**342.12 LICENSES; TRANSFERS; ADJUSTMENTS.**

Subdivision 1. **Transfer of licenses.** (a) Licenses issued under this chapter that are available to all applicants pursuant to section 342.14, subdivision 1b, paragraph (c), may be freely transferred subject to the prior written approval of the office unless the license holder has not received a final site inspection or the license holder is a social equity applicant.

(b) Licenses issued as social equity licenses pursuant to either section 342.14, subdivision 1b, paragraph (b), or section 342.175, paragraph (b), may only be transferred to another social equity applicant for three years after the date on which the office issues the license. Three years after the date of issuance, a license holder may transfer a license to any entity. Transfer of a license that was issued as a social equity license must be reviewed by the Division of Social Equity and is subject to the prior written approval of the office.

(c) Preliminary license approval issued pursuant to section 342.14, subdivision 5, may not be transferred.

(d) A new license must be obtained when the license holder dissolves; consolidates; reorganizes; undergoes bankruptcy, insolvency, or receivership proceedings; merges with another legal organization; or assigns all or substantially all of its assets for the benefit of creditors.

(e) Licenses must be renewed annually.

(f) The office by rule may permit the relocation of a licensed cannabis business; permit the relocation of an approved operational location, including a cultivation, manufacturing, processing, or retail location; adopt requirements for the submission of a license relocation application; establish standards for the approval of a relocation application; and charge a fee not to exceed $250 for reviewing and processing applications. Relocation of a licensed premises pursuant to this paragraph does not extend or otherwise modify the license term of the license subject to relocation.

Subd. 2. **License reclassification availability.** (a) Subject to section 342.14, subdivision 1a, the office may determine whether licenses are available for a license holder that is a cannabis microbusiness to petition to reclassify the license holder as a cannabis mezzobusiness. The number of reclassified licenses approved for social equity qualified petitioners must be equal to or greater than the number of reclassified licenses approved for all applicants.

(b) Subject to section 342.14, subdivision 1a, and limitations in section 342.295, subdivision 9, paragraph (b), the office may determine whether licenses are available for a license holder that is a cannabis mezzobusiness to petition to reclassify the license holder as a cannabis macrobusiness. The number of reclassified licenses approved for social equity qualified petitioners must be equal to or greater than the number of reclassified licenses approved for all applicants.

(c) If the office determines that licenses are available pursuant to paragraph (a) or (b), the office must announce the date when the office will begin accepting petitions from applicants seeking reclassification.

Subd. 3. **Reclassification eligibility.** (a) A cannabis microbusiness license holder is eligible to petition to reclassify the license holder as a cannabis mezzobusiness if:

(1) the cannabis microbusiness has held and operated a medical cannabis cultivation endorsement for a minimum of two years; and

(2) the cannabis microbusiness is in good standing with the office.

(b) A cannabis mezzobusiness is eligible to petition to reclassify the license holder as a cannabis macrobusiness if:

(1) the cannabis mezzobusiness has held and operated a medical cannabis cultivation endorsement for a minimum of two years;

(2) the cannabis mezzobusiness has held and operated either a medical cannabis manufacturing endorsement or a medical cannabis retail endorsement;

(3) the cannabis mezzobusiness is in good standing with the office; and

(4) the cannabis mezzobusiness has not reclassified its license in the previous 12 months before the petition.

Subd. 4. **Reclassification petition process.** (a) The office must establish procedures for the processing of petitions to reclassify under this subdivision. A license holder that seeks to reclassify its license as a cannabis mezzobusiness or cannabis macrobusiness must include in its petition the following information, if applicable:

(1) its status as a social equity license holder;

(2) the number of medical endorsements held and a description of the manner in which medical patients are provided services;

(3) financial statements exhibiting the ability to operate a larger license;

(4) a transition plan that describes how the license holder will comply with all statutes and rules applicable to the reclassified license; and

(5) a description of the planned growth of the license holder up to the limits of the new license type.

(b) After a license holder submits a petition to reclassify that contains all required information, the office must review the petition. The office may deny a petition if:

(1) the petition is incomplete;

(2) the license holder does not meet the qualifications under this section;

(3) the petition contains a materially false statement about the applicant;

(4) the license holder does not meet the qualifications under section 342.16;

(5) the license holder is prohibited from holding a license under section 342.18, subdivision 2;

(6) the license holder does not meet the minimum requirements under section 342.18, subdivision 3;

(7) the petition was not submitted by the petition deadline;

(8) the license holder has unpaid fines or fees or has engaged in substantial noncompliance with this chapter; or

(9) the office determines that the license holder would be prohibited from holding a license for any other reason.

(c) The office may request additional information from any license holder if the office determines that the information is necessary to review or process the petition. If the license holder does not provide the additional requested information within 14 calendar days of the office's request for information, the office may deny the petition.

(d) If the office denies a petition, the office must notify the license holder of the denial and the basis for the denial.

(e) A license holder whose petition is not denied under this subdivision is a qualified petitioner.

Subd. 5. **Reclassification approval process for petitioners to a cannabis mezzobusiness license.** (a) The office shall reclassify the license of all qualified petitioners holding a social equity cannabis microbusiness license to a cannabis mezzobusiness license.

(b) In the event the number of qualified petitioners not classified as social equity cannabis microbusiness license holders for a reclassification to a cannabis mezzobusiness license exceeds the number of qualified petitioners classified as social equity license holders, the office shall select qualified petitioners using the methods in section 342.14, subdivision 4.

(c) Reclassification according to this subdivision must not remove the social equity license status from a social equity license.

(d) A license holder that submits a petition to reclassify its license may continue operations pending office determination on the petition. A license holder that submits a petition to reclassify its license that is denied retains its existing license.

Subd. 6. **Reclassification approval process for petitioners to a cannabis macrobusiness license.** (a) In the event the number of qualified petitioners for a reclassification to a cannabis macrobusiness license exceeds the number of available licenses for a cannabis macrobusiness determined by the office pursuant to subdivision 2, the office shall select qualified petitioners using the methods in section 342.14, subdivision 4.

(b) Reclassification according to this subdivision must not remove the social equity license status from a social equity license.

(c) A license holder that submits a petition to reclassify its license may continue operations pending office determination on the petition. A license holder that submits a petition to reclassify its license that is denied retains its existing license.

**History:** *2023 c 63 art 1 s 12; 2024 c 121 art 2 s 63; 2025 c 31 s 40; 2026 c 123 s 14,117*