

2026 Legislative Changes to Chapter 342

Established in August 2023, the Office of Cannabis Management (OCM) has since developed the operational and regulatory systems to oversee the emerging adult-use cannabis industry. Over the past year, the office met important milestones in the launch of the adult-use cannabis market while supporting key transitions for the hemp-derived cannabinoid industry and the state’s medical cannabis program. These milestones helped to bring all three market segments under a single regulatory and licensing framework, as established in Minnesota Statutes, chapter 342. As part of this work, OCM identified opportunities to build upon the structure of Minnesota’s cannabis law and advanced a series of proposals for the 2026 legislative session that support the emerging market and foster an equitable cannabis industry that prioritizes public health and safety, consumer confidence, and market integrity. The final bill, [SF 4401](#), included many of OCM’s recommendations as well as new provisions from the Legislature.

The following is a summary of key changes in the cannabis policy legislation in the 2026 session. Changes are effective upon enactment or Aug. 1, 2026, unless otherwise noted.

Streamlining the medical and adult-use cannabis supply chains (effective Jan. 1, 2027)

Minnesota’s new streamlined medical and adult-use supply chain:

- **Removes requirement for separate supply chains, maintains medical program structure:** The bill moves the point of distinction of adult-use cannabis and medical cannabis to the point of retail sale, for the majority of the supply chain, meaning business activities will no longer be required to be distinct. The bill also maintains the role and requirements of the medical cannabis registry, including enrollment and consultation; ensures continuation of the civil and criminal protections for medical cannabis patients and caregivers; and retains the cannabis excise tax exemption on medical products for patients.
- **Prioritizes patients:** Businesses with a medical retail endorsement must ensure availability of high medical need products and establish priority service for patients. Manufacturers with a medical cannabis endorsement must manufacture high medical need products, and cultivators must ensure one-quarter of their canopy supplies businesses with medical cannabis endorsements. The bill further strengthens the office’s enforcement mechanisms to ensure patients have access to needed medical cannabis products.
- **Incentivizes medical participation for more businesses:** Businesses whose underlying license allows it may apply for medical cannabis cultivation, manufacturer, and retail endorsements, which incentivize medical market participation. A medical cannabis cultivation endorsement allows more canopy (an additional 1,000 sq. ft. for microbusinesses, 3,000 sq. ft. for mezzobusinesses, and 6,000 for cultivators). A medical cannabis manufacturing endorsement increases a business’s manufacturing limit by 25%. A medical cannabis retail endorsement also allows a business to operate additional retail locations (one

for microbusinesses, two for mezzobusinesses, three for retailers), provided they serve areas of high medical need.

- **Creates a new license type – the macrobusiness:** Replacing the medical cannabis combination business license type, a macrobusiness may cultivate 38,000 sq. ft. of canopy initially, growing to 45,000 over three license renewals. The macrobusiness can use up to 90,000 lbs. dry-weight equivalent for manufacturing products and can operate up to eight retail locations, with three of these locations required to be in high medical need areas. A macrobusiness is also required to manufacture high medical need products, ensure one-quarter of their canopy supplies businesses with medical endorsements, and carry high medical need products at all times as well as establish priority service to patients at retail locations. The bill sets a cap of eight macrobusiness licenses available. This includes capacity for the six existing medical cannabis combination applicants (two of which are licensed).
- **Establishes a pathway for business growth:** After two years with a medical cultivation endorsement, a microbusiness may petition to reclassify to a mezzobusiness, and a mezzobusiness to a macrobusiness. The bill describes the reclassification process and stipulates a one-to-one transition for social equity and general applicant businesses.

Changes to support hemp and cannabis businesses

Minnesota’s updated cannabis law:

- **Creates flexibility across market segments:** By removing the law’s prohibition on holding both a hemp and cannabis license, businesses can now hold both a hemp and cannabis license simultaneously, and both business types can occupy the same space provided they have the same majority owner.
- **Clarifies endorsements process for license holders:** The bill clarifies what activities are allowed by various endorsements, and what license types are eligible for each endorsement. This restructuring simplifies which activities each license type may perform and allows the office to better track business compliance.

Other cannabis business and regulatory changes

The final 2026 cannabis omnibus bill:

- **Restructures the cannabis event organizer license:** The bill modifies the application process, so the event organizer license is an annual, renewable license type rather than a temporary license. The changes to the license remove redundancy for businesses and the office, while maintaining specific permitting—including local approval—for each event held within the year under the annual license (effective Jan. 1, 2027).
- **Eases business operations:** License holders can now change their business structure without having to apply for a new license. The bill also clarifies that good-faith transactions between businesses for the sale of goods or services are allowed. Finally, the bill allows medical retail businesses (other than cannabis macrobusinesses) to either contract or employ a pharmacist or medical cannabis consultant (this specific provision is effective Jan. 1, 2027).
- **Adjusts ownership restrictions:** A license holder may now contract with up to 10 cities or counties to operate their municipal retail locations, and individuals can hold up to 33% controlling ownership of up to four social equity businesses.

- **Authorizes cannabis license holders to self-transport compliance samples to testing facilities:** Businesses can now transport a sample of their product to testing facilities through Feb. 1, 2029, without contracting with a licensed cannabis transporter, provided they meet certain requirements.
- **Improves the application process:** An applicant’s status as “qualified applicant”—during which an applicant must complete a background check and submit their labor peace agreement—now expires after six months, allowing OCM to assess market saturation to inform decisions around opening new licensing windows. Related, the bill moves forward by one year the date when OCM can make available additional cannabis cultivator, manufacturer, retailer, and mezzobusiness licenses to July 1, 2027, allowing time for existing licenses to operationalize.
- **Extends the preliminary approval window:** Applicants with preliminary approval are now automatically granted a six-month extension, upon request, to the 18-month window to convert their approval to a license and may now receive a second six-month extension if they are making good faith efforts to become licensed. This allows the potential for an additional 12 months following the initial 18-month window to give businesses the necessary time to build their business, secure funding, and manage approvals.
- **Clarifies local retail registration:** The bill clarifies that a city that manages retail registrations must apply the registration cap adopted regardless of how many have been issued in the rest of the county, while maintaining the option for a city to defer to the county to manage the retail registration process through a county-wide cap. Language is also added to encourage counties to work with cities that have provided consent to issue retail registrations, to ensure they are not concentrated in one city.

Changes to cannabis and hemp products and labels

Minnesota’s revised cannabis law:

- **Updates labeling requirements:** The bill clarifies which labeling requirements apply to which products. Cannabinoid products are not required to include cultivator information, since that is tracked by the office, and lower-potency hemp edible (LPHE) products may make this and other source information available via a scannable QR code. Hemp-derived topical products containing THC are required to be labeled as such, while LPHEs with only nonintoxicating cannabinoids do not require the universal symbol if they do not contain THC.
- **Allows additional hemp-derived topical product:** The bill also expands the scope of hemp-derived topical products, which do not require a license to make or sell, to include products with less than 0.3% THC (in line with the federal hemp definition).
- **Modifies large-format hemp products:** Changes allow an LPHE beverage intended for multi-serving use if the container is at least 750 milliliters and does not have more than 5 milligrams THC per serving, with a maximum of 17 servings. This product is only allowed to be sold for off-site sale, not for on-site consumption.
- **Permits new “ratio products”:** The bill allows and defines a ratio hemp-infused cannabis product, which is a cannabis product with added nonintoxicating, non-artificially derived cannabinoids derived from hemp (effective Jan. 1, 2027).

Strengthening public health and safety

The state's revised cannabis law:

- **Ensures fair and effective enforcement:** The office can now determine if another agency's civil or regulatory violation disqualifies someone from owning a hemp business, as with cannabis businesses. The bill also requires—rather than allowing discretion for—the office to set aside violations that would typically bar a cannabis license, if there are mitigating factors. The bill clarifies the office's ability to assess civil penalties to an unlicensed business selling hemp or cannabis, supporting market integrity.
- **Clarifies local governments' roles:** The bill language clarifies who is responsible for having a fire and building code inspection done in areas that do not enforce them. The bill also requires local governments that perform compliance checks to submit their information to OCM at least annually, to support coordination and partnership in enforcing age-compliance standards for businesses.

Technical changes and office duties

Finally, the 2026 omnibus cannabis bill:

- **Repeals temporary regulations:** The bill repeals the hemp regulations in section 151.72, which were replaced by chapter 342 with the launch of hemp business licensing.
- **Ensures proper data classification:** A variety of sensitive and proprietary business data are clarified as nonpublic, while the status of an applicant's application is classified as public, for consistency with other applicant data.
- **Updates reporting requirements:** The bill reorganizes the office's reporting requirements in section 342.04 and applies learnings from the office's first two years of reporting to ensure relevant information is reported on while improving government efficiency.
- **Other updates and clarifications:** License denial provisions are reorganized from section 342.15, subd. 2 to section 342.15, subd 5. The bill clarifies a reference to the Minnesota Department of Labor and Industry versus the U.S. Department of Labor. Existing provisions are further clarified, including medical cannabis program requirements for patients under 21 years of age and potency limits. A statutory citation is corrected in section 342.175, and "perform other actions approved by the office" is added as allowed for two license types where it was inadvertently omitted.
- **Explores a new therapeutic psilocybin program:** The bill requires the office to develop a report on the feasibility of a psilocybin therapeutic use program and identify any available federal funds for a future program.