



January 26, 2023

Members of the Labor and Industry Finance and Policy Committee  
Minnesota House of Representatives

Mister Chair and Members of the Labor and Industry Finance and Policy Committee:

I am submitting this letter to voice support for House File 100 (cannabis legalization).

Legalizing the use of recreational cannabis will unleash a new era and a step forward in our state, allowing individuals to take advantage of an emerging market, while smothering a black market that is untaxed, unregulated and unsafe.

There are many aspects that we are pleased to see come to fruition such as the flexibility with the allocation of generated revenue, expungement, and safety measures such as track-and-trace.

While we are overall supportive of the legislation, we also see areas for improvement. We are concerned that, as written, the bill is overly prescriptive in its regulatory regime. Businesses and individuals that opt to enter the market should be able to do so without overly burdensome mandates and unnecessary barriers that inhibit growth and innovation. Overregulating in this market's infancy, while presumably well-intended, will have adverse effects on the new regulated market's ability to compete with the black market, negating the goal of the latter's eradication.

I want to make clear that this is not to say we do not believe in structured legalization that imposes guidelines and safety measures for this new market. What we do oppose is erecting unnecessary barriers and additional hoops to jump through for businesses and individuals that wish to participate in this new market. Examples of overregulation at the state level include requiring certain hours of operation, overly specific lighting requirements and burdensome advertising requirements.

We also have concerns with the current language regarding the Office of Cannabis Management and the power granted to this new institution over controlling who can operate in the market. In order to ensure market competitiveness and stability, we have proposed that the office be required to submit an annual market analysis to determine whether it is fulfilling the prescribed requirements and that it holds public hearings to hear from consumers, market stakeholders, and potential new applicants as part of determining whether new licenses are needed to ensure a competitive market. We believe this element of clarity is vital to the success of legalizing cannabis and ensuring that this new government entity is acting in a fair and transparent manner. We would hate to see Minnesota follow the example of other states which have allowed a handful of large, out of state companies dominate their new markets.

With regard to certain employment provisions within the bill, we would like to see adjustments that don't exclude such a large number of people from entering the industry. We believe that any type of employment or business restrictions based on criminal record must be for offenses that are "directly related" to the industry or



position itself. We view the language, as currently written, as an additional barrier to second-chance hiring and opportunities in this new industry. In addition, it is our belief that states should neither force nor prohibit employers to complete drug tests.

We thank Representative Stephenson for authoring this bill and we look forward to its passage. With these recommendations in mind, we respectfully urge your support of House File 100.

Sincerely,

A handwritten signature in black ink, reading "RaeAnna K. Buchholz" in a cursive script.

RaeAnna K. Buchholz  
Legislative & Coalitions Director, Minnesota  
Americans for Prosperity