

# What you need to know about Minnesota's marijuana legalization law

Minnesota is the 23rd state to legalize recreational cannabis. Here's a detailed look at what the new law allows — and what it won't.

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Gov. Tim Walz on Tuesday [signed into law a sweeping 321-page bill](#) to legalize marijuana in Minnesota following months of debate in the Legislature. The Minnesota House and Senate gave final approval to [the bill](#) just days before the 2023 session adjourned.

Here are answers to questions about the new cannabis law.

# Adult use

## What does the new recreational marijuana law do?

It legalizes the possession and use of marijuana for Minnesotans 21 and older. It creates a new state agency, called the Office of Cannabis Management, tasked with licensing cannabis and hemp businesses and overseeing a legal recreational market, as well as the existing medical cannabis and hemp-derived markets. The law mandates the expungement of all misdemeanor marijuana offenses and creates a Cannabis Expungement Board to review felony offenses for possible expungement on a case-by-case basis. It also imposes new rules and requirements for hemp-based THC drinks and edibles, which exploded in popularity after they were [legalized last year](#).

## When does the new law take effect?

It's unclear in the bill. Many elements of the law — including those pertaining to adult possession, use and home cultivation of marijuana — would take effect July 1, according to the bill. However, the bill does not lift the existing criminal penalties for these same provisions until Aug. 1. Asked to clarify this discrepancy, Minnesota House researcher Ben Johnson said Aug. 1 is the key date to focus on for cannabis legalization.

According to [a state website about the law](#), legal retail sales might not begin until early 2025. Virtually all of the bill's changes to the state's medical cannabis program take effect on March 1, 2025.

## What kinds of cannabis products will be legal?

The law authorizes the production and retail sale of marijuana flower, concentrates, topicals and edible products, such as candy and beverages. It also permits the sale of immature cannabis plants and seeds, as well as hemp-derived THC products.

## What are the possession limits?

Minnesotans 21 and older will be allowed to possess or transport in public up to 2 ounces of cannabis flower, up to 8 grams of cannabis concentrates, and edible cannabis products

containing up to a total of 800 milligrams of THC, the active ingredient in marijuana. They could also possess up to 2 pounds of marijuana in their homes.

### **Will people be allowed to smoke pot anywhere?**

No, the law places strict limits on where the consumption of cannabis products is permitted. People over the age of 21 will be allowed to use marijuana in a private residence or in their yard; on private property that is not accessible to the public, if permitted by the owner; or on the premises of a business or event licensed for on-site consumption. Vaporizing or smoking cannabis in a multifamily housing building would be prohibited, however, except for registered medical cannabis patients.

### **Where will the consumption of cannabis products be explicitly prohibited?**

Anywhere not explicitly authorized by the law. Consuming marijuana products in any form would also be prohibited in motor vehicles, on school property and in state correctional facilities. The law requires owners of child day care programs to disclose to parents or guardians if they allow employees to consume cannabis products on the premises outside of hours of operation.

### **Will it be legal to grow cannabis?**

Minnesotans 21 and older will be able to grow up to eight cannabis plants per residence, with no more than four being mature and flowering at the same time. Plants may be grown indoors or outdoors, but they must be kept in an enclosed, locked space that is not open to public view. [Home growing will become legal Aug. 1.](#)

## **Public safety**

### **What does the law do about driving while impaired?**

It allocates \$15 million over the next two years to fund drug recognition training for law enforcement to help officers better identify impaired drivers. The law also requires the state's public safety commissioner to launch a pilot project studying the creation of an oral fluid roadside test to detect cannabis impairment.

Also, the new Office of Cannabis Management must conduct a study on impaired driving to determine how many crashes involve drivers who use cannabis, how many arrests of cannabis-impaired drivers are made and how many convictions there are for driving under the influence of cannabis.

Minnesota's public safety commissioner must contract with Hennepin County to produce a "statewide baseline high intensity drug trafficking area report on marijuana." That report, due Feb. 1, 2024, must include information on past and present marijuana use in Minnesota, marijuana potency, public health impacts, emergency room admissions, traffic accidents, impaired driving citations and the illicit market, among other things.

Driver education programs will also be required to include information on the effects of cannabis use.

### **What will remain a crime under the law?**

Driving under the influence of cannabis will be a crime, along with selling marijuana without a business license and possessing more cannabis or home-growing more plants than legally allowed. Local governments will be allowed to adopt ordinances making public use of cannabis products a petty misdemeanor.

Similar to the state's open container law for alcohol, it will also be illegal to have an open cannabis product in a vehicle, except in the trunk or a similar area of the vehicle that can't be accessed while driving.

# Market and regulation

### **How will legal marijuana markets be regulated?**

Cities and counties, along with the state Office of Cannabis Management, will be in charge of licensing cannabis businesses and enforcing the new law. Cannabis products will be subject to testing for potency and contaminants, and retailers would only be allowed to sell approved products.

### **What sorts of businesses does the law authorize?**

It creates 15 types of licenses, including:

- **Cannabis cultivator**, which allows the license holder to grow enough cannabis plants to fill up to 30,000 square feet. Cultivators may also harvest, package and label cannabis flower for sale to other businesses, such as a manufacturer or retailer.
- **Cannabis manufacturer**, which allows a business to process cannabis flower into other products, such as concentrates, edibles and topicals. Manufacturers can sell products to other businesses.
- **Cannabis retailer**, allowing the holder to operate up to five retail stores, commonly called dispensaries in other states, where cannabis products may be purchased by Minnesotans 21 and older.
- **Cannabis microbusiness**, which allows a company to cultivate up to 5,000 square feet, manufacture and sell cannabis products at a single location. A microbusiness may allow on-site consumption of edibles in a dedicated space with a separate entrance. Microbusinesses can also offer live or recorded entertainment.
- **Cannabis mezzobusiness**, which is similar to a microbusiness except larger ("mezzo" is Italian for "medium"). Mezzobusinesses may cultivate up to 15,000 square feet, as well as manufacture and sell cannabis products. However, they will not be allowed to offer on-site consumption of cannabis products or entertainment. A mezzobusiness may operate up to three retail locations.
- **Cannabis wholesaler**, which authorizes the license holder to purchase cannabis flower, immature plants, or other cannabis or hemp products from other businesses and sell them to cannabis manufacturers, retailers, microbusinesses and mezzobusinesses.
- **Cannabis transporter**, which allows the holder to transport cannabis plants, flower and other products between other cannabis businesses. The law requires transporters to obtain insurance and install lockable storage compartments in their vehicles for transporting cannabis. All vehicles must be staffed by at least two employees while transporting marijuana products.
- **Cannabis delivery service**, which allows a business to purchase cannabis products from retailers, medical cannabis retailers, microbusinesses or mezzobusinesses and deliver them to customers. Like cannabis transporters, a delivery service must install lockable storage compartments in its vehicles for transporting cannabis.
- **Cannabis event organizer**, allowing the holder to organize cannabis events lasting up to four days. Event organizers may charge entrance fees and must verify that all attendees are age 21 or older. They may also designate space for on-site consumption (if allowed by the local government) and authorize cannabis

retailers, microbusinesses and mezzobusinesses to sell cannabis products at licensed events.

Also, the law requires manufacturers and retailers of lower-potency hemp THC edibles and beverages, which were legalized in Minnesota last year, to be licensed and regulated by the Office of Cannabis Management starting in 2025.

It also creates four types of medical cannabis licenses: medical cannabis cultivator, medical cannabis processor, medical cannabis retailer, as well as medical cannabis combination business, which would allow a medical cannabis business to also sell recreational products.

### **Can local governments ban cannabis businesses from operating within their borders?**

No, they would not be able to ban cannabis businesses entirely. But they would have the option of limiting the number of cannabis retailers to one for every 12,500 residents. If a county meets the one retailer per 12,500 residents threshold, individual cities or towns within that county will not be required to allow a cannabis business.

Minnesota tribal governments will largely be allowed to make their own rules for recreational and medical marijuana, though the law sets up a process to negotiate jurisdictional issues with the state.

### **What are the packaging requirements for cannabis products?**

It must be child-resistant, tamper-evident and opaque. Packaging for edibles must be resealable in materials approved by the U.S. Food and Drug Administration for packaging foods. Packaging materials cannot contain or be coated with PFAS "forever" chemicals. Lower potency, hemp-derived beverages would not require child-resistant packaging. Packaging could not resemble that of other products that do not contain cannabis.

Labeling for cannabis products will vary somewhat depending on the type of product, but they will generally be required to identify the name and license number of the cultivator or manufacturer, the batch number, symbols identifying it as cannabis, a warning that the product is not for children and the phone number of the Minnesota Poison Control hotline. Cannabis flower labels must also include the net weight and the amount of cannabinoids. Labels for edible products must include the serving size, the net weight of the product, all ingredients and the amount of cannabinoids it contains per serving.

## **Will cannabis businesses be allowed to advertise?**

Yes, though the ways they can advertise will be strictly limited. Outdoor advertising will be banned for all cannabis businesses. Hemp businesses could advertise outdoors as long as it is unrelated to low-potency hemp edibles.

Cannabis and hemp businesses will not be allowed to advertise in print, television, radio or any other medium if 30% or more of the expected audience is under 21. They will also be prohibited from using online pop-up ads. Direct communication advertising, such as email marketing, will be allowed as long as the business first verifies the recipient is 21 or older. Verification methods could include user confirmation or birth date disclosure, similar to online alcohol and tobacco advertising. Similarly, location-based mobile advertising will require the business to first verify the device owner is 21 or older.

# Taxes

## **How will retail cannabis sales be taxed?**

The law imposes a 10% tax rate on the sale of cannabis products. It would not apply to products purchased through the state's medical cannabis program. State and local sales taxes will also apply to retail cannabis sales.

The state will collect additional revenue from application and license fees for marijuana businesses. For example, a cannabis cultivator will pay a \$10,000 application fee, a \$20,000 initial license fee and \$30,000 to renew its license. Manufacturers will pay \$10,000 for both their application and initial license fees and then \$20,000 for renewal. Retailers will pay less — \$2,500 for their application and initial license fees and \$5,000 for renewal. A cannabis "microbusiness" will pay no initial license fee, a \$500 application fee and \$2,000 to renew its license.

## **Can local governments collect additional taxes on marijuana sales?**

No, the law explicitly prohibits local governments from imposing a sales tax solely on cannabis products.

## **How much tax revenue does the state expect to raise from retail cannabis sales?**

By fiscal year 2027, [the Minnesota Department of Revenue estimates](#) that recreational marijuana sales could generate about \$107 million in annual tax revenue for the state and roughly \$21.5 million for local governments. The department estimates state and local governments could take in more than \$300 million in tax revenue from fiscal year 2024 to 2027.

## **How will tax revenue from marijuana sales be used?**

The state will share one-fifth of the tax revenue raised with local governments. Revenue will also be distributed to state agencies to cover the costs of oversight of the cannabis industry, law enforcement and various grants created by the legislation.

Starting in fiscal year 2026, yearly state expenditures related to cannabis will include:

- \$19 million for Department of Health programs
- \$15 million for "cannabis industry community renewal" grants
- \$10.8 million for the Department of Public Safety
- \$3.25 million for the University of Minnesota, much of that helping to set up and run a Center for Cannabis Research at the School of Public Health

Any revenue left over after required expenditures will go to the state's general fund.

# Hemp industry

## **How will the new law affect existing businesses making and selling legal hemp-derived THC products?**

The existing market for hemp-derived THC food and drink will be allowed to continue as long as businesses register with the Minnesota Department of Health by Oct. 1. The health department will regulate hemp-derived cannabis products until 2025.

As is the case now, only food and beverages with hemp-derived THC in amounts up to 5 milligrams per dose are allowed – with a limit of 50 milligrams per package for edibles and a new 10 mg per-package limit for beverages. Vapes, flower and other products with hemp-derived THC remain illegal.

One immediate change will specifically outlaw THC-P, an extremely potent synthetic cannabinoid that has led to reports of illnesses nationwide. HHC and THC-O are also explicitly banned; only delta-8 and delta-9 THC derived from hemp are allowed.

The Office of Cannabis Management will take over the licensing, regulation and enforcement of the low-dose hemp-derived market on March 1, 2025.

### **Will liquor stores be allowed to sell hemp-derived products?**

Yes, starting May 31, 2023. The bill adds lower-potency hemp edibles and beverages to the short list of items liquor stores are allowed to sell.

# Expungement and social equity

### **What crimes would be expunged under the bill?**

Minnesotans with misdemeanor marijuana charges will see their records cleared, and a new Cannabis Expungement Board will evaluate expungement for felony marijuana crimes on a case-by-case basis.

### **How many Minnesotans would be eligible for expungement?**

[More than 60,000 misdemeanor marijuana cases](#) will be eligible for automatic expungement when the bill is signed into law, the Minnesota Bureau of Criminal Apprehension (BCA) estimates. That includes cases the defendant won or had dismissed, wiping out all records of offenses from arrest to sentencing. The BCA [told lawmakers](#) that it could take the agency up to a year to finish expunging all of the misdemeanor records.

The BCA doesn't have an estimate for the number of felony-level marijuana cases that would qualify for review by the Cannabis Expungement Board, a spokeswoman said. That's because the state's criminal history system is unable to sort felony-level drug cases by the type of drug that was used. A manual review of felony cases would be required.

### **What are the social equity provisions of the law?**

The law creates a Division of Social Equity within the Office of Cannabis Management, which is charged with providing outreach and services to communities disproportionately affected by cannabis prohibition. It also gives "social equity applicants" a better shot at getting a cannabis business license. They are also eligible for special grants created by the legislation.

Those applicants include: people who were convicted of possessing or selling marijuana, family members of someone who was convicted of a marijuana offense, veterans or active military who lost honorable status due to a marijuana offense, residents of neighborhoods that "experienced a disproportionately large amount of cannabis enforcement," and farmers from underrepresented communities.

# Medical program

## **Does the law change Minnesota's medical cannabis program?**

Few changes will be made until March 1, 2025, when the new Office of Cannabis Management's Division of Medical Cannabis begins overseeing the state's medical cannabis market.

Until then, the existing patient registry, retail locations, licensed businesses and qualifying conditions will remain the same and the Minnesota Department of Health will continue overseeing the program. One change to the medical cannabis program takes effect July 1: the new law eliminates the \$200 enrollment fee for new patients.

Starting in 2025, more businesses will be allowed to enter the medical marijuana market. State law previously allowed only two operators to grow, process and sell limited types of products at a small number of dispensaries around the state. And medical marijuana providers will be allowed to apply for a license to sell products to both recreational and medical customers (at one site per business per congressional district).

As noted above, medical marijuana will not be subject to the 10% gross receipts tax.

# Employment

## **What happens to pre-employment drug tests?**

Except where required by federal law or for jobs in education, law enforcement, medical caregiving and other positions identified in the bill, applicants for jobs cannot be screened for marijuana as a condition for employment. Ongoing or random cannabis tests for many employees would also be banned.

Companies can ban the possession and use of cannabis during work hours and when an employee is on-site or in a company vehicle. Businesses can also require cannabis testing if on-the-job cannabis use is suspected to be the cause of a violation of company policy or law.

# Firearms

## **What does the law say about firearms and marijuana?**

The legal use of marijuana as defined in the bill cannot disqualify otherwise eligible Minnesota citizens from owning or obtaining firearms and ammunition. However, federal law prohibits recreational and medical cannabis users from owning firearms, regardless of the legal status of marijuana in their home state. The federal Bureau of Alcohol, Tobacco and Firearms released a statement after Walz signed the legalization bill into law saying that "an individual who is a current user of marijuana is still federally defined as an 'unlawful user' of a controlled substance and therefore is prohibited from shipping, transporting, receiving or possessing firearms or ammunition." In February, [a federal judge in Oklahoma ruled it is unconstitutional](#) for the federal government to bar marijuana users from owning guns. The government has appealed that ruling.

The new law prohibits sheriffs from denying permits to carry based solely on legal cannabis use. It also bars state or local agencies from asking about cannabis use "for the purpose of approving or disapproving the person from purchasing, owning, possessing or carrying a firearm."