

## **OCM 2025 Legislative Recommendations: Budget Proposals**

The Office of Cannabis Management (OCM), established in August 2023 following the enactment of HF 100, is charged with developing and implementing the operational and regulatory systems to oversee the cannabis industry in Minnesota.

OCM continues to build the foundation for an effective, safe, equitable, and sustained cannabis market and has identified a series of targeted budget proposals to support continuity for implementation and office function and a timely market launch through expanded access for testing facilities. The recommendations also clarify access to social equity licensure and build continuity for community grant programming.

### **Supporting Timely Market Launch with Testing Facility Licensing Variance**

The governor recommends changes to the process for issuing a cannabis testing facility license to alleviate the significant barrier to entry for facilities that are otherwise equipped to conduct cannabis testing effectively. Under current law, an applicant for a cannabis testing facility license is required to obtain full certification from International Organization for Standardization (ISO) before submitting an initial application. However, accrediting organizations can take between six and 18 months to grant ISO accreditation, even if the testing facility is prepared. The new proposal would allow the office to add a variance to the cannabis testing facility license application process in current law. It allows the office to issue a cannabis testing facility license to an applicant with pending laboratory accreditation status if the applicant meets a series of requirements, including proof of progress toward accreditation and passes inspection. The change would address the potential for a testing bottleneck if there are not enough licensed facilities for the anticipated number of retailers. It would also build needed capacity to address shared priorities of a well-regulated and safe supply chain. The associated costs to implement this change in the existing licensing system can be done within the office's existing budget.

### **Clarified Access for Social Equity Status**

The governor recommends clarifying changes to the current law's criteria for individuals to be considered a social equity applicant for a cannabis business license by adding stays of adjudication under Minn. Stat. Chapter 609 and adjudications of delinquency under Minn. Stat. Chapter 260B to the qualifying list. Under current law, these two categories of individuals, while involving direct impact in the judicial system, would not qualify for the criteria identifying individuals with a past conviction due to the state's definition of the term. In line with the vision passed in the original cannabis legislation, the proposed change offers opportunity to additional individuals who have been harmed by cannabis

prohibition to benefit from social equity applicant status. The associated costs to implement this change in the existing licensing system can be done within the office's existing budget.

### **Building Continuity for the CanRenew Grant Program**

The governor recommends extending the availability of the CanRenew community restoration grant program's first year of funds beyond the 2024-25 biennium, ensuring the full amount appropriated can be invested into the community as the program is established, accountability metrics are designed, and outreach is conducted. This is a budget neutral proposal.

### **Operating Adjustment to Support OCM's Regulatory Duties and Implementation Work**

The governor recommends adjusting the agency operating budget to support current services. For the Office of Cannabis Management, this funding will help cover expected growth in employee compensation and insurance, rents, IT services, and other operating costs. Specifically, the governor recommends additional funding of \$278,000 in FY 2026 and \$564,000 in each subsequent year from the general fund to help address operating cost increases at OCM and maintain current levels of service for Minnesotans.