MN HOUSE RESEARCH

Bill Summary

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First engrossment

Subject	Adult-use cannabis
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Overview

This bill establishes a regulatory framework for adult-use cannabis and lower-dose cannabinoid products, moves the medical cannabis program under the newly created Office of Cannabis Management, 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, 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 (including lower-potency cannabinoid products), and hemp-derived consumer 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 flower, cannabis products, 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.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
1	**Definitions.** Defines terms including “adult-use cannabis flower,” “adult-use cannabis concentrate,” “adult-use cannabinoid product,” “artificially derived cannabinoid,” “batch,” “cannabinoid profile,” “cannabis business,” “edible cannabis product,” “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.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
2	**Office of Cannabis Management.** Establishes the Office of Cannabis Management. Tasks the office with overseeing the regulation of the production and sale of cannabis flower, cannabinoid products, and hemp-derived consumer products. Establishes the powers, duties, and guiding principles for the office. Transfers the medical cannabis program to the office. Directs that 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 office to hire a director and 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 cannabinoid 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. 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 a study on the rate at which the state's mental health and substance use disorder programs are accessed and requires a report by January 15, 2027. 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 office to contract with an outside vendor to establish a statewide monitoring system to track all cannabis flower, cannabinoid products, and artificially derived cannabinoids from seed or immature plant to disposal or sale to a patient or customer.

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6	**Approval of cannabis flower, products, and cannabinoids.** Directs the office to approve all types of cannabis flower, cannabinoid products, and hemp-derived consumer products other than topical products for sale by rule. Prohibits the approval of products that are, or resemble, certain candies and snacks commonly consumed by children. Prohibits the office from approving cannabis flower, cannabinoid products, or hemp-derived consumer products designed for smoking or inhaling through vapor that contains an added flavor.
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. Prohibits approving methods that involve genetically engineered seed, cuttings, or cultures. 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 cannabinoid 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 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 five 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;

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- give away cannabis flower and cannabinoid products in an amount that is legal for a person to possess in public;
- use cannabis flower and cannabinoid 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 cannabinoid products in places where smoking is prohibited under the Clean Indoor Air Act. Contains other prohibitions including using cannabis flower or cannabinoid products in state correctional facilities, operating a motor vehicle while under the influence of cannabis flower or cannabinoid products, giving cannabis flower or cannabinoid products to a person under the age of 21, or giving cannabis flower or cannabinoid products as a promotional gift. 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 cannabinoid products, or import hemp-derived products without an appropriate license. Establishes non-criminal financial penalties for violations.

10 **Licenses; types.**

Establishes 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;
- lower-potency edible retailer;
- medical cannabis cultivator;
- medical cannabis processor; and
- medical cannabis retailer.

11 **Licenses; fees.**

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

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12	**Licenses; transfers; adjustments.** Prohibits transferring licenses issued under this chapter and defines what actions constitute a transfer. 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.
12	**Local control.** Provides that local units of government may not prohibit the possession, transportation, or use of cannabis flower or cannabinoid 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 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 places that include schools and day care facilities. 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, 2025. 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.
14	**License application and renewal; fees.** Directs the office to establish forms and procedures for the processing of 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. Provides for a national criminal history check for applicants. Permits the board to charge an application fee of $250.
15	**Social equity applicants.** Defines a social equity applicant as (1) a veteran who lost honorable status due to a cannabis related offense, (2) 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, or (3) someone who has lived for the last five years in low-income areas (defined similarly to the federal Opportunity Zones).

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16	**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. Directs the office to prioritize the issuance of microbusiness licenses and craft cultivator licenses. Prohibits the issuance of bulk cultivator licenses until July 1, 2028, unless the office determines that such licenses are necessary to assure sufficient supply. Permits the office to allow full vertical integration of businesses to assure sufficient supply during the first calendar year in which adult-use cannabis flower and adult-use cannabinoid products are legally sold to customers, but terminates that exception after that year. Directs the office to score applications in multiple categories, including the status as a social equity applicant.
17	**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.
18	**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 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.
19	**Adult-use cannabis business; general ownership disqualifications and requirements.** Establishes general ownership and operation requirements that apply to all cannabis businesses. Provides for a national criminal history check. Establishes disqualifications for certain criminal offenses that last either for the person's lifetime,

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	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 office or work as a peace officer; never have had a revocation of a license issued under this chapter; and have filed and paid appropriate business taxes.
20	**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 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; providing a diversity report; using the statewide monitoring system; having adequate security; and prohibiting sharing customer information with the federal government unless ordered to do so by a court.
21	**Cannabis cultivator licensing.** Provides that a cannabis cultivator license entitles the license holder to grow and harvest the approved amount of cannabis plants. 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. Authorizes the office to increase the limit on craft cultivation canopy to 15,000 feet. 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. Establishes prohibitions on relationships between cannabis cultivators and health care practitioners who certify qualifying medical conditions for patients.
22	**Cannabis cultivator operations.** Requires cannabis cultivators 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 includes a description of water usage, recycling, solid waste disposal, and pest management. Requires compliance with pesticide laws and rules and prohibits adulterating cannabis.

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	Permits both indoor and outdoor cultivation subject to security, fencing, and lighting requirements. Prohibits genetically engineered seeds.
23	**Cannabis manufacturer licensing.** Provides that a cannabis manufacturer license entitles the license holder to purchase cannabis flower, cannabinoid 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. 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.
24	**Cannabis manufacturer operations.** Requires that cannabis 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.
25	**Cannabis retailer licensing.** Provides that a cannabis retailer license entitles the license holder to sell immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabinoid products, hemp-derived consumer 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 delivery service license, a medical cannabis retailer license, and a cannabis event organizer license. Permits, but does not require, a city or county to operate cannabis stores. Establishes prohibitions on relationships between cannabis

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	retailers and health care practitioners who certify qualifying medical conditions for patients.
26	**Cannabis retailer operations.** Prohibits the sale of cannabis plants, adult-use cannabis flower, or adult-use cannabinoid products to individuals under 21 years of age. Permits the sale of adult-use cannabis flower, adult-use cannabinoid products, 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; and other hemp products. Requires cannabis retailers to verify the age of customers before selling products. Limits the display of cannabis flower and cannabinoid 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 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 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 that is distinct from the remainder of the premises and contains space for consultation with a pharmacist.
27	**Cannabis wholesaler licensing.** Provides that a cannabis wholesaler license entitles the license holder to purchase immature cannabis plants and seedlings, cannabis flower, cannabinoid products, 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, cannabinoid products, hemp-derived consumer products, and other products authorized by law to cannabis retailers. Provides that a cannabis wholesaler license entitles the license holder to import hemp-derived consumer products and lower-dose edible 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

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	license to also hold a cannabis transporter license, a cannabis delivery service license, and a cannabis event organizer license.
28	**Cannabis wholesaler operations.** Requires a cannabis wholesaler to maintain separation between cannabis flower and cannabinoid products and hemp plant parts and hemp-derived consumer 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.
29	**Cannabis transporter licensing.** Provides that a cannabis transporter license entitles the license holder to transport immature cannabis plants and seedlings, cannabis flower, cannabinoid products, artificially derived cannabinoids, hemp plant parts, 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.
30	**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.
31	**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 flower, cannabinoid products, hemp plant parts, artificially derived cannabinoids, and hemp-derived consumer products. Requires applicants for a cannabis testing facility license to provide

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	information regarding business operations and proof of accreditation. Prohibits an entity holding a cannabis testing facility license from holding any other license.
32	**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.
33	**Cannabis microbusiness licensing.** 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; manufacture edible cannabis products for public consumption; purchase cannabis concentrate and hemp concentrate; sell immature cannabis plants and seedlings, cannabis flower, and cannabinoid products; and operate an establishment that permits on-site consumption of edible cannabinoid 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.
34	**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.
35	**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. Permits an entity holding a cannabis event organizer license to hold any license other than a testing facility license.
36	**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.
37	**Cannabis delivery service licensing.** Provides that a cannabis delivery service license entitles the license holder to obtain purchased adult-use and medical cannabis flower, cannabinoid products, 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.
38	**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.
39	**Lower-potency edible product retailer licensing.** Provides that a lower-potency edible product retailer license entitles the license holder to purchase lower-potency edible products from licensed manufacturers and wholesalers, sell those products to consumers, and perform other actions as approved by the office. Exempts these licenses from certain requirements and criteria that apply to other cannabis businesses. Requires applicants to submit to a background check. Provides that license holders must be at least 21, register with the statewide monitoring system, not be employed by the office, and not be disqualified based on criminal offenses. Establishes that licenses must be renewed annually and permits the charging of a $250 license processing fee. Prohibits transferring licenses. Prohibits a license holder from holding any other cannabis business license, but permits the license holder to possess a liquor license.
40	**Lower-potency edible product retailer operations.** Establishes that license holders may sell lower-potency edible products obtained from a licensed Minnesota business, but may not sell cannabis flower or other

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	cannabinoid products. Provides that a license holder may sell other products for which no license is required or for which the license holder possesses a license. Requires the license holder to verify that customers are at least 21. Requires that products be kept behind the counter or in another secure area. Establishes that compliant products cannot contain more than 5mg of tetrahydrocannabinol or 25mg of cannabidiol per serving, do not contain more than a total of 0.5mg of all other cannabinoids; do not contain artificially derived cannabinoids other than delta-9 THC, and that individual packaging is indicated by individual wrapping or scoring or similar indicators that appear on the edible product. Permits on-site consumption of lower-potency edible products that are intended to be consumed as a beverage on the premises of a business that holds a liquor license. Requires that drinks sold for on-site consumption be sold in their packaging and indicates that consumers may remove them from packaging. Prohibits any sale to a person under age 21 or to a person who is visibly intoxicated. Requires all sales to be recorded in the statewide monitoring system. Requires the posting of notices as required for cannabis retailers. Provides that the office has the same enforcement authority over lower-potency edible product retailers as it does for other cannabis businesses.
41	**Medical cannabis business licensing.** Establishes three categories of medical cannabis licenses: (1) medical cannabis cultivator; (2) medical cannabis processor; and (3) medical cannabis retailer. 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. Provides that the registration of the two in-state medical cannabis manufacturers in business now will expire on July 1, 2024. Prohibits health care practitioners who certify qualifying medical conditions from holding certain positions in a medical cannabis business, and establishes limits on remuneration from or to health care practitioners who certify qualifying medical conditions.
42	**Medical cannabis business applications.** Requires applicants for any medical cannabis business license to provide additional information related to the proposed operations of the business. Requires segregation of medical cannabis flower and medical cannabinoid products from all other cannabis flower and cannabinoid products.
43	**Medical cannabis cultivators.** Establishes that a medical cannabis cultivator license entitles the license holder to cultivate cannabis plants, 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

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	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.
44	**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.
38	**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.
46	**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.)

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47	**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.
48	**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 studies, and providing reports to the legislature.
49	**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 Tennessen 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.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
50	**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; and vaporizing or smoking medical cannabis flower or medical cannabis products in a place where smoking is prohibited under the Clean Indoor Air Act. Further permits health care facilities licensed by the commissioner of health to adopt reasonable restrictions on medical cannabis flower and medical cannabinoid products.
51	**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.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
	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.
	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.
52	**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.
53	**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. 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.
54	**Clinical trials.**
	Authorizes the Division of Medical Cannabis to conduct or award grants to conduct clinical trials on the use of medical cannabis flower and medical cannabinoid products to treat a specific health condition.
55	**Testing.**
	Requires a cannabis business to comply with testing requirements in this section and in rule before selling, offering for sale, or transferring cannabis flower, cannabinoid products, artificially derived cannabinoids, or hemp-derived consumer products and establishes duties related to testing for the office.
	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 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.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
	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 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. 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.
56	**Packaging.**
	Requires cannabis flower, cannabinoid products, 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 plain, child-resistant, tamper-evident containers. 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.
57	**Labeling.**
	Requires cannabis flower, cannabinoid products, and hemp-derived consumer products sold to customers or patients to comply with the 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. 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.
58	**Advertisement.**
	Establishes requirements and limitations for advertisements for cannabis flower, cannabinoid products, cannabis businesses, and hemp-derived consumer products.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
	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 that satisfy the criteria in paragraph (b). **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.
59	**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. Establishes that the term “processing” does not include creating artificially derived cannabinoids.
60	**Hemp-derived topical products.** Provides for the manufacture, marketing, distribution, and sale of 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	Description – Article 1: Regulation of Adult-Use Cannabis
	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.
61	**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.
62	**Substance use disorder treatment 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 disorder treatment; 20 percent is for substance use disorder prevention; and five percent is for education related to substance use by women who are pregnant, breastfeeding, or who may become pregnant. Directs the board to consult with other agencies and councils regarding the grants and requires an annual report to the legislature.
63	**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.
64	**Substance Use Disorder Advisory Council.** Establishes the Substance Use Disorder Advisory Council to develop and implement a comprehensive approach to substance use disorder prevention and treatment. Lists the members of the council and requires an annual report.
65	**Lawful activities.** Provides that actions in compliance with the new chapter are lawful.
66	**Civil actions.** Establishes a civil cause of action that matches the dram shop law for alcohol.
67	**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, 2023; specifies that members will elect a chair at the first meeting.

Section	Description – Article 1: Regulation of Adult-Use Cannabis
68	**Effective date.** Provides that the provisions of this article other than the portions regarding the medical cannabis program are effective July 1, 2023. Makes the portions of the article regarding the medical cannabis program effective January 1, 2024.

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 an eight percent gross receipts tax on the retail sale of recreational cannabis and lower-potency edible products.
- Subjects recreational cannabis products and lower-potency edible 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 "recreational cannabis" includes the following items: adult-use cannabis flower, adult-use cannabinoid products, adult-use cannabinoid solution products, and lower-potency edible products as defined in chapter 342.

Section	Description – Article 2: Taxes
1	**Class 3.** Establishes that property used for raising, cultivating, processing, or storage of recreational cannabis, medical cannabis, or medical cannabis products for sale is classified as commercial and industrial property. Effective for property taxes payable in 2024 and thereafter.
2	**Commercial-industrial tax capacity.** Ensures that property used for raising, cultivating, processing, or storage of recreational cannabis, medical cannabis, or medical cannabis products for sale is

Section	Description – Article 2: Taxes
	treated as commercial and industrial property for the purposes of the state general property tax levy. Effective for property taxes payable in 2024 and thereafter.
3	**Filing requirements and due dates; special rules.** Exempts cannabis businesses from the requirement to file returns and remit taxes electronically. Effective the day following final enactment.
4	**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, 2022.
5	**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, 2022.
6	**Adult-use cannabis flower and adult-use cannabinoid products gross receipts tax.** **Subd. 1. Definitions.** Provides definitions of terms relevant to the sale of recreational cannabis. **Subd. 2. Gross receipts tax imposed.** Imposes an eight percent gross receipts tax on retail and on-site sales of recreational cannabis. 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. **Subd. 3. Use tax imposed; credit for taxes paid.** Imposes an equivalent use tax for recreational cannabis that is bought in another state, but used in Minnesota. Provides a credit for taxes paid in the other jurisdiction. **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

Section	Description – Article 2: Taxes

month. This exemption is similar to the use tax exemption provided to tobacco products and liquor.

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 also apply to this tax.

Subd. 9. Returns; payment 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.

Subd. 10. Deposit of revenues. Requires the commissioner of revenue to deposit all proceeds from the tax into the general fund. Requires that five percent of the funds deposited beginning in fiscal year 2026 must be credited to the substance use disorder treatment and prevention grant account.

Subd. 11. Personal debt. Dictates that the person responsible for filing the return incurs the debt of any unpaid taxes.

Effective for gross receipts received after December 31, 2023.

7 **Sale and purchase.**

Clarifies that the definition of “sale and purchase” provided in the state sales tax chapter includes the sale and purchase of recreational cannabis, thus subjecting these sales to state sales tax.

Effective for sales and purchases made after December 31, 2023.

8 **Food and food ingredients.**

Clarifies that recreational cannabis is not included in the definition of “food and food products” within the sales tax chapter.

Effective for sales and purchases made after December 31, 2023.

Section	Description – Article 2: Taxes
9	**Drugs; medical devices.** Clarifies that recreational cannabis is not included in the definition of "drugs" within the sales tax chapter. Effective for sales and purchases made after December 31, 2023.
10	**Sales to government.** Clarifies that the purchase by a government entity of recreational cannabis is not exempt from state sales tax. Effective for sales and purchases made after June 30, 2023.
11	**Nursing homes and boarding care homes.** Clarifies that the purchase by nursing homes and boarding care homes of recreational cannabis is not exempt from state sales tax. Effective for sales and purchases made after June 30, 2023.
12	**Adult-use cannabis local tax prohibited.** Prohibits local governments from imposing a local sales tax solely on recreational cannabis. Effective the day following final enactment.
13	**Definitions.** **Subd. 1. Ilegal cannabis.** Updates the existing definition of "marijuana" to exclude recreational cannabis products in this bill. **Subd. 2. Controlled substance.** Updates the definition of "controlled substance" to exclude illegal cannabis. **Subd. 3. Tax obligor or obligor.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to this section. Effective January 1, 2025.
14	**Tax payment required for possession.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.

Section	Description – Article 2: Taxes
15	**Pharmaceuticals.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
16	**Measurement.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
17	**Tax rate.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
18	**Credit for previously paid taxes.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
19	**Criminal penalty; sale without affixed stamps.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
20	**Stamp price.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.
21	**Payment due.** Removes the term "marijuana" from the controlled substances tax chapter in accordance with the changes made to section 13. Effective January 1, 2025.

Article 3: Business Development

Establishes grant programs to support cannabis businesses.

Section	Description – Article 3: Business Development
1	**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. Loans can be renewed annually for up to six years.
2	**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.
3	**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.

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	**Sale crimes.** Makes a conforming change, eliminating the controlled substance offense in the second degree related to the sale of marijuana.

Section	Description – Article 4: Criminal Penalties
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.
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 flower, more than two kilograms of cannabis concentrate, or cannabinoid 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. Establishes a misdemeanor penalty for using cannabis flower or cannabinoid products while driving, operating, or being in physical control of a motor vehicle. Permits local units of government to establish ordinances prohibiting use of cannabis in public places provided the ordinance establishes only a petty misdemeanor penalty.
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,

Section	Description – Article 4: Criminal Penalties
	park zone, public housing zone, or drug treatment facility. Establishes a petty misdemeanor offense for the first-time sale by a minor.
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.
11	**Rules.** Requires a chemical use assessment before a supervising agent can prohibit a person under supervision from using cannabis. Prohibits the commissioner from revoking supervision for use of medical cannabis if the person is on the medical cannabis registry.
12	**Terms and conditions.** Requires a chemical use assessment before a court can prohibit a person under supervision from using cannabis. Prohibits the court from imposing a condition of release that prevents a person from participating in the medical cannabis program.
13	**Controlled substances.** Makes a conforming change.
14	**Property subject to administrative forfeiture; presumption.** Makes a conforming change.
15	**Controlled substances.** Makes a conforming change.
16	**Oral fluid preliminary testing; pilot project authorized.** Directs the commissioner of public safety to design and implement a pilot project to determine the efficacy of oral fluid roadside testing to determine the presence of a controlled or intoxicating substance in drivers. Prohibits use of the test in any court action. Permits other screening tests to be required consistent with current Minnesota law. Provides that the section is effective on August 1, 2023, and expires on July 31, 2025.

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	**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 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. Requires the bureau to make a reasonable effort to notify an individual whose information is sent to the judicial branch under this section. Directs the bureau to provide relevant information to the commissioner of human services regarding records that were expunged. **Subd. 3. Order of expungement.** Directs the judicial branch to issue an order vacating convictions, dismissing charges, and expunging records for 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. Directs the court to provide a list of expunged cases to the commissioner of human services and the Professional Educator Licensing and Standards Board.

Section	Description – Article 5: Expungement
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. The Cannabis Expungement Board must complete its work by June 30, 2028.

Subd. 2. Eligibility; possession of cannabis. 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 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.

Section	Description – Article 5: Expungement
	Subd. 7. 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. 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.
	Subd. 9. 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. 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 6: Miscellaneous Provisions

This article requires the governor to negotiate compacts with Indian Tribes regarding medical cannabis and adult-use 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.

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, including rates of assessment and revenue sharing, and provides that acts performed pursuant to a valid contract are immune from civil or

Section	Description – Article 6: Miscellaneous Provisions
	criminal prosecution. Requires the governor to publish all compacts and report to the legislature.
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 that acts performed pursuant to a valid contract are immune from civil or criminal prosecution. Requires the governor to publish all compacts and report to the legislature.
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.
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	**Food.** Makes a conforming change.
6	**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.
7	**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.
8	**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 21. Requires the commissioner to conduct an education program to educate pregnant women, breastfeeding women, and women who may become pregnant on

Section	Description – Article 6: Miscellaneous Provisions
	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.
9	**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.
10-15	**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 13, defines "cannabis testing," separate from existing workplace testing. Applies existing methods and definitions unless stated. ▪ Sections 11 and 12 remove cannabis as a "drug" subject to current "drug and alcohol testing," but provide for exceptions, including section 16. ▪ Section 15 includes cannabis impairment under "safety-sensitive position." ▪ Sections 10 and 14 add cannabis testing to initial screening and confirmatory testing definitions.
16	**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.
17	**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;

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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.

18 **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.

19 **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.

20 **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.

21-22 **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.

23 **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

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	record that has been expunged when determining if a person is disqualified under a background study.
24	**Drug convictions.** Modifies the information the court administrator must periodically report to the commissioner of human services and removes obsolete language.
25	**Drug formulary.** Makes a conforming change.
26	**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.”
27	**Fleeing felons.** Makes a technical change.
28	**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.”
29	**Fleeing felons.** Makes a technical change.
30	**Retail license not prohibited; lower potency edible products.** Prohibits the revocation or suspension of a retail liquor license, or imposition of a licensing penalty, solely because a licensee holds a lower potency edible product retailer license.
31	**Exclusive liquor stores.** Permits exclusive liquor stores to sell lower potency edible products.
32	**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.”

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33	**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.
34-40	**Definitions.** Incorporates definitions related to adult-use cannabis and medical cannabis into provisions relating to firearm possession.
41	**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.
42	**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.
43	**Acts prohibited.** Prohibits a person from carrying a pistol in a public place if the person knows or has reason to know that the use of medical cannabis flower or medical cannabinoid products has the capacity to cause impairment in the person.
44	**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.
45	**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.
46	**Repealer.** Paragraph (a) repeals existing rules governing the medical cannabis registry program.

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	Paragraph (b) repeals existing statutes governing the medical cannabis registry program. Paragraph (c) 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 (d) 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 the day following final enactment.

Section	Description – Article 7: Temporary Regulation of Certain Products
1	**Food.** Makes a conforming change.
2	**Remedies available.** Makes a conforming change to permit the Department of Health to take enforcement action against entities selling certain cannabinoid products.
3	**Sale of certain cannabinoid products.** **Subd. 1. Definitions.** Defines additional terms including “artificially derived cannabinoid,” “batch,” “commissioner,” “distributer,” 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.** Maintains current law. **Subd. 4. Testing requirements.** 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.

Section	Description – Article 7: Temporary Regulation of Certain Products
	Subd. 5. Labeling requirements. Adds "batch number" to the information a label must contain. **Subd. 5a. Additional requirements for edible cannabinoid products.** Replaces the term "trace amounts" with a limit of 0.25 milligrams of THC in relation to the amount of THC certain beverages can contain. Requires indications of serving size to appear on an edible cannabinoid product. 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. **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 on-site consumption of edible cannabinoid products. Prohibits giving away edible cannabinoid products except as an incentive to purchase a storage container designed to prevent access by a person under age 21. **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 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.
4	**Exclusive liquor stores.** Permits exclusive liquor stores to sell edible cannabinoid products.
5	**Repealer.** Repeals section 151.72, which provides for the temporary regulation of edible cannabinoid products, effective July 1, 2024.

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.

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