State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4501

03/21/2022 Authored by Gomez; Xiong, J.; Hassan; Koegel and Carlson
The bill was read for the first time and referred to the Committee on Health Finance and Policy

A bill for an act

relating to health; establishing licensure of medical cannabis businesses; phasing out registration and operations of medical cannabis manufacturers; amending Minnesota Statutes 2020, sections 152.22, by adding subdivisions; 152.25, subdivisions 1, 2; 152.27, subdivision 6; 152.30; 152.32, subdivision 2; 152.33, subdivisions 1, 1a, 4, 5, 6; 152.35; 152.37; Minnesota Statutes 2021 Supplement, sections 152.22, subdivision 6; 152.26; 152.31; proposing coding for new law in Minnesota Statutes, chapter 152; repealing Minnesota Statutes 2020, sections 152.22, subdivision 7; 152.25, subdivisions 1, 1a, 1b, 1c, 3; 152.29, subdivisions 2, 3a, 4; Minnesota Statutes 2021 Supplement, section 152.29, subdivisions 1, 3, 3b, 3c.

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

Section 1. Minnesota Statutes 2020, section 152.22, is amended by adding a subdivision to read:

Subd. 1a. **Bona fide labor organization.** "Bona fide labor organization" means a labor union that represents or is actively seeking to represent workers of a medical cannabis business.

Sec. 2. Minnesota Statutes 2020, section 152.22, is amended by adding a subdivision to read:

Subd. 5d. **Labor peace agreement.** "Labor peace agreement" means an agreement between a medical cannabis business and a bona fide labor organization that protects the state's interests by, at a minimum, prohibiting the labor organization from engaging in picketing, work stoppages, or boycotts against the medical cannabis business. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

Sec. 3. Minnesota Statutes 2021 Supplement, section 152.22, subdivision 6, is amended to read:

Subd. 6. **Medical cannabis.** (a) "Medical cannabis" means any species of the genus cannabis plant, or any mixture or preparation of them, including whole plant extracts and resins, and is delivered in the form of:

(1) liquid, including, but not limited to, oil;

(2) pill;

(3) vaporized delivery method with use of liquid or oil;

(4) combustion with use of dried raw cannabis; or

(5) any other method approved by the commissioner.

(b) This definition includes any part of the genus cannabis plant prior to being processed into a form allowed under paragraph (a), that is possessed by a person while that person is engaged in employment duties necessary to carry out a requirement under sections 152.22 to 152.37 for a registered manufacturer, medical cannabis cultivator, medical cannabis processor, medical cannabis distributor, medical cannabis transporter, or craft medical cannabis business, or a laboratory under contract with a registered manufacturer, medical cannabis cultivator, medical cannabis processor, or craft medical cannabis business. This definition also includes any hemp acquired by a manufacturer ~~by~~, medical cannabis processor, or craft medical cannabis business from a hemp grower as permitted under ~~section 152.29, subdivision 1, paragraph (b)~~ sections 152.22 to 152.37.

Sec. 4. Minnesota Statutes 2020, section 152.22, is amended by adding a subdivision to read:

Subd. 6a. **Medical cannabis business.** "Medical cannabis business" means any of the following licensed under sections 152.22 to 152.37:

(1) a medical cannabis cultivator;

(2) a medical cannabis processor;

(3) a medical cannabis distributor;

(4) a medical cannabis transporter; and

(5) a craft medical cannabis business.

Sec. 5. **[152.241] LICENSURE OF MEDICAL CANNABIS BUSINESSES.**

Subdivision 1. **License types.** The commissioner shall issue licenses for the following types of medical cannabis businesses:

(1) medical cannabis cultivator;

(2) medical cannabis processor;

(3) medical cannabis distributor;

(4) medical cannabis transporter; and

(5) craft medical cannabis business.

Subd. 2. **Requirement for licensure.** If the entity seeking licensure as a medical cannabis business is a business entity, the entity must be incorporated in this state or otherwise formed or organized under the laws of this state.

Subd. 3. **Application; application fee.** (a) An individual or entity seeking licensure as a medical cannabis business shall apply to the commissioner in a form and manner established by the commissioner, and shall provide information required by the commissioner. As part of the application, an applicant must submit an attestation signed by a bona fide labor organization stating that the applicant has entered into a labor peace agreement. Before accepting applications for licensure, the commissioner shall publish on the Office of Medical Cannabis website the application scoring criteria established by the commissioner to determine whether the applicant meets requirements for licensure.

(b) The commissioner shall charge a nonrefundable fee of $..... for each license application.

(c) Commitments made by an applicant in its application, including but not limited to the maintenance of a labor peace agreement, shall be an ongoing material condition of maintaining and renewing the applicant's license.

Subd. 4. **Background study.** (a) Before the commissioner issues or renews a medical cannabis business license, each officer, director, and controlling person of the applicant for licensure or license renewal must consent to a background study and must submit to the commissioner a completed criminal history records check consent form, a full set of classifiable fingerprints, and the required fees. The commissioner shall submit these materials to the Bureau of Criminal Apprehension. The bureau must conduct a Minnesota criminal history records check and the superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation to obtain national criminal history record information.

The bureau shall return the results of the Minnesota and federal criminal history records checks to the commissioner.

(b) The commissioner shall not issue or renew a medical cannabis business license if an officer, director, or controlling person of the business has been convicted of, pled guilty to, or received a stay of adjudication for:

(1) a violation of state or federal law related to theft, fraud, embezzlement, breach of fiduciary duty, or other financial misconduct that is a felony under Minnesota law or would be a felony if committed in Minnesota; or

(2) a violation of state or federal law relating to unlawful manufacture, distribution, prescription, or dispensing of a controlled substance that is a felony under Minnesota law or would be a felony if committed in Minnesota.

Subd. 5. **Evaluation of applications.** In evaluating applications, the commissioner must assess at least the following factors:

(1) any relevant technical expertise of the applicant in performing the activities for which a license is sought;

(2) the types of employees the applicant intends to hire and their qualifications;

(3) the applicant's financial stability;

(4) the applicant's plan for providing appropriate security measures on the applicant's business premises;

(5) whether the applicant has demonstrated the ability to perform the activities for which a license is sought;

(6) the applicant's projections and ongoing assessment of patient fees; and

(7) other factors that the commissioner determines are necessary to protect patient health and ensure public safety.

Subd. 6. **Determination.** The commissioner shall issue a license to an applicant or provide an applicant with a notice of license denial no later than 90 days after receiving the applicant's complete application and application fee.

Subd. 7. **Data practices.** Data submitted by an applicant for licensure during the application process are private data on individuals or nonpublic data, as those terms are defined in section 13.02, until the applicant is licensed under sections 152.22 to 152.37. Data on a medical cannabis business that is licensed under sections 152.22 to 152.37 are public data, unless the data are trade secret or security information under section 13.37.

Subd. 8. **License expiration and renewal.** (a) A license to operate a medical cannabis business expires two years after the date on which the license was issued. In order to renew a license, the licensee must apply to the commissioner for license renewal at least 90 days before the license expires and in a form and manner specified by the commissioner. An application for license renewal must be accompanied by a license renewal fee of $..... Upon expiration of a license to operate a medical cannabis business, a medical cannabis business is prohibited from performing the activities authorized by the license.

(b) If an officer, director, or controlling person of a medical cannabis business pleads or is found guilty of intentionally diverting medical cannabis to a person other than as allowed by law under section 152.33, subdivision 1, and if the violation occurred while the person was an officer, director, or controlling person of a medical cannabis business, the commissioner may decide not to renew the license of the medical cannabis business.

Subd. 9. **Temporary suspension.** The commissioner may institute proceedings to temporarily suspend a medical cannabis business license for a period of up to 90 days by notifying the medical cannabis business in writing if any action by an employee, agent, officer, director, or controlling person of the medical cannabis business:

(1) violates any requirement of sections 152.22 to 152.37 or Minnesota Rules, chapter 4770;

(2) permits, aids, or abets any act that violates state law at any site owned or controlled by the medical cannabis business;

(3) performs any act contrary to the welfare of a registered patient or registered designated caregiver; or

(4) obtains or attempts to obtain a medical cannabis business license by fraudulent means or misrepresentation.

Subd. 10. **Notice to patients.** Upon the revocation, nonrenewal, or temporary suspension of a medical cannabis distributor license that may affect the ability of a patient, registered designated caregiver, or patient's parent, legal guardian, or spouse to obtain medical cannabis from the medical cannabis distributor subject to the action, the medical cannabis distributor must notify in writing all patients who purchased medical cannabis from the distributor in the 120 days before the effective date of the action and their registered designated caregivers or parents, legal guardians, or spouses about the outcome of the proceedings and provide information regarding alternative licensed medical cannabis distributors. This notice must be provided two or more business days before the effective date of the action.

Subd. 11. **License not transferable.** A medical cannabis business license is not transferable.

Sec. 6. **[152.242] MEDICAL CANNABIS CULTIVATOR.**

Subdivision 1. **Authorized actions.** A medical cannabis cultivator license entitles an individual or entity holding that license to:

(1) grow medical cannabis plants within an approved amount of space from seed or immature plant to mature plant;

(2) harvest medical cannabis from a mature plant;

(3) package and label medical cannabis for sale to other medical cannabis businesses;

(4) sell medical cannabis to medical cannabis processors, medical cannabis distributors, and craft medical cannabis businesses; and

(5) transport medical cannabis cultivated by the medical cannabis cultivator to medical cannabis processors, medical cannabis distributors, craft medical cannabis businesses, and a testing laboratory.

Subd. 2. **Multiple licenses.** (a) An individual or entity holding a medical cannabis cultivator license may also hold one of the following: a medical cannabis processor license, medical cannabis distributor license, or medical cannabis transporter license.

(b) In addition to holding a license specified in paragraph (a), an individual or entity holding a medical cannabis cultivator license may also hold a hemp grower license issued under chapter 18K, if permitted by the commissioner of agriculture.

Sec. 7. **[152.243] MEDICAL CANNABIS PROCESSOR.**

Subdivision 1. **Authorized actions.** A medical cannabis processor license entitles an individual or entity holding that license to:

(1) purchase medical cannabis from medical cannabis cultivators, other medical cannabis processors, and craft medical cannabis businesses;

(2) purchase hemp from hemp growers and purchase hemp products from hemp processors;

(3) process medical cannabis, hemp, and hemp products into allowable forms of medical cannabis;

(4) package and label medical cannabis for sale to other medical cannabis businesses;

(5) sell medical cannabis to medical cannabis processors, medical cannabis distributors, and craft medical cannabis businesses; and

(6) transport medical cannabis processed by the medical cannabis processor to medical cannabis processors, medical cannabis distributors, craft medical cannabis businesses, and a testing laboratory.

Subd. 2. **Multiple licenses.** (a) An individual or entity holding a medical cannabis processor license may also hold one of the following: a medical cannabis cultivator license, medical cannabis distributor license, or medical cannabis transporter license.

(b) In addition to holding a license specified in paragraph (a), an individual or entity holding a medical cannabis processor license may also hold a hemp processor license issued under chapter 18K, if permitted by the commissioner of agriculture.

Sec. 8. **[152.244] MEDICAL CANNABIS DISTRIBUTOR.**

Subdivision 1. **Authorized actions.** A medical cannabis distributor license entitles an individual or entity holding that license to distribute medical cannabis and medical cannabis products to patients, registered designated caregivers, and the parents, legal guardians, and spouses of patients.

Subd. 2. **Multiple licenses.** An individual or entity holding a medical cannabis distributor license may also hold one of the following: a medical cannabis cultivator license, medical cannabis processor license, or medical cannabis transporter license.

Sec. 9. **[152.245] MEDICAL CANNABIS TRANSPORTER.**

Subdivision 1. **Authorized actions.** A medical cannabis transporter license entitles an individual or entity holding that license to transport medical cannabis, hemp, and hemp products from medical cannabis cultivators, medical cannabis processors, craft medical cannabis businesses, hemp growers, and hemp processors to medical cannabis processors, craft medical cannabis businesses, and medical cannabis distributors.

Subd. 2. **Multiple licenses.** An individual or entity holding a medical cannabis transporter license may also hold one of the following: a medical cannabis cultivator license, medical cannabis processor license, or medical cannabis distributor license.

Sec. 10. **[152.246] CRAFT MEDICAL CANNABIS BUSINESS.**

Subdivision 1. **Authorized actions.** A craft medical cannabis business license entitles an individual or entity holding that license to:

(1) grow medical cannabis plants within an approved amount of space from seed or immature plant to mature plant;

(2) harvest medical cannabis from a mature plant;

(3) purchase medical cannabis from medical cannabis cultivators, medical cannabis processors, and other craft medical cannabis businesses;

(4) purchase hemp from hemp growers and purchase hemp products from hemp processors;

(5) process medical cannabis, hemp, and hemp products into allowable forms of medical cannabis;

(6) package and label medical cannabis for sale to other medical cannabis businesses and for distribution to patients;

(7) sell medical cannabis to medical cannabis processors, medical cannabis distributors, and other craft medical cannabis businesses;

(8) transport medical cannabis cultivated, processed, or purchased by the craft medical cannabis business to medical cannabis processors, medical cannabis distributors, other craft medical cannabis businesses, and a testing laboratory; and

(9) distribute medical cannabis and medical cannabis products to patients, registered designated caregivers, and the parents, legal guardians, and spouses of patients.

Subd. 2. **Multiple licenses.** An individual or entity holding a craft medical cannabis business license is not permitted to also hold a medical cannabis cultivator license, medical cannabis processor license, medical cannabis distributor license, or medical cannabis transporter license.

Subd. 3. **Limits on activities.** (a) A craft medical cannabis business that cultivates medical cannabis must not cultivate more than 2,500 square feet of active flowering plant canopy and must not cultivate more than 3,500 plants in active flower.

(b) A craft medical cannabis business that processes medical cannabis is not permitted to produce distillates, isolates, or isomers.

Subd. 4. **Multiple sites.** (a) A craft medical cannabis business may, under a single license, operate distribution facilities at multiple sites to distribute medical cannabis cultivated or processed by the craft medical cannabis business.

(b) A craft medical cannabis business may under a single license cultivate medical cannabis at more than one site, provided each site complies with the plant canopy size limit and limit on the number of plants in active flower in subdivision 3.

Sec. 11. **[152.247] GENERAL REQUIREMENTS; MEDICAL CANNABIS BUSINESS.**

Subdivision 1. **Operating documents.** (a) The operating documents of a medical cannabis business must include:

(1) procedures for oversight of the medical cannabis business and procedures to ensure accurate record keeping; and

(2) procedures for the implementation of appropriate security measures to deter and prevent the theft of medical cannabis and unauthorized access into areas containing medical cannabis.

(b) In addition to the requirements in paragraph (a), the operating documents of a medical cannabis processor or craft medical cannabis business must include procedures for the transportation and delivery of hemp and hemp products between hemp growers or hemp processors and the medical cannabis processor or craft medical cannabis business.

Subd. 2. **Security.** (a) All cultivation, harvesting, processing, and packaging of medical cannabis by a medical cannabis business must take place in an enclosed, locked facility at a physical address provided to the commissioner during the licensing process.

(b) A medical cannabis business must implement security requirements, including requirements for the transportation and delivery of hemp and hemp products, if applicable, and protection of each location by a fully operational security alarm system, facility access controls, perimeter intrusion detection systems, and a personnel identification system.

Subd. 3. **Health care practitioners.** A medical cannabis business must not share office space with, refer patients to, or have any financial relationship with a health care practitioner.

Subd. 4. **Consumption on premises.** A medical cannabis business must not permit any person to consume medical cannabis on the property of the medical cannabis business.

Subd. 5. **Inspection.** (a) A medical cannabis business is subject to reasonable inspection by the commissioner.

(b) Until a state-centralized, seed-to-sale system is implemented that can track a specific medical cannabis plant from cultivation through testing and point of sale, the commissioner

shall conduct at least one unannounced inspection per year of each medical cannabis business that includes inspection of:

(1) business operations;

(2) physical locations;

(3) financial information and inventory documentation, including laboratory testing results if applicable; and

(4) physical and electronic security alarm systems.

Subd. 6. **Board of Pharmacy.** A medical cannabis business is not subject to licensure by the Board of Pharmacy or to regulatory requirements under chapter 151.

Subd. 7. **Employees.** A medical cannabis business must not employ any person who is under 21 years of age or who has been convicted of a disqualifying felony offense. An applicant for employment with a medical cannabis business must submit a completed criminal history records check consent form, a full set of classifiable fingerprints, and the required fees for submission to the Bureau of Criminal Apprehension before the applicant may begin employment with the medical cannabis business. The bureau must conduct a Minnesota criminal history records check and the superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation to obtain the applicant's national criminal history record information. The bureau shall return the results of the Minnesota and federal criminal history records checks to the commissioner.

Subd. 8. **Operation in certain locations prohibited.** A medical cannabis business must not operate in any location within 1,000 feet of a public or private school existing before the date the medical cannabis business obtained a license from the commissioner.

Subd. 9. **Signage, marketing, advertising.** A medical cannabis business must comply with reasonable restrictions established by the commissioner related to signage, marketing, display, and advertising of medical cannabis.

Subd. 10. **Acquisition of hemp and hemp products.** A medical cannabis processor or craft medical cannabis business may acquire hemp grown in this state from a hemp grower and hemp products from a hemp processor, and may process hemp and hemp products into an allowable form of medical cannabis under section 152.22, subdivision 6. Before acquiring hemp or hemp products, the medical cannabis processor or craft medical cannabis business must verify that the hemp grower or hemp processor has a valid license issued by the commissioner of agriculture under chapter 18K. Hemp and hemp products acquired by a medical cannabis processor or craft medical cannabis business are subject to the same quality

control, security, testing, and other requirements that apply to medical cannabis under sections 152.22 to 152.37 and Minnesota Rules, chapter 4770.

Sec. 12. Minnesota Statutes 2020, section 152.25, subdivision 1, is amended to read:

Subdivision 1. **Medical cannabis manufacturer registration.** (a) The commissioner shall register two in-state manufacturers for the production of all medical cannabis within the state. A registration agreement between the commissioner and a manufacturer is nontransferable. The commissioner shall register new manufacturers or reregister the existing manufacturers by December 1 every two years through December 1, 2022, using the factors described in this subdivision. ~~The commissioner shall accept applications after December 1, 2014, if one of the manufacturers registered before December 1, 2014, ceases to be registered as a manufacturer. The commissioner's determination that no manufacturer exists to fulfill the duties under sections 152.22 to 152.37 is subject to judicial review in Ramsey County District Court.~~ The commissioner shall not register new manufacturers or reregister existing manufacturers after December 1, 2022. A registration renewed on or before December 1, 2022, is valid until December 31, 2024. Data submitted during the application process are private data on individuals or nonpublic data as defined in section 13.02 until the manufacturer is registered under this section. Data on a manufacturer that is registered are public data, unless the data are trade secret or security information under section 13.37.

(b) As a condition for registration, a manufacturer must agree to:

(1) begin supplying medical cannabis to patients by July 1, 2015; and

(2) comply with all requirements under sections 152.22 to 152.37.

(c) The commissioner shall consider the following factors when determining which manufacturer to register:

(1) the technical expertise of the manufacturer in cultivating medical cannabis and converting the medical cannabis into an acceptable delivery method under section 152.22, subdivision 6;

(2) the qualifications of the manufacturer's employees;

(3) the long-term financial stability of the manufacturer;

(4) the ability to provide appropriate security measures on the premises of the manufacturer;

(5) whether the manufacturer has demonstrated an ability to meet the medical cannabis production needs required by sections 152.22 to 152.37; and

(6) the manufacturer's projection and ongoing assessment of fees on patients with a qualifying medical condition.

(d) If an officer, director, or controlling person of the manufacturer pleads or is found guilty of intentionally diverting medical cannabis to a person other than allowed by law under section 152.33, subdivision 1, the commissioner may decide not to renew the registration of the manufacturer, provided the violation occurred while the person was an officer, director, or controlling person of the manufacturer.

(e) The commissioner shall require each medical cannabis manufacturer to contract with an independent laboratory to test medical cannabis produced by the manufacturer. The commissioner shall approve the laboratory chosen by each manufacturer and require that the laboratory report testing results to the manufacturer in a manner determined by the commissioner.

(f) A manufacturer registered under this subdivision may perform the activities authorized by the manufacturer's registration until December 31, 2024. Beginning January 1, 2025, a manufacturer:

(1) must be licensed as a medical cannabis cultivator, medical cannabis distributor, medical cannabis processor, medical cannabis transporter, or craft medical cannabis business in order to cultivate, distribute, process, or transport medical cannabis in Minnesota; and

(2) is subject to the limits on multiple licenses in sections 152.242, 152.243, 152.244, 152.245, or 152.246, as applicable.

Sec. 13. Minnesota Statutes 2020, section 152.25, subdivision 2, is amended to read:

Subd. 2. **Range of compounds and dosages; report.** The commissioner shall review and publicly report the existing medical and scientific literature regarding the range of recommended dosages for each qualifying condition and the range of chemical compositions of any plant of the genus cannabis that will likely be medically beneficial for each of the qualifying medical conditions. The commissioner shall make this information available to patients with qualifying medical conditions ~~beginning December 1, 2014,~~ and update the information annually. The commissioner may consult with the independent laboratory under contract with the manufacturer or medical cannabis business or with other experts in reporting the range of recommended dosages for each qualifying medical condition, the range of chemical compositions that will likely be medically beneficial, and any risks of noncannabis drug interactions. The commissioner shall consult with each manufacturer, medical cannabis distributor, and craft medical cannabis business on an annual basis on medical cannabis

offered by the manufacturer, medical cannabis distributor, or craft medical cannabis business. The list of medical cannabis offered by a manufacturer, medical cannabis distributor, or craft medical cannabis business shall be published on the Department of Health website.

Sec. 14. Minnesota Statutes 2021 Supplement, section 152.26, is amended to read:

152.26 RULEMAKING.

(a) The commissioner may adopt rules to implement sections 152.22 to 152.37. Rules for which notice is published in the State Register before January 1, 2015, may be adopted using the process in section 14.389.

(b) The commissioner may adopt or amend rules, using the procedure in section 14.386, paragraph (a), to implement the addition of dried raw cannabis as an allowable form of medical cannabis under section 152.22, subdivision 6, paragraph (a), clause (4). Section 14.386, paragraph (b), does not apply to these rules.

(c) The commissioner may adopt or amend rules to implement sections 152.241 to 152.247. Rules for which notice is published in the State Register before January 1, 2023, may be adopted using the process in section 14.389.

Sec. 15. Minnesota Statutes 2020, section 152.27, subdivision 6, is amended to read:

Subd. 6. **Patient enrollment.** (a) After receipt of a patient's application, application fees, and signed disclosure, the commissioner shall enroll the patient in the registry program and issue the patient and patient's registered designated caregiver or parent, legal guardian, or spouse, if applicable, a registry verification. The commissioner shall approve or deny a patient's application for participation in the registry program within 30 days after the commissioner receives the patient's application and application fee. The commissioner may approve applications up to 60 days after the receipt of a patient's application and application fees until January 1, 2016. A patient's enrollment in the registry program shall only be denied if the patient:

(1) does not have certification from a health care practitioner that the patient has been diagnosed with a qualifying medical condition;

(2) has not signed and returned the disclosure form required under subdivision 3, paragraph (c), to the commissioner;

(3) does not provide the information required;

(4) has previously been removed from the registry program for violations of section 152.30 or 152.33; or

(5) provides false information.

(b) The commissioner shall give written notice to a patient of the reason for denying enrollment in the registry program.

(c) Denial of enrollment into the registry program is considered a final decision of the commissioner and is subject to judicial review under the Administrative Procedure Act pursuant to chapter 14.

(d) A patient's enrollment in the registry program may only be revoked upon the death of the patient or if a patient violates a requirement under section 152.30 or 152.33.

(e) The commissioner shall develop a registry verification to provide to the patient, the health care practitioner identified in the patient's application, and to the manufacturer, medical cannabis distributor, or craft medical cannabis business. The registry verification shall include:

(1) the patient's name and date of birth;

(2) the patient registry number assigned to the patient; and

(3) the name and date of birth of the patient's registered designated caregiver, if any, or the name of the patient's parent, legal guardian, or spouse if the parent, legal guardian, or spouse will be acting as a caregiver.

Sec. 16. **[152.283] DISTRIBUTION OF MEDICAL CANNABIS.**

Subdivision 1. **Distribution of allowable forms of medical cannabis.** A medical cannabis distributor or craft medical cannabis business must only distribute medical cannabis in a form that is allowable under section 152.22, subdivision 6.

Subd. 2. **Final approval for distribution of medical cannabis.** (a) Only employees or contractors of a medical cannabis distributor or craft medical cannabis business who are licensed as pharmacists under chapter 151 are authorized to give final approval for the distribution of medical cannabis to a patient.

(b) Prior to distribution of medical cannabis, the distributor or craft business must ensure that a distributor or craft business employee licensed as a pharmacist reviews the range of chemical compositions of the medical cannabis reported by the commissioner and consults with the patient to determine the proper dosage for the individual patient. For purposes of this paragraph, a consultation may be conducted remotely by secure videoconference,

telephone, or other remote means, so long as the employee providing the consultation is able to confirm the identity of the patient and the consultation adheres to patient privacy requirements that apply to health care services delivered through telehealth.

(c) A pharmacist consultation under paragraph (b) is not required when:

(1) the distributor or craft business is distributing medical cannabis to a patient according to a patient-specific dosage plan established with that distributor or craft business and is not modifying the dosage or product being distributed under that plan; and

(2) the medical cannabis is distributed by a pharmacy technician.

Subd. 3. **Other distribution requirements.** In addition to the requirements in subdivision 2, prior to distribution of medical cannabis, a medical cannabis distributor or craft medical cannabis business must:

(1) verify that the distributor or craft business has received the registry verification from the commissioner for that individual patient;

(2) verify that the person requesting distribution of medical cannabis is the patient, the patient's registered designated caregiver, or the patient's parent, legal guardian, or spouse listed in the registry verification using the procedures described in section 152.11, subdivision 2d;

(3) assign a tracking number to medical cannabis distributed from the distributor or craft business; and

(4) ensure that the medical cannabis is:

(i) properly packaged in compliance with the United States Poison Prevention Packing Act regarding child-resistant packaging and exemptions for packaging for elderly patients; and

(ii) properly labeled with a list of all active ingredients and individually identifying information, including the patient's name and date of birth; the name and date of birth of the patient's registered designated caregiver or, if listed on the registry verification, the name of the patient's parent, legal guardian, or spouse, if applicable; the patient's registry identification number; the chemical composition of the medical cannabis; and the dosage.

Subd. 4. **Distribution to recipient in a motor vehicle.** A medical cannabis distributor or craft medical cannabis business may distribute medical cannabis to a patient, registered designated caregiver, or parent, legal guardian, or spouse of a patient who is at the distribution facility or craft business but remains in the motor vehicle, provided:

(1) distributor or craft business staff receive payment and distribute medical cannabis in a designated zone that is as close as feasible to the front door of the distribution facility or craft business;

(2) the distributor or craft business ensures that the receipt of payment and distribution of medical cannabis are visually recorded by a closed-circuit television surveillance camera at the distribution facility or craft business and provides other necessary safeguards;

(3) the distributor or craft business does not store medical cannabis outside a restricted access area at the distribution facility or craft business;

(4) distributor or craft business staff transport medical cannabis from a restricted access area at the distribution facility or craft business to the designated zone for distribution only after confirming that the patient, registered designated caregiver, or parent, legal guardian, or spouse of the patient has arrived in the designated zone;

(5) the payment for and distribution of medical cannabis take place only after a pharmacist consultation takes place, if required under subdivision 2; and

(6) immediately following distribution of medical cannabis, distributor or craft business staff enter the transaction in the state medical cannabis registry information technology database and take the payment received into the distribution facility or craft business.

Subd. 5. **90-day supply.** A medical cannabis distributor or craft medical cannabis business may distribute up to a maximum of a 90-day supply of the dosage of medical cannabis determined for that patient.

Subd. 6. **Dried raw cannabis.** A medical cannabis distributor or craft medical cannabis business shall distribute medical cannabis in dried raw cannabis form only to a patient who is age 21 or older, or to the registered designated caregiver, parent, legal guardian, or spouse of a patient who is age 21 or older.

Subd. 7. **Report.** Each medical cannabis distributor or craft medical cannabis business must report to the commissioner on a monthly basis the following information on each individual patient for the month prior to the report:

(1) the amount and dosages of medical cannabis distributed;

(2) the chemical composition of the medical cannabis; and

(3) the tracking number assigned to the medical cannabis distributed.

Sec. 17. **[152.285] TRANSPORTATION AND DISPOSAL OF MEDICAL CANNABIS.**

Subdivision 1. **Identification.** An employee of a medical cannabis cultivator, medical cannabis processor, medical cannabis transporter, or craft medical cannabis business who is transporting medical cannabis to another medical cannabis business or to a testing laboratory must carry identification showing that the employee is an employee of the applicable cultivator, processor, transporter, or craft medical cannabis business.

Subd. 2. **Staffing.** (a) A medical cannabis cultivator, medical cannabis processor, medical cannabis transporter, or craft medical cannabis business may staff a transport motor vehicle with only one employee if the cultivator, processor, transporter, or craft business is transporting medical cannabis to either a certified laboratory for testing or to a facility for disposal. If a cultivator, processor, transporter, or craft business is transporting medical cannabis for any other purpose or to any other destination, the transport motor vehicle must be staffed with a minimum of two employees.

(b) Notwithstanding paragraph (a), a medical cannabis processor, medical cannabis transporter, or craft medical cannabis business that is transporting hemp for any purpose may staff the transport motor vehicle with one employee.

Subd. 3. **Medical cannabis plant root balls.** Notwithstanding Minnesota Rules, part 4770.1200, subpart 2, item C, a medical cannabis cultivator is not required to grind root balls of medical cannabis plants or incorporate them with a greater quantity of nonconsumable solid waste before transporting root balls to another location for disposal. For purposes of this subdivision, "root ball" means a compact mass of roots formed by a plant and any attached growing medium.

Sec. 18. **[152.287] TESTING OF MEDICAL CANNABIS.**

Subdivision 1. **Testing by independent laboratory.** Medical cannabis cultivators, medical cannabis processors, and craft medical cannabis businesses must contract with an independent laboratory approved by the commissioner to test medical cannabis, subject to any additional requirements set by the commissioner. The testing laboratory must test medical cannabis as to its content, contaminants, and consistency to ensure the medical cannabis meets the requirements of section 152.22, subdivision 6, before a medical cannabis cultivator, medical cannabis processor, or craft medical cannabis business sells the medical cannabis to a medical cannabis distributor for distribution to patients, or before a craft medical cannabis business offers the medical cannabis for distribution to patients.

Subd. 2. **Results.** A laboratory that tests medical cannabis must report testing results, in a manner determined by the commissioner, to the medical cannabis business that submitted the medical cannabis for testing.

Subd. 3. **Cost of testing.** The cost of laboratory testing must be paid by the medical cannabis cultivator, medical cannabis processor, or craft medical cannabis business that submitted the medical cannabis for testing.

Sec. 19. Minnesota Statutes 2020, section 152.30, is amended to read:

152.30 PATIENT DUTIES.

(a) A patient shall apply to the commissioner for enrollment in the registry program by submitting an application as required in section 152.27 and an annual registration fee as determined under section 152.35.

(b) As a condition of continued enrollment, patients shall agree to:

(1) continue to receive regularly scheduled treatment for their qualifying medical condition from their health care practitioner; and

(2) report changes in their qualifying medical condition to their health care practitioner.

(c) A patient shall only receive medical cannabis from a registered manufacturer, medical cannabis distributor, or craft medical cannabis business but is not required to receive medical cannabis products from only a registered manufacturer, medical cannabis distributor, or craft medical cannabis business.

Sec. 20. Minnesota Statutes 2021 Supplement, section 152.31, is amended to read:

152.31 DATA PRACTICES.

(a) Government data in patient files maintained by the commissioner and the health care practitioner, and data submitted to or by a medical cannabis manufacturer or medical cannabis business, are private data on individuals, as defined in section 13.02, subdivision 12, or nonpublic data, as defined in section 13.02, subdivision 9, but may be used for purposes of complying with chapter 13 and complying with a request from the legislative auditor or the state auditor in the performance of official duties. The provisions of section 13.05, subdivision 11, apply to a registration agreement entered between the commissioner and a medical cannabis manufacturer under section 152.25 or to a licensing agreement entered between the commissioner and a medical cannabis business.

(b) Not public data maintained by the commissioner may not be used for any purpose not provided for in sections 152.22 to 152.37, and may not be combined or linked in any manner with any other list, dataset, or database.

(c) The commissioner may execute data sharing arrangements with the commissioner of agriculture to verify licensing, inspection, and compliance information related to hemp growers and hemp processors under chapter 18K.

Sec. 21. Minnesota Statutes 2020, section 152.32, subdivision 2, is amended to read:

Subd. 2. **Criminal and civil protections.** (a) Subject to section 152.23, the following are not violations under this chapter:

(1) use or possession of medical cannabis or medical cannabis products by a patient enrolled in the registry program, or possession by a registered designated caregiver or the parent, legal guardian, or spouse of a patient if the parent, legal guardian, or spouse is listed on the registry verification;

(2) possession, dosage determination, or sale of medical cannabis or medical cannabis products by a medical cannabis manufacturer or medical cannabis business, employees of a manufacturer or medical cannabis business, a laboratory conducting testing on medical cannabis, or employees of the laboratory; and

(3) possession of medical cannabis or medical cannabis products by any person while carrying out the duties required under sections 152.22 to 152.37.

(b) Medical cannabis obtained and distributed pursuant to sections 152.22 to 152.37 and associated property is not subject to forfeiture under sections 609.531 to 609.5316.

(c) The commissioner, the commissioner's staff, the commissioner's agents or contractors, and any health care practitioner are not subject to any civil or disciplinary penalties by the Board of Medical Practice, the Board of Nursing, or by any business, occupational, or professional licensing board or entity, solely for the participation in the registry program under sections 152.22 to 152.37. A pharmacist licensed under chapter 151 is not subject to any civil or disciplinary penalties by the Board of Pharmacy when acting in accordance with the provisions of sections 152.22 to 152.37. Nothing in this section affects a professional licensing board from taking action in response to violations of any other section of law.

(d) Notwithstanding any law to the contrary, the commissioner, the governor of Minnesota, or an employee of any state agency may not be held civilly or criminally liable for any injury, loss of property, personal injury, or death caused by any act or omission while acting within the scope of office or employment under sections 152.22 to 152.37.

(e) Federal, state, and local law enforcement authorities are prohibited from accessing the patient registry under sections 152.22 to 152.37 except when acting pursuant to a valid search warrant.

(f) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may release data or information about an individual contained in any report, document, or registry created under sections 152.22 to 152.37 or any information obtained about a patient participating in the program, except as provided in sections 152.22 to 152.37.

(g) No information contained in a report, document, or registry or obtained from a patient under sections 152.22 to 152.37 may be admitted as evidence in a criminal proceeding unless independently obtained or in connection with a proceeding involving a violation of sections 152.22 to 152.37.

(h) Notwithstanding section 13.09, any person who violates paragraph (e) or (f) is guilty of a gross misdemeanor.

(i) An attorney may not be subject to disciplinary action by the Minnesota Supreme Court or professional responsibility board for providing legal assistance to prospective or registered manufacturers, prospective or licensed medical cannabis businesses, or others related to activity that is no longer subject to criminal penalties under state law pursuant to sections 152.22 to 152.37.

(j) Possession of a registry verification or application for enrollment in the program by a person entitled to possess or apply for enrollment in the registry program does not constitute probable cause or reasonable suspicion, nor shall it be used to support a search of the person or property of the person possessing or applying for the registry verification, or otherwise subject the person or property of the person to inspection by any governmental agency.

Sec. 22. Minnesota Statutes 2020, section 152.33, subdivision 1, is amended to read:

Subdivision 1. **Intentional diversion; criminal penalty.** In addition to any other applicable penalty in law, a manufacturer, a medical cannabis business, or an agent of a manufacturer or medical cannabis business who intentionally transfers medical cannabis to a person other than another registered manufacturer, another medical cannabis business, a patient, a registered designated caregiver or, if listed on the registry verification, a parent, legal guardian, or spouse of a patient is guilty of a felony punishable by imprisonment for not more than two years or by payment of a fine of not more than $3,000, or both. A person convicted under this subdivision may not continue to be affiliated with the manufacturer or

medical cannabis business and is disqualified from further participation under sections 152.22 to 152.37.

Sec. 23. Minnesota Statutes 2020, section 152.33, subdivision 1a, is amended to read:

Subd. 1a. **Intentional diversion outside the state; penalties.** (a) In addition to any other applicable penalty in law, the commissioner may levy a fine of $250,000 against a manufacturer or medical cannabis business and may immediately initiate proceedings to revoke the manufacturer's registration, using the procedure in section 152.25, or to revoke the medical cannabis business's license if:

(1) an officer, director, or controlling person of the manufacturer or medical cannabis business pleads or is found guilty under subdivision 1 of intentionally transferring medical cannabis, while the person was an officer, director, or controlling person of the manufacturer or medical cannabis business, to a person other than allowed by law; and

(2) in intentionally transferring medical cannabis to a person other than allowed by law, the officer, director, or controlling person transported or directed the transport of medical cannabis outside of Minnesota.

(b) All fines collected under this subdivision shall be deposited in the state government special revenue fund.

Sec. 24. Minnesota Statutes 2020, section 152.33, subdivision 4, is amended to read:

Subd. 4. **Submission of false records; criminal penalty.** A person who knowingly submits false records or documentation required by the commissioner to register as a manufacturer of medical cannabis or for licensure as a medical cannabis business under sections 152.22 to 152.37 is guilty of a felony and may be sentenced to imprisonment for not more than two years or by payment of a fine of not more than $3,000, or both.

Sec. 25. Minnesota Statutes 2020, section 152.33, subdivision 5, is amended to read:

Subd. 5. **Violation by health care practitioner; criminal penalty.** A health care practitioner who knowingly refers patients to a manufacturer, to a medical cannabis business, or to a designated caregiver~~,~~; who advertises as a manufacturer~~,~~ or medical cannabis business; or who issues certifications while holding a financial interest in a manufacturer or medical cannabis business is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days or by payment of a fine of not more than $1,000, or both.

Sec. 26. Minnesota Statutes 2020, section 152.33, subdivision 6, is amended to read:

Subd. 6. **Other violations; civil penalty.** A manufacturer or medical cannabis business shall be fined up to $1,000 for any violation of sections 152.22 to 152.37, or the regulations issued pursuant to them, where no penalty has been specified. This penalty is in addition to any other applicable penalties in law.

Sec. 27. Minnesota Statutes 2020, section 152.35, is amended to read:

152.35 FEES; DEPOSIT OF REVENUE.

(a) The commissioner shall collect an enrollment fee of $200 from patients enrolled under this section. If the patient provides evidence of receiving Social Security disability insurance (SSDI), Supplemental Security Income (SSI), veterans disability, or railroad disability payments, or being enrolled in medical assistance or MinnesotaCare, then the fee shall be $50. For purposes of this section:

(1) a patient is considered to receive SSDI if the patient was receiving SSDI at the time the patient was transitioned to retirement benefits by the United States Social Security Administration; and

(2) veterans disability payments include VA dependency and indemnity compensation.

Unless a patient provides evidence of receiving payments from or participating in one of the programs specifically listed in this paragraph, the commissioner of health must collect the $200 enrollment fee from a patient to enroll the patient in the registry program. The fees shall be payable annually and are due on the anniversary date of the patient's enrollment. The fee amount shall be deposited in the state treasury and credited to the state government special revenue fund.

(b) The commissioner shall collect an application fee of $20,000 from each entity submitting an application for registration as a medical cannabis manufacturer. Revenue from the fee shall be deposited in the state treasury and credited to the state government special revenue fund.

(c) The commissioner shall establish and collect an annual fee from a medical cannabis manufacturer equal to the cost of regulating and inspecting the manufacturer in that year. Revenue from the fee amount shall be deposited in the state treasury and credited to the state government special revenue fund. This paragraph expires December 31, 2025.

(d) A medical cannabis manufacturer or medical cannabis business may charge patients enrolled in the registry program a reasonable fee for costs associated with the operations of

the manufacturer or medical cannabis business. The manufacturer or medical cannabis business may establish a sliding scale of patient fees based upon a patient's household income and may accept private donations to reduce patient fees.

(e) Fees for medical cannabis business license applications and license renewals shall be deposited in the state treasury and credited to the state government special revenue fund.

Sec. 28. Minnesota Statutes 2020, section 152.37, is amended to read:

152.37 FINANCIAL EXAMINATIONS; PRICING REVIEWS.

Subdivision 1. **Financial records.** A medical cannabis manufacturer or medical cannabis business shall maintain detailed financial records in a manner and format approved by the commissioner, and shall keep all records updated and accessible to the commissioner when requested.

Subd. 2. **Certified annual audit.** A medical cannabis manufacturer or medical cannabis business shall submit the results of an annual certified financial audit to the commissioner no later than May 1 of each year for the calendar year beginning January 2015. The annual audit shall be conducted by an independent certified public accountant and the costs of the audit are the responsibility of the medical cannabis manufacturer or medical cannabis business. Results of the audit shall be provided to the medical cannabis manufacturer or medical cannabis business and to the commissioner. The commissioner may also require another audit of the medical cannabis manufacturer or medical cannabis business by a certified public accountant chosen by the commissioner with the costs of the audit paid by the medical cannabis manufacturer or medical cannabis business.

Subd. 3. **Power to examine.** (a) The commissioner or designee may examine the business affairs and conditions of any medical cannabis manufacturer or medical cannabis business, including but not limited to a review of the financing, budgets, revenues, sales, and pricing.

(b) An examination may cover the medical cannabis manufacturer's or medical cannabis business's business affairs, practices, and conditions including but not limited to a review of the financing, budgets, revenues, sales, and pricing. The commissioner shall determine the nature and scope of each examination and in doing so shall take into account all available relevant factors concerning the financial and business affairs, practices, and conditions of the examinee. The costs incurred by the department in conducting an examination shall be paid for by the medical cannabis manufacturer or medical cannabis business.

(c) When making an examination under this section, the commissioner may retain attorneys, appraisers, independent economists, independent certified public accountants, or

other professionals and specialists as designees. A certified public accountant retained by the commissioner may not be the same certified public accountant providing the certified annual audit in subdivision 2.

(d) The commissioner shall make a report of an examination conducted under this section and provide a copy to the medical cannabis manufacturer or medical cannabis business. The commissioner shall then post a copy of the report on the department's website. All working papers, recorded information, documents, and copies produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination, other than the information contained in any commissioner official report, made under this section are private data on individuals or nonpublic data, as defined in section 13.02.

Sec. 29. **IMPLEMENTATION.**

(a) The commissioner of health shall begin accepting applications for medical cannabis business licensure under Minnesota Statutes, section 152.241, no later than December 31, 2022.

(b) A medical cannabis cultivator, medical cannabis processor, or medical cannabis transporter licensed under Minnesota Statutes, sections 152.22 to 152.37, may perform the activities authorized by the license beginning March 1, 2023.

(c) A medical cannabis distributor licensed under Minnesota Statutes, sections 152.22 to 152.27, may distribute medical cannabis and medical cannabis products to patients, registered designated caregivers, and the parents, legal guardians, and spouses of patients beginning January 1, 2024.

(d) A craft medical cannabis business licensed under Minnesota Statutes, sections 152.22 to 152.37, may perform the activities authorized by the license beginning March 1, 2023, except that a craft medical cannabis business that distributes medical cannabis and medical cannabis products may distribute medical cannabis and medical cannabis products to patients, registered designated caregivers, and the parents, legal guardians, and spouses of patients beginning January 1, 2024.

Sec. 30. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with Department of Health staff and staff from the Office of Senate Counsel, Research and Fiscal Analysis and the House Research Department, shall prepare legislation for introduction in the 2025 legislative session to amend Minnesota Statutes to:

(1) remove references to medical cannabis manufacturers to conform with the transition in Minnesota Statutes, sections 152.22 to 152.37, from registration of medical cannabis manufacturers to licensure of medical cannabis businesses; and

(2) remove references to the statutes repealed in section 31.

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2020, sections 152.22, subdivision 7; 152.25, subdivisions 1, 1a, 1b, 1c, and 3; and 152.29, subdivisions 2, 3a, and 4, are repealed January 1, 2025.

(b) Minnesota Statutes 2021 Supplement, section 152.29, subdivisions 1, 3, 3b, and 3c, are repealed January 1, 2025.

152.22 DEFINITIONS.

Subd. 7. **Medical cannabis manufacturer.** "Medical cannabis manufacturer" or "manufacturer" means an entity registered by the commissioner to cultivate, acquire, manufacture, possess, prepare, transfer, transport, supply, or dispense medical cannabis, delivery devices, or related supplies and educational materials.

152.25 COMMISSIONER DUTIES.

Subdivision 1. **Medical cannabis manufacturer registration.** (a) The commissioner shall register two in-state manufacturers for the production of all medical cannabis within the state. A registration agreement between the commissioner and a manufacturer is nontransferable. The commissioner shall register new manufacturers or reregister the existing manufacturers by December 1 every two years, using the factors described in this subdivision. The commissioner shall accept applications after December 1, 2014, if one of the manufacturers registered before December 1, 2014, ceases to be registered as a manufacturer. The commissioner's determination that no manufacturer exists to fulfill the duties under sections 152.22 to 152.37 is subject to judicial review in Ramsey County District Court. Data submitted during the application process are private data on individuals or nonpublic data as defined in section 13.02 until the manufacturer is registered under this section. Data on a manufacturer that is registered are public data, unless the data are trade secret or security information under section 13.37.

(b) As a condition for registration, a manufacturer must agree to:

(1) begin supplying medical cannabis to patients by July 1, 2015; and

(2) comply with all requirements under sections 152.22 to 152.37.

(c) The commissioner shall consider the following factors when determining which manufacturer to register:

(1) the technical expertise of the manufacturer in cultivating medical cannabis and converting the medical cannabis into an acceptable delivery method under section 152.22, subdivision 6;

(2) the qualifications of the manufacturer's employees;

(3) the long-term financial stability of the manufacturer;

(4) the ability to provide appropriate security measures on the premises of the manufacturer;

(5) whether the manufacturer has demonstrated an ability to meet the medical cannabis production needs required by sections 152.22 to 152.37; and

(6) the manufacturer's projection and ongoing assessment of fees on patients with a qualifying medical condition.

(d) If an officer, director, or controlling person of the manufacturer pleads or is found guilty of intentionally diverting medical cannabis to a person other than allowed by law under section 152.33, subdivision 1, the commissioner may decide not to renew the registration of the manufacturer, provided the violation occurred while the person was an officer, director, or controlling person of the manufacturer.

(e) The commissioner shall require each medical cannabis manufacturer to contract with an independent laboratory to test medical cannabis produced by the manufacturer. The commissioner shall approve the laboratory chosen by each manufacturer and require that the laboratory report testing results to the manufacturer in a manner determined by the commissioner.

Subd. 1a. **Revocation or nonrenewal of a medical cannabis manufacturer registration.** If the commissioner intends to revoke or not renew a registration issued under this section, the commissioner must first notify in writing the manufacturer against whom the action is to be taken and provide the manufacturer with an opportunity to request a hearing under the contested case provisions of chapter 14. If the manufacturer does not request a hearing by notifying the commissioner in writing within 20 days after receipt of the notice of proposed action, the commissioner may proceed with the action without a hearing. For revocations, the registration of a manufacturer is considered revoked on the date specified in the commissioner's written notice of revocation.

Subd. 1b. **Temporary suspension proceedings.** The commissioner may institute proceedings to temporarily suspend the registration of a medical cannabis manufacturer for a period of up to 90

days by notifying the manufacturer in writing if any action by an employee, agent, officer, director, or controlling person of the manufacturer:

(1) violates any of the requirements of sections 152.21 to 152.37 or the rules adopted thereunder;

(2) permits, aids, or abets the commission of any violation of state law at the manufacturer's location for cultivation, harvesting, manufacturing, packaging, and processing or at any site for distribution of medical cannabis;

(3) performs any act contrary to the welfare of a registered patient or registered designated caregiver; or

(4) obtains, or attempts to obtain, a registration by fraudulent means or misrepresentation.

Subd. 1c. **Notice to patients.** Upon the revocation or nonrenewal of a manufacturer's registration under subdivision 1a or implementation of an enforcement action under subdivision 1b that may affect the ability of a registered patient, registered designated caregiver, or a registered patient's parent, legal guardian, or spouse to obtain medical cannabis from the manufacturer subject to the enforcement action, the commissioner shall notify in writing each registered patient and the patient's registered designated caregiver or registered patient's parent, legal guardian, or spouse about the outcome of the proceeding and information regarding alternative registered manufacturers. This notice must be provided two or more business days prior to the effective date of the revocation, nonrenewal, or other enforcement action.

Subd. 3. **Deadlines.** The commissioner shall adopt rules necessary for the manufacturer to begin distribution of medical cannabis to patients under the registry program by July 1, 2015, and have notice of proposed rules published in the State Register prior to January 1, 2015.

152.29 MANUFACTURER OF MEDICAL CANNABIS DUTIES.

Subdivision 1. **Manufacturer; requirements.** (a) A manufacturer may operate eight distribution facilities, which may include the manufacturer's single location for cultivation, harvesting, manufacturing, packaging, and processing but is not required to include that location. The commissioner shall designate the geographical service areas to be served by each manufacturer based on geographical need throughout the state to improve patient access. A manufacturer shall not have more than two distribution facilities in each geographical service area assigned to the manufacturer by the commissioner. A manufacturer shall operate only one location where all cultivation, harvesting, manufacturing, packaging, and processing of medical cannabis shall be conducted. This location may be one of the manufacturer's distribution facility sites. The additional distribution facilities may dispense medical cannabis and medical cannabis products but may not contain any medical cannabis in a form other than those forms allowed under section 152.22, subdivision 6, and the manufacturer shall not conduct any cultivation, harvesting, manufacturing, packaging, or processing at the other distribution facility sites. Any distribution facility operated by the manufacturer is subject to all of the requirements applying to the manufacturer under sections 152.22 to 152.37, including, but not limited to, security and distribution requirements.

(b) A manufacturer may acquire hemp grown in this state from a hemp grower, and may acquire hemp products produced by a hemp processor. A manufacturer may manufacture or process hemp and hemp products into an allowable form of medical cannabis under section 152.22, subdivision 6. Hemp and hemp products acquired by a manufacturer under this paragraph are subject to the same quality control program, security and testing requirements, and other requirements that apply to medical cannabis under sections 152.22 to 152.37 and Minnesota Rules, chapter 4770.

(c) A medical cannabis manufacturer shall contract with a laboratory approved by the commissioner, subject to any additional requirements set by the commissioner, for purposes of testing medical cannabis manufactured or hemp or hemp products acquired by the medical cannabis manufacturer as to content, contamination, and consistency to verify the medical cannabis meets the requirements of section 152.22, subdivision 6. The cost of laboratory testing shall be paid by the manufacturer.

(d) The operating documents of a manufacturer must include:

(1) procedures for the oversight of the manufacturer and procedures to ensure accurate record keeping;

(2) procedures for the implementation of appropriate security measures to deter and prevent the theft of medical cannabis and unauthorized entrance into areas containing medical cannabis; and

(3) procedures for the delivery and transportation of hemp between hemp growers and manufacturers and for the delivery and transportation of hemp products between hemp processors and manufacturers.

(e) A manufacturer shall implement security requirements, including requirements for the delivery and transportation of hemp and hemp products, protection of each location by a fully operational security alarm system, facility access controls, perimeter intrusion detection systems, and a personnel identification system.

(f) A manufacturer shall not share office space with, refer patients to a health care practitioner, or have any financial relationship with a health care practitioner.

(g) A manufacturer shall not permit any person to consume medical cannabis on the property of the manufacturer.

(h) A manufacturer is subject to reasonable inspection by the commissioner.

(i) For purposes of sections 152.22 to 152.37, a medical cannabis manufacturer is not subject to the Board of Pharmacy licensure or regulatory requirements under chapter 151.

(j) A medical cannabis manufacturer may not employ any person who is under 21 years of age or who has been convicted of a disqualifying felony offense. An employee of a medical cannabis manufacturer must submit a completed criminal history records check consent form, a full set of classifiable fingerprints, and the required fees for submission to the Bureau of Criminal Apprehension before an employee may begin working with the manufacturer. The bureau must conduct a Minnesota criminal history records check and the superintendent is authorized to exchange the fingerprints with the Federal Bureau of Investigation to obtain the applicant's national criminal history record information. The bureau shall return the results of the Minnesota and federal criminal history records checks to the commissioner.

(k) A manufacturer may not operate in any location, whether for distribution or cultivation, harvesting, manufacturing, packaging, or processing, within 1,000 feet of a public or private school existing before the date of the manufacturer's registration with the commissioner.

(l) A manufacturer shall comply with reasonable restrictions set by the commissioner relating to signage, marketing, display, and advertising of medical cannabis.

(m) Before a manufacturer acquires hemp from a hemp grower or hemp products from a hemp processor, the manufacturer must verify that the hemp grower or hemp processor has a valid license issued by the commissioner of agriculture under chapter 18K.

(n) Until a state-centralized, seed-to-sale system is implemented that can track a specific medical cannabis plant from cultivation through testing and point of sale, the commissioner shall conduct at least one unannounced inspection per year of each manufacturer that includes inspection of:

(1) business operations;

(2) physical locations of the manufacturer's manufacturing facility and distribution facilities;

(3) financial information and inventory documentation, including laboratory testing results; and

(4) physical and electronic security alarm systems.

Subd. 2. **Manufacturer; production.** (a) A manufacturer of medical cannabis shall provide a reliable and ongoing supply of all medical cannabis needed for the registry program through cultivation by the manufacturer and through the purchase of hemp from hemp growers.

(b) All cultivation, harvesting, manufacturing, packaging, and processing of medical cannabis must take place in an enclosed, locked facility at a physical address provided to the commissioner during the registration process.

(c) A manufacturer must process and prepare any medical cannabis plant material or hemp plant material into a form allowable under section 152.22, subdivision 6, prior to distribution of any medical cannabis.

Subd. 3. **Manufacturer; distribution.** (a) A manufacturer shall require that employees licensed as pharmacists pursuant to chapter 151 be the only employees to give final approval for the distribution of medical cannabis to a patient. A manufacturer may transport medical cannabis or medical cannabis products that have been cultivated, harvested, manufactured, packaged, and processed by that manufacturer to another registered manufacturer for the other manufacturer to distribute.

(b) A manufacturer may distribute medical cannabis products, whether or not the products have been manufactured by that manufacturer.

(c) Prior to distribution of any medical cannabis, the manufacturer shall:

(1) verify that the manufacturer has received the registry verification from the commissioner for that individual patient;

(2) verify that the person requesting the distribution of medical cannabis is the patient, the patient's registered designated caregiver, or the patient's parent, legal guardian, or spouse listed in the registry verification using the procedures described in section 152.11, subdivision 2d;

(3) assign a tracking number to any medical cannabis distributed from the manufacturer;

(4) ensure that any employee of the manufacturer licensed as a pharmacist pursuant to chapter 151 has consulted with the patient to determine the proper dosage for the individual patient after reviewing the ranges of chemical compositions of the medical cannabis and the ranges of proper dosages reported by the commissioner. For purposes of this clause, a consultation may be conducted remotely by secure videoconference, telephone, or other remote means, so long as the employee providing the consultation is able to confirm the identity of the patient and the consultation adheres to patient privacy requirements that apply to health care services delivered through telehealth. A pharmacist consultation under this clause is not required when a manufacturer is distributing medical cannabis to a patient according to a patient-specific dosage plan established with that manufacturer and is not modifying the dosage or product being distributed under that plan and the medical cannabis is distributed by a pharmacy technician;

(5) properly package medical cannabis in compliance with the United States Poison Prevention Packing Act regarding child-resistant packaging and exemptions for packaging for elderly patients, and label distributed medical cannabis with a list of all active ingredients and individually identifying information, including:

(i) the patient's name and date of birth;

(ii) the name and date of birth of the patient's registered designated caregiver or, if listed on the registry verification, the name of the patient's parent or legal guardian, if applicable;

(iii) the patient's registry identification number;

(iv) the chemical composition of the medical cannabis; and

(v) the dosage; and

(6) ensure that the medical cannabis distributed contains a maximum of a 90-day supply of the dosage determined for that patient.

(d) A manufacturer shall require any employee of the manufacturer who is transporting medical cannabis or medical cannabis products to a distribution facility or to another registered manufacturer to carry identification showing that the person is an employee of the manufacturer.

(e) A manufacturer shall distribute medical cannabis in dried raw cannabis form only to a patient age 21 or older, or to the registered designated caregiver, parent, legal guardian, or spouse of a patient age 21 or older.

Subd. 3a. **Transportation of medical cannabis; staffing.** (a) A medical cannabis manufacturer may staff a transport motor vehicle with only one employee if the medical cannabis manufacturer is transporting medical cannabis to either a certified laboratory for the purpose of testing or a facility for the purpose of disposal. If the medical cannabis manufacturer is transporting medical cannabis for any other purpose or destination, the transport motor vehicle must be staffed with a minimum of two employees as required by rules adopted by the commissioner.

(b) Notwithstanding paragraph (a), a medical cannabis manufacturer that is only transporting hemp for any purpose may staff the transport motor vehicle with only one employee.

Subd. 3b. **Distribution to recipient in a motor vehicle.** A manufacturer may distribute medical cannabis to a patient, registered designated caregiver, or parent, legal guardian, or spouse of a patient who is at the distribution facility but remains in a motor vehicle, provided:

(1) distribution facility staff receive payment and distribute medical cannabis in a designated zone that is as close as feasible to the front door of the distribution facility;

(2) the manufacturer ensures that the receipt of payment and distribution of medical cannabis are visually recorded by a closed-circuit television surveillance camera at the distribution facility and provides any other necessary security safeguards;

(3) the manufacturer does not store medical cannabis outside a restricted access area at the distribution facility, and distribution facility staff transport medical cannabis from a restricted access area at the distribution facility to the designated zone for distribution only after confirming that the patient, designated caregiver, or parent, guardian, or spouse has arrived in the designated zone;

(4) the payment and distribution of medical cannabis take place only after a pharmacist consultation takes place, if required under subdivision 3, paragraph (c), clause (4);

(5) immediately following distribution of medical cannabis, distribution facility staff enter the transaction in the state medical cannabis registry information technology database; and

(6) immediately following distribution of medical cannabis, distribution facility staff take the payment received into the distribution facility.

Subd. 3c. **Disposal of medical cannabis plant root balls.** Notwithstanding Minnesota Rules, part 4770.1200, subpart 2, item C, a manufacturer is not required to grind root balls of medical cannabis plants or incorporate them with a greater quantity of nonconsumable solid waste before transporting root balls to another location for disposal. For purposes of this subdivision, "root ball" means a compact mass of roots formed by a plant and any attached growing medium.

Subd. 4. **Report.** Each manufacturer shall report to the commissioner on a monthly basis the following information on each individual patient for the month prior to the report:

(1) the amount and dosages of medical cannabis distributed;

(2) the chemical composition of the medical cannabis; and

(3) the tracking number assigned to any medical cannabis distributed.