

State of Minnesota First Round Adult-Use Cannabis Licensing Round Summary

[Link to Regulations](#)

Quick Facts Cannabis Licensing

License Types Available + Application Fees:

- A. Cultivation - \$10,000
- B. Manufacturing - \$10,000
- C. Microbusiness - \$500 (1 dispensary + 5,000 FT/2 cultivation)
- D. Mezzo-business - \$5,000 (3 dispensaries + 15,000 FT/2 cultivation)
- E. Testing Facility - \$5,000

Number of Licenses Available:

- A. Cultivation - 13
- B. Manufacturing - 6
- C. Microbusiness - 100
- D. Mezzo-business - 25
- E. Testing Facility - 50

APPLICATION METHOD: Random Lottery - ALL LICENSES ARE SOCIAL EQUITY

TOTAL LICENSES: 194 Licenses Available in Round 1 - 2024

LICENSING AREAS - The geographic allocation of available licenses has yet to be released by the State of Minnesota as of May 3, 2024.

Current/Future Market Status

- 2 Licensed and operable dispensaries exist in Minnesota until these licenses are issued
- 2 Licensed and operable cultivation or processing facilities exist before this round
- If **every** dispensary license issued in this round opens, there will be **1 dispensary per 32,700 persons** in the State of Minnesota.

Social Equity License Qualifications

An applicant qualifies as a social equity applicant if the applicant meets **ONE** of the following:

1. Was convicted of an offense involving the possession or sale of cannabis or marijuana prior to May 1, 2023; **OR**
2. Had a parent, guardian, child, spouse, or dependent who was convicted of an offense involving the possession or sale of cannabis or marijuana prior to May 1, 2023; **OR**
3. Was a dependent of an individual who was convicted of an offense involving the possession or sale of cannabis or marijuana prior to May 1, 2023; **OR**
4. Is a military veteran, including status as a service-disabled veteran, current or former member of the national guard, or any military veteran or current or former member of the national guard who lost honorable status due to an offense involving the possession or sale of cannabis or marijuana; **OR**
5. Has been a resident for the last five years of one or more subareas, such as census tracts or neighborhoods, that experienced a disproportionately large amount of cannabis

- enforcement as determined by the study conducted by the office pursuant to section 342.04, paragraph (b), and reported in the preliminary report, final report, or both; **OR**
6. is an emerging farmer as defined in section 17.055, subdivision 1 17.133, subdivision 1; **OR**
 7. Has been a resident for the last five years of one or more census tracts where, as reported in the most recently completed decennial census published by the United States Bureau of the Census, either:
 - A. The poverty rate was 20 percent or more; **OR**
 - B. The median family income did not exceed 80 percent of statewide median family income or, if in a metropolitan area, did not exceed the greater of 80 percent of the statewide median family income or 80 percent of the median family income for that metropolitan area.

Takeaway: There are a *lot* of ways to qualify as a social equity applicant in Minnesota. Furthermore, the way that the State of Minnesota has set the rules, out-of-state applicants are explicitly allowed to apply.

Social Equity License Ownership Restrictions

1. The 65% social equity ownership criteria **must be maintained for at minimum, 3 years**, post-award of a businesses operating license. After that time, the 65% can be sold to non-social equity persons.
2. 65% ownership can be transferred **only between verified social equity persons** in years 0-3 of operations.

Municipal Control + Buffer Zones + Real Estate Information

Real Estate - NOT required at the time of application. Real estate is to be acquired during the 18-month conditional license phase.

Buffer Zones: A local unit of government may prohibit the operation of a cannabis business within the following buffer zones:

- A. 1,000 feet of a school
- B. 500 feet of a daycare
- C. 500 feet of a residential treatment facility
- D. 500 feet of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

Municipal Control: Local opt-outs are **not allowed**. However, the following limits may apply:

- A. A local government unit that issues a cannabis retailer registration under section 342.22 may, by ordinance, limit the number of licensed cannabis retailers, cannabis mezzo-businesses with a retail operations endorsement, and cannabis microbusinesses with a retail operations endorsement to no fewer than one registration for every 12,500 residents
- B. If a county has one active registration for every 12,500 residents, a city or town within the county is not obligated to register a cannabis business.

First-Round License Type Ownership Restrictions

1. **Mezzo-businesses and Micro-businesses Licenses:** A Mezzo-businesses or Micro-business license holder can **ONLY** have an interest in **ONE** mezzo or micro-business *and may not* hold an interest in any other business license type.
2. **Cultivation and Manufacturing Licenses:** A cultivation license holder *may only* hold interest in one manufacturing license, aside from their one cultivation license; and vice-versa.
 - a. **Vertical Integration** is strictly prohibited in the first round of Minnesota licensing.

Application Contents

1. **Ownership Disclosures** - All owners must be disclosed at the time of application
2. **Social Equity Proof** - The (at minimum), 65% owner must provide proof of social equity status
3. **Organizational Chart**
4. **Foundational Documents** - I.e: Articles of Incorporation, Bylaws, etc
5. **Financial Obligation Disclosure** - All existing financial obligations (loans, agreements, etc.) must be disclosed at the time of the application.
6. **Attestations** - Check boxes that agree to follow Minnesotan laws

The Bill also mentions entering into labor peace agreements in advance of the application. Such a step seems extreme so it is to be seen if such is actually implemented.

Takeaway: Since the State of Minnesota's first round is **only** for social equity applicants, the State appears to be making the application process quite stripped down and simple, compared to other States.