



OCM Implementation Update

5-6 p.m. – Jan. 30, 2024

- **Issues with your connection?** Email cannabis.info@state.mn.us the following info:
 - Email subject line: OCM Outreach
 - Your name:
 - Your phone number:
 - Brief description of issue, including how you are joining the meeting

Agenda

- Implementation Team Structure
- Contract Support
- Temporary Regulations
- Hiring Update
- Technology
- Cross Agency Work
- Legislative Reports/Legislative Recommendations
- Rulemaking Update
- Community and Stakeholder Engagement
- Looking Ahead

Agenda & Presenters



Welcome/Overview

Charlene Briner
Interim Director
Office of Cannabis
Management



Rulemaking

Vanessa Vogl
Rulemaking Attorney
Minnesota Department
of Human Services



Outreach/Engagement

Merone Melekin
Outreach Director
Office of Cannabis
Management

Implementation Teams

Created cross-agency implementation teams

- IT Business and Operational Systems
- PIO/Communications
- Tribal Liaison
- Planning
- Finance
- State reference lab

Functional strike teams

- Temporary Regulations and Registration
- Rulemaking
- HR/Hiring
- Legislative
- License System Design
- Outreach and Engagement

Staff

- 23 member implementation team
- 25 OMC staff working on medical cannabis and HDCPs, while supporting the transition and planning
- 2 MDA inspectors adding inspection capacity for HDCP enforcement

Carahsoft Technology Group

- Prime contractor for the licensing system and has proposed using Accela software. The software will provide a web-based portal to allow cannabis businesses to collaborate with the OCM on all aspects of the regulated industry, from business registration and renewal, to audit and compliance functions.

Cannabis Public Policy Consulting (CPPC)

- Project management support for all aspects of implementation, including conducting original market research, scoping an equity-centric community engagement plan, and developing and streamlining application, licensing, and other implementation-related processes.

Hiring Update

- Key leadership team hires & start dates:
 - Katie Knutson, Chief of Staff, Sept. 18, 2023
 - Max Zappia, Chief Regulatory Officer, Nov. 29, 2023
 - Nikki Jensen, Executive Assistant, Dec. 20, 2023
 - Jackie Crow Shoe, Tribal Liaison, Dec. 20, 2023
 - Sophie Leininger, Government Relations Director, Jan. 3, 2024
 - Eric Taubel, General Counsel, Jan. 17, 2024
 - Marisa Haggy, Human Resources Director, Jan. 17, 2024
 - Merone Melekin, Outreach Director, Jan. 17, 2024 (transfer from MDH to OCM)
 - Quincey Traynham, Finance Director, Feb. 14, 2024
- Next positions: Social Equity Director, Communications Director, Cannabis Advisory Council Coordinator, Grants Manager

Licensing Application System Implementation

- 1st iteration of design phase completed
- Design work accomplishments
 - Application process
 - Renewal process
 - Application form
 - Complaint form
 - Identification of critical data and required forms for application
- Next steps
 - Complete the automation, scripting, mobile
 - Address reviews and pilot testing changes
 - Determine external needs (information website, required forms)
 - Complete the configuration
 - Conference room pilot testing
 - Build integrations for banking, revenue, seed-to-sale
 - Begin design phase of GIS integration (mapping solution)

Cannabis Advisory Council

- Governor Walz made 18 public appointments on 12/15
 - Hopes to make the remaining 6 appointments in early 2024
- Direct appointments will be registered with the SOS office
- Planning for first meeting in first quarter of 2024
- Council Liaison position screening underway

Legislative Reports: Overview

- An Examination of Cannabis Consumers and Cannabis Demand in Minnesota
- OCM Annual Report to the Legislature (2024)
- Go to www.cannabis.state.mn.us/aboutus.html

Market Demand Study

- An Examination of Cannabis Consumers and Cannabis Demand in Minnesota
 - Project a robust demand for cannabis in Minnesota, based on findings that detail consumer use of cannabis.
 - Some uncertainty about the impact of hemp-derived cannabinoid products on the adult-use market; because Minnesota is uniquely situated in this space, it will take additional data to understand how consumer patterns will develop.
 - Data suggest diversion from regulated medical market into illicit sales.

Proposed Legislative Changes

1. Supply Chain Improvements
2. Strengthening Social Equity
3. Remove Licensing Bottleneck
4. Include Temporary Regulations for Social Equity
5. Update Timeline on Transition of Office of Medical Cannabis



Supply Chain Improvements



Streamlining Cannabis Operations

Create a single supply chain at cultivation for both uses, eliminating inefficiencies and redundancies simplifying and speeding up license issuance.

Aligns with best practices in states with mature cannabis markets.



Product Cost Reduction

Lowers prices due to reduced costs, benefiting consumers and improving patient access.



License Reduction

Simplifies regulatory processes and reduces the variety of licenses required.

Reduces enforcement duplication, saving resources.

Strengthening Social Equity



License Classification

Chapter 342 includes social equity measures in applications but lacks a specific license classification for social equity applicants.



Head Start

Current law reserves 20% of application points for social equity applicants but doesn't ensure a first-mover advantage.



Applicant Priority

The proposal enhances social equity by prioritizing applicants and maintaining license integrity.



Fair Ownership

Changes ownership requirements from 100% to 65%, which increases chances for social equity applicants to secure fair funding and ownership shares.

Remove Licensing Bottleneck



Removes Bottleneck

Chapter 342's application and licensing process causes bottlenecks, risking litigation and financial hardship for applicants.



Process Improvement

Clarifies steps in the application process, for applicants and local governments.



Office Efficiency

Streamline licensing for better applicant understanding and expedite license issuance.



Reduce Financial Hardship

Reduce applicant financial hardship by not requiring premises at application point.

Include Temporary Regulations for Social Equity Licenses



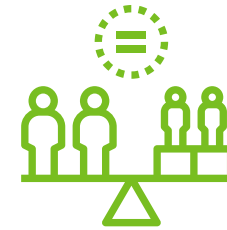
Market Launch

Taking steps to better ensure successful market launch in early 2025.



Operating Access

Implementing temporary social equity licenses solely for social equity applicants so when the market opens, they have the first availability to launch.



Social Equity Advantage

This approach provides an advantage to social equity applicants in the early market.

Transition Date Acceleration

Lower dose hemp products oversight and enforcement from the Office of Medical Cannabis

- Move forward from March 2025 to July 1, 2024
- Allows for better integration in operations, enforcement and building out the Office in totality
- Transition Office of Medical Cannabis when adult use rules are promulgated

RESULTS OF PROPOSED CHANGES

Streamlined Supply Chain:

Merging medical and adult-use cannabis supply chains at the cultivation stage to reduce costs and simplify processes.



Efficient Licensing Process:

Addressing application bottlenecks and creating clearer pathway to obtain a license.



Enhanced Social Equity:

Introducing specific classifications and prioritizing social equity applicants to foster diversity and fairness in the industry.



Proactive Measures for Market Launch:

Implementing temporary regulations for social equity licenses to expedite the 2025 market launch and provide early advantages to social equity participants.



Rulemaking Update

Vanessa Vogl | Department of Human Services Rulemaking Attorney

Rulemaking Authority

- Rules governing the adult-use cannabis industry in Minnesota as required by Minnesota Statutes, Chapter 342
- Expedited rulemaking process authorized by Minnesota Statutes, section 342.02, subdivision 5
- **GOAL**
 - Create a safe, accessible, and equitable cannabis industry for Minnesotans 21 and older who choose to consume

Rulemaking Timeline

- Public Engagement and Drafting of Rules: Fall 2023 – Summer 2024
 - Outreach and collaboration: Underway
 - Ongoing input from stakeholders and general public throughout drafting process
 - Inform and consult with public and experts; solicit feedback to improve proposed rules
 - Approved form from Revisor's Office
- Notice of Intent to Adopt and Proposed Rules Publication: Fall 2024
 - Public written comment period: may submit comments for 30 days following NOI publication
 - OCM may make modifications based on comments before submission to ALJ for legal review
 - Approval by ALJ: within 14 days after submission by OCM, possibly with required changes
 - Governor has option to veto
- Publication of Notice of Adoption (rules become effective): Early 2025
 - Complete license applications available

Public Input Process

- Accessible to all interested community members, advocates, and partners
- 7 Public input surveys planned through February 26, 2024
 - Survey #6 available today through Feb. 11: Laboratory standards; edible products standards
- Preparing public report to share themes and priorities from input

Surveys by Topic

Survey date range	Topic(s)	Number of responses
Oct. 30 – Nov. 30	Cultivation, processing, and manufacturing	751 (484 cultivation)
Dec. 1 – Dec. 14	Testing; environmental controls; use of pesticides and fertilizers	199
Dec. 15 – Dec. 28	Retail business operations; retail sanitary standards; expedited complaint process	257
Dec. 29 – Jan. 12	Packaging and labeling; integrated cannabis tracking, inventory, and verification system	373
Jan. 13 – Jan. 26	Licensing, social equity considerations	394
Jan. 29 – Feb. 11	Laboratory standards; edible products standards	
Feb. 12 – Feb. 26	Medical cannabis; patient registry program	

Rulemaking Progress

- **Consultations:** Pollution Control, Commerce, Agriculture, Revenue, etc.
- **Drafting:** Environmental standards, cultivation
 - Review of **ALL** comments submitted for topic
 - Consultative meetings with subject matter experts
 - Assessment of related cannabis rules in other states, existing Minnesota regulations
 - Research for best practices and guidance from related industries (e.g. hemp, food)
 - Language development
 - Subject matter expert review and refinement
- **Planning:** Listening session process for public review of initial language

Community Engagement Updates

Merone Melekin | Office of Cannabis Management Outreach Director

Community Engagement

- OCM website
- Speaker engagement bureau/speaker engagement requests
- Community Cannabis Conversations
- OCM newsletter
- Educational and/or media campaigns
- Cannabis Ambassadors (later in implementation process)
- Rulemaking public engagement sessions
- Tribal Engagement

Engagement & Outreach

- Over 50 engagement opportunities since summer, ranging from general overviews to subject specific discussions.
- Hosted a public webinar (775 registrants, 1,700 YouTube views) in August to provide a general overview of the early work to establish OCM.
- Met with a variety of stakeholders, including legislative and regulatory bodies.
- Met with partners and advocates in the business community, including associations and business leaders.
- Recurring meetings with trusted business, community, and faith leaders representing communities that were historically harmed by cannabis prohibition.
- Participated in multicultural radio segments throughout October and November.
- Continue to distribute resources to partners interested in OCM rulemaking, supporting prospective business owners and lending a trusted voice for the new industry.

Engagement & Outreach - Themes

- Licensing process and timing
- Office for Social Equity and Social Equity Applicants process
- Business and community support services
- Access to resources for businesses and communities
- Industry and workforce training opportunities
- Public health measures and community safety

Engagement & Outreach - Grants

- Cannabis Community Renewal Grants
- Cannabis Industry Training Grants
 - CanTrain
 - CanNavigate
 - CanStartup
 - CanGrow

Upcoming Engagement Opportunities

- Attend the Minnesota Dual-Training Pipeline Legal Cannabis Industry Forum (Feb 16) dli.mn.gov/pipeline
- Attend future Rulemaking public engagement sessions
- Complete the remaining rulemaking surveys (February)
- Request to have OCM at your upcoming event
- Amplify our message – share resources with your network

Looking Ahead / Conclusion

Looking Ahead to Q1 2024

- Re-opened search for OCM Director
- Continue hiring and on-boarding permanent OCM staff
- Finalize location for OCM office and plan for occupancy
- Continue build out of license application software and seed-to-sale tracking system
- Rule drafting
 - Complete input surveys, analyze input, continue drafting, plan for public engagement on early draft language
- First meeting of Cannabis Advisory Council
- Tribal Compacting
- Establish working group for model ordinance
- Finalize legislative proposals
 - Support successful market launch
 - Position for sustained and effective regulation over time

Thank You!

Send your questions to:

cannabis.info@state.mn.us