

Subject Adult-use cannabis

Authors Winkler and others

Analyst Ben Johnson – art. 1, §§ 1-36, 58, 59; arts. 5-6; art. 7 §§ 1-2, 23; arts. 8-9

Elisabeth Klarqvist – art. 1, §§ 37-54; art. 7, §§ 3-5, 24-26

Colbey Sullivan – art. 3

Alexandra Haigler – art. 2, §§ 3-8

Chris Kleman – art. 2, §§ 1-2

Anna Scholin – art. 1, §§ 55-56; art. 4

Marta James – art. 7, §§ 6-19

Danyell Punelli – art. 7, §§ 20-22

Sarah Sunderman – art. 1, §§ 57, 60

Date March 24, 2021

Overview

This bill establishes a regulatory framework for adult-use cannabis, moves the medical cannabis program under the newly created Cannabis Management Board, establishes taxes on adult-use cannabis, creates grants to assist individuals entering into the legal cannabis market, amends criminal penalties, provides for expungement and resentencing of certain convictions, reschedules marijuana, and appropriates money.

Article 1: Regulation of Adult-Use Cannabis

This article establishes the Cannabis Management Board to oversee the regulation of cannabis and cannabis products; specifies licensure categories for cannabis businesses and requirements and procedures for licensure and operations; establishes legal limitations on the use, possession, and transportation of cannabis and cannabis products; transfers the medical cannabis registry program from the Department of Health to the Cannabis Management Board; and establishes the cannabis industry community renewal grant program.

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

1 Definitions.

Defines terms including “adult-use cannabis,” “adult-use cannabis concentrate,” “adult-use cannabis product,” “batch,” “cannabinoid profile,” “cannabis business,” “edible cannabis produce,” “hemp-derived consumable or topical product,” “labor

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

peace agreement,” “medical cannabis,” “patient,” “qualifying medical condition,” and “statewide monitoring system” as used in the new chapter of law.

2 Cannabis Management Board.

Establishes the Cannabis Management Board consisting of nine members. Tasks the board with overseeing the regulation of the production and sale of adult-use cannabis, adult-use cannabis products, and medical cannabis. Establishes the powers, duties, and guiding principles for the board. Establishes three-year staggered terms for board members. Directs the board to meet at least monthly and establishes that the board is subject to the requirements of chapter 13D. Gives the board temporary expedited rulemaking authority. Directs the board to appoint an executive director and other employees as needed. Establishes an office of social equity to administer grants and act as an ombudsperson for the board.

3 Cannabis Advisory Council.

Establishes an advisory council consisting of 26 members. 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.

4 Studies; reports.

Directs the board 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; and the impact, if any, of adult-use cannabis on the prevalence of impaired driving. Provides that the initial reports must be made to the legislature by January 15, 2021, and final reports must be made by January 15, 2022. Also requires a report to the legislature on January 15 of each year on 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 board to contract with an outside vendor to establish a statewide monitoring system to track all cannabis and cannabis products from seed or immature plant to disposal or sale to a patient or customer.

6 Approval of products.

Directs the board to approve all cannabis products for sale by rule. Prohibits the approval of products that are, or resemble, certain candies and snacks commonly consumed by children.

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

7 Establishment of environmental standards.

Directs the board to establish appropriate standards for water use and disposal for cannabis businesses. Directs the board, in consultation with the commissioner of commerce, to establish standards for energy use by cannabis businesses that promotes the use of solar and wind energy; promotes the use of electric vehicles; and requires the use of solar and wind energy, or purchase of approved credits to offset the use of other energy, for cannabis businesses and legacy medical cannabis manufacturers. Directs the board to establish appropriate standards for the disposal of solid waste related to the regulated cannabis industry. Directs the board to establish limitations on the odors produced by cannabis businesses.

8 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:

- possess 1.5 ounces or less of cannabis in a public place;
- possess ten pounds or less of cannabis 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 and cannabis products in an amount that is legal for a person to possess in public;
- use cannabis and cannabis products in private areas; and
- cultivate up to eight cannabis plants, of which four or fewer may be mature, flowering plants.

9 Licenses; types.

Establishes ten categories of licenses. License categories are:

- cannabis cultivator;
- cannabis manufacturer;
- cannabis retailer;
- cannabis wholesaler;
- cannabis transporter;
- cannabis testing facility;
- cannabis microbusiness;
- cannabis event organizer;
- cannabis delivery service; and

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

- medical cannabis business.

10 Licenses; fees.

Prohibits charging a fee, other than an application fee, for an annual license issued under this chapter.

11 Licenses; transfers; adjustments.

Prohibits transferring licenses issued under this chapter. 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 board to allow a license holder to relocate and limits the application fee for relocation to \$250.

12 Local control.

Provides that local units of government may not prohibit the possession, transportation, or use of cannabis or cannabis products authorized under the chapter. Provides that local units of government may not prohibit the establishment of a cannabis business licensed under this chapter. Permits local units of government to establish reasonable restrictions on the time, place, and manner of operations and directs the board to work with local units of government to establish a model ordinance. 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 engaged in such a study to prohibit a cannabis business from opening until January 1, 2024. Directs local units of government to review applications sent by the board and certify whether the application complies with local ordinances. Directs the board to seek input on applications from local governments and permits the local governments to provide any information it believes is relevant to the Board's decision. Requires the board to establish an expedited complaint process for complaints made by local governments.

13 License application and renewal; fees.

Directs the board to establish forms and procedures for the processing of licenses issued under this chapter. Establishes minimum requirements for the information collected by the board 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 board to charge an application fee of \$250.

14 License selection criteria.

Directs the board 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. Directs the board to prioritize the issuance of microbusiness licenses and craft cultivator licenses. Prohibits the issuance of bulk cultivator licenses

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

until July 1, 2026, unless the board determines that such licenses are necessary to assure sufficient supply. Directs the board to score applications in multiple categories, including the status as a social equity applicant. Prohibits the board from issuing a license if a cannabis business would be located within 1,000 feet of a school, day care, nursing home, union headquarters, house of worship, or the Capitol or the Capitol grounds.

15 Inspection; license violations; penalties.

Establishes that the board may enter and inspect cannabis businesses and records at reasonable hours. Gives the board 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 board to enter into agreements with community health boards to delegate its inspection and enforcement duties. Permits the board to conduct inspections at any time. Requires the board to prioritize inspections based on suspected violations that pose an imminent danger to customers or the public. Further directs the board to prioritize inspections based on complaints from local units of government. Permits the board to issue administrative orders directing cannabis businesses to take specific action, permits businesses to appeal those orders, and allows the board to assess administrative penalties of up to \$10,000 for each violation. Provides that certain data related to complaints and investigations are not public.

16 License suspension or revocation; hearing.

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

17 Adult-use cannabis business; general ownership disqualifications and requirements.

Establishes general ownership and operation requirements that apply to all cannabis businesses. Establishes disqualifications for certain criminal offenses that last either for the person's lifetime, or for one, five, or ten years following the discharge of a sentence. Permits an applicant to apply for a set-aside of the prohibitions related to convictions. Establishes requirements for holding a license including that a license holder be at least 21; reside in Minnesota or be a business with Minnesota ownership of at least 75 percent; not be employed by the board or work as a peace officer;

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

never have had a revocation of a license issued under this chapter; and have filed and paid appropriate business taxes.

18 Cannabis business; general operational requirements and prohibitions.

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; prohibiting consumption of cannabis and cannabis 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; providing a diversity report; using the statewide monitoring system; and having adequate security.

19 Cannabis cultivator licensing.

Provides that a cannabis cultivator license entitles the license holder to grow and harvest the approved amount of cannabis. Establishes two license tiers including a craft cultivator license for facilities of not more than 10,000 feet of plant canopy and a bulk cultivator license for facilities of not more than 30,000 feet of plant canopy. 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 license, a license to grow industrial hemp, and a cannabis event organizer license. Permits a cannabis cultivator to transport cannabis to a cannabis manufacturer licensed to the same entity and located on the same premises. Establishes prohibitions on relationships between cannabis cultivators and health care practitioners who certify qualifying medical conditions for patients.

20 Cannabis cultivator operations.

Requires cannabis cultivators to establish and maintain records for each batch of cannabis that is cultivated, comply with limitations on the use of agricultural chemicals, and establish and follow an operation plan that 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. Prohibits genetically engineered seeds.

21 Cannabis manufacturer licensing.

Provides that a cannabis manufacturer license entitles the license holder to purchase cannabis, cannabis products, hemp, and hemp products; extract tetrahydrocannabinol and other raw materials from cannabis; concentrate tetrahydrocannabinol; manufacture products for public consumption; package and label cannabis products for sale to other cannabis businesses; and perform other

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

actions approved by the board. 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. Establishes prohibitions on relationships between cannabis manufacturers and health care practitioners who certify qualifying medical conditions for patients.

22 Cannabis manufacturer operations.

Requires that cannabis manufacturing must take place in an enclosed, locked facility that is used exclusively for the manufacture of cannabis 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 to provide specific information on operations to obtain a license endorsement. 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.

23 Cannabis retailer licensing.

Provides that a cannabis retailer license entitles the license holder to sell immature cannabis plants and seedlings, adult-use cannabis, adult-use cannabis products, and other products authorized by law to customers. 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 event organizer license. Permits, but does not require, a city or county to operate cannabis stores. Establishes prohibitions on relationships between cannabis retailers and health care practitioners who certify qualifying medical conditions for patients.

24 Cannabis retailer operations.

Prohibits the sale of cannabis plants, adult-use cannabis, or adult-use cannabis products to individuals under 21 years of age. Permits the sale of adult-use cannabis and cannabis products within the limits established by the chapter; 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; and hemp products. Requires cannabis retailers to verify the age of customers before selling products. Limits the display of cannabis and cannabis 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 between 2:00 a.m. and 8:00 a.m. Monday through Friday, or between 2:00 a.m. and 10:00 a.m. on Sunday unless operation is permitted under ordinance. Permits a local city or county to adopt an ordinance permitting additional hours of operation. Requires cannabis retailers to

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

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 plants, cannabis, or cannabis products; operating a drive-through window; operating a vending machine containing cannabis or cannabis products; or selling cannabis or cannabis 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 that is distinct from the remainder of the premises and contains space for consultation with a pharmacist.

25 Cannabis wholesaler licensing.

Provides that a cannabis wholesaler license entitles the license holder to purchase immature cannabis plants and seedlings, adult-use cannabis, adult-use cannabis products, hemp and hemp 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, adult-use cannabis, adult-use cannabis products, hemp and hemp products, and other products authorized by law to cannabis retailers. 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 and a cannabis event organizer license.

26 Cannabis wholesaler operations.

Requires a cannabis wholesaler to maintain separation between cannabis and cannabis products and hemp 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.

27 Cannabis transporter licensing.

Provides that a cannabis transporter license entitles the license holder to transport immature cannabis plants and seedlings, cannabis, cannabis products, hemp, and hemp 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 delivery service license and a cannabis event organizer license.

28 Cannabis transporter operations.

Requires cannabis transporters to use only electric vehicles. Requires cannabis transporters to obtain manifests and establish and retain specific records. Requires that all cannabis be transported in a locked compartment that is not visible from outside the vehicle, and prohibits using identifying logos or business names on a

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

- 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 plants, cannabis, or cannabis products. 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 plants, cannabis, or cannabis products.
- 29 **Cannabis testing facility licensing.**
Provides that a cannabis testing facility license entitles a license holder to obtain and test immature cannabis plants and seedlings, cannabis, cannabis products, hemp, and hemp products. 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.
- 30 **Cannabis testing facility operations.**
Requires a testing facility to comply with rules adopted by the board establishing testing protocols, record retention, and disposal of cannabis and cannabis products.
- 31 **Cannabis microbusiness licensing.**
Provides that a cannabis microbusiness license entitles the license holder to grow cannabis; extract tetrahydrocannabinol and other raw materials from cannabis, and concentrate tetrahydrocannabinol; manufacture edible cannabis products for public consumption, purchase concentrated tetrahydrocannabinol; sell immature cannabis plants and seedlings, cannabis, and cannabis products; and operate an establishment that permits on-site consumption of edible cannabis products. 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.
- 32 **Cannabis microbusiness operations.**
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.
- 33 **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

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

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. Permits an entity holding a cannabis event organizer license to hold any license other than a testing facility license.

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

35 Cannabis delivery service licensing.

Provides that a cannabis delivery service license entitles the license holder to obtain purchased cannabis and cannabis 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 transporter license or a cannabis retailer license.

36 Cannabis delivery service operations.

Requires cannabis delivery services to verify the age of customers and retain records including proof of age verification. Directs the board to establish limits on the amount to be transported. Requires entry of products in the statewide monitoring system. Requires that all cannabis 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 or cannabis products. Prohibits permitting nonemployees in the vehicle as passengers and provides that all vehicles are subject to inspection at any time during delivery of cannabis or cannabis products.

37 Medical cannabis business licensing.

Adds § 342.40. Lists authorized actions of a holder of a medical cannabis business license, specifies additional information that must be included on an application for licensure as a medical cannabis business, allows a medical cannabis business to hold certain other cannabis business licenses, prohibits health care practitioners who certify qualifying medical conditions from holding certain positions in a medical

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

cannabis business, and establishes limits on remuneration from or to health care practitioners who certify qualifying medical conditions.

Subd. 1. Authorized actions. Specifies that a holder of a medical cannabis business license may grow and harvest cannabis; package and label medical cannabis for sale to other cannabis businesses; extract and concentrate THC to manufacture other products; manufacture medical cannabis products; purchase THC to manufacture medical cannabis products; sell medical cannabis, medical cannabis products, and other products; and perform other actions approved by the board.

Subd. 2. Additional information required. In addition to the information required on all applications for cannabis business licensure, lists additional information that an applicant for a medical cannabis business license must submit to the board. Requires certain information to be submitted only if the applicant is seeking an endorsement to perform certain activities.

Subd. 3. Multiple licenses; limits. Allows an entity holding a medical cannabis business license to also hold a cannabis cultivator, cannabis manufacturer, and cannabis retailer license, but no other license for a cannabis business. Allows the board to limit the number of medical cannabis business licenses a person or business may hold, and specifies to whom this limit applies.

Subd. 4. Limitations on health care practitioners. Prohibits a health care practitioner who certifies qualifying medical conditions from holding an economic interest in a medical cannabis business, serving on a board of directors of a medical cannabis business, being an employee of a medical cannabis business, or advertising with a medical cannabis business.

Subd. 5. Remuneration. Prohibits a medical cannabis business from accepting or asking for remuneration from a health care practitioner who certifies qualifying medical conditions, or offering remuneration to these health care practitioners.

38 Medical cannabis operations.

Adds § 342.41. Lists requirements with which a medical cannabis business must comply if it cultivates cannabis, extracts and concentrates THC, produces edible cannabis products, or operates a retail location.

Subd. 1. Cultivation endorsement. Requires a medical cannabis business that cultivates cannabis to comply with general requirements for cannabis cultivator operations.

Subd. 2. Extraction and concentration endorsement. Requires a medical cannabis business that extracts and concentrates THC and other raw materials

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

from cannabis to comply with general requirements for cannabis manufacturer operations and general requirements for an extraction and concentration endorsement.

Subd. 3. Production of customer products endorsement. Requires a medical cannabis business that produces edible cannabis products to comply with the general requirements for cannabis manufacturer operations and general requirements for the production and sale of edible cannabis products and other cannabis products.

Subd. 4. Retail operations endorsement. Requires a medical cannabis business that operates a retail location to comply with general requirements for cannabis retailer operations and general requirements for the distribution of medical cannabis and medical cannabis products.

Subd. 5. Retail location; physical separation required. Allows a cannabis retailer that is also licensed as a medical cannabis business to sell medical cannabis and medical cannabis products on a part of its premises that is distinct from other areas of the cannabis retailer, is accessed through a distinct entrance, and has a space for pharmacist consultations with patients.

39 **Legacy medical cannabis manufacturers.**

Adds § 342.41. Allows a medical cannabis manufacturer currently registered by the commissioner of health to obtain certain cannabis business licenses if the manufacturer commits to ensuring an adequate supply of medical cannabis and medical cannabis products for patients.

Subd. 1. Licensure; continued participation in medical cannabis program. Allows a medical cannabis manufacturer currently registered by the commissioner of health to participate in the state's medical cannabis program (referred to in this section as legacy medical cannabis manufacturers) to obtain a cannabis cultivator license, cannabis manufacturer license, and cannabis retailer license, if the legacy medical cannabis manufacturer commits to cultivating, manufacturing, and offering for retail sale an adequate supply of medical cannabis and medical cannabis products. Allows the board to limit the number of cannabis business licenses a legacy medical cannabis manufacturer may hold.

Subd. 2. Licensure procedures; ownership requirements. Requires a legacy medical cannabis manufacturer that wants to be licensed under this chapter to apply for licensure under the general license application section. Exempts a legacy medical cannabis manufacturer from the requirement that at least 75 percent of the business must be owned by Minnesota residents. Provides that a legacy medical cannabis manufacturer cannot have a health care practitioner

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

who certifies qualifying medical conditions with an ownership interest in the manufacturer, on its board of directors, is an employee, or advertising with it.

Subd. 3. Inadequate supply of medical cannabis or medical cannabis products. If there is an inadequate supply of medical cannabis or medical cannabis products in the state, requires a legacy medical cannabis manufacturer that holds one or more other licenses under this section to prioritize the cultivation, manufacture, and retail sale of medical cannabis and medical cannabis products.

Subd. 4. Energy use. Establishes timeframes within which a legacy medical cannabis manufacturer must comply with energy use standards; the timeframes differ based on the business license.

40 **Patient registry program.**

Adds § 342.50. Establishes the medical cannabis registry program, in which patients diagnosed with a qualifying medical condition who enroll in the patient registry are eligible to obtain medical cannabis and medical cannabis products. (The current patient registry program is administered by the commissioner of health.)

Subd. 1. Administration. States that the Office of Medical Cannabis administers the medical cannabis registry program.

Subd. 2. Application procedure for patients. Establishes a procedure for patients to apply to enroll in the patient registry. As part of the application, requires a patient to submit a certification from a health care practitioner that the patient has been diagnosed with a qualifying medical condition.

Subd. 3. Application procedure for veterans. Establishes a procedure for patients who are veterans to apply to enroll in the patient registry. As part of the application, requires submission of the veteran's disability letter from the Department of Veterans Affairs or other official documentation that the veteran has been diagnosed with a qualifying medical condition.

Subd. 4. Enrollment; denial of enrollment; revocation. Establishes a timeframe within which a patient's application must be approved or denied, and lists grounds on which enrollment may be denied. If enrollment is denied, requires the patient to be given written notice of the denial and makes the denial subject to judicial review under chapter 14. Lists grounds on which enrollment may be revoked.

Subd. 5. Registry verification. Requires the Office of Medical Cannabis to issue a registry verification to patients enrolled in the registry program and their

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

registered designated caregivers, parents, legal guardian, or spouse, if applicable. Lists information the registry verification must include.

Subd. 6. Conditions of continued enrollment. To remain enrolled in the registry program, requires patients to continue to receive treatment for their qualifying medical condition and to report changes in their qualifying medical condition to the patient’s health care practitioner or to a health care provider with the federal Department of Veterans Affairs.

Subd. 7. Enrollment period. Makes enrollment valid for one year, and specifies what a patient must do to re-enroll.

Subd. 8. Medical cannabis; allowable delivery methods. Allows a patient to administer medical cannabis by smoking or by a vaporized delivery method.

Subd. 9. Registered designated caregiver. Requires the Office of Medical Cannabis to register a designated caregiver for a patient upon certification from the patient’s health care practitioner or the federal Department of Veterans Affairs that the patient requires assistance in obtaining or administering medical cannabis or medical cannabis products. Establishes qualifications for designated caregivers, and requires a criminal background check to be conducted before registering a person as a designated caregiver. Allows a registered designated caregiver to also be enrolled in the registry program as a patient.

Subd. 10. Parents, legal guardians, spouses. Allows a parent, legal guardian, or spouse of a patient to act as a patient caregiver without registering as a designated caregiver.

Subd. 11. Notice of change of name or address. Requires patients and registered designated caregivers to notify the Office of Medical Cannabis of a name or address change within 30 days of the change taking place. Establishes a fine for failure to notify the office of a change.

41 **Distribution of medical cannabis and medical cannabis products.**

Adds § 342.51. Lists steps a cannabis retailer or medical cannabis business must take before distributing medical cannabis and medical cannabis products, requires pharmacist employees to give final approval for distribution, allows distribution of up to a 90-day supply of medical cannabis and medical cannabis products, and requires reports on medical cannabis and medical cannabis distributed in the past month.

Subd. 1. General. Allows a cannabis retailer or medical cannabis business to distribute medical cannabis, medical cannabis products, and medical cannabis

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

paraphernalia. Lists steps a cannabis retailer or medical cannabis business must take before distributing medical cannabis.

Subd. 2. Final approval for distribution of medical cannabis and medical cannabis products. Requires a pharmacist employee of a cannabis retailer or medical cannabis business to be the only employee who can give final approval for distribution of medical cannabis and medical cannabis products. Before distribution, requires the pharmacist employee to consult with the patient and determine the proper type and dosage of medical cannabis or medical cannabis product. Allows the consultation to be conducted remotely if the listed requirements are met.

Subd. 3. 90-day supply. Prohibits a cannabis retailer or medical cannabis business from distributing more than a 90-day supply of medical cannabis and medical cannabis products to a patient, registered designated caregiver, or parent, legal guardian, or spouse.

Subd. 4. Report. Each month, requires cannabis retailers and medical cannabis businesses to report to the Office of Medical Cannabis, information on medical cannabis and medical cannabis products distributed in the past month.

42 **Duties of board; registry program.**

Adds § 342.52. Authorizes the board, on the board's initiative, upon a petition, or as directed by law, to add an allowable form of medical cannabis or medical cannabis product, and to add to or modify the list of qualifying medical conditions. Requires the board to notify certain members of the legislature if the board 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. Authorizes the board to adopt rules to implement the registry program.

43 **Duties of Office of Medical Cannabis; registry program.**

Adds § 342.53. Lists duties of the Office of Medical Cannabis related to health care practitioners, administering the registry program, conducting or contracting for research and studies, and providing reports to a medical cannabis task force and to certain members of the legislature.

Subd. 1. Duties related to health care practitioners. Directs the Office of Medical Cannabis to provide notice of the registry program to health care practitioners, allow health care practitioners to participate in the program, provide assistance and information to health care practitioners on the therapeutic use of medical cannabis and medical cannabis products, make certification forms available, and supervise health care practitioner participation in the registry reporting system.

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

Subd. 2. Duties related to the registry program. Directs the office to administer the registry program, provide patients with information on federally approved clinical trials using medical cannabis and medical cannabis products, maintain safety criteria with which patients must comply to participate in the registry program, report on the range of recommended dosages and chemical compositions of medical cannabis for each qualifying medical condition, annually consult with cannabis businesses about the medical cannabis and medical cannabis products available to patients, and post on the office’s website a list of the medical cannabis and medical cannabis products offered by each cannabis retailer or medical cannabis business.

Subd. 3. Research. Directs the office to conduct or contract with a third party to conduct research using data submitted to the registry program.

Subd. 4. Reports. Directs the office to provide regular updates to a task force on medical cannabis therapeutic research and to certain members of the legislature, on changes in federal law or regulatory restrictions regarding the use of medical cannabis or hemp and market demand and supply in Minnesota for products made from hemp that may be used for medicinal purposes.

44 **Duties of health care practitioners; registry program.**

Adds § 342.54. 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, determine whether the patient needs assistance in obtaining or administering medical cannabis or medical cannabis products, 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 Office 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 Office 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.

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

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.

45 **Task force on medical cannabis therapeutic research.**

Adds § 342.55. Establishes the task force on medical cannabis therapeutic research and specifies task force duties.

Subd. 1. Establishment. Establishes a 23-member task force on medical cannabis therapeutic research, specifies task force membership, directs the governor to appoint certain members, and requires the task force to have two cochairs. Allows certain members to receive reimbursement for expenses.

Subd. 2. Administration. Directs the board to provide administrative and technical support to the task force.

Subd. 3. Impact assessment. Requires the task force to hold hearings on the use of medical cannabis, medical cannabis products, and hemp and Minnesota's medical cannabis program.

Subd. 4. Report; recommendations. Requires the task force to submit an impact assessment report each odd-numbered year to certain members of the legislature. Allows the task force to submit recommendations or petitions to the board or legislature on adding or removing conditions from the list of qualifying medical conditions.

Subd. 5. No expiration. Provides that this task force does not expire.

46 **Limitations.**

Adds § 342.56.

Subd. 1. Limitations on consumption; locations of consumption. Provides that sections 342.50 to 342.59 do not permit a person to: (1) perform a task under the influence of medical cannabis or medical cannabis products that would constitute negligence or professional malpractice; (2) possess or consume medical cannabis or medical cannabis products in certain locations; or (3) operate a motor vehicle, aircraft, train, or motorboat or work on transportation property, equipment, or facilities while under the influence of medical cannabis or a medical cannabis product.

Subd. 2. Consumption and possession on school grounds. Lists circumstances under which a school student may possess and have administered or self-administer medical cannabis and medical cannabis products on school grounds. Provides that only students age 18 or older may self-administer medical cannabis

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

and medical cannabis products. Allows a school board to adopt policies and guidelines on the storage and administration of medical cannabis and medical cannabis products, and allows a school to designate specific school locations where medical cannabis and medical cannabis products may be administered.

Subd. 3. Health care facilities. Allows the listed health care facilities and providers to adopt reasonable restrictions on the use of medical cannabis and medical cannabis products by patients who live at or being treated at the facility or by the provider. Provides that employees and agents of the facility or provider may possess and distribute medical cannabis and medical cannabis products to patients enrolled in the registry program.

47 Protections for registry program participants.

Adds § 342.57.

Subd. 1. Presumption. Establishes a presumption that a patient enrolled in the registry program is engaged in the authorized use of medical cannabis and medical cannabis 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

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

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.

48 Violation by health care practitioner; criminal penalty.

Adds § 342.58. 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.

49 Data practices.

Adds § 342.585. Classifies patient health records maintained by the board or the Office of Medical Cannabis and government data in patient health records maintained by a health care practitioner. Specifies allowable uses of these records and data, and prohibits these records and data maintained by the board or office from being used for any purpose not authorized in the statutes governing the registry program.

50 Clinical trials.

Adds § 342.59. Authorizes the Office of Medical Cannabis to conduct or award grants to conduct clinical trials on the use of medical cannabis and medical cannabis products to treat a specific health condition.

51 Testing.

Adds § 342.60. Requires a cannabis business to comply with testing requirements in this section and in rule before selling, offering for sale, or transferring cannabis or cannabis products, and establishes duties related to testing for the board and the commissioner of health.

Subd. 1. Testing required. Requires a cannabis business 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 board. Directs the board 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.

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

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

Subd. 4. Testing of samples. Requires a cannabis business to make samples from each batch of cannabis or cannabis 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. 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.

52 **Packaging.**

Adds § 342.62. Requires cannabis, cannabis products, and hemp-derived consumable or topical products sold to customers or patients to comply with the packaging requirements in this section and in rule.

Subd. 1. General. Requires cannabis, cannabis products, and hemp-derived consumable or topical products sold to customers or patients to be packaged according to this section and rules.

Subd. 2. Packaging requirements. Lists packaging requirements for cannabis, cannabis products, and hemp-derived consumable or topical products.

Subd. 3. Packaging prohibitions. Prohibits cannabis, cannabis products, and hemp-derived consumable or topical products from being packaged so that they resemble commercially available products or are designed to appeal to persons under 21. Prohibits packaging from containing a perfluoroalkyl substance.

53 **Labeling.**

Adds § 342.64. Requires cannabis, cannabis products, and hemp-derived consumable or topical products sold to customers or patients to comply with the labeling requirements in this section and in rules.

Subd. 1. General. Requires cannabis, cannabis products, and hemp-derived consumable or topical products sold to customers or patients to be labeled according to this section and rules.

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

Subd. 2. Content of label; cannabis. Lists information that must be included on a cannabis label.

Subd. 3. Content of label; cannabis products. Lists information that must be included on a cannabis product label.

Subd. 4. Additional content of label; medical cannabis and medical cannabis products. In addition to the applicable requirements in subdivision 2 or 3, lists information that must be included on a label for medical cannabis and medical cannabis products.

Subd. 5. Content of label; hemp-derived consumable or topical products. In addition to labeling requirements established by the Board of Pharmacy, lists information that must be included on a label for hemp-derived consumable or topical products.

Subd. 6. Additional information. Lists additional information that a cannabis retailer, cannabis microbusiness, or medical cannabis business may provide to customers and patients by including the information on a label, by posting the information on the premises of the establishment, or by providing the information on a separate document.

54 **Advertisement.**

Adds § 342.66. Establishes requirements and limitations for advertisements for cannabis, cannabis businesses, cannabis products, and hemp-derived consumable or topical products.

Subd. 1. Limitations applicable to all advertisements. Prohibits advertisements for cannabis, a cannabis business, a cannabis product, or a hemp-derived consumable or topical product 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 the outdoor advertisement of cannabis, a cannabis business, a cannabis product, or a hemp-derived consumable or topical product. Allows up to two fixed outdoor signs that satisfy the criteria in paragraph (b).

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

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

Subd. 4. Certain unsolicited advertising. Prohibits using unsolicited pop-up advertisements on the Internet to advertise cannabis, a cannabis business, a cannabis product, or a hemp-derived consumable or topical product.

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 cannabis, a cannabis business, or a cannabis product. 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 cannabis, a cannabis business, or a cannabis product 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 board finds a health care practitioner violated this subdivision, the practitioner is prohibited from certifying patient qualifying medical conditions for the registry program.

55 **Social equity applicants.**

Defines a social equity applicant as (1) a veteran who lost honorable status due to a cannabis related offense, or (2) someone who has lived for the last five years in low-income areas (defined similarly to the federal Opportunity Zones).

56 **Cannabis industry community renewal grants.**

Creates the CanRenew grant program, run by the Cannabis Management Board, to give grants for investments in low-income communities where residents are eligible to be social equity applicants.

57 **Adult-Use Cannabis Substance Use Disorder Advisory Council.**

Proposes coding for § 342.79.

Subd. 1. Establishment. Establishes the Adult-Use Cannabis Substance Use Disorder Advisory Council to develop and implement a comprehensive approach to substance use disorder prevention and treatment related to cannabis use. Lists the duties of the advisory council.

Subd. 2. Membership. Paragraph (a) lists the required members of the advisory council, to be appointed by the commissioner of human services, unless otherwise specified. Paragraph (b) requires the commissioner to coordinate

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

appointments to ensure geographic diversity. Paragraph (c) outlines compensation requirements. Paragraph (d) requires meetings at least quarterly, and at different locations throughout the state. Paragraph (e) requires the commissioner to provide staff and administrative services. Paragraph (f) specifies that the council is subject to state open meeting law.

Subd. 3. Reports and grants. Requires the commissioner of human services to submit a report of the grants and funding recommended by the advisory council for the upcoming fiscal year to the chairs and ranking minority members of the health and human services policy and finance committees by March 1 of each year, beginning March 1, 2023. Requires the commissioner to consider the council’s recommendations and priorities when awarding grants.

58 **Lawful activities.**

Provides that actions in compliance with the new chapter are lawful.

59 **Civil actions.**

Establishes a civil cause of action similar to the dram shop law for alcohol.

60 **Adult-Use Cannabis Substance Use Disorder Advisory Council first meeting.**

Requires the commissioner of human services to convene the first meeting of the Adult-Use Cannabis Substance Use Disorder Advisory Council no later than October 1, 2022; specifies that members will elect a chair at the first meeting.

Article 2: Taxes

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

- Allows a business income tax subtraction for business-related expenses for any business licensed under chapter 342.
- Imposes a ten percent gross receipts tax on the retail sale of adult-use cannabis and adult-use cannabis products.
- Subjects adult-use cannabis and adult-use 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.
- Provides a sales tax exemption for farm equipment purchased for the cultivation of cannabis.

Section Description – Article 2: Taxes

- 1 Disallowed section 280E expenses; medical 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.

Effective for taxable years beginning after December 31, 2021.
- 2 Disallowed section 280E expenses; medical 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.

Effective for taxable years beginning after December 31, 2021.
- 3 Definitions.**

Provides definitions of terms relevant to the sale of adult-use cannabis and adult-use cannabis products.

Effective the day following final enactment.
- 4 Cannabis products gross receipts tax.**

Imposes a ten percent gross receipts tax on retail and on-site sales of adult-use cannabis and adult-use cannabis products. This tax is also applicable to the use of adult-use cannabis and adult-use cannabis products that are bought in another state, but used in Minnesota. This tax functions similarly to the gross receipts tax currently imposed on liquor. This is an additional tax that applies to retail and on-site sales, and is in addition to state sales tax and any locally imposed sales taxes.

Effective for gross receipts received after December 31, 2022.
- 5 Administration.**

Dictates that the statutes that govern the administration of the state sales tax also apply to this tax.

Effective for gross receipts received after December 31, 2022.
- 6 Returns; payments of tax.**

Dictates that the payment of tax by retailers will be on a form prescribed by the commissioner of revenue and all funds collected from this tax must be deposited into the general fund.

Section Description – Article 2: Taxes

Effective for gross receipts received after December 31, 2022.

7 Exemptions.

Exempts medical cannabis from the gross receipts tax, as well as exempts from the gross receipts use tax adult-use cannabis and adult-use cannabis products 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.

Effective January 1, 2023.

8 Farm machinery (sales tax).

Expands the sales tax exemption for farm machinery to farm machinery purchased for the cultivation of cannabis.

Effective for gross receipts received after December 31, 2021.

Article 3: Food Safety

This article addresses the topic of food safety, specifically the safety of edible foods and beverages that contain THC or CBD derived from cannabis. It also assigns cannabis rulemaking responsibilities to the Minnesota Department of Agriculture (MDA).

Section Description – Article 3: Food Safety

1 Edible cannabis product handler endorsement.

Establishes a license endorsement that would be required of cannabis licensees that choose to make, process, sell, handle or store food or drink containing THC, CBD, or another cannabis concentrate. Under current law, the MDA (in coordination with the MDH and delegated local units of government) issues food handler licenses to persons involved in the production, transportation, or sale of food if the person satisfies certain food safety, labeling, and inspection requirements. MDA would administer the new edible cannabis endorsement program in a similar manner, with several differences specified in this section (e.g., the endorsement would only be available to those who are already licensed by the new Cannabis Management Board). Except for limited purposes (e.g., product development), this section prohibits the production of edible cannabis products at the same facility where noncannabis foods or beverages are produced. Authorizes the MDA to adopt administrative rules under Minn. Stat. ch. 14 for purposes of the new endorsement program.

Section Description – Article 3: Food Safety

2 Edible cannabis product not adulterated.

Provides that a lawfully-produced edible cannabis product cannot be considered adulterated (i.e., unsafe or unfit for sale or consumption in Minnesota) solely because it contains cannabis. Food safety regulators could still take enforcement action if the product is adulterated in another manner (e.g., it contains mold, filth, or foreign material).

3 Rulemaking; Department of Agriculture.

Requires the MDA to adopt expedited administrative rules under Minn. Stat. ch. 14 governing:

- 1) the use of agricultural chemicals (e.g., fertilizers and pesticides) by licensed cannabis cultivators;
- 2) requirements that apply to producers and sellers of cannabis and hemp seed; and
- 3) food safety standards for cannabis cultivators and preparers.

Article 4: Business Development

Establishes grant programs to support cannabis businesses.

Section Description – Article 4: Business Development

1 Cannabis grower grants.

Creates the CanGrow grant program, run by 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.

2 Cannabis industry startup financing grants.

Creates 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 legal cannabis businesses. 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 4: Business Development

- 3 Cannabis industry navigation grants.**
Creates the CanNavigate grant program, run by the Department of Employment and Economic Development, to give grants to organizations to help individuals figure out how to set up a legal cannabis business through technical assistance and navigation services for regulations.
- 4 Cannabis industry training grants.**
Creates 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 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 very simple application, with DEED publishing all the information necessary to find an appropriate training program, and funds can be used for external barriers to training like child care and transportation as well as formal tuition and materials. The amount for individual grants is currently blank.
- 5 Dual training pipeline; appropriations.**
Paragraph (a): Funds the creation of occupational competency standards and the provision of technical assistance to the development of dual-training programs under Minn. Stat. § 175.45 for the legal cannabis industry.

Paragraph (b): Funds grants to employers in the legal cannabis industry for dual training competency programs, with special priority for employers and trainees who are eligible to be social equity applicants.

Article 5: Criminal Penalties

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

Section Description – Article 5: Criminal Penalties

- 1 Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the second degree related to the sale of marijuana.
- 2 Possession crimes.**
Makes a conforming change, eliminating the controlled substance offense in the second degree related to the possession of 100 or more marijuana plants.

Section Description – Article 5: Criminal Penalties

- 3 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the third degree related to the sale of marijuana.
- 4 **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 in any place other than the person’s home, more than two kilograms of cannabis concentrate, or products infused with more than 200 grams of tetrahydrocannabinol.
- 5 **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.
- 6 **Sale crimes.**
Makes a conforming change, eliminating the controlled substance offense in the fifth degree related to the sale of marijuana.
- 7 **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.
- 8 **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.
- 9 **Cannabis sale crimes.**
Establishes petty misdemeanor, misdemeanor, gross misdemeanor, and felony crimes for selling cannabis and cannabis products without a license. Includes increased penalties for repeat offenders; sale to a minor; or sale in a school zone, park zone, public housing zone, or drug treatment facility.
- 10 **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.

Section Description – Article 5: Criminal Penalties

- 11 **Rules.**
Requires a chemical use assessment before a supervising agent can prohibit a person under supervision from using cannabis.
- 12 **Terms and conditions.**
Requires a chemical use assessment before a court can prohibit a person under supervision from using cannabis.
- 13 **Definitions.**
Makes a conforming change in the definition of “designated offense” as it applies to forfeiture.
- 14 **Controlled substances.**
Makes a conforming change.
- 15 **Property subject to administrative forfeiture; presumption.**
Establishes exceptions excluding property associated with cannabis and cannabis products within the statute authorizing administrative forfeiture for property associated with controlled substances.
- 16 **Controlled substances.**
Makes a conforming change.
- 17 **Rental property.**
Makes a conforming change.

Article 6: 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 6: Expungement

1 Expungement of criminal records.

Makes a conforming change.

2 Nature of remedy; standard.

Makes a conforming change.

3 Stay of order; appeal.

Makes a conforming change.

4 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 of expungement 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 make a reasonable effort to notify an individual whose information is sent to the judicial branch under this section.

Subd. 3. Order of expungement. Directs the judicial branch to issue an order of expungement to eligible individuals. 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 shall be sent to the commissioner of human services or the Professional Educator Licensing and Standards Board.

5 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, one commissioner, and one public member. Provides that the board will have the power and duty to review records, determine whether a person should receive an expungement, and determine whether a person should be resentenced to a lesser offense.

Subd. 2. Eligibility; possession of cannabis. Provides that a person is eligible for expungement or resentencing if the person was convicted of, or received a

Section Description – Article 6: Expungement

stayed sentence for, a felony offense involving the possession 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. 3. 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 2.

Subd. 4. 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. 5. 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. 6. 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.

Subd. 7. Notice to judicial branch and offenders. Directs the Cannabis Expungement Board to provide notice to the judicial branch of individuals eligible for expungement or 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. 8. 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.

Section Description – Article 6: Expungement

Subd. 9. Order of expungement. Directs the courts to issue an order of expungement consistent with the findings of the Cannabis Expungement Board upon receipt of information from the board.

Subd. 10. 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.

Article 7: Miscellaneous Provisions

This article 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, establishes a civil cause of action if a person suffers a cannabis nuisance, and repeals existing statutes and rules governing the medical cannabis registry program.

Section Description – Article 7: Miscellaneous Provisions

1 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.

2 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.

3 Education on cannabis use and substance use.

Adds § 120B.215. 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

Section Description – Article 7: Miscellaneous Provisions

implement an education program on cannabis use and substance use for middle and high school students.

Subd. 1. Model program. Directs the commissioner of education to identify one or more model programs to educate middle and high school students about the health effects on children and adolescents of cannabis use and substance use. Lists information a model program must include.

Subd. 2. School programs. Beginning in the 2022-2023 school year, requires a school district or charter school to implement an education program on cannabis use and substance use for middle school and high school students.

Subd. 3. Parental review. Requires school districts and charter schools to allow parents, guardians, and adult students to review the education program on cannabis use and substance use required under subdivision 2 and, if the parent, guardian, or adult student objects to the content, make reasonable arrangements for alternative instruction or opt out of instruction.

Subd. 4. Youth council. Permits a school district or charter school to establish one or more youth councils in which students provide peer-to-peer education on cannabis use and substance use.

4 Cannabis data collection and biennial reports.

Adds § 144.196. Requires the commissioner of health to collect data and report on the prevalence of the use of cannabis and cannabis products.

Subd. 1. General. Requires the commissioner of health to collect data to measure the prevalence of cannabis use and the use of cannabis products. Allows the commissioner to modify existing data collection tools or develop new data collection tools.

Subd. 2. Statewide assessment; baseline data; updates. Requires the commissioner to conduct an initial assessment of the prevalence of cannabis use and the use of cannabis products by July 1, 2021, and to update the assessment at least every two years thereafter.

Subd. 3. Reports. Requires the commissioner to issue a public report at least every two years on the prevalence in the state of cannabis use and the use of cannabis products. Allows the report to include recommendations on changes to state laws to discourage or prevent the personal use of cannabis and cannabis products by certain persons and to otherwise promote public health.

Section Description – Article 7: Miscellaneous Provisions

5 Cannabis education programs.

Adds § 144.197. 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 21. Requires the commissioner to conduct an education program to educate pregnant women, breastfeeding women, and women 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 cannabis use disorder.

6 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.

7-12 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 10, defines “cannabis testing,” separate from existing workplace testing. Applies existing methods and definitions unless stated.
- Sections 8 and 9 remove cannabis as a “drug” subject to current “drug and alcohol testing,” but provide for exceptions, including section 14.
- Section 12 includes cannabis impairment under “safety-sensitive position.”
- Sections 7 and 11 add cannabis testing to initial screening and confirmatory testing definitions.

13 Limitations on cannabis testing.

Prohibits cannabis testing of job applicants or using cannabis test results to make hiring decisions. Prohibits all random cannabis testing. Allows cannabis testing of current employees based on reasonable suspicion an employee: (1) is impaired by cannabis at work or on work property; (2) violated the employer’s valid written cannabis policy; or (3) sustained an injury or caused a work-related injury or accident. Existing law and testing safeguards apply.

Section Description – Article 7: Miscellaneous Provisions

14 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.

15 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.

16 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 under section 13. 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.

17 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.

Section Description – Article 7: Miscellaneous Provisions

- 18-19 **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.
- 20 **Drug convictions.**
Amends § 256.01, subd. 18c. Modifies the information the court administrator must periodically report to the commissioner of human services and removes obsolete language.
- 21 **Person convicted of drug offenses.**
Amends § 256D.024, subd. 1. 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.”
- 22 **Person convicted of drug offenses.**
Amends § 256J.26, subd. 1. 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.”
- 23 **Civil liability for cannabis nuisance.**
Establishes a civil cause of action with damages of at least \$100 if a person suffers a cannabis nuisance.
- 24 **Transfer of office and authority.**
Provides for the transfer of the Office of Medical Cannabis from the Department of Health to the Cannabis Management Board, and for the transfer of the authority to administer the medical cannabis registry program and to adopt rules regarding the medical cannabis registry program from the commissioner of health to the Cannabis Management Board.
- 25 **Task force on medical cannabis therapeutic research.**
Provides that the task force on medical cannabis therapeutic research established in this bill is a continuation of an existing task force.
- 26 **Repealer.**
Paragraph (a) repeals existing rules governing the medical cannabis registry program.

Section Description – Article 7: Miscellaneous Provisions

Paragraphs (b) and (c) repeal existing statutes governing the medical cannabis registry program.

Paragraph (d) 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, 2020.

Article 8: Scheduling of Marijuana

Reschedules marijuana from Schedule I to Schedule III.

Article 9: Appropriations

Appropriates money to pay for establishing the regulatory structure for adult-use cannabis and other costs that will be incurred before the legal sale of adult-use cannabis.

Section Description – Article 9: Appropriations

1 Appropriations.

Subd. 1. Cannabis Management Board. Appropriates \$15,000,000 in fiscal year 2022 from the general fund to the Cannabis Management Board for the purposes of this bill.

Subd. 2. Department of Public Safety. Appropriates \$500,000 in fiscal year 2022 from the general fund to the Department of Public Safety for use by the Bureau of Criminal Apprehension in identifying, reviewing, and transmitting records that are, or may be, eligible for expungement.

Subd. 3. Department of Health. Appropriates \$75,000 in fiscal year 2022 from the general fund to the Department of Health for a baseline assessment of cannabis use in the state.

Subd. 4. Department of Human Services. Appropriates \$150,000 in fiscal year 2022 from the general fund to the Department of Human Services to implement the Adult-Use Cannabis Substance Use Disorder Advisory Council.

Subd. 5. Supreme court. Appropriates \$500,000 in fiscal year 2022 from the general fund to the supreme court for reviewing records and issuing orders expunging certain cannabis offenses.

Section Description – Article 9: Appropriations

Subd. 6. Department of Commerce. Appropriates \$125,000 in fiscal year 2022 from the general fund to the Department of Commerce for the purposes of this bill.

Subd. 7. Department of Natural Resources. Appropriates \$150,000 in fiscal year 2022 from the general fund to the Department of Natural Resources for enforcement of environmental standards adopted by the Cannabis Management Board.

Subd. 8. Department of Employment and Economic Development. Appropriates \$7,400,000 in fiscal year 2022 and \$3,700,000 in fiscal year 2023 for the CanStartup, CanNavigate, and CanTrain programs. Allows up to three percent for administrative expenses.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 155 State Office Building | St. Paul, MN 55155