

1.1 Senator moves to amend the delete-everything amendment (SCH4757A-1)
1.2 to H.F. No. 4757 as follows:

1.3 Page 47, delete section 54

1.4 Page 60, line 1, delete "temporary licenses" and insert "license preapprovals"

1.5 Page 60, line 2, delete "temporary"

1.6 Page 60, line 3, after "license" insert "preapproval"

1.7 Page 61, line 32, delete "25" and insert "19"

1.8 Page 62, line 2, delete "22" and insert "30"

1.9 Page 62, line 5, delete "25" and insert "19"

1.10 Page 62, line 8, delete "22" and insert "30"

1.11 Page 62, after line 8, insert:

1.12 "(g) Of the available license preapprovals listed in paragraph (f), the following number
1.13 of license preapprovals will be available for applicants that notify the office they will apply
1.14 for a medical retail endorsement and intend to serve the medical registry market for at least
1.15 three years:

1.16 (1) cannabis mezzobusiness, six; and

1.17 (2) cannabis retailer, 20.

1.18 Failure to receive a medical retail endorsement or to serve the medical registry market for
1.19 at least three years will result in a revocation of license."

1.20 Page 106, after line 30, insert:

1.21 "Sec. 129. **LICENSE PREAPPROVAL.**

1.22 Subdivision 1. **Establishment.** Prior to the adoption of initial rules pursuant to Minnesota
1.23 Statutes, section 342.02, subdivision 5, the Office of Cannabis Management may issue
1.24 license preapprovals to social equity applicants and local units of government as described
1.25 in this section. For purposes of this section, "office" means the Office of Cannabis
1.26 Management.

1.27 Subd. 2. **Notice.** The office must announce the commencement of a license preapproval
1.28 application period at least 14 days before the date that the office begins accepting
1.29 applications. The announcement must include:

1.30 (1) the types of license preapprovals that are available;

2.1 (2) the number of license preapprovals available by license type;

2.2 (3) the date on which the application period will begin; and

2.3 (4) the date on which the application period will end.

2.4 Subd. 3. **Application requirements.** Only a social equity applicant as described in
2.5 Minnesota Statutes, section 342.17, or a local unit of government is eligible for a license
2.6 preapproval. The office shall not require an applicant to have legal control of a premises to
2.7 operate a cannabis business at the time of the initial application. An applicant for license
2.8 preapproval must complete an initial application according to Minnesota Statutes, section
2.9 342.14, subdivision 1, on a form approved by the office and pay the application fee required
2.10 by Minnesota Statutes, section 342.11, paragraph (b), to the office.

2.11 Subd. 4. **Application review.** (a) The office must accept applications for license
2.12 preapproval for 30 calendar days during the application period. As part of the application
2.13 process, the office must verify the applicant's status as a social equity applicant.

2.14 (b) The office may deny an application that:

2.15 (1) is incomplete;

2.16 (2) contains a materially false statement about the applicant;

2.17 (3) omits material information about the applicant;

2.18 (4) fails to meet the minimum qualifications in Minnesota Statutes, section 342.18,
2.19 subdivision 3, for a license; or

2.20 (5) is not submitted by the application deadline.

2.21 (c) The office may request additional information from an applicant if the office
2.22 determines that the information is necessary to review or process the application. If the
2.23 applicant does not provide the additional requested information within 14 calendar days,
2.24 the office may deny the application.

2.25 (d) The office may not issue a license preapproval in violation of Minnesota Statutes,
2.26 section 342.18, subdivision 2.

2.27 Subd. 5. **Lottery.** (a) If the number of available license preapprovals is less than the
2.28 number of qualified social equity applicants, the office must conduct a lottery. The lottery
2.29 must be impartial, random, and in a format determined by the office. The office shall issue
2.30 no more than the following number of license preapprovals per application period:

2.31 (1) cannabis microbusiness licenses, 100;

- 3.1 (2) cannabis mezzobusiness licenses, 15;
- 3.2 (3) cannabis cultivator licenses, 11;
- 3.3 (4) cannabis manufacturer licenses, six;
- 3.4 (5) cannabis retailer licenses, 50;
- 3.5 (6) cannabis wholesaler licenses, 20;
- 3.6 (7) cannabis transporter licenses, 20;
- 3.7 (8) cannabis testing facility licenses, 25;
- 3.8 (9) cannabis event organizer licenses, ten; and
- 3.9 (10) cannabis delivery service licenses, ten.

3.10 (b) Of the available license preapprovals listed in paragraph (a), the following number
3.11 of license preapprovals will be available for applicants that notify the office they will apply
3.12 for a medical retail endorsement and serve the medical registry market for at least three
3.13 years:

- 3.14 (1) cannabis microbusiness, 20;
- 3.15 (2) cannabis mezzobusiness, three; and
- 3.16 (3) cannabis retailer, ten.

3.17 Failure to receive a medical retail endorsement or to serve the medical registry market for
3.18 at least three years will result in a revocation of license.

3.19 (c) The office shall only issue a license preapproval to a local unit of government if,
3.20 after issuing license preapprovals to social equity applicants, there are remaining license
3.21 preapprovals available. A license preapproval held by a local unit of government must not
3.22 count towards the limited number of licenses issued by a local government unit under
3.23 Minnesota Statutes, section 342.13.

3.24 (d) The office must retain applications not selected for a license preapproval and include
3.25 them in subsequent lotteries for one year unless the applicant requests to be removed from
3.26 consideration or, if the applicant is a business entity, any cooperative member or director,
3.27 manager, or general partner of the business entity that has violated this chapter.

3.28 Subd. 6. **Preapproval authority and restrictions.** (a) Once the office issues a license
3.29 preapproval to an applicant, the license preapproval is effective for 18 months after the date
3.30 of issuance or until it is converted to a full license, whichever is shorter. The holder of a

4.1 license preapproval may take the necessary steps to prepare for business operations,
4.2 including:

4.3 (1) establishing legal control of the site of the cannabis business;

4.4 (2) gaining zoning or planning approval for the site of the cannabis business from a local
4.5 unit of government; and

4.6 (3) raising capital for the license holder's business operations.

4.7 (b) The holder of a license preapproval shall not:

4.8 (1) engage in purchasing, possessing, cultivating, manufacturing, or selling cannabis or
4.9 cannabis products;

4.10 (2) grow, process, distribute, dispense, or otherwise handle cannabis;

4.11 (3) make any change or transfer of ownership or control that would require a new business
4.12 registration with the secretary of state; or

4.13 (4) make any transfer of ownership interest that causes the holder of the license
4.14 preapproval to no longer qualify as a social equity applicant as defined in Minnesota Statutes,
4.15 section 342.17.

4.16 Subd. 7. **Conversion to a full license.** The office must convert a license preapproval
4.17 into a full license at no cost to the applicant after the office adopts initial rules pursuant to
4.18 Minnesota Statutes, section 342.02, subdivision 5, unless the cannabis business does not
4.19 meet local zoning and land use laws. A license that is converted from a license preapproval
4.20 according to this subdivision expires 18 months after the date of the conversion to a full
4.21 license.

4.22 Subd. 8. **Enforcement and revocation.** (a) The office may rescind a social equity
4.23 applicant's status as a selected lottery applicant if:

4.24 (1) there are grounds for revocation under Minnesota Statutes, section 342.21;

4.25 (2) the applicant is disqualified under Minnesota Statutes section 342.15; or

4.26 (3) the applicant is determined to be in arrears on property, business, or personal taxes.

4.27 (b) The office may revoke a license preapproval if the holder of the license preapproval
4.28 or, if the license holder is a business entity, any cooperative member or director, manager,
4.29 or general partner of the business entity:

4.30 (1) fraudulently or deceptively obtained the license preapproval;

4.31 (2) fails to reveal any material fact pertaining to the licensee's qualification for a license;

5.1 (3) violates this chapter;

5.2 (4) is not registered or in good standing with the Office of the Secretary of State; or

5.3 (5) is in arrears on property, business, or personal taxes.

5.4 Subd. 9. **Applicants; right to a reconsideration.** (a) If the office denies an application
5.5 for a license preapproval or removes an application from a lottery, the applicant may request
5.6 a records review of the submitted application materials within seven calendar days of
5.7 receiving notification that the office denied the application.

5.8 (b) Upon an applicant's request, the office must allow the applicant to examine the
5.9 applicant's records received by the office.

5.10 (c) A person whose license preapproval is later revoked by the office may request
5.11 reconsideration by the director.

5.12 (d) A person whose application is denied, removed from a lottery, or not selected in a
5.13 lottery may not appeal or request a hearing.

5.14 Subd. 10. **Retention of applications.** The office must retain an application that was not
5.15 selected in a lottery for one year. The retained application may be entered into subsequent
5.16 lotteries during that time.

5.17 Subd. 11. **Expiration.** This section expires when the office adopts initial rules pursuant
5.18 to Minnesota Statutes, section 342.02, subdivision 5.

5.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
5.20 expires when the office adopts initial rules pursuant to Minnesota Statutes, section 342.02,
5.21 subdivision 5."

5.22 Renumber the sections in sequence and correct the internal references

5.23 Amend the title accordingly