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Minnesota Office of Cannabis Management

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<https://mn.gov/ocm/>

AT A GLANCE

Established in 2023, the Office of Cannabis Management (office) serves all Minnesotans by regulating an effective, safe, equitable, and sustainable cannabis industry.

As of July 1, 2024, the office is responsible for ensuring the highest standards of public health and safety of all cannabis products and programs in Minnesota, including the medical cannabis program and hemp-derived cannabinoid product regulation formerly housed at the Minnesota Department of Health.

The Division of Social Equity within the office is focused on addressing disproportionate harms that resulted from prohibition, including the administration of two grant programs that support social equity and community revitalization, CanGrow and CanRenew.

The office supports a legislatively mandated Cannabis Advisory Council charged with reviewing state cannabis policy and evaluating research and data in other legal states to inform future policy recommendations.

PURPOSE

The Minnesota Office of Cannabis Management (office) is tasked with developing and implementing the operational and regulatory systems to oversee the adult-use cannabis industry, the medical cannabis program, and the hemp-derived cannabinoid product industry. The office's goals are to launch an effective, safe, equitable, and sustainable cannabis industry that protects public health and public safety; minimizes the illicit cannabis market; meets cannabis market demand; promotes a craft cannabis industry; and prioritizes growth and recovery in communities that have experienced a disproportionate, negative impact from cannabis prohibition.

- The office manages the licensing and regulation of businesses participating in the new adult-use cannabis industry in Minnesota.
- The Division of Social Equity engages with the community and administer grants to communities that experienced a disproportionate, negative impact from cannabis prohibition and cannabis use.
- The office has established and will maintain strong relationships with Minnesota's sovereign Tribal nations and support compacting activities between the Governor and Tribal governments to address jurisdictional issues related to the medical cannabis and adult-use cannabis industries.
- The medical cannabis program provides treatment options for Minnesotans who face debilitating medical conditions, helping to improve their quality of life.

BUDGET

The office is funded through legislative appropriations from the Laws of Minnesota 2023, chapter 63, article 9, section 5 and the Laws of Minnesota 2024, chapter 121, article 1, section 2. Under Minnesota Statutes, section 342.11, the office collects fees from license applicants which go back into the general fund. Minnesota Statutes, section 342.15, allows the office to collect fees which are transferred to the Bureau of Criminal Apprehension to complete background checks on license applicants and business owners. In addition, the office issues monetary penalties to businesses who are in violation of Minnesota Statutes, Chapters 342 and 151. These funds are collected and sent back to the general fund.

The office was only recently established. Therefore, there is no historical data to rely on for trends and comparison data. As the office continues to grow, this information will become available.

A portion of the appropriations were allocated to establish two programs to support social equity and community development within the cannabis industry, CanGrow and CanRenew. The CanGrow program is a revolving grant program dedicated to assisting eligible organizations and farmers entering Minnesota's legal cannabis market. This financial support is crucial for establishing revolving loan accounts and delivering technical assistance, ensuring compliance with state regulations, and fostering a more inclusive industry. A total of \$2 million of the appropriation for FY24-25 was allocated to the CanGrow revolving fund. The CanRenew grant program focuses on community investments in areas where long-term residents are eligible social equity applicants, addressing economic development, social determinants of health, and other community-wide outcomes. An appropriation of \$1 million for FY25 and a base of \$15 million for future years were allocated for this program. Both programs are integral to promoting social equity and sustainable community development.

STRATEGIES

To achieve its goals, the office is statutorily authorized to conduct the following activities:

- Develop, maintain, and enforce an organized system of regulation for the cannabis industry and hemp consumer industry.
- Establish programming, services, and notification to protect and maintain public health and safety.
- Prevent unauthorized, unlicensed access to cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products by individuals under age 21.
- Establish and regularly update standards for product manufacturing, testing, packaging, and labeling.
- Promote economic growth with an emphasis on growth in areas that experienced a disproportionate, negative impact from cannabis prohibition.
- Research and study cannabis flower, cannabis products, artificially derived cannabinoids, lower-potency hemp edibles, hemp-derived consumer products, the cannabis industry, and the hemp consumer industry.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Medical cannabis patient and caregiver enrollment	Quantity	Number of patients and caregivers with approved enrollment who are currently considered active as captured in the Minnesota medical cannabis patient registry.	Active patients: 39,823 Active caregivers: 1,388 (As of July 20, 2023)	Active patients: 47,616 Active caregivers: 1,777 (As of July 25, 2024)
Number of businesses that had violations vs. number of inspections	Quantity	Total number of businesses that had at least one violation during an inspection and the total number of inspections.	Historical data not available.	1,567 inspections 909 businesses with at least one violation 58% had at least one violation (From August 2023 through July 2024)*
Scientific and other reports	Quantity	Number of reports published on the OCM webpage and peer-reviewed scientific articles published.	Historical data not available.	Not yet available

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Total licenses issued	Quantity	Total number of unique cannabis or hemp business licenses issued.	Historical data not available.	Not yet available
Social equity licenses issued	Quantity	Total number of unique social equity cannabis or hemp business licenses issued	Historical data not available.	Not yet available

*During this time period, the Office of Medical Cannabis, which conducts these expenses, was still housed at the Minnesota Department of Health. It has since moved to the Office of Cannabis Management.

M.S. 342 <https://www.revisor.mn.gov/statutes/cite/342> provides the legal authority for the office.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General			1,902	39,910	35,911	38,532
1200 - State Government Special Rev				2,526		
2000 - Restrict Misc Special Revenue				2,000	1,000	1,000
2001 - Other Misc Special Revenue			6	55	55	55
2403 - Gift				1		
Total			1,908	44,492	36,966	39,587
Biennial Change				46,400		30,153
Biennial % Change						65

Expenditures by Program

Cannabis Management Office			1,908	44,492	36,966	39,587
Total			1,908	44,492	36,966	39,587

Expenditures by Category

Compensation			975	9,509	11,507	14,148
Operating Expenses			933	34,949	25,389	25,387
Other Financial Transaction				34	70	52
Total			1,908	44,492	36,966	39,587

Full-Time Equivalents

			6.17	80.50	95.25	115.25
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(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In				18,712		
Direct Appropriation			21,614	21,201	36,911	39,532
Transfers In			7,078	997		
Transfers Out			8,078	1,000	1,000	1,000
Balance Forward Out			18,712			
Expenditures			1,902	39,910	35,911	38,532
Biennial Change in Expenditures				41,812		32,631
Biennial % Change in Expenditures						78
Full-Time Equivalents			6.17	80.00	95.00	115.00

1200 - State Government Special Rev

Direct Appropriation				2,283	0	0
Transfers In				243		
Expenditures				2,526		
Biennial Change in Expenditures				2,526		(2,526)
Biennial % Change in Expenditures						

2000 - Restrict Misc Special Revenue

Balance Forward In				1,000		
Transfers In			1,000	1,000	1,000	1,000
Balance Forward Out			1,000			
Expenditures				2,000	1,000	1,000
Biennial Change in Expenditures				2,000		0
Biennial % Change in Expenditures						
Full-Time Equivalents				0.50	0.25	0.25

2001 - Other Misc Special Revenue

Receipts			6	55	55	55
Expenditures			6	55	55	55
Biennial Change in Expenditures				61		49
Biennial % Change in Expenditures						79

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
2403 - Gift						
Transfers In				1		
Expenditures				1		
Biennial Change in Expenditures				1		(1)
Biennial % Change in Expenditures						

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	21,201	21,201	21,201	42,402
Base Adjustments				
All Other One-Time Appropriations		(1,628)	(1,628)	(3,256)
Current Law Base Change		17,336	19,957	37,293
Approved Transfer Between Appropriation				
Minnesota Paid Leave Allocation		2	2	4
Forecast Base	21,201	36,911	39,532	76,443
Fund: 1200 - State Government Special Rev				
FY2025 Appropriations	2,283	2,283	2,283	4,566
Base Adjustments				
Current Law Base Change		(2,283)	(2,283)	(4,566)
Forecast Base	2,283			
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2,000	1,000	1,000	2,000
Forecast Base	2,000	1,000	1,000	2,000
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	55	55	55	110
Forecast Base	55	55	55	110
Fund: 2403 - Gift				
Planned Spending	1			
Forecast Base	1			
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	55	55	55	110
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	5,503	13,732	1,411	15,143