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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 420

01/28/2019 Authored by Freiberg, Hausman, Lien, Cantrell, Dehn and others
The bill was read for the first time and referred to the Committee on Health and Human Services Policy

1.1 A bill for an act
1.2 relating to cannabis; allowing individuals 21 years of age or older to cultivate,
1.3 consume, use, and possess cannabis, cannabis products, and cannabis accessories;
1.4 providing regulation of cannabis for commercial purposes; modifying the Clean
1.5 Indoor Air Act; modifying controlled substance laws; authorizing rulemaking;
1.6 taxing certain cannabis sales; providing for expungement of certain crimes;
1.7 appropriating money; amending Minnesota Statutes 2018, sections 144.413,
1.8 subdivision 4, by adding subdivisions; 144.414, subdivisions 2, 3; 144.4165;
1.9 152.01, by adding subdivisions; 152.027, subdivisions 3, 4, by adding a subdivision;
1.10 152.092; 152.093; 152.23; 152.27, subdivision 1; 290.0132, by adding a
1.11 subdivision; 290.0134, by adding a subdivision; 297A.61, subdivision 4, by adding
1.12 subdivisions; 297A.62, subdivision 1, by adding a subdivision; proposing coding
1.13 for new law in Minnesota Statutes, chapters 152; 214; 297A; 609A; proposing
1.14 coding for new law as Minnesota Statutes, chapter 340B; repealing Minnesota
1.15 Statutes 2018, section 144.414, subdivision 5.

1.16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.17 ARTICLE 1
1.18 REGULATION OF THE PRODUCTION, SALE, AND CONSUMPTION OF
1.19 CANNABIS

1.20 Section 1. [340B.01] DEFINITIONS.

1.21 Subdivision 1. Applicability. For purposes of this chapter, the terms defined in this
1.22 section have the meanings given them.

1.23 Subd. 2. Cannabis. (a) "Cannabis" means all parts of the plant of any species of the
1.24 genus Cannabis, including all agronomical varieties, whether growing or harvested and
1.25 includes:

1.26 (1) the seeds of the plant;

1.27 (2) the resin extracted from any part of the plant; and

2.1 (3) any compound, manufacture, salt, derivative, mixture, or preparation of the plant,
2.2 its seeds, or resin.

2.3 (b) Cannabis does not include:

2.4 (1) the mature stalks of the plant and fiber produced from the stalks;

2.5 (2) oil or cake made from the seeds of the plant;

2.6 (3) any other compound, manufacture, salt, derivative, mixture, or preparation of the
2.7 mature stalks, fiber, oil, or cake;

2.8 (4) the sterilized seed of the plant which is incapable of germination;

2.9 (5) industrial hemp or hemp products as defined in section 18K.02, subdivision 3;

2.10 (6) medical cannabis as defined in section 152.22, subdivision 6; or

2.11 (7) any other ingredient combined with cannabis to prepare topical or oral administrations,
2.12 food, drink, or other product.

2.13 Subd. 3. **Cannabis accessory.** "Cannabis accessory" means any equipment, product, or
2.14 material of any kind that is used, intended for use, or designed for use in planting,
2.15 propagating, cultivating, growing, harvesting, composting, manufacturing, compounding,
2.16 converting, producing, processing, preparing, testing, analyzing, packaging, repackaging,
2.17 storing, vaporizing, or holding cannabis, or for ingesting, inhaling, or otherwise introducing
2.18 cannabis into the human body.

2.19 Subd. 4. **Cannabis cultivation facility.** "Cannabis cultivation facility" means an entity
2.20 licensed to cultivate, prepare, and package cannabis and to sell cannabis to cannabis product
2.21 manufacturing facilities and to other cannabis cultivation facilities, but not directly to
2.22 consumers. A cannabis cultivation facility may not produce cannabis tinctures, extracts, or
2.23 other cannabis products.

2.24 Subd. 5. **Cannabis establishment.** "Cannabis establishment" means a cannabis cultivation
2.25 facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail
2.26 cannabis store.

2.27 Subd. 6. **Cannabis product.** "Cannabis product" means a product that is comprised of
2.28 cannabis and other ingredients and is intended for human consumption, including but not
2.29 limited to edible products, ointments, extracts, and tinctures.

2.30 Subd. 7. **Cannabis product manufacturing facility.** "Cannabis product manufacturing
2.31 facility" means an entity licensed to purchase cannabis; manufacture, prepare, and package

3.1 cannabis products; and sell cannabis and cannabis products to other cannabis product
3.2 manufacturing facilities and to retail cannabis stores, but not directly to consumers.

3.3 Subd. 8. **Cannabis testing facility.** "Cannabis testing facility" means an entity licensed
3.4 to analyze and certify the safety and potency of cannabis and cannabis products.

3.5 Subd. 9. **Commissioner.** "Commissioner" means the commissioner of health.

3.6 Subd. 10. **Consume.** "Consume" includes any form of ingestion, introduction, or
3.7 absorption into the body, including but not limited to by means of smoking, inhaling, eating,
3.8 or application onto the skin.

3.9 Subd. 11. **Consumer.** "Consumer" means a person 21 years of age or older who purchases
3.10 or receives cannabis, cannabis products, or cannabis accessories for personal consumption
3.11 by persons 21 years of age or older, but not for the resale to others.

3.12 Subd. 12. **Cultivation permit.** "Cultivation permit" means a permit issued under section
3.13 340B.16.

3.14 Subd. 13. **Disqualifying felony offense.** "Disqualifying felony offense" has the meaning
3.15 given in section 152.22, subdivision 3.

3.16 Subd. 14. **Immature plant.** "Immature plant" means a cannabis plant that has not
3.17 flowered and does not have buds that may be observed by visual examination.

3.18 Subd. 15. **Local government.** "Local government" means a town operating under chapter
3.19 368, a statutory or home rule charter city, or in reference to an unincorporated area, a county.
3.20 A governing body for a town under this chapter means a town board of supervisors.

3.21 Subd. 16. **Mature plant.** "Mature plant" means a female cannabis plant that has flowered
3.22 and that has buds that may be observed by visual examination.

3.23 Subd. 17. **Premises.** "Premises" means the premises specified on an application for
3.24 licensure under this chapter that are owned by or in possession of the licensee and within
3.25 which the licensee is authorized to cultivate, manufacture, process, distribute, sell, or test
3.26 cannabis or cannabis products according to this chapter.

3.27 Subd. 18. **Public health standards and practices.** "Public health standards and practices"
3.28 means standards and practices based on the principles of protecting and improving individual
3.29 and public health by promoting healthy lifestyles, preventing injuries, preventing and
3.30 responding to diseases, and, with regard to cannabis, reducing cannabis misuse, preventing
3.31 underage cannabis use, ensuring the safety of cannabis products, and ensuring consumers
3.32 have access to accurate, science-based information about the effects of cannabis use.

4.1 Subd. 19. **Public place.** "Public place" means a public street, highway, alley, sidewalk,
4.2 or boulevard, or property owned, leased, or controlled by a governmental unit.

4.3 Subd. 20. **Retail cannabis store.** "Retail cannabis store" means an entity licensed to
4.4 purchase cannabis from cannabis cultivation facilities, and cannabis and cannabis products
4.5 from cannabis product manufacturing facilities, and to sell cannabis, cannabis products,
4.6 and cannabis accessories to consumers.

4.7 **Sec. 2. [340B.03] GENERAL PROVISIONS.**

4.8 Subdivision 1. **Scope.** (a) This chapter sets forth the exclusive means by which the
4.9 cultivation, production, processing, manufacture, distribution, sale, and testing of cannabis
4.10 and cannabis products may occur in this state. It is unlawful to produce, process, cultivate,
4.11 manufacture, distribute, or sell cannabis or cannabis products except in compliance with
4.12 the terms, conditions, limitations, and restrictions of this chapter or the rules adopted under
4.13 this chapter.

4.14 (b) Nothing in this chapter shall be construed to limit any of the privileges or rights of
4.15 a patient enrolled in the medical cannabis registry, registered designated caregiver, or
4.16 registered manufacturer provided under sections 152.22 to 152.37.

4.17 (c) Nothing in this chapter shall be construed to limit any of the privileges or rights of
4.18 a person who has a license from the commissioner of agriculture to grow industrial hemp
4.19 for commercial purposes under chapter 18K.

4.20 Subd. 2. **Possession and consumption of cannabis.** Notwithstanding subdivision 1, a
4.21 person 21 years of age or older may cultivate, possess, purchase, transport, transfer, use,
4.22 and consume cannabis, cannabis products, and cannabis accessories as provided in sections
4.23 152.0965 and 152.0966.

4.24 Subd. 3. **Rights of employers.** Nothing in this chapter shall be construed to:

4.25 (1) require an employer to permit or accommodate employees' consumption, possession,
4.26 transfer, display, transportation, sale, or cultivation of cannabis or cannabis products in the
4.27 workplace or on the employer's property;

4.28 (2) prevent an employer from adopting a policy that prohibits the consumption of cannabis
4.29 or cannabis products in the workplace or to work while under the influence of cannabis; or

4.30 (3) create a cause of action against an employer who discharges an employee for violating
4.31 a policy that restricts or prohibits the consumption of cannabis or cannabis products by
4.32 employees.

5.1 Subd. 4. **Rights of employees and prospective employees.** (a) Notwithstanding
5.2 paragraph (b) or any law to the contrary, an employer may not discipline or discriminate
5.3 against an employee or prospective employee because the employee or prospective employee
5.4 has metabolites of cannabis in the employee's or prospective employee's blood.

5.5 (b) Nothing in this chapter prohibits an employer from disciplining, discharging, or
5.6 otherwise taking an adverse employment action against an employee for violation of a
5.7 workplace drug policy or for working while under the influence of cannabis.

5.8 Subd. 5. **Rights of property owners.** Nothing in this chapter prohibits a person,
5.9 employer, school, hospital, detention facility, corporation, or any other entity that occupies,
5.10 owns, or controls a property from prohibiting or otherwise regulating the possession,
5.11 consumption, display, transfer, distribution, sale, transportation, or cultivation of cannabis
5.12 or cannabis products on the person's or entity's property.

5.13 Subd. 6. **Rights of residential tenants.** Except as provided in this section, a residential
5.14 landlord may not prohibit the possession of cannabis or cannabis products or the consumption
5.15 of cannabis or cannabis products by nonsmoking means by a tenant who is 21 years of age
5.16 or older unless:

5.17 (1) the tenant is not leasing the entire residential dwelling or rental unit;

5.18 (2) the residence is incidental to detention or the provision of medical, geriatric,
5.19 educational, counseling, religious, or similar service;

5.20 (3) the residence is a transitional housing facility; or

5.21 (4) failing to prohibit the possession or consumption of cannabis or cannabis products
5.22 would violate federal law or regulations or cause the landlord to lose a monetary- or
5.23 licensing-related benefit under federal law or regulations.

5.24 Subd. 7. **Public consumption not authorized.** Nothing in this chapter authorizes a
5.25 person to consume cannabis in a public place.

5.26 Subd. 8. **Report.** By February 1 of each year beginning in 2021, the commissioner shall
5.27 submit a report to the legislative committees with jurisdiction over cannabis, public safety,
5.28 and taxes on the following:

5.29 (1) the progress the commissioner is making on processing licenses;

5.30 (2) an overview of the cannabis and cannabis product market, including but not limited
5.31 to the actual and anticipated market demand and market supply;

6.1 (3) the amounts of revenue generated by the sale of cannabis, cannabis seeds, cannabis
6.2 products, and cannabis accessories and the expenses incurred by the commissioner and
6.3 other state agencies related to the administration and enforcement of this chapter and related
6.4 laws;

6.5 (4) the number of persons who have filed an application with the commissioner to obtain
6.6 a license for a cannabis establishment; and

6.7 (5) the commissioner's enforcement actions taken against persons licensed under this
6.8 chapter for violations of this chapter or the rules adopted under this chapter.

6.9 **Sec. 3. [340B.04] DUTIES OF COMMISSIONER OF HEALTH.**

6.10 Subdivision 1. **Duties.** The commissioner shall perform the following functions related
6.11 to the regulation of cannabis, cannabis products, cannabis accessories, and cannabis
6.12 establishments:

6.13 (1) issue state licenses to qualified cannabis establishments according to this chapter;

6.14 (2) issue cultivation permits to qualified persons according to this chapter;

6.15 (3) develop and make available the content of the training course and examination in
6.16 section 340B.16, subdivision 6;

6.17 (4) suspend, restrict, or revoke the license of a cannabis establishment, or take other
6.18 corrective action if a cannabis establishment violates this chapter or rules adopted under
6.19 this chapter;

6.20 (5) adopt rules to implement this chapter according to section 340B.05;

6.21 (6) impose any penalty authorized by this chapter or rules adopted under this chapter;

6.22 (7) assess fees according to this chapter; and

6.23 (8) administer and enforce this chapter and rules adopted under this chapter.

6.24 Subd. 2. **Interagency agreements.** The commissioner may enter into one or more
6.25 interagency agreements with other state agencies for technical services or services related
6.26 to the regulatory, enforcement, or inspection duties in this chapter or rules adopted under
6.27 this chapter.

6.28 Subd. 3. **Conflicts of interest.** The commissioner or any person employed by the
6.29 Department of Health assigned to administer or implement this chapter shall not have a
6.30 direct or indirect financial interest in any cannabis establishment.

7.1 Sec. 4. **[340B.05] RULEMAKING.**

7.2 Subdivision 1. **Scope.** No later than January 1, 2021, the commissioner shall adopt rules
7.3 necessary to implement this chapter. In adopting rules under this chapter, the commissioner
7.4 shall apply public health standards and practices to protect public health. The rules adopted
7.5 by the commissioner under this section must provide for retail cannabis stores to begin the
7.6 sale of cannabis, cannabis products, and cannabis accessories by January 1, 2022.

7.7 Subd. 2. **Rules.** The rules adopted by the commissioner must address the following:

7.8 (1) procedures for the issuance, renewal, suspension, and revocation of a license to
7.9 operate a cannabis establishment;

7.10 (2) procedures designed to prevent the sale or diversion of cannabis and cannabis products
7.11 to persons under the age of 21;

7.12 (3) procedures for the delivery and transportation of cannabis and cannabis products
7.13 between cannabis establishments;

7.14 (4) health and safety requirements and standards for producing and processing cannabis
7.15 and cannabis products;

7.16 (5) safety standards for cannabis and cannabis products, including safety requirements
7.17 related to contaminants and potency;

7.18 (6) security requirements for cannabis establishments, including requirements for
7.19 protection of each location by a fully operational security alarm system, facility access
7.20 controls, a perimeter intrusion detection system, and a personnel identification system;

7.21 (7) requirements for the storage of cannabis and cannabis products by cannabis
7.22 establishments;

7.23 (8) employment and training requirements, including creating an identification badge
7.24 for each employee or agent of cannabis establishments;

7.25 (9) restrictions on advertising, marketing, and signage, including marketing restrictions
7.26 to prevent persons under the age of 21 from being targeted for the sale of cannabis or
7.27 cannabis products;

7.28 (10) restrictions on the display of cannabis and cannabis products to ensure that cannabis
7.29 and cannabis products are not displayed in a manner that is visible to the general public
7.30 from a public right-of-way;

7.31 (11) labeling requirements for cannabis and cannabis products sold or distributed by a
7.32 cannabis establishment;

8.1 (12) requirements for the cultivation of cannabis by cannabis cultivation facilities. In
8.2 adopting rules under this clause, the commissioner may consult with the commissioner of
8.3 agriculture on topics such as pesticide use;

8.4 (13) requirements for the testing of cannabis and cannabis products by and research
8.5 practices of cannabis testing facilities, including testing and research standards, quality
8.6 control analysis, equipment certification and calibration, and chemical identification;

8.7 (14) standards for the operation of cannabis testing facilities, including requirements for
8.8 equipment and qualifications for personnel;

8.9 (15) record-keeping and audit requirements for cannabis establishments. In adopting
8.10 rules under this clause, the commissioner may consult with the commissioner of revenue;

8.11 (16) safety standards for edible cannabis products, which may include limits on the types
8.12 of edible products produced and sold and packaging requirements for edible products, in
8.13 order to limit products that may appeal to or be ingested by children; and

8.14 (17) any other requirements or procedures necessary to administer this chapter.

8.15 Subd. 3. **Advisory council of public health professionals.** (a) The commissioner shall
8.16 appoint members to an advisory council of public health professionals to advise the
8.17 commissioner on the adoption of rules under this section according to public health standards
8.18 and practices and to analyze and evaluate the social and economic impacts of this chapter.
8.19 Advisory council membership shall include public health professionals and health care
8.20 providers. Cannabis establishment owners, agents, and employees are not eligible to serve
8.21 on the advisory council.

8.22 (b) The advisory council shall be organized and administered under section 15.059.

8.23 **Sec. 5. [340B.06] CANNABIS ESTABLISHMENTS; REQUIREMENTS.**

8.24 Subdivision 1. **License required.** (a) No person may operate a cannabis establishment
8.25 in this state without first obtaining the proper license from the commissioner to perform the
8.26 activities and operations authorized by this chapter.

8.27 (b) Every cannabis establishment license must:

8.28 (1) be issued in the name of the applicant;

8.29 (2) specify the location of the cannabis establishment; and

8.30 (3) be used only by the holder of the license.

9.1 Subd. 2. **Eligibility.** (a) A license to operate a cannabis establishment shall only be
9.2 issued to a person who:

9.3 (1) has been a resident of this state for at least two years prior to the date of the application
9.4 or has been domiciled in Minnesota for at least 24 months during the previous seven years;

9.5 (2) is 21 years of age or older;

9.6 (3) has not had a license issued under this chapter revoked within five years prior to the
9.7 date of the license application; and

9.8 (4) is not delinquent on any local, state, or federal tax.

9.9 (b) The requirements described in paragraph (a), clauses (2) to (4), apply to all owners,
9.10 partners, officers, directors, or agents of any corporation applying for a license under this
9.11 chapter. The requirement described in paragraph (a), clause (1), must be met by at least 60
9.12 percent of the owners, partners, officers, directors, or agents of any corporation applying
9.13 for a license under this chapter.

9.14 Subd. 3. **Application; fee.** An initial application for a license under this chapter must
9.15 be submitted to the commissioner on a form the commissioner prescribes and must be
9.16 accompanied by a \$1,000 application fee. If an application is denied, the application fee
9.17 shall be retained by the commissioner to cover the administrative costs related to reviewing
9.18 the application.

9.19 Subd. 4. **Period of license.** (a) Licenses issued under this chapter are valid for one year,
9.20 except that to coordinate expiration dates, initial licenses may be prorated.

9.21 (b) To renew a cannabis establishment license, a licensee must submit a renewal
9.22 application as prescribed by the commissioner and the applicable fee specified under
9.23 subdivision 9.

9.24 Subd. 5. **Separate license required; limitations.** (a) A separate license is required for
9.25 each class of license and the license holder must perform the operations authorized under
9.26 each specified license issued.

9.27 (b) A separate license is required for each premises located in the state where the
9.28 operations of a cannabis establishment occur.

9.29 (c) No person shall hold more than the following number of licenses at any one time:

9.30 (1) cannabis cultivation facility, one license;

9.31 (2) cannabis product manufacturing facility, one license; and

10.1 (3) retail cannabis store, five licenses, with a limit of two locations per city or town.

10.2 (d) A person issued a cannabis testing facility license must not hold another license
10.3 under this chapter.

10.4 Subd. 6. **Transferability.** A license issued under this chapter is not transferable from
10.5 one person to another or from one premises to another.

10.6 Subd. 7. **Application process.** (a) Each application for an annual license to operate a
10.7 cannabis establishment shall be submitted to the commissioner with the application fee and
10.8 applicable fee specified in subdivision 9.

10.9 (b) The commissioner shall begin accepting applications on October 1, 2021.

10.10 (c) The commissioner shall issue an annual license to the applicant within 45 days after
10.11 receipt of an application unless the commissioner finds the applicant is not in compliance
10.12 with this chapter or the rules adopted under this chapter. Upon denial of an application for
10.13 a license to operate a cannabis establishment, the commissioner shall notify the applicant
10.14 in writing of the specific reason for denial. An applicant may appeal the commissioner's
10.15 denial of the license in a contested case proceeding under chapter 14.

10.16 Subd. 8. **Inspection of premises.** For the purpose of considering an initial cannabis
10.17 establishment license application or for the renewal of a cannabis establishment license, the
10.18 commissioner may inspect the cannabis establishment premises and may inquire into all
10.19 matters in connection with the construction and operation of the cannabis establishment.

10.20 Subd. 9. **Fees.** (a) The annual fees for licenses under this chapter are as follows:

10.21 (1) for a cannabis cultivation facility, \$.....;

10.22 (2) for a cannabis product manufacturing facility, \$.....;

10.23 (3) for a retail cannabis store, \$.....; and

10.24 (4) for a cannabis testing facility, \$.....

10.25 (b) The commissioner may structure fees to allow for a tiered licensing system based
10.26 on the size or gross sales of the establishment.

10.27 (c) The commissioner may annually adjust the fee amount in paragraph (a) to cover the
10.28 cost of administering the licensing program.

10.29 (d) The fees collected under this subdivision shall be deposited by the commissioner in
10.30 the state government special revenue fund.

11.1 Subd. 10. **Employees.** A cannabis establishment is prohibited from employing any
11.2 person:

11.3 (1) under 21 years of age; or

11.4 (2) who has been convicted of a disqualifying felony offense.

11.5 **Sec. 6. [340B.07] RETAIL CANNABIS STORE; REQUIREMENTS.**

11.6 Subdivision 1. **License.** No person shall operate a retail cannabis store without a license
11.7 issued by the commissioner under the authority of this chapter.

11.8 Subd. 2. **Cannabis and cannabis products; source and transactions.** A retail cannabis
11.9 store may only purchase cannabis or cannabis products from a cannabis cultivation facility
11.10 or cannabis product manufacturing facility licensed under this chapter. A purchase transaction
11.11 between a retail cannabis store and a cannabis cultivation facility or cannabis product
11.12 manufacturing facility must only occur on licensed premises.

11.13 Subd. 3. **Cannabis and cannabis product tracking.** A retail cannabis store must track
11.14 all cannabis and cannabis products from the point of transfer from a cannabis product
11.15 manufacturing facility to the point of sale.

11.16 Subd. 4. **Allowed sale.** A retail cannabis store may only sell cannabis or cannabis products
11.17 to a person who is 21 years of age or older and has a valid government-issued identification
11.18 card showing that the person is 21 years of age or older.

11.19 Subd. 5. **Identification verification.** (a) Before initiating a sale under this chapter, an
11.20 employee of the retail cannabis store making the sale must verify that the purchaser has
11.21 valid proof of age as described in section 340B.17, subdivision 6, showing the purchaser is
11.22 21 years of age or older. If a person under the age of 21 presents a fraudulent proof of age,
11.23 any action reasonably relying on the fraudulent proof of age shall not be grounds for the
11.24 revocation or suspension of any license issued under this chapter.

11.25 (b) A consumer is not required to provide a retail cannabis store with personal information
11.26 other than valid proof of age to determine the consumer's age in order to purchase cannabis
11.27 or cannabis products.

11.28 (c) A retail cannabis store is not required to acquire and record personal information
11.29 about consumers other than information typically acquired in a financial transaction
11.30 conducted at an on-sale liquor establishment.

12.1 Subd. 6. **Packaging; labels.** All cannabis and cannabis products sold in a retail cannabis
 12.2 store must be packaged and labeled as required by this chapter and any rules adopted under
 12.3 this chapter.

12.4 Subd. 7. **Allowable sales.** A retail cannabis store must not sell products or services other
 12.5 than cannabis, cannabis products, and cannabis accessories.

12.6 Subd. 8. **Cannabis consumption on premises.** Consumption of any cannabis or cannabis
 12.7 product on the retail cannabis store's licensed premises is prohibited.

12.8 Subd. 9. **Deliveries.** A retail cannabis store is prohibited from delivering, arranging for
 12.9 the delivery of, or shipping cannabis, cannabis products, or cannabis accessories to an
 12.10 individual.

12.11 Subd. 10. **Employee training.** Immediately after beginning employment with a retail
 12.12 cannabis store, every employee of a retail cannabis store must receive training, as approved
 12.13 by the commissioner, on the following:

12.14 (1) the proper handling of cannabis and cannabis products;

12.15 (2) security protocol for retail cannabis stores;

12.16 (3) inventory accountability procedures; and

12.17 (4) procedures for verifying the age of consumers in order to prevent sales to persons
 12.18 under 21 years of age.

12.19 **Sec. 7. [340B.08] CANNABIS CULTIVATION FACILITY; REQUIREMENTS.**

12.20 Subdivision 1. **License.** No person shall operate as a cannabis cultivation facility without
 12.21 a license issued by the commissioner under the authority of this chapter.

12.22 Subd. 2. **Tracking of cannabis.** A cannabis cultivation facility must track the cannabis
 12.23 that is cultivated from seed or immature plant to the wholesale purchase.

12.24 Subd. 3. **Authorized sales.** A cannabis cultivation facility must only sell cannabis at
 12.25 wholesale to cannabis product manufacturing facilities, other cannabis cultivation facilities,
 12.26 or retail cannabis stores.

12.27 **Sec. 8. [340B.10] CANNABIS PRODUCT MANUFACTURING FACILITY;**
 12.28 **REQUIREMENTS.**

12.29 Subdivision 1. **License.** No person shall operate a cannabis product manufacturing
 12.30 facility without a license issued by the commissioner under the authority of this chapter.

13.1 Subd. 2. **Cannabis production; tracking.** (a) A cannabis product manufacturing facility
13.2 may only purchase cannabis from a licensed cannabis cultivation facility or produce its own
13.3 cannabis if it holds a cannabis cultivation facility license.

13.4 (b) A cannabis product manufacturing facility must track all cannabis that it processes
13.5 from the point the cannabis is delivered to the cannabis product manufacturing facility from
13.6 a cannabis cultivation facility or processed by the cannabis product manufacturing facility
13.7 to the point of transfer to a retail cannabis store.

13.8 Subd. 3. **Limitations.** (a) A cannabis product manufacturing facility must not:

13.9 (1) add any cannabis to a food product if the manufacturer of the food product holds a
13.10 trademark to the food product's name, except that a cannabis product manufacturing facility
13.11 may use a trademarked food product if the cannabis product manufacturing facility uses the
13.12 food product as a component or as part of a recipe and if the cannabis product manufacturing
13.13 facility does not state or advertise to the consumer that the final cannabis-infused product
13.14 contains a trademarked food product; or

13.15 (2) intentionally or knowingly label or package a cannabis product in a manner that
13.16 would cause a reasonable consumer confusion as to whether the cannabis product is a
13.17 trademarked food product.

13.18 (b) Cannabis or cannabis products must not be consumed on the premises of a cannabis
13.19 product manufacturing facility.

13.20 Subd. 4. **Processed on licensed premises.** (a) Cannabis and cannabis products must be
13.21 prepared on the premises of the cannabis product manufacturing facility that is used
13.22 exclusively for the processing, manufacturing, or preparation of cannabis or cannabis
13.23 products intended for sale and be prepared using equipment that is used exclusively for the
13.24 processing, manufacturing, or preparation of cannabis or cannabis products.

13.25 (b) The premises of the cannabis product manufacturing facility in which cannabis or
13.26 cannabis products are processed, manufactured, or prepared must meet all sanitary conditions
13.27 established by the commissioner under this chapter.

13.28 Subd. 5. **Labeling; packaging.** (a) A cannabis product manufacturing facility must affix
13.29 a label to all cannabis and cannabis products that the cannabis product manufacturing facility
13.30 transfers to a retail cannabis store that meets the labeling requirements of this chapter.

13.31 (b) Cannabis products processed by a cannabis product manufacturing facility must be
13.32 clearly distinguishable from commercially available products not containing cannabis.

14.1 Sec. 9. **[340B.11] CANNABIS TESTING FACILITIES.**

14.2 Subdivision 1. **License.** No person shall perform testing or research on cannabis or
14.3 cannabis products for a cannabis cultivation facility, cannabis product manufacturing facility,
14.4 or retail cannabis store without a license issued by the commissioner under the authority of
14.5 this chapter.

14.6 Subd. 2. **Conflicts of interest.** A person who has a direct or indirect financial interest
14.7 in a cannabis testing facility must not have a direct or indirect financial interest in a cannabis
14.8 cultivation facility, cannabis product manufacturing facility, or retail cannabis store.

14.9 Sec. 10. **[340B.12] CANNABIS TESTING.**

14.10 Subdivision 1. **Testing required of cannabis and cannabis products.** On a schedule
14.11 determined by the commissioner, every cannabis cultivation facility and cannabis product
14.12 manufacturing facility must submit representative samples of cannabis and cannabis products
14.13 produced or processed by the cannabis cultivation facility or cannabis product manufacturing
14.14 facility to a cannabis testing facility in order to certify that the cannabis or cannabis products
14.15 comply with the standards prescribed by the commissioner. At a minimum, the testing must
14.16 ensure that the cannabis or cannabis products do not contain contaminants that are injurious
14.17 to the health of consumers and are correctly labeled to indicate the delta-9
14.18 tetrahydrocannabinol and cannabidiol content of the cannabis or cannabis product. The
14.19 testing must include analysis for residual solvents, poisons, toxins, harmful chemicals,
14.20 pathogenic mold, fungus, banned or excessive pesticide residue, heavy metal, and other
14.21 contaminants. The cannabis testing facility must destroy or return to the cannabis cultivation
14.22 facility or cannabis product manufacturing facility any part of the sample that remains after
14.23 testing.

14.24 Subd. 2. **Submission of testing results.** Cannabis cultivation facilities and cannabis
14.25 product manufacturing facilities must submit the results of the testing required by this section
14.26 to the commissioner in the manner prescribed by the commissioner.

14.27 Subd. 3. **When lot must be destroyed.** If a representative sample inspected and tested
14.28 under this section does not meet the standards prescribed by the commissioner, the
14.29 commissioner shall take necessary action to ensure that the entire lot from which the sample
14.30 was taken is destroyed. The commissioner shall adopt rules to determine lots and lot numbers
14.31 for purposes of this section.

14.32 Subd. 4. **Sale of contaminated lots prohibited.** A cannabis cultivation facility or
14.33 cannabis product manufacturing facility must not sell cannabis or cannabis products that

15.1 test positive for any contaminant identified under subdivision 1 if the contaminants or level
15.2 of contaminants are identified by a cannabis testing facility as potentially unsafe to the
15.3 consumer.

15.4 **Sec. 11. [340B.13] SEED-TO-SALE TRACKING SYSTEM.**

15.5 The commissioner shall develop and maintain a seed-to-sale tracking system that tracks
15.6 cannabis produced by a cannabis cultivation facility from either the seed or immature plant
15.7 stage to the processing stage until the cannabis is sold to a consumer as cannabis or cannabis
15.8 product at a retail cannabis store. The tracking system developed by the commissioner must
15.9 ensure that no cannabis produced or processed by a cannabis cultivation facility or cannabis
15.10 product manufacturing facility is sold except by a retail cannabis store.

15.11 **Sec. 12. [340B.14] RECORDS; AUDITS.**

15.12 (a) Each cannabis establishment must keep a complete set of books and records necessary
15.13 to show the business transactions of the cannabis establishment for the current tax year and
15.14 the three preceding tax years. The records must be kept on the premises described in the
15.15 cannabis establishment's license and in a manner that ensures permanency and accessibility
15.16 for inspection at reasonable hours by the commissioner or the commissioner's designee.
15.17 The commissioner shall prescribe reasonable and uniform methods of keeping records and
15.18 shall provide all necessary forms to cannabis establishments.

15.19 (b) The commissioner may require a cannabis establishment to furnish any information
15.20 the commissioner considers necessary for the proper administration and enforcement of this
15.21 chapter and may require an audit of the books and records on any occasion that the
15.22 commissioner considers necessary. Any accounting required by the commissioner shall be
15.23 completed by an auditor selected by the commissioner at the expense of the cannabis
15.24 establishment.

15.25 (c) The premises of each cannabis establishment, including any place where a cannabis
15.26 establishment grows, stores, cultivates, distributes, or processes cannabis, is subject to
15.27 inspection or investigation by the commissioner or the commissioner's designee during
15.28 regular business hours and at other times of apparent activity. A cannabis establishment
15.29 must provide access during business hours for examination of any inventory or books and
15.30 records required to be kept by the cannabis establishment. If any part of a cannabis
15.31 establishment's premises contains a locked area, upon demand by the commissioner or the
15.32 commissioner's designee, the locked area must be made available without delay to the
15.33 commissioner or the commissioner's designee.

16.1 Sec. 13. **[340B.15] PACKAGE AND LABELING REQUIREMENTS.**

16.2 Subdivision 1. Retail cannabis store. Prior to the sale of cannabis or a cannabis product,
16.3 a retail cannabis store must ensure that cannabis or cannabis products:

16.4 (1) are properly packaged in compliance with the United States Poison Prevention
16.5 Packing Act regarding child-resistant packaging;

16.6 (2) do not include any false or misleading statements regarding health or physical benefits;

16.7 (3) are packaged in plain, opaque, tamperproof, and childproof containers without
16.8 depictions of the product, cartoons, or images other than the cannabis retail store's logo or
16.9 business name;

16.10 (4) are packaged in containers that are recyclable or reusable, to the extent such containers
16.11 are available; and

16.12 (5) include a symbol or other easily recognizable mark indicating that the package
16.13 contains cannabis.

16.14 Subd. 2. Cannabis product manufacturing facility. A cannabis product manufacturing
16.15 facility must affix a label to all cannabis and cannabis products that the cannabis
16.16 manufacturing facility transfers to retail cannabis stores. The label must:

16.17 (1) include the lot number of the cannabis or cannabis product;

16.18 (2) specify the ingredients and the concentration of tetrahydrocannabinols in the cannabis
16.19 or cannabis product;

16.20 (3) specify the cannabinoid profile of the cannabis or cannabis product;

16.21 (4) include the license number of the cannabis cultivation facility that grew or produced
16.22 the cannabis;

16.23 (5) include the license number and name of the cannabis product manufacturing facility
16.24 that processed the cannabis into cannabis or a cannabis product;

16.25 (6) include a statement that cannabis may not be legally consumed by persons under the
16.26 age of 21;

16.27 (7) include, for cannabis products, the cannabinoid profile per serving and the number
16.28 of servings per package of the cannabis product;

16.29 (8) include a list of ingredients for cannabis products; and

16.30 (9) include a universal symbol indicating the package contains cannabis.

17.1 Sec. 14. **[340B.16] PERMIT TO CULTIVATE CANNABIS FOR PERSONAL**
17.2 **CONSUMPTION.**

17.3 Subdivision 1. **Cultivation permit required.** In order for a person to cultivate cannabis
17.4 for personal consumption under section 340B.03 and not for sale to others, a person must
17.5 hold a cultivation permit issued by the commissioner.

17.6 Subd. 2. **Application; action on application.** (a) An applicant for a cultivation permit
17.7 must submit to the commissioner:

17.8 (1) a completed permit application on forms provided by the commissioner. The permit
17.9 application must include:

17.10 (i) the applicant's name, address, contact information, and date of birth; and

17.11 (ii) information on the physical location at which the applicant plans to cultivate cannabis
17.12 for personal consumption, and steps the applicant will take to ensure that cannabis under
17.13 cultivation is not accessible to persons under age 21;

17.14 (2) a cultivation permit fee of \$.....;

17.15 (3) an accurate photocopy of the applicant's current driver's license or identification card
17.16 issued by the state or a tribal government, or an accurate photocopy of the photo page of
17.17 the applicant's passport, in order to verify that the applicant is 21 years of age or older;

17.18 (4) evidence of having completed the training course and passed the examination specified
17.19 in subdivision 6 within 90 days prior to submitting the application; and

17.20 (5) a signed statement by the applicant that the information in the application is true and
17.21 correct to the best of the applicant's knowledge and belief.

17.22 (b) The commissioner shall begin accepting cultivation permit applications no later than
17.23 December 1, 2019, and shall begin issuing cultivation permits no later than January 1, 2020.

17.24 The commissioner shall approve or deny an application for a cultivation permit within 30
17.25 days after receiving the items listed in paragraph (a). If a person's application for a permit
17.26 is approved, the commissioner shall assign a cultivation permit number to the person and
17.27 shall issue to the person a permit that lists the person's name and date of birth, the cultivation
17.28 permit number, the physical location at which the person is authorized to cultivate cannabis
17.29 for personal use, and the expiration date of the permit. The commissioner shall provide
17.30 written notice to a person specifying the reasons for denial if the person's application is
17.31 denied. An application for a cultivation permit shall be denied only if the applicant:

17.32 (1) did not submit all of the items listed in paragraph (a);

18.1 (2) submitted false information; or

18.2 (3) is under age 21.

18.3 (c) Denial of a cultivation permit is considered a final decision of the commissioner and
18.4 is subject to judicial review under chapter 14.

18.5 Subd. 3. **Notification to commissioner.** A person holding a cultivation permit must
18.6 notify the commissioner of a permanent change in name, address, contact information, or
18.7 the physical location at which the person is cultivating cannabis within 30 days after the
18.8 change takes place.

18.9 Subd. 4. **Permit expiration and renewal.** A cultivation permit issued under this section
18.10 is valid for two years and expires two years after the date of issuance. No earlier than 90
18.11 days before the permit expires and no later than the expiration date of the permit, a person
18.12 holding a cultivation permit may renew the permit by submitting to the commissioner the
18.13 items listed in subdivision 2, paragraph (a), clauses (1) and (5), and a cultivation permit
18.14 renewal fee of \$..... A person holding a cultivation permit who seeks to renew the permit
18.15 after the expiration date of the permit, but less than 30 days after the expiration date, may
18.16 renew the permit by submitting to the commissioner the items listed in subdivision 2,
18.17 paragraph (a), clauses (1) and (5); a cultivation permit renewal fee of \$.....; and a late fee
18.18 of \$..... A person holding a cultivation permit who seeks to renew the permit 30 days or
18.19 more after the expiration date of the permit must submit to the commissioner the items listed
18.20 in subdivision 2, paragraph (a).

18.21 Subd. 5. **Fees.** Cultivation permit fees, cultivation permit renewal fees, and late fees are
18.22 nonrefundable. The commissioner shall deposit cultivation permit fees, cultivation permit
18.23 renewal fees, and late fees collected under this section into the state government special
18.24 revenue fund. Fees collected under this section are appropriated to the commissioner for
18.25 purposes of administering this section.

18.26 Subd. 6. **Training course and examination on laws regarding cannabis cultivation**
18.27 **and related cannabis laws.** (a) In order to obtain a cultivation permit, a person must have
18.28 completed a training course and passed a written or online examination on laws regarding
18.29 cannabis cultivation and related cannabis laws. The commissioner must develop the content
18.30 of the training course and examination and must make the training course and examination
18.31 available to the public in an online format. A cannabis establishment may offer an in-person
18.32 training course and examination that includes at least the content developed by the
18.33 commissioner.

19.1 (b) A training course required by this subdivision must provide information on state
19.2 laws governing the personal possession and consumption of cannabis, including information
19.3 on:

19.4 (1) illegal conduct regarding the sale, transfer, or consumption of cannabis, including
19.5 providing or selling cannabis to persons under age 21 and operating a motor vehicle, aircraft,
19.6 train, or motorboat while under the influence of cannabis;

19.7 (2) limits in state law on the total number of cannabis plants and the number of mature
19.8 plants that a person may cultivate at one time;

19.9 (3) requirements regarding where cannabis may be cultivated, and steps persons
19.10 cultivating cannabis must take to ensure cannabis being cultivated is not accessible to persons
19.11 under age 21;

19.12 (4) locations where cannabis consumption is prohibited under state law and locations
19.13 where cannabis consumption may be limited by an entity that controls the property; and

19.14 (5) the authority of a local government to adopt ordinances or regulations governing the
19.15 time, place, and manner of cannabis cultivation or the consumption of cannabis or cannabis
19.16 products.

19.17 (c) The examination required by this subdivision must test knowledge of the information
19.18 listed in paragraph (b).

19.19 Subd. 7. **Use of permit.** A person holding a cultivation permit must maintain the permit
19.20 at the physical location at which the person cultivates cannabis and must provide the permit
19.21 upon lawful demand of a peace officer, as defined in section 626.84, subdivision 1.

19.22 Subd. 8. **Permit suspension or revocation.** The commissioner shall establish grounds
19.23 and procedures for revoking or suspending a cultivation permit.

19.24 Sec. 15. **[340B.17] PERSONS UNDER 21; ILLEGAL ACTS.**

19.25 Subdivision 1. **Consumption.** It is a misdemeanor for a retail cannabis store to permit
19.26 any person under the age of 21 years to consume cannabis or cannabis products on the
19.27 retailer's premises. As used in this subdivision, "consume" includes the physical condition
19.28 of having consumed cannabis or a cannabis product.

19.29 Subd. 2. **Purchasing.** (a) It is a petty misdemeanor for any person under the age of 21
19.30 years to purchase or attempt to purchase cannabis or a cannabis product from a retail cannabis
19.31 store unless under the supervision of a responsible person over the age of 21 for training,
19.32 education, or research purposes. Prior notification of the licensing authority is required

20.1 unless the supervised cannabis or cannabis product purchase attempt is for professional
20.2 research conducted by postsecondary educational institutions or state, county, or local health
20.3 departments.

20.4 (b) It is a misdemeanor for any person to induce a person under the age of 21 years to
20.5 purchase or procure cannabis or a cannabis product from a retail cannabis store, or to lend
20.6 to or knowingly permit the use of the person's driver's license, permit, Minnesota
20.7 identification card, or other form of identification by a person under the age of 21 years for
20.8 the purpose of purchasing or attempting to purchase cannabis or a cannabis product from
20.9 a retail cannabis store.

20.10 Subd. 3. **Entering licensed premises.** It is a petty misdemeanor for a person under the
20.11 age of 21 years to enter a retail cannabis store for the purpose of purchasing cannabis or a
20.12 cannabis product.

20.13 Subd. 4. **Misrepresentation of age.** It is a petty misdemeanor for a person under the
20.14 age of 21 years to claim to be 21 years old or older for the purpose of purchasing cannabis
20.15 or cannabis products from a retail cannabis store.

20.16 Subd. 5. **Attainment of age.** With respect to purchasing, possessing, consuming, selling,
20.17 furnishing, and serving cannabis or cannabis products, a person is not 21 years of age until
20.18 8:00 a.m. on the day of the person's 21st birthday.

20.19 Subd. 6. **Proof of age; defense; seizure of false identification.** (a) Proof of age for
20.20 purchasing or consuming cannabis or cannabis products may be established only by one of
20.21 the following:

20.22 (1) a valid driver's license or identification card issued by Minnesota, another state, a
20.23 tribal government, or a province of Canada, and including the photograph and date of birth
20.24 of the licensed person;

20.25 (2) a valid military identification card issued by the United States Department of Defense;

20.26 (3) a valid U.S. passport;

20.27 (4) a valid instructional permit issued under section 171.05 to a person of legal age to
20.28 purchase cannabis or cannabis products, and including a photograph and the date of birth
20.29 of the person issued the permit; or

20.30 (5) in the case of a foreign national, a valid passport.

21.1 (b) In a prosecution under subdivision 1, it is a defense for the defendant to prove by a
21.2 preponderance of the evidence that the defendant reasonably and in good faith relied upon
21.3 representations of proof of age authorized in paragraph (a).

21.4 (c) A retail cannabis store may seize a form of identification listed under paragraph (a)
21.5 if the retail cannabis store has reasonable grounds to believe that the form of identification
21.6 has been altered or falsified or is being used to violate any law. A retail cannabis store that
21.7 seizes a form of identification as authorized under this paragraph must deliver it to a law
21.8 enforcement agency within 24 hours of seizure.

21.9 **Sec. 16. [340B.18] LOCAL REGULATIONS.**

21.10 (a) Except as provided in paragraph (b), a local government may adopt ordinances or
21.11 regulations to prohibit the establishment of retail cannabis stores or cannabis product
21.12 manufacturing facilities in the jurisdiction of local government, or regulations that are more
21.13 restrictive than the requirements in this chapter or more restrictive than the requirements
21.14 of rules adopted under this chapter, if the governing body of the local government determines
21.15 the ordinances or regulations are necessary to protect the public health. A local government
21.16 may adopt ordinances or regulations:

21.17 (1) prohibiting the establishment of retail cannabis stores or cannabis product
21.18 manufacturing facilities in the jurisdiction of the local government;

21.19 (2) governing the time, place, and manner of the cultivation of cannabis or consumption
21.20 or use of cannabis, cannabis products, or cannabis accessories;

21.21 (3) governing the time, place, and manner of the operation of cannabis establishments
21.22 and the number of cannabis establishments operating within the jurisdiction of the local
21.23 government;

21.24 (4) establishing civil penalties for a violation of an ordinance or regulation related to
21.25 the cultivation of cannabis, consumption of cannabis or cannabis products, or operation of
21.26 cannabis establishments; and

21.27 (5) establishing any other requirements or procedures necessary to regulate the cultivation,
21.28 processing, sale, use, or consumption of cannabis and cannabis products in a manner that
21.29 protects the public health.

21.30 (b) A local government shall not adopt a regulation or ordinance to prohibit or establish
21.31 criminal penalties for the cultivation, possession, use, or consumption of cannabis, cannabis
21.32 products, or cannabis accessories as authorized under this chapter and chapter 152.

22.1 Sec. 17. **[340B.19] CONTRACTS.**

22.2 A contract related to the operation of a cannabis establishment is enforceable. No contract
22.3 entered into by a cannabis establishment or an employee or agent of a cannabis establishment,
22.4 or by an entity that allows property to be used by a cannabis establishment or an employee
22.5 or agent of a cannabis establishment, shall be unenforceable or void on the basis that
22.6 cultivating, obtaining, manufacturing, distributing, dispensing, transporting, selling,
22.7 possessing, or consuming cannabis is prohibited under federal law.

22.8 Sec. 18. **[340B.25] CANNABIS ACCOUNT.**

22.9 Subdivision 1. Creation of account. There is created in the state treasury a cannabis
22.10 account in the special revenue fund for deposit of all revenue collected from the retail sales
22.11 of cannabis, cannabis products, and cannabis accessories under chapter 297A.

22.12 Subd. 2. Cannabis account appropriations. (a) The amount necessary to administer
22.13 the tax under chapter 297A is appropriated from the cannabis account in the special revenue
22.14 fund to the commissioner of revenue.

22.15 (b) Of the funds remaining in the cannabis account after the appropriation required in
22.16 paragraph (a), \$10,000,000 each fiscal year is appropriated to the commissioner of
22.17 employment and economic development to be distributed as grants for business development.
22.18 These grants must be awarded to small businesses, as defined under section 645.445, that
22.19 either:

22.20 (1) employ at least one person with a criminal record; or

22.21 (2) are located in a historically disadvantaged area, defined as a census tract that has a
22.22 poverty rate of at least 20 percent as reported in the most recently completed decennial
22.23 census published by the United States Bureau of the Census.

22.24 (c) Of the funds remaining in the cannabis account after the appropriation required in
22.25 paragraph (b), the following amounts are appropriated or transferred each fiscal year as
22.26 follows:

22.27 (1) ten percent is appropriated to the commissioner of human services for mental health
22.28 services under chapter 245;

22.29 (2) ten percent is appropriated to the commissioner of public safety to train peace officers
22.30 on how to recognize cannabis impairment;

22.31 (3) ten percent is appropriated to the commissioner of health to conduct research on the
22.32 public health impacts of consuming cannabis and cannabis products;

23.1 (4) ten percent is appropriated to the commissioner of health for the creation,
 23.2 implementation, operation, and management of a cannabis education and public health
 23.3 program that contains:

23.4 (i) a public health hotline that provides referrals to substance abuse treatment providers,
 23.5 utilizes evidence-based or research-based public health approaches to minimize any harms
 23.6 associated with cannabis consumption;

23.7 (ii) a grant program for community health boards, tribal governments, and other local
 23.8 community agencies to support development and implementation of coordinated intervention
 23.9 strategies to prevent and reduce consumption of cannabis and cannabis products by youth;
 23.10 and

23.11 (iii) media-based education campaigns across television, Internet, radio, print, and
 23.12 out-of-home advertising, separately targeting youth and adults, that provide medically and
 23.13 scientifically accurate information about the health and safety risks posed by the consumption
 23.14 of cannabis and cannabis products; and

23.15 (5) 60 percent shall be transferred to the general fund.

23.16 Sec. 19. **APPROPRIATION.**

23.17 \$..... in fiscal year 2020 and \$..... in fiscal year 2021 are appropriated from the state
 23.18 government special revenue fund to the commissioner of health to implement Minnesota
 23.19 Statutes, chapter 340B.

23.20 **ARTICLE 2**

23.21 **TAXATION**

23.22 Section 1. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
 23.23 to read:

23.24 **Subd. 27. Disallowed section 280E expenses; cannabis manufacturers and cannabis**
 23.25 **establishments.** The amount of expenses disallowed for federal income tax purposes under
 23.26 section 280E of the Internal Revenue Code as amended through March 31, 2018, is a
 23.27 subtraction. The subtraction applies to:

23.28 (1) a medical cannabis manufacturer, as defined under section 152.22, subdivision 7,
 23.29 related to the business of medical cannabis under sections 152.21 to 152.37; and

23.30 (2) a cannabis establishment, as defined under section 340B.01, subdivision 5, related
 23.31 to the business of operating as a cannabis establishment.

24.1 Sec. 2. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
24.2 to read:

24.3 Subd. 17. **Disallowed section 280E expenses; cannabis manufacturers and cannabis**
24.4 **establishments.** The amount of expenses disallowed for federal income tax purposes under
24.5 section 280E of the Internal Revenue Code as amended through March 31, 2018, is a
24.6 subtraction. The subtraction applies to:

24.7 (1) a medical cannabis manufacturer, as defined under section 152.22, subdivision 7,
24.8 related to the business of medical cannabis under sections 152.21 to 152.37; and

24.9 (2) a cannabis establishment, as defined under section 340B.01, subdivision 5, related
24.10 to the business of operating as a cannabis establishment.

24.11 Sec. 3. Minnesota Statutes 2018, section 297A.61, subdivision 4, is amended to read:

24.12 Subd. 4. **Retail sale.** (a) A "retail sale" means:

24.13 (1) any sale, lease, or rental of tangible personal property for any purpose, other than
24.14 resale, sublease, or subrent of items by the purchaser in the normal course of business as
24.15 defined in subdivision 21; and

24.16 (2) any sale of a service enumerated in subdivision 3, for any purpose other than resale
24.17 by the purchaser in the normal course of business as defined in subdivision 21.

24.18 (b) A sale of property used by the owner only by leasing it to others or by holding it in
24.19 an effort to lease it, and put to no use by the owner other than resale after the lease or effort
24.20 to lease, is a sale of property for resale.

24.21 (c) A sale of master computer software that is purchased and used to make copies for
24.22 sale or lease is a sale of property for resale.

24.23 (d) A sale of building materials, supplies, and equipment to owners, contractors,
24.24 subcontractors, or builders for the erection of buildings or the alteration, repair, or
24.25 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
24.26 for purposes of resale in the form of real property or otherwise.

24.27 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for
24.28 installation of the floor covering is a retail sale and not a sale for resale since a sale of floor
24.29 covering which includes installation is a contract for the improvement of real property.

24.30 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
24.31 for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery,

25.1 plants, sod, trees, and similar items that includes installation is a contract for the improvement
25.2 of real property.

25.3 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and is
25.4 not considered a sale of property for resale.

25.5 (h) A sale of tangible personal property utilized or employed in the furnishing or
25.6 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
25.7 limited to, property given as promotional items, is a retail sale and is not considered a sale
25.8 of property for resale.

25.9 (i) A sale of tangible personal property used in conducting lawful gambling under chapter
25.10 349 or the State Lottery under chapter 349A, including, but not limited to, property given
25.11 as promotional items, is a retail sale and is not considered a sale of property for resale.

25.12 (j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense
25.13 goods or services, including, but not limited to, coin-operated devices, is a retail sale and
25.14 is not considered a sale of property for resale.

25.15 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
25.16 payment becomes due under the terms of the agreement or the trade practices of the lessor
25.17 or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
25.18 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
25.19 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
25.20 executed.

25.21 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
25.22 title or possession of the tangible personal property.

25.23 (m) A sale of a bundled transaction in which one or more of the products included in
25.24 the bundle is a taxable product is a retail sale, except that if one of the products is a
25.25 telecommunication service, ancillary service, Internet access, or audio or video programming
25.26 service, and the seller has maintained books and records identifying through reasonable and
25.27 verifiable standards the portions of the price that are attributable to the distinct and separately
25.28 identifiable products, then the products are not considered part of a bundled transaction.
25.29 For purposes of this paragraph:

25.30 (1) the books and records maintained by the seller must be maintained in the regular
25.31 course of business, and do not include books and records created and maintained by the
25.32 seller primarily for tax purposes;

26.1 (2) books and records maintained in the regular course of business include, but are not
26.2 limited to, financial statements, general ledgers, invoicing and billing systems and reports,
26.3 and reports for regulatory tariffs and other regulatory matters; and

26.4 (3) books and records are maintained primarily for tax purposes when the books and
26.5 records identify taxable and nontaxable portions of the price, but the seller maintains other
26.6 books and records that identify different prices attributable to the distinct products included
26.7 in the same bundled transaction.

26.8 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body
26.9 shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail
26.10 sale of the paint and materials. The motor vehicle repair or body shop that purchases motor
26.11 vehicle repair paint and motor vehicle repair materials for resale must either:

26.12 (1) separately state each item of paint and each item of materials, and the sales price of
26.13 each, on the invoice to the purchaser; or

26.14 (2) in order to calculate the sales price of the paint and materials, use a method which
26.15 estimates the amount and monetary value of the paint and materials used in the repair of
26.16 the motor vehicle by multiplying the number of labor hours by a rate of consideration for
26.17 the paint and materials used in the repair of the motor vehicle following industry standard
26.18 practices that fairly calculate the gross receipts from the retail sale of the motor vehicle
26.19 repair paint and motor vehicle repair materials. An industry standard practice fairly calculates
26.20 the gross receipts if the sales price of the paint and materials used or consumed in the repair
26.21 of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or
26.22 body shop business. Under this clause, the invoice must either separately state the "paint
26.23 and materials" as a single taxable item, or separately state "paint" as a taxable item and
26.24 "materials" as a taxable item. This clause does not apply to wholesale transactions at an
26.25 auto auction facility.

26.26 (o) A sale of specified digital products or other digital products to an end user with or
26.27 without rights of permanent use and regardless of whether rights of use are conditioned
26.28 upon payment by the purchaser is a retail sale. When a digital code has been purchased that
26.29 relates to specified digital products or other digital products, the subsequent receipt of or
26.30 access to the related specified digital products or other digital products is not a retail sale.

26.31 (p) A payment made to a cooperative electric association or public utility as a contribution
26.32 in aid of construction is a contract for improvement to real property and is not a retail sale.

26.33 (q) A sale of cannabis, cannabis products, or cannabis accessories by a retail cannabis
26.34 store is a retail sale and is not considered a sale of property for resale.

27.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.2 December 31, 2021.

27.3 Sec. 4. Minnesota Statutes 2018, section 297A.61, is amended by adding a subdivision to
27.4 read:

27.5 Subd. 59. **Cannabis.** "Cannabis" has the meaning given in section 340B.01, subdivision
27.6 2.

27.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.8 December 31, 2021.

27.9 Sec. 5. Minnesota Statutes 2018, section 297A.61, is amended by adding a subdivision to
27.10 read:

27.11 Subd. 60. **Cannabis accessory.** "Cannabis accessory" has the meaning given in section
27.12 340B.01, subdivision 3.

27.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.14 December 31, 2021.

27.15 Sec. 6. Minnesota Statutes 2018, section 297A.61, is amended by adding a subdivision to
27.16 read:

27.17 Subd. 61. **Cannabis product.** "Cannabis product" has the meaning given in section
27.18 340B.01, subdivision 6.

27.19 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.20 December 31, 2021.

27.21 Sec. 7. Minnesota Statutes 2018, section 297A.62, subdivision 1, is amended to read:

27.22 Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or 3a or in this
27.23 chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined
27.24 in section 297A.61, subdivision 4, made in this state or to a destination in this state by a
27.25 person who is required to have or voluntarily obtains a permit under section 297A.83,
27.26 subdivision 1.

27.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.28 December 31, 2021.

28.1 Sec. 8. Minnesota Statutes 2018, section 297A.62, is amended by adding a subdivision to
 28.2 read:

28.3 Subd. 3a. **Cannabis rate.** A sales tax of ... percent is imposed on the gross receipts from
 28.4 the retail sales of cannabis, cannabis products, and cannabis accessories in this state.

28.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 28.6 December 31, 2021.

28.7 Sec. 9. **[297A.9935] LOCAL CANNABIS TAX.**

28.8 Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a
 28.9 statutory or home rule charter city may by ordinance, and a town may by the affirmative
 28.10 vote of the governing board of the town at the annual town meeting, or at a special town
 28.11 meeting, impose a tax of up to ... percent on the gross receipts from the retail sale of cannabis,
 28.12 cannabis products, or cannabis accessories.

28.13 Subd. 2. **Joint powers agreement.** Any statutory or home rule charter city, town, or
 28.14 county when the county board is acting as a town board with respect to an unorganized
 28.15 territory, may enter into a joint exercise of powers agreement pursuant to section 471.59
 28.16 for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.

28.17 Subd. 3. **Collection.** The statutory or home rule charter city may agree with the
 28.18 commissioner of revenue that a tax imposed pursuant to this section shall be collected by
 28.19 the commissioner together with the tax imposed by this chapter, and subject to the same
 28.20 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be
 28.21 remitted to the city.

28.22 **ARTICLE 3**

28.23 **CLEAN INDOOR AIR ACT**

28.24 Section 1. Minnesota Statutes 2018, section 144.413, subdivision 4, is amended to read:

28.25 Subd. 4. **Smoking.** "Smoking" means inhaling or exhaling smoke from any lighted cigar,
 28.26 cigarette, or pipe; any lighted cannabis; or any other lighted tobacco product, cannabis
 28.27 product, or plant product. Smoking also includes: (1) carrying a lighted cigar, cigarette, or
 28.28 pipe; any lighted cannabis; or any other lighted tobacco product, cannabis product, or plant
 28.29 product intended for inhalation; and (2) inhaling or exhaling vapor from or any other use
 28.30 of an electronic delivery device or an electronic cannabis delivery device.

29.1 Sec. 2. Minnesota Statutes 2018, section 144.413, is amended by adding a subdivision to
 29.2 read:

29.3 Subd. 6. **Cannabis.** "Cannabis" has the meaning given in section 340B.01, subdivision
 29.4 2.

29.5 Sec. 3. Minnesota Statutes 2018, section 144.413, is amended by adding a subdivision to
 29.6 read:

29.7 Subd. 7. **Cannabis product.** "Cannabis product" has the meaning given in section
 29.8 340B.01, subdivision 6.

29.9 Sec. 4. Minnesota Statutes 2018, section 144.413, is amended by adding a subdivision to
 29.10 read:

29.11 Subd. 8. **Electronic cannabis delivery device.** "Electronic cannabis delivery device"
 29.12 means any product containing or delivering cannabis or cannabis derivatives that can be
 29.13 used by a person to simulate smoking in the delivery of cannabis or cannabis derivatives
 29.14 through inhalation of vapor from the product. Electronic cannabis delivery device includes
 29.15 any component part of a product, whether or not marketed or sold separately.

29.16 Sec. 5. Minnesota Statutes 2018, section 144.413, is amended by adding a subdivision to
 29.17 read:

29.18 Subd. 9. **Electronic delivery device.** "Electronic delivery device" has the meaning given
 29.19 in section 609.685, subdivision 1.

29.20 Sec. 6. Minnesota Statutes 2018, section 144.414, subdivision 2, is amended to read:

29.21 Subd. 2. **Day care premises.** (a) Smoking is prohibited in a day care center licensed
 29.22 under Minnesota Rules, parts 9503.0005 to 9503.0170, or in a family home or in a group
 29.23 family day care provider home licensed under Minnesota Rules, parts 9502.0300 to
 29.24 9502.0445, during its hours of operation. The proprietor of a family home or group family
 29.25 day care provider must disclose to parents or guardians of children cared for on the premises
 29.26 if the proprietor permits smoking outside of its hours of operation. Disclosure must include
 29.27 posting on the premises a conspicuous written notice and orally informing parents or
 29.28 guardians.

29.29 ~~(b) For purposes of this subdivision, the definition of smoking includes the use of~~
 29.30 ~~electronic cigarettes, including the inhaling and exhaling of vapor from any electronic~~
 29.31 ~~delivery device as defined in section 609.685, subdivision 1.~~

30.1 Sec. 7. Minnesota Statutes 2018, section 144.414, subdivision 3, is amended to read:

30.2 Subd. 3. **Health care facilities and clinics.** (a) Smoking is prohibited in any area of a
30.3 hospital, health care clinic, doctor's office, licensed residential facility for children, or other
30.4 health care-related facility, except that a patient or resident in a nursing home, boarding
30.5 care facility, or licensed residential facility for adults may smoke in a designated separate,
30.6 enclosed room maintained in accordance with applicable state and federal laws.

30.7 (b) Except as provided in section 246.0141, smoking by patients in a locked psychiatric
30.8 unit may be allowed in a separated well-ventilated area in the unit under a policy established
30.9 by the administrator of the program that allows the treating physician to approve smoking
30.10 if, in the opinion of the treating physician, the benefits to be gained in obtaining patient
30.11 cooperation with treatment outweigh the negative impacts of smoking.

30.12 ~~(c) For purposes of this subdivision, the definition of smoking includes the use of~~
30.13 ~~electronic cigarettes, including the inhaling and exhaling of vapor from any electronic~~
30.14 ~~delivery device as defined in section 609.685, subdivision 1.~~

30.15 Sec. 8. Minnesota Statutes 2018, section 144.4165, is amended to read:

30.16 **144.4165 TOBACCO PRODUCTS, CANNABIS, CANNABIS PRODUCTS,**
30.17 **ELECTRONIC DELIVERY DEVICES, AND ELECTRONIC CANNABIS DELIVERY**
30.18 **DEVICES PROHIBITED IN PUBLIC SCHOOLS.**

30.19 Subdivision 1. Tobacco products; electronic delivery devices. No person shall at any
30.20 time smoke, chew, or otherwise ingest tobacco or a tobacco product, or inhale or exhale
30.21 vapor from an electronic delivery device ~~as defined in section 609.685, subdivision 1,~~ in a
30.22 public school, as defined in section 120A.05, subdivisions 9, 11, and 13, and no person
30.23 under the age of 18 shall possess any of these items. This prohibition extends to all facilities,
30.24 whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents,
30.25 contracts for, or controls. Nothing in this section shall prohibit the lighting of tobacco by
30.26 an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this
30.27 section, an Indian is a person who is a member of an Indian tribe as defined in section
30.28 260.755 subdivision 12.

30.29 Subd. 2. Cannabis, cannabis products, electronic cannabis delivery devices. Except
30.30 as permitted under section 152.345, no person shall at any time engage in any of the following
30.31 in a public school, as defined in section 120A.05, subdivisions 9, 11, and 13:

30.32 (1) smoke, ingest, consume, or otherwise use cannabis or a cannabis product;

30.33 (2) inhale or exhale vapor from an electronic cannabis delivery device; or

31.1 (3) possess any of the items listed in clause (1) or (2).

31.2 Sec. 9. **REPEALER.**

31.3 Minnesota Statutes 2018, section 144.414, subdivision 5, is repealed.

31.4 **ARTICLE 4**

31.5 **CONTROLLED SUBSTANCES ACT; EXPUNGEMENT**

31.6 Section 1. Minnesota Statutes 2018, section 152.01, is amended by adding a subdivision
31.7 to read:

31.8 Subd. 9b. **Cannabis product.** (a) "Cannabis product" has the meaning given in section
31.9 340B.01, subdivision 6.

31.10 (b) When determining the weight of a cannabis product for purposes of this chapter,
31.11 only the weight of the cannabis used in the product may be considered.

31.12 Sec. 2. Minnesota Statutes 2018, section 152.01, is amended by adding a subdivision to
31.13 read:

31.14 Subd. 9c. **Consume.** "Consume" includes any form of ingestion, introduction, or
31.15 absorption into the body, including but not limited to by means of smoking, inhaling, eating,
31.16 or application onto the skin.

31.17 Sec. 3. Minnesota Statutes 2018, section 152.027, subdivision 3, is amended to read:

31.18 Subd. 3. **Possession of a cannabis product or marijuana in a motor vehicle.** A person
31.19 is guilty of a misdemeanor if the person is the owner of a private motor vehicle, or is the
31.20 driver of the motor vehicle if the owner is not present, and possesses on the person, or
31.21 knowingly keeps or allows to be kept within the area of the vehicle normally occupied by
31.22 the driver or passengers, ~~more than 1.4 grams~~ one ounce of marijuana, ~~more than eight~~
31.23 grams of concentrated cannabis, or cannabis products that cumulatively contain more than
31.24 800 milligrams of delta-9 tetrahydrocannabinol. This area of the vehicle does not include
31.25 the trunk of the motor vehicle if the vehicle is equipped with a trunk, or another area of the
31.26 vehicle not normally occupied by the driver or passengers if the vehicle is not equipped
31.27 with a trunk. A utility or glove compartment is deemed to be within the area occupied by
31.28 the driver and passengers.

32.1 Sec. 4. Minnesota Statutes 2018, section 152.027, is amended by adding a subdivision to
32.2 read:

32.3 Subd. 3a. **Consumption of cannabis product or marijuana in motor vehicle.** A person
32.4 is guilty of a misdemeanor if the person consumes a cannabis product or marijuana in a
32.5 motor vehicle when the motor vehicle is on a street or highway.

32.6 Sec. 5. Minnesota Statutes 2018, section 152.027, subdivision 4, is amended to read:

32.7 Subd. 4. **Possession or sale of small amounts of marijuana.** (a) Except as provided in
32.8 section 152.0965, a person who unlawfully sells a small amount of marijuana for no
32.9 remuneration, or who unlawfully possesses a small amount of marijuana is guilty of a petty
32.10 misdemeanor and shall be required to participate in a drug education program unless the
32.11 court enters a written finding that a drug education program is inappropriate. The program
32.12 must be approved by an area mental health board with a curriculum approved by the state
32.13 alcohol and drug abuse authority.

32.14 (b) A person convicted of an unlawful sale under paragraph (a) who is subsequently
32.15 convicted of an unlawful sale under paragraph (a) within two years is guilty of a misdemeanor
32.16 and shall be required to participate in a chemical dependency evaluation and treatment if
32.17 so indicated by the evaluation.

32.18 (c) A person who is convicted of a petty misdemeanor under paragraph (a) who willfully
32.19 and intentionally fails to comply with the sentence imposed, is guilty of a misdemeanor.
32.20 Compliance with the terms of the sentence imposed before conviction under this paragraph
32.21 is an absolute defense.

32.22 Sec. 6. Minnesota Statutes 2018, section 152.092, is amended to read:

32.23 **152.092 POSSESSION OF DRUG PARAPHERNALIA PROHIBITED.**

32.24 (a) Except as provided in section 152.0965 or 152.0966, it is unlawful for any person
32.25 knowingly or intentionally to use or to possess drug paraphernalia. Any violation of this
32.26 section is a petty misdemeanor.

32.27 (b) A person who violates paragraph (a) and has previously violated paragraph (a) on
32.28 two or more occasions has committed a crime and may be sentenced to imprisonment for
32.29 up to 90 days or to payment of a fine up to \$1,000, or both.

33.1 Sec. 7. Minnesota Statutes 2018, section 152.093, is amended to read:

33.2 **152.093 MANUFACTURE OR DELIVERY OF DRUG PARAPHERNALIA**
 33.3 **PROHIBITED.**

33.4 Except as provided in section 152.0965 or 152.0966, it is unlawful for any person
 33.5 knowingly or intentionally to deliver drug paraphernalia or knowingly or intentionally to
 33.6 possess or manufacture drug paraphernalia for delivery. Any violation of this section is a
 33.7 misdemeanor.

33.8 Sec. 8. **152.0965 PERSONAL POSSESSION, CONSUMPTION, AND**
 33.9 **CULTIVATION OF CANNABIS.**

33.10 Subdivision 1. Definitions. For purposes of this section and section 152.0966:

33.11 (1) "cannabis," "cannabis accessory," "cannabis cultivation facility," "cannabis product
 33.12 manufacturing facility," "cannabis testing facility," "cultivation permit," "consumer,"
 33.13 "immature plant," "mature plant," and "retail cannabis store" have the meanings given in
 33.14 section 340B.01;

33.15 (2) "concentrated cannabis" means a cannabis concentrate that consists wholly or in part
 33.16 of resin extracted from any part of the cannabis plant and that has a tetrahydrocannabinol
 33.17 concentration of greater than ten percent;

33.18 (3) "electronic cannabis delivery device" means any product containing or delivering
 33.19 cannabis or cannabis derivatives that can be used by a person to simulate smoking in the
 33.20 delivery of cannabis or cannabis derivatives through inhalation of vapor from the product.
 33.21 Electronic cannabis delivery device includes any component part of a product, whether or
 33.22 not marketed or sold separately;

33.23 (4) "motor vehicle" has the meaning given in section 169.011, subdivision 42; and

33.24 (5) "public place" means a public street, highway, alley, sidewalk, or boulevard, or
 33.25 property owned, leased, or controlled by a governmental unit.

33.26 Subd. 2. Authorized acts. (a) A person who is 21 years of age or older may:

33.27 (1) possess or transport one ounce or less of cannabis, eight grams or less of concentrated
 33.28 cannabis, or cannabis products that cumulatively do not contain more than 800 milligrams
 33.29 of delta-9 tetrahydrocannabinol;

33.30 (2) purchase from a retail cannabis store one ounce or less of cannabis, eight grams or
 33.31 less of concentrated cannabis, or cannabis products that cumulatively do not contain more
 33.32 than 800 milligrams of delta-9 tetrahydrocannabinol;

34.1 (3) possess, use, or transport cannabis accessories or purchase cannabis accessories from
34.2 a retail cannabis store;

34.3 (4) possess, cultivate, process, or transport no more than four cannabis plants, with two
34.4 or fewer being mature plants and the remaining number being immature plants, provided
34.5 the cannabis produced by the plants is not made available for sale and the person possesses
34.6 a cultivation permit;

34.7 (5) transfer one ounce or less of cannabis, eight grams or less of concentrated cannabis,
34.8 or cannabis products that cumulatively do not contain more than 800 milligrams of delta-9
34.9 tetrahydrocannabinol without remuneration to a person who is 21 years of age or older;

34.10 (6) consume cannabis or cannabis products, provided that nothing in this section permits
34.11 a person to:

34.12 (i) smoke cannabis or use an electronic cannabis delivery device in violation of sections
34.13 144.411 to 144.417; or

34.14 (ii) consume cannabis or cannabis products or use an electronic cannabis delivery device
34.15 in a public place, on private property without the consent of the property owner, or in a
34.16 manner that endangers others; and

34.17 (7) assist another person who is 21 years of age or older in any of the acts described in
34.18 clauses (1) to (6).

34.19 (b) The authorized acts in paragraph (a) shall not be the basis for seizure or forfeiture
34.20 of assets.

34.21 Subd. 3. **Prohibited acts.** Nothing in this section permits a person to engage in, and
34.22 does not prevent the imposition of any civil, criminal, or other penalties for, operating,
34.23 navigating, or being in actual physical control of any motor vehicle, aircraft, train, or
34.24 motorboat, or working on transportation property, equipment, or facilities while under the
34.25 influence of cannabis.

34.26 Sec. 9. **[152.0966] ACTIVITIES RELATED TO COMMERCIAL CULTIVATION,**
34.27 **TRANSPORTATION, MANUFACTURE, AND SALE OF CANNABIS, CANNABIS**
34.28 **PRODUCTS, AND CANNABIS ACCESSORIES.**

34.29 (a) A person who is 21 years of age or older may:

34.30 (1) manufacture, possess, or purchase cannabis accessories or sell cannabis accessories
34.31 to a person who is 21 years of age or older;

35.1 (2) conduct any of the following activities if the person has a current, valid license to
 35.2 operate a retail cannabis store or is acting in the person's capacity as an owner, employee,
 35.3 or agent of a licensed retail cannabis store: possess, display, or transport cannabis or cannabis
 35.4 products; purchase cannabis from a cannabis cultivation facility; purchase cannabis or
 35.5 cannabis products from a cannabis product manufacturing facility; or sell cannabis or
 35.6 cannabis products to consumers;

35.7 (3) conduct any of the following activities if the person has a current, valid license to
 35.8 operate a cannabis cultivation facility or is acting in the person's capacity as an owner,
 35.9 employee, or agent of a licensed cannabis cultivation facility: cultivate, harvest, process,
 35.10 package, transport, display, or possess cannabis; deliver or transfer cannabis to a cannabis
 35.11 testing facility; sell cannabis to a cannabis cultivation facility, a cannabis product
 35.12 manufacturing facility, or a retail cannabis store; or purchase cannabis from a cannabis
 35.13 cultivation facility;

35.14 (4) conduct any of the following activities if the person has a current, valid license to
 35.15 operate a cannabis product manufacturing facility or is acting in the person's capacity as an
 35.16 owner, employee, or agent of a licensed cannabis product manufacturing facility: package,
 35.17 process, transport, manufacture, display, or possess cannabis or cannabis products; deliver
 35.18 or transfer cannabis or cannabis products to a cannabis testing facility; sell cannabis or
 35.19 cannabis products to a retail cannabis store or a cannabis product manufacturing facility;
 35.20 purchase cannabis from a cannabis cultivation facility; or purchase cannabis or cannabis
 35.21 products from a cannabis product manufacturing facility;

35.22 (5) conduct any of the following activities if the person has a current, valid license to
 35.23 operate a cannabis testing facility or is acting in the person's capacity as an owner, employee,
 35.24 or agent of a licensed cannabis testing facility: possess, test, repackage, store, transport,
 35.25 display, transfer, or deliver cannabis or cannabis products; or

35.26 (6) lease or otherwise allow the use of property owned, occupied, or controlled by any
 35.27 person, corporation, or other entity for any of the activities conducted lawfully according
 35.28 to this section and chapter 340B.

35.29 (b) The authorized acts in paragraph (a) shall not be the basis for seizure or forfeiture
 35.30 of assets.

35.31 Sec. 10. Minnesota Statutes 2018, section 152.27, subdivision 1, is amended to read:

35.32 Subdivision 1. **Patient registry program; establishment.** (a) The commissioner shall
 35.33 establish a patient registry program to evaluate data on patient demographics, effective

36.1 treatment options, clinical outcomes, and quality-of-life outcomes for the purpose of reporting
 36.2 on the benefits, risks, and outcomes regarding patients with a qualifying medical condition
 36.3 engaged in the therapeutic use of medical cannabis.

36.4 (b) The establishment of the registry program shall not be construed or interpreted to
 36.5 condone or promote the ~~the~~ recreational use of ~~marijuana~~ cannabis in a manner not
 36.6 authorized under sections 152.0965 and 152.0966 and chapter 340B.

36.7 **Sec. 11. [609A.05] EXPUNGEMENT OF CERTAIN MARIJUANA OFFENSES.**

36.8 Subdivision 1. **Eligibility.** Notwithstanding any law to the contrary, a court shall issue
 36.9 an order of expungement sealing all records relating to an arrest, indictment, information,
 36.10 trial, or verdict for any person found guilty of an act committed before August 1, 2019, in
 36.11 violation of:

36.12 (1) section 152.027, subdivision 3 or 4;

36.13 (2) Minnesota Statutes 1988, section 152.09, subdivision 1, clause (2), and sentenced
 36.14 under Minnesota Statutes 1988, section 152.15, subdivision 2, clause (5) or (6); or

36.15 (3) Minnesota Statutes 1974, section 152.09, with respect to a small amount of marijuana.

36.16 Subd. 2. **Attorney general to identify eligible individuals.** On or before January 15,
 36.17 2020, the attorney general shall consult with the Bureau of Criminal Apprehension and the
 36.18 judicial branch and identify past convictions that qualify for expungement pursuant to
 36.19 subdivision 1. The attorney general shall notify the prosecutorial office that had jurisdiction
 36.20 over the offense of all cases that qualify for expungement, and shall make a reasonable and
 36.21 good faith effort to notify any individual whose offense qualifies for expungement.

36.22 Subd. 3. **Prosecutorial rights and responsibilities.** (a) Upon receipt of the notice
 36.23 described in subdivision 2, the prosecutorial office that had jurisdiction over the offense
 36.24 shall have 30 days to review the case to determine whether it meets the requirements of
 36.25 subdivision 1, send notice of that decision to the court, and make a reasonable and good
 36.26 faith effort to send notice of that decision to the individual whose offense was identified by
 36.27 the attorney general.

36.28 (b) Notice sent under this section shall include the name of the individual who committed
 36.29 the offense, the date of the offense, and the court case number.

36.30 Subd. 4. **Hearing on petition to expunge.** (a) An individual who received notice pursuant
 36.31 to subdivision 3 stating that the offense committed by the individual is not eligible for
 36.32 expungement, who received notice pursuant to subdivision 2 and did not receive notice

37.1 pursuant to subdivision 3 within 60 days, or who did not receive notice pursuant to this
37.2 section on or before March 1, 2020, may file a petition seeking expungement under this
37.3 section. The filing fee under section 357.021, subdivision 2, clause (1), shall be waived.

37.4 (b) The petition for expungement shall be signed under oath by the petitioner and shall
37.5 state the following:

37.6 (1) the petitioner's full name and all other legal names or aliases by which the petitioner
37.7 has been known at any time;

37.8 (2) the petitioner's date of birth; and

37.9 (3) the date of the offense and the court case number of the offense for which
37.10 expungement is sought.

37.11 (c) The petitioner shall serve by mail the petition for expungement on the prosecutorial
37.12 office that had jurisdiction over the offense for which expungement is sought.

37.13 (d) Unless the prosecutorial office that had jurisdiction over the offense notifies the court
37.14 that the offense is eligible for expungement, a hearing on the petition shall be held within
37.15 a reasonable time after service of the petition.

37.16 (e) At a hearing on a petition filed under this section, the court shall determine whether
37.17 the offense meets the requirements of subdivision 1.

37.18 (f) Nothing in this section prevents an individual from filing a petition for expungement
37.19 pursuant to any other law.

37.20 **Subd. 5. Order of expungement.** (a) Upon receiving notice that an offense qualifies
37.21 for expungement from the prosecutorial office that had jurisdiction over the offense, or after
37.22 determining that an offense qualifies for expungement following a hearing, the court shall
37.23 issue an order sealing all records relating to an arrest, indictment, information, trial, or
37.24 verdict.

37.25 (b) The court administrator shall send a copy of an expungement order to each agency
37.26 and jurisdiction whose records are affected by the terms of the order and send a letter to the
37.27 person whose offense has been expunged identifying each agency that received the order.

37.28 (c) Data on the person whose offense has been expunged in a letter sent under this
37.29 subdivision are private data on individuals as defined in section 13.02.

37.30 (d) The effect of an order for expungement under this section is to restore the person,
37.31 in the contemplation of the law, to the status the person occupied before the arrest, indictment,
37.32 information, trial, or verdict. The person shall not be held guilty of perjury or otherwise of

38.1 giving a false statement if the person fails to acknowledge the arrest, indictment, information,
 38.2 trial, or verdict in response to an inquiry made for any purpose.

38.3 **ARTICLE 5**

38.4 **MISCELLANEOUS PROVISIONS**

38.5 Section 1. Minnesota Statutes 2018, section 152.23, is amended to read:

38.6 **152.23 LIMITATIONS.**

38.7 (a) Nothing in sections 152.22 to 152.37 permits any person to engage in and does not
 38.8 prevent the imposition of any civil, criminal, or other penalties for:

38.9 (1) undertaking any task under the influence of medical cannabis that would constitute
 38.10 negligence or professional malpractice;

38.11 (2) possessing or engaging in the use of medical cannabis:

38.12 (i) on a school bus or van, except as permitted under section 152.345;

38.13 (ii) on the grounds of any preschool ~~or primary~~, elementary, or secondary school, except
 38.14 as permitted under section 152.345;

38.15 (iii) in any correctional facility; or

38.16 (iv) on the grounds of any child care facility or home day care;

38.17 (3) vaporizing medical cannabis pursuant to section 152.22, subdivision 6:

38.18 (i) on any form of public transportation;

38.19 (ii) where the vapor would be inhaled by a nonpatient minor child; or

38.20 (iii) in any public place, including any indoor or outdoor area used by or open to the
 38.21 general public or a place of employment as defined under section 144.413, subdivision 1b;
 38.22 and

38.23 (4) operating, navigating, or being in actual physical control of any motor vehicle,
 38.24 aircraft, train, or motorboat, or working on transportation property, equipment, or facilities
 38.25 while under the influence of medical cannabis.

38.26 (b) Nothing in sections 152.22 to 152.37 require the medical assistance and
 38.27 MinnesotaCare programs to reimburse an enrollee or a provider for costs associated with
 38.28 the medical use of cannabis. Medical assistance and MinnesotaCare shall continue to provide
 38.29 coverage for all services related to treatment of an enrollee's qualifying medical condition
 38.30 if the service is covered under chapter 256B or 256L.

39.1 Sec. 2. [152.345] POSSESSION AND USE OF MEDICAL CANNABIS ON SCHOOL
39.2 GROUNDS.

39.3 (a) A student who is enrolled as a patient in the registry program is permitted to possess
39.4 or self-administer medical cannabis, or have medical cannabis administered, on the grounds
39.5 of a preschool, elementary school, or secondary school; on a school bus or van; or at a
39.6 school-sponsored event if:

39.7 (1) the student possesses or self-administers medical cannabis, or has medical cannabis
39.8 administered, in compliance with policies or guidelines adopted by the school board regarding
39.9 possession, storage, administration methods, persons authorized to administer medical
39.10 cannabis, and locations for administration; and

39.11 (2) the medical cannabis is administered or self-administered in a manner that does not
39.12 disrupt the educational environment or cause exposure to other students.

39.13 (b) Only a student who is 18 years of age or older is permitted to self-administer medical
39.14 cannabis under this section.

39.15 Sec. 3. [214.1015] EMPLOYMENT WITH OR PROVIDING SERVICES TO
39.16 CANNABIS ESTABLISHMENT.

39.17 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this section.

39.18 (b) "Cannabis establishment" has the meaning given in section 340B.01, subdivision 5.

39.19 (c) "Licensing board" means a health-related licensing board, a non-health-related
39.20 licensing board, or a state agency that issues an occupational license.

39.21 Subd. 2. Discipline; denial of licensure prohibited. Notwithstanding any law to the
39.22 contrary, a licensing board is prohibited from:

39.23 (1) taking disciplinary action against a regulated person solely for providing advice or
39.24 services to a cannabis establishment licensed under chapter 340B or an entity seeking
39.25 licensure as a cannabis establishment under chapter 340B; or

39.26 (2) denying a license to an applicant for licensure solely because the applicant was
39.27 previously employed by a cannabis establishment licensed in this or another state.

144.414 PROHIBITIONS.

Subd. 5. **Electronic cigarettes.** (a) The use of electronic cigarettes, including the inhaling or exhaling of vapor from any electronic delivery device, as defined in section 609.685, subdivision 1, is prohibited in the following locations:

(1) any building owned or operated by the state, home rule charter or statutory city, county, township, school district, or other political subdivision;

(2) any facility owned by Minnesota State Colleges and Universities and the University of Minnesota;

(3) any facility licensed by the commissioner of human services; or

(4) any facility licensed by the commissioner of health, but only if the facility is also subject to federal licensing requirements.

(b) Nothing in this subdivision shall prohibit political subdivisions or businesses from adopting more stringent prohibitions on the use of electronic cigarettes or electronic delivery devices.