



Office of Cannabis Management Proposal to Streamline the Medical and Adult-Use Supply Chains

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Section 1: Background and proposal development

In the 2025 legislative session, the Minnesota Legislature tasked the Office of Cannabis Management (the office) with developing a proposal to streamline the currently bifurcated adult-use and medical cannabis supply chains. Per state law, the proposal must allow for the cultivation, manufacturing, storage and use of equipment in a manner that promotes efficiency, permits co-location, and authorizes the use of equipment for multiple purposes. The proposal must also preserve access to medical cannabis for rare and childhood diseases. See Minnesota Statutes, Session Laws 2025, chapter 31, section 107 for the Legislature's charge to OCM.

To develop a proposal, the office implemented a robust engagement strategy (including surveying medical patients and health care practitioners), evaluated operational factors (including assessing data from the medical program), and aligned the process under three policy goals. These three priorities guided the office's development of the proposal:

- Align with the office's mission to foster an equitable cannabis market that prioritizes public health and safety, consumer confidence, and market integrity.
- Protect continuity for the medical cannabis program and the more than 69,000 Minnesotans who are enrolled in the registry to ensure they have needed access to safe, quality products.
- Incorporate feedback from partners and data collected from the medical program.

Timeline is an important component of this proposal and provides context for evaluating the proposal's provisions. Similar to other legislative changes, this proposal would need to advance through the legislative process – session 2026 starts in February and is anticipated to end in May. The proposal was developed with a long-term lens and envisions changes occurring in 2027, in order to ensure the time necessary for the office and industry to implement any of the discussed changes, if adopted by the Legislature. In the meantime, market buildout will continue under the current licensing framework, as defined and established in Minnesota Statutes, chapter 342.

Section 2: Proposal framework

The proposal 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. The proposal also maintains the medical cannabis endorsement structure, meaning that all cannabis businesses could continue to obtain medical cannabis endorsements to add to their license. Notably, the proposal eliminates the current law's requirement that a cannabis business's activities be separate for medical and adult-use cultivation and manufacturing. The proposal includes four main provisions:

- Safeguarding the medical cannabis supply and patient protections through updates to the medical cannabis retail endorsement and established requirements for all medical cannabis retailers.
- Encouraging business participation in the medical cannabis market through the addition of expanded authorized activities for license holders serving the medical market.

- Ensuring fairness between cannabis licenses to allow similar activities for similar license types through the addition of expanded authorized activities for cannabis microbusinesses and mezzobusinesses that serve the medical market.
- Balancing opportunities for larger and smaller businesses aligned with the law's framework through the establishment of a new license type—the macrobusiness—to replace the medical cannabis combination business license type, in better alignment with existing license types while maintaining the role of serving the medical market.

2.1: Safeguarding the medical cannabis supply and patient protections

The proposal recommends the continuation of the medical retail endorsement structure, with key additions. Businesses with medical cannabis retail endorsements would be able to serve medical patients in addition to adult-use customers and would not be required to maintain separate inventories. A business with a medical cannabis retail endorsement would need to:

- Maintain consultation options for patients through the employment of a licensed pharmacist or medical cannabis consultant.
- Establish priority service for patients, including through options like patient specific lines, curbside pickup, hours, or order-ahead options.
- Carry all products identified by OCM as having high medical need to ensure availability of products for patients.

The proposal would allow patients to access specific medical cannabis products that are not subject to potency limits of adult-use products and allow hemp-derived cannabinoids in medical products.

2.2: Encouraging business participation in the medical cannabis market

Improved medical patient access is supported by more cannabis businesses entering the medical cannabis market. The proposal removes the law's current requirement to separate medical and adult-use cannabis cultivation and manufacturing activities/inventories, and encourages other adult-use cannabis license types to obtain medical cannabis endorsements through the following changes to specific license types that opt to serve the medical market:

- Cultivation: Microbusinesses, mezzobusinesses, and cultivators that obtain a medical cannabis cultivator endorsement would be allowed to cultivate additional canopy. The proposal recommends an incremental increase of 20% of the current canopy totals allotted in law. This means a cannabis microbusiness cultivating indoors in a 5,000 square feet canopy that obtains a medical cannabis cultivation endorsement would be authorized to cultivate an additional 1,000 square feet of canopy, for a total of 6,000 square feet. Similarly, a mezzobusiness would be authorized to add 3,000 square feet to the current 15,000 square feet allotted to this license type, and a cultivator would be authorized to add 6,000 square feet to the current 30,000 square feet allotted to this license type. They would then be required to sell one-quarter of their harvest to other businesses with medical endorsements.

- Manufacturing: Microbusinesses and mezzobusinesses that obtain a medical manufacturer endorsement and manufacture high-need medical products would be authorized to manufacture 25% more than the current manufacturing limits set in rule (Minnesota Rules, part 9810.2102).
- Retail: Microbusinesses, mezzobusinesses, and retailers with a medical retail endorsement would be eligible for additional retail locations above what their current license type allows, if all their stores sell medical cannabis and certain sites are located in areas identified by the office as high-need based on existing medical site availability.

2.3: Ensuring fairness between cannabis licenses to allow similar activities for similar license types

To further encourage business participation in the medical market and balance fairness between license types, the proposal would allow all cannabis license holders with a medical endorsement to engage in the same business activities, eliminating disparities between the current medical combination business license and other license types. With this change, all retail businesses that obtain a medical cannabis retail endorsement and that serve the state's medical cannabis market could deliver products to registered patients and designated caregivers.

The proposal also would allow microbusinesses and mezzobusinesses with a medical cannabis endorsement to transport products to other cannabis businesses, an activity currently only authorized for cannabis transporters and medical cannabis combination business license types. The same requirements for cannabis transporters and medical cannabis combination business license types would apply, including storage regulations and insurance provisions to ensure consistency, fairness and protections for public health and safety. This additional authorized activity would include selling and transporting lower-potency hemp edible (LPHE) products to LPHE retailers and wholesalers.

2.4: Balancing opportunities for larger and smaller businesses aligned with the law's framework

To further balance fairness between smaller and larger businesses in the market in line with existing size differences in license types, the proposal would create a new macrobusiness license type to replace the current medical cannabis combination license type. The macrobusiness license would better align with the two existing vertically integrated license types—the microbusiness and mezzobusiness—which offer opportunities to smaller and medium size businesses to enter the market. The new macrobusiness license type would allow for business activities at about three times the size of a mezzobusiness, which is already structured at about three times the size of a microbusiness in cultivation, manufacturing, and retail locations. This means the macrobusiness would be authorized to cultivate up to 45,000 square feet in indoor canopy, in line with the existing canopy limits by license type (a microbusiness is authorized up to 5,000 square feet, a mezzobusiness up to 15,000 square feet, and a cultivator up to 30,000 square feet). The macrobusiness license would be allowed up to eight retail locations, consistent with the authorized activities of the current medical cannabis combination license and would be subject to the same manufacturing limit as the current medical cannabis combination license.

A macrobusiness license would also be required to obtain endorsements to conduct additional business activities, similar to the microbusiness and mezzobusiness license types. The macrobusiness would be the only license type required to serve the medical market, including requirements to:

- Obtain at least two medical endorsements (including the medical manufacturer endorsement) to maintain consistent production of high-need medical products.
- Maintain certain retail locations in areas identified as high medical need, in compliance with requirements of a medical cannabis retail endorsement, including maintaining consistent supply and priority service.

In future years of market growth, the proposal would also require OCM to establish a petition process for microbusinesses and mezzobusinesses to request to expand their existing license to either a mezzobusiness or macrobusiness. Priority for reclassification will go to businesses with a medical endorsement, and the process would be required to include equal reclassifications for social equity and non-social equity businesses, ensuring opportunity for social equity businesses.

2.5: Additional considerations for continued dialogue

As the Legislature considers this proposal, there are several issues that the office has identified for continued consideration. Key factors for further discussion include:

- Establishing effective dates that ensure effective implementation and transition for existing businesses and the office, including careful evaluation of impact on current statewide tracking system software.
- Determining the definitional implementation of patient priority service requirements and establishing best practices based on patient input.
- Determining compliance mechanisms for continued service to the medical market.
- Evaluating the current license type fee structure to determine if changes are recommended.
- Assessing the medical program's requirements for patients, including the current requirements for patient consultations.
- Assessing the impact of requirements for testing facilities to prioritize high-need medical products in testing services to ensure turnaround times meet needs.
- Determining the applicability or effectiveness of adding additional requirements for a macrobusiness license type, including requirements to provide financial opportunities for other smaller businesses.
- Assessing impact on local retail registration limits as it relates to retailers serving the medical market.

Section 3: Engagement in proposal development

As part of the proposal development, the office implemented a robust engagement strategy to ensure the involvement of impacted parties, including patients, customers, businesses, and the office's operational divisions that administer the licensing and statewide monitoring system software. The office established a priority for the proposal early in the process to incorporate feedback from partners and data collected from the medical program.

3.1: Engagement process and early input

Over a six-month process, the office engaged with partners, including medical patients, medical and adult-use cannabis advocates, medical and adult-use cannabis businesses, Tribal partners and Tribal regulatory colleagues, agency partners and other interested parties, including members of the Cannabis Advisory Council. To gather initial input on what issues should inform the office's proposal recommendation, the office hosted a series of preliminary meetings. The office also conducted a survey of registered medical patients and health care practitioners in fall 2025, and the office's research division evaluated patient priorities and purchase trends through available program data. The results of the surveys and research are available for public review in a published report, [Medical Cannabis Patient Priorities with Minnesota's Emerging Adult-Use Market](#). The report is intended to inform the discussion of this complex policy issue and center the patient experience.

As part of these first engagement meetings, the office heard the following priorities expressed by partners:

- From medical patients:
 - Assurance that high-need medical products are available regardless of adult-use market demand, such as products used by patients that are minors in the program.
 - Patient prioritization through a flexible model determined by businesses, utilizing customer feedback.
 - Providing market and product access to patients in rural or otherwise underserved areas.
- From advocates and business owners:
 - Fairness in allowable activities across license types for those serving the medical market.
 - Maintaining social equity in licensing and prioritizing a social equity lens as the office evaluates the market and makes decisions on additional licensing and license reclassification.
 - Ensuring a standard of quality service is maintained across all businesses serving the medical market.

This early engagement shaped the office's development of an initial proposal framework. The office continued to seek feedback on the proposal this winter through presentation and discussion of the proposal across several forums, including the Cannabis Advisory Council.

3.2: Summary of feedback received by the office

To inform productive discussion and evaluation of the proposal by the Legislature, the office has summarized the feedback received during the engagement process.

Broadly, many interested parties shared neutral or positive feedback about the proposal's framework. In particular, OCM heard strong support from several partners for the following aspects of the proposal:

- Removal of the requirement for a business to maintain separate Metrc instances and inventory chains for medical cannabis and adult-use cannabis.
- Opportunities for license type reclassification to allow for growth and ensure fairness, including the provision for equal opportunity for social equity businesses and non-social equity businesses.
- Addition of delivery and transportation activities for businesses with a medical endorsement to ensure balance between the different license types. Currently only medical cannabis combination license types can conduct these activities.

Additional feedback to aid the Legislature in its consideration of the proposal:

- Establishing and maintaining priority service: Patients and businesses emphasized that further work is needed to ensure businesses that obtain a medical retail endorsement maintain options for priority service for patients (e.g., texting when orders are ready, adding a medical-only line), especially considering preferences can differ among patients.
 - The office recommends further engagement with patients and businesses to assess these options and evaluate enforcement mechanisms available to the office, based on patient complaints.
- Operations and implementation considerations: The office received feedback about several potential operational impacts of the proposal's recommended transition. One recommendation is to ensure the endorsement application process is managed and communicated to applicants effectively, to ensure microbusinesses and mezzobusinesses can access the opportunities without unnecessary barriers to entry. Another recommendation is to clarify that pharmacists and medical cannabis consultants—required to be employed by businesses with a medical retail endorsement—can provide consultation services to multiple businesses.
- Businesses access to capital: As the discussion of this proposal focused on the market's licensing structure and ensuring balance and fair opportunities for smaller businesses, several partners recommended the proposal address one of the more significant barriers to entry and business growth: access to capital. The office received several recommendations to establish grant, loan, or other funding sources to support smaller businesses, including social equity businesses, who lack access to capital as compared to larger businesses.
 - The proposal does not currently include funding recommendations, as the proposal is a policy recommendation, not a fiscal recommendation; however, the office understands the significant impact of access to capital.
- Market oversaturation and canopy increases: Concerns were identified about the potential for market oversaturation, including how the additional retail locations envisioned in this proposal could interact with the current market, which allows a significant number of retail locations through the microbusiness license type. There were also concerns identified about the proposed increases to canopy size for the microbusiness and mezzobusiness license types if they obtain a medical endorsement, as a potential risk factor that could contribute to oversupply as the market matures.

- Canopy size alignment: There is currently lack of consensus on the proposal's recommendation to establish a unified canopy limit for the new macrobusiness license type at 45,000 square feet for indoor canopy, if the distinction between medical canopy and adult-use canopy is removed. Current law authorizes up to 60,000 square feet of canopy for the medical cannabis combination license type, and an additional adult-use cannabis canopy space that is up to half the size of the previous year's canopy and retail sales in the medical market – the two canopy areas and product produced must be maintained separately. Several stakeholders are concerned about a singular license type having a larger canopy size in comparison to other license types that are limited to smaller canopies of 5,000, 15,000 and 30,000 square feet. Alternatively, there is also concern raised that the recommendation for the new unified canopy model (45,000 square feet) is too significant of a departure from the current medical cannabis combination business's allotted canopy.
 - The office looked to the existing license structure as the model for how the macrobusiness could fit within the existing framework, under a newly unified supply chain and without the requirement to maintain separate canopies. With a mezzobusiness able to operate at three times the size of a microbusiness, the proposal follows this logic in scaling for the macrobusiness operating at three times the size of the mezzobusiness.
- Removal of endorsement structure and changes to the medical program to authorize all cannabis businesses to sell products to patients: Several partners expressed agreement with the goals of the proposal and recommended an alternative approach to unification of the supply chains. This alternative would remove any distinction between medical cannabis and adult-use cannabis, and licensed businesses, by not requiring a medical endorsement to serve medical patients and offer tax exemption. An additional recommendation is to replace the current medical program online registry system with a card-based system, the idea being that this could improve patient access and experience.
- Opportunities for smaller businesses and social equity businesses: While this proposal focuses on licensing structure, partners also recommended provisions to support smaller businesses. These recommendations include establishing testing priority service for small businesses and social equity businesses, developing incentives for larger businesses to source from social equity and smaller businesses through license fee waiver or tax incentives, and establishing license type classifications to elevate the role of smaller businesses in the market. The recommendations also identified concerns that the new license type, the macrobusiness license, should not pose a competitive risk to smaller businesses in the marketplace and suggested strengthening ownership restrictions for the macrobusiness and limiting businesses to only hold one license type.

Section 4: Next steps

As required in [Minnesota Statutes Session Laws 2025, chapter 31, section 107](#), the office has developed a legislative proposal to streamline the supply chains and support continuity in access to products for medical cannabis patients. The office provides this recommendation to the legislature and will continue to engage in the legislative process to support the consideration of this proposal through language development, technical assistance, data and information, and operational evaluations.

The legislative session begins on Feb. 17, 2026, and the office will continue to provide updates to interested parties as the process continues.