

H.F. No. 100 – Cannabis Legalization and Regulation (1st Unofficial Engrossment)

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H.F. No. 100 authorizes the possession, consumption, and sale of adult-use cannabis and lower-dose cannabis and hemp products and establishes a regulatory framework for this under the newly created Office of Cannabis Management (OCM). The bill also moves the existing medical cannabis program so that it will be overseen by the new office, establishes taxes on cannabis and hemp products, provides 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, makes numerous conforming changes to other existing laws to accommodate the legalization decisions made in the bill, and appropriates money to establish the regulatory structure for adult-use cannabis and pay for the bill’s costs.

Article 1 – Regulation of Adult-Use Cannabis

Section 1 [342.01 Definitions] defines terms including, but not limited to, “adult-use cannabis product,” “adult-use cannabis concentrate,” “adult-use cannabis flower,” “artificial cannabinoid,” “batch,” “cannabinoid,” “cannabinoid profile,” “cannabis business,” “cannabis prohibition,” “cannabis worker,” “edible cannabis product,” “hemp-derived consumer product,” “hemp fiber product,” “Indian lands,” “intoxicating cannabinoid,” “labor peace agreement,” “lower-potency hemp edible,” “medical cannabinoid product,” “medical cannabis business,” “medical cannabis flower,” “office,” “patient,” “qualifying medical condition,” “registry or registry program,” “statewide monitoring system,” “synthetically derived cannabinoid,” “Tribal medical cannabis program,” “visiting patient,” and “volatile solvent” as used in the new chapter of law.

Section 2 [342.02; Office of Cannabis Management]

Subdivision 1 [Establishment] establishes the Office of Cannabis Management (OCM).

Subdivision 2 [Powers and duties] lists the powers and duties of the OCM. Requires the OCM to regulate the cannabis industry and hemp consumer industry, and perform other specified duties related to cannabis.

Subdivision 3 [Medical cannabis program] transfers the powers and duties of the department of health with respect to medical cannabis to the OCM. Specifies that no state employee be displaced as a result of the transfer of duties.

Subdivision 4 [Interagency agreements] authorizes the OCM and the commissioner of agriculture to enter into interagency agreements to ensure edible cannabinoid products are handled, manufactured, and inspected according to certain food safety requirements.

Subdivision 5 [Rulemaking] authorizes the OCM to adopt rules. Authorizes expedited rulemaking for rules for which notice is published in the State Register by July 1, 2025.

Subdivision 6 [Director] requires the governor to appoint the director of the OCM with the advice and consent of the senate. Places the director position in the unclassified service and provides that the director serves at the governor's pleasure. Caps the director's salary at 133 percent of the governor's salary, like the salaries of the commissioners of other major state agencies. Precludes the director from having a direct or indirect financial interest in a cannabis business for two years after terminating service. Precludes a legislator or statewide officeholder from serving as director for five years after the end of that person's term.

Subdivision 7 [Employees] authorizes the OCM to employ staff in the classified service. Requires a prospective employee to consent to a criminal history records check and for the Bureau of Criminal Apprehension to perform the check. Authorizes the bureau to exchange the person's fingerprints with the FBI to obtain a national criminal history record information. Requires the bureau to return the results of the state and federal records checks to the director to determine if the person is disqualified. Precludes employees from having a direct or indirect financial interest in a cannabis business or be a recipient of a grant under this chapter of statute for two years after terminating employment.

Subdivision 8 [Division of Social Equity] requires the OCM to establish a Division of Social Equity to perform specified duties, including administering grants to communities that experienced a disproportionate, negative impact from cannabis prohibition and usage, for certain purposes; acting as an ombudsperson for the OCM to provide information for investigative complaints related to cannabis and provide or facilitate dispute resolution; and report to the OCM on status of complaints and social equity in the cannabis industry.

Subdivision 9 [Compliance with federal law] provides that nothing in chapter 342 may be construed to allow cannabis to be transported outside of the state unless authorized by federal law. Section 2 is effective July 1, 2023, except for the transfer of responsibilities for medical cannabis to the OCM which is effective January 1, 2024.

Section 3 [342.03; Cannabis Advisory Council] establishes a Cannabis Advisory Council.

Subdivision 1 [Membership] specifies the membership of the Cannabis Advisory Council.

Subdivision 2 [Terms; compensation; removal; vacancy; expiration] provides that certain specifics for the structure and operation of the council are as provided in section 15.059, as follows:

- Terms: four years. One-half of the members shall serve terms coterminous with the governor. The remaining members serve a term that ends the first Monday in January one year after the other members. Members serve until successors are appointed. Certain other specifics regarding members terms apply.
- Compensation: \$55 per day spent on council activities, when authorized by the council, plus reimbursement of expenses including for child care.
- Removal: members may be removed by the appointing authority at any time at the pleasure of the appointing authority.
- Vacancy: the appointing authority shall appoint a person to fill the vacancy for the remainder of the unexpired term.
- Expiration: The council is mandated in statute and the enabling statute is silent as to the expiration of the council, so the council expires two years after the effective date of this section by operation of section 15.059, subdivision 6.

Subdivision 3 [Officers; meetings] requires the director of the OCM or the director's designee to serve as chair of the Cannabis Advisory Council. Requires the council to elect a vice-chair and authorizes election of additional officers. Requires the council to meet quarterly or at the call of the chair. Meetings of the council are subject to the open meeting law.

Subdivision 4 [Duties] specifies the duties of the council, including reviewing national cannabis policy, examining the effectiveness of state cannabis policy, reviewing industry developments, reviewing results of studies on cannabis flower and cannabis products, taking public testimony, and making recommendations to the OCM. Authorizes the council to examine other related issues.

Section 4 [342.04; Studies; reports] requires the OCM to study the cannabis industry and hemp consumer industry in detail, and to report its findings to the legislature.

Section 5 [342.05; Statewide monitoring system] requires a statewide monitoring system.

Subdivision 1 [Statewide monitoring] requires the OCM to contract with a vendor to establish a statewide monitoring system to track all cannabis plants, cannabis flower, cannabis products, and artificially derived cannabinoids from seed, immature plant, or creation until disposal or sale to a patient or customer.

Subdivision 2 [Data submission requirements] requires the monitoring system to allow cannabis businesses and Tribal medical cannabis program manufacturers to submit data through common software used in the industry. Authorizes the monitoring system to collect data through manual entry with office approval.

Section 6 [342.06; Approval of adult-use cannabis flower and adult-use cannabis products] requires the OCM to approve types of products and includes types of products that are prohibited.

Section 7 [342.07; Agricultural and food safety practices; rulemaking] requires the OCM to make rules to establish requirements for certification, testing, and labeling; requires the OCM to establish best practices for cannabis cultivation; and requires the OCM to establish an edible cannabis product handler endorsement.

Section 8 [342.08; Establishment of environmental standards] requires the development of standards relating to water, energy, solid waste, and odors for cannabis businesses; authorizes rulemaking; and requires cannabis businesses to comply with those rules.

Section 9 [342.09; Personal adult use of cannabis] provides legal limitations on the use, possession, and transportation of adult-use cannabis flower and adult-use 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 adult-use cannabis flower in a public place; possess five pounds or less of adult-use cannabis flower in a person's residence (with no more than two pounds of this being acquired from sources other than home-grown); possess or transport eight grams or less of adult-use cannabis concentrate; possess or transport edible cannabis products or lower-potency hemp edibles infused with a total of 800 mg or less of tetrahydrocannabinol; give away cannabis flower and cannabinoid products in an amount that is legal for a person to possess in public; use cannabis flower and cannabis 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 cannabis 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. Prohibits the sale of cannabis flower or cannabis products, or the importation of hemp-derived products, without an appropriate license. Establishes noncriminal financial penalties for violations.

Section 10 [342.10; Licenses; types] sets forth the types of licenses that the OCM must issue under the new chapter. License categories are:

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

Section 11 [342.11; Licenses; fees] sets application and licensing fees.

Section 12 [342.12; Licenses; transfers; adjustments] permits free transfer of licenses subject to the prior written approval of the office, provided that a social equity applicant may only transfer a license to another social equity applicant. Requires licenses to be renewed annually. Identifies significant business events upon which a licensee must obtain a new license. These events include, but are not limited to, the conversion, dissolution, or reorganization of the licensee. Permits license holders to petition to adjust the tier of a license issued within a license category. Permits the OCM to allow a license holder to relocate by rule, and limits the application fee the OCM may charge for relocation to \$250.

Section 13 [342.13; Local control] provides that a local unit of government may not prohibit the possession, transportation, or use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products, and may not prohibit the establishment or operation of a cannabis business licensed under this chapter. Allows the local unit of government to adopt reasonable restrictions on the time, place, and manner of the operation of a cannabis business. The local unit of government may prohibit the operation of a business within a certain distance of places listed in paragraph (c). Requires the OCM to work with local units of government to develop model ordinances for reasonable restrictions on time, place, and manner of operation of the business. Under certain circumstances, the local unit of government may adopt an interim ordinance for the purpose of protecting the planning process, however, a public hearing must be held before adopting an interim ordinance. The interim ordinance may regulate, restrict, or prohibit the operation of a cannabis business within the jurisdiction until January 1, 2025. Requires the local unit of government to certify compliance with local zoning ordinances and state fire and building codes. Requires the OCM to contact the local unit of government in which a business would be located and allow for input from the local government on the application, including information relevant to the OCM's decision on whether to issue a license. The OCM is required to establish an expedited complaint process to review and respond to complaints made by a local unit of government about a cannabis business.

Section 14 [342.135; Local restriction on number of cannabis retailers] allows local units of government to limit the number of cannabis retailers according to the size and type of that local unit of government.

Section 15 [342.14; License application and renewal; fees] specifies the minimum information required for a license application; requires the OCM to establish procedures for license applications.

Section 16 [342.15; Social equity applicants] describes how an individual could qualify as a social equity applicant.

Section 17 [342.16; License selection criteria] requires the OCM to issue licenses in a manner that maintains a stable cannabis market and prohibits issuing licenses in such a way as to give a single applicant a vertically integrated business with certain exceptions. License issuance is to be prioritized for social equity applicants, and the means of scoring applications must be publicly available. Requires an annual market analysis to determine whether the OCM is fulfilling certain market stability criteria. Prohibits the OCM from issuing a license to an applicant who has not received a land use compatibility statement approval from a local unit of government.

Section 18 [342.17; Inspection; license violations; penalties] establishes that the OCM may enter and inspect cannabis and hemp businesses and records at reasonable hours. Gives the OCM 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 OCM to conduct inspections at any time. Requires the OCM to prioritize inspections based on suspected violations that pose an imminent danger to customers or the public. Further directs the OCM to prioritize inspections based on complaints from local units of government. Permits the OCM to issue administrative orders directing cannabis businesses to take specific action, permits businesses to appeal those orders, and allows the OCM to assess administrative penalties of up to \$10,000 for each violation.

Section 19 [342.18; License suspension or revocation; hearing] specifies when and how the OCM may revoke or not renew a license.

Section 20 [342.185; Data practices; applicants; license holders] provides the framework for data collected and maintained by the office with respect to license applicants and holders. Certain license applicant data collected by the office is private or nonpublic data, while the following data is public: the applicant's name and designated address; ownership data; proof of trade name registration; data on legal possession of the business premises; environmental plans; the number of cannabis business licenses the applicant holds; information about a proposed cannabis event; scoring data; and any other data generated by the office in its review of applications. Once an applicant's license application is approved, all application data is public except for trade secret information, certain financial data, and data identifying cannabis business customers and cannabis workers. Disciplinary data is public. This section requires the office to establish written procedures, a data audit trail, and arrange for an independent audit to verify compliance with this section. The office must report the results of the audit to the legislature.

Section 21 [342.19; 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, or for one, five, or ten years following the discharge of a sentence. Permits a disqualified person to apply for a set-aside of the prohibitions related to convictions.

Section 22 [342.20; Cannabis businesses; general operational requirements and prohibitions] establishes general operation requirements for a cannabis business. These requirements include, but are not limited to: prohibitions on hiring a person under 21 years of age or contracting with a person under 21 to perform work involving the handling of cannabis plants, cannabis flower, synthetically derived cannabinoids, or cannabis products; limiting physical entry of persons under 21 to those patients enrolled in the registry program; prohibiting the selling or giving cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products to persons under 21 unless the individual is a patient, registered designated caregiver, or a parent, legal guardian, or spouse of a patient who is authorized to use, possess, or transport medical cannabis or medical cannabinoid products; prohibiting consumption of cannabis flower and cannabis products, lower-potency hemp edibles, and hemp-derived consumer products within a cannabis business except as authorized pursuant to a permit for on-site consumption or endorsement for the sale of lower potency edible products, for quality control, if an employee is a patient, or for other limited exceptions; limiting physical access to restricted areas (as defined in section 1) to certain authorized individuals and setting forth recordkeeping requirements for such access; requiring adequate ventilation and filtration systems; requiring the maintenance of certain financial records and

submission to an audit of its business records by the OCM; requiring the provision of an annual diversity report; requiring the use of the statewide monitoring system; requiring the disposal of certain products in a manner approved by the OCM; limiting the sale of products to those approved by the OCM and in a manner that complies with testing, packaging, and labeling requirements under the chapter and rules adopted pursuant to the chapter; having adequate security; prohibiting a cannabis business from offering, giving, accepting, receiving, or borrowing anything of value from another cannabis business, subject to certain exceptions; prohibiting a cannabis business from making an agreement with a cannabis retailer that binds the retailer to purchase the products of one cannabis cultivator or manufacturer to the exclusion of others; and prohibiting sharing customer information with a federal entity unless ordered to do so by a state or federal court.

Section 23 [342.21; Cannabis cultivator licensing and operations] specifies the authorized actions for cannabis cultivator license holders, limits of plant canopy for cultivation, information required for license applications, cultivation operation requirements, limitations on holding multiple cannabis licenses and states that health care practitioners who certify qualifying medical conditions are not allowed to hold a cannabis cultivator license. Those who hold a cannabis cultivator license cannot pay or receive payment from a health care practitioner who certifies qualifying medical conditions.

Section 24 [342.22; Retailers; local registration and enforcement] states that cannabis retailers and hemp retailers must register with the local unit of government before making retail sales. It also specifies for a local unit of government fees that may be charged for registration, conditions that can be considered for issuance of registration, compliance check requirements, and the process for suspending or cancelling registration.

Section 25 [342.23; Cannabis businesses and hemp businesses] contains general operational requirements for all cannabis businesses and hemp businesses relating to financial records, diversity in employment and business contracts, disposal of cannabis and hemp products, products that can be sold, customer privacy, and prohibitions on certain financial relationships.

Section 26 [342.24; Cannabis manufacturer licensing and operations] describes the authorized actions for cannabis manufacturer license holders, and specifies the information required for license applications. The section requires the office to, by rule, establish a limit on the manufacturing of adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products that a cannabis manufacturer may perform, and further specifies the limitations on holding multiple cannabis licenses and states that health care practitioners who certify qualifying medical conditions are not allowed to hold a cannabis manufacturer license. Those who hold a cannabis manufacturer license cannot pay or receive payment from a health care practitioner who certifies qualifying medical conditions. This section also requires a cannabis manufacturer to comply with the requirements in section 342.26.

Section 27 [342.25; Cultivation of cannabis; general requirements] requires every cannabis business with a license or endorsement authorizing the cultivation of cannabis to comply with this section. Such requirements include preparation of a cultivation record for each batch of cannabis plants and cannabis flower; complying with rules governing the use of pesticides, fertilizers, soil amendments, plant amendments and other inputs to cultivate cannabis; preparation, maintenance, and execution of an operating plan and a cultivation plan as directed by the office in rule; comply with chapters 18B, 18C, 18D, and any other pesticide, fertilizer, soil amendment, and plant amendment laws and rules enforced by the commissioner of agriculture; refrain from treating or otherwise adulterating cannabis plants or cannabis flower with any substance or compound with the

effect or intent of altering physical characteristics of the cannabis; and complying with requirements imposed by the office with respect to the security, fencing, lighting, and other requirements. Authorizes the commissioner of agriculture to issue a genetically engineered organism release permit under chapter 18F for cannabis seed or cannabis plants. Excludes cultivation of hemp products from the provisions of this section.

Section 28 [342.26; Manufacture of cannabis products; general requirements] requires every cannabis business with a license or endorsement authorizing the creation of cannabis concentrate and manufacture of cannabis products and hemp-derived consumer products for public consumption to comply with this section. Such requirements include generally maintaining cannabis manufacturing operations in an enclosed, locked facility used exclusively for the manufacture of cannabis products, creation of hemp concentrate, creation of synthetically derived cannabinoids, creation of lower-potency hemp edibles, or creation of hemp-derived consumer products; manufacturing solely on equipment used exclusively for the manufacture of such products; complying with packaging, labeling, and health and safety requirements; obtaining an endorsement to create cannabis concentrate, hemp concentrate, or synthetically derived cannabinoids must obtain an endorsement from the office; notifying the office of all methods of extraction and concentration the manufacturer intends to use; obtaining a certification from an independent third-party industrial hygienist or professional engineer; upon the sale of the such a product, provide a statement to the buyer that discloses the method of extraction and concentration or conversion used and any solvents, gases, or catalysts involved in that method; obtaining a proper endorsement from the office, as applicable; meet sanitary standards specified in rules adopted by the office; and refrain from adding any such product from products where the manufacturer of the product holds a trademark to the product's name under certain circumstances. This section specifically excludes operations of a lower-potency hemp edible manufacturers from its provisions.

Section 29 [342.28; Adult-use cannabis retailer licensing and operations] describes the authorized actions for cannabis retailer license holders, and specifies the information required for license applications. A city or county would be permitted to operate a municipal cannabis store, subject to the cannabis retailer licensing requirements. The section specifies the limitations on holding multiple cannabis licenses and states that health care practitioners who certify qualifying medical conditions are not allowed to hold a cannabis retailer license. Those who hold a cannabis retailer license cannot pay or receive payment from a health care practitioner who certifies qualifying medical conditions. The section further establishes operation authorizations and requirements for a cannabis retailer. Specifically, a cannabis retailer may purchase and sell immature cannabis plants and seedlings, cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. This section further limits the number of retail locations a retailer may operate to five locations, and requires persons seeking a cannabis retail license to provide the office certain specified information. A cannabis retailer licensee may also hold a cannabis delivery service license, a medical cannabis retailer license, and a cannabis event organizer license, subject to certain limits placed on licensees in this section. Authorizes a city or county to establish, own, and operate a municipal cannabis store and prohibits health care practitioners from holding economic interests in such retailers and advertising with such retailers. A cannabis retailer is prohibited from accepting or soliciting remuneration from a health care practitioner who certifies qualifying medical conditions for patients and from offering any form of remuneration to a health care practitioner who certifies qualifying medical conditions from patients.

Section 30 [342.28; Retail sale of cannabis flower and products; general requirements] describes the compliance requirements for every cannabis business with a license or endorsement authorizing the retail sale of cannabis flower or cannabis products. Notably, such entities may only

sell immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products to individuals at least 21 years old; may only sell such products that are obtained from a business licensed under this chapter and that meet all applicable packaging and labeling requirements; must adhere to specific product sale volume limits; may sell cannabis paraphernalia, hemp-derived topical products, and certain products identified in this section that do not contain cannabis flower, cannabis concentrate, hemp concentrate, synthetically derived cannabinoids, or tetrahydrocannabinol; must verify proof of age prior to a sale; must designate a retail area where customers are permitted which meets certain specified standards; may display one sample of each type of cannabis flower or cannabis product available for sale; must post all notices required by the office, including recall information, statement regarding driving under the influence, and a statement the such products are only intended for consumption by individuals over 21.

This section further specifies the hours of operation during which a cannabis retailer may sell its products, and provides that a city or county may adopt an ordinance to permit sales during certain times. Establishes security standards for licensed or endorsed cannabis businesses including video surveillance, specific locking mechanisms, establishment of secure entries, and number of employees. Creates numerous prohibitions for such retailers, including selling products to persons who are visibly intoxicated, knowingly selling more products than a customer is legally permitted to possess, operating a drive-through window, and selling through a vending machine. Authorizes a cannabis business with a license or endorsement authorizing retail sale and which is also a licensed medical cannabis retailer to sell medical cannabis flower and medical cannabinoid products on a portion of its premises. Excludes lower-potency hemp edible retailers from the provisions of this section.

Section 31 [342.29; Cannabis microbusiness licensing and operations] describes the authorized actions for cannabis microbusiness license holders, and specifies the information required for license applications. Authorized actions include, but are not limited to, growing cannabis plants from seed or immature plant, making cannabis concentrate, making hemp concentrate, manufacturing synthetically derived cannabinoids, adult-use cannabis products, lower-potency edibles, and hemp-derived consumer products for public consumptions, packaging and labeling such products for sale to customers, and operating an establishment that permits on-site consumption of edible cannabis products and lower-potency hemp edibles. The section specifies the limitations on holding multiple cannabis licenses, and imposes size limitations for the cultivation of cannabis by a cannabis microbusiness. Prohibits a microbusiness from operating multiple tiers of cultivation. This section further requires certain microbusinesses to comply with the requirements of sections 342.25, 342.26, and 342.27, as applicable. Provides that the portion of the premises in which on-site consumption is permitted be separate from other areas of the business, that the business ensures that the display and consumption of any edible cannabis product or lower-potency hemp edible is not visible from outside of the licensed premises of the business, and that a microbusiness may offer recorded or live entertainment subject to certain restrictions. Prohibits cannabis microbusinesses from selling products to individuals under 21 and from permitting such underage individuals from entering the premises. Such businesses are further prohibited from selling or permitting the consumption of alcohol or tobacco on the premises.

Section 32 [342.30; Cannabis wholesaler licensing] specifies the authorized actions for cannabis wholesaler license holders, additional information required for license applications, and limitations on holding multiple cannabis licenses. Notably, this section permits such licensees to purchase and sell immature cannabis plants and seedlings, cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products from and to cannabis microbusinesses,

mezzobusinesses, and manufacturers, among certain other licensees; purchase hemp plant parts from industrial hemp growers; import hemp-derived consumer products and lower-potency edible products that contain hemp concentrate or synthetically derived cannabinoids that are derived from hemp plants or hemp plant parts; and to also hold a cannabis transporter license, cannabis delivery service license, and cannabis event organizer license.

Section 33 [342.31; Cannabis mezzobusiness licensing and operations] specifies the authorized actions for cannabis mezzobusiness license holders, additional information required for license applications, and limitations on holding multiple cannabis licenses. This section further establishes size limitations for the area which may be cultivated by a cannabis mezzobusiness that cultivates cannabis. The terms of this section require certain mezzobusinesses to comply with the requirements of sections 342.25, 342.26, and 342.27, as applicable. Permits a cannabis mezzobusiness that is also a licensed medical cannabis retailer to sell medical cannabis flower and medical cannabinoid products on a portion of its premises, provided that the portion of the premises in which medical cannabis flower and medical cannabinoid products are sold must be separate from all other areas of the cannabis mezzobusiness and provides an appropriate space for a pharmacist employee to consult with patients.

Section 34 [342.32; Cannabis wholesaler operations] specifies requirements for cannabis wholesalers, including ensuring that cannabis products are separated from all other products, accurate records are maintained, and buildings are maintained in a safe and sanitary manner. The section also describes what products may be sold, and what products may be imported from another state.

Section 35 [342.33; Cannabis transporter licensing] describes the authorized actions for cannabis transporter license holders, and specifies the information required for license applications. The section specifies the limitations on holding multiple cannabis licenses.

Section 36 [342.34; Cannabis transporter operations] establishes operation requirements for a cannabis transporter.

Section 37 [342.35; Cannabis testing facility licensing] describes the authorized actions for cannabis testing facility license holders, and specifies the information required for license applications. The section specifies the limitations on holding multiple cannabis licenses.

Section 38 [342.36; Cannabis testing facility operations] establishes operation requirements for a cannabis testing facility. These requirements include, but are not limited to: requiring a testing facility to provide some or all testing services required under section 342.60 and applicable rules, and to comply with rules adopted by the OCM establishing testing protocols; requiring recordkeeping related to business transactions and testing results, accreditation, and relevant to testing protocols, standards, and criteria adopted the OCM, and establishing retention periods for such records; and requiring disposal of cannabis plants and seedlings, cannabis flower, cannabis products, lower-potency hemp edibles, hemp plant parts, hemp concentrate, and hemp-derived consumer products pursuant to rules adopted by the OCM.

Section 39 [342.37; Cannabis event organizer licensing] describes the authorized actions for cannabis event organizer license holders, and specifies the information required for license applications. The section specifies the limitations on holding multiple cannabis licenses.

Section 40 [342.38; Cannabis event organizer operations] establishes operation requirements for a cannabis event organizer. These requirements include, but are not limited to: requiring a cannabis event organizer to obtain local approval for a cannabis event; permitting a cannabis event organizer to charge an entrance fee and a fee for event participants; requiring event organizers to provide security and limiting access to individuals who are at least 21 years old; requiring an event organizer to assure that cannabis and cannabis products are disposed of in an approved manner; requiring event organizers to comply with transportation and sales requirements; permitting on-site consumption at a cannabis event if approved by the local unit of government; prohibiting event organizers from permitting the consumption of alcohol or tobacco; and prohibiting event organizers from permitting smoking of adult-use cannabis flower or adult-use cannabis products at any location where smoking is not permitted under the Clean Indoor Air Act.

Section 41 [342.39; Cannabis delivery service licensing] describes the authorized actions for cannabis delivery service license holders, and specifies the information required for license applications. The section specifies the limitations on holding multiple cannabis licenses.

Section 42 [342.40; Cannabis delivery service operations] establishes operation requirements for a cannabis delivery service.

Section 43 [342.41; Lower-potency hemp edible retailer] describes the authorized actions for lower potency edible product retailer license holders. The requirements for these licenses are different from the other cannabis licenses in this bill. A lower potency edible product retailer license holder is not allowed to participate in any other cannabis business.

Section 44 [342.42; Medical cannabis business licenses] establishes the following new medical cannabis business licenses: medical cannabis cultivator; medical cannabis processor; and medical cannabis retailer and gives the Division of Medical Cannabis the authority to oversee the licensing and regulation of medical cannabis businesses. This section specifies that the registration of current registered manufacturers expires on July 1, 2024.

Section 45 [342.43; Hemp business license types; multiple licenses] establishes the following types of hemp business licenses: lower-potency hemp edible manufacturer, and lower-potency hemp edible retailer.

Section 46 [342.44; Medical cannabis business applications] specifies the information that must be submitted to obtain a medical cannabis business license. It also requires that the applicant must identify the methods that will be used to segregate medical cannabis flower and medical cannabinoid products from other cannabis flower and cannabis products to avoid cross contamination.

Section 47 [342.45; Hemp business licenses; applications and issuance] specifies that except as otherwise provided in this section, the licensing provisions in the chapter do not apply to hemp businesses. Requires OCM to establish and oversee the issuance of hemp licenses.

Section 48 [342.46; Lower-potency hemp edible manufacturer] specifies the authorized activities of a lower-potency hemp edible manufacturer license holder. Establishes requirements for manufacturing, extracting, and concentrating hemp.

Section 49 [342.47; Medical cannabis cultivators] establishes the requirements for a medical cannabis cultivator license and permits the license holder to grow cannabis plants within an approved space from seed or immature plant to mature plant, harvest cannabis flower, package and label cannabis flower as medical cannabis flower, sell medical cannabis flower to medical cannabis processors and medical cannabis retailers, transport medical cannabis flower to a medical cannabis processor located on the same premises and other actions as approved by the OCM.

Section 50 [342.48; Medical cannabis processors] establishes the requirements for a medical cannabis processor license and permits the license holder to: purchase medical cannabis flower, medical cannabinoid products, hemp plant parts, and hemp concentrate from medical cannabis cultivators, other medical cannabis processors, and industrial hemp growers; make cannabis concentrate from medical cannabis flower; make hemp concentrate; manufacture medical cannabis products; package and label medical cannabis products for sale to other medical cannabis processors and to medical cannabis retailers; and perform other actions as approved by the OCM.

Section 51 [342.49; Medical cannabis retailers] establishes the requirements for a medical cannabis retailer and permits the license holder to purchase medical cannabis flower and medical cannabis products from medical cannabis cultivators and medical cannabis processors and sell and distribute medical cannabis flower and medical cannabinoid products to any person authorized to receive distribution (this section maintains the current requirements for distribution). This section requires that a medical cannabis retailer that is also a cannabis retailer distribute medical cannabis flower and medical cannabinoid products from a portion of the premises that is distinct and definite from all other areas of the cannabis retailer, that this area of the premise can be accessed through a distinct entrance and provides for an appropriate space for the pharmacist employee to consult with the patient.

Section 52 [342.50; Tribal medical cannabis program] specifies the conditions under which a Tribal medical cannabis program manufacturer is permitted to transport medical cannabis to testing labs and between Indian lands, the conditions under which a Tribal medical cannabis program manufacturer may distribute or sell medical cannabis to a Tribal medical cannabis program patient; requires limited use of the statewide monitoring system by Tribal medical cannabis program manufacturers, and extends the limitations and protections for patients enrolled in the registry to Tribal medical cannabis program patients.

Section 53 [342.51; Patient registry program] establishes the patient registry program and specifies that the program is to be administered by the division of medical cannabis (this section is essentially the same as the current program except as indicated above).

Section 54 [342.52; Duties of Office of Cannabis Management; registry program] would permit the OCM to add additional allowable cannabis products and to modify or add a qualifying medical condition. If this occurs, the OCM must notify the legislature.

Section 55 [342.53; Duties of Division of Medical Cannabis; registry program] establishes duties of the division of medical cannabis related to health care practitioners, the registry program and research (this section essentially contains the same duties that are currently required to be met by the commissioner of health in the current program).

Section 56 [342.54; Duties of health care practitioners; registry program] establishes the duties of health care practitioners in the registry program (this section essentially contains the same duties that are currently required to be met by health care practitioners in the current program).

Section 57 [342.55; Limitations] establishes limitations on consumption and the locations of consumption (this section essentially contains the same limitations and locations as the current program with the exception as indicated above).

Section 58 [342.56; Protections for registry program participants] establishes criminal and civil protections for registry program participants (this section essentially contains the same criminal and civil protections as are in the current program with the exception that it adds: (1) a subdivision that permits a patient to bring an action for damages against any person who violates this section by discriminating against the person because the person is enrolled in the registry program by refusing to enroll the person in a school, refusing to rent to the person, disqualifying a person from needed medical care or discriminating against a person in an employment situation; and (2) a subdivision that restricts the authority of the commissioner of corrections to prohibit or punish a person under correctional supervision in the community for participating in the medical registry program).

Section 59 [342.57; Violation by health care practitioner; criminal penalty] specifies violations by health care practitioners that may be subject to criminal penalties (this section essentially contains the same violations and penalties as are in the current program).

Section 60 [342.58; Data practices] specifies the data classification and allowable uses (this section essentially contains the same data classifications and uses as are in the current program).

Section 61 [342.59; Clinical trials] authorizes the division to conduct or award grants to health care providers or research organizations to conduct clinical trials on the safety and efficacy of using medical cannabis flower or medical cannabinoid products to treat a specific health condition. Requires an entity receiving a grant to provide the OCM with access to all data collected in a clinical trial funded under this section. Permits the OCM to use this data as evidence to approve additional qualifying medical conditions or additional allowable forms of medical cannabis.

Section 62 [342.60; Testing] requires each batch of cannabis products to have a representative sample tested by a licensed cannabis testing facility. The OCM must establish procedures and standards that each sample must meet in order to be sold. A licensed cannabis testing facility must issue certification to products that meet the testing standards. Test results must be maintained for at least five years and available to the public upon request.

Section 63 [342.61; Packaging] requires that cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products sold to customers and patients be prepackaged or placed in packaging at the final point of sale in packaging or a container that is plain, child-resistant, tamper-evident, and opaque. Excludes certain products from the child-resistant packaging requirement. Establishes packaging requirements for cannabis products, lower-potency hemp edibles, and hemp-derived consumer products packaged in a manner that includes more than a single serving. Prohibits cannabis flower, cannabis products, and hemp-derived consumer products from being sold to customers and patients in a manner of packaging that bears a reasonable resemblance to any commercially available product that does not contain cannabinoids or that is designed to appeal to persons under 21 years of age. Prohibits packaging for cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products from

containing or being coated with any perfluoroalkyl substance. Prohibits an edible cannabis product or lower-potency hemp edible from being packaged in a material that is not approved by the US FDA for use in packaging food.

Section 64 [342.62; Labeling] sets forth labeling requirements for all cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products sold to customers and patients. Identifies the information a label must contain, including, but not limited to, information about the cannabis microbusiness, cannabis mezzobusiness, cannabis cultivator, medical cannabis cultivator, or industrial hemp grower that cultivated the product, the batch number, the cannabinoid profile, and a certain statements or information required by the OCM. Requires certain warnings. Requires labels on the packaging or container of medical cannabis flower and medical cannabinoid products to contain information about the patient. Requires labels on the packaging or container of hemp-derived topical products sold to customers to contain information relevant to those products, along with a warning symbol. Permits cannabis retailers, cannabis microbusinesses, cannabis mezzobusinesses and medical cannabis retailers to provide customers and patients with certain additional information.

Section 65 [342.63; Advertisement] establishes requirements and limitations for advertisements for cannabis flower, cannabis businesses, hemp businesses, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. These requirements and limitations include, but are not limited to: prohibiting 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; permitting outdoor advertisement, and permitting up to two fixed outdoor signs that satisfy certain criteria; prohibiting advertisements via a medium in which 30 percent or more of the audience is reasonably expected to be under age 21; prohibiting the use of unsolicited pop-up advertisements on the internet; requiring a cannabis business or other person to verify a recipient is 21 or older before using direct, individualized communication or dialogue to advertise, and listing permissible methods of age affirmation; identifying 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; and providing statements, information, and symbols that cannot be included in advertising by health care practitioners participating in the medical cannabis program.

This section further provides that, if the OCM finds a health care practitioner violated this subdivision, the practitioner is prohibited from certifying patient qualifying medical conditions for the registry program.

Section 66 [342.64; Industrial hemp] states that nothing in the chapter limits the industrial hemp provisions in chapter 18K, and clarifies that for purposes of this section “processing” does not include the process of creating synthetically derived cannabinoids.

Section 67 [342.65; Legal assistance to cannabis businesses] provides that an attorney is not subject to disciplinary action for providing legal assistance to cannabis or hemp businesses.

Section 68 [342.66; Hemp-derived topical products] sets forth requirements and limitations for the manufacture, marketing, distribution, and sale of hemp-derived topical products. Specifically, this section permits such products to contain cannabidiol, but, subject to an exception or approval by the OCM, prohibits such products from containing any other cannabinoid; requires such products to be manufactured, marketed, distributed, intended, or generally expected to be used by applying the product externally to a part of the body of a human or animal; prohibits such products sold to

consumers from being manufactured, marketed, distributed, or intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; prohibits such products sold to consumers from being manufactured, marketed, distributed, or intended for consumption by combustion, vaporization, chewing, injection, or various other means; prohibits the manufacture, marketing, distribution, and sale of products that do not comply with certain health and safety requirements; prohibits the sale of any cannabinoid to an individual under 21 years of age; requires labeling as provided in section 342.63, subdivision 5. This section further provides that the OCM may enforce the section under the relevant provisions of section 342.18.

Section 69 [342.67; Cannabis industry community renewal grants] establishes CanRenew, a grant program to invest in communities where there are many social equity applicants. These grants must be awarded to organizations that will make community investments. The OCM is required to submit an annual report to the legislature about these grants.

Section 70 [342.68; Substance use disorder treatment, recovery, and prevention grants] establishes the substance use disorder treatment, recovery, and prevention account in the special revenue fund. Money in the account must be used for the following purposes: 75 percent of the balance to publicly funded substance use disorder treatment providers to support programming for first episode psychosis and co-occurring services, to support housing costs in sober homes, to provide harm reduction services, and other related uses; 20 percent for grants for substance use disorder prevention; and five percent for education regarding the adverse health effects of substance use. The OCM must consult with the commissioners of health and human services concerning the administration and distribution of the money from the account and report annually to the legislature on the use of the funds.

Section 71 [342.69; Cannabis grower grants] requires the OCM to establish CanGrow, a grant program to help farmers navigate cannabis regulations and fund loans for farmers to become legal cannabis growers. These grants and loans have annual reporting requirements.

Section 72 [342.70; Lawful activities] provides that, notwithstanding any law to the contrary, the cultivation, manufacturing, possessing, and selling of cannabis flower, cannabis products, synthetically derived cannabinoids, lower-potency hemp edibles, and hemp-derived consumer products by a licensed cannabis business in conformity with the rights granted by a cannabis business license is lawful, except as provided by the new chapter. Further provides that a person is not subject to arrest, prosecution, or forfeiture of property for acting as an agent of a licensed cannabis retailer or licensed cannabis microbusiness and selling or otherwise transferring cannabis flower, cannabinoid products, or hemp-derived consumer products to a person under 21, if the person complied with section 342.27, subdivision 3, and applicable rules.

Section 73 [342.71; Civil actions] establishes a civil cause of action similar to the Dram Shop Act under section 340A.801.

Section 74 [342.73; Nuisance; action] provides that certain injurious or offensive use of adult-use cannabis flower that interferes with the comfortable enjoyment of life or property is a nuisance. This section authorizes a person injured by the nuisance to bring an action for injunctive relief and the greater of actual damages or a civil penalty of \$250. An injured party may also bring an action against a landlord or homeowners' association for failing to enforce the terms of a lease, governing document, or policy related to the use of adult-use cannabis flower.

Section 75 [Report; traffic and transportation issues] requires the OCM to submit a report to the chairs and ranking minority members of the transportation committee. The report must include (1) a description of rules adopted on cannabis transporter licensing and operations; (2) recommended statutory changes; and (3) recommendations on improvements in consultation with the commissioner of transportation, the commissioner of public safety, the colonel of the State Patrol, and the director of the Office of Traffic Safety in the Department of Public Safety.

Section 76 [Transporter license establishment] requires the OCM to consult with the commissioner of transportation about best practices for issuing cannabis transporter licenses and the requirements for obtaining a cannabis transporter license.

Section 77 [Initial appointments; first terms; first meeting for the cannabis advisory council] requires appointing authorities to make initial appointments by August 1, 2023, and provides for the staggering of members' terms. Requires the council to convene its first meeting by September 15, 2023.

Section 78 [Effective date] provides that the sections of article 1 of the bill are effective July 1, 2023, unless otherwise provided.

Article 2 – Taxes

Section 1 (270B.12; subdivision 4a; Office of Cannabis Management) allows the commissioner of revenue (commissioner) to disclose tax return information to the Office of Cannabis Management (office) for purposes of administering the provisions of section 2. Effective June 30, 2023.

Section 2 [270C.726; Posting of tax delinquency; sale of cannabis]

Subdivision 1 [Posting; notice] requires the commissioner to provide the office a list of taxpayers subject to the cannabis gross receipts tax that are required to pay, withhold, or collect income or corporate franchise taxes, sales taxes, including any local sales taxes, or the cannabis gross receipts tax, who are ten or more days delinquent in filing a return or paying the tax. The commissioner must notify the taxpayer of the intent to post the tax delinquency at least ten days before notifying the office. The office must post the list on its website and prominently show the date of posting. The commissioner must notify the office within two business days if the taxpayer files all returns and pays all taxes specified above.

Subdivision 2 [Sales prohibited] prohibits any cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis mezzobusiness, cannabis wholesaler, or industrial hemp grower from selling or delivering any product to a taxpayer included on the delinquency list.

Subdivision 3 [Penalty] subjects any cannabis cultivator, cannabis manufacturer, cannabis microbusiness, cannabis mezzobusiness, cannabis wholesaler, or industrial hemp grower that violates subdivision 2 to penalties specified under sections in article 1.

Effective June 30, 2023.

Section 3 [273.13, subdivision 24; Class 3] provides that property used for raising, cultivating, processing, or storing cannabis plants, cannabis flowers, or cannabis products for sale must be classified as class 3 commercial-industrial. Effective beginning with assessment year 2024.

Section 4 (275.025, subdivision 2; Commercial-industrial tax capacity) requires that property used for raising, cultivating, processing, or storing cannabis plants, cannabis flowers, or cannabis products for sale is treated as commercial-industrial property for purposes of the state general levy, excluding the tax capacity attributable to the first \$150,000 of market value of each parcel. Effective beginning with assessment year 2024.

Section 5 [289A.33; Filing requirements and due dates; special rules] allows a cannabis business required to collect and remit cannabis gross receipts, income or corporate franchise, or sales taxes to request that the commissioner waive the electronic filing requirement if failure to pay electronically is due to the cannabis business' inability to secure banking services due to its engagement in cannabis-related business. Provides that if the commissioner determines that inability to find banking services is widespread and enforcement of the electronic payment requirement will impede cannabis businesses from timely paying taxes, the commissioner may publish notice that waives the electronic filing requirement. Cannabis businesses must file returns and pay taxes due in the form and manner prescribed by the commissioner. Effective the day following final enactment.

Sections 6 and 7 (290.0132, subdivision 29, Disallowed section 280E expenses; and 290.0134, subdivision 29, cannabis licensees) expand the subtraction for business expenses allowed by medical cannabis manufacturers under current law to include all entities holding licenses related to the business of nonmedical cannabis. Effective for taxable years beginning after December 31, 2022.

Section 8 [295.81; Cannabis products gross receipts tax]

Subdivision 1 [Definitions] references definitions of “cannabis flower,” “cannabis product,” “cannabis solution product,” “cannabis mezzobusiness,” “cannabis microbusiness,” “cannabis retailer,” “hemp-derived consumer product,” “lower-potency hemp edible,” “medical cannabis flower,” and “medical cannabis paraphernalia” that were established in article 1, and the definition of “retail sale” under current law. Provides new definitions for “bundled transaction,” “gross receipts,” “taxable cannabis product,” and “taxable cannabis product retailer.”

Subdivision 2 [Gross receipts tax imposed] imposes a ten percent gross receipts tax on retail sales in Minnesota by a taxable cannabis products retailer of taxable cannabis products sold to customers. Allows, but does not require, taxable cannabis products retailers to collect the tax from the purchaser if the tax is separately stated on the receipt or similar document given to the purchaser. Provides that if the taxable cannabis product is in a bundled transaction, the entire sales price of the bundled transaction is subject to the gross receipts tax. The gross receipts tax is in addition to any other tax imposed on the sale or use of taxable cannabis products.

Subdivision 3 [Use tax imposed; credit for taxes paid] imposes the gross receipts tax on the receipt of taxable cannabis products for use or storage in the state by anyone other than a retailer of these products. The tax must be remitted to the commissioner in the same manner

as required for sales taxes. Allows a credit against the use tax for the amount of taxes paid to another state or political subdivision equal to the lesser of the tax actually paid to the other state or political subdivision, or the amount of tax imposed by Minnesota on the transaction subject to tax in the other state or political subdivision.

Subdivision 4 [Exemptions] provides an exemption for the possession, use, or storage of taxable cannabis products that cost less than \$100 in the aggregate in a calendar month, or if those products were carried into the state by the customer. Exempts medical items purchased by or for patients enrolled in the medical cannabis program from the tax. The sales tax exemptions provided in the sales tax chapter do not apply to the taxes imposed under this article, unless otherwise specified.

Subdivision 5 [Tax collection required] requires out-of-state retailers with nexus in Minnesota who are not subject to the tax under subdivision 2 to collect the use tax imposed under subdivision 3 from the purchase and provide a receipt of tax paid to the purchaser. The tax must be remitted to the commissioner in the same manner as required for sales taxes.

Subdivision 6 [Taxes paid to another state or any subdivision thereof; credit] provides a credit to taxable cannabis products retailers that paid a gross receipts tax to another state equal to the lesser of the tax actually paid to the other state or the amount of tax imposed by Minnesota on the gross receipts subject to tax in another state.

Subdivision 7 [Sourcing of sales] applies the rules governing sourcing of sales in the sales tax chapter to the tax imposed under this section.

Subdivision 8 [Administration] provides that the tax administration chapters governing sales tax also apply to the tax imposed under this section, except in cases where the electronic filing requirement is waived as provided in section 5.

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

Subdivision 10 [Deposit of revenues; account established] provides that 75 percent of the gross receipts tax revenues are deposited to the general fund and 25 percent are deposited to the local government cannabis aid account. Establishes the local government cannabis aid account in the special revenue fund.

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

Effective for gross receipts received after June 30, 2023.

Section 9 [Cannabis local tax prohibited] prohibits local governments from imposing a local gross receipts tax on the sale of taxable cannabis products. Effective the day following final enactment.

Section 10 (297A.61, subdivision 3; Sale and purchase) adds the sale and purchase of taxable cannabis products to the definition of “sale and purchase” in the sales tax chapter. Effective for sales and purchases made after June 30, 2023.

Section 11 (297A.67, subdivision 2; Food and food ingredients) excludes taxable cannabis products, medical cannabis flower, and medical cannabinoid products from the definition of “food and food ingredients” in the sales tax chapter. Effective for sales and purchases made after June 30, 2023.

Section 12 (297A.67, subdivision 7; Drugs; medical devices) specifies that taxable cannabis products are excluded from the definition of “drug” in the sales tax chapter. Effective for sales and purchases made after June 30, 2023.

Section 13 (297A.70, subdivision 2; Sales to government) adds taxable cannabis products to the list of items excluded from the exemption for sales to and purchases by local governments. The exemption would apply if these products were purchased directly by the United States or its agencies or instrumentalities. Effective for sales and purchases made after June 30, 2023.

Section 14 (297A.70, subdivision 4; Sales to nonprofit groups) adds taxable cannabis products to the list of items excluded from the exemption for sales to and purchases by nonprofit groups. Effective for sales and purchases made after June 30, 2023.

Section 15 (297A.70, subdivision 18; Nursing homes and boarding care homes) adds taxable cannabis products to the list of items excluded from the exemption for sales to and purchases by nursing homes and boarding care homes. Effective for sales and purchases made after June 30, 2023.

Section 16 (297A.85; Cancellation of permits) provides that taxable cannabis products retailers are subject to cancellation of their sales permit if their license has been revoked by the Office of Cannabis Management. This provision does not apply to lower potency hemp retailers. Effective June 30, 2023.

Section 17 (297D.01; Definitions)

Subdivision 1 (Illegal cannabis) updates the existing definition of “marijuana” with a new definition of “illegal cannabis” that incorporates taxable cannabis products held, possessed, transported, transferred, sold, or offered for sale in violation of article 1 or criminal laws.

Subdivision 2 (Controlled substance) updates the definition of “controlled substance” to exclude illegal cannabis.

Subdivision 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 June 30, 2023.

Section 18 (297D.04; Tax payment required for possession) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 19 (297D.06; Pharmaceuticals) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 20 (297D.07; Measurement) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 21 (297D.08; Tax rate) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 13. Effective June 30, 2023.

Section 22 (297D.085; Credit for previously paid taxes) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 23 (297D.09, subdivision 1; Criminal penalty; sale without affixed stamps) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 24 (297D.10; Stamp price) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 25 (297D.11; Payment due) removes the term “marijuana” from the controlled substances tax chapter and adds the new term “illegal cannabis” in accordance with the changes in section 17. Effective June 30, 2023.

Section 26 (477A.031; Local Government Cannabis Aid) establishes an annual general purpose aid program for counties and cities. Beginning with aid payable in 2024, the total aid available statewide equals the balance in the local government cannabis aid account in the special revenue fund as of the close of the previous fiscal year. Aid is distributed to counties and cities in proportion to the count of cannabis businesses located in that political subdivision. Effective July 1, 2023.

Article 3 – Business Development

Section 1 [116J.659; Cannabis industry startup financing grants]

Subdivision 1 [Establishment] directs the commissioner of employment and economic development to establish the CanStartup grant program to award grants to nonprofit job corporations to fund loans to new businesses in the legal cannabis industry.

Subdivision 2 [Definitions] provides definitions of terms used in this section for the grant program including “commissioner,” “industry,” “new business,” “program,” and “social equity applicant.”

Subdivision 3 [Grants] directs the commissioner to establish a revolving loan account to make grants through a competitive grant process to nonprofits for the CanStartup program.

Provides considerations for awarding grants and requirements for recipient nonprofit corporations when receiving a grant.

Subdivision 4 [Loans to businesses] provides criteria for making loans to new businesses by a nonprofit corporation under the program. Specifies the minimum state contribution to a loan is \$2,500 up to a maximum of \$50,000, or \$150,000 if state contributions are matched by a new private investment. Requires final approval by the commissioner for each loan made by a nonprofit corporation. Allows loans to be renewed on an annual basis for up to six consecutive years. Gives discretion to the commissioner to approve full or partial forgiveness of interest or principal amounts of loans if a borrower has met criteria and is current with payments for three years.

Subdivision 5 [Revolving loan account administration] requires the commissioner to establish a minimum interest rate for loans not to exceed the Wall Street Journal prime rate. Allows a nonprofit corporation to charge a loan origination fee, which may be retained by the nonprofit, equal to or less than one percent of the loan value. Provides that loan repayments must be paid to the commissioner and deposited in the revolving loan account. Requires loan interest payments to be deposited in the nonprofit revolving loan account.

Subdivision 6 [Program outreach] directs the commissioner to conduct outreach efforts to publicize the CanStartup grant program through partnerships with community organizations.

Subdivision 7 [Reporting requirements] requires a nonprofit corporation that receives a grant to submit an annual report to the commissioner including information about the businesses supported by the program, loans made, program's impact on business and job creation, administrative expenses, and provide an independent annual audit. Requires the commissioner to provide an annual report to the legislature detailing the awards made through the CanStartup program.

Section 2 [116J.6595; Cannabis industry navigation grants]

Subdivision 1 [Establishment] directs the commissioner of employment and economic development to establish the CanNavigate grant program to award grants to eligible organizations to help individuals navigate the regulatory structure of the legal cannabis industry.

Subdivision 2 [Definitions] provides definitions of terms used in this section for the grant program including "commissioner," "eligible organization," "industry," "program," and "social equity applicant."

Subdivision 3 [Grants to organizations] allows grant awards to be used for developing technical assistance relevant to the regulatory structure of the legal cannabis industry.

Subdivision 4 [Program outreach] directs the commissioner to conduct outreach efforts to publicize the CanNavigate grant program through partnerships with community organizations.

Subdivision 5 [Reporting requirements] requires the commissioner to provide an annual report to the legislature detailing the CanNavigate awards and use of the grant money.

Section 3 [116L.90; Cannabis industry training grants]

Subdivision 1 [Establishment] directs the commissioner of employment and economic development to establish the CanTrain program to award grants to eligible organizations to train people for work in the legal cannabis industry and for grants to individuals for training.

Subdivision 2 [Definitions] provides definitions of terms used in this section for the program including “commissioner,” “eligible organization,” “eligible individual,” “industry,” “program,” and “social equity applicant.”

Subdivision 3 [Grants to organizations] allows grant awards to be used for developing a training program and for providing training to individuals. Provides considerations for awarding grants to organizations.

Subdivision 4 [Grants to individuals] allows an unspecified grant award amount to eligible individuals to pursue training in a career in the legal cannabis industry. Provides criteria for eligibility in awarding grants to individual applicants. Directs a lottery process be used for awarding grants to eligible individuals.

Subdivision 5 [Program outreach] directs the commissioner to conduct outreach efforts to publicize the training grants through partnerships with community organizations.

Subdivision 6 [Reporting requirements] requires the commissioner to provide an annual report to the legislature detailing the CanTrain awards and use of the grant money.

Article 4 – Criminal Penalties

Sections 1 to 6 add cross-referenced definitions relating to cannabis to Minnesota Statutes, chapter 152 (drugs; controlled substances).

Section 7 (152.021, subdivision 1; Possession crimes) amends the first-degree controlled substance possession crime to eliminate the crime related to the possession of 500 or more marijuana plants. Leaves intact the prohibition on possessing 50 kilograms or more of marijuana.

Section 8 (152.022, subdivision 1; Sale crimes) amends the second-degree controlled substance sales crime so that it doesn’t apply to marijuana.

Section 9 (152.022, subdivision 2; Possession crimes) amends the second-degree controlled substance possession crime to eliminate the crime related to the possession of 100 or more marijuana plants. Leaves intact the prohibition on possessing 25 kilograms or more of marijuana.

Section 10 (152.023, subdivision 1; Sale crimes) amends the third-degree controlled substance sales crime so that it doesn’t apply to marijuana.

Section 11 (152.023, subdivision 2; Possession crimes) amends the third-degree controlled substance possession crime relating to 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 cannabis products infused with more than 200 grams of tetrahydrocannabinol.

Section 12 (152.024, subdivision 1) Sale crimes amends the fourth-degree controlled substance sales crime to eliminate the crime of sale of marijuana in a school zone, park zone, public housing zone, or a drug treatment center offense.

Section 13 (152.025, subdivision 1; Sale crimes) amends the fifth-degree controlled substance sales crime so that it doesn't apply to marijuana.

Section 14 (152.025, subdivision 2; Possession and other crimes) amends the fifth-degree controlled substance possession crime so it doesn't apply to marijuana.

Section 15 [152.0263; 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 with the State Patrol directed to increase enforcement of the penalty annually on April 20. Permits local units of government to establish ordinances prohibiting use of cannabis in public places provided the ordinance establishes only a petty misdemeanor penalty.

Section 16 [152.0264; Cannabis sale crimes] establishes petty misdemeanor, misdemeanor, gross misdemeanor, and felony crimes for selling cannabis and cannabis products without a license. Includes increased penalties for repeat offenders; sale to a minor; or sale in a school zone, park zone, public housing zone, or drug treatment facility. Establishes a petty misdemeanor offense for the first-time sale by a minor.

Section 17 [152.0265; Cannabis cultivation crimes] establishes gross misdemeanor and felony crimes for cultivating cannabis without a license and in excess of the amounts that would be legal under this bill.

Section 18 [169A.36; Open package law] establishes misdemeanor crimes for (1) using cannabis or cannabis products while in a private motor vehicle on a street or highway; or (2) for possessing open packages of cannabis or cannabis products while in a private motor vehicle on a street or highway. Establishes misdemeanor crime for a nonpresent motor vehicle owner to keep or allow open packages of cannabis or cannabis products in a private motor vehicle when the vehicle is on a street or highway.

Section 19 (609.135, subdivision 1; Term and conditions) requires a chemical use assessment before a court can prohibit a person under probation supervision from using cannabis. Prohibits the court from imposing a condition of probation that prevents a person from participating in the medical cannabis program.

Sections 20 and 22 (609.5311, subdivision 1; and 609.5316, subdivision 2; Controlled substances) make conforming changes.

Section 21 (609.5314, subdivision 1; Property subject to administrative forfeiture) prohibits the administrative forfeiture of certain property associated with cannabis offenses.

Section 23 [DWI testing; pilot project authorized] directs the commissioner of public safety to design and implement a pilot project to study oral fluid roadside testing to determine the presence of

a controlled or intoxicating substance in drivers. Requires the project to determine the practicality, accuracy, and efficacy of the testing instruments and make recommendations on which instrument or instruments to utilize in the future in a report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety. Commences the pilot project on September 1, 2023, until its expiration on August 31, 2024. Directs the commissioner to consult with interested parties in designing the pilot program. Requires oral fluid samples to be collected by a certified drug recognition evaluator and with the express voluntary consent of the driver. Prohibits oral fluid test results for serving as a basis for whether an arrest should be made and in any legal proceeding. Requires the commissioner to report the results of the pilot project. Provides the section is effective the day following final enactment.

Article 5 – Expungement

Section 1 (152.18, subdivision 1; Deferring prosecution for certain first-time drug offenders) requires the Bureau of Criminal Apprehension to notify a law enforcement agency and direct it to seal records affected by a stay of adjudication under this section.

Sections 2 to 4 (609A.01, Expungement of criminal records; 609A.03, subdivision 5, Nature of remedy; and 609A.03, subdivision 9, Stay of order) are conforming changes.

Section 5 [609A.05; Automatic expungement of certain cannabis offenses] provides for automatic expungement for individuals who, regarding a marijuana case, received a stay of adjudication under section 152.18 (lower-level drug possession cases for mostly first-time offenders), a stayed petty misdemeanor or misdemeanor sentence for possessing or giving away a small amount of marijuana or possessing a low level of marijuana in a motor vehicle, or where charges were dismissed after a case was filed (unless this was based on a competency determination) or where the proceedings were resolved in the individual’s favor. Directs the Bureau of Criminal Apprehension (BCA) to identify persons eligible for automatic expungement and share this with the judiciary. Requires both the judicial branch and the BCA (and law enforcement agencies and prosecutorial offices who have also been notified) to grant expungement.

Section 6 [609A.06; Expungement and resentencing of felony cannabis offenses] establishes the Cannabis Expungement Board.

Subdivision 1 [Cannabis Expungement Board] provides that the board 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 board must complete its work by June 30, 2028.

Subdivision 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, if 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.

Subdivision 3 [Bureau of Criminal Apprehension to identify eligible records] directs the BCA to identify convictions that qualify for review under the standards established in subdivision 2.

Subdivision 4 [Access to records] provides that the 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.

Subdivision 5 [Meetings; anonymous identifier] requires the board to meet at least monthly. Provides that meetings are subject to chapter 13D (open meetings). 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.

Subdivision 6 [Review and determination] directs the 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.

Subdivision 7 [Notice to judicial branch and offenders] directs the 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.

Subdivision 8 [Data classification] provides that all data collected, created, received, maintained, or disseminated by the board, in which each victim of a crime and person whose conviction or stay of adjudication the board reviews is or can be identified as the subject of the data, is classified as private data on individuals.

Subdivision 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 board upon receipt of information from the board.

Subdivision 10 [Resentencing] provides that, if the 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.

(Sections 2 to 6 are effective January 1, 2025)

Section 7 (609A.07; Restoration of firearms rights) provides that a person given relief under sections 5 or 6 has their firearm rights restored if otherwise eligible.

Article 6 – Miscellaneous Provisions

Sections 1 and 2 [3.9224 and 3.9228; Compacts to be negotiated] authorize the governor or his representatives to negotiate compacts with Indian tribes following a public hearing. These compacts would regulate medical cannabis flower, medical cannabinoid products, and adult-use cannabis. These sections specify what must be addressed in each compact. These compacts provide civil and criminal immunity for licensed cannabis businesses operated by an Indian Tribe. All compacts must be posted on a public website. Information on compacts negotiated and prospective negotiations must be reported to the legislature annually.

Sections 3 and 4 (13.411 and 13.871; Cannabis businesses and Cannabis Expungement Board records) add cross-references to chapter 13, the Minnesota Government Data Practices Act for data maintained by the OCM and Cannabis Expungement Board.

Section 5 [16B.2975; Canine management] modifies the statute permitting the transfer in the state’s ownership of a dog that is retired from service to the state to the handler that trained and worked with the dog while it was in service to require the handler an opportunity to accept the dog before any other placement option is considered. In the event the handler does not accept the dog, requires the agency with ownership of the dog to determine a safe alternative home.

Section 6 (18K.02, subdivision 3; Industrial hemp definition) amends the definition of “industrial hemp” by adding that it is not a cannabis plant as defined in section 342.01.

Section 7 (18K.02, subdivision 5; Processing definition) modifies the definition of “processing” in the industrial hemp chapter to specify that it does not include the production of synthetically derived cannabinoids as defined in section 342.01.

Section 8 (18K.03, subdivision 2; Sale to cannabis businesses and hemp businesses) states that licensed industrial hemp growers may sell hemp products to cannabis and hemp businesses, not just medical cannabis manufacturers.

Section 9 (34A.01; Food) modifies the definition of “food” in chapter 34A by updating the statute reference for edible cannabis products and lower-potency hemp edibles.

Sections 10, 11, 16, 33, 45 and 58 (97B.065, subdivision 1; 97B.066, subdivision 12; 169A.03, subdivision 6; 192A.555; 609.2111; 624.7143 Controlled substances definition) expand the DWI and related impaired operation laws to include within them persons who are impaired by legal hemp-related intoxicating products. Accomplish this by expanding the definition of “controlled substances” within the DWI law to specifically include legal hemp, and then using that definition in the other related laws.

Section 12 [120B.215; Education on cannabis use and substance use]

Subdivision 1 [Model program] directs the commissioner of education, in consultation with the commissioners of health and human services, local district and school health education specialists, and other qualified experts, to identify one or more model programs used to educate middle school and high school students on the health effects of cannabis use and substance use consistent with locally adopted health academic standards. The Commissioner of Education must publish a list of model programs that include written

materials, curriculum resources, and training for instructors. The identified model programs must be medically accurate, age and developmentally appropriate, culturally inclusive, and grounded in science, and must address the following:

- The physical and mental health effects of cannabis use and substance use by children, adolescents, and persons under 25 years of age, including effects on the developing brains of children and adolescents;
- Unsafe or unhealthy behaviors associated with cannabis use and substance use;
- Signs of substance use disorders;
- Treatment options; and
- Healthy coping strategies for children and adolescents.

Subdivision 2 [School programs] (a) Beginning in the 2026-2027 school year, school districts and charter schools must implement a comprehensive education program on cannabis use and substance use for students in middle school and high school. School programs must include instruction on the topics listed in subdivision 1 and must:

- Respect community values and encourage students to communicate with parents, guardians, and other trusted adults about cannabis use and substance use; and
- Refer students to local resources where students may obtain medically accurate information about cannabis use and substance use, and treatment for a substance use disorder.

(b) A school district's efforts to develop, implement, or improve instruction or curriculum as a result of this section must be consistent with the process to improve instruction and curriculum under section 120B.10 and the process for reviewing curriculum, instruction, and student achievement under section 120B.11.

Subdivision 3 [Parental review] requires a school district to have a procedure for a parent, a guardian, or an adult student age 18 or older to review the content of the instructional materials to be provided to a minor child or an adult student according to this section. Requires the district or charter school to allow a parent or adult student to opt out of instruction under this section with no academic or other penalty for the student and must inform the parents and adult students of this right to opt out of the instruction.

Subdivision 4 [Youth council] permits a school district or charter school to establish a youth council where student members of the council receive education and training on cannabis use and substance use and provide peer-to-peer education on these topics.

Section 13 [144.196; Cannabis data collection and biennial reports] requires the commissioner of health to engage in research and data collection activities to measure the prevalence of cannabis flower use and cannabis product use by persons under the age of 21 and by persons 21 years of age or older. Permits the commissioner to use existing data collection tools used by the Department of Health or other state agencies or to establish new data collection tools. This section also requires the commissioner to conduct a statewide assessment to establish a baseline for the prevalence of cannabis flower use and cannabis products use in the state with the initial assessment to be completed by July 1, 2024, and to collect updated data at least every two years thereafter. This

section also requires the commissioner to issue a public report on the prevalence of use beginning January 1, 2025 and every two years thereafter and to make recommendations on statutory changes that would discourage or prevent personal use by persons under the age of 21, by pregnant or breastfeeding women, and by young children or that would otherwise promote public health.

Section 14 [144.197; Cannabis education programs] requires the commissioner of health, in collaboration with local health departments, to conduct a coordinated education program to raise awareness and address the top three adverse health effects as determined by the commissioner associated with the use of cannabis flower or cannabis products by person under the age of 25. It also requires the commissioner, in consultation with the commissioners of human services and education, to conduct a coordinate program to educate pregnant individuals, breastfeeding individuals and individuals who may become pregnant on the adverse health effects experienced by infants and children who are exposed to cannabis flower or cannabis products in breast milk, secondhand smoke or by ingesting cannabis products. This section also requires the commissioner to provide training, technical assistance, and educational materials to local public health visiting programs and Tribal home visiting programs regarding the safe and unsafe use of cannabis flower or cannabis products in homes with infants and young children. This section also authorizes the commissioner to make grants to local health departments and Tribal health departments to create and disseminate education materials.

Section 15 (152.01, subdivision 9; Marijuana definition) amends the definition of “marijuana” to state that it does not include industrial hemp as defined in chapter 18K.

Section 17 (175.45, subdivision 1; Duties; goal) adds the legal cannabis industry to the occupancies for which the Department of Labor and Industry may develop competency standards and provide technical assistance.

Section 18 (181.938, subdivision 2; Prohibited practice) includes cannabis in the list of “lawful consumable products” the use of which an employer may not refuse to hire a job applicant or discipline an employee when consumed off the premises of the employer during nonworking hours.

Section 19 (181.950, subdivision 2; Confirmatory test; confirmatory retest) amends within the definitions applicable to drug and alcohol testing in the workplace, the definition of “confirmatory test; confirmatory retest” to include cannabis tests.

Section 20 (181.950, subdivision 4; Drug) amends the definition of “drug” to exclude marijuana, tetrahydrocannabinols, cannabis flower, or cannabis product in the employer drug and alcohol testing statute.

Section 21 (181.950, subdivision 5; Drug and alcohol testing) amends the definition of “drug and alcohol testing” to specify that the term does not include cannabis or cannabis testing.

Section 22 (181.950, subdivision 5a; Cannabis testing) provides a definition of “cannabis testing” within the statutory definitions applicable to drug and alcohol testing in the workplace.

Section 23 (181.950, subdivision 8; Initial screening test) amends the definition of “initial screening test” to include cannabis testing.

Section 24 (181.950, subdivision 13; Safety-sensitive position) amends the definition of “safety-sensitive position” to include cannabis usage.

Section 25 (181.951, subdivision 4; Random testing) adds cannabis testing to the statute that sets limitations for random testing in the workplace.

Section 26 (181.951, subdivision 8; Limitations on cannabis testing) provides limitations on an employer’s ability to require a job applicant or employee to undergo cannabis testing. Specifies conditions when an employer may request or require cannabis testing.

Section 27 (181.951, subdivision 9; Cannabis testing exceptions) lists the job positions for which cannabis is considered a drug and therefore are subject to drug and alcohol testing requirements including: safety-sensitive positions; peace officers; firefighters; positions requiring face-to-face care, training , education, supervision, counseling, consultation or medical assistance to children, vulnerable adults, or patients; positions requiring a commercial driver’s license; positions funded by a federal grant; or positions for which a state or federal law requires testing.

Section 28 (181.952; Cannabis policy) states that an employer is not required to permit or accommodate use, possession, impairment, sale, or transfer while an employee is working, on the employer’s premises, or operating machinery or equipment unless required by state or federal law. Allows employers to have written work rules regarding cannabis.

Section 29 (181.953; Reliability and fairness safeguards) adds cannabis testing to the reliability and fairness safeguards statute that governs existing drug or alcohol testing by employers. Adds a new subdivision to the statute regarding an employer’s ability to discipline, discharge or take other adverse personnel action against an employer for cannabis use, possession, impairment, sale or transfer while an employee is working, on the employer’s premises, or operating machinery or equipment.

Sections 30 to 32 (181.954; 181.955; and 181.957; Existing drug testing provisions) add reference to cannabis testing in existing statutes that govern drug or alcohol testing by employers.

Section 34 (245C.08, subdivision 1; Background studies conducted by the Department of Human Services) prohibits the commissioner of human services, when determining whether a person is disqualified under a background study, from considering certain information without first determining if an offense involved the possession of marijuana or THC, and if so, whether there was an expungement or resentencing to a lesser offense. Further prohibits the commissioner from considering information relating to that violation if an expungement was granted.

Section 35 (256.01, subdivision 18c; Drug convictions) removes convictions for cannabis possession and sale of cannabis from the report the court administrator must provide to the commissioner of human services. Removes obsolete language.

Section 36 (256B.0625, subdivision 13d; Drug formulary) makes conforming changes to the drug formulary.

Section 37 (256D.024, subdivision 1; Person convicted of drug offenses) allows persons with a drug offense conviction related to cannabis, marijuana, or THC to remain eligible for general

assistance. Also specifies that a positive test must be for an illegal controlled substance under chapter 152. Modifies the definition of “drug offense.”

Section 38 (256D.024, subdivision 3; Fleeing felons) modifies when a fleeing felon is ineligible to receive general assistance.

Section 39 (256J.26, subdivision 1; Person convicted of drug offenses) removes MFIP applicants with a drug offense conviction related to cannabis, marijuana, or THC from being subject to certain conditions in order to receive economic assistance benefits. Specifies that a positive test must be for an illegal controlled substance under chapter 152. Removes applicants with a drug offense conviction related to cannabis, marijuana, or THC that request only SNAP benefits from being subject to random drug testing as a condition of continued eligibility. Modifies the definition of “drug offense.”

Section 40 (256J.26, subdivision 3; Fleeing felons) modifies when a fleeing felon is ineligible to receive MFIP benefits.

Section 41 (340A.402, subdivision 1; Disqualifiers) disqualifies a person for a liquor license if that person has had a cannabis license revoked or has been convicted of a cannabis or hemp related crime that took place on the premises of a business selling intoxicated liquor.

Section 42 [340A.4022; Retail license not prohibited; lower-potency hemp edible retailer] clarifies that the new chapter does not limit the issuance of a retail license or permit to a person also holding a lower-potency hemp edible retailer license, or permit the revocation or suspension of a retail liquor license or permit, or imposition of a penalty on a retail license or permit holder, solely because a licensee or permit holder holds a lower-potency hemp edible retailer license.

Section 43 (340A.412, subdivision 14; Exclusive liquor stores) permits exclusive liquor stores to sell lower-potency hemp edibles, as defined in section 342.01, subdivision 49.

Section 44 (461.12; Penalties for sales of certain products; licensees) adds penalties to the section relating to tobacco licenses to allow for a tobacco license to be suspended or revoked if the license holder has had their cannabis license revoked or has been convicted of a cannabis or hemp related crime that took place on the premises of a business selling tobacco. The licensee must receive notice of the alleged violation and have an opportunity for a hearing before the penalty may take effect.

Section 46 (609B.425, subdivision 2; Benefit eligibility) allows persons with a drug offense conviction related to cannabis, marijuana, or THC to remain eligible for general assistance benefits and Supplemental Security Income. Also specifies that a positive test must be for an illegal controlled substance under chapter 152.

Section 47 (609B.435, subdivision 2; Drug offenders; random testing; sanctions) removes MFIP applicants with a drug offense conviction related to cannabis, marijuana, or THC from being subject to certain conditions, such as random drug testing, in order to receive economic assistance benefits. Also specifies that a positive test must be for an illegal controlled substance under chapter 152.

Sections 48 to 57 and 59 (624.712; 624.713, subdivision 1; 624.714, subdivision 6; 624.7142, subdivision 1; and 624.7151; Definitions; Granting and denial of permits; Acts prohibited;

Standardized forms) incorporate definitions related to adult-use cannabis and medical cannabis into provisions relating to firearm possession and add protections related to firearm possession and use for persons in the medical cannabis program or those who legally use cannabis under the bill.

Section 60 [624.7152; Lawful cannabis users] provides that a medical program enrollee may not possess a pistol in public after use if the person knows the use has the capacity to cause impairment.

Section 61 [High intensity drug trafficking area report] requires the commissioner of public safety, working in conjunction with Hennepin County, to produce a statewide baseline high intensity drug trafficking area report about marijuana by February 1, 2024.

Section 62 [Repealer] repeals existing administrative rules and statutory provisions governing the medical cannabis registry program effective January 1, 2024; the THC Therapeutic Research Act effective July 1, 2023; 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, effective August 1, 2023; and temporary definition of food and temporary sales of hemp-derived edible cannabinoid products with an effective date of March 1, 2024.

Article 7 – Temporary Regulation of Certain Products

Section 1 (34A.01, subdivision 4; Food) modifies the definition of “food” in chapter 34A to incorporate the changes in section 3 of this article.

Section 2 (151.72; Sale of certain cannabinoid products) changes the regulatory authority of this statute (sale of certain cannabinoid products) from the board of pharmacy to the commissioner of health. This section makes the following changes to this statute:

Subdivision 1 (Definitions) adds a definition for synthetically derived cannabinoid; batch; commissioner; distributor; and artificial cannabinoid.

Subdivision 3 (Sale of cannabinoids derived from hemp) clarifies that a manufacturer must submit a representative sample of each batch of the product to be tested to certify that the product complies with the standards adopted by the board of pharmacy on or before July 1, 2023, or with the standards adopted by the commissioner.

Subdivision 4 (Testing requirements) requires a manufacturer of a product to disclose all known information regarding foreign materials applied during production or processing stages of any batch from which a representative sample has been sent for testing. This disclosure must be made to the lab performing the testing and to the commissioner upon request. Also authorizes the commissioner to determine that any testing lab that does not operate formal management systems under International Organization for Standardization is not an accredited lab and require that a sample be retested by a lab that does meet this requirement.

Subdivision 5 (Labeling requirements) requires the batch number to be on the label.

Subdivision 5a (Additional requirements for edible cannabinoid products) changes the reference to no more than a trace amount of THC to no more than a total of 0.25 milligrams

of all THC. Also clarifies that the indicators designating individual serving size appear on the edible cannabinoid product. Also specifies that an edible cannabinoid may contain delta-8 THC or delta -9 THC that is extracted from hemp plants or hemp plant parts or is an artificially derived cannabinoid; and prohibits any edible cannabinoid product from containing any other artificially derived cannabinoid. This subdivision also includes types of prohibited products.

Subdivision 5b (Registration; prohibitions) is a new subdivision requiring any person selling edible cannabinoid products to consumers to apply for registration with the commissioner by October 1, 2023.

Subdivision 5c (Age verification) is a new subdivision requiring an employee of a retailer to verify that the customer is at least 21 years of age before selling an edible cannabinoid product to the customer. Specifies the type of proof that is acceptable. Permits the retailer to seize a form of identification if the retailer reasonable believes that the identification has been altered or falsified or is being used in violation of the law.

Subdivision 6 (Noncompliant products; enforcement) clarifies that a product shall be considered a noncompliant product if it does not meet the provisions of this section. Authorizes the commissioner to enforce this section under the commissioner’s regulatory authority under chapter 144. Authorizes the commissioner to enter into an interagency agreement with the OCM to perform inspections and take other enforcement actions on behalf of the commissioner.

Subdivision 7 (Violations; criminal penalties) is a new subdivision establishing a criminal penalty for knowingly altering or otherwise falsifying testing results; intentionally altering or falsifying information required to on the label; or intentionally making a false material statement to the commissioner. It also establishes a criminal penalty for doing any of the following on the premise of a retailer or other business that sells retail goods: selling an edible cannabinoid product knowing that the product does not comply with the limits on the amount or types of cannabinoids that the product contains; selling a product knowing that it does not comply with the requirements of this section; or selling an edible cannabinoid product to a person under the age of 21.

Subdivision 8 (Civil actions) is a new subdivision that gives rights to bring a civil cause of action to a person injured by an intoxicated person, as well as to relatives of the injured person, if the intoxicated person was intoxicated as a result of an illegal sale of a cannabinoid product. The civil action may be brought against the person making the illegal sale. This subdivision aligns with the state’s existing dram shop act for liquor.

Sections 3 to 7 (152.22; Definitions) add the following definitions to the existing medical cannabis statutes: “Indian lands,” “Tribal medical cannabis board,” “Tribal medical cannabis program,” “Tribal medical cannabis program manufacturer,” and “Tribal medical cannabis program patient.”

Section 8 (152.29, subdivision 4; Report) requires Tribal medical cannabis program manufacturers to report on a weekly basis to the commissioner with the same information regarding distribution that is required of all manufactures of medical cannabis.

Section 9 [152.29, subdivision 5; Distribution to Tribal medical cannabis program patient] specifies the conditions under which a Tribal medical cannabis program manufacturer may distribute or sell medical cannabis to a Tribal medical cannabis program patient.

Section 10 [152.291; Tribal medical cannabis program manufacturer transportation] specifies the conditions under which a Tribal medical cannabis program manufacturer is permitted to transport medical cannabis to testing labs and between Indian lands.

Section 11 (152.30; Patient duties) imposes the same requirements on a Tribal medical cannabis program patient as apply to patients enrolled on the registry.

Sections 12 and 13 (152.32 and 152.33, subdivision 1) extends the limitations and protections for patients enrolled in the registry to Tribal medical cannabis program patients.

Section 14 (340A.412, subdivision 14; Exclusive liquor stores) permits exclusive liquor stores to sell edible cannabinoid products as defined in section 151.72, subdivision 1, paragraph (f).

Section 15 [Edible Cannabinoid Products; Enforcement] requires the Department of Health to enforce the statute governing sale of certain cannabinoid products, and all rules, orders, stipulation agreements, settlements, compliance agreements, and registrations related to that statute. Allows the commissioner to assign enforcement responsibilities to the OCM and allows the OCM to assign enforcement responsibilities to the Division of Medical Cannabis.

Section 16 [Office of Cannabis Management Implementation] states that the commissioner of agriculture may exercise all authorities and responsibilities necessary to establish the OCM, and then transfer all responsibilities to the OCM once it is ready.

Section 17 [Effective date] states that the article is effective the day following final enactment.

Article 8 – Scheduling of Marijuana

Article 8 (152.02, subdivision 2; and 152.02, subdivision 4) moves marijuana and tetrahydrocannabinols from being listed as a Schedule I controlled substance to being listed as a Schedule III controlled substance.

Article 9 – Appropriations

Article 9 appropriates money, makes transfers, and reduces bases for several agencies, as specified on a spreadsheet prepared by Andrew Erickson from Senate Counsel, Research, and Fiscal Analysis.

Article 10 – Grants Management

Section 1 [Financial Review of Grant and Business Subsidy Recipients] requires a granting agency to provide additional oversight for grants and business subsidies awarded from appropriations in this act. This section applies to competitive, sole source, since source, and legislatively-named grants.

Subd. 1 [Definitions] defines “grant” to mean a grant or business subsidy funded by an appropriation in this act. Defines “grantee” to mean any business entity organized under state laws; this includes both nonprofit organizations and for-profit business organizations.

Subd. 2 [Financial information required; determination of ability to perform] requires the granting agency to assess the risk that a recipient of a grant would not or could not perform duties required of the grantee. Requires the agency to review specified information to make the risk assessment.

Subd. 3 [Additional measures for some grantees] authorizes the agency to require additional information and requires the agency to provide enhanced oversight for grants that have not previously received state or federal grants for similar amounts or similar duties.

Subd. 4 [Assistance from Administration] authorizes an agency with inadequate resources or experience to assess the risk of a grantee failing to perform under the grant to contract with the department of administration to perform the agency’s grant oversight duties under this section.

Subd. 5 [Agency authority to not award grant] authorizes an agency to not award a grant, if the agency determines there is an appreciable risk that a grantee could not or would not perform its duties under the grant. Requires the agency to provide the grantee 45 days to address the agency’s concern. This subdivision applies to competitive, single source, or sole source grants.

Subd. 6 [Legislatively named grantees] requires an agency to delay the awarding of a legislatively named grant when the agency determines there is an appreciable risk a grantee would not or could not perform grant duties. The agency must provide notice to certain legislative members. The award must be delayed until after the adjournment of the next regular or special session of the legislature.

Subd. 7 [Subgrants] requires an agency to be a party to agreements for a recipient of a state grant to grant money to a subgrantee and for the agency to perform the same financial review for subgrantees.

Subd. 8 [Effect] notes that the requirements of this section are in addition to other requirements in law and policy related to state grants.