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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1661

02/25/2019 Authored by Vang, Her, Sundin, Ecklund, Jurgens and others
The bill was read for the first time and referred to the Agriculture and Food Finance and Policy Division

1.1 A bill for an act
1.2 relating to agriculture; allowing Minnesota hemp growers to sell Minnesota grown
1.3 hemp to manufacturers in the medical cannabis program; amending Minnesota
1.4 Statutes 2018, sections 18K.03; 152.22, by adding a subdivision; 152.25,
1.5 subdivision 4; 152.29, subdivisions 1, 2, 3a; 152.31; 152.36, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2018, section 18K.03, is amended to read:

1.8 18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.

1.9 Subdivision 1. Industrial hemp. Industrial hemp is an agricultural crop in this state. A
1.10 person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant
1.11 to this chapter.

1.12 Subd. 2. Sale to medical cannabis manufacturers. A licensee under this chapter may
1.13 sell hemp products derived from industrial hemp grown in this state to medical cannabis
1.14 manufacturers as authorized under sections 152.22 to 152.37.

1.15 Sec. 2. Minnesota Statutes 2018, section 152.22, is amended by adding a subdivision to
1.16 read:

1.17 Subd. 5a. Hemp. "Hemp" means the plant Cannabis sativa L. and any part of the plant,
1.18 whether growing or not, including the plant's seeds, and all the plant's derivatives, extracts,
1.19 cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a
1.20 delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight
1.21 basis.

2.1 Sec. 3. Minnesota Statutes 2018, section 152.25, subdivision 4, is amended to read:

2.2 Subd. 4. **Reports.** (a) The commissioner shall provide regular updates to the task force  
2.3 on medical cannabis therapeutic research and to the chairs and ranking minority members  
2.4 of the legislative committees with jurisdiction over health and human services, public safety,  
2.5 judiciary, and civil law regarding: (1) any changes in federal law or regulatory restrictions  
2.6 regarding the use of medical cannabis and hemp; and (2) the market demand and supply in  
2.7 this state for hemp products that can be used for medicinal purposes.

2.8 (b) The commissioner may submit medical research based on the data collected under  
2.9 sections 152.22 to 152.37 to any federal agency with regulatory or enforcement authority  
2.10 over medical cannabis to demonstrate the effectiveness of medical cannabis for treating a  
2.11 qualifying medical condition.

2.12 Sec. 4. Minnesota Statutes 2018, section 152.29, subdivision 1, is amended to read:

2.13 Subdivision 1. **Manufacturer; requirements.** (a) A manufacturer shall operate four  
2.14 distribution facilities, which may include the manufacturer's single location for cultivation,  
2.15 harvesting, manufacturing, packaging, and processing but is not required to include that  
2.16 location. A manufacturer is required to begin distribution of medical cannabis from at least  
2.17 one distribution facility by July 1, 2015. All distribution facilities must be operational and  
2.18 begin distribution of medical cannabis by July 1, 2016. The distribution facilities shall be  
2.19 located based on geographical need throughout the state to improve patient access. A  
2.20 manufacturer shall disclose the proposed locations for the distribution facilities to the  
2.21 commissioner during the registration process. A manufacturer shall operate only one location  
2.22 where all cultivation, harvesting, manufacturing, packaging, and processing of medical  
2.23 cannabis shall be conducted. Any additional distribution facilities may dispense medical  
2.24 cannabis and medical cannabis products but may not contain any medical cannabis in a  
2.25 form other than those forms allowed under section 152.22, subdivision 6, and the  
2.26 manufacturer shall not conduct any cultivation, harvesting, manufacturing, packaging, or  
2.27 processing at an additional distribution facility site. Any distribution facility operated by  
2.28 the manufacturer is subject to all of the requirements applying to the manufacturer under  
2.29 sections 152.22 to 152.37, including, but not limited to, security and distribution  
2.30 requirements.

2.31 (b) A manufacturer may obtain hemp from a hemp grower licensed with the commissioner  
2.32 of agriculture under chapter 18K if the hemp was grown in this state. A manufacturer may  
2.33 use hemp for the purpose of making available a form allowable under section 152.22,  
2.34 subdivision 6. Any hemp acquired by a manufacturer under this paragraph is subject to the

3.1 same quality control program, security and testing requirements, and any other requirement  
3.2 for medical cannabis under sections 152.22 to 152.37 and Minnesota Rules, chapter 4770.

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

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

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

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

3.15 (3) procedures for the delivery and transportation of hemp between hemp growers  
3.16 licensed under chapter 18K and manufacturers.

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

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

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

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

3.26 (i) A hemp grower licensed under chapter 18K who sells hemp to a manufacturer as  
3.27 authorized under this chapter is subject to reasonable inspection by the commissioner. For  
3.28 purposes of this paragraph, "reasonable inspection" means inspection by the commissioner  
3.29 of:

3.30 (1) the licensee's hemp during its growth and harvest;

4.1 (2) documentation demonstrating to the commissioner's satisfaction that the seeds planted  
 4.2 by the licensee are of a type and variety that contain no more than three-tenths of one percent  
 4.3 delta-9 tetrahydrocannabinol; and

4.4 (3) a copy of the hemp grower's license issued by the commissioner of agriculture under  
 4.5 chapter 18K.

4.6 ~~(h)~~ (j) For purposes of sections 152.22 to 152.37, a medical cannabis manufacturer is  
 4.7 not subject to the Board of Pharmacy licensure or regulatory requirements under chapter  
 4.8 151.

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

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

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

4.25 (n) Before a manufacturer acquires hemp, the manufacturer must verify that the person  
 4.26 from whom the manufacturer is acquiring hemp has a valid license issued by the  
 4.27 commissioner of agriculture under chapter 18K.

4.28 Sec. 5. Minnesota Statutes 2018, section 152.29, subdivision 2, is amended to read:

4.29 Subd. 2. **Manufacturer; production.** (a) A manufacturer of medical cannabis shall  
 4.30 provide a reliable and ongoing supply of all medical cannabis and hemp needed for the  
 4.31 registry program.

4.32 (b) All cultivation, harvesting, manufacturing, packaging, and processing of medical  
 4.33 cannabis or manufacturing, packaging, or processing of hemp must take place in an enclosed,

5.1 locked facility at a physical address provided to the commissioner during the registration  
5.2 process.

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

5.6 Sec. 6. Minnesota Statutes 2018, section 152.29, subdivision 3a, is amended to read:

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

5.14 Sec. 7. Minnesota Statutes 2018, section 152.31, is amended to read:

5.15 **152.31 DATA PRACTICES.**

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

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

5.27 (c) The commissioner may execute data sharing arrangements with the commissioner  
5.28 of agriculture to verify licensing information related to hemp growers under chapter 18K.

6.1 Sec. 8. Minnesota Statutes 2018, section 152.36, subdivision 2, is amended to read:

6.2 Subd. 2. **Impact assessment.** The task force shall hold hearings to evaluate the impact  
6.3 of the use of medical cannabis, hemp, and Minnesota's activities involving medical cannabis  
6.4 and hemp, including; but not limited to:

6.5 (1) program design and implementation;

6.6 (2) the impact on the health care provider community;

6.7 (3) patient experiences;

6.8 (4) the impact on the incidence of substance abuse;

6.9 (5) access to and quality of medical cannabis and hemp and medical cannabis products;

6.10 (6) the impact on law enforcement and prosecutions;

6.11 (7) public awareness and perception; and

6.12 (8) any unintended consequences.