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# 2025 Market Analysis Report: Status of the Minnesota Regulated Cannabis Industry

1/15/2026

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## Section 1: Introduction and summary

Pursuant to Minnesota Statutes, section 342.04(f), the Minnesota Office of Cannabis Management (OCM) must conduct an annual market analysis on the status of the regulated cannabis industry and submit a report of the findings. As required in section 342.04 (f), this report includes a preliminary assessment of whether the number of licenses issued to date is sufficient to ensure product supply, support market stability, foster competition, and limit the sale of unregulated cannabis.

While the state's cannabis industry launched in 2025 with the first adult-use cannabis sales and more than 100 licenses issued, it is still too early in the market's maturation to determine whether the current number of licenses will meet long-term demand, as many applicants with preliminary approval are currently within their 18-month period to become fully licensed. In the coming year, the office will continue engaging with interested parties, consumers, patients, businesses, and members of the public through meetings and outreach sessions to assess the progress of the adult-use industry, evaluate market competitiveness, and assess supply against demand. A more comprehensive market assessment will be possible once additional licenses become fully operational and track-and-trace data are available, providing a clearer picture of production, distribution and sales patterns across the state. As the office has learned from other states that have legalized adult-use cannabis, full market maturity will take time. A steady, deliberate approach is central to Minnesota's commitment to building an equitable, safe and sustainable cannabis economy.

To support continued assessment of the market rollout and increase transparency for industry participants, consumers, businesses, patients and other interested parties, the office is launching a data dashboard in 2026 to share key metrics in the state's cannabis program. The office remains committed to sharing market data both through this annual report and a monthly dashboard.

The report also includes information that will support the office's continued analysis of the market as additional licenses are issued in the coming months and additional data become available. The office will continue to utilize the market analysis to inform future application and licensing decisions that support market growth and maturity. Finally, pursuant to Minnesota Statutes, section 342.04(e), the market analysis report also includes a summary of data on the utilization of mental health and substance use disorder services, emergency room visits, and commitments. This information was obtained through partnerships with state agencies as this issue and data fall outside the scope of the office.

## Section 2: Launching licensing and building sufficient supply to meet demand

There are several factors about Minnesota's licensing framework and market structure as designed by the Legislature that have impacted and influenced the launch of cannabis licensing this past year. While it remains still too early to assess market saturation and to determine if there are sufficient licenses to meet demand, the framework has been set for continued market growth and maturation over the next several years. This section details many of these factors and outlines future data points and snapshots to assess in the months and years ahead.

## **2.1: Background on the license type structure of chapter 342**

State law establishes 11 cannabis business license types and three lower-potency hemp edible (LPHE) business license types. Three of the cannabis business license types, microbusiness, mezzobusiness, and medical cannabis combination business, allow for vertical integration, meaning the licensed business may cultivate, manufacture, and retail under the same business. Other license types are authorized to conduct a singular activity in the supply chain, like the cannabis retailer license type or the cannabis cultivator license type. Four of the cannabis license types are capped in statute through July 1, 2026: cannabis cultivator, cannabis manufacturer, cannabis mezzobusiness, and cannabis retailer. The other seven cannabis license types, including the microbusiness license type, and the three LPHE license types are uncapped, meaning any business that is determined to meet qualifications may seek licensure. A business may only apply for a license during an open application window.

The office hosted an application window for 10 of the 11 cannabis license types (excluding the cannabis event license type) from Feb. 17-March 24, 2025. Combined with the applications received during the 2024 application window, the office received 3,563 applications across 10 cannabis business license types. On Aug. 26, 2025, the office opened an ongoing application window for cannabis event organizer licenses and re-opened for an ongoing window for cannabis testing facility licenses.

Future application windows for the other nine cannabis license types have not yet been planned. This market analysis framework and the availability of future information about saturation as additional licenses are issued as businesses finish preparing their operations will help inform decisions for future application windows for cannabis business licensure.

Additional opportunities to apply for LPHE licenses are expected in 2026, however, the office continues to monitor the impact of the recent policy change from the federal government setting a future ban impacting the hemp-derived cannabinoid industry in Minnesota.

## **2.2: Licensing strategy empowering businesses**

The office's review of other states' approaches suggested against staging licensure by license type or licensed activity. This is because a disruption at any point in the supply chain poses a risk to those already licensed and in possession of product with no viable market to sell through. Further, supply chain disruptions create risk for those not yet licensed because they cannot reliably predict when their business can launch with consistent product supply. Similarly, markets that separated social equity licensing from general licensing often faced a reality where the social equity licensure was disrupted by litigation, while the general licensing proceeded unabated. Even if other states had found success in the staged-by-license-type model, the wide variety of license types available in Minnesota, some of which are vertically integrated and some of which may be paired with only certain other license types, made sequencing the order of licensure challenging.

The office's initial plan for licensure, reflected in the legislative changes from the 2024 session, focused on (1) an early "preapproval lottery" that would grant non-operational licenses to selected social-equity applicants for each of the 10 license types for which applications were accepted, (2) a second application window early in 2025 for all license types for both social equity and general applicants, with lotteries for capped licenses held after the review of all applications.

As has been well reported, the office identified a number of suspicious applications in the preapproval lottery that indicated potential attempts to “game the lottery” through straw applicants and non-disclosed options agreements. After removing these applicants from the lottery, the office was subject to litigation over the preapproval lottery scheduled for November 2024. Cognizant of the likely protracted legal battle, the office sought to minimize confusion for applicants, reduce ambiguity around next steps in the licensing process, and protect as many benefits to social equity applicants as possible—including entry into multiple lotteries for capped license types and access to technical assistance grants, by moving forward with the scheduled 2025 licensing application window and moving all preapproval applicants into that application pool. This approach had the benefit of being consistent with the office’s broader licensing approach: empowering businesses to make their own decision about how and when to enter the market.

The office structured review of license applications while prioritizing review of qualified preapproval applicants, to ensure that both capped and uncapped license types were reviewed expeditiously. Licensing staff initially focused on uncapped license types, beginning with testing facilities, followed by microbusiness applications, the license type available to smaller businesses that allows the operator to cultivate, manufacture, and retail. As emphasized by the Legislature, microbusinesses are central to the concept of the goal of a locally grown craft cannabis market in Minnesota. In fact, the first preliminary approval statuses issued by OCM were to cannabis microbusiness applicants in April following the adoption of rules. The first license issued by OCM on June 18, 2025, was to a microbusiness whose initial business focus was outdoor cultivation.

Finally, consistent with the office’s mission to prioritize market integrity, the office conducted post-lottery reviews of all applicants selected in the lottery to ensure that the applicants were legitimate operators and not a party to any scheme designed to subvert the state’s true party of interest laws. This additional regulatory oversight included initial phone calls, document requests, and in-depth interviews with potential license holders.

As applications are reviewed and found to meet qualifications for licensure, OCM issues preliminary approval status. Notably, as detailed in section 2.3, an applicant has 18 months to finalize application steps and convert from preliminary approval to full licensure.

This licensing approach has ultimately allowed individual businesses to gauge the status of the market, assess their license type and endorsements selection, and make business decisions on when and how they choose to enter the market while seeking to minimize the time spent in application review, a process that can become burdensome for applicants in prolonged wait times.

## **2.3: Status of preliminary approvals and licenses issued**

Following the completion of initial application review and two lottery selection processes during the summer of 2025, the licensing process is continuing to progress. A qualified applicant has been notified by OCM that they meet the initial applicant requirements. Qualified applicants complete a background check and submit an attestation they have entered into a labor peace agreement (if applicable) and then move to preliminary approval status upon receiving notice from OCM. Preliminarily approved applicants have 18 months to secure a location, finalize operational plans, obtain local zoning certification, and pass a site inspection to receive a cannabis business license.

The 18-month window provides license applicants with flexibility to complete the final steps as they are ready and accounts for the time that may be required to obtain a location, secure financial investments, obtain local approval, and ensure compliance with all regulations. A business may convert from preliminary approval to business licensure in under 18 months. Uncertainty in timing around when the more than 1,300 preliminarily approved applicants will open their doors is a challenge for the office in forecasting eventual market saturation in 2026 and beyond.

As of Dec. 31, 2025, the office has issued the following number of qualified applicants, preliminary approvals, and licenses for each license category.

**Table 2.1: Number of qualified applicants, preliminary approvals, and licenses issued for each license category**

License type and permitted activities	Available licenses	Qualified applicants	Preliminary approvals	Licenses issued
<b>Cultivator (general):</b> Allows businesses to grow cannabis plants from seed to maturity. Cultivators may also package and label immature plants, seedlings, and flower for sale to other cannabis businesses. The canopy limit is up to 30,000 sq. ft. indoors or 2 acres of mature flowering plants outdoors.	50	23	23	4
<b>Delivery service:</b> Authorizes delivery of cannabis flower, products, lower-potency hemp edibles, and hemp-derived consumer products directly to consumers.	Not limited	33	38	0
<b>Mezzobusiness:</b> A vertically integrated license that allows cultivation of up to 15,000 sq. ft. indoors or 1 acre outdoors, manufacturing, and operation of up to three retail locations.	100	43	54	3
<b>Microbusiness:</b> A vertically integrated license that allows cultivation of up to 5,000 sq. ft. indoors or one-half acre outdoors, manufacturing, and operation of one retail location.	Not limited	373	1,124	96
<b>Manufacturer:</b> Allows for the processing of cannabis and hemp into various products such as edibles, concentrates, oils, waxes, and tinctures, and packaging and selling them to other cannabis businesses.	24	8	15	1

License type and permitted activities	Available licenses	Qualified applicants	Preliminary approvals	Licenses issued
<b>Medical cannabis combination:</b> Enables cultivation, manufacturing, and the retail sale of both medical and adult-use cannabis, including hemp-derived products, across facilities.	Not limited	1	3	2
<b>Retail:</b> Allows the sale of packaged cannabis products, immature cannabis plants, seedlings, lower-potency hemp edibles, and hemp-derived consumer products directly to adults and medical patients. Can operate up to five dispensaries, subject to local regulation.	150	73	86	4
<b>Testing facility:</b> Receive and test cannabis flower, cannabis products, hemp plant parts, hemp concentrate, artificially derived cannabinoids, lower-potency hemp edibles, and hemp-derived consumer products from businesses licensed to produce those items. Testing is for the purposes of ensuring consumer products meet safety and compliance standards.	Not limited	5	9	3
<b>Transporter:</b> Permits the movement of immature cannabis plants and seedlings, cannabis flower, cannabis products, artificially derived cannabinoids, hemp plant parts, hemp concentrate, lower-potency hemp edibles, and hemp-derived consumer products between licensed cannabis and hemp businesses, with secure transport requirements.	Not limited	16	30	3
<b>Wholesaler:</b> Allows the purchase of cannabis, hemp products, and related consumer goods from licensed producers and the sale of these products to other licensed businesses. This license also allows the import of hemp-derived products and can be paired with transporter, delivery service, or event organizer licenses.	Not limited	19	22	3

*Note: Data on applications received and licenses issued are available on the Office of Cannabis Management's Summary Application Data webpage. The webpage is updated weekly as licenses are issued.*

## 2.4: Availability of license transfers

While certain license types are capped in the number that the office is able to issue, licenses can become available through transfers in addition to through an OCM licensing window, offering another opportunity for new businesses to enter the market.

License transfers require written approval from OCM, and active license holders can either add additional owners to their existing license or transfer the license entirely to a new ownership group, subject to statutory requirements. Transfers of social equity licenses during the first three years of operations must go to another verified social equity applicant, but after three years they may be transferred to any eligible entity. Detailed information about the license transfer process is available on OCM's [Making Business Changes webpage](#). A cannabis license application in qualified applicant or preliminary approval status, may not be transferred.

## 2.5: Canopy estimates and estimating adequate supply

Research in emerging cannabis markets suggests licensed canopy should equal twice the market demand to maintain an effective supply. However, ongoing monitoring will yield more accurate insights into supply and demand.

Multiple complexities exist around determining sufficient canopy. Consumer preference skewing toward flower means less canopy is needed, while preference for vapes, concentrates, or edibles—which require more flower to produce—means more canopy is needed. THC content adds more complexity—a smaller canopy with higher potency can be equivalent in total THC supplied to a larger canopy with lower potency. Canopy size and potency is also influenced by product mix—a preference for 50% versus 80% THC vapes, or 10% versus 25% THC flower, will impact needed canopy. Finally, in mature adult-use markets, consumer preference sometimes shifts away from flower toward vapes, concentrates, and edibles, although flower remains the most common product.

It is not possible to anticipate whether license holders will cultivate their full allowable canopy, particularly in early market stages. In addition, multiple license types, including microbusinesses and mezzobusinesses, may but are not required to both cultivate and manufacture products (and may be vertically integrated). Therefore, whether to pursue various allowable activities is a business decision.

While needed supply of canopy is hard to predict, a number of factors suggest greater demand over time:

1. Consumers will continue to transition from the illicit to the regulated market.
2. Demand for flower-intensive products is likely to grow as consumer tastes diversify.
3. New users will likely enter into the market.
4. Consumers are likely to shift from substitute goods such as hemp-derived cannabinoid products.

Ongoing monitoring of the market, coupled with careful production management, will be integral to maintaining adequate supply.

## 2.6: Testing facility outlook

As of Dec. 31, 2025, the office has issued licenses to three testing facilities, preliminary approval to nine, and notice of qualified applicant status to five businesses. The office has also opened an ongoing testing facility application window to allow additional testing facilities to pursue licensure. Testing laboratories are a critical sector of a regulated cannabis market, ensuring that all products are safe to consume, free from harmful contaminants, and accurately labeled. Having a robust, well-functioning testing sector is essential, not only for protecting public health but also for preventing bottlenecks within the cannabis supply chain. Industry feedback would agree, and several industry members—including members of the Cannabis Advisory Council (CAC)—have shared specific concerns regarding the build out of testing capacity. While it is too early to determine whether the state will ultimately have sufficient lab capacity to meet the demand of the market, the office remains in constant assessment to better understand market dynamics. The three current license holders and nine operators with preliminary approval are a helpful indicator of the potential for continued build out of the type of testing capacity needed to support the adult-use, medical, and hemp-derived programs in Minnesota.

The office continues to prioritize development of testing infrastructure. In 2024, the office partnered with the Legislature to authorize a state reference laboratory to serve as an independent, third-party referee to uphold market integrity. Currently, the reference laboratory has made significant progress in the work to build a compliance testing framework, including requirements for cannabis and hemp products manufactured or sold by licensed businesses.

Additionally, during the 2025 legislative session, the office gained authority for a testing facility licensing variance process. This allows a business with pending laboratory accreditation status to pursue a license and serve the market if the applicant meets a series of requirements, including proof of progress toward accreditation and passing inspection. Previous law required proof of full accreditation at time of initial application, posing a significant timing barrier. This change also allowed the office to open a second, ongoing window to receive testing facility applications.

Finally, the office implemented a [product transition period](#) to support the transition of hemp-derived businesses into the new regulatory framework, by authorizing the continued sales of hemp-derived products previously tested under the existing registration system, and recently issued a guidance memo to address the realities of early market growth and not yet enough transportation capacity in the state.

The office will continue to evaluate the testing capacity available in the state to inform decisions about any additional steps that prioritize robust, safe, effective, and high-quality testing infrastructure.

## Section 3: Market competitiveness

At the close of 2025, 119 cannabis licenses have been issued, reflecting an increase in pace since the first license was issued in June. With the number of licenses increasing on a near weekly basis, it is too early to meaningfully assess the competitiveness of Minnesota's regulated adult-use cannabis market based on this early snapshot in time. However, the 1,405 preliminary approvals issued as of Dec. 31, 2025—across all cannabis license types, including uncapped categories such as microbusinesses—suggest the potential for a robust and healthy marketplace across the entire cannabis supply chain. The office will continue to monitor and evaluate market competitiveness in future reports as more businesses convert their preliminary approval status to licensure and businesses begin to operate.

## Section 4: Limiting the sale of unregulated cannabis and cannabis products

Given that Minnesota's regulated adult-use industry is in its early stages, residents continue to obtain cannabis from unregulated sources, as noted in the office's [Cannabis Market Size and Growth Study](#). As more businesses begin operations, it is likely that purchasing will shift toward the legal market, as has been observed in other adult-use states. Further evidence of the likely shift includes an increase in participation in the medical cannabis program over the last year, now registering more than 68,000 patients. Additionally, Minnesota has one of the largest regulated hemp-derived THC markets in the country, indicating that many Minnesotans already obtain THC products from regulated channels. However, it remains unclear how many hemp-derived THC consumers also purchase cannabis and use cannabis products.

Illegal sales of cannabis cannot be determined with complete accuracy. Some trends can be described thanks to the office's statewide enforcement presence accompanying the licensing framework rollout. One of the main tools the office uses to achieve compliance of this new industry is through education. This is particularly important in an environment where many of the business operators and employees are new to operating in a regulated market. Between January and October, inspectors conducted 1,910 inspections of businesses selling hemp-derived cannabinoid products (HDCPs). The compliance rate increased to more than 90% in 2025, from 75% in 2024.

Of the 1,910 inspections, 12 sites were found selling illicit cannabis flower. Working with the inspector on site, the retail businesses voluntarily destroyed 38 pounds of cannabis flower worth a retail value of \$240,500. Fifty-two penalties were issued due to non-compliance violations, averaging \$5,794 per penalty. There is more information on this work available in the office's [2025 annual report](#).

The office will continue to increase enforcement presence statewide and monitor consumer behavior to support the development of a robust legal market to reduce consumer reliance on illicit sources.

# Section 5: Market stability and success

## 5.1: Public Engagement

As the market grows from initial launch and phasing in existing programs, the office is evaluating the best methods for measuring progress, success, and stability. The office has prioritized engagement with industry advocates, business owners, and other interested parties over the last two years in the stand up of the office and the development of the regulatory framework and licensing system for the adult-use cannabis market. Through dozens of meetings with partners and quarterly public meetings with the Cannabis Advisory Council (CAC), the office has collected feedback. During the third and fourth quarterly CAC meetings in September and December 2025, the office discussed market assessment strategies with the council. The office sought public input on the state of the cannabis market in Minnesota and posed a series of questions covering different issue areas. These topics and questions included:

- Supply and demand, future monitoring and priorities
  - Are there potential risks you foresee in the supply chain that could impact product availability or quality?
  - What indicators should the office focus on tracking over the next year to assess the market's health?
  - Are there any emerging trends or risks we should begin preparing for now?
- Market competitiveness and participation
  - Are there barriers you believe might prevent new businesses from entering the market or surviving long-term?
  - How can Minnesota best maintain a balance between encouraging competition and preventing market instability?
- Medical and hemp market integration
  - How do you see the hemp-derived THC market influencing the rollout of adult-use cannabis?
  - Do you expect demand for hemp products to remain high once adult-use cannabis is widely available?
  - Are there opportunities or challenges you foresee in the interaction between the medical, hemp, and adult-use markets?

The council's discussion focused on the interaction of the lower-potency hemp market in Minnesota, the transition of the medical program and impact of legalization of recreational cannabis on medical patient's experience, and on economic factors to monitor, including the price per gram and availability of capital opportunities for smaller businesses, including social equity businesses. Other feedback received by the office is to ensure availability of medical products, particularly those utilized by patients under 21, and to assess impact of legalization on the availability of medical products in rural areas. As evidenced in other states, medical programs are often significantly affected when states launch adult-use markets, and as such, the impact will be a central component to assess in market maturation in addition to economic factors. The council also urged importance of data collection in terms of progress of applicants through the licensing process, including attrition or transfers.

In the coming year, the office will continue engaging with interested parties, consumers, patients, businesses and members of the public through meetings and outreach sessions to assess the progress of the adult-use industry and evaluate these factors—and newly informed issues—to analyze market growth and maturation.

## 5.2: Minnesota's approach to market launch

Minnesota's adult-use cannabis market is designed to promote long-term stability, strengthen oversight and compliance, protect public health, and advance an equitable and sustainable industry. In contrast, launching a market without carefully crafted controls can lead to volatility and the boom-and-bust cycles seen in other states, where oversupply drove price crashes, business closures, and product diversion to the illicit market. For example, a [supply and demand report in Oklahoma](#) found a significant oversupply within the regulated medical cannabis market, with licensed operators producing far more product than patient demand required. This surplus contributed to potential out-of-state diversion and may have fueled the unregulated market.

A measured market rollout allows for effective oversight and enforcement, with the office serving as both a resource and regulator to the industry. This approach also allows the office's oversight efforts to scale alongside market growth, supporting the gradual expansion of staffing, training, and operational systems. This helps avoid a scenario where rapid market growth outpaces regulatory capacity and becomes unmanageable. Further, it supports the goal of craft and social equity businesses having a fair opportunity to enter and succeed in a market that might otherwise favor well-capitalized operators.

To support continued assessment of the market rollout and increase transparency for industry participants, consumers, businesses, patients, and other interested parties, the office is launching a data dashboard in 2026 to share key metrics in the state's cannabis program. The office remains committed to sharing market data both through this annual report and a monthly dashboard.

## 5.3: Defining stability within a cannabis market

Stability has multiple attributes, including steady supply of legal cannabis, low business attrition, predictable product quality and safety, and consistent tax revenue. As more businesses enter the regulated cannabis market, the office will continue to monitor these factors to inform strategy and decision-making to foster a stable marketplace for businesses, consumers, and patients.

However, the initial launch of regulated markets likely includes changes and volatility. The office will monitor the stability of the market in 2026 and expects variance from ideal conditions and market stability indicators.

As part of the office's dashboard and metric tracking, the office will continue to assess which measures support analysis of saturation and sufficient supply, including the number of license holders, number of licensed sites and facilities as some license holders may operate multiple sites, endorsements selected and operationalized, canopy potential versus actualized plant counts, and more.

## 5.4: Supporting small businesses

Small businesses face notable challenges in highly competitive markets, and the cannabis industry is no exception. This is feedback the office receives frequently from interested parties and industry participants. Cannabis operators encounter additional hurdles because the market is confined to in-state and federal illegality limits access to traditional funding and banking services. In cannabis markets with low barriers to entry, such as open licensing and low license fees, new businesses can enter easily. However, intense competition often leads to high attrition. This is particularly true for small operators competing against well-funded, larger businesses. By contrast, more restrictive markets with high

barriers to entry and a limited number of licenses tend to artificially increase the value of each license and raise the likelihood that small businesses will be acquired or sell their licenses for a significant profit. While license scarcity can reduce market volatility and risk for existing operators, it also restricts opportunities for new market entrants and leads to the exit of small businesses.

Minnesota's cannabis market is unique in that it blends these two approaches. On the one hand, the most common type of license sought was the microbusiness license, which functions as an open license with a low licensing fee. At the same time, the law also explicitly limited the amount of cultivation, manufacture, mezzobusiness and retailer licenses available while attaching a comparatively high licensing fee.

This unique regulatory approach will be monitored to assess how well it supports businesses, and particularly smaller businesses, sustained participation in the industry.

## Section 6: Minnesota's medical and hemp market overview and impact on adult-use market

### 6.1: Medical cannabis market overview

Minnesota established a medical cannabis program in 2014 and has maintained a relatively small medical market in comparison to other states. The state's medical cannabis program was limited to two manufacturers. When the Legislature passed legislation to legalize the adult-use cannabis market, the law also established the transition of the existing medical program to the new, combined licensing framework.

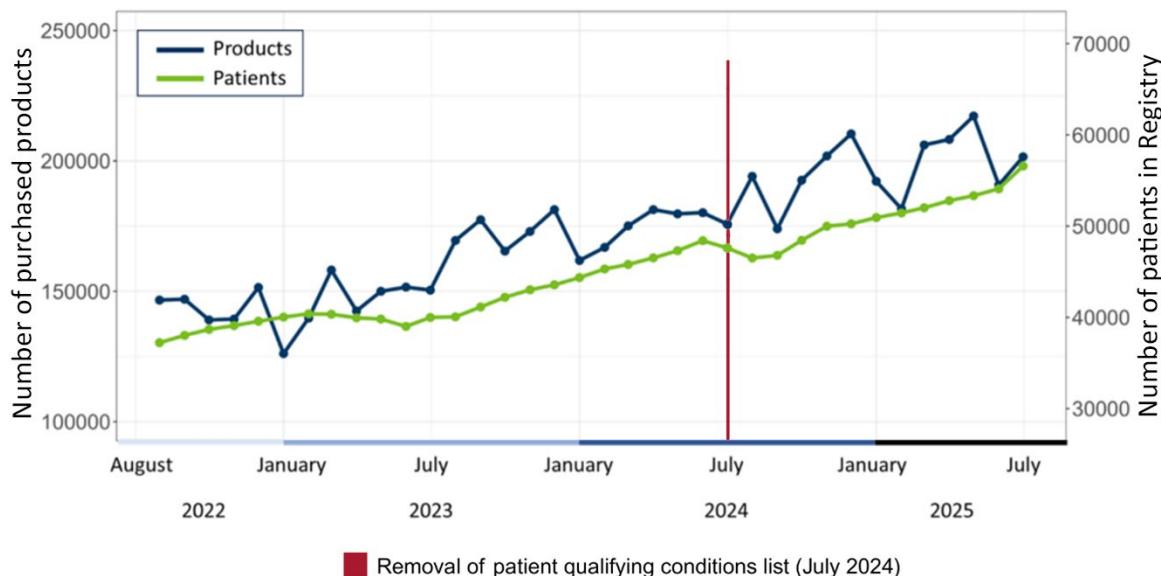
Currently, Minnesota's medical cannabis market continues to grow, with the number of active patients in the Minnesota Medical Cannabis Registry rising from 37,230 in August 2022 to more than 72,000 in December 2025. It is common for patient registrations to decline following the legalization of adult-use cannabis, making Minnesota an unusual case. However, this growth is most likely due to the state's expansion of the qualifying conditions in 2024, which significantly expanded the pool of potential patients eligible to purchase medical cannabis.

Despite the growing patient population, the total number of products purchased peaked in May 2025 at 217,233 and has since declined. There are dips and peaks in purchasing over time. While it can be difficult to interpret why, one possibility is that patients may stock up on products at certain times, so they take fewer trips to the dispensary. While purchasing generally increases as the number of patients increases, trends in consumer purchasing behavior can vary based on use of other legal alternatives such as adult use or lower potency hemp products.

In fall 2025, the existing medical program transitioned to the state's new licensing framework, including the availability of the medical cannabis combination license type which authorizes both medical and adult-use business participation. The registration program ended in December 2025, as required in law.

The evolution of the state's market from a medical-cannabis only program to the launch of adult-use cannabis licensed businesses and sales will continue to unfold in the months and years ahead as more data become available.

**Figure 6.1: Number of medical cannabis products purchased and number of patients active in the medical cannabis registry per month**



## 6.2: Hemp and lower-potency hemp edibles market overview

Minnesota's hemp market, particularly the LPHE sector, is in a state of transition as Minnesota moves from a registration-based system to a formal licensing and regulatory framework. Further, in November 2025, the federal government passed legislation that included a federal ban on hemp products containing more than 0.4 milligrams of THC – including LPHEs such as gummies and seltzers. The ban is planned to go into effect a year after the passage of the federal legislation, Nov. 12, 2026, and short of any additional changes before then, the impacts on Minnesota's hemp-derived THC industry are likely significant. The hemp beverage industry and legislators are exploring possible solutions to maintain the safe regulation of hemp-derived products and preserve this thriving industry. In the meantime, OCM continues to implement chapter 342 and is closely monitoring changes in federal policy.

Prior to regulation under chapter 342, businesses selling hemp-derived cannabinoid products (HDCPs)—including THC-infused beverages, edibles, and topicals—were required to register with OCM. Although registration was only required for businesses selling HDCPs, some entities engaged solely in manufacturing these products have also chosen to register.

Following the adoption of statewide cannabis rules in April 2025, OCM paused hemp business registrations to prepare for full business licensure. The registration window reopened from June 2-Aug. 31, to give businesses a final opportunity to enter the market before the permanent transition to licensing in fall 2025. At the time of the closing of the registration system on Aug. 31, there were 5,380 businesses registered with OCM.

Following the closing of the hemp registration system, all registered businesses who wished to continue selling LPHEs were required to apply for and obtain a license during the license application window that lasted from Oct. 1-31. Under Minnesota Statutes, chapter 342, the new licensing framework established three license categories. OCM received 2,009 applications for LPHE retailers, 119 applications for LPHE manufacturers, and 94 applications for LPHE wholesalers.

Unlike cannabis products, LPHEs may be sold and served in restaurants, breweries, and bars with the appropriate registration (under the previous system) or license (under the current system). Cannabis licensees are also permitted to manufacture and sell LPHE products; however, the reverse is not true – hemp licensees are not authorized to produce or sell cannabis products. Hemp-derived THC products are in high demand in Minnesota, while the availability of adult-use products is in the early stages. Once a wider range of adult-use cannabis products becomes available, it is unclear how consumer purchasing patterns may shift from hemp-derived THC products to cannabis products.

## **6.3: Intersection of Minnesota's lower-potency hemp edible market and the adult-use market**

Minnesota's hemp-derived market is unique in that it was the first state to establish a model where hemp-derived THC products are regulated in a manner that is both separate from, and integrated into, a broader cannabis regulatory framework. This system allowed for an established, legal market for hemp-derived products before the launch of adult-use cannabis sales, with retail outlets that can operate independently from licensed cannabis dispensaries.

The hemp market in Minnesota interacts with both the adult-use and medical cannabis markets by providing consumers with hemp-derived THC products that are accessible in more locations and at lower potency levels than cannabis sold in dispensaries. It is too soon to know the eventual impact of the hemp market on adult-use and medical cannabis sales. Continued market surveillance will clarify how these sectors compete and overlap with each other following the rollout of Minnesota's adult-use cannabis market and the transition of the hemp market to a licensing framework. The chart below shows the overlap of Minnesota's hemp and cannabis industries by highlighting what each license type permits an operator to manufacture or sell. Notably, state law prohibits a business from owning both a hemp business and cannabis business license at the same time, bifurcating the businesses themselves, while products are allowed to be sold across the license types.

**Table 6.1: Hemp and cannabis product manufacturing and retail permissions across different license holders**

License type	Lower-potency hemp edibles	Cannabis products
Cannabis microbusiness	Manufacture and sell	Manufacture and sell
Cannabis mezzobusiness	Manufacture and sell	Manufacture and sell
Cannabis manufacturer	Manufacture only	Manufacture only
Cannabis retailer	Sell only	Sell only
Med. cannabis combo. business	Manufacture and sell	Manufacture and sell
Cannabis delivery service	Sell only	Sell only
LPHE manufacturer	Manufacture only	None
LPHE retailer	Sell only	None

## Section 7: Summary of data obtained from state agencies related to health impacts

Pursuant to Minnesota Statutes, section 342.04(e), the market analysis report also includes a summary of data related to the utilization of mental health and substance use disorder services, emergency room visits, and commitments. This information was obtained through partnerships with state agencies as this data fall outside the scope of the office. The office continues to support and amplify the work of several state agency partners regarding the development of education and prevention efforts on cannabis and substance use. Review the office's [2026 annual legislative report](#) for more information about this work at the enterprise, including funding dedicated to public health awareness efforts to educate young people, pregnant individuals, breastfeeding individuals, and individuals who may become pregnant on the adverse health effects of cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products.

### 7.1: Utilization of mental health and substance use disorder services

Data from Minnesota Direct Treatment and Care (DCT) in 2022, 2023, and 2024 show their adult inpatient substance use disorder treatment service averages 312 patients per year and maintains an occupancy rate of 82%. They cite staffing shortages and physical plant issues as the main reasons for not operating at full capacity.

## 7.2: Commitments

Minnesota District Court case data for commitments show a slight decline in cases filed from 4,909 in 2021 to 4,577 in 2024. There is not currently a way to discern if these case filings are in any way associated with cannabis or cannabinoid use.

## 7.3: Hospital visits

The Minnesota Department of Health (MDH) receives hospital discharge data from the Minnesota Hospital Association (MHA) on a quarterly basis. These data include all emergency department visits and inpatient hospitalizations (referred to as hospital visits) in Minnesota's 123 acute care hospitals across all 87 counties, regardless of payer type, as well as hospital visits for Minnesota residents who received care in North Dakota hospitals. These data do not include federally funded facilities (Veterans Affairs and Indian Health Service), Tribally operated facilities, standalone psychiatric facilities, or other out-of-state hospitals. The data used in this report are deduplicated and represent unique hospital events (one presentation to the hospital), rather than unique patients. Fatal cases are excluded. All geographic analyses of hospital visits are based on patient's county of residence. Data were analyzed by MDH's Injury Prevention and Mental Health Division in October 2025.

To describe hospital visits related to cannabis use, this report uses three indicators: cannabis-related hospital visits, hospital-treated cannabis poisonings, and newborns affected by maternal cannabis use. These indicators are identified using International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) discharge diagnosis codes. A detailed description of the indicators and their corresponding codes appear in Table 7.1.

**Table 7.1: Definitions of cannabis-related indicators and ICD-10-CM codes**

Indicator	ICD-10-CM Codes	Inclusion and Exclusion Criteria
<b>Cannabis-related hospital visits</b>	F12.1: Cannabis abuse F12.2: Cannabis Dependence F12.9: Cannabis Use	Excludes fatal outcomes
<b>Hospital-treated cannabis poisonings</b>	T40.7X1A: Poisoning by cannabis (derivatives), accidental T40.7X4A: Poisoning by cannabis (derivatives), undetermined	Unintentional or undetermined intent; excludes intentional self-harm and fatal outcomes
<b>Newborns affected by maternal cannabis use</b>	P04.81: Newborns affected by maternal cannabis use	Includes neonates younger than 28 days

Cannabis-related hospital visits capture encounters in which a cannabis-related disorder (use, abuse, or dependence) was documented during the hospital visit. Hospital-treated cannabis poisonings include nonfatal poisonings of unintentional (accidental) and undetermined intent. Intentional poisonings related to self-harm are excluded. All poisonings are considered suspected, and substance involvement is typically based on patient self-report or clinical presentation. Toxicology testing is not routinely

performed, so drug-specific trends should be interpreted with caution. Crude rates were calculated per 1,000 residents using annual Minnesota population estimates from the U.S. Census Bureau. Population estimates for 2024 were projected from the previous three years.

Hospital visits that involved a newborn that was affected by their birthing parent's cannabis use were identified using ICD-10-CM code P04.81 ("Newborn affected by maternal use of cannabis") (Table 7.1). These represent unique hospital visits for neonates younger than 28 days. Rates were calculated per 1,000 live births to Minnesota residents who gave birth in Minnesota or North Dakota. Live birth data were obtained from the MDH Office of Vital Records and accessed May 2025.

Data for first quarter of 2025 are preliminary and subject to revision as hospitals finalize reporting. These data are provided to illustrate emerging trends and should be interpreted with caution. Hospital discharge data are reported quarterly and typically have a three- to six-month data lag; therefore, the first quarter of 2025 represents the most current information available.

Minor differences from previous legislative reports reflect updated or corrected hospital data submitted after earlier reports were published. The figures in this report reflect the most current and complete data available at the time of analysis.

## 7.4: Cannabis-related visits (cannabis use, abuse, and dependence)

Data is presented from the last four years. In 2021, there were 22,885 cannabis related hospital visits among Minnesota residents. This number dipped slightly in 2022, before increasing in both 2023 and 2024. The number and rate (per 1,000 residents) of cannabis-related hospital visits from 2021 through 2024 shows slight year to year variation. The office will continue to monitor this data to determine whether those variations represent a discernable pattern (Table 7.2).

**Table 7.2: Number and crude rate per 1,000 residents of cannabis-related (use, abuse, and dependence) visits**

Year	Count	Rate (per 1,000 MN residents)
2021	22,885	4.00
2022	22,362	3.91
2023	24,330	4.24
2024	25,639	4.46
Q1 2025	6,160	Not Available

*Source: Minnesota Hospital Discharge Data, Injury Prevention and Mental Health Division, Minnesota Department of Health, 2021-Q1 2025.*

Most cannabis-related hospital visits occur among patients aged 15-39 years old, who accounted for 63% of visits from 2022-2024. During this period, the highest proportion and rate was among patients aged 20-24 years old (16% of visits; 10.59 per 1,000 residents) (Table 7.3, Table 7.4).

From 2022 to 2024, cannabis-related hospital rates slightly declined among patients aged 10-14 years old (7% decrease from 0.87 to 0.92 per 1,000 residents) and 15-19 years old (3% decline from 6.69 to 6.38 per 1,000 residents). Rates increased across all age groups from 25 to 84 years old during the same period (Table 7.4).

**Table 7.3: number and proportion of cannabis-related (use, abuse, dependence) hospital visits by five-year age group and year**

Age Group	2021	2022	2023	2024	Q1 2025
<b>&lt;5</b>	Suppressed	6 (0%)	6 (0%)	14 (0%)	Suppressed
<b>5-9</b>	Suppressed	6 (0%)	6 (0%)	8 (0%)	Suppressed
<b>10-14</b>	302 (1%)	327 (1%)	367 (2%)	337 (1%)	64 (1%)
<b>15-19</b>	2,798 (12%)	2,521 (11%)	2,529 (10%)	2,470 (10%)	593 (10%)
<b>20-24</b>	3,895 (17%)	3,803 (17%)	3,751 (15%)	3,791 (15%)	880 (14%)
<b>25-29</b>	3,351 (15%)	3,013 (13%)	3,277 (13%)	3,356 (13%)	826 (13%)
<b>30-34</b>	3,058 (13%)	2,891 (13%)	3,116 (13%)	3,382 (13%)	796 (13%)
<b>35-39</b>	2,332 (10%)	2,221 (10%)	2,568 (11%)	2,925 (11%)	656 (11%)
<b>40-44</b>	1,750 (8%)	1,864 (8%)	2,115 (9%)	2,319 (9%)	578 (9%)
<b>45-49</b>	1,239 (5%)	1,280 (6%)	1,404 (6%)	1,653 (6%)	418 (7%)
<b>50-54</b>	1,153 (5%)	1,160 (5%)	1,378 (6%)	1,340 (5%)	328 (5%)
<b>55-59</b>	1,167 (5%)	1,115 (5%)	1,201 (5%)	1,193 (5%)	303 (5%)
<b>60-64</b>	962 (4%)	1,027 (5%)	1,242 (5%)	1,245 (5%)	298 (5%)
<b>65-69</b>	533 (2%)	708 (3%)	797 (3%)	893 (3%)	223 (4%)
<b>70-74</b>	263 (1%)	300 (1%)	373 (2%)	488 (2%)	117 (2%)
<b>75-79</b>	56 (0%)	82 (0%)	146 (1%)	164 (1%)	52 (1%)
<b>80-84</b>	11 (0%)	24 (0%)	41 (0%)	48 (0%)	14 (0%)
<b>85+</b>	10 (0%)	14 (0%)	13 (0%)	13 (0%)	8 (0%)
<b>Total</b>	22,885 (100%)	22,362 (100%)	24,330 (100%)	25,639 (100%)	6,160 (100%)

Source: Minnesota Hospital Discharge Data, Injury Prevention and Mental Health Division, Minnesota Department of Health, 2021-Q1 2025. Counts less than 5 are suppressed in this table.

**Table 7.4: Rate per 1,000 residents of cannabis-related (abuse, dependence, and use) visits by five-year age group and year**

Age Category	2021	2022	2023	2024
<b>&lt;5</b>	Suppressed	Suppressed	Suppressed	Suppressed
<b>5-9</b>	Suppressed	Suppressed	Suppressed	Suppressed
<b>10-14</b>	0.79	0.87	0.98	0.92
<b>15-19</b>	7.43	6.69	6.58	6.38
<b>20-24</b>	10.95	10.77	10.45	10.56
<b>25-29</b>	9.11	8.34	9.17	9.55
<b>30-34</b>	8.02	7.60	8.18	8.89
<b>35-39</b>	5.85	5.62	6.54	7.50
<b>40-44</b>	4.74	4.91	5.44	5.82
<b>45-49</b>	3.87	4.00	4.28	5.00
<b>50-54</b>	3.33	3.41	4.13	4.08
<b>55-59</b>	3.11	3.09	3.46	3.59
<b>60-64</b>	2.53	2.70	3.28	3.29
<b>65-69</b>	1.66	2.16	2.38	2.61
<b>70-74</b>	1.03	1.16	1.39	1.79
<b>75-79</b>	0.35	0.46	0.79	0.83
<b>80-84</b>	Suppressed	0.22	0.35	0.39
<b>85+</b>	Suppressed	Suppressed	Suppressed	Suppressed
<b>Total</b>	4.00	3.91	4.24	4.46

*Note: Rates with a denominator of less than 20 are unstable and suppressed in this table.*

When examining cannabis-related hospital visits by Emergency Medical Services (EMS) region (Table 7.5), the Metro region has the highest proportion of visits from 2022-2024 (46% of 72,331 visits). Rates varied substantially by region, ranging from 2.98 in the southwest to 7.78 in the northeast. The northeast and southeast regions had the highest rates per 1,000 residents during the 2022-2024 period (Table 7.6, Figure 7.1).

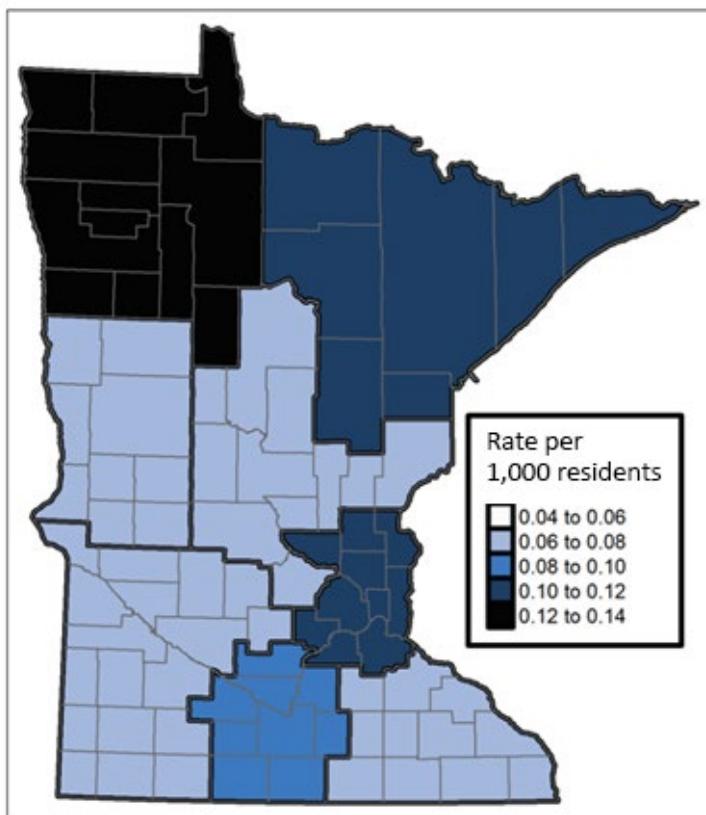
**Table 7.5: Number of cannabis-related (abuse, dependence, and use) visits by EMS region and year**

EMS region	2021	2022	2023	2024	Q1 2025	2021-2023	2022-2024
<b>Central</b>	3,297	3,385	3,699	3,513	858	10,381	10,597
<b>Metro</b>	12,079	10,779	10,840	11,791	2,961	33,698	33,410
<b>Northeast</b>	2,350	2,570	2,809	2,195	470	7,729	7,574
<b>Northwest</b>	775	644	767	743	210	2,186	2,154
<b>South Central</b>	736	703	811	762	190	2,250	2,276
<b>Southeast</b>	1,901	2,614	3,584	4,828	1,067	8,099	11,026
<b>Southwest</b>	800	763	788	928	202	2,351	2,479
<b>West Central</b>	944	903	1,029	878	202	2,876	2,810
<b>Unknown</b>	3	1	3	1	0	7	5
<b>Total</b>	22,885	22,362	24,330	25,639	6,160	69,577	72,331

**Table 7.6: Rate per 1,000 residents of cannabis-related (abuse, dependence, and use) visits by EMS region and year**

EMS region	2021	2022	2023	2024	2021-23	2022-24	Percent change from 2021-23 to 2022-24
<b>Central</b>	4.18	4.24	4.59	4.31	4.34	4.38	1%
<b>Metro</b>	3.82	3.42	3.43	3.74	3.56	3.53	-1%
<b>Northeast</b>	7.22	7.89	8.59	6.70	7.90	7.72	-2%
<b>Northwest</b>	4.57	3.80	4.54	4.40	4.30	4.25	-1%
<b>South Central</b>	3.10	2.96	3.41	3.20	3.16	3.19	1%
<b>Southeast</b>	3.66	5.03	6.87	9.25	5.19	7.05	36%
<b>Southwest</b>	2.86	2.74	2.84	3.35	2.81	2.98	6%
<b>West Central</b>	3.98	3.79	4.31	3.67	4.03	3.92	-3%
<b>Total</b>	4.00	3.91	4.24	4.46	4.05	4.21	4%

**Figure 7.1. Rate per 1,000 residents of cannabis-related (abuse, dependence and use) visits by EMS region three-year rate for 2022-2024**



## 7.5 Newborns affected by maternal cannabis use

From 2022 through 2024, there were 992 hospital visits with a discharge diagnosis indicating a newborn affected by maternal cannabis use. The rate of these visits decreased 24% from 2022 to 2023 (4.19 to 3.18 per 1,000 residents; 264 to 193 visits) and then increased 41% from 2023 to 2024 (3.18 to 4.48 per 1,000 residents; 193 to 273 visits) (Table 7.7).

**Table 7.7: Number and rate (per 1,000 live births) of hospital visits with a discharge diagnosis indicating a newborn affected by maternal cannabis use**

Year	Count	Rate (per 1,000 live births)
2021	262	4.14
2022	264	4.19
2023	193	3.18
2024	273	4.48
Q1 2025	73	Not available

## Section 8: Conclusion

This report reflects the status of the adult-use legal cannabis market in Minnesota, and while this data is helpful, it is ultimately a snapshot in time. In the coming months and years as the market continues to develop and additional data becomes available, the office will continue to report out. Additionally, just as the office expects the data available from early stages of the market to evolve as growth occurs, the office expects the industries and health sectors impacted by cannabis legalization, including the addition of the first adult-use cannabis sales in 2025, to evolve in the methods and collection of data, too. The office is committed to working with state agencies and partners to continue assessing available data.