

OCM 2024 Legislative Proposals Summary

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.

Focused on the successful launch of an effective, safe, equitable, and sustained cannabis market, OCM has identified opportunities to build upon the structure outlined in Chapter 342 by strengthening the social equity provisions, improving the application and licensing process, streamlining the supply chain, and ensuring continuity and protections for medical cannabis patients. Together, the proposals will:



Strengthen social equity

The changes strengthen the existing social equity priorities of Chapter 342, including changing ownership requirements from 100% to 65% to allow more opportunities for social equity licensees, addressing undue burden of transfer limitations for social equity licensees.

The proposal replaces the points-based application scoring system with a new social equity license classification and lottery-based model to embed equity into the selection process. In this industry where there are more qualified applicants than licenses available, a well-vetted lottery selection process is designed to give people who have been historically excluded an equal opportunity into the market. Chapter 342 articulates the merit-based application components that OCM will use to vet entrants into a lottery.

Support market launch with temporary licenses

The proposal creates temporary licenses 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 proposal reduces the risk of bottlenecks and delays by clarifying existing language for both the application process and enforcement authority. The change also removes the requirement for applicants to secure property at the time of application to temper undue financial burden.

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Streamline the supply chain

The changes consolidate medical and adult-use cannabis into a single supply chain from the point of cultivation. Eliminating the currently separated supply chains will help lower costs for both medical patients and adult-use consumers, streamline the licensing process, and prevent unnecessary future disruption to the industry as seen in other states where the supply chains merge post market launch.

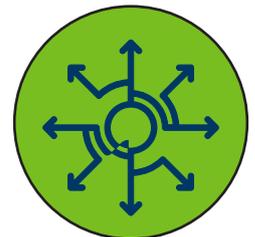


Accelerate Office of Medical Cannabis and hemp-derived enforcement transition

The changes move the oversight and enforcement authority of the hemp-derived cannabinoid industry to OCM's purview beginning July 1, 2024, and will ensure continuity of the hemp-derived industry by establishing a conversion process for current registered businesses to enter the licensing system in 2025. The early move of the hemp-derived cannabinoid enforcement functions will help build the foundation of the enforcement teams at the Office of Cannabis Management. Additionally, the proposal moves the integration of Office of Medical Cannabis to OCM from March 1, 2025, to July 1, 2024.

Expand protections for medical cannabis patients

The proposal expands protections for patients and caregivers participating in the medical cannabis registry program, modifies patient supply limits, eliminates undue financial burden for registered designated caregivers by removing background check requirements, and modifies the requirements for professionals to consult with and assist in dispensing products to patients.



Technical revisions

Additional revisions clarify definitions, establish authority for OCM to issue product recalls, regulate and inspect all entities participating in the cannabis and hemp industries, designate appointment authority, and modify the background check process.