March 24, 2026

To: Senator Matt Klein, Chair, Senate Commerce and Consumer Protection Committee and members of the Committee:

On behalf of SotaCann, Minnesota's Cannabis Industry Trade Association, I am offering the following comments on the slate of cannabis bills before the committee:

SF4542: this bill makes a number of updates to the cannabis event organizer license that will make it easier for operators to organize one-off events and makes other useful clarifications of the statute. SotaCann supports the passage of SF4542.

SF4519: this bill makes a number of reasonable updates to statutes related to local control and compliance checks. Also of note, this bill clarifies that when determining the minimum number of retail locations, local units of government are required to round up. SotaCann supports the passage of SF4519.

SF4540: this bill contains a number of modifications to the licensing statute that clarify the endorsement system in the licensure of cannabis businesses. Also included is a fix (found on lines 5.25-5.26) to the issue that cannabis businesses are currently not allowed to modify their business structure. For example: under current statute, a sole proprietor that wishes to become an LLC (or any other type of business) is prohibited from doing so. This is an important fix and SotaCann urges the committee to make sure that this provision is passed this year.

There are a number of other provisions that are more problematic:

(1) Lines 2.28 through 5.9: this section makes possession of cannabis at twice the legal limit to be considered evidence that the individual *intends to sell* that cannabis. This change represents a major step back from the cannabis legalization legislation passed in 2023. SotaCann opposes making possession without any other evidence to be considered proof of intention to sell and would ask committee members to support removing this language from SF4540.
(2) Lines 6.27 through 7.14: this section establishes additional regulation around under what circumstances the Office of Cannabis Management is not allowed to issue or renew a license. Of greatest concern is that in conjunction with the language mentioned above,

an operator with as little as 4oz of cannabis on their person would automatically be unable to obtain a license or have their license renewed. As long as the provisions found in lines 2.28 through 5.9 are included in this bill, SotaCann would ask members of the committee to oppose this provision as well. If the language found on lines 2.28 through 5.9 is removed, there is no issue with these provisions.

(3) Lines 7.15 through 8.10: this section the following language:

<u>If any product regulated under this chapter is present on the premises of a business conducting retail sales, the office must consider the presence of the product as evidence of the business's intent to offer the product for sale.</u>

This is concerning because there is no shortage of regulated items that a retailer could have on premises in the ordinary course of business that could run afoul of existing law if it was to be considered for sale. Examples include cannabis waste, recalled products slated to be removed, anything retail employees have on their person, and so on. While the intent of this provision may be good, it risks putting good operators out of compliance with existing law through no fault of their own. SotaCann would ask committee members to oppose the inclusion of this provision in its current form - it should be reworked or removed.

(4) Lines 11.15 through 11.17 contain language that bans cannabis vapes with embedded or inseparable batteries. That particular product class is one of the most popular product classes in the market. If the reason for the inclusion of this language is because of the difficulty of disposing of this particular class of product, SotaCann would ask that instead of a ban that the legislature work with stakeholders to find disposal solutions for this class of popular consumer products.

<u>SF4541</u>: This bill takes on the task of streamlining the adult-use and medical cannabis markets. In total, this is a very solid bill that tackles a very complex topic. The work that the Office of Cannabis Management did to engage stakeholders that led to the creation of the proposal that this bill is based on should be lauded. Some notes on SF4541:

(1) Making it easier for producers of cannabis to sell into the medical market and providing other incentives to both producers and retailers to do so is welcome. While time likely does not allow for it this legislative session, we would ask the legislature to consider going even farther in simplifying access to medical cannabis. In short: instituting a medical cannabis card system where the card could be presented at *any* retailer and allow the medical cannabis patient to purchase cannabis and avoid paying taxes on their medicine.

(2) The creation of a new “macrobusiness” license is perhaps the most controversial provision in this bill. To streamline the adult-use and medical cannabis supply chain, it is necessary to balance the needs of patients and the existing medical cannabis combination businesses which currently service the entirety of the medical cannabis program, while simultaneously not radically upending the fairness of the licensing structure that currently exists. What is proposed in SF4541 in terms of the size and

structure of the macrobusiness license has likely created wildly mixed reactions (both positive and negative) from stakeholders across the cannabis industry in Minnesota. That is certainly the case with SotaCann membership. That said: what is proposed is a *reasonable* path forward, with one modification. SotaCann would propose that the possibility of issuing *new* macrobusiness licenses - either via reclassification or the issuance of new licenses - be delayed until 2030. The Office of Cannabis Management has already distributed licenses (including several medical combination business licenses that would convert to macrobusiness licenses) that could, theoretically, service the entirety of Minnesota's cannabis needs many times over. Those businesses should be given time to get up and running and mature before any new, significantly larger vertically integrated licenses are distributed.

Thank you for your consideration.

Sincerely,

Fatima Moore
Executive Director
SotaCann