

146.1 (1) a description of all rules adopted that relate to traffic and transportation laws and
 146.2 cannabis transporter licensing and operations;

146.3 (2) recommendations on changes to statutes that would codify the rules; and

146.4 (3) recommendations on how to improve any aspects of this act. The recommendations
 146.5 must be developed in consultation with the commissioner of transportation, the commissioner
 146.6 of public safety, the colonel of the State Patrol, and the director of the Office of Traffic
 146.7 Safety in the Department of Public Safety.

146.8 **Sec. 76. TRANSPORTER LICENSE ESTABLISHMENT.**

146.9 When establishing the process for issuing transporter licenses and the requirements for
 146.10 obtaining a transporter license, the Office of Cannabis Management must consult with the
 146.11 Commissioner of Transportation about best practices for issuing licenses.

146.12 **Sec. 77. INITIAL APPOINTMENTS; FIRST TERMS; FIRST MEETING FOR THE**
 146.13 **CANNABIS ADVISORY COUNCIL.**

146.14 Subdivision 1. **Appointments; first terms.** Appointing authorities must make the first
 146.15 appointments to the Cannabis Advisory Council under Minnesota Statutes, section 342.03,
 146.16 by August 1, 2023. The members appointed under Minnesota Statutes, section 342.03,
 146.17 subdivision 1, paragraph (a), clauses (14) to (26) and (38), items (i) to (vi), shall serve terms
 146.18 coterminous with the governor. The members appointed under Minnesota Statutes, section
 146.19 342.03, subdivision 1, paragraph (a), clauses (27) to (37) and (38), items (vii) to (xi), shall
 146.20 serve terms that conclude the year after the end of a governor's term.

146.21 Subd. 2. **First meeting.** The director of the Office of Cannabis Management shall convene
 146.22 the first meeting of the Cannabis Advisory Council by September 15, 2023.

146.23 **Sec. 78. EFFECTIVE DATE.**

146.24 Except as otherwise provided, each section of this article is effective July 1, 2023.

146.25 **ARTICLE 2**

146.26 **TAXES**

146.27 **Section 1.** Minnesota Statutes 2022, section 273.13, subdivision 24, is amended to read:

146.28 **Subd. 24. Class 3.** Commercial and industrial property and utility real and personal
 146.29 property is class 3a.

147.1 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility real
147.2 property has a classification rate of 1.5 percent of the first tier of market value, and 2.0
147.3 percent of the remaining market value. In the case of contiguous parcels of property owned
147.4 by the same person or entity, only the value equal to the first-tier value of the contiguous
147.5 parcels qualifies for the reduced classification rate, except that contiguous parcels owned
147.6 by the same person or entity shall be eligible for the first-tier value classification rate on
147.7 each separate business operated by the owner of the property, provided the business is
147.8 housed in a separate structure. For the purposes of this subdivision, the first tier means the
147.9 first \$150,000 of market value. Real property owned in fee by a utility for transmission line
147.10 right-of-way shall be classified at the classification rate for the higher tier.

147.11 For purposes of this subdivision, parcels are considered to be contiguous even if they
147.12 are separated from each other by a road, street, waterway, or other similar intervening type
147.13 of property. Connections between parcels that consist of power lines or pipelines do not
147.14 cause the parcels to be contiguous. Property owners who have contiguous parcels of property
147.15 that constitute separate businesses that may qualify for the first-tier classification rate shall
147.16 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

147.17 (2) All personal property that is: (i) part of an electric generation, transmission, or
147.18 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,
147.19 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad
147.20 operating property has a classification rate as provided under clause (1) for the first tier of
147.21 market value and the remaining market value. In the case of multiple parcels in one county
147.22 that are owned by one person or entity, only one first tier amount is eligible for the reduced
147.23 rate.

147.24 (3) The entire market value of personal property that is: (i) tools, implements, and
147.25 machinery of an electric generation, transmission, or distribution system; (ii) tools,
147.26 implements, and machinery of a pipeline system transporting or distributing water, gas,
147.27 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of
147.28 steam or hot or chilled water for heating or cooling buildings, has a classification rate as
147.29 provided under clause (1) for the remaining market value in excess of the first tier.

147.30 (4) Property used for raising, cultivating, processing, or storing cannabis plants, cannabis
147.31 flower, or cannabinoid products for sale has a classification rate as provided under clause
147.32 (1) for the first tier of market value and the remaining market value. As used in this
147.33 paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 19;
147.34 "cannabis flower" has the meaning given in section 342.01, subdivision 16; "cannabis

148.1 product" has the meaning given in section 342.01, subdivision 12; and "lower-potency hemp
148.2 edible" has the meaning given in section 342.01, subdivision 49.

148.3 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
148.4 in 2024 and thereafter.

148.5 Sec. 2. Minnesota Statutes 2022, section 275.025, subdivision 2, is amended to read:

148.6 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
148.7 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified
148.8 as class 3 or class 5(1) under section 273.13, excluding:

148.9 (1) the tax capacity attributable to the first \$150,000 of market value of each parcel of
148.10 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)
148.11 ~~and~~, (2), and (4);

148.12 (2) electric generation attached machinery under class 3; and

148.13 (3) property described in section 473.625.

148.14 County commercial-industrial tax capacity amounts are not adjusted for the captured
148.15 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
148.16 the net tax capacity of transmission lines deducted from a local government's total net tax
148.17 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
148.18 capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures
148.19 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
148.20 (2), shall apply in determining the portion of a property eligible to be considered within the
148.21 first \$150,000 of market value.

148.22 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
148.23 in 2024 and thereafter.

148.24 Sec. 3. **[289A.33] FILING REQUIREMENTS AND DUE DATES; SPECIAL RULES.**

148.25 A cannabis business as defined by section 342.01, subdivision 14, required to collect
148.26 and remit the taxes imposed under section 295.81 or chapters 290 and 297A is not subject
148.27 to the electronic remittance requirements imposed by this chapter. A cannabis business must
148.28 file returns and remit taxes lawfully due in the form and manner prescribed by the
148.29 commissioner of revenue.

148.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

149.1 Sec. 4. Minnesota Statutes 2022, section 290.0132, subdivision 29, is amended to read:

149.2 Subd. 29. **Disallowed section 280E expenses; ~~medical cannabis manufacturers~~**
149.3 **licensees.** The amount of expenses of a medical cannabis ~~manufacturer~~ business, as defined
149.4 under section ~~152.22, subdivision 7~~ 342.01, subdivision 52, related to the business of medical
149.5 cannabis under sections ~~152.21 to 152.37~~ 342.47 to 347.59, or a license holder under chapter
149.6 342, related to the business of nonmedical cannabis under that chapter, and not allowed for
149.7 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

149.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
149.9 31, 2022.

149.10 Sec. 5. Minnesota Statutes 2022, section 290.0134, subdivision 19, is amended to read:

149.11 Subd. 19. **Disallowed section 280E expenses; ~~medical cannabis manufacturers~~**
149.12 **licensees.** The amount of expenses of a medical cannabis ~~manufacturer~~ business, as defined
149.13 under section ~~152.22, subdivision 7~~ 342.01, subdivision 48, related to the business of medical
149.14 cannabis under sections ~~152.21 to 152.37~~ 342.42 to 342.56, or a license holder under chapter
149.15 342, related to the business of nonmedical cannabis under that chapter, and not allowed for
149.16 federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

149.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
149.18 31, 2022.

149.19 Sec. 6. **[295.81] ADULT-USE CANNABIS FLOWER AND ADULT-USE**
149.20 **CANNABINOID PRODUCTS GROSS RECEIPTS TAX.**

149.21 **Subdivision 1. Definitions.** (a) For purposes of this section, the following terms have
149.22 the meanings given.

149.23 (b) "Adult-use cannabis flower" has the meaning given in section 342.01, subdivision
149.24 4.

149.25 (c) "Adult-use cannabis product" has the meaning given in section 342.01, subdivision
149.26 2, and includes adult-use cannabis concentrate as defined in section 342.01, subdivision 3.

149.27 (d) "Adult-use cannabis solution product" means any cartridge, bottle, or other package
149.28 that contains adult-use cannabis flower or an adult-use cannabinoid product in a solution
149.29 that is consumed or meant to be consumed through the use of a heating element, power
149.30 source, electronic circuit, or other electronic, chemical, or mechanical means that produces
149.31 vapor or aerosol. An adult-use cannabis solution product includes any electronic adult-use
149.32 cannabis concentrate delivery system, electronic vaping device, electronic vape pen,

150.1 electronic oral device, electronic delivery device, or similar product or device, and any
150.2 batteries, heating elements, or other components, parts, or accessories sold with and meant
150.3 to be used in the consumption of a solution containing adult-use cannabis or an adult-use
150.4 cannabis product.

150.5 (e) "Cannabis microbusiness" means a cannabis business licensed under section 342.29.

150.6 (f) "Cannabis retailer" means a retailer that sells adult-use cannabis flower, adult-use
150.7 cannabinoid products, adult-use cannabis solution products, or lower potency edible products.

150.8 Cannabis retailer includes a:

150.9 (1) retailer maintaining a place of business in this state;

150.10 (2) marketplace provider maintaining a place of business in this state, as defined in
150.11 section 297A.66, subdivision 1, paragraph (a);

150.12 (3) retailer not maintaining a place of business in this state; and

150.13 (4) marketplace provider not maintaining a place of business in this state, as defined in
150.14 section 297A.66, subdivision 1, paragraph (b).

150.15 (g) "Commissioner" means the commissioner of revenue.

150.16 (h) "Gross receipts" means the total amount received, in money or by barter or exchange,
150.17 for all adult-use cannabis flower, adult-use cannabinoid products, adult-use cannabis solution
150.18 products, or lower-potency edible product sales at retail as measured by the sales price.

150.19 Gross receipts include but are not limited to delivery charges and packaging costs. Gross
150.20 receipts do not include:

150.21 (1) any taxes imposed directly on the customer that are separately stated on the invoice,
150.22 bill of sale, or similar document given to the purchaser; and

150.23 (2) discounts, including cash, terms, or coupons, that are not reimbursed by a third party
150.24 and that are allowed by the seller and taken by a purchaser on a sale.

150.25 (i) "Lower-potency hemp edible" has the meaning given in section 342.01, subdivision
150.26 45.

150.27 (j) "On-site sale" means the sale of adult-use cannabis or adult-use cannabinoid products
150.28 for consumption on the premises of a cannabis microbusiness or the sale of lower potency
150.29 edible products for consumption on the premises of a lower-potency edible product retailer.

150.30 (k) "Retail sale" has the meaning given in section 297A.61, subdivision 4.

151.1 Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to eight percent of gross receipts
151.2 from retail and on-site sales in Minnesota of adult-use cannabis flower, adult-use cannabinoid
151.3 products, adult-use cannabis solution products, and lower potency edible products is imposed
151.4 on any cannabis retailer, cannabis microbusiness, or lower-potency hemp edible retailer
151.5 that sells these products to customers. A cannabis retailer, cannabis microbusiness, or
151.6 lower-potency hemp edible retailer may but is not required to collect the tax imposed by
151.7 this section from the purchaser as long as the tax is separately stated on the receipt, invoice,
151.8 bill of sale, or similar document given to the purchaser.

151.9 (b) If a product subject to the tax imposed by this section is bundled in a single transaction
151.10 with a product or service that is not subject to the tax imposed by this section, the entire
151.11 sales price of the transaction is subject to the tax imposed by this section.

151.12 (c) The tax imposed under this section is in addition to any other tax imposed on the
151.13 sale or use of adult-use cannabis flower, adult-use cannabis products, adult-use cannabis
151.14 solution products, and lower-potency hemp edibles.

151.15 Subd. 3. **Use tax imposed; credit for taxes paid.** (a) A person that receives adult-use
151.16 cannabis flower, adult-use cannabis products, adult-use cannabis solution products, or
151.17 lower-potency hemp edibles for use or storage in Minnesota, other than from a cannabis
151.18 retailer, cannabis microbusiness, or lower-potency hemp edible retailer that paid the tax
151.19 under subdivision 2, is subject to tax at the rate imposed under subdivision 2. Liability for
151.20 the tax is incurred when the person has possession of the adult-use cannabis flower, adult-use
151.21 cannabinoid product, or lower-potency edible product in Minnesota. The tax must be remitted
151.22 to the commissioner in the same manner prescribed for taxes imposed under chapter 297A.

151.23 (b) A person that has paid taxes to another state or any subdivision thereof on the same
151.24 transaction and is subject to tax under this section is entitled to a credit for the tax legally
151.25 due and paid to another state or subdivision thereof to the extent of the lesser of (1) the tax
151.26 actually paid to the other state or subdivision thereof, or (2) the amount of tax imposed by
151.27 Minnesota on the transaction subject to tax in the other state or subdivision thereof.

151.28 Subd. 4. **Exemptions.** (a) The use tax imposed under subdivision 2, paragraph (b), does
151.29 not apply to the possession, use, or storage of adult-use cannabis flower, adult-use cannabis
151.30 products, adult-use cannabis solution products, or lower-potency hemp edibles if (1) the
151.31 adult-use cannabis flower, adult-use cannabis products, adult-use cannabis solution products,
151.32 or lower-potency hemp edibles have an aggregate cost in any calendar month to the customer
151.33 of \$100 or less, and (2) the adult-use cannabis flower, adult-use cannabinoid products,

152.1 adult-use cannabis solution products, or lower potency edible products were carried into
152.2 this state by the customer.

152.3 (b) The tax imposed under this section does not apply to sales of medical cannabis flower
152.4 and medical cannabinoid products purchased by or for the patients enrolled in the registry
152.5 program.

152.6 (c) Unless otherwise specified in this section, the exemptions applicable to taxes imposed
152.7 under chapter 297A are not applicable to the taxes imposed under this section.

152.8 Subd. 5. **Tax collection required.** A cannabis retailer, cannabis microbusiness, or lower
152.9 potency edible retailer with nexus in Minnesota, who is not subject to tax under subdivision
152.10 2, is required to collect the tax imposed under subdivision 3 from the purchaser of the
152.11 adult-use cannabis flower, adult-use cannabinoid product, adult-use cannabis solution
152.12 product, or lower-potency edible product and give the purchaser a receipt for the tax paid.
152.13 The tax collected must be remitted to the commissioner in the same manner prescribed for
152.14 the taxes imposed under chapter 297A.

152.15 Subd. 6. **Taxes paid to another state or any subdivision thereof; credit.** A cannabis
152.16 retailer, cannabis microbusiness, or lower potency edible retailer that has paid taxes to
152.17 another state or any subdivision thereof measured by gross receipts and is subject to tax
152.18 under this section on the same gross receipts is entitled to a credit for the tax legally due
152.19 and paid to another state or any subdivision thereof to the extent of the lesser of (1) the tax
152.20 actually paid to the other state or any subdivision thereof, or (2) the amount of tax imposed
152.21 by Minnesota on the gross receipts subject to tax in the other taxing state or any subdivision
152.22 thereof.

152.23 Subd. 7. **Sourcing of sales.** Section 297A.668 applies to the taxes imposed by this
152.24 section.

152.25 Subd. 8. **Administration.** Unless specifically provided otherwise, the audit, assessment,
152.26 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative
152.27 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
152.28 297A, except the requirement to file returns and remit taxes due electronically, apply to the
152.29 tax imposed under this section.

152.30 Subd. 9. **Returns; payment of tax.** (a) A cannabis retailer, cannabis microbusiness, or
152.31 lower-potency edible product retailer must report the tax on a return prescribed by the
152.32 commissioner and must remit the tax in a form and manner prescribed by the commissioner.
152.33 The return and the tax must be filed and paid using the filing cycle and due dates provided
152.34 for taxes imposed under section 289A.20, subdivision 4, and chapter 297A.

153.1 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
 153.2 the date of payment of the tax until the date the refund is paid or credited. For purposes of
 153.3 this subdivision, the date of payment is the due date of the return or the date of actual
 153.4 payment of the tax, whichever is later.

153.5 Subd. 10. **Deposit of revenues.** The commissioner must deposit all revenues, including
 153.6 penalties and interest, derived from the tax imposed by this section in the general fund.

153.7 Subd. 11. **Personal debt.** The tax imposed by this section, and interest and penalties
 153.8 imposed with respect to it, are a personal debt of the person required to file a return from
 153.9 the time that the liability for it arises, irrespective of when the time for payment of the
 153.10 liability occurs. The debt must, in the case of the executor or administrator of the estate of
 153.11 a decedent and in the case of a fiduciary, be that of the person in the person's official or
 153.12 fiduciary capacity only, unless the person has voluntarily distributed the assets held in that
 153.13 capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which
 153.14 event the person is personally liable for any deficiency.

153.15 **EFFECTIVE DATE.** This section is effective for gross receipts received after December
 153.16 31, 2023.

153.17 Sec. 7. Minnesota Statutes 2022, section 297A.61, subdivision 3, is amended to read:

153.18 **Subd. 3. Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
 153.19 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
 153.20 the terms "tangible personal property" and "retail sale" include the taxable services listed
 153.21 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
 153.22 services, unless specifically provided otherwise. Services performed by an employee for
 153.23 an employer are not taxable. Services performed by a partnership or association for another
 153.24 partnership or association are not taxable if one of the entities owns or controls more than
 153.25 80 percent of the voting power of the equity interest in the other entity. Services performed
 153.26 between members of an affiliated group of corporations are not taxable. For purposes of
 153.27 the preceding sentence, "affiliated group of corporations" means those entities that would
 153.28 be classified as members of an affiliated group as defined under United States Code, title
 153.29 26, section 1504, disregarding the exclusions in section 1504(b).

153.30 (b) Sale and purchase include:

153.31 (1) any transfer of title or possession, or both, of tangible personal property, whether
 153.32 absolutely or conditionally, for a consideration in money or by exchange or barter; and

154.1 (2) the leasing of or the granting of a license to use or consume, for a consideration in
154.2 money or by exchange or barter, tangible personal property, other than a manufactured
154.3 home used for residential purposes for a continuous period of 30 days or more.

154.4 (c) Sale and purchase include the production, fabrication, printing, or processing of
154.5 tangible personal property for a consideration for consumers who furnish either directly or
154.6 indirectly the materials used in the production, fabrication, printing, or processing.

154.7 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
154.8 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

154.9 (1) prepared food sold by the retailer;

154.10 (2) soft drinks;

154.11 (3) candy; and

154.12 (4) dietary supplements.

154.13 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,
154.14 water, or steam for use or consumption within this state.

154.15 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer
154.16 software whether delivered electronically, by load and leave, or otherwise.

154.17 (g) A sale and a purchase includes the furnishing for a consideration of the following
154.18 services:

154.19 (1) the privilege of admission to places of amusement, recreational areas, or athletic
154.20 events, and the making available of amusement devices, tanning facilities, reducing salons,
154.21 steam baths, health clubs, and spas or athletic facilities;

154.22 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,
154.23 or trailer camp, including furnishing the guest of the facility with access to telecommunication
154.24 services, and the granting of any similar license to use real property in a specific facility,
154.25 other than the renting or leasing of it for a continuous period of 30 days or more under an
154.26 enforceable written agreement that may not be terminated without prior notice and including
154.27 accommodations intermediary services provided in connection with other services provided
154.28 under this clause;

154.29 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic
154.30 basis, except for parking at a meter;

154.31 (4) the granting of membership in a club, association, or other organization if:

155.1 (i) the club, association, or other organization makes available for the use of its members
155.2 sports and athletic facilities, without regard to whether a separate charge is assessed for use
155.3 of the facilities; and

155.4 (ii) use of the sports and athletic facility is not made available to the general public on
155.5 the same basis as it is made available to members.

155.6 Granting of membership means both onetime initiation fees and periodic membership dues.
155.7 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash
155.8 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming
155.9 pools; and other similar athletic or sports facilities;

155.10 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
155.11 material used in road construction; and delivery of concrete block by a third party if the
155.12 delivery would be subject to the sales tax if provided by the seller of the concrete block.
155.13 For purposes of this clause, "road construction" means construction of:

155.14 (i) public roads;

155.15 (ii) cartways; and

155.16 (iii) private roads in townships located outside of the seven-county metropolitan area
155.17 up to the point of the emergency response location sign; and

155.18 (6) services as provided in this clause:

155.19 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
155.20 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
155.21 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
155.22 include services provided by coin operated facilities operated by the customer;

155.23 (ii) motor vehicle washing, waxing, and cleaning services, including services provided
155.24 by coin operated facilities operated by the customer, and rustproofing, undercoating, and
155.25 towing of motor vehicles;

155.26 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
155.27 control and exterminating services;

155.28 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
155.29 services performed within the jurisdiction they serve by off-duty licensed peace officers as
155.30 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
155.31 or any organization at the direction of a county for monitoring and electronic surveillance

156.1 of persons placed on in-home detention pursuant to court order or under the direction of the
156.2 Minnesota Department of Corrections;

156.3 (v) pet grooming services;

156.4 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
156.5 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant
156.6 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing
156.7 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility
156.8 lines. Services performed under a construction contract for the installation of shrubbery,
156.9 plants, sod, trees, bushes, and similar items are not taxable;

156.10 (vii) massages, except when provided by a licensed health care facility or professional
156.11 or upon written referral from a licensed health care facility or professional for treatment of
156.12 illness, injury, or disease; and

156.13 (viii) the furnishing of lodging, board, and care services for animals in kennels and other
156.14 similar arrangements, but excluding veterinary and horse boarding services.

156.15 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal
156.16 property or taxable services by the United States or any of its agencies or instrumentalities,
156.17 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

156.18 (i) A sale and a purchase includes the furnishing for a consideration of
156.19 telecommunications services, ancillary services associated with telecommunication services,
156.20 and pay television services. Telecommunication services include, but are not limited to, the
156.21 following services, as defined in section 297A.669: air-to-ground radiotelephone service,
156.22 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid
156.23 wireless calling service, and private communication services. The services in this paragraph
156.24 are taxed to the extent allowed under federal law.

156.25 (j) A sale and a purchase includes the furnishing for a consideration of installation if the
156.26 installation charges would be subject to the sales tax if the installation were provided by
156.27 the seller of the item being installed.

156.28 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a
156.29 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor
156.30 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,
156.31 subdivision 11.

156.32 (l) A sale and a purchase includes furnishing for a consideration of specified digital
156.33 products or other digital products or granting the right for a consideration to use specified

157.1 digital products or other digital products on a temporary or permanent basis and regardless
157.2 of whether the purchaser is required to make continued payments for such right. Wherever
157.3 the term "tangible personal property" is used in this chapter, other than in subdivisions 10
157.4 and 38, the provisions also apply to specified digital products, or other digital products,
157.5 unless specifically provided otherwise or the context indicates otherwise.

157.6 (m) The sale of the privilege of admission under section 297A.61, subdivision 3,
157.7 paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event
157.8 includes all charges included in the privilege of admission's sales price, without deduction
157.9 for amenities that may be provided, unless the amenities are separately stated and the
157.10 purchaser of the privilege of admission is entitled to add or decline the amenities, and the
157.11 amenities are not otherwise taxable.

157.12 (n) A sale and purchase includes the sale and purchase of adult-use cannabis flower,
157.13 adult-use cannabinoid products, adult-use cannabis solution products, and any lower dosage
157.14 edible cannabinoid products. For purposes of this paragraph, "adult-use cannabis" has the
157.15 meaning given in section 342.01, subdivision 3; "adult-use cannabis product" has the meaning
157.16 given in section 342.01, subdivision 5; "adult-use cannabis solution product" has the meaning
157.17 given in section 295.81, subdivision 1, paragraph (d); and "lower-potency edible product"
157.18 has the meaning given in section 342.01, subdivision 45.

157.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
157.20 December 31, 2023.

157.21 Sec. 8. Minnesota Statutes 2022, section 297A.67, subdivision 2, is amended to read:

157.22 Subd. 2. **Food and food ingredients.** Except as otherwise provided in this subdivision,
157.23 food and food ingredients are exempt. For purposes of this subdivision, "food" and "food
157.24 ingredients" mean substances, whether in liquid, concentrated, solid, frozen, dried, or
157.25 dehydrated form, that are sold for ingestion or chewing by humans and are consumed for
157.26 their taste or nutritional value. Food and food ingredients exempt under this subdivision do
157.27 not include candy, soft drinks, dietary supplements, and prepared foods. Food and food
157.28 ingredients do not include alcoholic beverages and tobacco. Food and food ingredients do
157.29 not include adult-use cannabis flower, adult-use cannabis products, adult-use cannabis
157.30 solution products, lower-potency hemp edibles, medical cannabis flower, and medical
157.31 cannabinoid products. As used in this paragraph, "adult-use cannabis flower" has the meaning
157.32 given in section 342.01, subdivision 4; "adult-use cannabinoid product" has the meaning
157.33 given in section 342.01, subdivision 2; "adult-use cannabis solution product" has the meaning
157.34 given in section 295.81, subdivision 1, paragraph (d); "lower-potency hemp edible" has the

158.1 meaning given in section 342.01, subdivision 49; "medical cannabis flower" has the meaning
158.2 given in section 342.01, subdivision 53; and "medical cannabinoid product" has the meaning
158.3 given in section 342.01, subdivision 51. For purposes of this subdivision, "alcoholic
158.4 beverages" means beverages that are suitable for human consumption and contain one-half
158.5 of one percent or more of alcohol by volume. For purposes of this subdivision, "tobacco"
158.6 means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.
158.7 For purposes of this subdivision, "dietary supplements" means any product, other than
158.8 tobacco, intended to supplement the diet that:

158.9 (1) contains one or more of the following dietary ingredients:

158.10 (i) a vitamin;

158.11 (ii) a mineral;

158.12 (iii) an herb or other botanical;

158.13 (iv) an amino acid;

158.14 (v) a dietary substance for use by humans to supplement the diet by increasing the total
158.15 dietary intake; and

158.16 (vi) a concentrate, metabolite, constituent, extract, or combination of any ingredient
158.17 described in items (i) to (v);

158.18 (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form,
158.19 or if not intended for ingestion in such form, is not represented as conventional food and is
158.20 not represented for use as a sole item of a meal or of the diet; and

158.21 (3) is required to be labeled as a dietary supplement, identifiable by the supplement facts
158.22 box found on the label and as required pursuant to Code of Federal Regulations, title 21,
158.23 section 101.36.

158.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
158.25 December 31, 2023.

158.26 Sec. 9. Minnesota Statutes 2022, section 297A.67, subdivision 7, is amended to read:

158.27 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices
158.28 for human use are exempt:

158.29 (1) drugs, including over-the-counter drugs;

158.30 (2) single-use finger-pricking devices for the extraction of blood and other single-use
158.31 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

- 159.1 (3) insulin and medical oxygen for human use, regardless of whether prescribed or sold
159.2 over the counter;
- 159.3 (4) prosthetic devices;
- 159.4 (5) durable medical equipment for home use only;
- 159.5 (6) mobility enhancing equipment;
- 159.6 (7) prescription corrective eyeglasses; and
- 159.7 (8) kidney dialysis equipment, including repair and replacement parts.
- 159.8 (b) Items purchased in transactions covered by:
- 159.9 (1) Medicare as defined under title XVIII of the Social Security Act, United States Code,
159.10 title 42, section 1395, et seq.; or
- 159.11 (2) Medicaid as defined under title XIX of the Social Security Act, United States Code,
159.12 title 42, section 1396, et seq.
- 159.13 (c) For purposes of this subdivision:
- 159.14 (1) "Drug" means a compound, substance, or preparation, and any component of a
159.15 compound, substance, or preparation, other than food and food ingredients, dietary
159.16 supplements, adult-use cannabis, adult-use cannabis products, adult-use cannabis solution
159.17 products, lower-potency hemp edibles, or alcoholic beverages that is:
- 159.18 (i) recognized in the official United States Pharmacopoeia, official Homeopathic
159.19 Pharmacopoeia of the United States, or official National Formulary, and supplement to any
159.20 of them;
- 159.21 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease;
159.22 or
- 159.23 (iii) intended to affect the structure or any function of the body.
- 159.24 (2) "Durable medical equipment" means equipment, including repair and replacement
159.25 parts, including single-patient use items, but not including mobility enhancing equipment,
159.26 that:
- 159.27 (i) can withstand repeated use;
- 159.28 (ii) is primarily and customarily used to serve a medical purpose;
- 159.29 (iii) generally is not useful to a person in the absence of illness or injury; and
- 159.30 (iv) is not worn in or on the body.

160.1 For purposes of this clause, "repair and replacement parts" includes all components or
160.2 attachments used in conjunction with the durable medical equipment, including repair and
160.3 replacement parts which are for single patient use only.

160.4 (3) "Mobility enhancing equipment" means equipment, including repair and replacement
160.5 parts, but not including durable medical equipment, that:

160.6 (i) is primarily and customarily used to provide or increase the ability to move from one
160.7 place to another and that is appropriate for use either in a home or a motor vehicle;

160.8 (ii) is not generally used by persons with normal mobility; and

160.9 (iii) does not include any motor vehicle or equipment on a motor vehicle normally
160.10 provided by a motor vehicle manufacturer.

160.11 (4) "Over-the-counter drug" means a drug that contains a label that identifies the product
160.12 as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label
160.13 must include a "drug facts" panel or a statement of the active ingredients with a list of those
160.14 ingredients contained in the compound, substance, or preparation. Over-the-counter drugs
160.15 do not include grooming and hygiene products, regardless of whether they otherwise meet
160.16 the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo,
160.17 toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

160.18 (5) "Prescribed" and "prescription" means a direction in the form of an order, formula,
160.19 or recipe issued in any form of oral, written, electronic, or other means of transmission by
160.20 a duly licensed health care professional.

160.21 (6) "Prosthetic device" means a replacement, corrective, or supportive device, including
160.22 repair and replacement parts, worn on or in the body to:

160.23 (i) ~~artificially~~ synthetically replace a missing portion of the body;

160.24 (ii) prevent or correct physical deformity or malfunction; or

160.25 (iii) support a weak or deformed portion of the body.

160.26 Prosthetic device does not include corrective eyeglasses.

160.27 (7) "Kidney dialysis equipment" means equipment that:

160.28 (i) is used to remove waste products that build up in the blood when the kidneys are not
160.29 able to do so on their own; and

160.30 (ii) can withstand repeated use, including multiple use by a single patient, notwithstanding
160.31 the provisions of clause (2).

161.1 (8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the
161.2 item purchased in the transaction is paid for or reimbursed by the federal government or
161.3 the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance
161.4 company administering the Medicare or Medicaid program on behalf of the federal
161.5 government or the state of Minnesota, or by a managed care organization for the benefit of
161.6 a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional
161.7 Medicare or Medicaid coverage pursuant to agreement with the federal government or the
161.8 state of Minnesota.

161.9 (9) For the purposes of this subdivision, "adult-use cannabis flower" has the meaning
161.10 given in section 342.01, subdivision 4; "adult-use cannabis product" has the meaning given
161.11 in section 342.01, subdivision 2; "adult-use cannabis solution product" has the meaning
161.12 given in section 295.81, subdivision 1, paragraph (d); and "lower-potency hemp edible" has
161.13 the meaning given in section 342.01, subdivision 49.

161.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
161.15 December 31, 2023.

161.16 Sec. 10. Minnesota Statutes 2022, section 297A.70, subdivision 2, is amended to read:

161.17 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the
161.18 following governments and political subdivisions, or to the listed agencies or instrumentalities
161.19 of governments and political subdivisions, are exempt:

161.20 (1) the United States and its agencies and instrumentalities;

161.21 (2) school districts, local governments, the University of Minnesota, state universities,
161.22 community colleges, technical colleges, state academies, the Perpich Minnesota Center for
161.23 Arts Education, and an instrumentality of a political subdivision that is accredited as an
161.24 optional/special function school by the North Central Association of Colleges and Schools;

161.25 (3) hospitals and nursing homes owned and operated by political subdivisions of the
161.26 state of tangible personal property and taxable services used at or by hospitals and nursing
161.27 homes;

161.28 (4) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council
161.29 of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt
161.30 through December 31, 2016;

161.31 (5) other states or political subdivisions of other states, if the sale would be exempt from
161.32 taxation if it occurred in that state; and

162.1 (6) public libraries, public library systems, multicounty, multitype library systems as
162.2 defined in section 134.001, county law libraries under chapter 134A, state agency libraries,
162.3 the state library under section 480.09, and the Legislative Reference Library.

162.4 (b) This exemption does not apply to the sales of the following products and services:

162.5 (1) building, construction, or reconstruction materials purchased by a contractor or a
162.6 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
162.7 maximum price covering both labor and materials for use in the construction, alteration, or
162.8 repair of a building or facility;

162.9 (2) construction materials purchased by tax exempt entities or their contractors to be
162.10 used in constructing buildings or facilities which will not be used principally by the tax
162.11 exempt entities;

162.12 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except
162.13 for leases entered into by the United States or its agencies or instrumentalities;

162.14 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
162.15 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
162.16 subdivision 2; adult-use cannabis flower as defined in section 342.01, subdivision 4;
162.17 adult-use cannabis products as defined in section 342.01, subdivision 2; adult-use cannabis
162.18 solution products as defined in section 295.81, subdivision 1; and lower-potency hemp
162.19 edibles as defined in section 342.01, subdivision 49, except for lodging, prepared food,
162.20 candy, soft drinks, ~~and~~ alcoholic beverages, adult-use cannabis flower, adult-use cannabinoid
162.21 products, adult-use cannabis solution products, and lower-potency edible products purchased
162.22 directly by the United States or its agencies or instrumentalities; or

162.23 (5) goods or services purchased by a local government as inputs to a liquor store, gas
162.24 or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf
162.25 course, marina, campground, cafe, or laundromat.

162.26 (c) As used in this subdivision, "school districts" means public school entities and districts
162.27 of every kind and nature organized under the laws of the state of Minnesota, and any
162.28 instrumentality of a school district, as defined in section 471.59.

162.29 (d) For purposes of the exemption granted under this subdivision, "local governments"
162.30 has the following meaning:

162.31 (1) for the period prior to January 1, 2017, local governments means statutory or home
162.32 rule charter cities, counties, and townships; and

163.1 (2) beginning January 1, 2017, local governments means statutory or home rule charter
163.2 cities, counties, and townships; special districts as defined under section 6.465; any
163.3 instrumentality of a statutory or home rule charter city, county, or township as defined in
163.4 section 471.59; and any joint powers board or organization created under section 471.59.

163.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
163.6 30, 2023.

163.7 Sec. 11. Minnesota Statutes 2022, section 297A.70, subdivision 18, is amended to read:

163.8 **Subd. 18. Nursing homes and boarding care homes.** (a) All sales, except those listed
163.9 in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home
163.10 certified as a nursing facility under title 19 of the Social Security Act are exempt if the
163.11 facility:

163.12 (1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal
163.13 Revenue Code; and

163.14 (2) is certified to participate in the medical assistance program under title 19 of the Social
163.15 Security Act, or certifies to the commissioner that it does not discharge residents due to the
163.16 inability to pay.

163.17 (b) This exemption does not apply to the following sales:

163.18 (1) building, construction, or reconstruction materials purchased by a contractor or a
163.19 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
163.20 maximum price covering both labor and materials for use in the construction, alteration, or
163.21 repair of a building or facility;

163.22 (2) construction materials purchased by tax-exempt entities or their contractors to be
163.23 used in constructing buildings or facilities that will not be used principally by the tax-exempt
163.24 entities;

163.25 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
163.26 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
163.27 subdivision 2; adult-use cannabis as defined in section 342.01, subdivision 3; adult-use
163.28 cannabis products as defined in section 342.01, subdivision 2; adult-use cannabis solution
163.29 products as defined in section 295.81, subdivision 1; and lower-potency hemp edibles as
163.30 defined in section 342.01, subdivision 49; and

163.31 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
163.32 provided in paragraph (c).

164.1 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
 164.2 subdivision 11, only if the vehicle is:

164.3 (1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a
 164.4 passenger automobile, as defined in section 168.002, if the automobile is designed and used
 164.5 for carrying more than nine persons including the driver; and

164.6 (2) intended to be used primarily to transport tangible personal property or residents of
 164.7 the nursing home or boarding care home.

164.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 164.9 30, 2023.

164.10 Sec. 12. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision
 164.11 to read:

164.12 **Subd. 4a. Adult-use cannabis local tax prohibited.** A political subdivision of this state
 164.13 is prohibited from imposing a tax under this section solely on the sale of adult-use cannabis
 164.14 flower, adult-use cannabinoid products, adult-use cannabis solution products, or lower
 164.15 potency edible products.

164.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

164.17 Sec. 13. Minnesota Statutes 2022, section 297D.01, is amended to read:

164.18 **297D.01 DEFINITIONS.**

164.19 Subdivision 1. ~~Marijuana~~ **Illegal cannabis.** ~~"Marijuana"~~ "Illegal cannabis" means any
 164.20 ~~marijuana~~ cannabis product as defined in section 342.01, subdivision 2; cannabis plant as
 164.21 defined in section 342.01, subdivision 19; cannabis flower as defined in section 342.01,
 164.22 subdivision 16; or synthetically derived cannabinoid as defined in section 342.01, subdivision
 164.23 67, whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held,
 164.24 possessed, transported, transferred, sold, or offered to be sold in violation of chapter 342
 164.25 or Minnesota criminal laws.

164.26 Subd. 2. **Controlled substance.** "Controlled substance" means any drug or substance,
 164.27 whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed,
 164.28 transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled
 164.29 substance" does not include ~~marijuana~~ illegal cannabis.

164.30 Subd. 3. **Tax obligor or obligor.** "Tax obligor" or "obligor" means a person who in
 164.31 violation of Minnesota law manufactures, produces, ships, transports, or imports into

165.1 Minnesota or in any manner acquires or possesses more than 42-1/2 grams of ~~marijuana~~
165.2 illegal cannabis, or seven or more grams of any controlled substance, or ten or more dosage
165.3 units of any controlled substance which is not sold by weight. A quantity of ~~marijuana~~ illegal
165.4 cannabis or other controlled substance is measured by the weight of the substance whether
165.5 pure or impure or dilute, or by dosage units when the substance is not sold by weight, in
165.6 the tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a
165.7 detectable quantity of pure controlled substance and any excipients or fillers.

165.8 Subd. 4. **Commissioner.** "Commissioner" means the commissioner of revenue.

165.9 **EFFECTIVE DATE.** This section is effective January 1, 2025.

165.10 Sec. 14. Minnesota Statutes 2022, section 297D.04, is amended to read:

165.11 **297D.04 TAX PAYMENT REQUIRED FOR POSSESSION.**

165.12 No tax obligor may possess any ~~marijuana~~ illegal cannabis or controlled substance upon
165.13 which a tax is imposed by section 297D.08 unless the tax has been paid on the ~~marijuana~~
165.14 illegal cannabis or ~~other~~ a controlled substance as evidenced by a stamp or other official
165.15 indicia.

165.16 **EFFECTIVE DATE.** This section is effective January 1, 2025.

165.17 Sec. 15. Minnesota Statutes 2022, section 297D.06, is amended to read:

165.18 **297D.06 PHARMACEUTICALS.**

165.19 Nothing in this chapter requires persons registered under chapter 151 or otherwise
165.20 lawfully in possession of ~~marijuana~~ illegal cannabis or a controlled substance to pay the tax
165.21 required under this chapter.

165.22 **EFFECTIVE DATE.** This section is effective January 1, 2025.

165.23 Sec. 16. Minnesota Statutes 2022, section 297D.07, is amended to read:

165.24 **297D.07 MEASUREMENT.**

165.25 For the purpose of calculating the tax under section 297D.08, a quantity of ~~marijuana~~
165.26 illegal cannabis or ~~other~~ a controlled substance is measured by the weight of the substance
165.27 whether pure or impure or dilute, or by dosage units when the substance is not sold by
165.28 weight, in the tax obligor's possession. A quantity of a controlled substance is dilute if it
165.29 consists of a detectable quantity of pure controlled substance and any excipients or fillers.

165.30 **EFFECTIVE DATE.** This section is effective January 1, 2025.

166.1 Sec. 17. Minnesota Statutes 2022, section 297D.08, is amended to read:

166.2 **297D.08 TAX RATE.**

166.3 A tax is imposed on ~~marijuana~~ illegal cannabis and controlled substances as defined in
166.4 section 297D.01 at the following rates:

166.5 (1) on each gram of ~~marijuana~~ illegal cannabis, or each portion of a gram, \$3.50; and

166.6 (2) on each gram of controlled substance, or portion of a gram, \$200; or

166.7 (3) on each ten dosage units of a controlled substance that is not sold by weight, or
166.8 portion thereof, \$400.

166.9 **EFFECTIVE DATE.** This section is effective January 1, 2025.

166.10 Sec. 18. Minnesota Statutes 2022, section 297D.085, is amended to read:

166.11 **297D.085 CREDIT FOR PREVIOUSLY PAID TAXES.**

166.12 If another state or local unit of government has previously assessed an excise tax on the
166.13 ~~marijuana~~ illegal cannabis or controlled substances, the taxpayer must pay the difference
166.14 between the tax due under section 297D.08 and the tax previously paid. If the tax previously
166.15 paid to the other state or local unit of government was equal to or greater than the tax due
166.16 under section 297D.08, no tax is due. The burden is on the taxpayer to show that an excise
166.17 tax on the ~~marijuana~~ illegal cannabis or controlled substances has been paid to another state
166.18 or local unit of government.

166.19 **EFFECTIVE DATE.** This section is effective January 1, 2025.

166.20 Sec. 19. Minnesota Statutes 2022, section 297D.09, subdivision 1a, is amended to read:

166.21 Subd. 1a. **Criminal penalty; sale without affixed stamps.** In addition to the tax penalty
166.22 imposed, a tax obligor distributing or possessing ~~marijuana~~ illegal cannabis or controlled
166.23 substances without affixing the appropriate stamps, labels, or other indicia is guilty of a
166.24 crime and, upon conviction, may be sentenced to imprisonment for not more than seven
166.25 years or to payment of a fine of not more than \$14,000, or both.

166.26 **EFFECTIVE DATE.** This section is effective January 1, 2025.

167.1 Sec. 20. Minnesota Statutes 2022, section 297D.10, is amended to read:

167.2 **297D.10 STAMP PRICE.**

167.3 Official stamps, labels, or other indicia to be affixed to all ~~marijuana~~ illegal cannabis or
 167.4 controlled substances shall be purchased from the commissioner. The purchaser shall pay
 167.5 100 percent of face value for each stamp, label, or other indicia at the time of the purchase.

167.6 **EFFECTIVE DATE.** This section is effective January 1, 2025.

167.7 Sec. 21. Minnesota Statutes 2022, section 297D.11, is amended to read:

167.8 **297D.11 PAYMENT DUE.**

167.9 Subdivision 1. **Stamps affixed.** When a tax obligor purchases, acquires, transports, or
 167.10 imports into this state ~~marijuana~~ illegal cannabis or controlled substances on which a tax is
 167.11 imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not
 167.12 already been affixed, the tax obligor shall have them permanently affixed on the ~~marijuana~~
 167.13 illegal cannabis or controlled substance immediately after receiving the substance. Each
 167.14 stamp or other official indicia may be used only once.

167.15 Subd. 2. **Payable on possession.** Taxes imposed upon ~~marijuana~~ illegal cannabis or
 167.16 controlled substances by this chapter are due and payable immediately upon acquisition or
 167.17 possession in this state by a tax obligor.

167.18 **EFFECTIVE DATE.** This section is effective January 1, 2025.

167.19

ARTICLE 3

167.20

BUSINESS DEVELOPMENT

167.21 Section 1. **[116J.659] CANNABIS INDUSTRY STARTUP FINANCING GRANTS.**

167.22 **Subdivision 1. Establishment.** The commissioner of employment and economic
 167.23 development shall establish CanStartup, a program to award grants to nonprofit corporations
 167.24 to fund loans to new businesses in the legal cannabis industry and to support job creation
 167.25 in communities where long-term residents are eligible to be social equity applicants.

167.26 **Subd. 2. Definitions.** (a) For the purposes of this section, the following terms have the
 167.27 meanings given.

167.28 (b) "Commissioner" means the commissioner of employment and economic development.

167.29 (c) "Industry" means the legal cannabis industry in the state of Minnesota.