

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3520

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DATE	D-PG	OFFICIAL STATUS
05/14/2025	5062	Introduction and first reading
		Referred to Commerce and Consumer Protection
03/18/2026	6820	Author added Klein
		See SF2370

1.1 A bill for an act

1.2 relating to cannabis; modifying provisions related to employee stock ownership

1.3 plans; amending Minnesota Statutes 2024, sections 342.185, subdivisions 1, 2, 3;

1.4 342.28, subdivision 5; 342.29, subdivision 4; 342.30, subdivision 4; 342.31,

1.5 subdivision 4; 342.32, subdivision 4; 342.33, subdivision 3; 342.35, subdivision

1.6 3.

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

1.8 Section 1. Minnesota Statutes 2024, section 342.185, subdivision 1, is amended to read:

1.9 Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the

1.10 meanings given.

1.11 (b) "Control" means the power to independently order or direct the management,

1.12 managers, or policies of a cannabis business.

1.13 (c) "Employee stock ownership plan" means a contribution plan as defined in United

1.14 States Code, title 26, section 4975(e)(7).

1.15 ~~(e)~~ (d) "Financial institution" means any bank, mutual savings bank, consumer loan

1.16 company, credit union, savings and loan association, trust company, or other lending

1.17 institution under the jurisdiction of the Minnesota Department of Commerce, the United

1.18 States Department of Commerce, or both.

1.19 ~~(d)~~ (e) "Financier" means any person that:

1.20 (1) is not a financial institution or government entity;

1.21 (2) provides money as a gift, grant, or loan to an applicant for a cannabis business license,

1.22 a cannabis business, or both; and

2.1 (3) expects to be repaid for the money provided, with or without reasonable interest.

2.2 ~~(e)~~ (f) "Gross profit" means sales minus the cost of goods sold.

2.3 ~~(f)~~ (g) "Revenue" means the income generated from the sale of goods and services
2.4 associated with the main operations of a business before any costs or expenses have been
2.5 deducted.

2.6 ~~(g)~~ (h) "True party of interest" means an individual who as an individual or as part of
2.7 another business:

2.8 (1) is a sole proprietor of a sole proprietorship;

2.9 (2) is a partner in a general partnership;

2.10 (3) is a general partner or limited partner in a limited partnership, a limited liability
2.11 partnership, or a limited liability limited partnership;

2.12 (4) is a member of a limited liability company or a manager in a limited liability company;

2.13 (5) is a corporate officer or director or holds an equivalent title in a privately held
2.14 corporation;

2.15 (6) is a stockholder in a privately held corporation;

2.16 (7) is part of a multilevel ownership structure;

2.17 (8) has membership rights to a nonprofit corporation in accordance with the provisions
2.18 of the articles of incorporation or bylaws for the nonprofit corporation;

2.19 (9) has the right to receive some or all of the revenue, gross profit, or net profit from a
2.20 cannabis business during any full or partial calendar or fiscal year; or

2.21 (10) has the right to exercise control over a cannabis business.

2.22 True party of interest does not include:

2.23 (1) an individual receiving payment for rent on a fixed basis under a lease or rental
2.24 agreement;

2.25 (2) an employee of a cannabis business who receives a salary or hourly rate compensation
2.26 if the employee does not otherwise hold an ownership interest in the cannabis business or
2.27 have the right to exercise control over the cannabis business;

2.28 (3) an individual who receives a bonus or commission based on the individual's sales,
2.29 if the bonus or commission does not exceed ten percent of the individual's sales in any given

3.1 bonus or commission period and the terms of the bonus or commission-based compensation
3.2 agreement is in writing;

3.3 (4) an individual with an ownership interest held or acquired solely for the purpose of
3.4 passive investment as described in Code of Federal Regulations, title 31, section 800.243;

3.5 (5) an individual contracting with a cannabis business to receive a commission for the
3.6 sale of a business or real property;

3.7 (6) a consultant receiving a flat or hourly rate compensation under a written contractual
3.8 agreement;

3.9 (7) any person with a contract or an agreement for services with a cannabis business,
3.10 such as a branding or staffing company, as long as that person does not obtain any ownership
3.11 or control of the cannabis business; ~~or~~

3.12 (8) a financial institution; or

3.13 (9) a trust, including an employee stock ownership plan, and a trustor, a trustee, and
3.14 beneficiaries.

3.15 (i) "Trustee" means a person or an entity legally appointed to manage and oversee assets
3.16 held in a trust for the benefit of designated beneficiaries and acting under a fiduciary duty
3.17 to uphold the trust's terms, protect the trust's assets, and act in the beneficiaries' best interests.
3.18 For the purpose of this section, a trustee includes a fiduciary, a special holdings adviser, a
3.19 custodian, a steward, a guardian, an agent, a conservator, a trust manager, a trust
3.20 administrator, a successor trustee, an executor, a trust protector, and any other person who
3.21 has a continuing duty to administer a trust.

3.22 Sec. 2. Minnesota Statutes 2024, section 342.185, subdivision 2, is amended to read:

3.23 Subd. 2. **Application number limitations.** (a) An individual may not be a true party of
3.24 interest for more than one application for (1) any single type of license, or (2) multiple types
3.25 of licenses if the individual would be prohibited from holding the licenses under section
3.26 342.18, subdivision 2.

3.27 (b) The limitation does not apply to:

3.28 (1) an individual who holds no more than ten percent ownership of the business entity;

3.29 (2) the trustee of an employee stock ownership plan; and

3.30 (3) officers, managers, directors, or other employees of a business that is owned directly
3.31 or indirectly, in whole or in part, by an employee stock ownership plan.

4.1 Sec. 3. Minnesota Statutes 2024, section 342.185, subdivision 3, is amended to read:

4.2 Subd. 3. **License number limitations.** An individual may not be a true party of interest
4.3 for more than one license unless explicitly allowed by this chapter. The limitation does not
4.4 apply to:

4.5 (1) an individual who holds ten percent or less controlling ownership of the business
4.6 entity;

4.7 (2) the trustee of an employee stock ownership plan; and

4.8 (3) officers, managers, directors, or other employees of a business that is owned directly
4.9 or indirectly, in whole or in part, by an employee stock ownership plan.

4.10 Sec. 4. Minnesota Statutes 2024, section 342.28, subdivision 5, is amended to read:

4.11 Subd. 5. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
4.12 cannabis microbusiness license may also hold a cannabis event organizer license.

4.13 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
4.14 person, cooperative, or business holding a cannabis microbusiness license may own or
4.15 operate any other cannabis business or hemp business or hold more than one cannabis
4.16 microbusiness license.

4.17 (c) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
4.18 subdivision, a restriction on the number or type of license that a business may hold applies
4.19 to every cooperative member or every director, manager, and general partner of a cannabis
4.20 business.

4.21 Sec. 5. Minnesota Statutes 2024, section 342.29, subdivision 4, is amended to read:

4.22 Subd. 4. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
4.23 cannabis mezzobusiness license may also hold a cannabis event organizer license.

4.24 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
4.25 person, cooperative, or business holding a cannabis mezzobusiness license may own or
4.26 operate any other cannabis business or hemp business or hold more than one cannabis
4.27 mezzobusiness license.

4.28 (c) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
4.29 subdivision, a restriction on the number or type of license that a business may hold applies
4.30 to every cooperative member or every director, manager, and general partner of a cannabis
4.31 business.

5.1 Sec. 6. Minnesota Statutes 2024, section 342.30, subdivision 4, is amended to read:

5.2 Subd. 4. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
5.3 cannabis cultivator license may also hold a cannabis manufacturing license, license to grow
5.4 industrial hemp, and cannabis event organizer license.

5.5 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
5.6 person, cooperative, or business holding a cannabis cultivator license may own or operate
5.7 any other cannabis business or hemp business. This prohibition does not prevent the
5.8 transportation of cannabis flower from a cannabis cultivator to a cannabis manufacturer
5.9 licensed to the same person, cooperative, or business and located on the same premises.

5.10 (c) Notwithstanding section 342.185, subdivisions 2 and 3, the office by rule may limit
5.11 the number of cannabis cultivator licenses a person, cooperative, or business may hold.

5.12 (d) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
5.13 subdivision, a restriction on the number or type of license a business may hold applies to
5.14 every cooperative member or every director, manager, and general partner of a cannabis
5.15 business.

5.16 Sec. 7. Minnesota Statutes 2024, section 342.31, subdivision 4, is amended to read:

5.17 Subd. 4. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
5.18 cannabis manufacturer license may also hold a cannabis cultivator license and a cannabis
5.19 event organizer license.

5.20 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
5.21 person, cooperative, or business holding a cannabis manufacturer license may own or operate
5.22 any other cannabis business or hemp business. This prohibition does not prevent
5.23 transportation of cannabis flower from a cannabis cultivator to a cannabis manufacturer
5.24 licensed to the same person, cooperative, or business and located on the same premises.

5.25 (c) Notwithstanding section 342.185, subdivisions 2 and 3, the office by rule may limit
5.26 the number of cannabis manufacturer licenses that a person or business may hold.

5.27 (d) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
5.28 subdivision, a restriction on the number or type of license that a business may hold applies
5.29 to every cooperative member or every director, manager, and general partner of a cannabis
5.30 business.

6.1 Sec. 8. Minnesota Statutes 2024, section 342.32, subdivision 4, is amended to read:

6.2 Subd. 4. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
6.3 cannabis retailer license may also hold a cannabis delivery service license and a cannabis
6.4 event organizer license.

6.5 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
6.6 person, cooperative, or business holding a cannabis retailer license may own or operate any
6.7 other cannabis business or hemp business.

6.8 (c) Notwithstanding section 342.185, subdivisions 2 and 3, no person, cooperative, or
6.9 business may hold a license to own or operate more than one cannabis retail business in
6.10 one city and three retail businesses in one county.

6.11 (d) Notwithstanding section 342.185, subdivisions 2 and 3, the office by rule may limit
6.12 the number of cannabis retailer licenses a person, cooperative, or business may hold.

6.13 (e) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
6.14 subdivision, a restriction on the number or type of license a business may hold applies to
6.15 every cooperative member or every director, manager, and general partner of a cannabis
6.16 business.

6.17 Sec. 9. Minnesota Statutes 2024, section 342.33, subdivision 3, is amended to read:

6.18 Subd. 3. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
6.19 cannabis wholesaler license may also hold a cannabis transporter license, a cannabis delivery
6.20 service license, and a cannabis event organizer license.

6.21 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
6.22 person, cooperative, or business holding a cannabis wholesaler license may own or operate
6.23 any other cannabis business or hemp business.

6.24 (c) Notwithstanding section 342.185, subdivisions 2 and 3, the office by rule may limit
6.25 the number of cannabis wholesaler licenses a person or business may hold.

6.26 (d) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
6.27 subdivision, a restriction on the number or type of license a business may hold applies to
6.28 every cooperative member or every director, manager, and general partner of a cannabis
6.29 business.

7.1 Sec. 10. Minnesota Statutes 2024, section 342.35, subdivision 3, is amended to read:

7.2 Subd. 3. **Multiple licenses; limits.** (a) A person, cooperative, or business holding a
7.3 cannabis transporter license may also hold a cannabis wholesaler license, a cannabis delivery
7.4 service license, and a cannabis event organizer license.

7.5 (b) Except as provided in paragraph (a) and section 342.185, subdivisions 2 and 3, no
7.6 person, cooperative, or business holding a cannabis transporter license may own or operate
7.7 any other cannabis business.

7.8 (c) Notwithstanding section 342.185, subdivisions 2 and 3, the office by rule may limit
7.9 the number of cannabis transporter licenses a person or business may hold.

7.10 (d) Notwithstanding section 342.185, subdivisions 2 and 3, for purposes of this
7.11 subdivision, restrictions on the number or type of license a business may hold apply to every
7.12 cooperative member or every director, manager, and general partner of a cannabis business.