

Legislative Report

Date: 1/15/2025

To: Senator Matt D. Klein, Chair of Commerce and Consumer Protection; Senator Gary H. Dahms, Ranking Minority Member of Commerce and Consumer Protection; Representative Erin Koegel, Co-Chair of Commerce Finance and Policy; Representative Tim O’Driscoll, Co-Chair of Commerce Finance and Policy; Senator Aric Putnam, Chair of Agriculture, Veterans, Broadband, and Rural Development; Senator Torrey Westrom, Ranking Minority Member of Agriculture, Veterans, Broadband, and Rural Development; Representative Rick Hansen, Co-Chair of Agriculture Finance and Policy; Representative Paul Anderson, Co-Chair of Agriculture Finance and Policy; Senator Bobby Joe Champion, Chair of Jobs and Economic Development; Senator Rich Draheim, Ranking Minority Member of Jobs and Economic Development; Representative Dave Pinto, Co-Chair of Workforce, Labor, and Economic Development Finance and Policy; Representative Dave Baker, Co-Chair of Workforce, Labor, and Economic Development Finance and Policy

From: Eric Taubel, Director of the Office of Cannabis Management

Subject: Report required under Minnesota Statutes, section 342.73, subdivision 8; CanGrow Program Updates

Introduction

The Office of Cannabis Management (OCM) is required under Minnesota Statutes, section 342.73, subdivision 8, to provide a report to the Legislature that details “awards given through the CanGrow program, the use of grant money, including any measures of success toward helping farmers enter the legal cannabis industry, geographic information regarding the issuance of grants and loans under this section, the repayment rate of loans issued under subdivision 5, and a summary of the amount of loans forgiven.”

In the previous reporting cycle, OCM shared the groundwork completed to establish the CanGrow and CanRenew grant programs. This included defining eligibility and award processes, creating reporting and evaluation systems to track outcomes and ensure responsible use of state funds, and launching community engagement strategies designed to inform program design, remove barriers, and build trust ahead of Minnesota’s cannabis market launch. Both the CanGrow and CanRenew grant programs were established in [Laws of Minnesota 2023, chapter 63](#), the state’s original cannabis legalization law.

Program purpose

The CanGrow grant program, administered by OCM's division of social equity, is designed to support Minnesota farmers entering or expanding in Minnesota's legal cannabis industry. The program has two parts: the CanGrow farmer training grant and the CanGrow farmer loan grant. Farmer training grants fund eligible organizations to provide education, training, and technical assistance to farmers who want to enter or expand into the legal cannabis industry. Farmer loan grants fund nonprofit corporations that originate and manage low-interest loans to eligible farmers for startup or expansion activities. Together, these programs provide both technical assistance and financial resources to help farmers build business readiness, ensure regulatory compliance, and promote long-term sustainability. Through these awards, eligible organizations deliver training, expert mentorship, compliance guidance, business planning, and low-interest loan opportunities, tools essential for farmers' success in a regulated market.

Program launch

Since last year's report, OCM has advanced the CanGrow grant program from design to implementation. Over the past year, OCM finalized its grants manual, established internal processes for grant administration, and staffed a dedicated team to oversee program operations.

The grants team has developed the infrastructure necessary to ensure consistency, accountability, and transparency in program delivery. This included creating systems for application submission, eligibility verification, and competitive scoring. The team also implemented fiscal control and monitoring tools to track awards, reimbursements, and expenditures, ensuring compliance with state grant policies. In addition, OCM developed performance-tracking mechanisms and quarterly reporting templates to measure grantee outcomes.

CanGrow program data is not available as of this report, as no grants or loans were awarded during fiscal year 2025. During this period, OCM focused on building the program's operational infrastructure, including lender agreements, reporting mechanisms, audit protocols, and performance measures, that will support ongoing monitoring and future compliance with statutory reporting requirements. Beginning in fiscal year 2026, data collection will capture information on loan performance, borrower demographics, outreach to farmers, business and job creation impacts, and the geographic distribution of awards.

Grants in process

For the 2024-2025 biennium, the Minnesota Legislature appropriated \$2 million, with an additional \$2.97 million available for FY 2026 for the CanGrow program. Funding supports technical assistance grants ranging from \$10,000 to \$50,000 per project and revolving-loan grants between \$200,000 and \$500,000 per organization. Individual farmer loans range from \$2,500 to \$50,000 or up to \$150,000 for projects with matching funds.

In April 2025, OCM released its first CanGrow farmer loan grant request for proposals (RFP), with nearly \$3 million available. This competitive round of funding was for nonprofit organizations capable of originating and managing low-interest loans, as well as to organizations delivering training and technical

assistance for farmers preparing to enter Minnesota’s legal cannabis market. The RFP closed on June 3, and awards will be announced in early 2026, with projects expected to begin within 90 days.

Twenty-five applications were submitted by 14 organizations, requesting a combined \$1.5 million. Applicants represented a diverse range of sectors, including nonprofit organizations, private businesses, and educational institutions. Proposed projects spanned multiple priority areas identified in statute and program design, including mentorship and workforce development, cannabis-specific technical assistance, business planning and compliance training, and loan and financing support.

Applications proposed projects that will serve farmers and agricultural communities across the Twin Cities metropolitan area and its urban-farming networks, and greater Minnesota’s farming regions.

Review and selection process

Eligibility for CanGrow extends to a broad range of partners capable of supporting agricultural development across Minnesota, including nonprofit organizations, federally recognized Tribes, educational institutions, local units of government, private businesses, community groups, and partnerships between these entities. Loan-financing grants are limited to nonprofit corporations with demonstrated experience in lending and business development. Priority is given to applicants with a strong record of providing effective training, navigation, or financing services, particularly those serving farmers who face barriers to education or access to capital. Funded projects must directly serve communities where residents are eligible to be social equity applicants, ensuring that resources reach those most affected by past cannabis enforcement.

OCM designed a competitive grant review and selection process for both CanGrow and CanRenew to ensure fairness, transparency, and meaningful community participation. Review panels included 18 reviewers—representing agriculture, community development, small business support, housing, youth engagement, and public health. Reviewers were selected for both their professional qualifications and their lived experience within communities to ensure diverse perspectives in decision-making. Each reviewer completed orientation and conflict-of-interest training before scoring proposals, which included narratives, work plans, and budgets. Applications were evaluated using a scoring rubric emphasizing organizational capacity, project readiness, community benefit, and alignment with program goals.

Evaluation criteria measured an applicant’s organizational capacity and relevant experience, ability to serve farmers and communities most affected by cannabis prohibition, strength of project design, and clarity of work plans, budgets, and evaluation strategies. The review process also emphasized meaningful outreach, community engagement, and partnership development, ensuring that successful grantees demonstrate a strong ability to recruit, serve, and support farmers throughout Minnesota.

OCM has incorporated all statutory reporting and audit requirements outlined in Minnesota Statutes, section 342.73, subdivisions 6 and 8(b), into the CanGrow program design. While this report fulfills the obligation to document awards, eligibility, and early implementation, financial and performance metrics including annual nonprofit reports, independent audits, loan-repayment rates, and forgiveness totals will not be available until grantees complete their first fiscal year of operations in 2026. This data will be included in future legislative reports.

Grant reporting and outcomes

Reports and audits

Each nonprofit loan-administrator grantee will submit an annual report to OCM as required under Minnesota Statutes, section 342.73, subdivision 6(a)(1). These reports will describe agricultural businesses supported, loans issued, sources and uses of funds, and administrative expenses.

Pursuant to Minnesota Statutes, section 342.73, subdivision 6(a)(2), each nonprofit loan-administrator will undergo an independent annual audit in accordance with generally accepted accounting and auditing standards. Audit clauses are embedded in all award contracts, and audits will occur once loan activity begins in 2026.

Grant outcomes

The CanGrow program engages a diverse network of partners that deliver practical, culturally responsive, and community-based services. The program's design aligns training and financial resources with Minnesota's agricultural and economic development goals, ensuring that both urban and rural farmers can advance along OCM's continuum of readiness ([Appendix A](#)). The division of social equity uses OCM's continuum of readiness as the primary framework to evaluate grantee progress toward market entry. The continuum outlines five stages of readiness, measured along two dimensions: regulatory knowledge and operational capacity. Progression across these stages—from low knowledge and capacity toward mastery of cannabis regulations and sustainable business operations—provides a structured, evidence-based way to assess preparedness for entering the legal market.

As part of their grant agreements, grantees are required to identify their initial stage of readiness and set measurable goals for moving up the continuum. Each workplan specifies activities, timelines, and staff roles aligned with these goals, and grantees report quarterly on their progress. For example, activities may include completion of certification programs, development of compliant business and cultivation plans, and one-on-one coaching with industry experts. Progress is tracked through multiple tools, including learning management systems, coaching feedback documentation, and exit surveys, which together measure both quantitative and qualitative growth in readiness.

Grantees also report estimated numbers served and projected outcomes throughout the grant period, establishing clear benchmarks for reach and impact. Collectively, these evaluation measures ensure that the CanGrow program is building a measurable, statewide pipeline of farmers prepared for sustainable and compliant participation in Minnesota's cannabis market.

Looking ahead

In 2026, OCM will expand technical assistance and loan monitoring systems, introduce the first CanGrow loan forgiveness review cycle, and analyze grantee data to refine program design. Future reports will include detailed metrics on farmers trained, loans disbursed, repayment and forgiveness rates, and measurable progress along the continuum of readiness. These steps will ensure that the CanGrow program continues to strengthen Minnesota's agricultural base while creating pathways for new and emerging farmers to participate successfully in the legal cannabis industry.

Appendix A

The Continuum of Readiness for the Cannabis Industry helps people see how prepared they are to start a cannabis business. It shows five stages of readiness based on regulatory knowledge (knowing the laws and rules) and operational capacity (running a business). The goal is to move from low-to-high in both areas. Stage 5 is ideal, as both regulatory expertise and operational capacity are high, meaning an individual understands the rules and has the skills to run a successful, legal cannabis business.

