

To: Interested Parties

From: Minnesota Hemp Growers Cooperative

Date: April 11, 2023

Subject: Setting the Record Straight on False Claims About H.F.100/S.F.73

The [Minnesota Hemp Growers Cooperative](#) (MHGC) is a member-driven organization dedicated to empowering and advocating for Minnesota's hemp industry by fostering collaboration with the local community, disseminating the latest research and best industrial hemp practices, and facilitating monthly meetings to connect ideas and share strategies on how we can build a better business practice and policy framework to support the growth of Minnesota's hemp industry.

The MHGC stands in full support of H.F.100/S.F.73, the adult-use cannabis legalization bill chief authored by Representative Zack Stephenson (DFL-Coon Rapids) and Senator Lindsey Port (DFL-Burnsville) that will end Minnesota's failed policy of cannabis prohibition, expunge the criminal records of some 60,000 Minnesotans convicted of nonviolent cannabis crimes, implement a reasonable regulatory framework that protects Minnesota's consumers, and create a craft industry that supports local small businesses and limits large corporate and out-of-state player involvement.

Thanks to the openness and engagement of the bill authors, and the hundreds of hours of policy dialogue facilitated by the [MN is Ready](#) campaign (of which the MHGC is a proud and active member), this legislation has been drafted and repeatedly amended with extensive input from diverse cannabis policy stakeholders—including local hemp farmers, hemp product manufacturers, and hemp product retailers who have been working closely with the bill authors to address the needs and nuances of the industry. There is still work to do before the bill's final passage, and we are continually engaging with stakeholders and the bill authors to address outstanding issues.

As such, the MHGC feels compelled to set the record straight on a number of patently false claims made by a small handful of industry players that, at best, display a lack of understanding of the legislation and, at worst, are intended to propagate misinformation:

False Claim: The bill disproportionately burdens hemp farmers and small businesses with complex licensing, regulations, fees, and taxes.

Truth:

- The bill does not impose *any* licensing, regulations, fees, or taxes on hemp farming, which the bill leaves fully under the purview of the Minnesota Department of Agriculture’s industrial hemp program and the existing requirements of [Minnesota Statutes Chapter 18K](#).
- The bill does create licensing requirements for manufacturing and retailing hemp-derived THC edible products; however, these licensing requirements are significantly less stringent than those imposed on higher-potency THC products derived from marijuana and allow for hemp-derived THC edible products to continue to be sold in restaurants, bars, taprooms, grocery stores, and other retail establishments where marijuana-derived products will be prohibited.
- By creating separate licensing categories and requirements for hemp-derived products, the bill protects the ability of businesses manufacturing, distributing, and selling these products to maintain their eligibility to deduct their business expenses under Section 280E of the federal tax code.

False Claim: The bill violates the dormant commerce clause and unfairly restricts the ability of Minnesota hemp businesses to move hemp across state lines.

Truth: The bill does not impose any restrictions on the interstate movement or commerce of hemp or hemp products *except* in the case of hemp-derived ingredients or finished hemp-derived products that are intended to be consumed as edible products. This is not a violation of the dormant commerce clause because hemp-derived ingredients are not approved as food ingredients by the U.S. Food and Drug Administration and, as such, are not federally legally for that use. Restricting the importation of hemp-derived ingredients or finished hemp-derived products that are intended to be consumed as edible products protects Minnesota hemp farmers and product manufacturers by reducing the amount of out-of-state hemp-derived products that will be dumped into Minnesota, which remains the most robust and open market for these products in the nation.

False Claim: The bill shuts down sales of hemp-derived products, including full-spectrum CBD oil, on July 1, 2023 until the new regulatory agency and rules are set up.

Truth: These are issues with the current drafting of the bill that the authors have acknowledged and have prepared amendment language to correct.

False Claim: The bill prohibits hemp businesses from vertically integrating.

Truth: There is nothing in the bill that prohibits hemp businesses from vertically integrating.

False Claim: The bill prohibits hemp businesses from expanding into the adult-use market.

Truth: There is nothing in the bill that prohibits hemp businesses from expanding into the adult-use market so long as the business applies for and is awarded an adult-use license.

Although there is work yet to be done, we are confident that with continued conversation and collaboration, we can address final changes that should be made to the bill. We look forward to Minnesota legalizing a comprehensive, fair, and accessible cannabis industry and intend to remain at the table throughout this legislative session and beyond as advocates, business owners, and Minnesotans who believe our state can advance the best cannabis bill in the country.