Legislative Report

Date: 1/15/2024

To: Senator Matt Klein, Chair of Commerce and Consumer Protection; Senator Gary Dahms, Chair of Commerce and Consumer Protection; Representative Tim O'Driscoll, Commerce Finance and Policy; Representative Kaohly Her, Commerce Finance and Policy; Senator Aric Putnam, Chair of Agriculture, Broadband, and Rural Development; Senator Torrey Westrom, Chair of Agriculture, Broadband, and Rural Development; Senator Rich Draheim, Chair of Jobs and Economic Development; Senator Bobby-Joe Champion, Chair of Jobs and Economic Development; Representative Paul Anderson, Agriculture Finance and Policy; Representative Rick Hansen, Agriculture Finance and Policy; Representative Dave Baker, Labor and Workforce Development Finance and Policy; Representative Dave Pinto, Labor and Workforce Development Finance and Policy

From: Charlene Briner, Interim Director of the Office of Cannabis Management

Subject: Reports required under Minnesota Statutes, sections 342.70(5) and 342.73(b) - CanRenew and CanGrow Programs Update

The Office of Cannabis Management (office or OCM) is required under Minnesota Statutes, section 342.70(5), to provide a report to the Legislature that details "awards given through the CanRenew program and the use of grant money, including any measures of successful community impact from the grants." The office is further required under Minnesota Statutes, section 342.73(b), to provide a report to the Legislature that includes "awards given through the CanGrow program, the use of grant money, including any measures of success toward helping farmers enter the legal cannabis industry, geographic information regarding the issuance of grants and loans under this section, the repayment rate of loans issued under subdivision 5, and a summary of the amount of loans forgiven."

At this stage of implementation prior to market launch, CanGrow and CanRenew grants have not yet been awarded. Rather, the purpose of this report is to detail the steps taken to date to establish the funding framework and accountability measures for both grant programs managed by the office, communicate identified barriers encountered in the development and administration, and outline the next steps as the office advances toward full grant program implementation.

Overview and Executive Summary of CanGrow and CanRenew Grant Programs

Both the CanGrow and CanRenew grant programs were established in [Minnesota Statutes chapter 63](#), the original cannabis legalization law. The following section provides an overview of both programs.

CanGrow

The CanGrow grant program specifically is designed to support Minnesota farmers entering or expanding within the legal cannabis industry. These grants will enable eligible organizations to provide farmers with educational resources, expert mentorship, compliance training, business planning assistance, and access to low-interest loans.

CanGrow awards grants to eligible organizations with funding to help farmers navigate the regulatory structure of the legal cannabis industry, and nonprofit corporations to fund loans to farmers for expansion into the legal cannabis industry. Eligible organizations for CanGrow grants vary based on the type of grant. For loan financing grants, only nonprofit corporations are eligible to apply. For technical assistance grants, the eligibility extends to a broader range of entities including nonprofit organizations, educational institutions, local units of government, private businesses, community groups and encourages partnership between these types of organizations. Per Minnesota Statutes section 342.73, priority for CanGrow grants is given to organizations with a demonstrated history of successfully providing training or cannabis industry navigation services, particularly working with farmers that face barriers to education. Additionally, grant-funded projects must directly serve social equity eligible communities.

CanGrow was appropriated $2 million dollars in funding in the 2023-2025 biennium and the office anticipates this funding will support 2–200 grants ranging from $10,000–$50,000 for technical assistance and $200,000–$500,000 in revolving loans.

CanRenew

The CanRenew program focuses on addressing the broader community impacts of cannabis prohibition and legalization – beyond licensure and businesses. CanRenew seeks to make targeted community investments; defined as a project or program designed to improve community-wide outcomes or experiences, in areas where long-term residents are eligible to be social equity applicants.

CanRenew is open to a diverse range of organization and entity types including nonprofit organizations, educational institutions, local units of government, private businesses, community groups, encouraging partnerships that combine multiple types of organizations. CanRenew prioritizes community investments that focus on economic and youth development, violence prevention, improving social determinants of health, and civil legal aid.

CanRenew was appropriated $1 million for grant awards in fiscal year 2025 and it is anticipated that the CanRenew grant will support 5-20 grants ranging from $50,000-$200,000 to eligible organizations.

Together, these grant programs aim to reduce barriers, support historically marginalized communities, and ensure that the benefits of legalization intentionally extend to individuals and communities across the state.

Implementation:

- **Growing the Team:** As a new office being built as the statutory mandated work is being implemented, a key focus has been to build staffing capacity for the management of the grant program. The office has made significant progress in establishing staffing and interagency collaboration for the management of these programs, with 66% of the grants team already onboarded, including a dedicated grants manager and CanGrow coordinator. To further enhance alignment to legislative mandates and policy development, ensure consistency, and utilize existing capacity, the office is collaborating with the Minnesota Department of Agriculture (MDA), the Department of Employment and Economic Development (DEED), and the Office of Grants Management (OGM).

- **Building the Foundation for Growth:** To support the launch of each grant program, OCM has convened targeted listening sessions with a diverse range of stakeholders and ecosystem organizations across the state of Minnesota. The groups include, but are not limited to the Emerging Farmers Program, Minority Cannabis Business Association, University of Minnesota Extension, the Farmers Union, SotaCann, the Midwest Farmers of Color Collective, nonprofit hubs, and smaller community organizations throughout the state. Interested organizations are welcome to continue this dialogue and are encouraged to visit the OCM website for more information. These sessions have been instrumental in identifying key challenges and barriers that farmers and historically marginalized communities face in accessing the legal cannabis industry and what the community views as necessary investments to address systemic barriers in communities where long-term residents are eligible to be social equity applicants. Feedback from community engagement listening sessions has helped to identify administrative challenges in applying for grant funds, the need for a more streamlined application process and requests for more tools and resources to assist with regulatory navigation. While there was excitement for the funds and the potential they have to make positive community investments, participants also expressed fears around a lack of equitable access to land, competency from potential technical assistance providers and concerns about the implications of cannabis' federal illegality. As a result, draft application materials and funding guidelines have been developed that reflect the direct feedback and reported needs of farmers.

- **Technology Investments and Advancements**: To support the full implementation of both programs, the office has invested in key technology and infrastructure necessary for the shared goals of these programs in cannabis industry administration and regulation. Early feedback from nonprofit stakeholders has alluded to the need for a centralized system to simplify communication, streamline reporting and invoicing and provide transparency on grant process. A centralized grant management system (GMS) is under development to streamline the application and reporting processes, making them more accessible to a more diverse range of stakeholder. Additionally, a GIS mapping tool is being created in partnership with MNGEO to identify eligible communities based on agricultural data, socioeconomic indicators such as SNAP program usage, poverty rates, and residency of veterans. These tools aim to increase and improve transparency and efficiency throughout the grantmaking process and highlight the prioritization of the statutorily defined goals of social equity in the grant framework.

Accountability, Benchmarks, Metrics, and Measures of Success

To launch these new grant programs, OCM has centered program design to operate with the highest standards of accountability. To build a basis for accountability and to implement best practices, OCM analyzed reports by the Office of the Legislative Auditor as well as Office of Grants Management (OGM) policies, and consulted with OGM, DEED, MDA, and other state offices and divisions to learn how they approach accountable policymaking and inclusive grantmaking. Based on these learnings, OCM drafted a comprehensive grants policy manual that complies with OGM guidance and state statutes, and which provides both internal standards for implementation and will help ensure smooth onboarding for future OCM grants administration staff. OCM's grant administration manual outlines key procedures, eligibility criteria, and reporting requirements, providing clear guidance for both grantees and grant managers. These efforts resulted in a robust framework that promotes transparency, accountability, and effectiveness in administering grant funds.

To ensure alignment with OGM policy on Equity in Grantmaking, OCM intentionally embedded OGM grantmaking values and principles directly into the design and planning phases of the grant process. OCM developed pre-award evaluation criteria to assess demonstrated commitment to these values, and also designed community engagement strategies and conducted targeted outreach to ensure that eligible communities are informed and positioned to participate when the process is released. Lastly, OCM incorporated feedback from key community stakeholders into the grant framework. Through these efforts, the office has established a strong foundation for an equitable and inclusive grantmaking process.

Though CanGrow and CanRenew grants have not yet progressed to the grant award phase, both the CanGrow and CanRenew programs have clear metrics established to track progress and evaluate their intended impact. For CanGrow, these metrics include the number of farmers supported, the outcomes of technical assistance support measured along our continuum of readiness, the percentage who obtain licenses, and other potential items. Additional measures include the percentage of loan principal repaid on time, the utilization rate of revolving loan funds, and the amount of private matching funds secured.

The CanRenew program will track grantee-reported outcomes, including the effectiveness of violence prevention initiatives, youth engagement efforts, and economic recovery projects. Another critical metric is the percentage change in homeownership rates within eligible census tracts, reflecting the program's impact on community stability. These metrics will be evaluated after the first round of funding is disbursed to ensure alignment with legislative goals and community priorities. These measures will be systematically tracked through our application process and post-licensure office tracking systems.

Identified Challenges

Despite significant progress, several challenges remain that must be addressed to ensure the success of CanGrow and CanRenew grant programs. Access to affordable farmland continues to be a significant barrier for emerging farmers, many of whom face financial and logistical challenges. Furthermore, the federal illegality of cannabis complicates access to crop insurance, subsidies, and other federal programs, creating uncertainty for prospective participants.

Administrative capacity has also been identified as a key issue, particularly for nonprofits and small organizations in navigating complex state application and reimbursement processes. The office is actively

working to streamline these processes and provide additional technical assistance to reduce barriers and identify pathways to funding for community solutions that lead to increased equity and community stability.

Next Steps and Timeline

The office is now focused on transitioning from program development to implementation. The immediate priority is to finalize application materials and technical assistance frameworks for both programs. This includes completing and launching the grant management system and GIS mapping tool, which are essential for a smooth application process. Additional listening sessions are planned to gather final input from stakeholders and refine program goals and desired outcomes. The office aims to issue the request for proposals and open applications for grants and loans in first quarter of 2025 and ensure the appropriate technology, systems, technical assistance, and processes are in place to streamline support for applicants effectively.