

2024 Legislative Changes to Chapter 342

The Office of Cannabis Management (OCM), established in 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 as provided in Minnesota Statutes Chapter 342.

OCM identified opportunities to build upon the structure of Minnesota’s cannabis law and advanced a series of proposals for the 2024 legislative session. The final bill included many of OCM’s recommendations as well as priorities from the legislature.

Following is a summary of key changes:

Strengthen social equity provisions – The changes strengthen the existing social equity priorities of Chapter 342, including changing ownership requirements from 100% to 65% to allow social equity license applicants more opportunities to form partnerships and access capital, addressing the undue burden of transfer limitations for social equity licensees, and establishing a new social equity license classification and well-vetted lottery selection to embed fairness and equity in the licensing process. The changes also include provisions to protect Chapter 342’s vision of a fair marketplace through verification tools for fair ownership, limitations on fraudulent actions and gamesmanship, and strengthened standards for license holders.

Support market launch and social equity applicants with license preapproval process – The changes create license preapproval opportunities for social equity applicants to allow for early mover advantage, giving lottery-selected applicants the clarity they need to establish business operations and be prepared for market launch upon the promulgation of rules.

Improve the application and licensing process – The changes clarify the order of operations for the application process to ease applicant comprehension, inform local partners, and reduce the potential for bottlenecks and delays. The changes also remove the requirement for applicants to secure property at the time of application to address the significant financial burden and risk posed to applicants by this type of requirement.

Additionally, the changes consolidate license types and reduce the number of license types to clarify the system. In lieu of separate medical cannabis license types, the changes establish medical endorsements for license holders, which retain the benefits for medical cannabis patients, such as consultation at the point of sale and exemption from state sales tax.

Accelerate hemp-derived enforcement transition – The changes shift oversight and enforcement authority of the hemp-derived cannabinoid industry to OCM’s purview beginning July 1, 2024, and build continuity for the hemp-derived industry by establishing a conversion process for current registered businesses to enter the licensing system in 2025. The earlier move of the hemp-derived cannabinoid enforcement functions will help build the foundation of the enforcement teams at the Office of Cannabis Management and provide clarity and consistency for the industry. Additionally, the changes provide guidance on serving rules for current hemp-

derived businesses, create a new process for cannabinoid product approval, and add clarity in definitions related to hemp-derived products.

Accelerate Office of Medical Cannabis transition – The changes move the integration of Office of Medical Cannabis to OCM from March 1, 2025, to July 1, 2024, to build continuity for the current medical program and protect continued access for medical cannabis patients.

Enhance protections for medical cannabis patients and registry - The changes enhance protections for patients and caregivers participating in the medical cannabis registry program, modify patient supply and possession limits to respond to differing medical needs, eliminate undue financial burden for registered designated caregivers by modifying background check requirements, and modify the requirements for professionals to consult with and assist in dispensing products to patients to support more opportunities for patients to access products. Additionally, in response to identified needs from the medical cannabis patient community, a registered caregiver will now be allowed to grow up to eight plants on behalf of one registered medical cannabis patient.

Protect consumer safety – The changes establish authority for OCM to issue product recalls, establish regulatory and inspection authority for OCM, provide clarity on packaging and labeling requirements, and prohibit sales of empty packaging to create consistency in safety requirements.

Technical revisions - Additional revisions clarify definitions, create a mechanism to license research of cannabis to inform future understandings, establish appointment authority for OCM and the director to build agency capacity, and modify the background check process to prevent bottlenecks and delays. These changes will make it easier for the agency to operationalize the mission of Chapter 342 and establish and regulate a safe and effective market.