

H.F. 4757

First engrossment

Subject Office of Cannabis Management policy bill

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Date April 3, 2024

Overview

This bill makes changes to the laws regulating cannabis and related products.

Summary

Section Description

1 Definitions.

Makes conforming changes related to the replacement of medical cannabis licenses with a medical cannabis endorsement.

2 **Definitions.**

Defines the terms "emerging farmer," "limited land access," and "limited market access" for purposes of eligibility for certain agricultural programs. An emerging farmer can qualify as a social equity applicant for cannabis licensing.

3 Definitions.

Replaces the term "commissioner" with the term "office" to reflect the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management.

4 Scope.

Replaces the term "commissioner" with the term "office" to reflect the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management.

5 Sale of cannabinoids derived from hemp.

Authorizes edible cannabinoid products sold under the regulations in section 151.72 to be sold outside of the product's packaging if it is a beverage.

6 Testing requirements.

Replaces the term "commissioner" with the term "office" to reflect the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management. Makes other technical changes.

7 Additional requirements for edible cannabinoid products.

Replaces the term "commissioner" with the term "office" to reflect the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management.

8 Registration; prohibitions.

Replaces the requirement that a business seeking to sell edible cannabinoid products register with the Department of Health with a requirement that registrations be made with the Office of Cannabis Management. Provides for transfer of existing registrations from the Department of Health to the Office of Cannabis Management.

9 Noncompliant products; enforcement.

Replaces the term "commissioner" with the term "office" to reflect the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management and makes other conforming changes.

10 Violations; criminal penalties.

Makes conforming changes related to the change in regulation of edible cannabinoid products from the Department of Health to the Office of Cannabis Management.

11 Qualifying medical condition.

Authorizes a patient's health care practitioner to approve medical cannabis for a person regardless of the person's underlying medical diagnosis. Provides an alternative procedure for veterans receiving care from the United States Department of Veterans Affairs.

12 Commissioner duties.

Removes the authority of the commissioner of health to approve specific medical conditions for the state's medical cannabis program.

13 Application procedure for veterans.

Directs the commissioner of health to develop an application procedure for veterans who wish to enroll in the state's medical cannabis program, but who are receiving care from the United States Department of Veterans Affairs and therefore cannot receive approval from the veteran's medical provider.

14 Patient enrollment.

Makes conforming changes related to a new procedure for veterans to enroll in the state's medical cannabis program.

15 **Positive test result.**

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

16 Random testing.

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

17 Reasonable suspicion testing.

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

18 Limitations on cannabis testing.

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

19 Policy contents; prior written notice.

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

20 **Privacy limitations.**

Updates and clarifies the definitions, limitations, exceptions, and work rules that apply to cannabis and cannabis testing to reflect the changes made for cannabis and cannabis testing in the statutes addressing drug and alcohol testing in the workplace.

21 Cannabis business.

Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.

22 Cannabis industry.

Amends the definition of "cannabis industry" to specifically refer to cannabis plants and removes the requirement that the cannabis flower and cannabis products be subject to regulation under the chapter.

23 Cannabis plant.

Amends the definition of "cannabis plant" to say that the term applies to parts of the plant that are growing or have not been harvested, specify that the term includes plants at various stages of development, and does not include "hemp." The term "hemp" is not defined.

24 Endorsement.

Creates a definition for the term "endorsement" and defines the term as an authorization from the Office of Medical Cannabis to conduct a specified operation activity.

25 License holder.

Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.

26 **Lower-potency hemp edible.**

Amends the definition of "lower-potency hemp edible" to include products made from cannabinoids extracted from hemp where the ratio of cannabinoids is not altered except to remove THC.

27 Medical cannabinoid product.

Makes a conforming change related to allowing registered designated caregivers to provide certain patients with medical cannabis grown by the caregiver.

28 Medical cannabis flower.

Makes a conforming change related to allowing registered designated caregivers to provide certain patients with medical cannabis grown by the caregiver.

29 Qualifying medical condition.

Amends the definition of "qualifying medical condition" to include any medical condition where the patient's medical provider approves the use of cannabis for treatment purposes. Makes a conforming change related to veterans receiving care from the United States Department of Veterans Affairs.

30 Registered designated caregiver.

Amends the definition of "registered designated caregiver" to remove reference to a disqualification for a criminal offense, replace references to the Division of Medical

Cannabis with "Office of Cannabis Management," makes a conforming change related to allowing registered designated caregivers to provide certain patients with medical cannabis flower, and removes references to a medical cannabis retailer.

31 Registry or registry program.

Amends the definition of "registry" or "registry program" to include caregivers, parents, legal guardians, and spouses who are authorized to assist a patient with medical cannabis and replaces references to medical cannabis businesses with a reference to the medical endorsement.

32 **Registry verification.**

Replaces a reference to the Division of Medical Cannabis with "Office of Cannabis Management."

33 **Total THC.**

Defines "total THC" to include the amount of all tetrahydrocannabinols and 87.7 percent of any tetrahydrocannabinolic acid.

34 Powers and duties.

Adds the authority to order a person or business to recall cannabis products if the product manufactured or produced represents a risk of causing a serious adverse incident.

35 Medical cannabis program.

Amends the transfer date of the medical cannabis program from the Department of Health to the Office of Cannabis Management to take place on July 1, 2025. Currently the transfer is scheduled to take place on March 1, 2025.

36 **Director.**

Authorizes the director of the Office of Cannabis Management to employ deputy directors, apply for and accept grants, apply for and receive federal money, and make contracts.

37 Membership.

Adds an expert in clinical pharmacy to the Cannabis Advisory Council.

38 Approval of cannabis flower, products, and cannabinoids.

Creates a petition process, effective January 1, 2026, for individuals or groups to request that the Office of Cannabis Management designate certain cannabinoids as "nonintoxicating."

39 Edible cannabinoid product handler endorsement.

Removes the authority of the Office of Cannabis Management to assess penalties on a person who violates food handling provisions in a manner established in statutes applying to the Department of Agriculture. The office would retain the ability to impose licensing sanctions as otherwise provided in law.

Home extraction of cannabis concentrate by use of volatile solvent prohibited.

Makes conforming changes.

41 Licenses; types.

Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.

42 Licenses; fees.

Makes a conforming change consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

43 Licenses; transfers; adjustments.

Authorizes the transfer of a license that is available to all applicants subject to approval by the Office of Cannabis Management. Eliminates the restriction that a social equity applicant can only transfer a license to another social equity applicant. Establishes that a license issued as a social equity license can only be transferred to another person qualifying as a social equity applicant for three years after issuance of the license. Transfer of a social equity license must be reviewed by the Division of Social Equity and is subject to written preapproval by the office. Clarifies that the relocation of a licensed cannabis business includes the relocation of an operational location.

44 License preapproval.

Allows the office to establish a process for preapproval of certain license applicants. Preapproval would not authorize a person or business to cultivate, manufacture, or sell cannabis flower or cannabis products.

Subd. 1. Preapproval. Authorizes the Office of Cannabis Management to create a preapproval process for a limited number of licenses. Limits the number of licenses that can be preapproved by license category. Establishes that preapproval is effective for 18 months.

Subd. 2. Eligibility. Establishes that only social equity applicants are eligible for preapproval. Further states that the office must not issue a license preapproval that would violate the provisions related to vertical integration.

- **Subd. 3. Application; contents.** Requires an applicant for license preapproval to complete an approved application and pay the applicable application fee. Establishes that the office must not require an applicant to possess or own any property before issuing preapproval to the person.
- **Subd. 4. Application process.** Requires the office to announce the beginning of the application process for preapproval at least 14 days before beginning to accept applications. Requires the office to specify the number of preapprovals available by license category and the timing of the application period. Requires the office to accept applications for 30 days during an application period. Authorizes the office to reject certain applications and to request additional information from an applicant.
- **Subd. 5. Issuance of preapproval; lottery.** Establishes that an applicant meeting the requirements of the section is eligible for license preapproval. Directs the office to conduct a lottery if the number of eligible applicants exceeds the number of available preapprovals. Authorizes the office to remove an applicant from the lottery under certain circumstances. Requires the office to notify an applicant if an application is removed from the lottery or if the application is not selected in the lottery.
- **Subd. 6. License preapproval; purpose; restrictions.** Provides that an applicant who receives preapproval may take steps to establish a business, but cannot begin business operations related to cultivating, processing, or selling cannabis.
- **Subd. 7. Revocation of preapproval.** Authorizes the office to revoke preapproval if the person obtained preapproval through fraud or engages in certain conduct after receiving preapproval.
- **Subd. 8. Conversion of preapproval.** Requires the office to convert preapproval into a license after the office adopts rules regulating the operation of cannabis businesses and the office determines that the person or entity holding preapproval has not committed a violation of the chapter. Prohibits the office from converting preapproval into a license if the ownership of a business with preapproval has changed and the business did not provide the required notice or if the business does not comply with local zoning and land use laws.
- **Subd. 9. Applicants; right to a reconsideration.** An applicant who is not issued a preapproval or who is not entered into the lottery may request a review of the person's application materials within seven days of being notified that an application does not meet minimum requirements. Authorizes certain applicants to request reconsideration by the director.

Subd. 10. Retention of applications. Authorizes applicants who are not selected for preapproval through the lottery to request that the application be retained for any future lottery. Directs the office to retain such an application for one year. Authorizes the office to contact an applicant to request additional information. Requires an applicant to pay an additional fee and update the information submitted to be included in subsequent lotteries. Permits the office to disqualify certain applicants based on new information or a failure to submit requested updates.

45 Local control.

Eliminates the requirement that a local unit of government certify that a proposed cannabis business meets local zoning ordinances and the process for that notice. Provides that the office can only investigate complaints by local governments that are made under chapter 342.

46 Cannabis license application and renewal.

Provides that an applicant is not required to submit information related to the physical premises where the business will operate. Removes the requirement that the office send notice to a local unit of government and seek confirmation that a proposed business meets local zoning requirements. Provides that the office can revoke a license if the licensee has not made food faith efforts to obtain an endorsement within 18 months unless the office issues an extension.

47 Civil and regulatory offenses; disqualifications.

Allows the office to determine whether any civil or regulatory violations determined by another government entity disqualify a person from holding or receiving a license or from working for a licensee. Authorizes the office to access investigative and regulatory data on an applicant.

48 Employees of license holders.

Requires all employees of a license holder to undergo a criminal history check. Establishes offenses that would disqualify a person from working for a cannabis business.

49 **Social equity applicants.**

Amends the requirements to qualify as a social equity applicant to include all military veterans. Establishes that, to qualify as a social equity applicant, at least 65 percent of the controlling ownership of a business entity must qualify as a social equity applicant. Makes conforming changes.

50 Social equity license classification.

Requires the office to create a classification of social equity licenses that are available only to social equity applicants. Requires the office to classify any license issued to a person who qualifies as a social equity applicant to be a social equity license.

Vertical integration prohibited; exceptions.

Makes a conforming change.

52 Application; review.

Removes the requirement that the Office of Cannabis Management score applications for a cannabis license. Removes consideration of a person's status as a social equity applicant or veteran from the components considered in reviewing an application. Removes the authority of the office to award additional points to an application if the business will serve an underrepresented market or if the person demonstrates the effect of cannabis prohibition on that person. Requires the office to establish the minimum qualifications in each category, replacing the requirement that the office post the basis for awarding points publicly. Removes the requirement that the office issue licenses to applicants with the highest score in an application and the requirement that the office break any ties with a lottery.

53 Maximum number of licenses.

Authorizes the office to establish as many licensing periods as the office determines are appropriate. Authorizes the office to issue up to the maximum number of licenses specified in this subdivision each licensing period, and authorizes the office to increase that maximum after 24 months. Requires the office to utilize a lottery if the number of eligible applicants exceeds the number of available licenses. Authorizes the office to issue as many licenses as the office deems necessary if the license type is not specified in this section, but does not require the office to issue any such licenses. Requires persons holding a cannabis mezzobusiness license to earn at least two endorsements within 18 months to retain a license. Endorsements include cultivation, manufacturing, retail sale, retail sale to medical patients, and onsite consumption. Provides that the office is not required to issue the number of licenses specified in statute. Identifies that, in each licensing period, the office may issue up to a specified number of social equity licenses and a specified number of licenses available to all applicants.

54 Conversion to hemp business license.

Authorizes a business registered to sell edible cannabinoid products pursuant to section 151.72 to convert the registration into a lower-potency hemp edible retailer or lower-potency hemp edible manufacturer license. Requires an entity seeking conversion to submit an application and pay a fee. Authorizes businesses registered to sell edible cannabinoid products to continue the sale for up to 30 days after the

office begins to accept applications without converting the registration to a license, except that an entity that submits an application can continue to sell edible cannabinoid products until the office makes a decision on the application.

Inspection of unlicensed businesses and facilities.

Permits the Office of Cannabis Management to inspect the place of business of any business that not licensed under the chapter, but is engaged in the cultivation, manufacture, or sale of cannabis and related products. Authorizes the office to seize or embargo any cannabis flower, cannabis products, or related items that are being cultivated, manufactured, or sold without a license. Provides a process for the destruction of such products and imposition of financial penalties.

56 Retailers; local registration and enforcement.

Requires a business to register with a local government before receiving a retail endorsement. Current law requires the business to have a retail endorsement before receiving local registration. Requires a local unit of government to issue an application to a person whose application has been approved by the office. Current law requires the person to have a valid license. Removes the authorization for a local unit of government to inspect the products that will be offered for sale and replaces that with the authority to perform an inspection to ensure compliance with any applicable local ordinance. Removes the requirement that local units of government perform annual compliance checks. Limits compliance checks to local ordinances.

57 Individuals under 21 years of age.

Removes references to the types of individual authorized to purchase cannabis on behalf of a patient enrolled in the registry program (registered designated caregiver, parent, legal guardian, or spouse) and replaces that with a reference to any person enrolled in the registry program.

Use of cannabis flower and products within a licensed cannabis business.

Makes a conforming change.

59 Cannabis research.

Authorizes a cannabis researcher to apply for a cannabis microbusiness license to conduct cannabis crop research. Restricts the tasks the license holder can perform to prohibit the sale of cannabis flower or cannabis products.

60 Size limitations.

Authorizes the Office of Cannabis Management to reduce the space in which a new cannabis microbusiness can cultivate cannabis provided the reduction does not fall below 5,000 square feet for indoor cultivation and one-half acre for outdoor

cultivation. If the office increases the space in which cannabis can be cultivated by an existing business, the office cannot reduce that authorization.

Transportation between facilities.

Allows a cannabis microbusiness to transport cannabis flower and related products between facilities operated by the business that are at different locations if the business complies with the regulations related to transportation of cannabis.

62 Multiple licenses; limits.

Removes the reference to a medical cannabis retailer license in the section addressing cannabis mezzobusinesses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

63 Transportation between facilities.

Allows a cannabis mezzobusiness to transport cannabis flower and related products between facilities operated by the business that are at different locations if the business complies with the regulations related to transportation of cannabis.

64 Multiple licenses; limits.

Removes the reference to a medical cannabis cultivator license in the section addressing cannabis cultivators consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

65 Multiple licenses; limits.

Removes the reference to medical cannabis cultivator and processor licenses in the section addressing cannabis manufacturers consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

66 Multiple licenses; limits.

Removes the reference to a medical cannabis retailer license in the section addressing cannabis retailers consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

67 Authorized actions.

Removes the reference to a medical cannabis license in the section addressing cannabis transporters consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

68 Authorized actions.

Removes the reference to a medical cannabis license in the section addressing cannabis testing facilities consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

69 Cannabis event sales.

Makes a conforming change.

70 Multiple licenses; limits.

Removes the reference to medical cannabis retailers in the section addressing the types of licenses a cannabis delivery service can hold consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

71 On-site consumption.

Eliminates the prohibition on selling lower-potency hemp edibles for on-site consumption to a person who consumed alcohol in the previous five hours and replaces it with a prohibition on selling to an obviously intoxicated person.

72 Lower-potency hemp edibles; prohibited conduct.

Prohibits any person from selling, giving, or otherwise procuring a lower-potency hemp edible for the use of an obviously intoxicated person.

73 Medical cannabis endorsements.

Creates medical cannabis endorsements for the cultivation, production, and retail sale of medical cannabis flower and medical cannabinoid products. Requires the office to issue a medical cannabis endorsement to a cannabis business if the business submits an application and meets the applicable requirements established by the office. A business seeking a medical cannabis retail endorsement must employee at least one person with either a cannabis consultant certificate or who is a licensed pharmacist. Requires a pharmacist or person with a cannabis consultant certificate to confirm a patient's enrollment in the registry program, verify that the person is the patient or other person authorized to receive the cannabis flower or related products, consult with the person, apply a patient-specific label, and provide the patient with any other information required by the office before distribution. Requires the patient to consult with a pharmacist or cannabis consultant under certain circumstances. Eliminates the limit of a 90-day supply on the amount of cannabis and related products that can be provided to a patient. Makes other conforming changes. Provides that the section is effective July 1, 2025.

74 Authorized actions.

Provides that a person or business holding a medical cannabis combination business license is prohibited from owning or operating any other cannabis business or hemp

business. Limits a license holder to one medical cannabis combination business license. Makes conforming changes.

75 Transportation between facilities.

Allows a medical cannabis combination business to transport cannabis flower and related products between facilities operated by the business that are at different locations if the business complies with the regulations related to transportation of cannabis.

76 **Administration.**

Removes a reference to the Division of Medical Cannabis.

77 Application procedure for patients.

Removes references to the Division of Medical Cannabis.

78 Application procedure for veterans.

Removes references to the Division of Medical Cannabis.

79 Enrollment; denial of enrollment; revocation.

Removes references to the Division of Medical Cannabis.

80 Registry verification.

Removes references to the Division of Medical Cannabis.

81 Registered designated caregiver.

Removes the requirement that a registered designated caregiver undergo a criminal background check. Authorizes registered designated caregivers to grow cannabis on behalf of one patient enrolled in the registry program provided the patient signs over that person's right to cultivate cannabis at home.

82 Notice of change of name or address.

Removes references to the Division of Medical Cannabis.

Duties of Office of Cannabis Management; approval of cannabinoid products for registry program.

Removes the authorization to add allowable forms of medical cannabinoid products.

Duties of Office of Cannabis Management; registry program.

Removes references to the Division of Medical Cannabis.

85 Health care practitioner duties before patient enrollment.

Removes references to the Division of Medical Cannabis.

86 Duties upon patient's enrollment in registry program.

Removes references to the Division of Medical Cannabis.

87 Limitations on consumption; locations of consumption.

Makes a conforming change.

88 Health care facilities.

Makes a conforming change.

89 **Presumption.**

Includes persons, other than patients, who are enrolled in the registry program in the presumption that possession of cannabis or related products is authorized.

90 Criminal and civil protections.

Makes conforming changes.

91 Medical care.

Makes a conforming change.

92 **Applied research.**

Removes references to the Division of Medical Cannabis.

93 **Testing required.**

Authorizes products with hemp-derived cannabinoids to be tested in laboratories in other states that meet specific certification standards.

94 Testing of samples; disclosures.

Removes references to medical cannabis business licenses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

95 **Test results.**

Removes references to medical cannabis business licenses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.

96 **Prohibition of sale of certain empty packaging.**

Prohibits the sale of empty packaging designed to contain cannabis flower or cannabis products that resembles the packaging of commercial products or

otherwise would violate the packaging requirements for cannabis flower and cannabinoid products. Directs the attorney general to enforce the prohibition.

97 Content of label; cannabis.

Replaces the requirement that labels identify a maximum safe dosage with a requirement that they include information on the usage of cannabis and hemp-derived consumer products. Makes a conforming change.

98 Content of label; cannabinoid products.

Replaces the requirement that labels identify a maximum safe dosage with a requirement that they include information on the usage of the product. Makes conforming changes.

99 Additional information.

Removes references to medical cannabis business licenses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement. Makes a conforming change.

100 Limitations applicable to all advertisements.

Prohibits cannabis businesses from advertising using images of candy, desert, or individuals consuming alcohol.

101 Loan financing grants.

Makes a technical change.

102 Lawful activities.

Makes a technical change.

103 to **Effective date.**

Amends the transfer date of the medical cannabis program from the Department of Health to the Office of Cannabis Management to take place on July 1, 2025. Currently the transfer is scheduled to take place on March 1, 2025.

115 **Employee transfer.**

Provides for the transfer of employees of the Department of Health who regulate the sale of edible cannabinoid products and other products regulated under section 151.72 to the Office of Cannabis Management.

116 Transfer of active and inactive complaints.

Directs the Department of Health to transfer data regarding the regulation of the sale of products regulated under section 151.72 to the Office of Cannabis Management.

117 Transfer of medical program.

Provides for the transfer of the medical cannabis program to the Office of Cannabis Management. Authorizes the office to access certain data to facilitate the transfer. Specifies that rules related to the medical program transfer with the program.

114 Repealer.

Repeals the following:

- the definition of "Division of Medical Cannabis";
- the requirement that the office issues the number of licenses necessary to ensure the sufficient supply of cannabis to meet demand, provide market stability, ensure a competitive market, and limit the sale of unregulated cannabis flower and products;
- the authorization to sell adult-use cannabis and medical cannabis from the same location (this is replaced with the endorsement to sell cannabis to medical patients);
- the authorization for cannabis mezzobusinesses to obtain a medical cannabis endorsement (this is replaced with the endorsement to sell cannabis to medical patients);
- the list of medical cannabis business license types;
- the requirements for a medical cannabis business license application;
- the provisions relating to medical cannabis cultivators;
- the provisions relating to medical cannabis processors;
- the authorization for the office to approve additional delivery methods for medical cannabis;
- the enforcement provisions authorizing the Department of Health to embargo certain products; and
- the repealer of section 151.72.

119 Effective date.

Provides that, unless otherwise specified, the sections in the act are effective the day following final enactment.



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