

Chapter 121

2024 Regular Session

Subject Commerce and cannabis finance and policy

Bill H.F. 4757

Analyst Ben Johnson (ben.johnson@house.mn.gov)

Larie Pampuch (larie.pampuch@house.mn.gov)

Nathan Hopkins (nathan.hopkins@house.mn.gov)

Date June 6, 2024

Overview

This act contains supplemental funding and policy related to commerce and cannabis.

Article 1: Appropriations

This article contains appropriations, reductions, and base settings related to the Office of Cannabis Management, Department of Commerce, Department of Health, and Office of the Attorney General.

Section Description – Article 1: Appropriations

- 1 Appropriations.**
Establishes that appropriations are made for the purposes specified in the article.
- 2 Office of Cannabis Management.**
Appropriates \$5,531,000 in fiscal year 2025 to the Office of Cannabis Management to enforce temporary regulations on products containing cannabinoids, test products, establish a reference laboratory, and regulate medical cannabis.
- 3 Department of Health.**
Appropriates \$5,500,000 in fiscal year 2025 for substance use prevention and education grants.
- 4 Department of Commerce.**
Appropriates \$28,000 in fiscal year 2025 for the commissioner of commerce to administer and enforce section 325E.21, related to licensing for the sale of copper. Establishes a base of \$75,000 beginning in fiscal year 2026.

Section Description – Article 1: Appropriations

- 5 **Attorney general.**
Establishes an increase to the base appropriation of \$941,000 in fiscal year 2026 and \$701,000 in fiscal year 2027 to enforce consumer data privacy provisions.
- 6 **Health.**
Reduces appropriations made to the Department of Health in 2023 to account for the transfer of certain duties related to cannabis to the Office of Cannabis Management (OCM) and to offset the cost of a new reference laboratory to test products containing cannabinoids.
- 7 **Office of Traffic and Safety.**
Amends an appropriation made in 2023 to allow the commissioner of public safety to use money appropriated to train drug recognition experts for grants to law enforcement agencies for drug evaluation and training costs.
- 8 **Appropriation and base reduction.**
Amends a base reduction for the Department of Health adopted in 2023. The change accounts for the transfer of the medical cannabis program from MDH to OCM beginning on July 1, 2024.
- 9 **Transfers.**
Eliminates a transfer of \$5,500,000 to the substance use treatment, recovery, and prevention account. This act eliminates that account and replaces it with an appropriation to MDH.

Article 2: Cannabis Policy

This article contains provisions related to the regulation of cannabis.

Section Description – Article 2: Cannabis Policy

- 1 **Definitions.**
Makes conforming changes related to the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 2 **Agency head salaries.**
Lists the executive director of the Office of Cannabis Management as an agency head whose salary must be established by the Compensation Council.

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- 3 Sale to cannabis and hemp businesses.**
Allows industrial hemp growers to sell hemp to cannabis and hemp businesses licensed under chapter 342.
- 4 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.
- 5 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.
- 6 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.
- 7 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.
- 8 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. Authorizes the sale of products with a dropper or spoon to measure a serving size.
- 9 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.
- 10 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.

Section Description – Article 2: Cannabis Policy

- 11 **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.
- 12 **Registered designated caregiver.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management.
- 13 **Qualifying medical condition.**
Amends the statutory list of qualifying medical conditions in the current statutes governing the medical cannabis program to reflect the conditions added by the commissioner of health. Establishes that “qualifying medical condition” includes any condition for which medical cannabis is identified as an approved treatment for a specific individual by a health care practitioner.
- 14 **Veteran.**
Defines the term “veteran” in the current statutes governing the medical cannabis program.
- 15 **Range of compounds and dosages; report.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Eliminates the requirement that the office report on the existing medical and scientific literature regarding the range of recommended dosages for each qualifying condition and the range of chemical compositions of any plant of the genus cannabis that will likely be medically beneficial for each of the qualifying medical conditions each year and replaces that with a requirement to issue the report every three years.
- 16 **Patient registry program; establishment.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Removes the statement that establishing the registry program should not be construed or interpreted to condone or promote the illicit recreational use of marijuana.
- 17 **Office duties.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Removes the requirement that a health care practitioner indicate whether a patient needs assistance in obtaining or administering medical

Section Description – Article 2: Cannabis Policy

- cannabis. Eliminates a reference to the task force on medical cannabis therapeutic research and replaces it with a duty assessed to the Cannabis Advisory Council. Removes the requirement that the commissioner of health or the Office of Cannabis Management evaluate petitions requesting to add a medical condition to the list of qualifying medical conditions, or remove such a condition.
- 18 **Patient application.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Eliminates the requirement that a patient resubmit an application on an annual basis.
- 19 **Application procedure for veterans.**
Requires the office to establish an alternative process for veterans to receive approval for participation in the medical cannabis program under the current statutes and rules.
- 20 **Registered designated caregiver.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Eliminates the requirement that a person seeking to be a registered designated caregiver undergo a background check.
- 21 **Patient enrollment.**
Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Eliminates a reference to the application fee which was removed last session. Removes the deadline for action on an application. Makes a conforming change related to applications from veterans.
- 22 **Health care practitioner duties.**
Replaces the requirement that a health care practitioner make an annual determination as to whether a patient continues to need medical cannabis with a requirement that the determination be made every three years.
- 23 **Data.**
Expands the description of data in the current statutes governing the medical cannabis program to include data on patients who are veterans receiving care from the United States Department of Veterans Affairs.

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24 Manufacturer; distribution.

Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Replaces the existing requirement that a person consult with a pharmacist unless the patient is receiving medical cannabis pursuant to a patient-specific dosage plan with a requirement that a patient receive a consultation on the first purchase, when the product purchased involves a different delivery method, or when the product purchased is at least double the concentration of the previous product purchased. A patient can request a consultation at any visit. Eliminates a reference to a 90-day supply of medical cannabis.

25 Patient duties.

Replaces the term “commissioner” with the term “office” to reflect the change in regulation of medical cannabis from the Department of Health to the Office of Cannabis Management. Eliminates a reference to the annual registration fee that was eliminated last session.

26 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.

27 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.

28 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.

29 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.

30 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.

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- 31 **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.
- 32 **Disallowed section 280E expenses; cannabis licensees.**
Makes conforming changes related to the deduction of certain expenses for state taxes.
- 33 **Disallowed section 280E expenses; cannabis licensees.**
Makes another conforming change related to the deduction of certain expenses for state taxes.
- 34 **Exemptions.**
Amends the terms used to refer to the locations where cannabis sold by Tribes is exempt from taxation by eliminating the reference to “Indian country” as defined under federal law and replacing it with “Tribally regulated land” as defined under state law.
- 35 **Reservation sales of taxable cannabis products.**
Amends the terms used to refer to the locations where cannabis sold by Tribes is exempt from taxation by eliminating the reference to “Indian country” as defined under federal law and replacing it with “Tribally regulated land” as defined under state law.
- 36 **Sales to government.**
Specifies that sales of cannabis and related products to local governments are treated in the same way as sales of alcohol.
- 37 **Cannabis business.**
Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 38 **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.

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- 39 **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 plants.”
- 40 **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.
- 41 **License holder.**
Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 42 **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.
- 43 **Medical cannabinoid product.**
Makes a conforming change related to allowing registered designated caregivers to provide certain patients with medical cannabis grown by the caregiver.
- 44 **Medical cannabis flower.**
Makes a conforming change related to allowing registered designated caregivers to provide certain patients with medical cannabis grown by the caregiver.
- 45 **Office.**
Amends the definition of “office” to state that it refers to the director of the Office of Cannabis Management.
- 46 **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 by the individual for treatment of that individual’s condition. Makes a conforming change related to veterans.
- 47 **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

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- related to allowing registered designated caregivers to provide certain patients with medical cannabis flower, and removes references to a medical cannabis retailer.
- 48 **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.
- 49 **Registry verification.**
Replaces a reference to the Division of Medical Cannabis with “Office of Cannabis Management.”
- 50 **Total THC.**
Defines “total THC” to include the amount of all tetrahydrocannabinols and 87.7 percent of any tetrahydrocannabinolic acid.
- 51 **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.
- 52 **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, 2024. The transfer was scheduled to take place on March 1, 2024.
- 53 **Rulemaking.**
States that the 18-month time limit on adopting rules imposed by section 14.125 does not apply.
- 54 **Director.**
Specifies that the salary of the director must be set by the Compensation Council. 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.
- 55 **Membership.**
Adds an expert in clinical pharmacy to the Cannabis Advisory Council. Also adds two youth to the council, one of whom must be within the seven-county metropolitan area and one of whom must be outside that area.

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- 56 **Duties.**
Requires the Cannabis Advisory Council to consider the impact of legalized adult-use cannabis on the rate of cannabis use by minors.
- 57 **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.”
- 58 **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.
- 59 **Personal adult use, possession, and transportation of cannabis flower and cannabinoid products.**
Eliminates the limits on possession of medical cannabis flower and medical cannabinoid products.
- 60 **Home extraction of cannabis concentrate by use of volatile solvent prohibited.**
Makes conforming changes.
- 61 **Licenses; types.**
Removes the references to medical cannabis businesses to conform with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 62 **Licenses; fees.**
Makes a conforming change consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 63 **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.

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64 Local control.

States that local governments must not prohibit the operation of hemp businesses. Amends the process for a local unit of government to certify that a proposed cannabis business meets local zoning ordinances. Provides that the office can only investigate complaints by local governments that are made under chapter 342.

65 Cannabis license application and renewal; procedure.

Subd. 1. Application; contents. Eliminates requirements that the office establish application procedures by rule. Provides that an applicant is not required to submit information related to the physical premises where the business will operate. Specifies components of a security plan that must be submitted. Adds requirements that an applicant submit information about standard operating procedures, a description of training for employees, and disclosure of violations that may have been committed in other jurisdictions. Also requires applicants to sign releases of information.

Subd. 1a. Market stability. Directs the office, subject to the requirements of this section, to issue the number of licenses needed to ensure a sufficient supply of cannabis and related products, promote market stability and competition, and limit the sale of unregulated cannabis and related products.

Subd. 1b. Maximum number of licenses. Establishes a maximum number of cannabis cultivator, cannabis manufacturer, cannabis retailer, and cannabis mezzobusiness licenses that the office can issue until July 1, 2026. Separates the maximum number between licenses available to social equity applicants and licenses available to all applicants. Permits the office to determine the appropriate number of licenses to issue beginning July 1, 2026. Permits the office to determine the number of licenses to issue in any category that is not listed.

Subd. 1c. Social equity applicant verification. Directs the office to establish a procedure to verify that applicants meet the qualifications to be social equity applicants. Classifies data submitted by persons seeking to be verified as social equity applicants in the same manner as data submitted as part of an application.

Subd. 2. Licensing periods; initial application. Establishes the procedure for the office to announce a licensing period, accept applications, and issue deficiency notices.

Subd. 3. Review. Establishes the procedures for the office to review applications and determine if the applications meet the minimum requirements for licensure. Allows the office to deny applications that do not meet the minimum requirements.

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Subd. 4. Lottery. Establishes a lottery system in situations where the number of qualified applicants exceeds the number of available licenses. Requires a lottery of social equity applicants to take place first. Requires any applicants not selected in a social equity lottery to be entered in a lottery for all applicants. Requires the office to notify applicants regarding the outcomes of the lottery.

Subd. 5. Background check; preliminary license approval. Permits the office to conduct a background check before granting preliminary license approval. Requires the office to issue preliminary approval to qualified applicants who are not disqualified in a background check and who are either selected in a lottery or apply for a license for which the number of applicants does not exceed the number of available licenses. Requires the office to notify individuals of the results of a background check.

Subd. 6. Completed application; final authorization; issuance of license. Requires applicants who receive preliminary approval to secure a business location and provide certain updated information within 18 months of receiving preliminary license approval. Requires the office to forward information to local units of government and schedule a site inspection. Requires issuance of a license if an applicant supplies the required information and passes the site inspection.

Subd. 7. Local units of government. Permits local units of government to receive a license to operate a single retail business. Provides that a retail business operated by a local unit of government does not count against the limit on the number of licenses that can be issued and does not count on the ability of local governments to limit the number of retail establishments in their jurisdiction.

Subd. 8. Reconsideration. Permits applicants to seek reconsideration from the office if an application is denied or the office does not issue a license to the applicant.

Subd. 9. Retention. Establishes a process for the office to retain applications by certain applicants and consider them in subsequent application periods.

Subd. 10. Revocation or expiration of preliminary approval. Establishes that preliminary approval for a license expires 18 months after the office grants the preliminary approval. Allows the office to issue a onetime extension if the applicant has made good faith efforts to convert preliminary approval into a license. Authorizes the office to revoke preliminary approval if the office determines that the person holding the approval is no longer eligible for a license. Requires the office to notify an applicant if preliminary approval expires or the office revokes the approval.

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- 66 **Criminal history check.**
Makes technical and clarifying changes regarding the individuals who may be subject to a background check by the office.
- 67 **Criminal offenses; disqualifications.**
Specifically identifies specific crimes that the office may consider when determining whether any conviction may result in barring an applicant from holding a cannabis license. States that a person convicted of illegally selling cannabis after August 1, 2023, may not hold a license unless at least five years have passed since the date of conviction. Further states that any person subject to a regulatory penalty under this chapter may not hold a license unless at least five years have passed since the date of the violation. Prohibits a person who has been assessed a fine under this chapter from holding a cannabis license.
- 68 **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.
- 69 **Employees of license holders.**
States that all license holders, including hemp businesses, are at all times accountable for the good conduct of the license holder’s employees. Requires all employees of a license holder to undergo a criminal history check before the license holder may hire the individual. Establishes offenses that would disqualify a person from working for a cannabis business.
- 70 **Cannabis businesses; general ownership disqualifications and requirements.**
Includes individuals who have had a cannabis business license revoked in another state and businesses with certain confirmed labor violations to the list of ownership disqualifications.
- 71 **Social equity applicants.**
Amends the requirements to qualify as a social equity applicant to include all military veterans. Also amends the requirements to include individuals living in census tracts or similar areas with a poverty rate of at least 20 percent, with a median family income that does not exceed 80 percent of certain income limits, where at least 20 percent of the households receive certain government financial assistance, or where the community has a high level of vulnerability as established by the Centers for Disease Control and Prevention. Replaces a statutory reference to emerging farmers with a description of targeted farmers. Establishes that, to qualify as a social equity

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- applicant, at least 65 percent of the controlling ownership of a business entity must qualify as a social equity applicant. Makes conforming changes.
- 72 **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.
- 73 **Vertical integration prohibited; exceptions.**
Makes a conforming change.
- 74 **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.
- 75 **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.
- 76 **True party of interest.**
 Subd. 1. Definitions. Defines terms for the purposes of this section including “true party of interest.” Defines “true party of interest” as an individual who, either as an individual or as part of a business organization, has a certain amount of ownership, control, or financial interest in the cannabis business. Specifies that true party of interest does not include certain investors such as financial institutions and those whose interest qualifies as a passive investment.

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Subd. 2. Application number limitations. Specifies that a person may not be a true party of interest on more than one application for a license issued under the chapter unless the law explicitly permits one person to hold all of the license types at the same time. Excludes true parties of interest with an ownership interest of ten percent or less.

Subd. 4. Notification. States that cannabis businesses have an ongoing duty to disclose the source of money invested in the business.

Subd. 5. Disclosure agreements and intellectual property. Prohibits the use of intellectual property agreements that would circumvent the prohibitions on holding certain types of licenses.

- 77 **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.
- 78 **Retailers; local registration and enforcement.**
Requires a local unit of government to issue a registration to a person whose application has been approved by the office or who has license preapproval. 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.
- 79 **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.
- 80 **Use of cannabis flower and products within a licensed cannabis business.**
Makes a conforming change.

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81 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.

82 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.

83 Exception.

Establishes that a cannabis microbusiness renewing a license must provide an attestation that the business has entered into a labor peace agreement if the business has ten or more full-time equivalent employees.

84 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.

85 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.

86 Multiple endorsements required.

States that a cannabis mezzobusiness must obtain endorsements to perform at least two acts related to cultivating, manufacturing, and engaging in the retail sale of cannabis and related products within 18 months of receiving the license.

87 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.

88 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.

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- 89 **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.
- 90 **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.
- 91 **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.
- 92 **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.
- 93 **Cannabis event sales.**
Makes a conforming change.
- 94 **Authorized actions.**
Makes a conforming change.
- 95 **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.
- 96 **Compliant products.**
Authorizes lower-potency hemp edibles to be sold with a dropper or measuring spoon to identify serving size.
- 97 **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.

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- 98 **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.
- 99 **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 employ 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.
- 100 **Medical cannabis combination businesses.**
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. Authorizes medical cannabis combination businesses to cultivate cannabis in more than one facility provided the total space cultivated does not exceed the limit on plant canopy. 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.
- 101 **Administration.**
Removes a reference to the Division of Medical Cannabis.
- 102 **Application procedure for patients.**
Removes references to the Division of Medical Cannabis.
- 103 **Application procedure for veterans.**
Removes references to the Division of Medical Cannabis. Specifies that the office may require veterans to submit a veteran-specific application.

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- 104 **Enrollment; denial of enrollment; revocation.**
Removes references to the Division of Medical Cannabis.
- 105 **Registry verification.**
Removes references to the Division of Medical Cannabis.
- 106 **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.
- 107 **Notice of change of name or address.**
Removes references to the Division of Medical Cannabis.
- 108 **Duties of Office of Cannabis Management; approval of cannabinoid products for registry program.**
Removes the authorization to add allowable forms of medical cannabinoid products.
- 109 **Duties of Office of Cannabis Management; registry program.**
Removes references to the Division of Medical Cannabis.
- 110 **Health care practitioner duties before patient enrollment.**
Removes references to the Division of Medical Cannabis.
- 111 **Duties upon patient’s enrollment in registry program.**
Removes references to the Division of Medical Cannabis.
- 112 **Limitations on consumption; locations of consumption.**
Makes a conforming change.
- 113 **Health care facilities.**
Makes a conforming change.
- 114 **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.
- 115 **Criminal and civil protections.**
Makes conforming changes.

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- 116 **School enrollment; rental property.**
Expands prohibitions on discriminating against individuals who use medical cannabis to include all persons in the registry program.
- 117 **Medical care.**
Makes a conforming change.
- 118 **Employment.**
Makes a conforming change.
- 119 **Custody; visitation; parenting time.**
Makes conforming changes.
- 120 **Action for damages.**
Makes conforming changes.
- 121 **Applied research.**
Removes references to the Division of Medical Cannabis.
- 122 **Testing required.**
Authorizes products with hemp-derived cannabinoids to be tested in laboratories in other states that meet specific certification standards.
- 123 **Testing of samples; disclosures.**
Removes references to medical cannabis business licenses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 124 **Test results.**
Removes references to medical cannabis business licenses consistent with the replacement of medical cannabis licenses with a medical cannabis endorsement.
- 125 **Appeal to individuals under 21 years of age.**
Defines the term “appeal to individuals under 21 years of age” for purposes of advertising and packaging.
- 126 **Packaging prohibitions.**
Makes a technical change.
- 127 **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

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- otherwise would violate the packaging requirements for cannabis flower and cannabinoid products. Directs the attorney general to enforce the prohibition.
- 128 **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.
- 129 **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.
- 130 **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.
- 131 **Limitations applicable to all advertisements.**
Prohibits cannabis businesses from advertising using images of candy, desert, or individuals consuming alcohol.
- 132 **Grants to organizations.**
Adds a requirement that entities seeking grants for community renewal from the office include a description of the organization’s engagement with certain youth.
- 133 **Loan financing grants.**
Makes a technical change.
- 134 **Lawful activities.**
Makes a technical change.
- 135 **Effective date.**
to 146 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, 2024. Currently the transfer is scheduled to take place on March 1, 2025. Also establishes a transfer of the temporary regulations the day following final enactment.
- 147 **Effective date.**
Establishes that the current statutes governing the medical cannabis program expire on December 1, 2025. Under current law, the expiration is March 1, 2025.

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148 **License preapproval.**

Subd. 1. Establishment. Authorizes the office to establish a license preapproval process before the office adopts rules governing the cultivation, manufacture, and retail sale of cannabis and related products. Specifies that preapproval must be issued to social equity applicants and establishes the maximum number of preapprovals the office can issue.

Subd. 2. Eligibility; social equity applicants. Specifies that only social equity applicants are eligible for license preapproval.

Subd. 3. Preapproval period. Directs the office to announce the start of a preapproval application period at least 14 days before the office begins accepting applications. Specifies additional information the announcement must include. Requires that the application period begin by July 24, 2024, and end on August 12, 2024.

Subd. 4. Application requirements. Specifies the information that must be included in an application under this section.

Subd. 5. Application review; qualified applicants. Identifies the minimum requirements applicants must meet to be considered qualified applicants. Authorizes the office to deny applications from applicants who are not qualified.

Subd. 6. Lottery. Provides for a lottery if there are more applicants for a license type than license preapprovals available.

Subd. 7. Background check; preapproval. Authorizes the office to conduct a background check on an applicant before issuing a license preapproval. Requires the office to notify an applicant regarding the outcome of any background check.

Subd. 8. License preapproval; purpose; restrictions. Specifies that license preapproval authorizes a person to secure a business location and perform other tasks associated with starting a business. States that preapproval does not permit the holder to engage in the cultivation, manufacture, or retail sale of cannabis or related products unless the applicant is specifically authorized to engage in early cultivation.

Subd. 9. Revocation of preapproval. Authorizes the office to revoke preapproval under certain specific conditions.

Subd. 10. Conversion of preapproval. Describes the process by which a person with license preapproval can convert the preapproval into a license. Requires the person to submit certain specific information and pay the applicable license fees

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and requires the office to act within 90 days of receiving the required information.

Subd. 11. Applicants; right to a reconsideration. Authorizes applicants to seek reconsideration of certain decisions by the office.

Subd. 12. Retention of applications. Requires the office to retain an application for one year and enter the application in any subsequent lottery unless the applicant requests that the office not retain the application.

Subd. 13. Data. Establishes that data submitted, collected, or created as part of the license preapproval process must be treated like application data.

149 **Third-party background checks for license applications.**

Authorizes the use of third-party background checks of applicants until the FBI approves the background check procedure adopted by the legislature in 2023.

150 **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.

151 **Early cultivation.**

Authorizes certain businesses with license preapproval to cultivate cannabis under the existing rules that apply to the cultivation of medical cannabis until the office adopts new rules.

152 **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. Requires the office to establish protocols to limit access to nonpublic or private data and to use a data audit trail to track activity that involves accessing the data.

153 **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 and the office can use the good cause exemption for rulemaking to make technical changes to the rules related to the transfer of duties.

154 **Repealer.**

Repeals the following:

Section Description – Article 2: Cannabis Policy

- 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.

Article 3: Cannabis and Health-Related Responsibilities

This article contains provisions related to the substance misuse prevention and education programs and background check fees for applicants seeking cannabis licenses.

Section Article 3: Cannabis and Health-Related Responsibilities

- 1 Cannabis and substance misuse prevention and education programs.**
Amends the statutory guidance for education programs related to cannabis use to focus on prevention for youth and pregnant or breastfeeding individuals. Specifically includes Tribal health departments in some programs. Eliminates the training required to be provided to home visiting programs and child welfare workers regarding safe and unsafe use of cannabis and related products.

- 2 Transmission of fees.**
Establishes a cannabis business background check account in the special revenue fund. Directs the Office of Cannabis Management to deposit any fees received for an

Section Article 3: Cannabis and Health-Related Responsibilities

applicant's background check into the account and authorizes the office to use the account to transmit the fees to the Bureau of Criminal Apprehension.

3 Substance use treatment, recovery, and prevention grants.

Eliminates an account in the special revenue fund that was to be used for money dedicated to providing substance use treatment, recovery, and prevention grants and replaces that with a grant program. Shifts responsibility for the grants from the Office of Cannabis Management to the commissioner of health.

Article 4: Commerce Policy

This article contains provisions related to commerce policy.

Section Article 4: Commerce Policy

1 Assessment.

Changes the assessment amount to be deposited in the insurance fraud prevention account by insurers.

Effective date. This section is effective the day following final enactment.

2 Registration for lenders.

Requires student loan lenders to register with the commissioner of commerce beginning January 1, 2025.

3 Access to 340B drugs.

Prohibits a prescription drug manufacturer from restricting or interfering with the delivery of a covered outpatient drug to a pharmacy that is under contract with a 340B covered entity. This section expires July 1, 2027.

4 Right to external review.

Removes filing fee enrollees must pay to have an external review of an adverse determination by a health insurer.

5 Purchase or acquisition record required.

Requires scrap metal dealers to copy a seller's license to sell scrap copper or other proof of the right to sell scrap copper.

6 License required for scrap metal copper sale.

Requires a person seeking to sell scrap metal copper on or after January 1, 2025, to hold a license to sell copper. Authorizes a monthly purchase of small amounts of

Section Article 4: Commerce Policy

scrap copper from individuals who do not have a license. Specifies the license application requirements. States that certain individuals with professional licenses, such as a plumber, is deemed to have a license to sell scrap copper. Requires licenses to be renewed every year. Authorizes revocation of the licenses under certain circumstances.

7 Expiration and renewal.

Requires the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design to notify licensees that their license will expire at least 30 days before the expiration date.

Effective date. This section is effective August 1, 2024.

8 Uniform Commercial Code account.

This section makes clarifying changes to UCC Article 1.

Effective Date. This section is effective the day following final enactment.

9 Scrap metal working group.

Directs the commissioner of public safety to convene a scrap metal working group to discuss metal theft and approaches to investigate, prevent, and prosecute those thefts.

10 Repealer.

Repeals session laws relating to publication of notices in newspapers.

Article 5: Consumer Data Privacy

This article regulates businesses' use of personal data on individuals. It also gives Minnesotans various rights regarding their personal data. These sections are modeled closely after similar comprehensive data privacy laws that have passed in 11 other states.

Section Article 5: Consumer Data Privacy

1 Attorney general data coded elsewhere.

Creates a cross-reference in the Minnesota Government Data Practices Act regarding the classification of "data privacy and protection assessments" that may be maintained by the Minnesota attorney general under section 9 of the article. That section classifies these assessments as nonpublic data.

Section Article 5: Consumer Data Privacy

2 Citation.

Codifies a new chapter of statute, chapter 3250, that may be referred to as the “Minnesota Consumer Data Privacy Act.”

3 Definitions.

Defines key terms for the act, the following of which may be especially noteworthy.

- “Personal data” means information that can be linked to a particular natural person. In addition, “sensitive personal” data is a defined term including certain forms of personal data in which individuals may have a heightened privacy interest.
- “Processing” means any action performed on personal data: its collection, storage, disclosure, analysis, etc.
- “Profiling” means automated processing of a person’s data—through the application of algorithms or artificial intelligence, for example—to predict, evaluate, or analyze the person.
- A “controller” is an entity that determines how personal data is processed, while a “processor” is an entity that processes personal data on behalf of a controller.
- A “consumer” means a natural person residing in Minnesota. It does not include a natural person acting in a commercial or employment context.
- “Sale” means exchange of personal data for money or other consideration. Certain kinds of disclosures of personal data are exempted from the definition of sale.

4 Scope; exclusions.

Subd. 1. Scope. Specifies what kind of legal entities are subject to the act. Includes entities that conduct business in Minnesota or offer products/services to Minnesota residents. Sets a threshold based upon an entity’s level of involvement with the personal data of consumers (i.e. Minnesota residents).

Subd. 2. Exclusions. Excludes certain types of entities and data from the act. Government entities and Indian Tribes are excluded. Also, in general, processing of personal data that is already subject to heightened privacy regulation at the federal level (e.g. health data, certain financial data, etc.) is excluded.

5 Responsibility according to role.

Places certain obligations on controllers and processors, regarding their relationship to each other and regarding individuals whose personal data is being processed. This includes implementing data security measures and ensuring compliance with the act.

Section Article 5: Consumer Data Privacy

How to determine whether a person is a controller or a processor with respect to certain data is addressed in paragraph (g).

6 Consumer personal data rights.

Subd. 1. Consumer rights provided. Gives consumers six rights regarding their personal data:

- 1) a right to know and access personal data processed by a controller;
- 2) a right to correct inaccurate personal data;
- 3) a right to delete personal data;
- 4) a right to obtain a copy of the consumer's personal data;
- 5) a right to opt out of:
 - i) the processing of personal data for purposes of targeted advertising;
 - ii) the sale of personal data; or
 - iii) profiling that has certain significant consequences;
- 6) a right to review, understand, question, and correct how personal data has been profiled; and
- 7) a right to obtain a list of third parties to which the consumer's personal data has been disclosed.

Subd. 2. Exercising consumer rights. Allows the consumer to exercise rights provided under subdivision 1 by sending a request to controller.

Subd. 3. Universal opt-out mechanisms. Requires controllers to honor consumer requests sent via an external "universal" platform, technology, or mechanism.

Subd. 4. Controller response to consumer requests. Requires controllers to provide a reliable, accessible way for consumers to exercise their rights under subdivision 1. Sets a 45-day time limit for complying with a request to exercise consumer rights. Allows controllers to deny fraudulent requests and charge fees before responding to certain unfounded or excessive requests.

Subd. 5. Appeal process required. Requires a controller to establish an internal appeal process if a consumer's request to exercise a right is denied. Sets a 45-to-105-day time limit for appeals. If a consumer appeal is denied, the controller must provide information on how to file a complaint with the Minnesota attorney general.

7 Processing deidentified or pseudonymous data.

"Deidentified data" and "pseudonymous data" are defined terms in the act. This section essentially allows a controller to create and utilize deidentified or

Section Article 5: Consumer Data Privacy

pseudonymous data derived from personal data, and limits consumer's ability to exercise rights over such truly deidentified or pseudonymous data.

8 Responsibilities of controllers.

Subd. 1. Transparency obligations. Requires a controller to provide consumers with a privacy notice explaining: what personal data are processed, sold, shared, or profiled by the controller; how long personal data is retained by the controller; and the consumer's rights over their personal data. Sets other requirements for the privacy notice.

Subd. 2. Use of data. Limits a controller's ability to collect and use personal data. Requires appropriate data security practices. Prohibits the processing of sensitive data (a defined term) without consumer consent, which may be revoked. For children between 13 and 16, prohibits targeted advertising and prohibits the sale of personal data without consent.

Subd. 3. Nondiscrimination. Prohibits controllers from processing of personal data based on certain protected classifications (race, gender, etc.) in a way that discriminates against consumers of that class in certain significant areas (housing, employment, public accommodation, etc.). Prohibits controllers from discriminating against consumers for exercising their rights under this act. Limits the sale of personal data as part of a controller's loyalty, rewards, and benefits program.

Subd. 4. Waiver of rights unenforceable. Prohibits contracts that seek to have consumers waive their rights under the act.

9 Requirements for a small business.

Prohibits a small business from selling a consumer's "sensitive data," a defined term under the act, without the consumer's permission. Penalties and enforcement provisions of the act generally apply to a small business that violates this section.

Small businesses are exempt from the act generally under section 4, subdivision 2, but this section applies specifically to them.

10 Data privacy and protection assessments.

Requires controllers to create "data privacy and protection assessments" to describe policies and procedures that show compliance with the act. Sets requirements for the assessment. Allows the attorney general to request copies of the assessments that relate to ongoing investigations.

Section Article 5: Consumer Data Privacy

11 Limitations and applicability.

Limits the application of the act to avoid conflict with certain other laws or interference with certain appropriate business practices.

12 Attorney general enforcement.

Allows the attorney general to bring a civil lawsuit under its existing authority against a controller or processor that violates the act. Provides civil penalties of up to \$7,500 for each violation. Requires the attorney general to issue a warning letter and provide an opportunity to cure the violation before bringing the civil lawsuit.

13 Preemption of local law; severability.

Supersedes and preempts any local laws regarding the processing of personal data by controllers and processors. If a portion of the act is found invalid by the courts, allows the remainder of the act to stay in force.

14 Effective date.

Provides an effective date of July 31, 2025. Postsecondary institutions are not required to comply until July 31, 2029.



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