

342.19 INSPECTION; LICENSE VIOLATIONS; PENALTIES.

Subdivision 1. **Authority to inspect.** (a) In order to carry out the purposes of this chapter, the office, upon presenting appropriate credentials to the owner, operator, or agent in charge, is authorized to:

- (1) enter any cannabis business or hemp business without delay and at reasonable times;
 - (2) inspect and investigate during regular working hours and at other reasonable times, within reasonable limits and in a reasonable manner, any cannabis business or hemp business and all relevant conditions, equipment, records, and materials therein; and
 - (3) question privately any employer, owner, operator, agent, or employee of a cannabis business or hemp business.
- (b) An employer, owner, operator, agent, or employee must not refuse the office entry or otherwise deter or prohibit the office from taking action under paragraph (a).

Subd. 2. **Powers of office.** (a) In making inspections and investigations under this chapter, the office shall have the power to administer oaths, certify as to official acts, take and cause to be taken depositions of witnesses, issue subpoenas, and compel the attendance of witnesses and production of papers, books, documents, records, and testimony. In case of failure of any person to comply with any subpoena lawfully issued, or on the refusal of any witness to produce evidence or to testify to any matter regarding which the person may be lawfully interrogated, the district court shall, upon application of the office, compel obedience proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued by the court or a refusal to testify therein.

(b) If the office finds probable cause to believe that any cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product is being distributed in violation of this chapter or rules adopted under this chapter, the office shall affix to the item a tag, withdrawal from distribution order, or other appropriate marking providing notice that the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product is, or is suspected of being, distributed in violation of this chapter, and has been detained or embargoed, and warning all persons not to remove or dispose of the item by sale or otherwise until permission for removal or disposal is given by the office or the court. It is unlawful for a person to remove or dispose of detained or embargoed cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product by sale or otherwise without the office's or a court's permission and each transaction is a separate violation of this section.

(c) If any cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product has been found by the office to be in violation of this chapter, the office shall petition the district court in the county in which the item is detained or embargoed for an order and decree for the condemnation of the item. The office shall release the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product when this chapter and rules adopted under this chapter have been complied with or the item is found not to be in violation of this chapter or rules adopted under this chapter.

(d) If the court finds that the detained or embargoed cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product is in violation of this chapter or rules adopted under this chapter, the following remedies are available:

(1) after entering a decree, the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product may be destroyed at the expense of the claimant under the supervision of the office, and all court costs, fees, storage, and other proper expenses must be assessed against the claimant of the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product or the claimant's agent; and

(2) if the violation can be corrected by proper labeling or processing of the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product, the court, after entry of the decree and after costs, fees, and expenses have been paid, and a good and sufficient bond conditioned that the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product must be properly labeled or processed has been executed, may by order direct that the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product be delivered to the claimant for proper labeling or processing under the supervision of the office. The office's supervision expenses must be paid by the claimant. The cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product must be returned to the claimant and the bond must be discharged on representation to the court by the office that the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product is no longer in violation and that the office's supervision expenses have been paid.

(e) If the office finds in any room, building, piece of equipment, vehicle of transportation, or other structure any cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product that is unsound or contains any filthy, decomposed, or putrid substance, or that may be poisonous or deleterious to health or otherwise unsafe, the office shall condemn or destroy the item or in any other manner render the item as unsalable, and no one has any cause of action against the office on account of the office's action.

(f) The office may enter into an agreement with the commissioner of agriculture to analyze and examine samples or other articles furnished by the office for the purpose of determining whether the sample or article violates this chapter or rules adopted under this chapter. A copy of the examination or analysis report for any such article, duly authenticated under oath by the laboratory analyst making the determination or examination, shall be prima facie evidence in all courts of the matters and facts contained in the report.

Subd. 3. **Aiding of inspection.** Subject to rules issued by the office, a representative of a cannabis business or hemp business shall be given an opportunity to accompany the office during the physical inspection of any cannabis business or hemp business for the purpose of aiding such inspection.

Subd. 4. **Complaints and reports; priority of inspection.** (a) The office may conduct inspections of any licensed cannabis business or hemp business at any time to ensure compliance with the ownership and operation requirements of this chapter.

(b) Any person may report a suspected violation of a safety or health standard. If upon receipt of such notification the office determines that there are reasonable grounds to believe that such violation or danger exists, the office shall make a special inspection as soon as practicable to determine if such danger or violation exists.

(c) The office shall prioritize inspections of cannabis businesses and hemp businesses where there are reasonable grounds to believe that a violation poses imminent danger to the public or customers. Inspections must take place within one business day of the receipt of a credible report.

(d) The office shall promptly inspect cannabis businesses and hemp businesses that are the subject of complaint by a local unit of government.

Subd. 5. Violations; administrative orders and penalties. (a) The office may issue an administrative order to any licensed cannabis business or hemp business that the office determines has committed a violation of this chapter or rules adopted pursuant to this chapter. The administrative order may require the business to correct the violation or to cease and desist from committing the violation. The order must state the deficiencies that constitute the violation and the time by which the violation must be corrected. If the business believes that the information in the administrative order is in error, the business may ask the office to consider the parts of the order that are alleged to be in error. The request must be in writing, delivered to the office by certified mail within seven days after receipt of the order, and provide documentation to support the allegation of error. The office must respond to a request for reconsideration within 15 days after receiving the request. A request for reconsideration does not stay the correction order unless the office issues a supplemental order granting additional time. The office's disposition of a request for reconsideration is final.

(b) For each violation of this chapter or rules adopted pursuant to this chapter, the office may issue to each cannabis business or hemp business a monetary penalty of up to \$10,000, an amount that deprives the business of any economic advantage gained by the violation, or both.

(c) An administrative penalty may be recovered in a civil action in the name of the state brought in the district court of the county where the violation is alleged to have occurred or the district court where the office is housed.

(d) In addition to penalties listed in this subdivision, a person or business who violates the provisions of this chapter is subject to any applicable criminal penalty.

Subd. 6. Inspection of unlicensed businesses and facilities. (a) The office may inspect any commercial premises that is not licensed under this chapter where cultivation, manufacturing, processing, or sale of cannabis plants, cannabis flower, cannabis concentrate, artificially derived cannabinoids, hemp-derived consumer products, or edible cannabinoid products is taking place.

(b) A representative of the office performing an inspection under this subdivision must present appropriate credentials to the owner, operator, or agent in charge and clearly state the purpose of the inspection.

(c) After providing the notice required under paragraph (b), a representative of the office may enter the commercial premises and perform any of the following to determine if any person is engaging in activities that are regulated by this chapter and not authorized without the possession of a license and to determine the appropriate penalty under section 342.09, subdivision 6:

- (1) inspect and investigate the commercial premises;
- (2) inspect and copy records; and
- (3) question privately any employer, owner, operator, agent, or employee of the commercial operation.

(d) Entry of a commercial premises must take place during regular working hours or at other reasonable times.

(e) If the office finds any cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product on the inspected commercial premises, the office may either immediately seize the item or affix to the item a tag, withdrawal from distribution order, or other appropriate marking providing notice that the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product is, or is suspected of being, possessed or distributed in violation of this chapter, and has been detained or embargoed, and warning all persons not to remove or dispose of the item by sale or otherwise until permission for removal or disposal is given by the office or the court. It is unlawful for a person to remove or dispose of a detained or embargoed cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product by sale or otherwise without the office's or a court's permission and each transaction may be treated as a sale for the purposes of imposing a penalty pursuant to section 342.09, subdivision 6.

(f) If the office has seized, detained, or embargoed any item pursuant to paragraph (e), the office must:

(1) petition the district court in the county in which the item was found for an order authorizing destruction of the product; and

(2) notify the county attorney in the county where the item was found of the office's actions.

(g) If the court finds that the seized, detained, or embargoed cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product was possessed or distributed in violation of this chapter or rules adopted under this chapter, the office may destroy the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product at the expense of the person who possessed or distributed the item in violation of this chapter and all court costs, fees, storage, and other proper expenses must be assessed against the person or the person's agent.

(h) The provisions of subdivision 2, paragraph (f), apply to any analysis or examination performed under this subdivision.

(i) The authorization under paragraph (e) does not apply to any cannabis flower, cannabis product, lower-potency hemp edible, or hemp-derived consumer product lawfully purchased for personal use.

History: 2023 c 63 art 1 s 19; 2024 c 121 art 2 s 77