



Minnesota Legalization Law 2023 Detailed Summary

On May 30, 2023, Minnesota became the 23rd legalization state when Gov. Tim Walz (D) signed HF 100 into law.

The law, most of which took effect on August 1, 2023, allows adults 21 or older to possess and grow limited amounts of cannabis. HF 100 allows an array of types of adult-use cannabis businesses while creating a stronger regulatory system for “lower potency hemp” edibles and beverages, which are already being sold in Minnesota. A new Office of Cannabis Management will license both “lower potency hemp” and adult-use cannabis businesses, which are expected to begin retail sales in the first few months of 2025. The new law also includes expungement and resentencing, along with some non-discrimination provisions. Adult-use cannabis sales are subjected to a 10% gross receipts tax and standard sales tax.

Here is a detailed review of the key provisions of the law.

Legal Possession and Cultivation

Adults who are 21+ may:

- Possess — and share with other adults — up to two ounces of cannabis, eight grams of concentrate, and edibles with up to 800 milligrams of THC.
- Possess up to two pounds of cannabis at home.
- Cultivate up to eight plants (four of which may be flowering) at one’s primary residence or in the curtilage.
 - Cultivation must occur out of public view and in an enclosed, locked space.
- Use cannabis at a private residence or on private property, unless explicitly prohibited from doing so by the owner.
 - However, it is **illegal** to vape or smoke cannabis in a multi-family home unless one is a registered patient.
- Use cannabis at a licensed event or on-site consumption facility.

The law specifies people under 21 generally may not use, possess, or transport cannabis. While it does not include a penalty, a default provision of Minnesota law appears to apply, imposing a non-criminal fine of up to \$300.

Limitations and Prohibited Conduct

- Vaping or smoking cannabis in a multi-family home (such as an apartment), including balconies and patios, is punishable by a \$250 fine, except for medical cannabis. This penalty takes effect on March 1, 2025
- Using cannabis while in a motor vehicle or having an open container is a misdemeanor punishable by up to 90 days in jail and/or a fine of up to \$1,000.
 - This does not apply to limousine-service vehicles or buses.

- The open container law does not apply to products in trunks or similar areas that are in areas not normally occupied by the driver and passengers.
- Localities may impose a petty misdemeanor penalty (which carries a fine of up to \$300) for the public use of cannabis, but there is no state penalty for public use.
- The following are not allowed:
 - possessing or using cannabis at a public or charter school (other than by a registered patient) or a state correctional facility.
 - smoking or vaping cannabis where it would be inhaled by a minor.
 - using cannabis in a motor vehicle (other than by a registered patient).
- Declares a nuisance the "use of adult-use cannabis flower which is injurious to health, indecent or offensive to the senses, or an obstruction to the free use of property so as to interfere with the comfortable enjoyment of life or property." Allows an action for injunctive relief and the greater of the person's damages or \$250.
 - If a landlord does not bring the action, allows a neighbor "whose personal enjoyment is lessened" by the cannabis smoke to bring an action and get injunctive relief and the greater of the person's damages or \$500.
- Anyone operating a home daycare who uses cannabis outside of daycare hours must disclose that to parents. Cannabis must be securely stored, away from food.
- Creates a private right of action for a person — or their close relatives or employer — who incurs any type of pecuniary loss (including means of support) resulting from damages caused as a result of an individual caused by their illicit sale of cannabis, against the individual selling the cannabis.
- Only licensed cannabis businesses can perform extractions with volatile solvents.
- Levies civil fines for the unlicensed sale of cannabis, and the unlawful import-for-sale of THC-infused products, in addition to criminal penalties.
- Modifies existing tax stamp law so it applies only to those who manufacture, produce, ship, transport, or import into Minnesota more than 42.5 grams of illegal cannabis.
 - The existing and revised law requires a \$3.50 stamp per gram.

Reducing Penalties

- Reduces criminal penalties for unregulated sales and possessing amounts exceeding the possession limit:
 - Unlawfully possessing over two ounces but less than four ounces (or 8-16 grams of concentrate, or 800-1600 mg of THC in products) is reduced to a petty misdemeanor, carrying a fine of up to \$300 but no jail time. (The pre-legalization sentence included up to five years.)
 - Unlawfully possessing over four ounces to one pound (or equivalent amounts) outside one's home carries up to 90 days in jail and/or a fine of up to \$1,000. (The pre-legalization sentence included up to five years.)
 - Unlawfully possessing over a pound and up to two pounds (or equivalent amounts) carries up to a year in prison and/or a fine of up to \$3,000. (The pre-legalization sentence included up to five years.)
 - Unlawfully possessing over two pounds and up to 10 kilograms of flower (or equivalent amounts) carries up to five years in prison and/or a fine of up to \$10,000. (The pre-legalization sentence included up to is up to five years.)
 - In most cases, sales of more than two ounces (or over 8 grams of concentrate or products with over 800 mg THC) carries up to 90 days in jail, and/or a fine of up to \$1,000. (The pre-legalization sentence included up to five years.)

- Penalties are higher for sales to minors, schools and similar zones, and repeat offenses.
- Sales of up to two ounces or over 8 grams of concentrate (or products with over 800 mg THC) is reduced from a felony to a petty misdemeanor, carrying a fine of up to \$300 but no jail time. (The pre-legalization sentence included up to five years.)
- Cultivating more than 16 plants (up to 23 plants) is punishable by up to a year in prison and/or a fine of up to \$3,000.
- Cultivating more than 23 plants is punishable by up to five years in prison and/or a fine of up to \$10,000.
- While the law says it's illegal for a person under 21 to possess cannabis, there is no state penalty.

Automatic Expungement for Dismissed Charges and Minor Convictions

- Automatically expunges records for individuals for:
 - Convictions for possessing more than 1.4 grams of cannabis in a motor vehicle (which was a misdemeanor pre-legalization).
 - Convictions for possessing or gifting no more than 42.5 grams (which in most cases was a fine-only petty misdemeanor pre-legalization).
 - Certain cases that were dismissed or resolved in favor of the person.
- The Bureau of Criminal Apprehension is charged with identifying the records for automatic expungement and notifying the judicial branch and the court file number, name, and date of birth for each expungement order. It is also charged with notifying the arresting or citing law enforcement agency.
 - Within 60 days of notifying the judicial branch, the Bureau of Criminal Apprehension will seal its records unless the judicial branch prohibits the sealing or establishes they are not eligible for expungement.
 - The judicial branch will seal records including for the person's arrest, indictment, trial, verdict, and the disposition of the case. It will also order the Department of Health and Human Services to seal any records they have.
 - This process is automatic, with no required petition, fee, or application from the impacted individuals.
 - Subjects of expungement shall be given the records if they need them, including for immigration purposes.

Cannabis Expungement Board and Re-Sentencing

- Creates a Cannabis Expungement Board to review cases and determine if the conviction was for cannabis-related conduct that is now legal or a lesser offense, and — if so — if the convictions should be vacated and records should be expunged, and/or whether the person should be resentenced to a lesser offense.
- The governor appoints the board's executive director.
 - The executive director may hire staff and enter into agreements with agencies for help. The Department of Corrections must provide administrative assistance. It will be reimbursed by the Expungement Board.
- The board has five members: The chief justice of the Minnesota Supreme Court (or their designee); representatives of the attorney general's office, the department of corrections, and the public defender; and a member of the public, who will likely be an advocate for victim's rights.

- To be eligible for expungement and/or resentencing:
 - The offense must be either for possession or sales which is either no longer a crime after August 1, 2023, or is a lesser offense.
 - The offense must "not involve a dangerous weapon, the intentional infliction of bodily harm on another, an attempt to inflict bodily harm on another, or an act committed with the intent to cause fear in another of immediate bodily harm or death" and
 - The person must either not have appealed, the appeal must have been denied, or the deadline must be passed.
- In most cases, if an offense has been legalized or downgraded, it will be expunged and/or the person will be released or re-sentenced.
- The board will have free access to records and may issue subpoenas.
- Expungements are presumed to be in the public interest unless there is clear and convincing evidence that it would create a risk to public safety.
 - If the board determines full expungement is not in the public interest, it determines if resentencing the person to a lesser offense is in the public interest.
 - Among other factors, the board will consider the nature and severity of the offense, including if it involved a dangerous weapon and/or infliction of bodily harm, and whether release "would result in the release of the person and whether release earlier than the date that the person would be released under the sentence currently being served would present a danger to the public or would be compatible with the welfare of society."
 - The board will also consider statements from victims and/or law enforcement.
 - If the board reduces a crime to a lower offense, the court will act as though an appellate court had done so.
 - If the board expunges an offense, it will also determine:
 - If there is good cause to restore the person's gun rights.
 - Whether an expunged record may be opened for a background check for teachers.
- Until its work is done, the board will release an annual report on its progress each year. It will include cases reviewed, cases where expungement was determined to be in the public interest, cases where it determined a lesser offense was appropriate, and cases where it determined no change was appropriate.

Regulatory Authority and Advisory Council

- Creates an Office of Cannabis Management to regulate and license cannabis and hemp businesses. Its mandate includes promoting health and welfare, protecting public safety, eliminating the illicit market, meeting market demand, promoting a craft industry, and prioritizing growth and recovery in disproportionately impacted communities.
- The governor will appoint a director with the advice and consent of the Senate.
- Creates a 50+ member Cannabis Advisory Council, which would include various agency heads or their designees; experts in matters including minority business development, economic development, farming, representing local governments, cannabis workers, social welfare, law enforcement, traffic safety, criminal justice reform, toxicology, pediatric and adult medicine, prevention and recovery, and the cannabis industry; a veteran; tribal representatives, two mental health providers, and three patients.
 - Its duties include examining the effectiveness of state cannabis policies, reviewing national policy, reviewing developments in the cannabis and hemp industries, taking

public testimony, and making recommendations.

Licensing Cannabis Business

- The Office of Cannabis Management will license several types of cannabis and hemp businesses: adult-use cannabis retailers, cultivators, wholesalers, product manufacturers, microbusinesses, mezzobusinesses, event organizers, delivery services, transporters, and labs; hemp businesses; and medical cannabis cultivators, processors, retailers, and combination licenses.
 - It does not license hemp cultivators.
- The Office of Cannabis Management determines the number of adult-use cannabis (but not hemp) licenses of each type to issue to ensure sufficient supply and a competitive market, promote market stability, and limit the unregulated market.
- Cannabis business applicants must submit materials including the address, a description of the location, a detailed disclosure about ownership and control, a security plan, a business plan, and proof they have signed a labor-peace agreement with a union. (This does not apply to hemp businesses.) If some materials are incomplete, they have 10 days to supplement the information.
- All applicants, directors, general partners, workers, and in the case of a cooperative, all cooperative members, must submit fingerprints for a criminal history check. (This does not apply to hemp businesses and workers.)
 - The Office of Cannabis Management will determine which felonies, if any, and for how long, are disqualifying for licensure and working at a cannabis business. A disqualification may be set aside if a person submits information demonstrating they do not pose a risk of harm.
- Applicants must be at least 21 years old, and they cannot have unpaid taxes or previously revoked licenses. (This does not apply to hemp businesses.)
- Cannabis (but not hemp) business applications will be scored, with points awarded for factors including status as a social equity applicant, veteran status, security plan, business plan, employee training plan, finances, diversity plan, labor and employment practices, knowledge and experience, and environmental plan.
 - At least 20% of points may be for social equity status.
 - Individuals may demonstrate the impact cannabis prohibition has had on them (such as an arrest) and an equivalent number of points may be awarded if they were a social equity applicant.
 - In the event of a tie, the office will use a lottery.
- In many cases, vertical integration (owning both a cultivation or manufacturing facility and retailer) is prohibited. Vertical integration is allowed in the case of microbusinesses, mezzo businesses, and hemp manufacturers/retailers.
- Licensees may petition to change tiers if they meet all requirements. (However, it is unclear what this means. Licensing tiers are not mentioned elsewhere in the law.)
- Licenses may be freely transferred with prior written approval. However, social equity applicants may only transfer to other social equity applicants.

Cannabis Application and Licensing Fees

- Adult-use cannabis business application fees range from \$250 for transporters and delivery to \$10,000 for cultivators and manufacturers.
- Microbusiness fees are \$500 for the application (which includes the initial annual license) and

- \$2,000 for annual renewals.
- Transporter and delivery service fees are \$250 for the application, \$500 for initial licensure, and \$1,000 for annual renewals.
- Retailer fees are \$2,500 for the application, \$2,500 for initial licensure, and \$5,000 for renewals.
- The highest fees are for cultivators' fees at \$10,000 for applications, \$20,000 for initial licensing, and \$30,000 for renewals.
- Medical cannabis fees are \$250 for the application and \$0 for licensing and renewal, with the exception of combination fees, which are \$10,000 for application fees, \$20,000 for initial licensure, and \$70,000 for annual renewal.
- Local governments can charge retail operations no more than \$500 in licensing fees and up to \$1,000 in renewal fees (or half their state fees, whichever is less).

Cannabis Regulation — Health, Safety, and Environmental

- The Office of Cannabis Management may set limits on the THC potency of flower, other cannabis products, and hemp-derived products.
- Requires an interagency agreement with the office and the commissioner of agriculture to ensure cannabis and lower-potency hemp product handling, manufacturing, and inspection is consistent with food safety requirements.
- Cannabis products may not appear as lollipops, ice cream, persons, animals, or fruit. They also cannot be modeled after products primarily marketed to children.
- No one under the age of 21 can enter a cannabis business's licensed premises, unless they are a registered patient. This does not apply to hemp businesses.
- Cannabis businesses (but not hemp businesses) must comply with ventilation and filtration rules for odor control.
- Cannabis products may not include synthetic cannabinoids or add cannabinoids to an existing finished product, such as a candy or snack.
- Cannabis edibles are limited to 100 milligrams of THC per package and 10 mg per serving. A beverage container can contain no more than two servings.
- Cannabis businesses must be clean, sanitary, and free from infestation.
- Cannabis and hemp businesses must test a representative batch of their products at independent testing laboratories to ensure it meets the standards set by regulators.
 - The Office of Cannabis Management will establish allowable levels of contaminants including for pesticide residue, heavy metals, microbiological contamination, and residual solvents.
- The Office will set packaging and labeling requirements for cannabis and hemp products.
 - Either cannabis packaging or final-sale containers (such as bags) must be plain, child-resistant, and opaque.
 - Requires scoring, wrapping, or other indicators if a package has more than one serving.
 - Packaging cannot be designed to appeal to minors or to resemble commercially available, non-cannabis products.
 - Labels must include "Keep this product out of reach of children," the license number of the cultivator, batch number, cannabinoid profile, a universal symbol, the maximum safe dosage for a 24-hour period, and anything else required by regulators.
 - Hemp and cannabis product labels also must include a large stop-themed warning developed with the state poison control indicating the product is not for children.
- Retail sellers of medical and adult-use (but not lower-potency hemp edibles and beverages) must provide consumers with information including on impairment timing, side effects and

adverse effects, warning them not to operate a motor vehicle while impaired, and providing contact information for poison control and a safety hotline or website about adverse effects.

- In consultation with appropriate agencies, the Office of Cannabis Management will establish standards for water, energy, odor, and solid waste disposal, including minimum requirements for recyclable materials for cannabis businesses.
- Cannabis workers who handle cannabis must be at least 21.

Cannabis Regulation — Cultivation

- Indoor cultivators are limited to 30,000 square feet of canopy. Outdoor cultivators are limited to two acres. Those caps can be adjusted to meet market demand.
- Cultivation applicants must submit and execute plans that include cultivation canopy; plans for water and electricity usage; and plans for recycling, solid waste disposal, and pest management.
- Directs the Office of Cannabis Management to:
 - Coordinate with the agriculture commissioner to develop standards for plant propagation.
 - Coordinate with the agriculture commissioner and the University of Minnesota Extension Service to develop best practices for cultivation and

the use of pesticides, fertilizers, soil amendments, and plant amendments.

- Cannabis cultivation licensees must prepare and keep for five years a record of each batch of plants and flowers, including the quantity and timing of each pesticide, fertilizer, soil amendment, or plant amendment used.
- Rules will be issued on pesticide, fertilizer, soil amendment, or plant amendments.
- The office may limit the number of cultivation licenses an individual can hold.
- Holders of cultivation licenses can only have the following license types: cannabis manufacturing, medical cannabis cultivator, medical cannabis producer, industrial hemp grower, and event organizer.

Cannabis Regulation — Manufacturers

- The Office of Cannabis Management must approve product categories for flower, cannabis products, and lower potency hemp products.
 - Product categories are defined as using the same manufacturing or agricultural processes. Packaging and sizes can vary.
- Manufacturing must take place in an enclosed, locked facility used exclusively to manufacture cannabis products, hemp concentrate, lower potency hemp products, and artificially derived cannabinoid products. However, it may share office space, walkways, and bathrooms with a licensed cultivator.
- Separate endorsements are required to produce concentrate, lower-potency hemp cannabinoid products, and edibles.
- Manufacturers may only use methods of extraction, conversion, and catalysts approved by the office. They must comply with sanitary standards set by the office.
- Cannabis and hemp products must include an ingredient list.
- Cannabinoids cannot be added to trademarked consumer food products.
- Manufacturers must obtain a certificate from an independent third-party industrial hygienist or professional engineer for all electrical, gas, fire suppression, and exhaust system and for their storage and disposal plan for hazardous substances.

- Manufacturers may receive cannabis from adults who aren't licensed as cultivators and provide the manufactured products back to the same persons if they follow rules. They must segregate those products from all other cannabis and only use equipment used for cannabis from unlicensed individuals.
- Regulators will establish a limit on the volume of products a cannabis manufacturer may produce.
- Holders of cannabis manufacturer licenses can only have the following license types: cannabis cultivation, medical cannabis cultivator, medical cannabis producer, industrial hemp grower, and event organizer.

Cannabis Regulation — Retailers

- Cannabis retailers may sell up to two ounces of cannabis, eight grams of concentrates, and edibles with up to 800 mg of THC per transaction. They may also sell immature plants and seedlings, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law.
- Retailers must check ID to ensure customers are 21 or older.
- Sample jars are allowed to allow customers to smell the product.
- Retailers may sell these non-cannabis products: hemp-derived topical products; individually packaged beverages (not containing alcohol); books, magazines, and videos about cannabis; branded clothing; multiple-use bags; hemp fiber products; paraphernalia; devices to prevent minors from accessing cannabis; and fentanyl test strips.
- Generally, sales must end by 2:00 a.m. and they cannot begin before 10:00 a.m. on Sundays and 8:00 a.m. on other days. Localities require sales to end anytime between 9:00 p.m. and 2:00 a.m. and can prohibit sales before 10:00 a.m.
- The Office will establish security requirements, which can include requirements for video surveillance records, locking mechanisms, secure entries, and the number of employees working at all times.
- Retailers must also maintain good lighting and sanitary conditions, and comply with fire and building codes.
- Drive-through windows and vending machine sales are prohibited.
- Retail businesses can co-locate with and sell medical cannabis if they have a medical cannabis retail license. They must also have a separate space for a pharmacist employee to consult regarding products and dosage.
- Retailers may also hold delivery, cannabis events, or medical cannabis retail licenses, but may not own or operate any other cannabis business.
- A retailer may operate up to five locations. Regulators can limit the number of retail licenses a person or business may hold.

Cannabis Regulation — Micro- and Mezzobusinesses

- Microbusinesses and mezzobusinesses with the appropriate endorsements may grow cannabis; manufacture concentrates and cannabis products; manufacture artificially derived cannabinoids; purchase immature plants, concentrates, and flower from licensees; and sell cannabis to customers.
 - Micro- and mezzobusinesses planning to engage in retail, manufacturing, and cultivation must comply with the applicable rules for those licensees.
- Microbusinesses can also have an on-site consumption with an endorsement — only for beverages and edibles and it must be in a distinct area with its own entrance.

- Mezzobusinesses (but not microbusinesses) can produce retail and/or medical cannabis, with appropriate endorsements.
- A microbusiness with an endorsement can operate a single retail location.
- Mezzobusinesses with an endorsement can operate up to three retail locations.
- Microbusinesses' cultivation canopy is limited to 5,000 square feet of canopy indoors (or ½ acre outdoors) unless the office increases it to help meet demand.
- Mezzobusinesses' cultivation canopy is limited to 15,000 square feet of canopy indoors (or one acre outdoors) unless the office increases it to help meet demand.
 - Regulators will also develop a limit on how many products micro- and mezzobusinesses may produce, consistent with the canopy caps.
- Operating plans must be submitted by applicants, with additional information for those seeking endorsements to cultivate or manufacture.
 - Labor peace agreements are not required for microbusiness applicants.
- No one can hold more than one mezzobusiness license.

Cannabis Regulation — Onsite Consumption (Without Vaping or Smoking)

- Microbusinesses and lower potency hemp edible retailers may get an endorsement to allow on-site consumption of non-smoked, non-vaped cannabis products. This can include infused beverages.
 - They cannot allow the vaporization or smoking of cannabis products.
- A microbusiness' on-site location must have a distinct entrance.
- Both types of on-site facilities may prepare and serve other food and drink.
- Microbusinesses cannot sell alcohol or tobacco. Lower potency hemp edible retailers can, however, they cannot mix cannabinoid products with alcohol.
 - They cannot sell THC-infused products to someone they know consumed alcohol within the past five hours.
- Both types of on-site facilities may also have live or recorded entertainment as long as the business complies with all state and local laws and zoning to do so.
- Events may also allow on-site consumption, which can include smoking.

Cannabis Regulation — Event Organizer Licenses

- Licensed cannabis events can last up to four days. Cannabis flower and other cannabis products can be sold at the events, at specifically designated locations.
- Local approval is required. If allowed by the locality, the event can designate an area for on-site consumption of flower, edibles, and other products.
 - Consumption must not be visible from any public place.
 - Smoking cannot be allowed anywhere smoking is prohibited by law.
- All attendees must be 21 or older.
- The event must have licensed security personnel onsite.
- Organizers can charge fees both for attendees and for cannabis businesses participating.
- All cannabis transported to and from the event must be transported by third-party licensed transporters.
- Tobacco and alcohol are not allowed at cannabis events.

Cannabis Regulation — Transporters

- Other than transportation between cannabis licensees with common ownership, cannabis can

- only be transported between cannabis businesses by a licensed transporter.
- Transporters must be insured, including for at least \$300,000 for lost or damaged cargo and at least \$1 million for injury.
- Applicants must include a description of their experience in the distribution or security business.
- Transporters must carry manifest and keep them for at least three years.
- Cannabis must be stored in locked, safe, storage compartments with a separate key or combination.
- Identifying logos and names are prohibited and deliveries must be randomized.
- The only other cannabis license types a transporter can hold are wholesaler, delivery, and events. Manufacturers and cultivators are not allowed to get licenses to transport their own products to retailers, cultivators, or microbusinesses.
- At least two employees must transport the cannabis, with at least one in the vehicle at all times cannabis is in the vehicle. Non-employee passengers are prohibited.

Cannabis Regulation — Wholesalers

- Licensed wholesalers may engage in non-cannabis wholesaling in addition to cannabis and hemp wholesale businesses.
- To import hemp-derived products from other states, a wholesaler must get a hemp-derived product importer endorsement and meet requirements.
 - The office must confirm the manufacturer(s) in other jurisdictions must be subject to substantially similar health and safety regulations.
 - All imported hemp-derived products must be entered into the statewide monitoring system.
- Holders of wholesale licenses can only have the following license types: transporter, delivery, and event organizer.

Cannabis Regulation — Delivery

- Delivery service applicants must provide a list of all vehicles used for delivery and proof of insurance.
- The Office will limit the amount of cannabis that a delivery service may transport.
- Delivery is allowed to both adult-use consumers and registered patients who may be under 21.
- Cannabis must be stored in locked, safe, storage compartments or containers with a separate key or combination.
- Non-employee passengers are prohibited.
- Delivery vehicles may not display identifying names, logos, or cannabis imagery.

Cannabis Regulation — Independent Testing Labs

- Cannabis testing labs must be accredited by an accrediting organization approved by the Office of Cannabis Management.
- No one who owns a cannabis testing lab can own or be employed by another cannabis business.

Fostering Diversity and Social Equity

- Creates a Division of Social Equity within the Office of Cannabis Management, which will:
 - Engage with the community;
 - Administer grants to disproportionately impacted communities to promote economic development, improve social determinants of health, prevent violence, support early

- intervention programs for youth and families, and promote community stability and safety;
- Investigate complaints and facilitate dispute resolution; and
- Report on complaints and social equity in the industry.
- Each year, cannabis businesses must submit a report on diversity of ownership, management, staffing, and contracting.
- At least 20% of points in the scoring of applicants for cannabis (but not lower potency hemp) businesses will be for status as a social equity applicant, and a similar amount can be awarded based on a personal narrative of how one was impacted by cannabis prohibition, such as by an arrest.
- Social equity applicants are defined as any one of the following:
 - Individuals convicted of possession or sale of cannabis pre-legalization — or whose close relative was convicted;
 - Veterans who lost honorable status due to a cannabis offense;
 - An emerging farmer; or
 - Individuals who have lived for at least the last five years in one or more census tract areas or neighborhoods that either:
 - Had a disproportionate cannabis arrests rate.
 - The poverty rate was 20% or more.
 - The median income was no more than 80% of either the state median income or, in a metropolitan area, the area’s median income.

Cannabis Regulation — Advertising

- Hemp and cannabis advertisements cannot include false or misleading statements or unverified health claims. They must not promote overconsumption or depict those under 21, and they cannot include images or phrases likely to appeal to minors, such as cartoons, toys, animals, or children.
- Cannabis billboards and other outdoor advertising is prohibited. However, up to two signs are allowed at the business location.
- Ads cannot be published on any medium where 30% or more of the audience is reasonably expected to be under 21.
- Unsolicited pop-up ads are prohibited. Location-based ads are prohibited unless the device owner is 21 or older.
- Direct, individualized communication advertising cannabis is only allowed with age verification.

Cannabis Regulation — Miscellaneous

- As an ongoing material condition of maintaining and renewing a cannabis license, requires businesses to enter into labor peace agreements, which ban unions from engaging in picketing, work stoppages, or boycotts against the cannabis business.
 - This does not apply to a microbusiness.
- The Office of Cannabis Management will contract with an outside vendor for a statewide cannabis tracking, inventory, and monitoring system.
- Cannabis businesses must follow a security plan.
- Cannabis businesses may not offer or receive benefits for preferential placement on shelves, displays, or websites.
- Healthcare practitioners who certify medical cannabis may not hold any economic interest in a cannabis licensee (including medical cannabis) or advertise with them. They may also not refer

patients to a medical cannabis business.

- The Office of Cannabis Management will conduct inspections.

Office of Cannabis Management and Other Reports

- The Office of Cannabis Management will conduct several studies and issue reports, including regarding:
 - The estimated demand and the number and geographic distribution of cannabis businesses needed to meet it.
 - The size of the illicit market, sources of illicit products, the number of citations and arrests, and neighborhoods or census tracts with disproportionate enforcement.
 - Data on accidents, arrests, and convictions related to driving while impaired by cannabis.
 - By January 2027, the rates of utilization for the state's mental health system and substance use disorder treatment system, including ER admissions, court-ordered treatment, and voluntary treatment.
 - Starting in January 2024, annual reports with an analysis of the regulated cannabis industry, which must follow public meetings with input from consumers, market stakeholders, and potential new applicants. The reports must include: the status of both the regulated cannabis industry and the illicit market, driving while impaired by cannabis data, changes in potency (if any), progress on providing opportunities for disproportionately impacted communities, diversity in the cannabis industry, proposed legislative changes, information on adverse effects from second-hand smoke, recommended funding for various areas related to education about cannabis' risks, training police about changes in the law including related to search and seizure, DUI-related police training, replacing drug detection dogs, and funding for CanTrain, CanNavigate, CanStartup, CanGrow, and community development grants.
- Directs the creation of statewide baseline high-intensity drug trafficking area report on marijuana including info on past and present cannabis use, potency, public health impacts, ER admissions, traffic accidents, workforce, schools, influence on the opioid epidemic, and the illicit market.

Licensing and Regulating Hemp-Derived Product Manufacturers and Retailers

- Creates licensing requirements for retailers and manufacturers of “lower potency hemp edibles,” which include beverages. They may not produce or sell flower/buds.
- Prohibits sales of lower potency hemp edibles to people under 21 years of age.
- Allows vertical integration: A person can be licensed both as a “lower potency hemp edible” manufacturer and retailer. They may also be licensed to cultivate hemp.
- Limits cannabinoids per serving in lower-potency hemp edibles to 5 milligrams of delta-9 THC; 25 milligrams of each CBD and CBG; and no more than 0.5 milligrams of all other cannabinoids. Packages cannot exceed 50 milligrams of THC.
- Limits beverages to two servings per container (10 milligrams of THC total).
- Provides edible cannabinoid products may include delta-8 or delta-9 THC.
- Prohibits other artificially derived cannabinoids, including THC-P, THC-O, and HHC, unless authorized by the health commissioner.
- Requires registration with the health commissioner to sell edible cannabinoid products by October 1, 2023. Shifts licensing to Office of Cannabis Management.
- Lower-potency hemp fees are considerably cheaper than cannabis fees, with \$250 application

- fees and retail licensing and renewal fees of only \$250.
- Bans the sale of lower potency products imported from outside of Minnesota, unless the person is licensed to do so.
 - Several requirements that apply to cannabis businesses do not apply to lower-potency hemp manufacturers and retailers, including:
 - Application and competitive, scored licensing procedures.
 - Social equity prioritization.
 - Lower-potency hemp manufacturers may transport their own products to retailers (rather than using separate transporters) and are not required to have two employees in the vehicle (other regulations apply to transport).
 - Restricting workers and those in the business to 21+.
 - Rules on security, hours of operation, and permissible products that can be sold.
 - Applicants for lower-potency hemp edible manufacturer licenses must have a labor peace agreement. Lower-potency hemp retailers are not required to.
 - Imposes misdemeanor penalties carrying up to a year of incarceration and/or a fine of up to \$3,000 for violations, including falsifying testing, knowingly selling edible cannabinoid products that don't comply with limits on their types, selling to someone under 21, or selling in violation of testing, packaging, and labeling requirements.

Regulation — Lower-Potency Hemp-Derived Edibles/Beverages Manufacturers

- Lower-potency hemp edible manufacturer fees are \$250 for the application, \$1,000 for each initial licensure, and renewals.
- Manufacturing must be in a facility and on equipment that meets healthy and safety standards established by the Office of Cannabis Management.
- Manufacturers must comply with packaging, labeling, and testing requirements.
- Separate endorsements are required to produce concentrates from hemp, artificially derived cannabinoids, and produce edible/drinkable products.
- Manufacturers may only use methods of extraction, conversion, and catalysts approved by the Office. They must comply with sanitary standards set by the Office.
- Manufacturers must obtain a certificate from an independent third-party industrial hygienist or professional engineer for all electrical, gas, fire suppression, and exhaust system and for their storage and disposal plan for hazardous substances.
- Cannabis and hemp products must include an ingredient list.
- Cannabinoids cannot be added to trademarked consumer food products.

Regulation — Lower-Potency Hemp-Derived Edibles/Beverages Retailers

- “Lower potency hemp edible” retail licensees may also be licensed to sell other products, including food, tobacco, vapes, and alcohol. They may be liquor stores starting May 1, 2025.
 - They cannot also have a cannabis business license.
- Lower-potency hemp edible retailers fees are \$250 per location for each application, initial licensure, and renewals.
- Retailers may allow on-site consumption of “lower potency hemp” edibles/beverages, with an endorsement, provided they meet all rules.

Regulation — Hemp-Derived Topical Products

- Licenses are not required to create or sell hemp-derived topical products.

- Hemp-derived topical products must be manufactured, marketed, and intended for external use only.
 - These products must be truly topical — not for inhaling, chewing, etc.
- Hemp-derived topical products may only include CBD, CBG, and any other non-intoxicating cannabinoids approved by the Office of Cannabis Management.
 - They may also include up to 1 milligram per package total of all other naturally occurring cannabinoids (such as THC).
- Topical products must comply with labeling rules that include: the amount or percent of CBD, CBN, and any other cannabinoid; the manufacturer’s name, location, phone number, and website; an ingredient list; and a statement that the product is not FDA-approved (unless it has been) and does not claim to diagnose, treat, cure, or prevent any disease.

Medical Cannabis

- Transfers staff and oversight of the medical cannabis program from the health department to the Office of Cannabis Management.
- The Office of Cannabis Management, Division of Medical Cannabis, will issue medical cannabis cultivator, processor, retailer, and combination licenses, starting no sooner than March 1, 2025.
- Medical cannabis retailers:
 - May only sell to registered patients and their caregivers (or parent, guardian, or spouse)
 - Must have a pharmacist consult with the patient (which can be by phone or video) to determine the type of flower or product and dosage, unless cannabis is being dispensed according to a patient-specific dosage plan that was previously established at that retailer.
 - May dispense up to a 90-day supply.
 - Must label the medical cannabis with a patient-specific label.
 - Must have a pharmacist give final approval to dispense medical cannabis.
 - May do curbside delivery, to someone in a motor vehicle.
- Medical cannabis cultivators and medical cannabis combination licenses may grow up to 60,000 square feet of canopy.
 - A larger canopy is allowed if they were legally growing more medical cannabis prior to April 1, 2023.
 - Regulators will set a cap for manufacturing consistent with this canopy cap.
- Medical cannabis combination licenses:
 - Will be authorized to cultivate for adult-use up to half of the area they cultivated for medical use the prior year. It may increase the amount between years if the licensee shows a significant increase mid-year.
 - May have up to one retailer per Congressional district (currently eight).
 - Can be revoked if they stop actively participating in the medical market.
- Medical cannabis retailers may also hold a mezzobusiness license, cannabis retailer license, delivery service license, and/or event organizer license.
 - They cannot hold other adult-use licenses such as processors, microbusinesses, or cultivators.
- A medical cultivation licensee may also hold these license types: medical cannabis cultivator, cannabis cultivator, medical cannabis processor, cannabis manufacturer, and cannabis event.
 - They cannot hold medical or adult-use retail licenses.
- A holder of a medical cannabis combination license can only hold one such license and cannot hold any other cannabis or hemp licenses.
- Specifies that adult-use cannabis products and flower are not medical cannabis products and

flower — meaning patients can only purchase products specifically grown and produced by medical licensees.

- Recodifies medical cannabis rules, with some improvements:
 - Removes the patient enrollment fee (which was \$200 in most cases, and \$50 for those with discounted rates), starting August 1, 2023.
 - Extends ID cards from one year to three, starting March 1, 2025.
 - Allows patients' first visits to be by telemedicine.
 - Allows patients 18 and older (not 21 and older) to purchase flower, starting March 1, 2025.
 - Allows veterans with a qualifying condition who receive VA care to qualify without a doctor's certification.

Local Government Role

- Localities cannot ban cannabis businesses, but they may implement a moratorium until January 1, 2025 as they develop an ordinance.
- Localities may limit businesses that sell at retail (retailers, mezzo businesses, and microbusinesses) to one per 12,500 residents. They are not required to issue any licenses if the entire county has at least one retail establishment per 12,500 residents.
- Local governments must conduct announced compliance checks at least once per year.
- Localities may not impose cannabis-specific taxes.
- Localities can set reasonable requirements on the time, place, and manner of their operations. These may include buffers of up to 1,000 from schools and up to 500 feet from daycare, residential treatment, and attractions within parks (such as playgrounds) that are regularly used by minors.
- The Office of Cannabis Management will
 - Work with localities to develop model ordinances, forms, and policies for compliance checks.
 - Send cannabis license applications to the relevant locality. Localities have 30 days to certify whether applicants comply with local zoning and fire and building codes.
 - Develop an expedited complaint process for complaints by local governments, including violations.
- Cities and counties can own and operate retailers.

Tribal Governments

- Authorizes the governor to negotiate adult-use cannabis compacts with tribal governments within the boundaries of Minnesota to provide benefits, including health and safety and fiscal, both to tribes and the state.
 - “[A]cknowledges the sovereign right of Minnesota Tribal governments to regulate the cannabis industry and address other matters of cannabis regulation related to the internal affairs of Minnesota Tribal governments or otherwise within their jurisdiction, without regard to whether such Tribal government has entered a compact.”
 - Prohibits the state from imposing state licensing requirements on tribal businesses operating on tribal land or requiring tribal-licensed businesses to be subject to state gross receipts, sales, or local taxes.
- The Office of Cannabis Management can only license businesses on tribal land with the permission of tribal authorities.
- Removes state penalties for tribal-licensed cannabis businesses and their employees, both for

medical and adult-use.

- Allows state-licensed testing facilities to test tribal cannabis.
- Allows state-licensed cannabis businesses to engage in the same transactions with Tribal cannabis businesses as they could with state-licensed businesses.

Non-Discrimination Protections

- Provides a person's parole, supervised release, or conditional release cannot be revoked, and the person cannot otherwise be sanctioned by those authorities for testing positive for cannabis.
 - However, a separate section allows a person on probation, parole, supervised release, or conditional release to be prohibited from using cannabis "if the inmate undergoes a chemical use assessment and abstinence is consistent with a recommended level of care" for the individual. They may not be prohibited from registering as a medical cannabis patient.
- Landlords may not prohibit their tenants' non-smoked, non-vaped possession of cannabis.
 - This does not apply to sober housing programs.
- Orders expungements of evictions for prior convictions for possession of marijuana.
- Attorneys cannot be subject to disciplinary action for advising cannabis and hemp businesses.
- Adds cannabis to the existing lawful off-duty activities statutes so many workers cannot be penalized by their employer for using cannabis off-hours.
 - Does not prevent employers from disciplining workers for using or possessing cannabis at work, or for being impaired at work, including if, due to cannabis use, the employee "does not possess that clearness of intellect and control of self that the employee otherwise would have."
 - Does not apply if federal law requires the discrimination.
 - Allows random selection cannabis testing of employees in cases of safety-sensitive positions and if it is consistent with collectively bargained agreements and contracts covering professional athletes.
 - Allows reasonable suspicion drug testing for cannabis, including based on a reasonable suspicion they worked while impaired and after an injury or work-related accident.
 - Appears to continue allowing drug testing and penalties for safety-sensitive positions, police officers, firefighters, anything with a CDL license, federally-grant funded work and positions where federal law requires drug testing, and those providing face-to-face care or supervision for children, vulnerable adults, and/or medical patients.
- Exempts cannabis convictions and positive test results for cannabis from bar on individuals with drug convictions and who test positive for drugs receiving general assistance, SSI, family welfare (MFIP), and other benefits for specified amounts of time.
- Exempts cannabis convictions from existing law requiring drug testing of individuals receiving TANF benefits who have prior drug convictions.
- Restores state gun rights for the adult- and medical use of cannabis. Provides such cannabis use doesn't make a person an "unlawful user of a controlled substance" who is not allowed to possess guns or ammunition. Provides conceal carry permits cannot be denied based on the medical or adult-use of cannabis.
- Re-codifies protections for medical cannabis patients, including regarding medical care (including organ transplants), child custody and visitation, and employment.

Miscellaneous

- Prohibits cannabis and hemp businesses from sharing information on customers with federal agencies and authorities, unless required by court order.
- Requires a pilot program intended to determine the efficacy of oral fluid testing starting on September 1, 2023, and continuing until August 1, 2024.
- All samples must be collected by a drug recognition expert with the voluntary consent of the person stopped or arrested for driving while impaired. Results are not admissible in legal proceedings and cannot be the basis for an arrest.
- A report is due by February 1, 2025, including on whether to continue the pilot permanently, the practicality and reliability of the program, how accurate the tests were, how often controlled substances were found in the drivers, and how often there was comingling of substances.
- Provides that state-legal cannabis-related business expenses are deductible, despite them not being federally deductible under 280E.
- Moves cannabis, THC, and synthetic cannabinoids from Schedule I to Schedule III.

Taxes and Revenue Allocation

- Levies 10% gross receipts tax from retail and on-site sales of cannabis and lower-potency hemp edibles. Minnesota's standard 6.875% sales tax appears to also apply.
 - The tax does not apply to medical cannabis.
 - The tax does not apply to cannabis sold on Tribally-regulated land.
 - Allows the state to enter into a tax-sharing agreement with tribal governments for sales of cannabis by tribally-licensed businesses outside of the reservation.
- Allocates 80% of the gross receipts tax to the general fund and 20% to a local government cannabis aid account in the special revenue fund.
 - Of the local aid allocation, half will go to counties and half to cities.
 - Of the county allocation:
 - 20% is distributed among all counties equally.
 - 80% will be distributed proportionate to the percent of cannabis businesses in the county.
 - The city allocation will be proportionate to the percentage of cannabis businesses in each city.

Grant Programs

- The law directs the Office of Cannabis Management to establish several grants programs — CanRenew, Substance Use Disorder Treatment and Prevention grants, and CanGrow. It also directs the commissioner of employment and economic development to establish three grant programs: CanStartUp, CanNavigate, and CanTrain.
- “CanRenew” is a competitive grants program for organizations to invest in communities where long-term residents would qualify as social equity applicants. Types of community investment can include economic development, improving social determinants of health, violence prevention, youth development, and civil legal aid.
- Provides for Substance Use Disorder Treatment and Prevention grants in the special revenue fund, 75% of which will be used for substance use disorder and mental health recovery and prevention, and up to 25% is for substance abuse treatment programs.
- “CanGrow” is a competitive grant and revolving loan program for 1) organizations that will help

farmers navigate the cannabis regulatory environment, and 2) non-profits making loans to farmers getting into the cannabis business. Priority for loans will be given to social equity applicants and businesses from communities where long-term residents would qualify as social equity applicants.

- “CanStartup,” will be a competitive grants program for nonprofits, which will make revolving loans to new cannabis businesses and start job creation in communities that meet the social equity definition. The priority for loans will be social equity applicants and businesses located in lower-income areas.
 - For both CanGrow and CanStartup, individual loans will range from \$2,500 to \$50,000 — or up to \$150,000 when matched by private investments.
- “CanNavigate” will be a competitive grants program for organizations to provide technical assistance to help individuals navigate the regulatory framework for legal cannabis.
- “CanTrain” will fund 1) organizations that provide training for work in the legal cannabis industry, and 2) eligible individuals to pay for such training. The focus will be on those facing barriers to education and employment. The commissioner will consider if the proposals will result in attendees getting a relevant credential and if there will be hands-on opportunities. The program will fund a wide range of cannabis-industry relevant training, both for business owners and employees in retail, processing, and growing.

Appropriations

- Appropriates more than \$21.6 million to the Office of Cannabis Management in fiscal year (“FY”) 2024 and nearly \$18 million in FY 2025 with a base of over \$35 million for the next two years. Of those totals:
 - Provides \$1 million in community renewal grants in FY 2025 and a base of \$15 million each fiscal year thereafter.
 - Provides \$1 million in CanGrow grants each year.
- Appropriates \$6 million to the Department of Employment and Economic Development in each fiscal year 2025 and 2026, for CanNavigate (\$1 million/year), CanTrain (\$2 million/year), and CanStartup (\$3 million/year).
- Appropriates \$2.6 million to the University of Minnesota in each FY 2024 and FY 2025, with a base of over \$3 million each year thereafter. Includes \$2.5 million per year for a Center for Cannabis Research.
- Appropriates more than \$5.9 million to the Cannabis Expungement Board in FY 2024 and more than \$5.3 million in FY 2025. Appropriates more than \$6.5 million to the Bureau of Criminal Apprehension to identify and provide records.
- Appropriates more than \$1.3 million to the Department of Commerce in FY 2026 and more than \$1.2 million the following three years, including for setting energy standards scales and packaging inspections.
- Appropriates \$2.5 million to treatment courts in FY 2026 and thereafter.
- Appropriates more than \$18 million to public safety in FY 2024 and nearly \$12 million in FY 2025, with a base of over \$10 million each year thereafter. Includes several specific sub-allocations.
- Appropriates \$3.3 million to the Department of Health in FY 2024 and more than \$20 million in FY 2025, with a base of over \$19 million in each year thereafter, including some specific amounts for youth education, outreach to pregnant people, local and tribal health departments, poison control, testing lower-potency hemp products, and collecting data.
- Makes additional allocations to the attorney general; departments of agriculture, education, human services, labor and industry, and revenue; and the state Supreme Court.

Cannabis and Substance Use Education and Treatment and Data Collection

- The Education Commissioner will publish a list of one or more model programs to educate middle school and high school students about the health effects of cannabis use and substance use by children and adolescents. They must be medically accurate, age and developmentally-appropriate, culturally-inclusive, grounded in science, and include various specific topics, including the effect of substances on the developing brain and fentanyl.
- Starting in 2026-2027, schools must implement comprehensive education programs on cannabis use and substance use.
- Requires the Health Commissioner to conduct a long-term education campaign on the top three adverse health effects of cannabis by those under 21 and trends in hospital-treated cannabis poisoning and adverse events.
- Requires the Health Commissioner to engage in research and collect data to measure cannabis use by those under 21. The commissioner will also collect baseline data.
- Requires programs educating pregnant and breastfeeding individuals and individuals who may become pregnant.
- Directs the commissioner of health to provide training, assistance, and education materials to home visiting programs.

Timeline

- Possession and home cultivation become legal on August 1, 2023.
- Cannabis business license applications must be licensed or rejected within 90 days.
- The first legal sales are anticipated in the first quarter of 2025.