness to comply with other operation requirements established under this chapter.

29 Cannabis mezzobusiness licensing and operations.

Provides that a cannabis mezzobusiness license entitles the license holder to grow cannabis plants for use as medical cannabis or adult-use cannabis; extract tetrahydrocannabinol and other raw materials from cannabis flower; create cannabis concentrate, hemp concentrate, and artificially derived cannabinoids; manufacture products for public consumption, including medical cannabinoid products; purchase cannabis flower, cannabis products, hemp, and hemp products from other businesses; and package and sell cannabis flower, cannabis products, hemp, and hemp products. Establishes limits on the size of a cultivation operation and amount of cannabis the business can process, and limits the business to no more than three retail locations. Requires applicants for a cannabis mezzobusiness license to provide information regarding business operations. Permits an entity holding a cannabis mezzobusiness license to also hold a cannabis event organizer license and a medical cannabis retailer license. Establishes endorsements for cannabis mezzobusiness license holders to cultivate cannabis, extract and concentrate tetrahydrocannabinol and other raw materials from cannabis, produce consumer products, and operate up

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to three retail establishments. Requires a cannabis microbusiness to comply with other operation requirements established under this chapter.

30 Cannabis cultivator licensing and operations.

Provides that a cannabis cultivator license entitles the license holder to grow and harvest the approved amount of cannabis plants. Establishes a limit of up to 30,000 square feet of plant canopy. Authorizes the office to increase the plant canopy limit. Requires applicants for a cannabis cultivator license to provide information regarding business operations. Permits an entity holding a cannabis cultivator license to also hold a cannabis manufacturing license, medical cannabis cultivator license, medical cannabis manufacturer license, a license to grow industrial hemp, and a cannabis event organizer license. Permits a cannabis cultivator to transport cannabis flower to a cannabis manufacturer licensed to the same entity and located on the same premises. Requires a cannabis cultivator to comply with other operation requirements established under this chapter.

31 Cannabis manufacturer licensing and operations.

Provides that a cannabis manufacturer license entitles the license holder to purchase cannabis flower, cannabis products, hemp plant parts, hemp concentrate, and artificially derived cannabinoids; accept up to two ounces of cannabis flower from an unlicensed person over the age of 21; extract tetrahydrocannabinol and other raw materials from cannabis flower; make cannabis and hemp concentrate; manufacture artificially derived cannabinoids; manufacture products for public consumption; package and label cannabinoid products for sale to other cannabis businesses; and perform other actions approved by the office. Directs the office to establish limits on the amount of manufacturing a facility can perform. Requires applicants for a cannabis manufacturer license to provide information regarding business operations. Permits an entity holding a cannabis manufacturer license to also hold a cannabis cultivator license, medical cannabis license, and a cannabis event organizer license. Requires a cannabis cultivator to comply with other operation requirements established under this chapter.

32 Cannabis retailer licensing and operations.

Provides that a cannabis retailer license entitles the license holder to sell immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law to customers. Establishes that a license holder can operate up to five retail locations. Requires applicants for a cannabis retailer license to provide information regarding business operations. Permits an entity holding a cannabis retailer license to also hold a cannabis delivery service license, a medical cannabis retailer license, and a cannabis event organizer license. Permits, but does

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not require, a city or county to operate cannabis stores. Requires cannabis retailers to comply with other operation requirements established under this chapter.

33 Cannabis wholesaler licensing.

Provides that a cannabis wholesaler license entitles the license holder to purchase immature cannabis plants and seedlings, cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law from cannabis manufacturers and cultivators. Provides that a cannabis wholesaler license entitles the license holder to sell immature cannabis plants and seedlings, cannabis flower, cannabis and hemp products, and other products authorized by law to cannabis businesses. Provides that a cannabis wholesaler license entitles the license holder to import lower-potency hemp edibles and hemp-derived consumer products that contain tetrahydrocannabinol derived from hemp. Requires applicants for a cannabis wholesaler license to provide information regarding business operations. Permits an entity holding a cannabis wholesaler license to also hold a cannabis transporter license, a cannabis delivery service license, and a cannabis event organizer license.

34 Cannabis wholesaler operations.

Requires a cannabis wholesaler to maintain separation between cannabis flower and products and hemp plant parts and hemp products. Requires cannabis wholesalers to maintain appropriate records and assure that labels remain affixed to products. Requires that a cannabis wholesaler comply with state and local building codes. Permits the sale of cannabis paraphernalia and the sale of other products for which no license is required or for which the cannabis wholesaler holds a license. Permits a cannabis wholesaler to sell certain products manufactured outside of Minnesota provided those products meet the Minnesota requirements and limits. Provides that it is not a defense in a civil or criminal suit that a cannabis wholesaler relied on a label or similar information provided by a manufacturer that is not licensed in Minnesota.

35 Cannabis transporter licensing.

Provides that a cannabis transporter license entitles the license holder to transport immature cannabis plants and seedlings, cannabis flower, cannabis products, artificially derived cannabinoids, hemp plant parts, lower-potency hemp edibles, and hemp-derived consumer products. Requires applicants for a cannabis transporter license to provide information regarding business operations and proof of insurance. Permits an entity holding a cannabis transporter license to also hold a cannabis wholesaler license, a cannabis delivery service license, and a cannabis event organizer license.

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36 Cannabis transporter operations.

Requires cannabis transporters to obtain manifests and establish and retain specific records. Requires that all cannabis-related materials be transported in a locked compartment that is not visible from outside the vehicle, and prohibits using identifying logos or business names on a vehicle. Requires deliveries to be randomized and requires all transporters to have multiple employees involved in the delivery to assure that at least one employee remains with the vehicle at all times that the vehicle contains cannabis-related materials. Prohibits permitting nonemployees in the vehicle as passengers, requires all drivers to carry a valid driver's license, and provides that all vehicles are subject to inspection at any time during transportation of cannabis-related materials.

37 Cannabis testing facility licensing.

Provides that a cannabis testing facility license entitles a license holder to obtain and test materials and products regulated under this chapter. Requires applicants for a cannabis testing facility license to provide information regarding business operations and proof of accreditation. Prohibits an entity holding a cannabis testing facility license from holding any other license.

38 Cannabis testing facility operations.

Requires a testing facility to comply with rules adopted by the office establishing testing protocols, record retention, and disposal of cannabis flower and cannabinoid products.

39 Cannabis event organizer licensing.

Provides that a cannabis event organizer license entitles the license holder to organize a temporary cannabis event lasting no more than four days. Requires applicants for a cannabis event organizer license to provide information regarding the planned event including a physical layout of the event, the dates and hours of planned operation, the businesses that will participate, and proof of local approval. Prohibits an entity holding a cannabis event organizer license to hold a testing facility license, a lower-potency hemp edible manufacturer license, or a lower-potency hemp edible retailer license.

40 Cannabis event organizer operations.

Requires a cannabis event organizer to obtain local approval for a cannabis event. Permits a cannabis event organizer to charge an entrance fee and a fee for event participants. Requires event organizers to provide security and limit access to individuals who are at least 21 years old. Requires an event organizer to assure that cannabis and cannabis products are disposed of in an approved manner. Requires

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event organizers to comply with transportation and sales requirements. Permits on-site consumption at a cannabis event if approved by the local unit of government.

41 Cannabis delivery service licensing.

Provides that a cannabis delivery service license entitles the license holder to obtain purchased adult-use and medical cannabis flower, cannabis products and medical cannabinoid products, lower-potency hemp edibles, and hemp-derived consumer products and deliver them to customers. Requires applicants for a cannabis delivery service license to provide information regarding the planned operations including a list of vehicles that will be used in the business. Permits an entity holding a cannabis delivery service license to hold a cannabis wholesaler license, a cannabis transporter license, or a cannabis retailer license.

42 Cannabis delivery service operations.

Requires cannabis delivery services to verify the age of customers and, when applicable, that the customer is enrolled in the medical cannabis program, and requires those businesses to retain records including proof of age verification. Directs the office to establish limits on the amount to be transported. Requires entry of products in the statewide monitoring system. Requires that all cannabis-related materials be transported in a locked compartment that is not visible from outside the vehicle, and prohibits using identifying logos or business names on a vehicle. Requires all delivery services to have multiple employees involved in the delivery to assure that at least one employee remains with the vehicle at all times that the vehicle contains cannabis-related materials. Prohibits permitting nonemployees in the vehicle as passengers and provides that all vehicles are subject to inspection at any time during delivery of cannabis-related materials.

43 Hemp business license types; multiple licenses.

Establishes lower-potency hemp edible manufacturer and lower-potency hemp edible retailer licenses. Permits an entity to hold both types of licenses. Provides that an entity holding a license to cultivate cannabis issued under chapter 18K is authorized to hold a hemp manufacturer or retailer license. Establishes that an entity may also hold other types of licenses, including liquor licenses and licenses to sell tobacco products. Prohibits an entity holding a hemp business license from holding a cannabis business license.

44 Hemp business licenses; applications and issuance.

Establishes requirements for hemp business applications. Establishes requirements for hemp business license holders, including requiring license holders to be at least 21 years of age, have completed an application and paid any fees, and not be employed by an agency with regulatory authority over this chapter. Requires lower-potency hemp edible manufacturers to submit an attestation signed by a bona fide

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labor organization stating that the applicant has entered into a labor peace agreement.

45 Lower-potency hemp edible manufacturer.

Provides that a lower-potency hemp edible manufacturer license entitles the license holder to purchase hemp and artificially derived cannabinoids, make hemp concentrate and artificially derived cannabinoids, manufacture and package products, and sell products to other businesses. Requires that operations comply with health and safety regulations. Establishes endorsements for extraction and concentration and the production of products for consumers. Establishes limits on transportation of hemp concentrate, artificially derived cannabinoids, and products.

46 Lower-potency hemp edible retailer.

Provides that a lower-potency hemp edible retailer license entitles the license holder to purchase lower-potency hemp edibles from licensed manufacturers and wholesalers, sell those products to consumers, and perform other actions as approved by the office. Requires retailers to verify the age of consumers. Requires products to be stored behind a checkout counter. Establishes requirements for the transportation of products. Requires retailers to verify that products are compliant with the regulations under this chapter. Establishes an on-site consumption endorsement and permits sale of certain beverages that are not in final packaging. Requires the posting of notices. Provides that businesses are subject to inspection and enforcement actions performed by the office.

47 Medical cannabis business licensing.

Establishes four categories of medical cannabis licenses: (1) medical cannabis cultivator; (2) medical cannabis processor; (3) medical cannabis retailer; and (4) medical cannabis combination license holder. Permits a single entity to hold a medical cannabis manufacturer and medical cannabis processor license. An entity that holds either of those may also hold a cannabis cultivator license, a cannabis manufacturer license, and a cannabis event organizer license. A medical cannabis retailer license holder may also hold a cannabis retailer license, a cannabis delivery service license, and a cannabis event organizer license. Establishes that a medical cannabis combination business license holder is prohibited from holding any other cannabis or hemp business license and may hold only one medical cannabis combination business license. This section is effective March 1, 2025.

48 Medical cannabis business applications.

Requires applicants for any medical cannabis business license to provide additional information related to the proposed operations of the business. This section is effective March 1, 2025.

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49 Medical cannabis cultivators.

Establishes that a medical cannabis cultivator license entitles the license holder to cultivate cannabis plants within an approved area that is up to 60,000 feet of plant canopy, harvest cannabis flower, package and label cannabis flower as medical cannabis flower, sell medical cannabis flower to medical cannabis processors and retailers, and transport medical cannabis flower to a medical cannabis processor licensed to the same person and operating on the same premises. Requires a medical cannabis cultivator to comply with the requirements that apply to cannabis cultivators. Requires medical cannabis cultivators to verify that medical cannabis flower has passed all safety-related tests. Allows a medical cannabis cultivator to cultivate more than 60,000 square feet of plant canopy if the business was legally cultivating a larger area as of April 1, 2023. This section is effective March 1, 2025.

50 Medical cannabis processors.

Establishes that a medical cannabis processor license, in conjunction with the appropriate endorsement, entitles the license holder to purchase medical cannabis flower, medical cannabinoid products, hemp plant parts, and hemp concentrate from other medical cannabis businesses and industrial hemp growers; make cannabis concentrate and hemp concentrate; manufacture medical cannabinoid products; package and label medical cannabinoid products for sale to retailers; and perform other actions as approved by the office. Requires a medical cannabis processor to comply with the requirements related to cannabis manufacturers. Requires medical cannabis processors to verify that medical cannabis products have passed all safety-related tests. This section is effective March 1, 2025.

51 Medical cannabis retailers.

Establishes that a medical cannabis retailer license authorizes the license holder to purchase medical cannabis flower and medical cannabinoid products from licensed cannabis businesses and sell those products to consumers. Requires medical cannabis retailers to verify that medical cannabis products have passed all safety-related tests. Requires medical cannabis retailers to verify that a customer is a patient enrolled in the registry and apply patient-specific labels to delivered medical cannabis flower and products. Requires patients to consult with a pharmacist before delivery, limits sales to no more than a 90-day supply, permits delivery to patients in motor vehicles, and requires separation of space if a license holder operates as both a cannabis retailer and a medical cannabis retailer. This section is effective March 1, 2025.

52 Medical cannabis combination businesses.

Establishes that a medical cannabis combination business license entitles the license holder to cultivate cannabis for the medical and adult-use markets; manufacture cannabis concentrate, hemp concentrate, and artificially derived cannabinoids;

Section Description – Article 1: Regulation of Adult-Use Cannabis

manufacture adult-use cannabis products, medical cannabinoid products, lower-potency hemp edibles, and hemp-derived consumer products; purchase immature cannabis and hemp plants, cannabis flower and hemp plant parts, cannabis concentrate and hemp concentrate, and artificially derived cannabinoids; package and label flower and other products for sale in the medical and adult-use markets; and sell plants, flower, and products to customers and patients. Limits the plant canopy for medical cannabis to 60,000 square feet and the plant canopy for adult-use cannabis to an area equal to half the plant canopy that was used to cultivate medical cannabis in the previous year. Authorizes the office to establish limits on cannabis manufacturing. Permits a license holder to operate up to one retail establishment in each congressional district. Requires the license holder to offer medical cannabis flower, medical cannabinoid products, or both at each retail location. Permits the office to suspend or revoke a license if the business is not actively engaging in the medical cannabis market. Requires license holders to comply with the relevant requirements related to cultivating cannabis, manufacturing cannabis products, selling cannabis products, and selling medical cannabis flower or medical cannabinoid products. This section is effective March 1, 2025.

53 Patient registry program.

Establishes the medical cannabis registry program, administered by the Division of Medical Cannabis, in which patients diagnosed with a qualifying medical condition who enroll in the patient registry are eligible to obtain medical cannabis flower and medical cannabinoid products. Provides for an application procedure, including an application procedure for veterans. Establishes enrolment qualifications; timelines for approval or denial; a process for registry verification; an enrollment period; approved cannabinoids and delivery methods; procedures for designated caregivers and parents, legal guardians, and spouses; an enrollment fee; and notification requirements related to a change of name or address. (The current patient registry program is administered by the commissioner of health.) This section is effective March 1, 2025.

54 Duties of Office of Cannabis Management; registry program.

Authorizes the office, on the office's initiative, upon a petition, or as directed by law, to add an allowable form of medical cannabis flower or medical cannabinoid product, and to add to or modify the list of qualifying medical conditions. Requires the office to notify certain members of the legislature if the office wants to add an allowable form or add or modify the list of qualifying medical conditions, and makes the addition or modification effective August 1 unless the legislature provides otherwise by law. This section is effective March 1, 2025.

55 Duties of Division of Medical Cannabis; registry program.

Lists duties of the Division of Medical Cannabis related to health care practitioners, administering the registry program, conducting or contracting for research and

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studies, and providing reports to the legislature. This section is effective March 1, 2025.

56 Duties of health care practitioners; registry program.

Specifies duties of health care practitioners participating in the registry program.

Subd. 1. Duties prior to a patient’s enrollment in the registry program. Before a patient enrolls in the registry program, requires a health care practitioner to certify a patient’s qualifying medical condition, advise patients and others on patient support groups, provide explanatory information on the experimental nature of the therapeutic use of medical cannabis, provide a Tennessean warning, and agree to continue treating the patient’s qualifying medical condition and report findings to the Division of Medical Cannabis.

Subd. 2. Duties upon patient’s enrollment in the registry program. After a patient enrolls in the registry program, requires a health care practitioner to participate in the patient registry reporting system, report patient health records to the Division of Medical Cannabis, annually issue a new certification of a patient’s qualifying medical condition, and otherwise comply with requirements of the board and the Office of Medical Cannabis.

Subd. 3. Participation not required. Provides that health care practitioners are not required to participate in the registry program.

Subd. 4. Data. Classifies certain patient data reported to the registry program and allows this data to be used in aggregated, nonidentifiable form for research or in the creation of summary data.

Subd. 5. Exception. Establishes an exception for patients who receive care from the United States Department of Veterans Affairs and requires those patients to meet certification requirements developed by the Division of Medical Cannabis.

This section is effective March 1, 2025.

57 Limitations.

Establishes limitations on the times and places medical cannabis flower and medical cannabinoid products may be consumed, including allowing penalties for undertaking certain tasks while under the influence of cannabis; possession or consumption on a school bus or in a correctional facility; vaporizing or smoking medical cannabis flower or medical cannabis products in a place where smoking is prohibited under the Clean Indoor Air Act; and vaporizing or smoking of cannabis flower or cannabis products, except for medical cannabis flower or medical cannabinoid products, in a multifamily housing building. Further permits health care facilities licensed by the commissioner of health to adopt reasonable restrictions on medical cannabis flower and medical

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cannabinoid products. Requires a proprietor of a family or group family daycare program to disclose to parents or guardians of children cared for on the premises if the proprietor permits the smoking or other use of medical cannabis flower or medical cannabinoid products outside the program's hours of operation. This section is effective March 1, 2025.

58 Protections for registry program participants.

Subd. 1. Presumption. Establishes a presumption that a patient enrolled in the registry program is engaged in the authorized use of medical cannabis flower and medical cannabinoid products, and specifies how that presumption may be rebutted.

Subd. 2. Civil and criminal protections. Lists acts that are not violations of chapter 152 or chapter 342, acts that do not subject the actors to civil penalties or disciplinary action, and acts for which certain actors are not civilly or criminally liable. Prohibits law enforcement authorities from accessing the registry without a search warrant, prohibits public employees from releasing data about a patient enrolled in the registry program except as authorized in law, and prohibits information obtained from a patient under statutes governing the registry program from being admitted as evidence in a criminal proceeding unless the certain criteria are met. States that possession of a registry verification or application does not constitute probable cause or reasonable suspicion and cannot be used to support a search or inspection.

Subd. 3. School enrollment; rental property. Prohibits a school from refusing to enroll a patient as a student, or a landlord from refusing to lease to a patient, because the patient is enrolled in the registry program, unless one of the listed conditions is met.

Subd. 4. Medical care. States a patient's use of medical cannabis and medical cannabis products does not disqualify a patient from needed medical care.

Subd. 5. Employment. Prohibits an employer from discriminating against a person in hiring, termination, or terms or conditions of employment based on a person's enrollment in the registry program or a person's positive drug test for cannabis, unless one of the listed conditions is met. Allows an employee who is a patient to present the employee's registry verification to explain a positive drug test.

Subd. 6. Custody; visitation; parenting time. Prohibits a person from being denied custody of a child, visitation rights, or parenting time based on the person's enrollment in the registry program.

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Subd. 7. Action for damages. Provides that a person injured by a violation of subdivision 3, 4, or 5 may bring an action to recover those damages or a civil penalty of \$100, whichever is greater. Also permits recovery of attorney fees.

Subd. 8. Sanctions restricted for those on parole, supervised release, or conditional release. Prohibits the commissioner of corrections from prohibiting an individual from participating in the registry program as a condition of release from prison or revoke a person's release solely for participation in the medical program or for a positive test for cannabis components or metabolites.

This section is effective March 1, 2025.

59 Violation by health care practitioner; criminal penalty.

Establishes a misdemeanor penalty for a health care practitioner who knowingly refers patients to a cannabis retailer or medical cannabis business or to a designated caregiver; who advertises as a medical cannabis business; or who issues certifications of a qualifying medical condition while holding a financial interest in a cannabis retailer or medical cannabis business. This section is effective March 1, 2025.

60 Data practices.

Classifies patient health records maintained by the office or the Division of Medical Cannabis and government data in patient health records maintained by a health care practitioner as private data on individuals or nonpublic data. Specifies allowable uses of these records and data, and prohibits these records and data maintained by the office or division from being used for any purpose not authorized in the statutes governing the registry program. This section is effective March 1, 2025.

61 Applied research.

Authorizes the Division of Medical Cannabis to conduct or award grants to conduct applied research on the use of medical cannabis flower and medical cannabinoid products to treat a specific health condition. Requires a grant recipient to make all relevant data available from the research funded by the grant. Permits the office to use information gathered from the research as evidence to support the approval of additional qualifying medical conditions or delivery methods. This section is effective March 1, 2025.

62 Testing.

Requires cannabis businesses and hemp businesses to comply with testing requirements in this section and in rule before selling, offering for sale, or transferring cannabis flower, cannabis products, artificially derived cannabinoids, lower-potency hemp edibles, or hemp-derived consumer products and establishes duties related to testing for the office.

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Subd. 1. Testing required. Requires businesses to comply with the testing requirements in this section before selling, offering for sale, or transferring cannabis or cannabis products.

Subd. 2. Procedures and standards established by office. Directs the office to establish procedures and standards governing testing, the contaminants that must be tested for, potency and homogeneity, and cannabis and cannabis products that fail to meet testing standards.

Subd. 3. Standards established by Office of Cannabis Management. Directs the office to establish standards for allowable levels of contaminants, and lists contaminants for which the commissioner must establish allowable levels.

Subd. 4. Testing of samples; disclosures. Requires businesses to make samples from each batch of product grown or manufactured by the cannabis business available to a cannabis testing facility, and requires the cannabis testing facility to select and test representative samples from each batch. Requires a cannabis business to disclose all known fertilizers, solvents, or other foreign materials applied or added to a batch submitted for testing. Lists contaminants that must be tested for.

Subd. 5. Test results. If a tested sample meets the applicable testing standards, allows the tested batch to be sold, offered for sale, or transferred to another cannabis business, customers, or patients. If a tested sample does not meet the applicable testing standards, requires the batch to be dealt with according to procedures established by the board. Requires test results to be maintained for at least five years after testing and to be available to the public upon request.

63 Packaging.

Requires cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products sold to customers or patients to comply with the packaging requirements in this section and in rule. Establishes requirements including the use of child-resistant, tamper-evident containers. Permits lower-potency hemp edibles that are intended to be consumed as a beverage to be packaged in containers that are not child-resistant. Establishes prohibitions on the use of packaging designed to appeal to children or those under the age of 21. Also prohibits the use of packaging that is coated with any perfluoroalkyl substance and, for edible products, prohibits the use of packaging that has not been approved for food.

64 Labeling.

Requires cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products sold to customers or patients to comply with the

Section Description – Article 1: Regulation of Adult-Use Cannabis

labeling requirements in this section and in rules. Identifies the information a label must contain, including information about the cultivator or manufacturer, batch number, and cannabinoid profile. Requires certain warnings and the phone number of the poison control system. Requires labels on medical cannabis flower and medical cannabinoid products to contain information about the patient. Requires labels on hemp-derived topical products to contain information relevant to those products. Permits certain additional information to be posted or affixed to packaging instead of being contained on the label.

65 Advertisement.

Establishes requirements and limitations for advertisements for cannabis flower, cannabis products, cannabis businesses, lower-potency hemp edibles, hemp businesses, and hemp-derived consumer products.

Subd. 1. Limitations applicable to all advertisements. Prohibits advertisements from containing false or misleading statements, containing unverified claims, promoting overconsumption, depicting persons under 21 consuming cannabis or a cannabis product, or including an image likely to appeal to persons under 21.

Subd. 2. Outdoor advertisements; cannabis business signs. Prohibits outdoor advertisement. Allows up to two fixed outdoor signs.

Subd. 3. Audience under age 21. Prohibits advertisements via a medium in which 30 percent or more of the audience is reasonably expected to be under age 21.

Subd. 4. Certain unsolicited advertising. Prohibits using unsolicited pop-up advertisements on the Internet.

Subd. 5. Advertising using direct, individualized communication or dialogue. Requires a cannabis business or other person to verify a recipient is 21 or older before using direct, individualized communication or dialogue to advertise. Lists allowable methods of age affirmation.

Subd. 6. Advertising using location-based devices. Lists criteria that must be met for a cannabis business or other person to advertise with advertising directed toward location-based devices such as cell phones.

Subd. 7. Advertising restrictions for health care practitioners under the medical cannabis program. Lists statements, information, and symbols that cannot be included in advertising by health care practitioners participating in the medical cannabis program. If the office finds a health care practitioner violated this subdivision, the practitioner is prohibited from certifying patient qualifying medical conditions for the registry program.

Section Description – Article 1: Regulation of Adult-Use Cannabis

- 66 **Industrial hemp.**
Establishes that nothing in the new chapter of law limits the ability of a person licensed under chapter 18K to grow, process, sell, and manufacture industrial hemp and products from industrial hemp. Clarifies that the term “processing” does not include creating artificially derived cannabinoids.
- 67 **Hemp-derived topical products.**
Provides for the manufacture, marketing, distribution, and sale of hemp-derived topical products. Establishes that no license is required to sell hemp-derived topical products. Limits the types of cannabinoids that hemp-derived topical products may contain and permits the office to identify nonintoxicating cannabinoids that may be used in topical products. Establishes that products may only be intended for external use. Prohibits certain products from being considered topical products and prohibits sale of products that do not comply with the limits established in the section or with certain health and safety requirements. Prohibits sale of hemp-derived topical products to an individual under 21 years of age. Provides that the office may enforce the section under the enforcement powers that apply to cannabis businesses.
- 68 **Legal assistance to cannabis businesses.**
Provides that an attorney must not be subject to disciplinary action for providing legal assistance to prospective or licensed cannabis businesses.
- 69 **Cannabis industry community renewal grants.**
Creates the CanRenew grant program, run by the Division of Social Equity in the Office of Cannabis Management, to give grants for investments in low-income communities where residents are eligible to be social equity applicants.
- 70 **Substance use treatment, recovery, and prevention grants.**
Establishes an account in the special revenue fund for use in issuing grants. Of the money in the account, 75 percent is for grants for substance use treatment and recovery and 25 percent is for substance use disorder prevention. Directs the board to consult with other agencies and councils regarding the grants and requires an annual report to the legislature.
- 71 **Cannabis grower grants.**
Creates the CanGrow grant program, run by the office in consultation with the Department of Agriculture, to give grants to provide farmers with (1) assistance navigating regulations, and (2) subsidized loans for expanding into legal cannabis. Loans under the program do not require matching funds, but a much higher loan amount is allowed if funds are matched by private investment, and full or partial forgiveness of loans is allowed after three years of satisfactory performance.

Section Description – Article 1: Regulation of Adult-Use Cannabis

- 72 **Lawful activities.**
Provides that actions in compliance with the new chapter are lawful.
- 73 **Civil actions.**
Establishes a civil cause of action that matches the dram shop law for alcohol.
- 74 **Nuisance; action.**
Establishes that the use of cannabis flower constitutes a nuisance if it is offensive to the senses or is an obstruction to the free use of property. Establishes a cause of action and provides for recovery of \$250 or the person’s actual damages, whichever is greater. Establishes a cause of action against a landlord who fails to enforce the terms of a lease that prohibits smoking cannabis flower and provides for recovery of the greater of \$500 or the person’s actual damages.
- 75 **Effective date.**
Provides that, unless otherwise stated, the provisions of this article are effective July 1, 2023.

Article 2: Taxes

Article 2 of this bill provides the tax structure for the retail sale of taxable cannabis products. The article does the following:

- Allows a business income tax subtraction for business-related expenses for any business licensed under chapter 342.
- Imposes a gross receipts tax on the retail sale of taxable cannabis products.
- Subjects taxable cannabis products to the state sales tax and any local sales taxes.
- Clarifies that medical cannabis is not subject to the gross receipts tax, state sales tax, or any local sales taxes.
- Clarifies that property used to cultivate and process cannabis plants is classified as Class 3a commercial-industrial property.
- Amends the statutes relating to the controlled substances tax to account for legalized recreational cannabis.

For the purposes of this article, the term “taxable cannabis product” includes the following items: cannabis flower, cannabis product, cannabis solution product, hemp-derived consumer product, and lower-potency hemp edible as defined in chapter 342.

Section Description – Article 2: Taxes

- 1 Office of Cannabis Management.**
Allows the commissioner of revenue (commissioner) to disclose return information to the Office of Cannabis Management for the purpose of administering tax delinquency posting under section 3. This section is effective June 30, 2023.
- 2 Cannabis sales; Tribal compacts.**
States that the commissioner is authorized to enter into a tax agreement with the Tribal government of a federally recognized Indian Tribe that has a compact. The agreement may allow for sharing of taxes imposed on retail cannabis sales.
- 3 Posting of tax delinquency; sale of cannabis.**
Requires the commissioner to submit to the Office of Cannabis Management a list of taxpayers that have failed to file or pay any required taxes. Requires the Office of Cannabis Management to post the list on its website.

Prohibits a listed business from making sales or deliveries of taxable cannabis products while they are included on the list. Imposes penalties for a business that violates this prohibition. This section is effective June 30, 2023.
- 4 Class 3.**
Establishes that real property used for raising, cultivating, processing, or storage of taxable cannabis products, medical cannabis, or medical cannabis products for sale is classified as commercial and industrial property. This section is effective beginning with assessment year 2024 and thereafter.
- 5 Commercial-industrial tax capacity.**
Ensures that real property used for raising, cultivating, processing, or storage of taxable cannabis products, medical cannabis, or medical cannabis products for sale is treated as commercial and industrial property for the purposes of the state general property tax levy. This section is effective beginning with assessment year 2024 and thereafter.
- 6 Filing requirements and due dates; special rules.**
Allows the commissioner to waive the requirement to file returns and remit taxes electronically at the request of a cannabis business if that business is unable to secure banking services due to its engagement in cannabis-related business.

Also allows the commissioner, in consultation with the commissioner of commerce, to make a determination that there is a widespread inability of cannabis businesses to secure banking services and waive the electronic remittance and filing requirements for all businesses. This section is effective May 31, 2023.

Section Description – Article 2: Taxes

- 7 **Disallowed section 280E expenses; cannabis manufacturers; individual income tax.**
Allows nonmedical cannabis businesses to subtract business expenses, deductions which are disallowed under federal tax law. Under current state law, medical cannabis businesses are also allowed to subtract these expenses. This section is effective for taxable years beginning after December 31, 2022.
- 8 **Disallowed section 280E expenses; cannabis manufacturers; corporate franchise tax.**
Allows nonmedical cannabis businesses to subtract business expenses, deductions which are disallowed under federal tax law. Under current state law, medical cannabis businesses are also allowed to subtract these expenses. This section is effective for taxable years beginning after December 31, 2022.
- 9 **Cannabis gross receipts tax.**
- Subd. 1. Definitions.** Provides definitions of terms relevant to the sale of taxable cannabis products, including defining “bundled transaction” as the sale of two or more products that are distinct and identifiable, but sold for one nonitemized price.
- Subd. 2. Gross receipts tax imposed.** Imposes a ten percent gross receipts tax on retail sales of taxable cannabis products. Allows, but does not require, taxable cannabis products retailers to collect the tax from the purchaser if the tax is separately stated on the receipt or similar document given to the purchaser. Provides that if the taxable cannabis product is in a bundled transaction, the entire sales price of the bundled transaction is subject to the gross receipts tax. The gross receipts tax is in addition to any other tax imposed on the sale or use of taxable cannabis products.
- Subd. 3. Use tax imposed; credit for taxes paid.** Imposes the gross receipts tax on the receipt of taxable cannabis products for use or storage in the state by anyone other than a retailer of these products. The tax must be remitted to the commissioner in the same manner as required for sales taxes. Allows a credit against the use tax for the amount of taxes paid to another state or political subdivision equal to the lesser of the tax actually paid to the other state or political subdivision, or the amount of tax imposed by Minnesota on the transaction subject to tax in the other state or political subdivision.
- Subd. 4. Exemptions.** Exempts medical cannabis from the gross receipts tax, as well as exempts from the gross receipts use tax recreational cannabis brought into Minnesota if the products have an aggregate cost of \$100 or less each month. This exemption is similar to the use tax exemption provided to tobacco products and liquor.

Section Description – Article 2: Taxes

Subd. 5. Tax collection required. Requires out-of-state retailers with nexus in Minnesota to collect the use tax from purchasers and remit to the commissioner of revenue.

Subd. 6. Taxes paid to another state or any subdivision thereof; credit. Provides a credit to retailers that have paid taxes to another jurisdiction if taxes are owed in Minnesota. The credit is equal to the amount of tax paid.

Subd. 7. Sourcing of sales. Provides that the rules governing the sourcing of sales that apply to state sales tax also apply to the tax imposed by this section.

Subd. 8. Administration. Dictates that the statutes that govern the administration of the state sales tax, except in cases where the electronic filing requirement is waived, also apply to this tax.

Subd. 9. Returns; payment of tax. Requires the gross receipts tax to be remitted on a return form prescribed by the commissioner on the same dates as required for sales taxes.

Subd. 10. Deposit of revenues. Provides that 80 percent of the gross receipts tax revenues are deposited to the general fund and 20 percent are deposited to the local government cannabis aid account. Establishes the local government cannabis aid account in the special revenue fund.

Subd. 11. Personal debt. Provides that the taxes imposed under this section and any applicable interest and penalties are a personal debt of the person required to file a return from the date the liability arises.

This section is effective for gross receipts received after June 30, 2023.

10 Cannabis local tax prohibited.

Prohibits local governments from imposing a local gross receipts tax on the sale of taxable cannabis products. This section is effective May 31, 2023.

11 Sale and purchase.

Adds the sale and purchase of taxable cannabis products to the definition of “sale and purchase” in the sales tax chapter. This section is effective for sales and purchases made after June 30, 2023.

12 Food and food ingredients.

Clarifies that taxable cannabis products are not included in the definition of “food and food products” within the sales tax chapter. This section is effective for sales and purchases made after June 30, 2023.

Section Description – Article 2: Taxes

13 Drugs; medical devices.

Clarifies that taxable cannabis products are not included in the definition of “drugs” within the sales tax chapter. This section is effective for sales and purchases made after June 30, 2023.

14 Reservation sales of taxable cannabis products.

Exempts sales of taxable cannabis products made within Indian Country. This section is effective for sales and purchases made after June 30, 2023.

15 Sales to government.

Clarifies that the purchase by a government entity of taxable cannabis products is not exempt from state sales tax. This section is effective for sales and purchases made after June 30, 2023.

16 Sales to nonprofit groups.

Clarifies that the purchase by nonprofit entities of taxable cannabis products is not exempt from state sales tax. This section is effective for sales and purchases made after June 30, 2023.

17 Nursing homes and boarding care homes.

Clarifies that the purchase by nursing homes and boarding care homes of taxable cannabis products is not exempt from state sales tax. This section is effective for sales and purchases made after June 30, 2023.

18 Cancellation of permits.

Allows the commissioner to cancel a taxable cannabis product retailer’s sales tax permit if the retailer’s license to sell taxable cannabis products is revoked by the Office of Cannabis Management. This section is effective June 30, 2023.

19 Definitions.

Amends controlled substances taxation chapter definitions.

Subd. 1. Illegal cannabis. Updates “marijuana” to exclude recreational cannabis products in this act.

Subd. 2. Controlled substance. Updates the definition of “controlled substance” to exclude illegal cannabis.

Subd. 3. Tax obligor or obligor. Removes the term “marijuana.”

This section is effective June 30, 2023.

Section Description – Article 2: Taxes

- 20 **Tax payment required for possession.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 21 **Pharmaceuticals.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 22 **Measurement.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 23 **Tax rate.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 24 **Credit for previously paid taxes.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 25 **Criminal penalty; sale without affixed stamps.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 26 **Stamp price.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.
- 27 **Payment due.**
Removes the term “marijuana” from the controlled substances tax chapter and adds the term “illegal cannabis” in accordance with the changes in section 19. This section is effective June 30, 2023.

Section Description – Article 2: Taxes

28 Local government cannabis aid.

Establishes an annual general purpose aid program for counties and cities. Beginning with aid payable in 2024, the total aid available statewide equals the balance in the local government cannabis aid account in the special revenue fund as of the close of the previous fiscal year. Half of the aid will go to counties, and half will go to cities. Of the amount dedicated to counties, 20 percent of the aid is distributed to counties statewide and 80 percent is distributed to counties in proportion to the number of cannabis businesses located in the county. The amount dedicated to cities is distributed in proportion to the number of cannabis businesses located in the city. This section is effective July 1, 2023.

Article 3: Business Development

Establishes grant programs to support cannabis businesses.

Section Description – Article 3: Business Development

1 Cannabis industry startup financing grants.

Establishes the CanStartup grant program, run by the Department of Employment and Economic Development, to give grants to nonprofit corporations to subsidize startup loans to new cannabis microbusinesses. Loans under the program do not require matching funds, but a much higher loan amount is allowed if funds are matched by private investment, and full or partial forgiveness of loans is allowed after three years of satisfactory performance. Loans can be renewed annually for up to six years. The CanStartup revolving loan account is established in the special revenue fund, and any loan payments and interest can be used to make further grants. The commissioner of employment and economic development must publicize the availability of these grants extensively and report to the legislature annually on the grant awards.

2 Cannabis industry navigation grants.

Establishes the CanNavigate grant program, run by the Department of Employment and Economic Development, to give grants to organizations to help individuals navigate the regulatory structure of the legal cannabis industry. The commissioner of employment and economic development must publicize the availability of these grants extensively and report to the legislature annually on the grant awards.

3 Cannabis industry training grants.

Establishes the CanTrain grant program, run by the Department of Employment and Economic Development, to give grants to (1) organizations to train people for cannabis jobs, and (2) individuals to subsidize getting training for cannabis jobs. Both

Section Description – Article 3: Business Development

types of grants favor programs that result in an industry-relevant credential or include hands-on or on-site experiences in the industry. The grants to individuals are designed to be made by lottery after a simple application. A grant award to an individual can be up to \$20,000, and funds may be used for child care and transportation as well as formal tuition and materials. The commissioner of employment and economic development must publicize the availability of these grants extensively and report to the legislature annually on the grant awards.

Article 4: Criminal Penalties

Establishes new crimes related to the possession, sale, and cultivation of cannabis and cannabis products.

Section Description – Article 4: Criminal Penalties

- 1 **Acts Prohibited.**
Makes a conforming change to prohibit hunting by firearm or archery while under the influence of cannabis and related products.
- 2 **Artificially derived cannabinoid.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 3 **Cannabis concentrate.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 4 **Cannabis flower.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 5 **Cannabis plant.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 6 **Cannabis product.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 7 **Edible cannabis product.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 8 **Hemp-derived consumer product.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).

Section Description – Article 4: Criminal Penalties

- 9 **Lower-potency hemp edible.**
Adopts the definition from chapter 342 into chapter 152 (controlled substances).
- 10 **Sale crime.**
Makes a conforming change, eliminating the controlled substance offense in the first degree related to the sale of marijuana. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 11 **Possession crimes.**
Amends the controlled substance offense in the first degree related to the possession of marijuana to provide that a person commits the offense if the person possesses more than 50 kilograms of cannabis flower, more than ten kilograms of cannabis concentrate, or cannabinoid products infused with more than one kilogram of tetrahydrocannabinol, and eliminates the controlled substance offense in the first degree related to the possession of 500 or more marijuana plants. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 12 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the second degree related to the sale of marijuana. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 13 **Possession crimes.**
Amends the controlled substance offense in the third degree related to the possession of marijuana to provide that a person commits the offense if the person possesses more than 25 kilograms of cannabis flower, more than five kilograms of cannabis concentrate, or cannabinoid products infused with more than 500 grams of tetrahydrocannabinol and eliminates the controlled substance offense in the second degree related to the possession of 100 or more marijuana plants. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 14 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the third degree related to the sale of marijuana. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 15 **Possession crimes.**
Amends the controlled substance offense in the third degree related to the possession of marijuana to provide that a person commits the offense if the person possesses more than ten kilograms of cannabis flower, more than two kilograms of cannabis concentrate, or cannabinoid products infused with more than 200 grams of

Section Description – Article 4: Criminal Penalties

- tetrahydrocannabinol. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 16 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the fourth degree related to the sale of marijuana in a school zone, park zone, public housing zone, or a drug treatment center. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 17 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the fifth degree related to the sale of marijuana. This section is effective August 1, 2023 and applies to crimes committed on or after that date.
- 18 **Possession and other crimes.**
Makes a conforming change, eliminating the controlled substance offense in the fifth degree related to the possession of marijuana, cannabis, or cannabis products. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 19 **Cannabis possession crimes.**
Establishes petty misdemeanor, misdemeanor, gross misdemeanor, and felony crimes for possessing cannabis and cannabis products in excess of the amounts that would be legal under this bill. Permits local units of government to establish ordinances prohibiting use of cannabis in public places provided the ordinance establishes only a petty misdemeanor penalty. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 20 **Cannabis sale crimes.**
Establishes petty misdemeanor, misdemeanor, gross misdemeanor, and felony crimes for an adult who sells cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products without a license. Includes increased penalties for repeat offenders; sale to a minor; or sale in a school zone, park zone, or drug treatment facility. Establishes a petty misdemeanor offense for sale of no more than two ounces of cannabis flower, no more than eight grams of cannabis concentrate, or edible products infused with up to 800 milligrams of tetrahydrocannabinol by a minor, and misdemeanor offenses for sale by a minor of more than those amounts. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

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- 21 **Cannabis cultivation crimes.**
Establishes gross misdemeanor and felony crimes for cultivating cannabis without a license and in excess of the amounts that would be legal under this bill. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 22 **Prescription requirements for Schedule III or IV controlled substances.**
Makes a conforming change related to the provision in current law that requires a prescription to dispense or sell a Schedule III controlled substance.
- 23 **Artificially derived cannabinoid.**
Adopts the definition from chapter 342 into chapter 169A (driving under the influence).
- 24 **Cannabis flower.**
Adopts the definition from chapter 342 into chapter 169A (driving under the influence).
- 25 **Cannabis product.**
Adopts the definition from chapter 342 into chapter 169A (driving under the influence).
- 26 **Hemp-derived consumer product.**
Adopts the definition from chapter 342 into chapter 169A (driving under the influence).
- 27 **Lower-potency hemp edible.**
Adopts the definition from chapter 342 into chapter 169A (driving under the influence).
- 28 **Driving while impaired crime; motor vehicle.**
Clarifies that operating under the influence of cannabis, cannabis products, hemp products, or THC derived from either cannabis or hemp remains a violation of DWI law. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 29 **Crime described.**
Establishes a crime for operating a school bus or Head Start bus with any amount of cannabis, cannabis product, artificially derived cannabinoid, or THC in the person’s system. This section is effective August 1, 2023, and applies to crimes committed on or after that date.

Section Description – Article 4: Criminal Penalties

- 30 **Open package law.**
Establishes an open package law similar to the state’s open bottle law. Prohibits use of cannabis flower, cannabis products, or any product containing an artificially derived cannabinoid and possession of an open package containing any of those by a driver or passenger in a motor vehicle. Establishes liability for the owner of certain motor vehicles. Establishes exceptions for transporting an open package in the trunk of a vehicle or a similar area that is not accessible to the driver, and for limousines, certain buses, and certain vehicles operated by pedaling. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 31 **Implied consent; conditions; election of test.**
Clarifies that operating under the influence of cannabis, cannabis products, hemp products, or THC derived from either cannabis or hemp remains a violation of DWI law.
- 32 **Requirement of urine or blood test.**
Clarifies that operating under the influence of cannabis, cannabis products, hemp products, or THC derived from either cannabis or hemp remains a violation of DWI law.
- 33 **Driver education programs.**
Requires driver’s education programs to include information about the effects of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and tetrahydrocannabinol derived from any source. Requires information on the hazards of operating under the influence of cannabis or hemp products, and on the legal penalties for such operation.
- 34 **Rules.**
Requires a chemical use assessment that recommends abstinence before a supervising agent can prohibit a person under supervision from using cannabis. Prohibits the commissioner from revoking supervision solely for participation in the medical cannabis program or a positive test for cannabis or its metabolites.
- 35 **Driving while under the influence.**
Makes a conforming change in the Uniform Code of Military Justice to prohibit operating a vehicle or aircraft while under the influence of cannabis, cannabis products, or similar products.
- 36 **Crime; acts prohibited.**
Clarifies that operating an aircraft under the influence of cannabis, cannabis products, hemp products, or THC derived from either cannabis or hemp remains

Section Description – Article 4: Criminal Penalties

- illegal. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 37 **Terms and conditions.**
Requires a chemical use assessment that recommends abstinence before a court can prohibit a person on probation from using cannabis or related products. Prohibits a court from imposing a sanction if a person under supervision participates in the medical cannabis program.
- 38 **Definitions.**
Defines terms related to cannabis and cannabis products for purposes of the laws addressing criminal vehicular homicide and criminal vehicular operation.
- 39 **Criminal vehicular homicide.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This section is effective August 1, 2023 ,and applies to crimes committed on or after that date.
- 40 **Great bodily harm.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 41 **Substantial bodily harm.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 42 **Bodily harm.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This

Section Description – Article 4: Criminal Penalties

- section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 43 **Death to an unborn child.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 44 **Injury to an unborn child.**
Clarifies that operating a motor vehicle under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and THC derived from cannabis or hemp is illegal for purposes of criminal laws related to causing death or harm to another while operating under the influence. This section is effective August 1, 2023, and applies to crimes committed on or after that date.
- 45 **Controlled substances.**
Makes a conforming change.
- 46 **Property subject to administrative forfeiture; presumption.**
Makes a conforming change.
- 47 **Controlled substances.**
Makes a conforming change.
- 48 **Acts Prohibited.**
Makes a conforming change to prohibit carrying a pistol in a public place while under the influence of cannabis and related products.
- 49 **DWI controlled substance roadside testing instrument pilot project; report required.**
Directs the commissioner of public safety to design and implement a pilot project to study oral fluid roadside testing to determine the presence of a controlled or intoxicating substance in drivers. Requires the commissioner to determine the practicality, accuracy, and efficacy of testing instruments. Requires the pilot project to begin on September 1, 2023, and end on August 31, 2024. Establishes that only certified drug recognition experts may obtain the tests and tests may only be performed with the voluntary consent of the person stopped. Prohibits using the test to form the basis for an arrest and prohibits use of the results of the test in any court

Section Description – Article 4: Criminal Penalties

action. Requires the commissioner of public safety to report to the legislative committees with jurisdiction over public safety by February 1, 2025. This section is effective May 31, 2023.

Article 5: Expungement

Provides for automatic expungement of petty misdemeanor and misdemeanor marijuana convictions. Establishes a Cannabis Expungement Board to review other cannabis convictions and determine whether a person is eligible for expungement, resentencing, or neither. Directs the Cannabis Expungement Board to consider whether an offense involved violence or a victim, the amount of marijuana involved in an offense, and whether expungement or resentencing is in the public interest. Requires public meetings, but further requires that the identity of a person being considered and any identified victim be private.

Section Description – Article 5: Expungement

1 Expungement of criminal records.

Makes a conforming change.

2 Automatic expungement of certain cannabis offenses.

Subd. 1. Eligibility; dismissal, exoneration, or conviction of nonfelony cannabis offenses. Provides that a person is eligible for an order vacating any conviction, dismissing charges, and expunging criminal justice records if proceedings against the person for violations alleging that the person possessed marijuana or tetrahydrocannabinols were dismissed or resolved in the person's favor, or if the person was convicted or received a stayed sentence for possessing a small amount of marijuana or possessing marijuana in a motor vehicle.

Subd. 2. Bureau of Criminal Apprehension to identify eligible individuals. Directs the Bureau of Criminal Apprehension to identify individuals eligible for expungement under subdivision 1 and provide notice to the judicial branch. Directs the Bureau of Criminal Apprehension to grant expungement of records the bureau maintains without requiring an application. Directs the bureau to notify law enforcement agencies of the expungement and requires those agencies to seal their records.

Subd. 3. Expungement relief; notification requirements. Directs the Bureau of Criminal Apprehension (BCA) to grant expungement relief to each qualifying person whose records the BCA possesses unless an order of the judicial branch prohibits sealing the records or additional information establishes that the records are not eligible for expungement. Requires the BCA to notify the judicial

Section Description – Article 5: Expungement

branch of all cases that are granted expungement relief and directs the judicial branch to seal relevant records and issue any order necessary to seal related records. Requires the BCA to send notice to local law enforcement agencies and prosecutorial offices and directs the recipients to seal relevant records. Requires the BCA to post notice regarding how noncitizens who need copies of certain records can obtain those records. Provides that provisions under section 609A.03, subdivision 6, regarding cases that received a stay of adjudication pursuant to section 152.18 apply. Provides that the limitations under section 609A.03, subdivision 7a, paragraph (b), do not apply and orders issued under this section. Requires records to be available to the subject of the record and provides that relief granted under this section must not impact the ability of a person to petition for postconviction relief.

Subd. 4. Immunity from civil liability. Establishes that the Department of Public Safety, commissioner of public safety, Bureau of Criminal Apprehension, and the superintendent of the BCA and BCA employees shall not be held civilly liable when acting in good faith to exercise the powers granted under this section, or for any acts or omissions occurring within the scope of the performance of their duties under the section.

Subd. 5. Report. Requires the Bureau of Criminal Apprehension to submit a report to the legislative committees with jurisdiction over public safety upon completion of its work under this section.

This section is effective August 1, 2023.

3 Expungement and resentencing of felony cannabis offenses.

Subd. 1. Cannabis Expungement Board. Establishes the Cannabis Expungement Board which consists of the following five members: the chief justice of the supreme court or a designee, the attorney general or a designee, one public defender, the commissioner of corrections or a designee, and one public member. Directs the governor to prioritize appointment of a public member with experience as an advocate for victim's rights. Establishes that members may only be removed for cause or after missing three consecutive meetings and that members are eligible for compensation as provided in section 15.0575, subdivision 3. Provides that the board will have the power and duty to review records, determine whether a person should receive an expungement, determine whether a person should be resentenced to a lesser offense, and identify nonfelony cannabis violations that were not automatically expunged. The Cannabis Expungement Board must determine when its work is complete.

Subd. 2. Executive director. Directs the governor to appoint the initial director of the Cannabis Expungement Board. Provides that the director serves at the

Section Description – Article 5: Expungement

pleasure of the board and that vacancies shall be filled by the board. Establishes the salary of the executive director and permits the executive director to hire additional staff, find office space, and enter into agreements with the Department of Corrections to support the operations of the board.

Subd. 3. Eligibility; cannabis offense. Provides that a person is eligible to have a conviction vacated, charges dismissed, and records expunged, or resentencing if the person was convicted of, or received a stayed sentence for, a felony offense involving the possession or sale of marijuana, the offense did not involve a dangerous weapon or harm to another, the act for which the person was sentenced would be a lesser offense or no longer be criminal under changes to law, and the person has no existing right to an appeal.

Subd. 4. Bureau of Criminal Apprehension to identify eligible records. Directs the Bureau of Criminal Apprehension to identify convictions that qualify for review under the standards established in subdivision 3.

Subd. 5. Access to records. Provides that the Cannabis Expungement Board will have access to all records of any type related to a conviction for possession of a controlled substance held by law enforcement agencies, prosecuting authorities, and court administrators.

Subd. 6. Meetings; anonymous identifier. Requires the Cannabis Expungement Board to meet at least monthly. Provides that meetings are subject to chapter 13D. Permits crime victims and law enforcement agencies to submit written or oral statements. Requires the board to use anonymous identifiers when discussing an individual's records.

Subd. 7. Review and determination. Directs the Cannabis Expungement Board to review available records to determine whether the conviction or stay of adjudication is eligible for expungement or resentencing. Provides that expungement under this section is presumed to be in the public interest unless there is clear and convincing evidence that expungement or resentencing would create a risk to public safety. Directs the board to determine whether limitations on expungement apply to each individual case and, if expungement is not appropriate, whether resentencing is appropriate. Directs the board to consider factors including public safety in making its determination. Prohibits the board from considering the impact an expungement would have based on records held by the Department of Health or Department of Human Services. Requires an affirmative vote of at least three members for action taken at a meeting.

Subd. 8. Identification of eligible misdemeanor and petty misdemeanor records. Requires the board to identify nonfelony violations involving the

Section Description – Article 5: Expungement

possession of marijuana that were not automatically expunged and directs the board to notify the judicial branch that the records are eligible for expungement.

Subd. 9. Annual report. Requires the Cannabis Expungement Board to submit an annual report describing its activities, including the number of cases reviewed in the previous year, the number of cases remaining to be reviewed, and the outcomes of the cases reviewed.

Subd. 10. Notice to judicial branch and offenders. Directs the Cannabis Expungement Board to provide notice to the judicial branch of individuals eligible to have a conviction vacated, charges dismissed, and records expunged, or to receive resentencing. Directs the board to make a reasonable effort to notify an individual whose information is sent to the judicial branch under this section.

Subd. 11. Data classification. Provides that all data collected, created, received, maintained, or disseminated by the Cannabis Expungement Board in which each victim of a crime and person whose conviction or stay of adjudication the Cannabis Expungement Board reviews is or can be identified as the subject of the data is classified as private data on individuals.

Subd. 12. Order of expungement. Directs the courts to issue an order vacating a conviction, dismissing charges, and expunging records consistent with the findings of the Cannabis Expungement Board upon receipt of information from the board.

Subd. 13. Resentencing. Provides that, if the Cannabis Expungement Board determined that a person is eligible for resentencing, the court shall proceed as if the appellate court directed a reduction of the conviction to an offense of lesser degree pursuant to rule 28.02, subdivision 12 of the Rules of Criminal Procedure. Permits the court to issue an order without holding a hearing if the person completed or was discharged from the sentence. Directs the court to issue an order restoring the person's right to possess firearms and ammunition where applicable.

This section is effective August 1, 2023.

4 Procurement.

Directs the commissioner of public safety to comply with laws regarding state procurement in chapter 16C, but permits the commissioner of administration to waive requirements, on a case-by-case basis, if compliance would be impractical. This section is effective May 31, 2023.

Section Description – Article 5: Expungement

5 Transition period.

Requires the Department of Corrections (DOC) to provide assistance, support, and space to the Cannabis Expungement Board from August 1, 2023, through March 1, 2024, and requires the board to reimburse the DOC for those services. This section is effective May 31, 2023.

Article 6: Miscellaneous Provisions

This article outlines compacts with Indian Tribes regarding cannabis, makes conforming changes, requires education programs on cannabis use, requires the commissioner of health to collect data on cannabis use in the state, adds provisions governing workplace testing for cannabis, modifies eligibility requirements for certain public assistance programs for persons with a drug offense conviction, and repeals existing statutes and rules governing the medical cannabis registry program. Unless otherwise specified, all sections are effective July 1, 2023.

Section Description – Article 6: Miscellaneous Provisions

1 Medical cannabis; compacts to be negotiated.

Authorizes the governor, or the governor’s designee, to enter into compacts with Indian Tribes to permit the Tribes to provide medical cannabis. Identifies the issues all compacts must address, and provides civil and criminal immunity for licensed cannabis businesses operated by a Tribal medical cannabis business. Requires the governor to publish all compacts and report to the legislature. This section is effective May 31, 2023.

2 Adult-use cannabis; compacts to be negotiated.

Authorizes the governor, or the governor’s designee to enter into compacts with Indian Tribes to permit the Tribes to provide adult-use cannabis. Identifies the issues all compacts must address, including rates of assessment and revenue sharing, and provides civil and criminal immunity for licensed cannabis businesses operated by a Tribal cannabis business. Requires the governor to publish all compacts and report to the legislature. This section is effective May 31, 2023.

3 Cannabis business.

Makes a conforming change in chapter 13 noting that data submitted to the Cannabis Management Board for a cannabis business license and data relating to investigations and disciplinary proceedings involving cannabis businesses licensed by the Cannabis Management Board are classified under section 324.17, subdivision 7.

Section Description – Article 6: Miscellaneous Provisions

- 4 **Cannabis Expungement Board records.**
Makes a conforming change in chapter 13 noting that data collected, created, received, maintained, or disseminated by the Cannabis Expungement Board are classified under section 609A.06, subdivision 8.
- 5 **Processing.**
Clarifies in chapter 18K that processing of industrial hemp does not include the production of artificially derived cannabinoids. This section is effective July 1, 2024.
- 6 **Food.**
Updates the definition of food in chapter 34A to exclude cannabis products. This section is effective March 1, 2025.
- 7 **Education on cannabis use and substance use.**
Requires the commissioner of education to identify model programs to educate middle and high school students about the health effects of cannabis use and substance use, and requires school districts and charter schools to implement an education program on cannabis use and substance use for middle and high school students beginning in the 2026-2027 school year.
- 8 **Cannabis data collection and biennial reports.**
Requires the commissioner of health to collect data and report on the prevalence of the use of cannabis and cannabis products using a baseline assessment and providing updates. Requires a report at least every two years beginning January 1, 2025.
- 9 **Cannabis education programs.**
Requires the commissioner of health to conduct an education program on the top three adverse health effects of the use of cannabis or cannabis products by persons under 25. Requires the commissioner to conduct an education program to educate pregnant individuals, breastfeeding individuals, and individuals who may become pregnant on the adverse health effects of prenatal exposure or exposure by infants and children to cannabis and cannabis products. Requires the commissioner to provide training and technical assistance to home visiting programs regarding safe and unsafe uses of cannabis and cannabis products in homes with infants and young children. Directs the commissioner to issue grants to qualified agencies and programs to provide education and training to substance use disorder treatment providers on the signs of and treatments for substance use disorder.
- 10 **Remedies available.**
Makes a conforming change. This section is effective March 1, 2025.

Section Description – Article 6: Miscellaneous Provisions

- 11 **Application of other law.**
Makes a conforming change. This section is effective March 1, 2025.
- 12 **Marijuana.**
Amends the definition of marijuana in chapter 152.
- 13 **Indian lands.**
Defines Indian lands for the medical cannabis statutes. This section is effective May 31, 2023.
- 14 **Tribal medical cannabis board.**
Defines Tribal medical cannabis board for the medical cannabis statutes. This section is effective May 31, 2023.
- 15 **Tribal medical cannabis program.**
Defines Tribal medical cannabis program for the medical cannabis statutes. This section is effective May 31, 2023.
- 16 **Tribal medical cannabis program manufacturer.**
Defines Tribal medical cannabis program manufacturer for the medical cannabis statutes. This section is effective May 31, 2023.
- 17 **Tribal medical cannabis program patient.**
Defines Tribal medical cannabis program patient for the medical cannabis statutes. This section is effective May 31, 2023.
- 18 **Report.**
Amends a subdivision governing requirements for medical cannabis manufacturer reports to the commissioner of health, to require a manufacturer to report to the commissioner on a weekly basis, information on transactions between each Tribal medical cannabis program patient and the manufacturer. This section is effective May 31, 2023.
- 19 **Distribution to Tribal medical cannabis program patient.**
Allows a medical cannabis manufacturer to distribute medical cannabis to Tribal medical cannabis program patients. Before distribution, requires a Tribal medical cannabis program patient to provide the manufacturer with a valid medical cannabis registration verification from a Tribal medical cannabis program and a valid photo identification. Provides that the manufacturer can distribute medical cannabis to Tribal medical cannabis program patients only in a form allowed under the state medical cannabis program. This section is effective May 31, 2023.

Section Description – Article 6: Miscellaneous Provisions

- 20 **Tribal medical cannabis program manufacturer transportation.**
Allows a Tribal medical cannabis program manufacturer to transport medical cannabis to testing laboratories in the state and to other Indian lands, and requires the motor vehicle used to transport medical cannabis to be staffed with at least two manufacturer employees carrying identification and a transportation manifest. This section is effective May 31, 2023.
- 21 **Patient duties.**
Current law allows a patient enrolled in the state medical cannabis program to receive medical cannabis and medical cannabis products only from a manufacturer. This section also allows a patient to receive medical cannabis from a Tribal medical cannabis program. This section is effective May 31, 2023.
- 22 **Protections for registry program or Tribal medical cannabis program participation.**
 Subd. 1. Presumption. Extends the presumption that a patient enrolled in the registry program is engaged in the authorized use of medical cannabis to also include Tribal medical cannabis program patients. Allows the presumption to be rebutted by evidence that a Tribal medical cannabis program patient’s use of medical cannabis was not for a purpose authorized by the Tribal medical cannabis program.

 Subd. 2. Criminal and civil protections. Para. (a) provides that the use or possession of medical cannabis or medical cannabis products by a Tribal medical cannabis program patient is not a violation of chapter 152, and that possession, dosage determinations, or sale of medical cannabis or medical cannabis products by a Tribal medical cannabis manufacturer or its employees is not a violation of chapter 152.

 Para. (c) extends protections from civil penalties or disciplinary action by a licensing board for participation in a Tribal medical cannabis program, to members of a Tribal medical cannabis board, Tribal medical cannabis board staff, and agents and contractors of the Tribal medical cannabis board.

 Para. (g) prohibits information obtained from a Tribal medical cannabis program patient under the medical cannabis statutes from being submitted as evidence in a criminal proceeding unless independently obtained or in connection with a proceeding involving a violation of the medical cannabis statutes.

 Para. (i) extends the protection for attorneys from disciplinary action for providing legal assistance to prospective or registered manufacturers, to also include protection from disciplinary action by a Tribal court and to include

Section Description – Article 6: Miscellaneous Provisions

protection for providing legal assistance to a Tribal medical cannabis program or to a Tribal medical cannabis program manufacturer.

Para. (j) provides that possession of a verification issued by a Tribal medical cannabis program by a person entitled to possess a verification, and possession of an application for enrollment in a Tribal medical cannabis program, does not constitute probable cause or reasonable suspicion and cannot be used to support a search of the person or property.

Subd. 3. Discrimination prohibited. Extends the protections from discrimination that currently apply to patients enrolled in the medical cannabis program, to also apply to persons who are Tribal medical cannabis program patients.

This section is effective May 31, 2023.

23 Intentional diversion; criminal penalty.

In a subdivision establishing a criminal penalty if a manufacturer or agent transfers medical cannabis to a person other than allowed by law, adds language exempting manufacturer transfers of medical cannabis to Tribal medical cannabis program patients from this penalty. This section is effective May 31, 2023.

24 Fees; deposit of revenue.

Repeals the \$200 enrollment fee for medical cannabis patients.

25 Duties; goal.

Provides that the dual-training programs overseen by the commissioner of labor and industry can include occupations in the legal cannabis industry.

26 Prohibited practice.

Adds cannabis to state definition of “lawful consumable product,” meaning an employer cannot fire, discipline, or refuse to hire someone for their use or enjoyment of cannabis or cannabis products outside of work during nonworking hours.

27-32 Cannabis testing in the workplace definitions.

These sections add a new definition for “cannabis testing,” and make conforming changes to current definitions for workplace drug and alcohol testing.

- Section 27 defines “confirmatory test” and “confirmatory retest” to include a cannabis test is separate from a drug test.
- Sections 28 and 29 remove cannabis as a “drug” subject to current “drug and alcohol testing,” but provide for exceptions, including section 18.
- Section 30 defines “cannabis testing.” Applies existing methods and definitions unless stated.

Section Description – Article 6: Miscellaneous Provisions

- Section 31 defines “initial screening test” to include a cannabis test.
- Section 32 includes cannabis impairment under “safety-sensitive position.”

33 Random testing.

Makes a conforming change allowing employers to request or require cannabis testing under circumstances that would permit a drug or alcohol test.

34 Reasonable suspicion testing.

Makes a conforming change allowing employers to request or require cannabis testing under circumstances that would permit a drug or alcohol test.

35 Treatment program testing.

Makes a conforming change allowing employers to request or require cannabis testing under circumstances that would permit a drug or alcohol test.

36 Limitations on cannabis testing.

Prohibits cannabis testing of job applicants or using cannabis test results to make hiring decisions unless otherwise required by state or federal law. Prohibits testing on an arbitrary or capricious basis. Existing law and testing safeguards apply.

37 Cannabis testing exceptions.

Provides exceptions to limitations on cannabis testing. Existing drug and alcohol testing requirements continue to apply to:

- 1) a safety-sensitive position;
- 2) a peace officer;
- 3) a firefighter;
- 4) a position working directly with children, vulnerable adults, or health care patients;
- 5) a position requiring a commercial driver’s license or requiring testing for motor vehicle operation;
- 6) a federally funded grant position; or
- 7) any other position where state or federal law require testing.

38 Cannabis policy.

Allows employers to create written policies prohibiting cannabis use, possession, sale, transfer, or impairment at work or on work property, and outlining cannabis testing requirements and discipline, subject to existing law. Requires prior written notice to affected employees and refusal, confirmation, and appeal procedures.

Section Description – Article 6: Miscellaneous Provisions

39 Reliability and fairness safeguards.

Makes conforming changes to clarify that existing testing standards and protections under the workplace drug and alcohol statute apply if an employer requests or requires an employee to undergo cannabis testing. These include use of certain qualified laboratories, reporting, retention, and chain of custody procedures, notice of and right to receive test results, certain employee protections before undergoing testing or if they test positive, confirmatory retests, and limits on discipline and discharge related to a positive cannabis test.

Adds subdivision 10a providing additional limitations on discipline or discharge for cannabis. Authorizes discipline, discharge, or other adverse personnel action by an employer for a cannabis violation at work or on work property, if an employee:

- 1) is impaired by cannabis at work;
- 2) has a verified positive test for cannabis;
- 3) violates an employer’s valid written cannabis policy; or
- 4) as provided under other state or federal law.

40 Privacy, confidentiality, and privilege safeguards.

Makes conforming changes clarifying that privacy, confidentiality, and privilege provisions in the workplace drug and alcohol statute apply to cannabis testing.

41-42 Interaction with collective bargaining agreements and federal law.

Allows for consistent cannabis testing policies in collective bargaining agreements that meet or exceed employee protections for workplace testing provisions. Recognizes federal preemption of state cannabis testing law where specified.

43 Background studies conducted by Department of Human Services.

Prohibits the commissioner of human services from considering a conviction for possession of marijuana that has been expunged or any information related to a record that has been expunged when determining if a person is disqualified under a background study.

44 Drug convictions.

Modifies the information the court administrator must periodically report to the commissioner of human services and removes obsolete language.

45 Drug formulary.

Makes a conforming change.

Section Description – Article 6: Miscellaneous Provisions

- 46 **Person convicted of drug offenses.**
Allows a person with a drug offense conviction to continue to be eligible for general assistance if the conviction is related to cannabis, marijuana, or THC. Specifies a positive drug test result must be for an illegal controlled substance under chapter 152 (drugs; controlled substances). Modifies the definition of “drug offense.”
- 47 **Fleeing felons.**
Makes a technical change.
- 48 **Person convicted of drug offenses.**
Allows a person with a drug offense conviction to continue to be eligible for MFIP if the conviction is related to cannabis, marijuana, or THC. Specifies a positive drug test result must be for an illegal controlled substance under chapter 152 (drugs; controlled substances). Modifies the definition of “drug offense.”
- 49 **Fleeing felons.**
Makes a technical change.
- 50 **Disqualifiers.**
Disqualifies a person for a liquor license if that person has had a cannabis license revoked or has been convicted of a cannabis or hemp related crime that took place on the premises of a business selling intoxicated liquor.
- 51 **Retail license not prohibited; lower-potency hemp edibles.**
Prohibits the revocation or suspension of a retail liquor license, or imposition of a licensing penalty, solely because a licensee holds a lower-potency hemp edible product retailer license.
- 52 **Exclusive liquor stores.**
Permits exclusive liquor stores to sell lower-potency hemp edibles and products that detect the presence of fentanyl or a fentanyl analog. This section is effective March 1, 2025.
- 53 **Penalties for sales of certain products; licensees.**
Adds penalties to the statute relating to tobacco licenses to allow for a tobacco license to be suspended or revoked if the license holder has had their cannabis license revoked or has been convicted of a cannabis or hemp related crime that took place on the premises of a business selling tobacco. The licensee must receive notice of the alleged violation and have an opportunity for a hearing before the penalty may take effect.

Section Description – Article 6: Miscellaneous Provisions

- 54 **Mandatory expungement.**
Directs a court to expunge an eviction case if the tenant could receive an automatic expungement of a criminal offense related to cannabis or marijuana, or if the breach was based solely on the possession of marijuana or tetrahydrocannabinols.
- 55 **Terms of covenant.**
Provides that a landlord cannot prohibit a tenant from legally possessing or using, and a tenant cannot waive the right to legally possess or use, any cannabinoid products or hemp-derived consumer products other than those consumed through smoking, vaping, or a similar manner.
- 56 **Covenants; sober homes.**
Permits a sober housing program for people with substance use disorders to prohibit people in the program from possessing or using cannabinoid products or hemp-derived consumer products.
- 57 **Benefit eligibility.**
Allows a person with a drug offense conviction to continue to be eligible for general assistance and SSI if the conviction is related to cannabis, marijuana, or THC. Specifies a positive drug test result must be for an illegal controlled substance under chapter 152 (drugs; controlled substances). Modifies the definition of “drug offense.”
- 58 **Drug offenders; random testing; sanctions.**
Excludes convictions related to cannabis, marijuana, and tetrahydrocannabinols from the offenses that require random drug testing in order to receive certain MFIP benefits.
- 59-67 **Definitions.**
Incorporates definitions related to adult-use cannabis and medical cannabis into provisions relating to firearm possession.
- 68 **Ineligible persons.**
Establishes that the use of medical cannabis flower or medical cannabinoid products does not constitute the unlawful use of a controlled substance for the purpose of the right to possess a firearm.
- 69 **Granting and denial of permits.**
Provides that enrollment in the medical cannabis program or use of medical cannabis flower or medical cannabinoid products may not be used as the basis to deny an application for a permit to carry a firearm.

Section Description – Article 6: Miscellaneous Provisions

70 Standardized forms.

Directs the commissioner of public safety to include notice that a person does not need to disclose the use of medical cannabis flower or medical cannabinoid products by a person in the registry program in any form used for the purpose of approving or disapproving a person from owning, possessing, or carrying a firearm.

71 Lawful cannabis users.

Provides that a person may not be denied the right to own, possess, or carry firearms based on the person's status as a patient in the medical cannabis registry program and prohibits state and local agencies from accessing certain information or requesting certain information if the purpose is to prohibit a person in the registry program from owning, possessing, or carrying a firearm.

72 High intensity drug trafficking area report.

Directs the commissioner of public safety to contract with Hennepin County to produce a statewide baseline report on marijuana to be submitted by February 1, 2024.

73 Repealer.

Paragraph (a) repeals existing statutes governing the medical cannabis registry program. This paragraph is effective March 1, 2025.

Paragraph (b) repeals section 152.027, subdivisions 3 and 4, which establish criminal penalties for possession of marijuana in a motor vehicle and the possession or sale of small amounts of marijuana. This paragraph is effective August 1, 2023.

Paragraph (c) repeals the THC Therapeutic Research Act.

Article 7: Temporary Regulation of Certain Products

This article directs the Department of Health to temporarily regulate products containing hemp-derived cannabinoids, including products that contain CBD and edible products that contain up to 5 milligrams of THC per serving. All sections other than the repealer are effective May 31, 2023.

Section Description – Article 7: Temporary Regulation of Certain Products

1 Food.

Makes a conforming change.

Section Description – Article 7: Temporary Regulation of Certain Products

2 Sale of certain cannabinoid products.

Subd. 1. Definitions. Defines additional terms including “artificially derived cannabinoid,” “batch,” “commissioner,” “distributor,” and “synthetic cannabinoid.”

Subd. 2. Scope. Makes a conforming change to clarify that the commissioner of health will have regulatory authority over products under this section.

Subd. 3. Sale of cannabinoids derived from hemp. Provides clarification on products that may be sold, and also allows for products to be sold for on-site consumption provided certain conditions are met.

Subd. 4. Testing requirements. Specifies that a representative sample of each batch of a product must be submitted for testing. Requires persons seeking testing of hemp-derived cannabinoids and products containing those products to disclose any foreign substances, including pesticides, applied to the hemp or product. Permits the commissioner to determine that a testing laboratory does not meet minimum requirements.

Subd. 5. Labeling requirements. Adds “batch number” to the information a label must contain.

Subd. 5a. Additional requirements for edible cannabinoid products. Prohibits edible cannabinoid products that are similar to a meat or dairy food product. Except for products intended to be consumed as beverages, requires indications of serving size to appear on an edible cannabinoid product. Limits beverage containers to a maximum of two servings per container. Limits the cannabinoids an edible cannabinoid product can contain to delta-8 THC and delta-9 THC and specifically prohibits other artificially derived cannabinoids and synthetic cannabinoids. Requires that all edible cannabinoid products, except beverages, must be displayed behind a checkout counter or in a locked case.

Subd. 5b. Registration; prohibitions. Requires businesses selling edible cannabinoid products to register with the commissioner of health by October 1, 2023. Prohibits charging a fee for registration. Prohibits sales of edible cannabinoid products after October 1, 2023, if the business is not registered.

Subd. 5c. Age verification. Requires businesses to verify the age of a customer before selling edible cannabinoid products and identifies valid forms of identification.

Subd. 6. Noncompliant products; enforcement. Establishes that products sold or held for sale in this state are considered noncompliant products when they fail to meet certain health and safety requirements. Permits the commissioner to assume that a product in this state is intended for sale in the state if similar

Section Description – Article 7: Temporary Regulation of Certain Products

products have been sold to customers in the state. Permits the commissioner to enforce this section under the Health Enforcement Consolidation Act. Permits the commissioner to enter into agreements with the Office of Cannabis Management to perform inspections and take enforcement action.

Subd. 7. Violations; criminal penalties. Establishes gross misdemeanor penalties for certain sales of edible cannabinoid products, including the knowing sale of noncompliant products or sales to a person under age 21.

3 Exclusive liquor stores.

Permits exclusive liquor stores to sell edible cannabinoid products and products that detect the presence of fentanyl or a fentanyl analog.

4 Edible cannabinoid products; enforcement.

Establishes that the Department of Health has enforcement authority over section 151.72 and can exercise the powers in the Health Enforcement Consolidation Act of 1993. Provides that, when the powers and duties of the Office of Medical Cannabis transfer to the Office of Cannabis Management, enforcement of section 151.72 also transfers.

5 Transfer of active and inactive complaints.

Provides for the transfer of all data on complaints relating to violations of section 151.72 from the Board of Pharmacy to the Department of Health. Provides for the transfer of complaint data from the Department of Health to the Office of Cannabis management with respect to the medical cannabis program.

6 Repealer.

Repeals section 151.72, which provides for the temporary regulation of edible cannabinoid products, effective March 1, 2025.

Article 8: Scheduling of Marijuana

Reschedules marijuana from Schedule I to Schedule III. The sections in this article are effective May 31, 2023.

Article 9: Appropriations

Appropriates money for regulation of the cannabis industry, expungement of criminal records, grant programs, and other impacts from the legalization of cannabis. [See the spreadsheet](#) for more detail.



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