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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 2714

05/20/2017 Authored by Liebling, Applebaum, Metsa, Schultz, Sundin and others
The bill was read for the first time and referred to the Committee on Health and Human Services Reform

1.1 A bill for an act
1.2 relating to cannabis; proposing an amendment to the Minnesota Constitution by
1.3 adding a section to article XIII; allowing individuals 21 years of age or older to
1.4 consume and possess cannabis and cannabis-infused products; providing regulation
1.5 of cannabis for commercial purposes; authorizing rulemaking; authorizing fees;
1.6 providing penalties; taxing certain cannabis sales; amending Minnesota Statutes
1.7 2016, sections 152.01, subdivision 5a; 152.02, subdivision 2; 152.021, subdivisions
1.8 1, 2; 152.022, subdivisions 1, 2; 152.023, subdivisions 1, 2; 152.024, subdivisions
1.9 1, 2; 152.025, subdivision 1; 152.096, subdivision 1; 297A.61, subdivisions 3, 4,
1.10 by adding subdivisions; 297A.62, subdivision 1, by adding a subdivision; 297A.94;
1.11 297A.99, subdivision 1; 297D.06; proposing coding for new law in Minnesota
1.12 Statutes, chapters 295; 297A; proposing coding for new law as Minnesota Statutes,
1.13 chapter 340B; repealing Minnesota Statutes 2016, sections 152.01, subdivision
1.14 16; 152.027, subdivisions 3, 4.

1.15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.16 ARTICLE 1

1.17 CONSTITUTIONAL AMENDMENT

1.18 Section 1. CONSTITUTIONAL AMENDMENT PROPOSED.

1.19 An amendment to the Minnesota Constitution is proposed to the people. If the amendment
1.20 is adopted, a section shall be added to article XIII, to read:

1.21 Sec. 13. (a) It is not unlawful and it shall not be an offense under law or be a basis for
1.22 seizure or forfeiture of assets under law for a person who is 21 years of age or older to:

1.23 (1) possess, use, purchase, or transport cannabis, cannabis accessories, or cannabis-infused
1.24 products;

2.1 (2) possess, grow, process, or transport for personal use no more than 12 cannabis plants,
 2.2 with six or fewer being mature, flowering cannabis plants, provided that the cannabis
 2.3 produced from the plant is not made available for sale;

2.4 (3) consume cannabis, provided that the cannabis is not consumed openly in public
 2.5 except in a manner as provided by law; and

2.6 (4) transfer an amount of cannabis as prescribed by law without remuneration to a person
 2.7 who is 21 years of age or older.

2.8 (b) The legislature shall prescribe by law a manner to license and regulate the cultivation,
 2.9 manufacturing, harvesting, processing, packaging, transporting, displaying, possessing, and
 2.10 selling of cannabis and cannabis-infused products for commercial purposes.

2.11 (c) It is unlawful to cultivate, manufacture, harvest, process, package, transport, display,
 2.12 possess, or sell cannabis or cannabis-infused products for commercial purposes without
 2.13 having first obtained a valid license as prescribed by law.

2.14 (d) It is unlawful to sell or transfer cannabis, a cannabis-infused product, or a cannabis
 2.15 accessory to any person who is under the age of 21 years, except that medical cannabis may
 2.16 be sold or transferred to a person under the age of 21, as prescribed by law.

2.17 **Sec. 2. SUBMISSION TO VOTERS.**

2.18 (a) The proposed amendment must be submitted to the people at the 2018 general election.
 2.19 The question submitted must be:

2.20 "Shall the Minnesota Constitution be amended to allow a person who is 21 years of age
 2.21 or older to personally possess, use, and grow cannabis and to possess cannabis-infused
 2.22 products, and to require the legislature to prescribe by law a manner to license and regulate
 2.23 the commercial sale of cannabis and cannabis-infused products?"

2.24 (b) The title required under Minnesota Statutes, section 204D.15, subdivision 1, for the
 2.25 question submitted to the people under paragraph (a) shall be: "Personal Use and Regulation
 2.26 of Cannabis."

2.27 Yes
 2.28 No "

2.29 **ARTICLE 2**
 2.30 **MINNESOTA CANNABIS ACT**

2.31 **Section 1. [340B.01] DEFINITIONS; MINNESOTA CANNABIS ACT.**

3.1 Subdivision 1. **Scope.** The terms defined in this section apply to this chapter.

3.2 Subd. 2. **Bureau.** "Bureau" means the Bureau of Cannabis Oversight.

3.3 Subd. 3. **Cannabinoid profile.** "Cannabinoid profile" means a list or chart of the chemical
3.4 constituents found in a sample testing of a cannabis plant that is processed into usable
3.5 cannabis or is used as an ingredient in a cannabis-infused product.

3.6 Subd. 4. **Cannabis.** "Cannabis" means all parts of the plant of the genus cannabis whether
3.7 growing or not, the seeds of the plant, the resin extracted from any part of the plant, and
3.8 every compound, salt, derivative, mixture, or preparation of the plant, the plant's seeds, or
3.9 the plant's resin, including cannabis concentrate that is cultivated, manufactured, distributed,
3.10 or sold by a licensed cannabis establishment. Cannabis does not include industrial hemp;
3.11 medical cannabis, as defined in section 152.22, subdivision 6; the fiber produced from the
3.12 stalks, oil, or cake made from the seeds of the plant; the sterilized seed of the plant that is
3.13 incapable of germination; or the weight of any other ingredient combined with cannabis to
3.14 prepare topical or oral administrations, food, drink, or other cannabis-infused products.

3.15 Subd. 5. **Cannabis accessories.** "Cannabis accessories" means any equipment, products,
3.16 or materials of any kind that are used, intended for use, or designed for use in planting,
3.17 propagating, cultivating, growing, harvesting, composting, manufacturing, compounding,
3.18 converting, producing, processing, preparing, testing, analyzing, packaging, repackaging,
3.19 storing, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise
3.20 introducing cannabis into the human body.

3.21 Subd. 6. **Cannabis establishment.** "Cannabis establishment" means a cannabis producer,
3.22 a cannabis testing facility, a cannabis processor, or a retail cannabis store.

3.23 Subd. 7. **Cannabis-infused products.** "Cannabis-infused products" means a product or
3.24 products that contain cannabis or cannabis extracts and are intended for human use, including
3.25 but not limited to edible products or ointments and tinctures. Cannabis-infused products
3.26 does not include usable cannabis.

3.27 Subd. 8. **Cannabis processor.** "Cannabis processor" means a person who processes
3.28 cannabis into usable cannabis; packages and labels usable cannabis and viable cannabis
3.29 seeds; manufactures, prepares, packages, and labels cannabis-infused products; or sells
3.30 cannabis seeds, usable cannabis, and cannabis-infused products to other cannabis processors
3.31 and to retail cannabis stores, but not to consumers.

4.1 Subd. 9. **Cannabis producer.** "Cannabis producer" means a person who produces and
4.2 sells cannabis at wholesale to cannabis processors and other cannabis producers, but not to
4.3 consumers.

4.4 Subd. 10. **Cannabis testing facility.** "Cannabis testing facility" means an entity licensed
4.5 to analyze and certify the safety and potency of cannabis.

4.6 Subd. 11. **Commissioner.** "Commissioner" means the commissioner of the Bureau of
4.7 Cannabis Oversight.

4.8 Subd. 12. **Consumer.** "Consumer" means a person 21 years of age or older who purchases
4.9 cannabis seeds, usable cannabis, or cannabis-infused products for personal use by persons
4.10 21 years of age or older, but not for resale to others.

4.11 Subd. 13. **Local government.** "Local government" means a home rule charter or statutory
4.12 city or town.

4.13 Subd. 14. **Lot.** "Lot" means a definite quantity of cannabis or usable cannabis identified
4.14 by a lot number, each portion or package of which is consistent with the factors that appear
4.15 in the labeling.

4.16 Subd. 15. **Lot number.** "Lot number" means a number that specifies the person who
4.17 holds a valid license under this chapter and the harvesting or processing date for each lot.

4.18 Subd. 16. **Medical cannabis manufacturer.** "Medical cannabis manufacturer" has the
4.19 meaning given in section 152.22, subdivision 7.

4.20 Subd. 17. **Premises.** "Premises" means the premises specified on an application for
4.21 licensure under this chapter, which are owned or in possession of the licensee and within
4.22 which the licensee is authorized to cultivate, manufacture, process, distribute, sell, or test
4.23 cannabis, usable cannabis, or cannabis-infused products according to this chapter.

4.24 Subd. 18. **Retail cannabis store.** "Retail cannabis store" means a person licensed to:

4.25 (1) purchase cannabis seeds, usable cannabis, and cannabis-infused products from a
4.26 cannabis processor; and

4.27 (2) sell cannabis seeds, usable cannabis, and cannabis-infused products to consumers.

4.28 Subd. 19. **Unreasonably impracticable.** "Unreasonably impracticable" means that the
4.29 measures necessary to comply with the rules adopted under this chapter require such a high
4.30 investment of risk, money, time, or any other resource or asset that the operation of a cannabis
4.31 establishment is not worth carrying out in practice by a reasonably prudent businessperson.

5.1 Subd. 20. **Usable cannabis.** "Usable cannabis" means dried cannabis flowers. Usable
5.2 cannabis does not include cannabis-infused products.

5.3 **Sec. 2. [340B.02] BUREAU OF CANNABIS OVERSIGHT.**

5.4 Subdivision 1. **Creation.** The Bureau of Cannabis Oversight is established under the
5.5 supervision and control of a commissioner. The commissioner shall be appointed by the
5.6 governor under section 15.06.

5.7 Subd. 2. **Duties.** The bureau, through its commissioner or the commissioner's designee,
5.8 shall:

5.9 (1) grant or deny state licenses for cannabis establishments;

5.10 (2) suspend, fine, restrict, or revoke the license of a cannabis establishment that is in
5.11 violation of this chapter or rules adopted under the authority of this chapter; and

5.12 (3) impose any penalty authorized by this chapter or rules adopted under the authority
5.13 of this chapter.

5.14 Subd. 3. **Interagency agreements.** The commissioner may enter into any interagency
5.15 agreements with other state agencies for technical services or other assistance related to the
5.16 regulatory, enforcement, or inspection duties in this chapter or the rules adopted under the
5.17 authority of this chapter.

5.18 Subd. 4. **Conflicts of interest.** The commissioner or any person employed by the
5.19 commissioner shall not have a direct or indirect financial interest in any cannabis
5.20 establishment.

5.21 **Sec. 3. [340B.03] ADMINISTRATION AND ENFORCEMENT; RULEMAKING.**

5.22 Subdivision 1. **Rulemaking.** The commissioner shall adopt rules necessary to implement
5.23 this chapter. The rules shall not prohibit the operation of cannabis establishments, either
5.24 expressly or through rules that make their operation unreasonably impracticable. The adopted
5.25 rules, subject to the provisions of this chapter, shall provide:

5.26 (1) procedures for the issuance, renewal, suspension, and revocation of a license to
5.27 operate a cannabis establishment;

5.28 (2) qualifications for licensure that are directly and demonstrably related to the operation
5.29 of a cannabis establishment;

6.1 (3) requirements to prevent the sale or diversion of cannabis, usable cannabis, and
6.2 cannabis-infused products to persons under the age of 21 years including restrictions on
6.3 advertisements directed towards persons under the age of 21 years;

6.4 (4) labeling requirements for cannabis seeds, usable cannabis, and cannabis-infused
6.5 products;

6.6 (5) health and safety regulations and standards for the production and processing of
6.7 cannabis, usable cannabis, and cannabis-infused products;

6.8 (6) the nature, form, and capacity of all containers to be used by cannabis establishments
6.9 to contain cannabis, cannabis seeds, usable cannabis, and cannabis-infused products, and
6.10 their labeling requirements;

6.11 (7) classes of cannabis, cannabis seeds, usable cannabis, and cannabis-infused products
6.12 according to grade, condition, cannabinoid profile, or other qualitative measurements deemed
6.13 appropriate by the commissioner in consultation with the commissioner of agriculture,
6.14 academic experts, cannabis processors, and cannabis producers;

6.15 (8) a standardized cannabis serving size amount for edible cannabis-infused products;

6.16 (9) additional safety standards for cannabis-infused products including but not limited
6.17 to safety requirements related to contaminants and potency;

6.18 (10) accreditation requirements for cannabis testing facilities, in consultation with the
6.19 commissioner of agriculture;

6.20 (11) procedures for identifying, seizing, confiscating, destroying, and donating cannabis,
6.21 usable cannabis, and cannabis-infused products, that do not conform to the standards required
6.22 by this chapter or the rules adopted pursuant to this chapter;

6.23 (12) a method of determining lots and lot numbers for purposes of testing cannabis;

6.24 (13) civil penalties for the failure to comply with the rules adopted under this chapter;
6.25 and

6.26 (14) any other requirement or procedure necessary to carry out the administration of this
6.27 chapter.

6.28 Subd. 2. **Enforcement.** The commissioner shall administer and enforce this chapter and
6.29 any rules adopted under the authority of this chapter.

6.30 Subd. 3. **Commissioner's discretion.** If minor violations of this chapter or rules adopted
6.31 under this chapter occur or the commissioner believes the public interest is best served by
6.32 a suitable notice of warning in writing, this section does not require the commissioner to:

7.1 (1) report the violation for prosecution;

7.2 (2) institute seizure proceedings; or

7.3 (3) issue a withdrawal from distribution, stop-sale, or other order.

7.4 Subd. 4. **Civil actions.** Civil judicial enforcement actions may be brought by the attorney
 7.5 general in the name of the state on behalf of the commissioner. A county attorney may bring
 7.6 a civil judicial enforcement action upon the request of the commissioner and agreement by
 7.7 the attorney general.

7.8 Subd. 5. **Injunction.** The commissioner may apply to a court with jurisdiction for a
 7.9 temporary or permanent injunction to prevent, restrain, or enjoin violations of this chapter.

7.10 Subd. 6. **Criminal actions.** For a criminal action, the county attorney from the county
 7.11 where the criminal violation occurred is responsible for prosecuting a violation of this
 7.12 chapter. If the county attorney refuses to prosecute, the attorney general, by request of the
 7.13 commissioner, may prosecute.

7.14 Sec. 4. **[340B.04] GENERAL PROVISIONS.**

7.15 Subdivision 1. **Scope.** This chapter sets forth the exclusive means by which the
 7.16 cultivation, manufacture, sale, distribution, dispensing, and testing of cannabis, usable
 7.17 cannabis, and cannabis-infused products may occur in this state. It is unlawful to produce,
 7.18 process, cultivate, manufacture, distribute, or sell cannabis, usable cannabis, or
 7.19 cannabis-infused products except in compliance with the terms, conditions, limitations, and
 7.20 restrictions under this chapter or the rules adopted under this chapter.

7.21 Subd. 2. **Rights of employers.** Nothing in this chapter is intended to require an employer
 7.22 to permit or accommodate the use, consumption, possession, transfer, display, transportation,
 7.23 sale, or cultivation of cannabis in the workplace or to permit an employee to work while
 7.24 under the influence of cannabis.

7.25 Subd. 3. **Rights of employees and prospective employees.** Notwithstanding any law
 7.26 to the contrary, an employer may not discipline or discriminate against an employee or
 7.27 prospective employee because the employee or prospective employee has metabolites of
 7.28 cannabis in the employee's or prospective employee's blood.

7.29 Subd. 4. **Rights of property owners.** Nothing in this chapter prohibits a person,
 7.30 employer, school, hospital, detention facility, corporation, or any other entity that occupies,
 7.31 owns, or controls a property from prohibiting or otherwise regulating the possession,

8.1 consumption, use, display, transfer, distribution, sale, transportation, or cultivation of
8.2 cannabis or cannabis-infused products on the person's or entity's property.

8.3 Subd. 5. **Rights of residential tenants.** A residential tenant who is 21 years of age or
8.4 older may possess or use cannabis seeds, usable cannabis, or cannabis-infused products, or
8.5 may possess and grow cannabis plants as authorized by this chapter, in a residential building
8.6 unless such acts are prohibited by a written lease.

8.7 Subd. 6. **Report.** By February 1 of each year, the commissioner shall submit a report to
8.8 the legislative committees with jurisdiction over cannabis, public safety, and taxes on the
8.9 following:

8.10 (1) the progress the bureau is making on processing licenses;

8.11 (2) an overview of the usable cannabis and cannabis-infused product market, including
8.12 but not limited to the actual and anticipated market demand and market supply;

8.13 (3) detailing the amounts of revenue generated by the sale of cannabis, cannabis seeds,
8.14 usable cannabis, cannabis-infused products, and cannabis accessories and the expenses
8.15 incurred by the commissioner and other state agencies related to the administration and
8.16 enforcement of laws related to this chapter;

8.17 (4) the number of persons who have filed an application with the commissioner to obtain
8.18 a license for a cannabis establishment; and

8.19 (5) the commissioner's enforcement measures taken against persons licensed under this
8.20 chapter for violations of this chapter or the rules adopted under this chapter.

8.21 Sec. 5. **[340B.05] SEIZURE AND CONFISCATION.**

8.22 (a) All cannabis, usable cannabis, and cannabis-infused products produced, processed,
8.23 manufactured, kept, stored, sold, distributed, or transported in violation of this chapter or
8.24 the rules adopted under this chapter is unlawful property and subject to seizure by the
8.25 commissioner or a law enforcement officer.

8.26 (b) Before issuing a seizure order, the commissioner may remedy violations under this
8.27 chapter pursuant to section 340B.17. Seizure orders are subject to the appeals process under
8.28 section 340B.19.

8.29 (c) If cannabis, usable cannabis, or cannabis-infused products have been seized by the
8.30 commissioner, the commissioner may transfer the cannabis, usable cannabis, or
8.31 cannabis-infused products to law enforcement for use in a criminal investigation.

9.1 (d) If the commissioner determines that the true owner of any seized cannabis, usable
9.2 cannabis, or cannabis-infused products is not involved in the violation resulting in the
9.3 seizure, the commissioner shall return the seized property to the true owner.

9.4 **Sec. 6. [340B.06] CANNABIS ESTABLISHMENTS; LICENSE.**

9.5 Subdivision 1. **License required.** (a) No person may operate a cannabis establishment
9.6 in this state without first filing an application for and obtaining the proper license from the
9.7 commissioner to perform the activities and operations authorized by this chapter.

9.8 (b) Every cannabis establishment license shall:

9.9 (1) be issued in the name of the applicant;

9.10 (2) specify the location of the cannabis establishment; and

9.11 (3) be used only by the holder of the license;

9.12 Subd. 2. **Eligibility.** (a) The commissioner may only issue a license to operate as a
9.13 cannabis establishment to a person:

9.14 (1) who has been a resident of this state continuously for at least 90 days prior to the
9.15 person's date of license application;

9.16 (2) who is 21 years of age or older;

9.17 (3) who has not had a license issued under this chapter revoked within five years of the
9.18 date of license application;

9.19 (4) who has paid any fee associated with the license application; and

9.20 (5) who has provided a surety bond or proof of liquid assets, and is not delinquent on
9.21 any local, state, or federal tax.

9.22 (b) Paragraph (a) applies to all officers, directors, agents, and stockholders holding five
9.23 percent or more of the stock of any corporation applying for a license under this chapter.

9.24 Subd. 3. **Application; fee.** An initial application for a license under this chapter must
9.25 be made to the commissioner on a form the commissioner prescribes and must be
9.26 accompanied by a \$500 fee. If an application is denied, the application fee shall be retained
9.27 by the commissioner to cover the administrative costs related to reviewing the application.

9.28 Subd. 4. **Bond.** (a) The commissioner may not issue a license under this chapter to a
9.29 person who has not filed a bond with corporate surety, or cash, or United States government
9.30 bonds payable to the state. The proof of financial responsibility must be approved by the
9.31 commissioner before the license is issued. The bond must be conditioned on the licensee

10.1 obeying all laws governing the cannabis establishment and paying all taxes, fees, penalties,
 10.2 and other charges when due. The bond must provide that the bond is forfeited to the state
 10.3 on a violation of law. The amount of each cannabis establishment bond shall not be less
 10.4 than \$10,000. The commissioner shall base the bond amount on the applicant or licensee's
 10.5 financial statement or any other factor the commissioner determines is relevant to protect
 10.6 the public's interest.

10.7 (b) This subdivision does not apply to cannabis testing facilities.

10.8 Subd. 5. **Period of license.** Licenses issued under this chapter are valid for one year,
 10.9 except that to coordinate expiration dates, initial licenses may be issued for a shorter period.

10.10 Subd. 6. **Annual fees.** (a) The annual fees for licenses under this chapter are as follows:

10.11 (1) for a cannabis producer, \$.....;

10.12 (2) for a cannabis processor, \$.....;

10.13 (3) for a retail cannabis store, \$.....; and

10.14 (4) for a cannabis testing facility, \$.....

10.15 (b) The commissioner may annually adjust the fee amount in paragraph (a) in order to
 10.16 cover the cost of administering the licensing program.

10.17 Subd. 7. **Separate license required; limitations.** A separate license is required for each
 10.18 class of license and the license holder shall perform only the operations authorized by a
 10.19 license. A license issued under this chapter is not transferable from one person to another
 10.20 or from one premises to another. A separate license is required for each place in this state
 10.21 where the operations of a cannabis establishment occur.

10.22 Subd. 8. **Application process.** (a) Each application for an annual license to operate a
 10.23 cannabis establishment shall be submitted to the commissioner.

10.24 (b) The commissioner shall begin accepting applications on October 1, 2019.

10.25 (c) The commissioner shall issue an annual license to the applicant within 90 days after
 10.26 receipt of an application unless the commissioner finds the applicant is not in compliance
 10.27 with this chapter or the rules adopted under this chapter. Upon denial of an application for
 10.28 a license to operate a cannabis establishment, the commissioner shall notify the applicant
 10.29 in writing of the specific reason for denial. An applicant may appeal the commissioner's
 10.30 denial of the license in a contested case proceeding under chapter 14.

10.31 Subd. 9. **Inspection of premises.** For the purpose of considering any cannabis
 10.32 establishment license application or for the renewal of a cannabis establishment license, the

11.1 commissioner may inspect the cannabis establishment premises and may inquire into all
 11.2 matters in connection with the construction and operation of a cannabis establishment
 11.3 premises.

11.4 **Sec. 7. [340B.07] RETAIL CANNABIS STORE; REQUIREMENTS.**

11.5 Subdivision 1. **License.** The commissioner may only issue a retail cannabis store license
 11.6 to a person selling usable cannabis, cannabis-infused products, or cannabis accessories
 11.7 under the terms and conditions of this chapter. A person may not operate a retail cannabis
 11.8 store without a license issued by the commissioner under the authority of this chapter.

11.9 Subd. 2. **Cannabis and cannabis-infused products; source and transactions.** A retail
 11.10 cannabis store may only transact with a cannabis processor licensed under this chapter for
 11.11 the purchase of usable cannabis or cannabis-infused products. A transaction between a retail
 11.12 cannabis store and a cannabis processor must occur on a cannabis processor's licensed
 11.13 premises or a retail cannabis store's licensed premises.

11.14 Subd. 3. **Usable cannabis and cannabis-infused product tracking.** A retail cannabis
 11.15 store shall track all of its usable cannabis and cannabis-infused products from the point of
 11.16 transfer from a cannabis processor to the point of sale.

11.17 Subd. 4. **Allowed sale.** A retail cannabis store may only sell usable cannabis or
 11.18 cannabis-infused products to a person who has a valid government-issued identification
 11.19 card showing that the person is 21 years of age or older.

11.20 Subd. 5. **Identification verification.** Prior to initiating a sale under this chapter, the
 11.21 employee of the retail cannabis store making the sale must verify that the purchaser has a
 11.22 valid government-issued identification card showing the purchaser is 21 years of age or
 11.23 older. If a person under the age of 21 presents a fraudulent proof of age, any action reasonably
 11.24 relying on the fraudulent proof of age shall not be grounds for the revocation or suspension
 11.25 of any license issued under this chapter.

11.26 Subd. 6. **Packaging; labels.** All usable cannabis and cannabis-infused products sold in
 11.27 a retail cannabis store must be packaged and labeled as required by this chapter and any
 11.28 rules adopted under this chapter.

11.29 Subd. 7. **Allowable sales.** A retail cannabis store shall not sell products or services other
 11.30 than cannabis seeds, usable cannabis, cannabis-infused products, and cannabis accessories.

12.1 Subd. 8. **Cannabis consumption on premises.** No retail cannabis store or employee of
 12.2 a retail cannabis store shall consume, or allow to be consumed, any useable cannabis or
 12.3 cannabis-infused product on the retail cannabis store's licensed premises.

12.4 Subd. 9. **Employee training.** Immediately after beginning employment with a cannabis
 12.5 retail store, every employee of a cannabis retail store must receive training, as approved by
 12.6 the commissioner, on the following:

12.7 (1) the proper handling of usable cannabis and cannabis-infused products;

12.8 (2) security protocol for cannabis retail stores;

12.9 (3) inventory accountability procedures; and

12.10 (4) procedures for verifying the age of consumers in order to prevents sales to persons
 12.11 under 21 years of age.

12.12 Sec. 8. **[340B.08] INDIVIDUAL PRIVACY OF CONSUMERS AT RETAIL**
 12.13 **CANNABIS STORES.**

12.14 In order to ensure that individual privacy is protected:

12.15 (1) a consumer shall not be required to provide a retail cannabis store with personal
 12.16 information other than government-issued identification to determine the consumer's age
 12.17 in order to purchase cannabis or cannabis-infused products; and

12.18 (2) a retail cannabis store shall not be required to acquire and record personal information
 12.19 about consumers other than information typically acquired in a financial transaction
 12.20 conducted at an on-sale liquor establishment.

12.21 Sec. 9. **[340B.09] CANNABIS PRODUCER; REQUIREMENTS**

12.22 Subdivision 1. **License.** The commissioner may only issue a cannabis producer license
 12.23 to a person who produces cannabis for sale at wholesale to cannabis processors and other
 12.24 cannabis producers. A person may not operate as a cannabis producer without a license
 12.25 issued by the commissioner under the authority of this chapter.

12.26 Subd. 2. **Tracking of cannabis.** A cannabis producer shall track the cannabis that is
 12.27 cultivated from seed or immature plant to wholesale purchase.

12.28 Subd. 3. **Authorized sales.** A cannabis producer shall only sell cannabis at wholesale
 12.29 to cannabis processors or other cannabis producers.

13.1 Sec. 10. **[340B.10] CANNABIS PROCESSOR; REQUIREMENTS.**

13.2 Subdivision 1. License. The commissioner may only issue a cannabis processor license
13.3 to a person who processes cannabis into usable cannabis or cannabis-infused products, and
13.4 who packages and labels usable cannabis and cannabis-infused products for sale at wholesale
13.5 to cannabis retail stores. A person may not process cannabis into usable cannabis for sale
13.6 or cannabis-infused products for sale or operate as a cannabis processor without a license
13.7 issued by the commissioner under the authority of this chapter.

13.8 Subd. 2. Cannabis production; tracking. A cannabis processor may produce its own
13.9 cannabis if it obtains a cannabis producer license. A cannabis processor may purchase
13.10 cannabis from a cannabis producer but may not purchase cannabis from any other person
13.11 or entity. A cannabis processor shall track all of the cannabis that it processes from the point
13.12 the cannabis is either transferred from the cannabis producer's cannabis processor division
13.13 or from the point when the cannabis is delivered to the cannabis processor from a cannabis
13.14 producer to the point of transfer to a cannabis retail store.

13.15 Subd. 3. Limitations. (a) A cannabis processor shall not:

13.16 (1) add any cannabis to a food product if the manufacturer of the food product holds a
13.17 trademark to the food product's name, except that a cannabis processor may use a trademarked
13.18 food product if the cannabis processor uses the food product as a component or as part of
13.19 a recipe and if the cannabis processor does not state or advertise to the consumer that the
13.20 final cannabis-infused product contains a trademarked food product; and

13.21 (2) intentionally or knowingly label or package a cannabis-infused product in a manner
13.22 that would cause a reasonable consumer confusion as to whether the cannabis-infused
13.23 product is a trademarked food product.

13.24 (b) Usable cannabis or cannabis-infused products shall not be consumed on the premises
13.25 of a cannabis processor during the hours of business operations.

13.26 Subd. 4. Processed on licensed premises. (a) Usable cannabis and cannabis-infused
13.27 products must be prepared on a licensed premises that is used exclusively for the processing,
13.28 manufacturing, or preparation of usable cannabis or cannabis-infused products intended for
13.29 sale and using equipment that is used exclusively for the processing, manufacturing, or
13.30 preparation of usable cannabis or cannabis-infused products.

13.31 (b) All licensed premises in which usable cannabis or cannabis-infused products are
13.32 processed, manufactured, or prepared must meet certain sanitary conditions. The

14.1 commissioner shall establish by rule sanitary conditions required for a cannabis processor
14.2 licensed premises.

14.3 Subd. 5. **Labeling; packaging.** (a) A cannabis processor must affix a label to all usable
14.4 cannabis and cannabis-infused products that the cannabis processor sells to a cannabis retail
14.5 store. The label shall specify the ingredients and the concentration of tetrahydrocannabinols
14.6 in the usable cannabis or the cannabis-infused product.

14.7 (b) Usable cannabis transferred from a cannabis processor to a cannabis retail store must
14.8 be packaged in plain, opaque, tamper proof, and child proof containers without depictions
14.9 of the product, cartoons, or images other than the cannabis retail store's logo.

14.10 (c) Cannabis-infused products processed by a cannabis processor must be clearly
14.11 distinguishable from commercially available products not containing cannabis.

14.12 Sec. 11. **[340B.11] CANNABIS TESTING FACILITIES.**

14.13 Subdivision 1. **License.** The commissioner may only issue a cannabis testing facility
14.14 license to a person who performs testing and research on usable cannabis or cannabis-infused
14.15 products that are processed, produced, or offered for sale by an entity licensed under this
14.16 chapter. A person may not perform testing or research on usable cannabis or cannabis-infused
14.17 products for a cannabis producer, cannabis processor, or cannabis retail store without a
14.18 license issued by the commissioner under the authority of this chapter.

14.19 Subd. 2. **Rules.** The commissioner shall adopt rules related to acceptable testing and
14.20 research practices for cannabis testing facilities, including but not limited to testing and
14.21 research standards, quality control analysis, equipment certification and calibration, and
14.22 chemical identification.

14.23 Subd. 3. **Conflicts of interest.** A person who has an interest in a cannabis testing facility
14.24 shall not have any interest in a cannabis producer, cannabis processor, or cannabis retail
14.25 store.

14.26 Sec. 12. **[340B.12] CANNABIS TESTING.**

14.27 (a) On a schedule determined by the commissioner by rule, every cannabis producer
14.28 and cannabis processor shall submit representative samples of cannabis, usable cannabis,
14.29 or cannabis-infused products produced or processed by the cannabis producer or cannabis
14.30 processor to a cannabis testing facility in order to certify that the cannabis, usable cannabis,
14.31 or cannabis-infused products comply with the standards prescribed by the commissioner
14.32 by rule. At a minimum, the testing shall ensure that the cannabis, usable cannabis, or

15.1 cannabis-infused products do not contain contaminants that are injurious to health and to
15.2 ensure correct labeling. The testing must include analysis for residual solvents, poisons,
15.3 toxins, harmful chemicals, mold, fungus, pesticides, and other contaminants. The cannabis
15.4 testing facility shall destroy or return any part of the sample that remains after testing.

15.5 (b) Cannabis producers and cannabis processors must submit the results of the testing
15.6 required by this section to the commissioner in the manner prescribed by the commissioner
15.7 by rule.

15.8 (c) If a representative sample inspected and tested under this section does not meet the
15.9 standards prescribed by this section or by rules adopted by the commissioner, the
15.10 commissioner shall take necessary action to ensure that the entire lot from which the sample
15.11 was taken is destroyed. The commissioner shall adopt rules to determine lots and lot numbers
15.12 for purposes of this section.

15.13 (d) A cannabis producer or cannabis processor shall not sell cannabis, usable cannabis,
15.14 or cannabis-infused products that test positive for any contaminant listed under paragraph
15.15 (a) if the contaminants, or level of contaminants, are identified by a cannabis testing facility
15.16 as potentially unsafe to the consumer.

15.17 Sec. 13. **[340B.13] SEED-TO-SALE TRACKING SYSTEM.**

15.18 The commissioner shall develop and maintain a seed-to-sale tracking system that tracks
15.19 cannabis produced by a cannabis producer from either the seed or immature plant stage, to
15.20 the processing stage, and until the cannabis is sold to a consumer as usable cannabis or a
15.21 cannabis-infused product at a retail cannabis store to ensure that no cannabis grown or
15.22 processed by a cannabis establishment is sold or otherwise transferred except by a retail
15.23 cannabis store.

15.24 Sec. 14. **[340B.14] RECORDS; AUDITS.**

15.25 (a) Each cannabis establishment shall keep a complete set of all records necessary to
15.26 fully show the business transactions of the cannabis establishment. The records shall be
15.27 kept on the premises described in the cannabis establishment's license and in a manner that
15.28 ensures permanency and accessibility for inspection at reasonable hours by the commissioner
15.29 or the commissioner's designee. The commissioner shall prescribe reasonable and uniform
15.30 methods of keeping records and shall provide necessary forms to cannabis establishments.
15.31 The commissioner may require a cannabis establishment to furnish any information the
15.32 commissioner considers necessary for the proper administration and enforcement of this
15.33 chapter and may require an audit be made of the books and records on any occasion that

16.1 the commissioner considers necessary. Any accounting required by the commissioner shall
 16.2 be completed by an auditor selected by the commissioner at the expense of the cannabis
 16.3 establishment.

16.4 (b) Each cannabis establishment premises, including any place where a cannabis
 16.5 establishment grows, stores, cultivates, dispenses, or processes cannabis is subject to
 16.6 inspection or investigation by the commissioner or the commissioner's designee during
 16.7 regular business hours and at other times of apparent activity. For examination of any
 16.8 inventory or books and records required to be kept by the cannabis establishment, access
 16.9 shall be required during business hours. Where any part of a cannabis establishment's
 16.10 premises consists of a locked area, upon demand by the commissioner or the commissioner's
 16.11 designee, the locked area shall be made available without delay to the commissioner.

16.12 (c) Each cannabis establishment shall retain all books and records necessary to show
 16.13 fully the cannabis establishment's business transactions for a period of the current tax year
 16.14 and the three immediately prior tax years.

16.15 **Sec. 15. [340B.15] LABELING REQUIREMENTS.**

16.16 A cannabis processor shall affix a label to all usable cannabis and cannabis-infused
 16.17 products that the cannabis processor sells to retail cannabis stores. The label shall:

16.18 (1) include the lot number of the useable cannabis or cannabis-infused product;

16.19 (2) specify the cannabinoid profile of the usable cannabis or cannabis-infused product;

16.20 (3) include the license number of the cannabis producer that grew or produced the
 16.21 cannabis;

16.22 (4) include the license number of the cannabis processor that processed the cannabis
 16.23 into usable cannabis or a cannabis-infused product;

16.24 (5) a statement that cannabis may not be legally consumed by persons under the age of
 16.25 21;

16.26 (6) include, for cannabis-infused products, the cannabinoid profile per serving and the
 16.27 number of servings per package of the cannabis-infused product;

16.28 (7) include a list of ingredients for cannabis-infused products; and

16.29 (8) include a universal symbol indicating the package contains cannabis.

17.1 Sec. 16. [340B.16] LOCAL GOVERNMENT REGULATIONS.

17.2 Subdivision 1. Cannabis lounges. (a) For purposes of this section, a "cannabis lounge"
17.3 means an establishment that operates to allow persons 21 years of age or older to consume
17.4 usable cannabis and cannabis-infused products on the establishment's premises.

17.5 (b) A cannabis lounge may only operate within the jurisdiction of a local government
17.6 that has adopted an ordinance or resolution authorizing and regulating cannabis lounges.

17.7 (c) A cannabis lounge is subject to the following limitations:

17.8 (1) all employees of a cannabis lounge must be 21 years of age or older;

17.9 (2) the sale or service of alcohol or food for consumption on the premises of a cannabis
17.10 lounge, excluding nonalcoholic beverages or light snacks without cannabis ingredients, is
17.11 prohibited;

17.12 (3) a cannabis lounge owner shall not sell cannabis, usable cannabis, or cannabis-infused
17.13 products on the premises of a cannabis lounge; and

17.14 (4) a cannabis lounge owner shall not allow the sale or exchange of cannabis, usable
17.15 cannabis, or cannabis-infused products on the premises of a cannabis lounge.

17.16 (d) A local government may provide for additional limitations or requirements on the
17.17 location and operation of a cannabis lounge.

17.18 Subd. 2. Local regulations. (a) A local government may adopt ordinances or resolutions
17.19 governing the time, place, and manner of cannabis establishments or cannabis lounges
17.20 within the jurisdiction of the local government, including reasonable zoning rules that limit
17.21 the use of land for operation of a cannabis establishment or a cannabis lounge. The local
17.22 government may establish civil penalties for violations of the ordinances or resolutions
17.23 governing the time, place, or manner of the operation of cannabis establishments or cannabis
17.24 lounges.

17.25 (b) Any ordinance or resolution relating to cannabis establishments adopted by a local
17.26 government must not be more restrictive than similar ordinances or resolutions adopted by
17.27 the local government that apply to liquor stores or tobacco product shops.

17.28 Subd. 3. Open and public use. The governing body of a local government may adopt
17.29 an ordinance or resolution providing locations or circumstances in which the consumption
17.30 of usable cannabis or cannabis-infused products is allowed on property owned, leased, or
17.31 controlled by the local government.

18.1 Subd. 4. **Cultivation for personal use.** A local government shall not enact or enforce
18.2 an ordinance or resolution that prohibits or limits the production or cultivation of cannabis
18.3 outdoors on private residential property by a person who is producing cannabis within the
18.4 legal limits for personal use under section 340B.20.

18.5 Sec. 17. **[340B.17] ADMINISTRATIVE ACTIONS.**

18.6 Subdivision 1. **Administrative remedies.** The commissioner may seek to remedy
18.7 violations by written warning, administrative meeting, cease and desist, stop-use, stop-sale,
18.8 removal, correction order, or an order, seizure, stipulation, or agreement, if the commissioner
18.9 determines that the remedy is in the public interest.

18.10 Subd. 2. **Revocation and suspension.** The commissioner may, after written notice and
18.11 hearing, revoke, suspend, or refuse to grant or renew a license if a person violates this
18.12 chapter or has a history within the last three years of violation of this chapter.

18.13 Subd. 3. **Cancellation of license.** The commissioner may cancel or revoke a license, or
18.14 refuse to grant a license under this chapter if the licensee or applicant has used fraudulent
18.15 or deceptive practices in the evasion or attempted evasion of a provision of this chapter.

18.16 Subd. 4. **Service of order or notice.** If a person is not available for service of an order,
18.17 the commissioner may attach the order to the facility, site, or premises regulated under this
18.18 chapter or associated rules and notify the licensee.

18.19 Sec. 18. **[340B.18] CIVIL PENALTIES.**

18.20 Subdivision 1. **General penalty.** Except as otherwise provided, a person who violates
18.21 this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the
18.22 commissioner is subject to a civil penalty of up to \$7,500 per day of the violation as
18.23 determined by the court.

18.24 Subd. 2. **Recovery of penalties by civil action.** The civil penalties and payments provided
18.25 for in this chapter may be recovered by a civil action brought by the county attorney or the
18.26 attorney general in the name of the state.

18.27 Sec. 19. **[340B.19] APPEALS OF COMMISSIONER'S ORDER.**

18.28 Subdivision 1. **Notice of appeal.** (a) After service of an order, a person has 45 days from
18.29 receipt of the order to notify the commissioner in writing that the person intends to contest
18.30 the order.

19.1 (b) If the person fails to notify the commissioner that the person intends to contest the
19.2 order, the order is a final order of the commissioner and not subject to further judicial or
19.3 administrative review.

19.4 Subd. 2. **Administrative review.** If a person notifies the commissioner that the person
19.5 intends to contest an order issued under this section, the state Office of Administrative
19.6 Hearings must conduct a hearing in accordance with the applicable provisions of chapter
19.7 14 for hearings in contested cases.

19.8 Subd. 3. **Judicial review.** Judicial review of a final decision in a contested case is
19.9 available as provided in chapter 14.

19.10 **Sec. 20. [340B.20] PERSONAL POSSESSION.**

19.11 (a) It is not unlawful and it shall not be the basis for seizure or forfeiture of assets for a
19.12 person who is 21 years of age or older:

19.13 (1) to possess, use, display, or transport cannabis, cannabis seeds, usable cannabis, or
19.14 cannabis-infused products;

19.15 (2) to possess, display, or transport cannabis accessories;

19.16 (3) to purchase cannabis seeds, usable cannabis, or cannabis-infused products from a
19.17 retail cannabis store;

19.18 (4) to possess, grow, process, or transport no more than 12 cannabis plants, with six or
19.19 fewer being mature, flowering plants, provided that the cannabis produced by the plants is
19.20 not made available for sale;

19.21 (5) to transfer one ounce or less of usable cannabis without remuneration to a person
19.22 who is 21 years of age or older;

19.23 (6) to consume usable cannabis or cannabis-infused products, provided that nothing in
19.24 this section permits consumption that is conducted openly and publicly, except as otherwise
19.25 provided by law; and

19.26 (7) to assist another person who is 21 years of age or older in any of the acts described
19.27 under clauses (1) to (6).

19.28 (b) Nothing in this section permits a person to engage in, and does not prevent the
19.29 imposition of any civil, criminal, or other penalties for operating, navigating, or being in
19.30 actual physical control of any motor vehicle, aircraft, train, or motorboat, or working on
19.31 transportation property, equipment, or facilities while under the influence of cannabis, usable
19.32 cannabis, or a cannabis-infused product.

20.1 Sec. 21. **[340B.21] UNLAWFUL ACTS.**

20.2 **Subdivision 1. Unlawful sales and possession; level I.** It is unlawful to sell or possess
20.3 one or more mixtures of a total weight of 25 kilograms or more containing cannabis or
20.4 tetrahydrocannabinols, including cannabis-infused products with an equivalent amount of
20.5 cannabis, or 500 or more cannabis plants, except as allowed by this chapter.

20.6 **Subd. 2. Penalty; level I.** A person convicted under subdivision 1 may be sentenced to
20.7 imprisonment for not more than three years or to payment of a fine of not more than
20.8 \$1,000,000, or both.

20.9 **Subd. 3. Unlawful sales and possession; level II.** It is unlawful to sell or possess one
20.10 or more mixtures of a total weight of 15 kilograms or more containing cannabis or
20.11 tetrahydrocannabinols, including cannabis-infused products with an equivalent amount of
20.12 cannabis, or 250 or more cannabis plants, except as allowed by this chapter.

20.13 **Subd. 4. Penalty; level II.** A person convicted under subdivision 3 may be sentenced
20.14 to imprisonment for not more than two years or to payment of a fine of not more than
20.15 \$500,000, or both.

20.16 **Subd. 5. Unlawful sales and possession; level III.** It is unlawful to sell or possess one
20.17 or more mixtures of a total weight of five kilograms or more containing cannabis or
20.18 tetrahydrocannabinols, including cannabis-infused products with an equivalent amount of
20.19 cannabis, or 100 or more cannabis plants, except as allowed by this chapter.

20.20 **Subd. 6. Penalty; level III.** A person convicted under subdivision 5 may be sentenced
20.21 to imprisonment for not more than one year or to payment of a fine of not more than
20.22 \$100,000, or both.

20.23 **Subd. 7. Other violations.** Where no other penalty is specified, a person is guilty of a
20.24 misdemeanor if the person violates this chapter, a rule adopted under this chapter, or an
20.25 order, standard, stipulation, agreement, or schedule of compliance of the commissioner.

20.26 Sec. 22. **[340B.22] CONSUMPTION OF CANNABIS OR CANNABIS-INFUSED**
20.27 **PRODUCT IN MOTOR VEHICLE.**

20.28 A person is guilty of a misdemeanor if the person consumes cannabis, usable cannabis,
20.29 or a cannabis-infused product in a motor vehicle when the motor vehicle is upon a street or
20.30 highway.

21.1 Sec. 23. **[340B.23] PERSONS UNDER 21; ILLEGAL ACTS.**

21.2 **Subdivision 1. Consumption.** It is unlawful for any person under the age of 21 to
 21.3 consume in any manner cannabis, usable cannabis, or a cannabis-infused product.

21.4 **Subd. 2. Purchasing.** It is unlawful for any person:

21.5 (1) to sell, barter, furnish, or give cannabis, cannabis seeds, usable cannabis, or a
 21.6 cannabis-infused product to a person under the age of 21;

21.7 (2) under the age of 21 to purchase or attempt to purchase any cannabis, cannabis seeds,
 21.8 usable cannabis, or cannabis-infused products; and

21.9 (3) to induce a person under the age of 21 to purchase or procure cannabis, cannabis
 21.10 seeds, usable cannabis, or cannabis-infused products, or to lend or knowingly permit the
 21.11 use of the person's driver's license, driver's permit, Minnesota identification card, or other
 21.12 form of identification by a person under the age of 21 for the purpose of purchasing or
 21.13 attempting to purchase cannabis, cannabis seeds, usable cannabis, or cannabis-infused
 21.14 products.

21.15 **Subd. 3. Possession.** It is unlawful for a person under the age of 21 to possess cannabis,
 21.16 cannabis seeds, usable cannabis, or cannabis-infused products.

21.17 **Subd. 4. Entering licensed premises.** It is unlawful for a person under the age of 21 to
 21.18 enter a cannabis establishment.

21.19 **Subd. 5. Misrepresentation of age.** It is unlawful for a person under the age of 21 to
 21.20 claim to be 21 years of age or older for the purpose of purchasing cannabis, cannabis seeds,
 21.21 usable cannabis, or cannabis-infused products.

21.22 **Subd. 6. Proof of age defense; seizure of false identification** (a) Proof of age for
 21.23 purchasing or consuming cannabis, usable cannabis, or cannabis-infused products may be
 21.24 established only by a government-issued identification card that includes the photograph
 21.25 and date of birth of the person.

21.26 (b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to
 21.27 prove by a preponderance of the evidence that the defendant reasonably and in good faith
 21.28 relied upon representations of proof of age authorized in paragraph (a) in selling, bartering,
 21.29 furnishing, or giving the cannabis, cannabis seeds, usable cannabis, or cannabis-infused
 21.30 product.

21.31 (c) A retail cannabis store may seize a form of identification listed under paragraph (a)
 21.32 if the retail cannabis store has reasonable grounds to believe that the form of identification

22.1 has been altered or falsified or is being used to violate any law. A retail cannabis store that
22.2 seizes a form of identification as authorized under this paragraph must deliver it to a law
22.3 enforcement agency within 24 hours of seizing it.

22.4 Subd. 7. **Misdemeanor.** A violation of this section is a misdemeanor.

22.5 Sec. 24. **[340B.24] CONSUMPTION IN PUBLIC.**

22.6 (a) A person is guilty of a petty misdemeanor if the person consumes cannabis, usable
22.7 cannabis, or a cannabis-infused product in a public place, except as otherwise provided by
22.8 law or by a local ordinance.

22.9 (b) For purposes of this section, "public place" means property owned, leased, or
22.10 controlled by a governmental unit or private property that is regularly and frequently open
22.11 to or made available for use by the public in sufficient numbers to give clear notice of the
22.12 property's current dedication to public use. Public place does not include a person's private
22.13 dwelling, the place of business owned or managed by a person, or private land possessed
22.14 by a person.

22.15 Sec. 25. **[340B.25] CANNABIS FUND.**

22.16 Subdivision 1. **Creation of fund.** There is created in the state treasury a cannabis fund
22.17 as a special revenue fund for deposit of revenue from the following:

22.18 (1) all revenues from the gross revenues cannabis tax collected under section 295.65;

22.19 (2) all revenue collected from the retail sales of cannabis seeds, usable cannabis,
22.20 cannabis-infused products, and cannabis accessories under chapter 297A; and

22.21 (3) all fees and penalties collected under this chapter.

22.22 Subd. 2. **Cannabis fund money; use.** (a) The commissioner of management and budget
22.23 shall annually appropriate from the cannabis fund to the commissioner an amount necessary
22.24 to administer this chapter.

22.25 (b) Of the funds remaining in the cannabis fund after the appropriation required in
22.26 paragraph (a), the remaining amount shall be appropriated annually as follows:

22.27 (1) 40 percent shall be annually appropriated to the commissioner of human services
22.28 for mental health services under chapter 245;

22.29 (2) 40 percent shall be annually appropriated to the commissioner of education for
22.30 additional funding for early childhood education and kindergarten through grade 12; and

23.1 (3) 20 percent shall be annually appropriated to the commissioner of health for the
 23.2 creation, implementation, operation, and management of a cannabis education and public
 23.3 health program that contains the following:

23.4 (i) a public health hotline that provides referrals to substance abuse treatment providers,
 23.5 utilizes evidence-based or research-based public health approaches to minimizing any harms
 23.6 associated with cannabis use;

23.7 (ii) a grant program for local health departments or other local community agencies that
 23.8 supports development and implementation of coordinated intervention strategies for the
 23.9 prevention and reduction of cannabis use by youth; and

23.10 (iii) media-based education campaigns across television, Internet, radio, print, and
 23.11 out-of-home advertising, separately targeting youth and adults, that provides medically and
 23.12 scientifically accurate information about the health and safety risks posed by cannabis use.

23.13 **Sec. 26. [340B.26] MEDICAL CANNABIS PROVISIONS UNAFFECTED.**

23.14 Nothing in this chapter shall be construed:

23.15 (1) to limit any privileges or rights in sections 152.22 to 152.37 of a medical cannabis
 23.16 patient; designated caregiver, parent, or legal guardian under section 152.27, subdivision 4
 23.17 or 5; or medical cannabis manufacturer;

23.18 (2) to permit a medical cannabis distribution facility to distribute cannabis to a person
 23.19 who is not a medical cannabis patient enrolled in the registry established according to
 23.20 sections 152.22 to 152.37;

23.21 (3) to permit a medical cannabis distribution facility to purchase cannabis or
 23.22 cannabis-infused products in a manner or from a source not authorized under sections 152.22
 23.23 to 152.37;

23.24 (4) to permit a medical cannabis distribution facility to operate on the same premises as
 23.25 a retail cannabis store; or

23.26 (5) to discharge the commissioner of health from the commissioner's duties to regulate
 23.27 medical cannabis under sections 152.22 to 152.37.

23.28 **Sec. 27. EFFECTIVE DATE.**

23.29 This article is effective January 1, 2019, if the constitutional amendment proposed in
 23.30 article 1, section 1, is adopted by the voters.

24.1 **ARTICLE 3**24.2 **CANNABIS TAXATION**24.3 Section 1. **[295.65] GROSS REVENUES CANNABIS TAX.**

24.4 **Subdivision 1. Definitions.** For purposes of this section, the following terms have the
24.5 meanings given:

24.6 (1) "cannabis" has the meaning given in section 340B.01, subdivision 3;

24.7 (2) "cannabis-infused products" has the meaning given in section 340B.01, subdivision
24.8 6;

24.9 (3) "cannabis processor" has the meaning given in section 340B.01, subdivision 7.

24.10 (4) "commissioner" means the commissioner of revenue;

24.11 (5) "gross revenues" means the total amount received by a cannabis processor in money
24.12 or otherwise for the sale of cannabis seeds, usable cannabis, and cannabis-infused products
24.13 to retail cannabis stores;

24.14 (6) "retail cannabis store" has the meaning given in section 340B.01, subdivision 14;

24.15 and

24.16 (7) "usable cannabis" has the meaning given in section 340B.01, subdivision 17.

24.17 **Subd. 2. Cannabis tax.** A tax is imposed on each cannabis processor equal to 15 percent
24.18 of a cannabis processor's gross revenues.

24.19 **Subd. 3. Estimated tax.** (a) Each cannabis processor must make estimated payments of
24.20 the gross revenue tax required by this section for the calendar year in quarterly installments
24.21 to the commissioner by April 15, July 15, October 15, and January 15 of the following
24.22 calendar year.

24.23 (b) Estimated tax payments are not required if: (1) the tax for the current calendar year
24.24 is \$500 or less; or (2) the tax for the previous calendar year is \$500 or less.

24.25 **Subd. 4. Electronic payments.** A cannabis processor with an aggregate tax liability of
24.26 \$10,000 or more in a fiscal year ending June 30 must remit all liabilities by electronic means
24.27 in all subsequent calendar years.

24.28 **Subd. 5. Annual return.** A cannabis processor must file an annual return reconciling
24.29 the estimated payments by March 15 of the following calendar year.

25.1 Subd. 6. **Administration.** The audit, assessment, refund, penalty, interest, enforcement,
 25.2 collection remedies, appeal, and administrative provisions of chapters 270C and 289A apply
 25.3 to the taxes imposed under this section.

25.4 Subd. 7. **Interest on overpayments.** Interest must be paid on an overpayment refunded
 25.5 or credited to the taxpayer from the date of payment of the tax until the date the refund is
 25.6 paid or credited. For purposes of this subdivision, the date of payment is the due date of the
 25.7 return or the date of actual payment of the tax, whichever is later.

25.8 Subd. 8. **Deposit of revenues.** The commissioner shall deposit all revenues, including
 25.9 penalties and interest, derived from the tax imposed by this section in the cannabis fund
 25.10 under section 340B.25.

25.11 Sec. 2. Minnesota Statutes 2016, section 297A.61, subdivision 3, is amended to read:

25.12 **Subd. 3. Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to,
 25.13 each of the transactions listed in this subdivision. In applying the provisions of this chapter,
 25.14 the terms "tangible personal property" and "retail sale" include the taxable services listed
 25.15 in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable
 25.16 services, unless specifically provided otherwise. Services performed by an employee for
 25.17 an employer are not taxable. Services performed by a partnership or association for another
 25.18 partnership or association are not taxable if one of the entities owns or controls more than
 25.19 80 percent of the voting power of the equity interest in the other entity. Services performed
 25.20 between members of an affiliated group of corporations are not taxable. For purposes of
 25.21 the preceding sentence, "affiliated group of corporations" means those entities that would
 25.22 be classified as members of an affiliated group as defined under United States Code, title
 25.23 26, section 1504, disregarding the exclusions in section 1504(b).

25.24 (b) Sale and purchase include:

25.25 (1) any transfer of title or possession, or both, of tangible personal property, whether
 25.26 absolutely or conditionally, for a consideration in money or by exchange or barter; and

25.27 (2) the leasing of or the granting of a license to use or consume, for a consideration in
 25.28 money or by exchange or barter, tangible personal property, other than a manufactured
 25.29 home used for residential purposes for a continuous period of 30 days or more.

25.30 (c) Sale and purchase include the production, fabrication, printing, or processing of
 25.31 tangible personal property for a consideration for consumers who furnish either directly or
 25.32 indirectly the materials used in the production, fabrication, printing, or processing.

26.1 (d) Sale and purchase include the preparing for a consideration of food. Notwithstanding
26.2 section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

26.3 (1) prepared food sold by the retailer;

26.4 (2) soft drinks;

26.5 (3) candy;

26.6 (4) dietary supplements; and

26.7 (5) all food sold through vending machines.

26.8 (e) A sale and a purchase includes the furnishing for a consideration of electricity, gas,
26.9 water, or steam for use or consumption within this state.

26.10 (f) A sale and a purchase includes the transfer for a consideration of prewritten computer
26.11 software whether delivered electronically, by load and leave, or otherwise.

26.12 (g) A sale and a purchase includes the furnishing for a consideration of the following
26.13 services:

26.14 (1) the privilege of admission to places of amusement, recreational areas, ~~or~~ athletic
26.15 events, or cannabis lounges as defined in section 340B.16 and the making available of
26.16 amusement devices, tanning facilities, reducing salons, steam baths, health clubs, and spas
26.17 or athletic facilities;

26.18 (2) lodging and related services by a hotel, rooming house, resort, campground, motel,
26.19 or trailer camp, including furnishing the guest of the facility with access to telecommunication
26.20 services, and the granting of any similar license to use real property in a specific facility,
26.21 other than the renting or leasing of it for a continuous period of 30 days or more under an
26.22 enforceable written agreement that may not be terminated without prior notice and including
26.23 accommodations intermediary services provided in connection with other services provided
26.24 under this clause;

26.25 (3) nonresidential parking services, whether on a contractual, hourly, or other periodic
26.26 basis, except for parking at a meter;

26.27 (4) the granting of membership in a club, association, or other organization if:

26.28 (i) the club, association, or other organization makes available for the use of its members
26.29 sports and athletic facilities, without regard to whether a separate charge is assessed for use
26.30 of the facilities; and

27.1 (ii) use of the sports and athletic facility is not made available to the general public on
27.2 the same basis as it is made available to members.

27.3 Granting of membership means both onetime initiation fees and periodic membership dues.
27.4 Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash
27.5 courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming
27.6 pools; and other similar athletic or sports facilities;

27.7 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate
27.8 material used in road construction; and delivery of concrete block by a third party if the
27.9 delivery would be subject to the sales tax if provided by the seller of the concrete block.
27.10 For purposes of this clause, "road construction" means construction of:

27.11 (i) public roads;

27.12 (ii) cartways; and

27.13 (iii) private roads in townships located outside of the seven-county metropolitan area
27.14 up to the point of the emergency response location sign; and

27.15 (6) services as provided in this clause:

27.16 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,
27.17 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,
27.18 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not
27.19 include services provided by coin operated facilities operated by the customer;

27.20 (ii) motor vehicle washing, waxing, and cleaning services, including services provided
27.21 by coin operated facilities operated by the customer, and rustproofing, undercoating, and
27.22 towing of motor vehicles;

27.23 (iii) building and residential cleaning, maintenance, and disinfecting services and pest
27.24 control and exterminating services;

27.25 (iv) detective, security, burglar, fire alarm, and armored car services; but not including
27.26 services performed within the jurisdiction they serve by off-duty licensed peace officers as
27.27 defined in section 626.84, subdivision 1, or services provided by a nonprofit organization
27.28 or any organization at the direction of a county for monitoring and electronic surveillance
27.29 of persons placed on in-home detention pursuant to court order or under the direction of the
27.30 Minnesota Department of Corrections;

27.31 (v) pet grooming services;

28.1 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting
28.2 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant
28.3 care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing
28.4 contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility
28.5 lines. Services performed under a construction contract for the installation of shrubbery,
28.6 plants, sod, trees, bushes, and similar items are not taxable;

28.7 (vii) massages, except when provided by a licensed health care facility or professional
28.8 or upon written referral from a licensed health care facility or professional for treatment of
28.9 illness, injury, or disease; and

28.10 (viii) the furnishing of lodging, board, and care services for animals in kennels and other
28.11 similar arrangements, but excluding veterinary and horse boarding services.

28.12 (h) A sale and a purchase includes the furnishing for a consideration of tangible personal
28.13 property or taxable services by the United States or any of its agencies or instrumentalities,
28.14 or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

28.15 (i) A sale and a purchase includes the furnishing for a consideration of
28.16 telecommunications services, ancillary services associated with telecommunication services,
28.17 and pay television services. Telecommunication services include, but are not limited to, the
28.18 following services, as defined in section 297A.669: air-to-ground radiotelephone service,
28.19 mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid
28.20 wireless calling service, and private communication services. The services in this paragraph
28.21 are taxed to the extent allowed under federal law.

28.22 (j) A sale and a purchase includes the furnishing for a consideration of installation if the
28.23 installation charges would be subject to the sales tax if the installation were provided by
28.24 the seller of the item being installed.

28.25 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a
28.26 customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor
28.27 vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02,
28.28 subdivision 11.

28.29 (l) A sale and a purchase includes furnishing for a consideration of specified digital
28.30 products or other digital products or granting the right for a consideration to use specified
28.31 digital products or other digital products on a temporary or permanent basis and regardless
28.32 of whether the purchaser is required to make continued payments for such right. Wherever
28.33 the term "tangible personal property" is used in this chapter, other than in subdivisions 10

29.1 and 38, the provisions also apply to specified digital products, or other digital products,
29.2 unless specifically provided otherwise or the context indicates otherwise.

29.3 Sec. 3. Minnesota Statutes 2016, section 297A.61, subdivision 4, is amended to read:

29.4 Subd. 4. **Retail sale.** (a) A "retail sale" means:

29.5 (1) any sale, lease, or rental of tangible personal property for any purpose, other than
29.6 resale, sublease, or subrent of items by the purchaser in the normal course of business as
29.7 defined in subdivision 21; and

29.8 (2) any sale of a service enumerated in subdivision 3, for any purpose other than resale
29.9 by the purchaser in the normal course of business as defined in subdivision 21.

29.10 (b) A sale of property used by the owner only by leasing it to others or by holding it in
29.11 an effort to lease it, and put to no use by the owner other than resale after the lease or effort
29.12 to lease, is a sale of property for resale.

29.13 (c) A sale of master computer software that is purchased and used to make copies for
29.14 sale or lease is a sale of property for resale.

29.15 (d) A sale of building materials, supplies, and equipment to owners, contractors,
29.16 subcontractors, or builders for the erection of buildings or the alteration, repair, or
29.17 improvement of real property is a retail sale in whatever quantity sold, whether the sale is
29.18 for purposes of resale in the form of real property or otherwise.

29.19 (e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for
29.20 installation of the floor covering is a retail sale and not a sale for resale since a sale of floor
29.21 covering which includes installation is a contract for the improvement of real property.

29.22 (f) A sale of shrubbery, plants, sod, trees, and similar items to a person who provides
29.23 for installation of the items is a retail sale and not a sale for resale since a sale of shrubbery,
29.24 plants, sod, trees, and similar items that includes installation is a contract for the improvement
29.25 of real property.

29.26 (g) A sale of tangible personal property that is awarded as prizes is a retail sale and is
29.27 not considered a sale of property for resale.

29.28 (h) A sale of tangible personal property utilized or employed in the furnishing or
29.29 providing of services under subdivision 3, paragraph (g), clause (1), including, but not
29.30 limited to, property given as promotional items, is a retail sale and is not considered a sale
29.31 of property for resale.

30.1 (i) A sale of tangible personal property used in conducting lawful gambling under chapter
30.2 349 or the State Lottery under chapter 349A, including, but not limited to, property given
30.3 as promotional items, is a retail sale and is not considered a sale of property for resale.

30.4 (j) a sale of machines, equipment, or devices that are used to furnish, provide, or dispense
30.5 goods or services, including, but not limited to, coin-operated devices, is a retail sale and
30.6 is not considered a sale of property for resale.

30.7 (k) In the case of a lease, a retail sale occurs (1) when an obligation to make a lease
30.8 payment becomes due under the terms of the agreement or the trade practices of the lessor
30.9 or (2) in the case of a lease of a motor vehicle, as defined in section 297B.01, subdivision
30.10 11, but excluding vehicles with a manufacturer's gross vehicle weight rating greater than
30.11 10,000 pounds and rentals of vehicles for not more than 28 days, at the time the lease is
30.12 executed.

30.13 (l) In the case of a conditional sales contract, a retail sale occurs upon the transfer of
30.14 title or possession of the tangible personal property.

30.15 (m) A sale of a bundled transaction in which one or more of the products included in
30.16 the bundle is a taxable product is a retail sale, except that if one of the products is a
30.17 telecommunication service, ancillary service, Internet access, or audio or video programming
30.18 service, and the seller has maintained books and records identifying through reasonable and
30.19 verifiable standards the portions of the price that are attributable to the distinct and separately
30.20 identifiable products, then the products are not considered part of a bundled transaction.
30.21 For purposes of this paragraph:

30.22 (1) the books and records maintained by the seller must be maintained in the regular
30.23 course of business, and do not include books and records created and maintained by the
30.24 seller primarily for tax purposes;

30.25 (2) books and records maintained in the regular course of business include, but are not
30.26 limited to, financial statements, general ledgers, invoicing and billing systems and reports,
30.27 and reports for regulatory tariffs and other regulatory matters; and

30.28 (3) books and records are maintained primarily for tax purposes when the books and
30.29 records identify taxable and nontaxable portions of the price, but the seller maintains other
30.30 books and records that identify different prices attributable to the distinct products included
30.31 in the same bundled transaction.

30.32 (n) A sale of motor vehicle repair paint and materials by a motor vehicle repair or body
30.33 shop business is a retail sale and the sales tax is imposed on the gross receipts from the retail

31.1 sale of the paint and materials. The motor vehicle repair or body shop that purchases motor
 31.2 vehicle repair paint and motor vehicle repair materials for resale must either:

31.3 (1) separately state each item of paint and each item of materials, and the sales price of
 31.4 each, on the invoice to the purchaser; or

31.5 (2) in order to calculate the sales price of the paint and materials, use a method which
 31.6 estimates the amount and monetary value of the paint and materials used in the repair of
 31.7 the motor vehicle by multiplying the number of labor hours by a rate of consideration for
 31.8 the paint and materials used in the repair of the motor vehicle following industry standard
 31.9 practices that fairly calculate the gross receipts from the retail sale of the motor vehicle
 31.10 repair paint and motor vehicle repair materials. An industry standard practice fairly calculates
 31.11 the gross receipts if the sales price of the paint and materials used or consumed in the repair
 31.12 of a motor vehicle equals or exceeds the purchase price paid by the motor vehicle repair or
 31.13 body shop business. Under this clause, the invoice must either separately state the "paint
 31.14 and materials" as a single taxable item, or separately state "paint" as a taxable item and
 31.15 "materials" as a taxable item. This clause does not apply to wholesale transactions at an
 31.16 auto auction facility.

31.17 (o) A sale of specified digital products or other digital products to an end user with or
 31.18 without rights of permanent use and regardless of whether rights of use are conditioned
 31.19 upon payment by the purchaser is a retail sale. When a digital code has been purchased that
 31.20 relates to specified digital products or other digital products, the subsequent receipt of or
 31.21 access to the related specified digital products or other digital products is not a retail sale.

31.22 (p) A payment made to a cooperative electric association or public utility as a contribution
 31.23 in aid of construction is a contract for improvement to real property and is not a retail sale.

31.24 (q) A sale of cannabis seeds, usable cannabis, cannabis-infused products, or cannabis
 31.25 accessories by a retail cannabis store is a retail sale and is not considered a sale of property
 31.26 for resale.

31.27 Sec. 4. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision to
 31.28 read:

31.29 Subd. 58. **Cannabis.** "Cannabis" has the meaning given in section 340B.01, subdivision
 31.30 4.

32.1 Sec. 5. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision to
32.2 read:

32.3 Subd. 59. **Cannabis accessories.** "Cannabis accessories" has the meaning given in
32.4 section 340B.01, subdivision 5.

32.5 Sec. 6. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision to
32.6 read:

32.7 Subd. 60. **Cannabis-infused products.** "Cannabis-infused products" has the meaning
32.8 given in section 340B.01, subdivision 7.

32.9 Sec. 7. Minnesota Statutes 2016, section 297A.61, is amended by adding a subdivision to
32.10 read:

32.11 Subd. 61. **Usable cannabis.** "Usable cannabis" has the meaning given in section 340B.01,
32.12 subdivision 20.

32.13 Sec. 8. Minnesota Statutes 2016, section 297A.62, subdivision 1, is amended to read:

32.14 Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or 3a or in this
32.15 chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined
32.16 in section 297A.61, subdivision 4, made in this state or to a destination in this state by a
32.17 person who is required to have or voluntarily obtains a permit under section 297A.83,
32.18 subdivision 1.

32.19 Sec. 9. Minnesota Statutes 2016, section 297A.62, is amended by adding a subdivision to
32.20 read:

32.21 Subd. 3a. **Cannabis rate.** A sales tax of 12 percent is imposed on the gross receipts
32.22 from the retail sales of cannabis seeds, usable cannabis, cannabis-infused products, cannabis
32.23 accessories, and the privilege of admission to a cannabis lounge made in this state.

32.24 Sec. 10. Minnesota Statutes 2016, section 297A.94, is amended to read:

32.25 **297A.94 DEPOSIT OF REVENUES.**

32.26 (a) Except as provided in this section, the commissioner shall deposit the revenues,
32.27 including interest and penalties, derived from the taxes imposed by this chapter in the state
32.28 treasury and credit them to the general fund.

33.1 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
33.2 account in the special revenue fund if:

33.3 (1) the taxes are derived from sales and use of property and services purchased for the
33.4 construction and operation of an agricultural resource project; and

33.5 (2) the purchase was made on or after the date on which a conditional commitment was
33.6 made for a loan guaranty for the project under section 41A.04, subdivision 3.

33.7 The commissioner of management and budget shall certify to the commissioner the date on
33.8 which the project received the conditional commitment. The amount deposited in the loan
33.9 guaranty account must be reduced by any refunds and by the costs incurred by the Department
33.10 of Revenue to administer and enforce the assessment and collection of the taxes.

33.11 (c) The commissioner shall deposit the revenues, including interest and penalties, derived
33.12 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,
33.13 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

33.14 (1) first to the general obligation special tax bond debt service account in each fiscal
33.15 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

33.16 (2) after the requirements of clause (1) have been met, the balance to the general fund.

33.17 (d) The commissioner shall deposit the revenues, including interest and penalties,
33.18 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
33.19 general fund. By July 15 of each year the commissioner shall transfer to the highway user
33.20 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
33.21 subdivision 5, for the previous calendar year.

33.22 (e) 72.43 percent of the revenues, including interest and penalties, transmitted to the
33.23 commissioner under section 297A.65, must be deposited by the commissioner in the state
33.24 treasury as follows:

33.25 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in
33.26 the game and fish fund, and may be spent only on activities that improve, enhance, or protect
33.27 fish and wildlife resources, including conservation, restoration, and enhancement of land,
33.28 water, and other natural resources of the state;

33.29 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
33.30 be spent only for state parks and trails;

33.31 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
33.32 be spent only on metropolitan park and trail grants;

34.1 (4) three percent of the receipts must be deposited in the natural resources fund, and
 34.2 may be spent only on local trail grants; and

34.3 (5) two percent of the receipts must be deposited in the natural resources fund, and may
 34.4 be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory,
 34.5 and the Duluth Zoo.

34.6 (f) The revenue dedicated under paragraph (e) may not be used as a substitute for
 34.7 traditional sources of funding for the purposes specified, but the dedicated revenue shall
 34.8 supplement traditional sources of funding for those purposes. Land acquired with money
 34.9 deposited in the game and fish fund under paragraph (e) must be open to public hunting
 34.10 and fishing during the open season, except that in aquatic management areas or on lands
 34.11 where angling easements have been acquired, fishing may be prohibited during certain times
 34.12 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
 34.13 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
 34.14 resources under paragraph (e) must be allocated for field operations.

34.15 (g) The commissioner shall deposit the revenues, including interest and penalties,
 34.16 collected from the taxes derived from the sales of cannabis seeds, usable cannabis,
 34.17 cannabis-infused products, cannabis accessories, and the privilege of admission to a cannabis
 34.18 lounge in the state treasury and deposit them in the cannabis fund under section 340B.25.

34.19 ~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues,
 34.20 including interest and penalties, generated by the sales tax imposed under section 297A.62,
 34.21 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
 34.22 article XI, section 15.

34.23 Sec. 11. Minnesota Statutes 2016, section 297A.99, subdivision 1, is amended to read:

34.24 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
 34.25 a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) under section
 34.26 297A.9935, (4) if permitted by special law, or ~~(4)~~ (5) if the political subdivision enacted
 34.27 and imposed the tax before January 1, 1982, and its predecessor provision.

34.28 (b) This section governs the imposition of a general sales tax by the political subdivision.
 34.29 The provisions of this section preempt the provisions of any special law:

34.30 (1) enacted before June 2, 1997, or

34.31 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
 34.32 provision from this section's rules by reference.

35.1 (c) This section does not apply to or preempt a sales tax on motor vehicles or a special
35.2 excise tax on motor vehicles.

35.3 (d) A political subdivision may not advertise or expend funds for the promotion of a
35.4 referendum to support imposing a local option sales tax.

35.5 (e) Notwithstanding paragraph (d), a political subdivision may expend funds to:

35.6 (1) conduct the referendum;

35.7 (2) disseminate information included in the resolution adopted under subdivision 2;

35.8 (3) provide notice of, and conduct public forums at which proponents and opponents on
35.9 the merits of the referendum are given equal time to express their opinions on the merits of
35.10 the referendum;

35.11 (4) provide facts and data on the impact of the proposed sales tax on consumer purchases;
35.12 and

35.13 (5) provide facts and data related to the programs and projects to be funded with the
35.14 sales tax.

35.15 **Sec. 12. [297A.9935] LOCAL CANNABIS TAX.**

35.16 Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a
35.17 statutory or home rule charter city may by ordinance, and a town may by the affirmative
35.18 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax
35.19 of up to three percent on the gross receipts from the retail sale of cannabis seeds, usable
35.20 cannabis, cannabis-infused products, cannabis accessories, or the privilege of admission to
35.21 a cannabis lounge.

35.22 Subd. 2. **Joint powers agreement.** Any statutory or home rule charter city, town, or
35.23 county when the county board is acting as a town board with respect to an unorganized
35.24 territory, may enter into a joint exercise of powers agreement pursuant to section 471.59
35.25 for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.

35.26 Subd. 3. **Collection.** The statutory or home rule charter city may agree with the
35.27 commissioner of revenue that a tax imposed pursuant to this section shall be collected by
35.28 the commissioner together with the tax imposed by chapter 297A, and subject to the same
35.29 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be
35.30 remitted to the city.

36.1 Sec. 13. Minnesota Statutes 2016, section 297D.06, is amended to read:

36.2 **297D.06 PHARMACEUTICALS EXCEPTION FOR LAWFUL POSSESSION.**

36.3 ~~Nothing in this chapter requires~~ The following persons are not required to pay the tax
36.4 under this chapter:

36.5 (1) persons registered under chapter 151 or lawfully in possession of cannabis or a
36.6 controlled substance;

36.7 (2) persons lawfully in possession of medical cannabis obtained according to sections
36.8 152.22 to 152.37;

36.9 (3) persons licensed to grow, process, and sell cannabis, usable cannabis, and
36.10 cannabis-infused products under chapter 340B;

36.11 (4) persons who have lawfully purchased usable cannabis or cannabis-infused products
36.12 from a retail cannabis store licensed under chapter 340B; and

36.13 (5) persons who are otherwise lawfully in possession of ~~marijuana~~ cannabis or a controlled
36.14 substance to pay the tax required under this chapter.

36.15 Sec. 14. **EFFECTIVE DATE.**

36.16 This article is effective for sales and purchases made after January 1, 2019, if the
36.17 constitutional amendment proposed in article 1, section 1, is adopted by the voters.

36.18 **ARTICLE 4**

36.19 **CONTROLLED SUBSTANCE ACT CONFORMING CHANGES**

36.20 Section 1. Minnesota Statutes 2016, section 152.01, subdivision 5a, is amended to read:

36.21 Subd. 5a. **Hallucinogen.** "Hallucinogen" means any hallucinogen listed in section 152.02,
36.22 subdivision 2, paragraph (d), or Minnesota Rules, part 6800.4210, item C, ~~except marijuana~~
36.23 ~~and Tetrahydrocannabinols.~~

36.24 Sec. 2. Minnesota Statutes 2016, section 152.02, subdivision 2, is amended to read:

36.25 Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

36.26 (b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the
36.27 following substances, including their analogs, isomers, esters, ethers, salts, and salts of
36.28 isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers,
36.29 and salts is possible:

- 37.1 (1) acetylmethadol;
- 37.2 (2) allylprodine;
- 37.3 (3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl
- 37.4 acetate);
- 37.5 (4) alphameprodine;
- 37.6 (5) alphamethadol;
- 37.7 (6) alpha-methylfentanyl benzethidine;
- 37.8 (7) betacetylmethadol;
- 37.9 (8) betameprodine;
- 37.10 (9) betamethadol;
- 37.11 (10) betaprodine;
- 37.12 (11) clonitazene;
- 37.13 (12) dextromoramide;
- 37.14 (13) diampromide;
- 37.15 (14) diethylambutene;
- 37.16 (15) difenoxin;
- 37.17 (16) dimenoxadol;
- 37.18 (17) dimepheptanol;
- 37.19 (18) dimethylambutene;
- 37.20 (19) dioxaphetyl butyrate;
- 37.21 (20) dipipanone;
- 37.22 (21) ethylmethylthiambutene;
- 37.23 (22) etonitazene;
- 37.24 (23) etoxeridine;
- 37.25 (24) furethidine;
- 37.26 (25) hydroxypethidine;
- 37.27 (26) ketobemidone;

- 38.1 (27) levomoramide;
- 38.2 (28) levophenacylmorphane;
- 38.3 (29) 3-methylfentanyl;
- 38.4 (30) acetyl-alpha-methylfentanyl;
- 38.5 (31) alpha-methylthiofentanyl;
- 38.6 (32) benzylfentanyl beta-hydroxyfentanyl;
- 38.7 (33) beta-hydroxy-3-methylfentanyl;
- 38.8 (34) 3-methylthiofentanyl;
- 38.9 (35) thenylfentanyl;
- 38.10 (36) thiofentanyl;
- 38.11 (37) para-fluorofentanyl;
- 38.12 (38) morpheridine;
- 38.13 (39) 1-methyl-4-phenyl-4-propionoxypiperidine;
- 38.14 (40) noracymethadol;
- 38.15 (41) norlevorphanol;
- 38.16 (42) normethadone;
- 38.17 (43) norpipanone;
- 38.18 (44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);
- 38.19 (45) phenadoxone;
- 38.20 (46) phenampromide;
- 38.21 (47) phenomorphan;
- 38.22 (48) phenoperidine;
- 38.23 (49) piritramide;
- 38.24 (50) proheptazine;
- 38.25 (51) properidine;
- 38.26 (52) propiram;
- 38.27 (53) racemoramide;

- 39.1 (54) tilidine;
- 39.2 (55) trimeperidine;
- 39.3 (56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl).
- 39.4 (c) Opium derivatives. Any of the following substances, their analogs, salts, isomers,
39.5 and salts of isomers, unless specifically excepted or unless listed in another schedule,
39.6 whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:
- 39.7 (1) acetorphine;
- 39.8 (2) acetyldihydrocodeine;
- 39.9 (3) benzylmorphine;
- 39.10 (4) codeine methylbromide;
- 39.11 (5) codeine-n-oxide;
- 39.12 (6) cyprenorphine;
- 39.13 (7) desomorphine;
- 39.14 (8) dihydromorphine;
- 39.15 (9) drotebanol;
- 39.16 (10) etorphine;
- 39.17 (11) heroin;
- 39.18 (12) hydromorphenol;
- 39.19 (13) methyl-desorphine;
- 39.20 (14) methyldihydromorphine;
- 39.21 (15) morphine methylbromide;
- 39.22 (16) morphine methylsulfonate;
- 39.23 (17) morphine-n-oxide;
- 39.24 (18) myrophine;
- 39.25 (19) nicocodeine;
- 39.26 (20) nicomorphine;
- 39.27 (21) normorphine;
- 39.28 (22) pholcodine;

40.1 (23) thebacon.

40.2 (d) Hallucinogens. Any material, compound, mixture or preparation which contains any
40.3 quantity of the following substances, their analogs, salts, isomers (whether optical, positional,
40.4 or geometric), and salts of isomers, unless specifically excepted or unless listed in another
40.5 schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is
40.6 possible:

40.7 (1) methylenedioxy amphetamine;

40.8 (2) methylenedioxymethamphetamine;

40.9 (3) methylenedioxy-N-ethylamphetamine (MDEA);

40.10 (4) n-hydroxy-methylenedioxyamphetamine;

40.11 (5) 4-bromo-2,5-dimethoxyamphetamine (DOB);

40.12 (6) 2,5-dimethoxyamphetamine (2,5-DMA);

40.13 (7) 4-methoxyamphetamine;

40.14 (8) 5-methoxy-3, 4-methylenedioxyamphetamine;

40.15 (9) alpha-ethyltryptamine;

40.16 (10) bufotenine;

40.17 (11) diethyltryptamine;

40.18 (12) dimethyltryptamine;

40.19 (13) 3,4,5-trimethoxyamphetamine;

40.20 (14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);

40.21 (15) ibogaine;

40.22 (16) lysergic acid diethylamide (LSD);

40.23 (17) mescaline;

40.24 (18) parahexyl;

40.25 (19) N-ethyl-3-piperidyl benzilate;

40.26 (20) N-methyl-3-piperidyl benzilate;

40.27 (21) psilocybin;

40.28 (22) psilocyn;

- 41.1 (23) tenocyclidine (TPCP or TCP);
- 41.2 (24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
- 41.3 (25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
- 41.4 (26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
- 41.5 (27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
- 41.6 (28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
- 41.7 (29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
- 41.8 (30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
- 41.9 (31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
- 41.10 (32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);
- 41.11 (33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
- 41.12 (34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
- 41.13 (35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
- 41.14 (36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
- 41.15 (37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
- 41.16 (38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine
- 41.17 (2-CB-FLY);
- 41.18 (39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
- 41.19 (40) alpha-methyltryptamine (AMT);
- 41.20 (41) N,N-diisopropyltryptamine (DiPT);
- 41.21 (42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
- 41.22 (43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
- 41.23 (44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
- 41.24 (45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
- 41.25 (46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
- 41.26 (47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
- 41.27 (48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);

- 42.1 (49) 5-methoxy- α -methyltryptamine (5-MeO-AMT);
- 42.2 (50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
- 42.3 (51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
- 42.4 (52) 5-methoxy-N-methyl-N-propyltryptamine (5-MeO-MiPT);
- 42.5 (53) 5-methoxy- α -ethyltryptamine (5-MeO-AET);
- 42.6 (54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
- 42.7 (55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
- 42.8 (56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
- 42.9 (57) methoxetamine (MXE);
- 42.10 (58) 5-iodo-2-aminoindane (5-IAI);
- 42.11 (59) 5,6-methylenedioxy-2-aminoindane (MDAI);
- 42.12 (60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);
- 42.13 (61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);
- 42.14 (62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);
- 42.15 (63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);
- 42.16 (64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);
- 42.17 (65) N,N-Dipropyltryptamine (DPT);
- 42.18 (66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);
- 42.19 (67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);
- 42.20 (68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);
- 42.21 (69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);
- 42.22 (70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethyl-norketamine,
42.23 ethketamine, NENK); and
- 42.24 (71) methylenedioxy-N,N-dimethylamphetamine (MDDMA).
- 42.25 (e) Peyote. All parts of the plant presently classified botanically as *Lophophora williamsii*
42.26 Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant,
42.27 and every compound, manufacture, salts, derivative, mixture, or preparation of the plant,
42.28 its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not

43.1 apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian
43.2 Church, and members of the American Indian Church are exempt from registration. Any
43.3 person who manufactures peyote for or distributes peyote to the American Indian Church,
43.4 however, is required to obtain federal registration annually and to comply with all other
43.5 requirements of law.

43.6 (f) Central nervous system depressants. Unless specifically excepted or unless listed in
43.7 another schedule, any material compound, mixture, or preparation which contains any
43.8 quantity of the following substances, their analogs, salts, isomers, and salts of isomers
43.9 whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

43.10 (1) mecloqualone;

43.11 (2) methaqualone;

43.12 (3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

43.13 (4) flunitrazepam; and

43.14 (5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine,
43.15 methoxyketamine).

43.16 (g) Stimulants. Unless specifically excepted or unless listed in another schedule, any
43.17 material compound, mixture, or preparation which contains any quantity of the following
43.18 substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the
43.19 analogs, salts, isomers, and salts of isomers is possible:

43.20 (1) aminorex;

43.21 (2) cathinone;

43.22 (3) fenethylamine;

43.23 (4) methcathinone;

43.24 (5) methylaminorex;

43.25 (6) N,N-dimethylamphetamine;

43.26 (7) N-benzylpiperazine (BZP);

43.27 (8) methylmethcathinone (mephedrone);

43.28 (9) 3,4-methylenedioxy-N-methylcathinone (methylone);

43.29 (10) methoxymethcathinone (methedrone);

43.30 (11) methylenedioxypyrovalerone (MDPV);

- 44.1 (12) 3-fluoro-N-methylcathinone (3-FMC);
- 44.2 (13) methylethcathinone (MEC);
- 44.3 (14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
- 44.4 (15) dimethylmethcathinone (DMMC);
- 44.5 (16) fluoroamphetamine;
- 44.6 (17) fluoromethamphetamine;
- 44.7 (18) α -methylaminobutyrophenone (MABP or buphedrone);
- 44.8 (19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);
- 44.9 (20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);
- 44.10 (21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or
- 44.11 naphyrone);
- 44.12 (22) (alpha-pyrrolidinopentiophenone (alpha-PVP);
- 44.13 (23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);
- 44.14 (24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);
- 44.15 (25) 4-methyl-N-ethylcathinone (4-MEC);
- 44.16 (26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);
- 44.17 (27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);
- 44.18 (28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);
- 44.19 (29) 4-fluoro-N-methylcathinone (4-FMC);
- 44.20 (30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);
- 44.21 (31) alpha-pyrrolidinobutiophenone (α -PBP);
- 44.22 (32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);
- 44.23 (33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);
- 44.24 (34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB); and
- 44.25 (35) any other substance, except bupropion or compounds listed under a different
- 44.26 schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the
- 44.27 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the
- 44.28 compound is further modified in any of the following ways:

45.1 (i) by substitution in the ring system to any extent with alkyl, alkylendioxy, alkoxy,
45.2 haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring
45.3 system by one or more other univalent substituents;

45.4 (ii) by substitution at the 3-position with an acyclic alkyl substituent;

45.5 (iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or
45.6 methoxybenzyl groups; or

45.7 (iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

45.8 (h) ~~Marijuana, tetrahydrocannabinols, and~~ Synthetic cannabinoids. Unless specifically
45.9 excepted or unless listed in another schedule, any ~~natural~~ or synthetic material, compound,
45.10 mixture, or preparation that contains any quantity of the following substances, their analogs,
45.11 isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence
45.12 of the isomers, esters, ethers, or salts is possible:

45.13 (1) ~~marijuana;~~

45.14 ~~(2) tetrahydrocannabinols naturally contained in a plant of the genus Cannabis;~~ synthetic
45.15 equivalents of the substances contained in the cannabis plant or in the resinous extractives
45.16 of the plant, or synthetic substances with similar chemical structure and pharmacological
45.17 activity to those substances contained in the plant or resinous extract, including, but not
45.18 limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4
45.19 cis or trans tetrahydrocannabinol;

45.20 ~~(3)~~ (2) synthetic cannabinoids, including the following substances:

45.21 (i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole
45.22 structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl,
45.23 alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or
45.24 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any
45.25 extent and whether or not substituted in the naphthyl ring to any extent. Examples of
45.26 naphthoylindoles include, but are not limited to:

45.27 (A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

45.28 (B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

45.29 (C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

45.30 (D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

45.31 (E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

46.1 (F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

46.2 (G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

46.3 (H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

46.4 (I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

46.5 (J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

46.6 (ii) Naphthylmethyloindoles, which are any compounds containing a
46.7 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the
46.8 indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,
46.9 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further
46.10 substituted in the indole ring to any extent and whether or not substituted in the naphthyl
46.11 ring to any extent. Examples of naphthylmethyloindoles include, but are not limited to:

46.12 (A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

46.13 (B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

46.14 (iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole
46.15 structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl,
46.16 alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or
46.17 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any
46.18 extent, whether or not substituted in the naphthyl ring to any extent. Examples of
46.19 naphthoylpyrroles include, but are not limited to,
46.20 (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

46.21 (iv) Naphthylmethyloindenes, which are any compounds containing a naphthylideneindene
46.22 structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl,
46.23 cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or
46.24 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any
46.25 extent, whether or not substituted in the naphthyl ring to any extent. Examples of
46.26 naphthylmethyloindenes include, but are not limited to,
46.27 E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

46.28 (v) Phenylacetyloindoles, which are any compounds containing a 3-phenylacetyloindole
46.29 structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl,
46.30 alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or
46.31 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any
46.32 extent, whether or not substituted in the phenyl ring to any extent. Examples of
46.33 phenylacetyloindoles include, but are not limited to:

- 47.1 (A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);
- 47.2 (B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);
- 47.3 (C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);
- 47.4 (D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).
- 47.5 (vi) Cyclohexylphenols, which are compounds containing a
- 47.6 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic
- 47.7 ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl,
- 47.8 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted
- 47.9 in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not
- 47.10 limited to:
- 47.11 (A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);
- 47.12 (B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol
- 47.13 (Cannabicyclohexanol or CP 47,497 C8 homologue);
- 47.14 (C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]
- 47.15 -phenol (CP 55,940).
- 47.16 (vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure
- 47.17 with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl,
- 47.18 cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or
- 47.19 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any
- 47.20 extent and whether or not substituted in the phenyl ring to any extent. Examples of
- 47.21 benzoylindoles include, but are not limited to:
- 47.22 (A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);
- 47.23 (B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);
- 47.24 (C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN
- 47.25 48,098 or Pravadoline).
- 47.26 (viii) Others specifically named:
- 47.27 (A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)
- 47.28 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);
- 47.29 (B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)
- 47.30 -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

- 48.1 (C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]
48.2 -1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);
- 48.3 (D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);
- 48.4 (E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone
48.5 (XLR-11);
- 48.6 (F) 1-pentyl-N-tricyclo[3.3.1.1^{3,7}]dec-1-yl-1H-indazole-3-carboxamide
48.7 (AKB-48(APINACA));
- 48.8 (G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide
48.9 (5-Fluoro-AKB-48);
- 48.10 (H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);
- 48.11 (I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);
- 48.12 (J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole-3-carboxamide
48.13 (AB-PINACA);
- 48.14 (K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]-
48.15 1H-indazole-3-carboxamide (AB-FUBINACA);
- 48.16 (L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H-
48.17 indazole-3-carboxamide(AB-CHMINACA);
- 48.18 (M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3-methylbutanoate
48.19 (5-fluoro-AMB);
- 48.20 (N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);
- 48.21 (O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone
48.22 (FUBIMINA);
- 48.23 (P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo
48.24 [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);
- 48.25 (Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)
48.26 -1H-indole-3-carboxamide (5-fluoro-ABICA);
- 48.27 (R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)
48.28 -1H-indole-3-carboxamide;
- 48.29 (S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)
48.30 -1H-indazole-3-carboxamide;

- 49.1 (T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate;
- 49.2 (U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)-1
- 49.3 H-indazole-3-carboxamide (MAB-CHMINACA);
- 49.4 (V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide
- 49.5 (ADB-PINACA);
- 49.6 (W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);
- 49.7 (X)
- 49.8 N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide.
- 49.9 (APP-CHMINACA); and
- 49.10 (Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22).
- 49.11 (i) A controlled substance analog, to the extent that it is implicitly or explicitly intended
- 49.12 for human consumption.

49.13 Sec. 3. Minnesota Statutes 2016, section 152.021, subdivision 1, is amended to read:

49.14 Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the first

49.15 degree if:

49.16 (1) on one or more occasions within a 90-day period the person unlawfully sells one or

49.17 more mixtures of a total weight of 17 grams or more containing cocaine or methamphetamine;

49.18 (2) on one or more occasions within a 90-day period the person unlawfully sells one or

49.19 more mixtures of a total weight of ten grams or more containing cocaine or methamphetamine

49.20 and:

49.21 (i) the person or an accomplice possesses on their person or within immediate reach, or

49.22 uses, whether by brandishing, displaying, threatening with, or otherwise employing, a

49.23 firearm; or

49.24 (ii) the offense involves two aggravating factors;

49.25 (3) on one or more occasions within a 90-day period the person unlawfully sells one or

49.26 more mixtures of a total weight of ten grams or more containing heroin;

49.27 (4) on one or more occasions within a 90-day period the person unlawfully sells one or

49.28 more mixtures of a total weight of 50 grams or more containing a narcotic drug other than

49.29 cocaine, heroin, or methamphetamine; or

49.30 (5) on one or more occasions within a 90-day period the person unlawfully sells one or

49.31 more mixtures of a total weight of 50 grams or more containing amphetamine, phencyclidine,

50.1 or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 200 or
 50.2 more dosage units; ~~or~~.

50.3 ~~(6) on one or more occasions within a 90-day period the person unlawfully sells one or~~
 50.4 ~~more mixtures of a total weight of 25 kilograms or more containing marijuana or~~
 50.5 ~~Tetrahydrocannabinols.~~

50.6 Sec. 4. Minnesota Statutes 2016, section 152.021, subdivision 2, is amended to read:

50.7 Subd. 2. **Possession crimes.** (a) A person is guilty of a controlled substance crime in
 50.8 the first degree if:

50.9 (1) the person unlawfully possesses one or more mixtures of a total weight of 50 grams
 50.10 or more containing cocaine or methamphetamine;

50.11 (2) the person unlawfully possesses one or more mixtures of a total weight of 25 grams
 50.12 or more containing cocaine or methamphetamine and:

50.13 (i) the person or an accomplice possesses on their person or within immediate reach, or
 50.14 uses, whether by brandishing, displaying, threatening with, or otherwise employing, a
 50.15 firearm; or

50.16 (ii) the offense involves two aggravating factors;

50.17 (3) the person unlawfully possesses one or more mixtures of a total weight of 25 grams
 50.18 or more containing heroin;

50.19 (4) the person unlawfully possesses one or more mixtures of a total weight of 500 grams
 50.20 or more containing a narcotic drug other than cocaine, heroin, or methamphetamine; or

50.21 (5) the person unlawfully possesses one or more mixtures of a total weight of 500 grams
 50.22 or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled
 50.23 substance is packaged in dosage units, equaling 500 or more dosage units; ~~or~~.

50.24 ~~(6) the person unlawfully possesses one or more mixtures of a total weight of 50~~
 50.25 ~~kilograms or more containing marijuana or Tetrahydrocannabinols, or possesses 500 or~~
 50.26 ~~more marijuana plants.~~

50.27 ~~(b) For the purposes of this subdivision, the weight of fluid used in a water pipe may~~
 50.28 ~~not be considered in measuring the weight of a mixture except in cases where the mixture~~
 50.29 ~~contains four or more fluid ounces of fluid.~~

51.1 Sec. 5. Minnesota Statutes 2016, section 152.022, subdivision 1, is amended to read:

51.2 Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the
51.3 second degree if:

51.4 (1) on one or more occasions within a 90-day period the person unlawfully sells one or
51.5 more mixtures of a total weight of ten grams or more containing a narcotic drug other than
51.6 heroin;

51.7 (2) on one or more occasions within a 90-day period the person unlawfully sells one or
51.8 more mixtures of a total weight of three grams or more containing cocaine or
51.9 methamphetamine and:

51.10 (i) the person or an accomplice possesses on their person or within immediate reach, or
51.11 uses, whether by brandishing, displaying, threatening with, or otherwise employing, a
51.12 firearm; or

51.13 (ii) the offense involves three aggravating factors;

51.14 (3) on one or more occasions within a 90-day period the person unlawfully sells one or
51.15 more mixtures of a total weight of three grams or more containing heroin;

51.16 (4) on one or more occasions within a 90-day period the person unlawfully sells one or
51.17 more mixtures of a total weight of ten grams or more containing amphetamine, phencyclidine,
51.18 or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or
51.19 more dosage units;

51.20 ~~(5) on one or more occasions within a 90-day period the person unlawfully sells one or~~
51.21 ~~more mixtures of a total weight of ten kilograms or more containing marijuana or~~
51.22 ~~Tetrahydrocannabinols;~~

51.23 ~~(6)~~ the person unlawfully sells any amount of a Schedule I or II narcotic drug to a person
51.24 under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully
51.25 sell the substance; or

51.26 ~~(7)~~ (6) the person unlawfully sells any of the following in a school zone, a park zone, a
51.27 public housing zone, or a drug treatment facility:

51.28 (i) any amount of a Schedule I or II narcotic drug, lysergic acid diethylamide (LSD),
51.29 3,4-methylenedioxy amphetamine, or 3,4-methylenedioxymethamphetamine; or

51.30 (ii) one or more mixtures containing methamphetamine or amphetamine; ~~or~~ or

51.31 ~~(iii) one or more mixtures of a total weight of five kilograms or more containing marijuana~~
51.32 ~~or Tetrahydrocannabinols.~~

52.1 Sec. 6. Minnesota Statutes 2016, section 152.022, subdivision 2, is amended to read:

52.2 Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the
52.3 second degree if:

52.4 (1) the person unlawfully possesses one or more mixtures of a total weight of 25 grams
52.5 or more containing cocaine or methamphetamine;

52.6 (2) the person unlawfully possesses one or more mixtures of a total weight of ten grams
52.7 or more containing cocaine or methamphetamine and:

52.8 (i) the person or an accomplice possesses on their person or within immediate reach, or
52.9 uses, whether by brandishing, displaying, threatening with, or otherwise employing, a
52.10 firearm; or

52.11 (ii) the offense involves three aggravating factors;

52.12 (3) the person unlawfully possesses one or more mixtures of a total weight of six grams
52.13 or more containing heroin;

52.14 (4) the person unlawfully possesses one or more mixtures of a total weight of 50 grams
52.15 or more containing a narcotic drug other than cocaine, heroin, or methamphetamine; or

52.16 (5) the person unlawfully possesses one or more mixtures of a total weight of 50 grams
52.17 or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled
52.18 substance is packaged in dosage units, equaling 100 or more dosage units; ~~or.~~

52.19 ~~(6) the person unlawfully possesses one or more mixtures of a total weight of 25~~
52.20 ~~kilograms or more containing marijuana or Tetrahydrocannabinols, or possesses 100 or~~
52.21 ~~more marijuana plants.~~

52.22 (b) For the purposes of this subdivision, the weight of fluid used in a water pipe may
52.23 not be considered in measuring the weight of a mixture except in cases where the mixture
52.24 contains four or more fluid ounces of fluid.

52.25 Sec. 7. Minnesota Statutes 2016, section 152.023, subdivision 1, is amended to read:

52.26 Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the third
52.27 degree if:

52.28 (1) the person unlawfully sells one or more mixtures containing a narcotic drug;

52.29 (2) on one or more occasions within a 90-day period the person unlawfully sells one or
52.30 more mixtures containing phencyclidine or hallucinogen, it is packaged in dosage units,
52.31 and equals ten or more dosage units;

53.1 (3) the person unlawfully sells one or more mixtures containing a controlled substance
 53.2 classified in Schedule I, II, or III, except a Schedule I or II narcotic drug, to a person under
 53.3 the age of 18; or

53.4 (4) the person conspires with or employs a person under the age of 18 to unlawfully sell
 53.5 one or more mixtures containing a controlled substance listed in Schedule I, II, or III, except
 53.6 a Schedule I or II narcotic drug; ~~or.~~

53.7 ~~(5) on one or more occasions within a 90-day period the person unlawfully sells one or~~
 53.8 ~~more mixtures of a total weight of five kilograms or more containing marijuana or~~
 53.9 ~~Tetrahydrocannabinols.~~

53.10 Sec. 8. Minnesota Statutes 2016, section 152.023, subdivision 2, is amended to read:

53.11 Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the
 53.12 third degree if:

53.13 (1) on one or more occasions within a 90-day period the person unlawfully possesses
 53.14 one or more mixtures of a total weight of ten grams or more containing a narcotic drug other
 53.15 than heroin;

53.16 (2) on one or more occasions within a 90-day period the person unlawfully possesses
 53.17 one or more mixtures of a total weight of three grams or more containing heroin;

53.18 (3) on one or more occasions within a 90-day period the person unlawfully possesses
 53.19 one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals
 53.20 50 or more dosage units;

53.21 (4) on one or more occasions within a 90-day period the person unlawfully possesses
 53.22 any amount of a schedule I or II narcotic drug or five or more dosage units of lysergic acid
 53.23 diethylamide (LSD), 3,4-methylenedioxy amphetamine, or
 53.24 3,4-methylenedioxymethamphetamine in a school zone, a park zone, a public housing zone,
 53.25 or a drug treatment facility; or

53.26 ~~(5) on one or more occasions within a 90-day period the person unlawfully possesses~~
 53.27 ~~one or more mixtures of a total weight of ten kilograms or more containing marijuana or~~
 53.28 ~~Tetrahydrocannabinols; or~~

53.29 ~~(6)~~ (5) the person unlawfully possesses one or more mixtures containing
 53.30 methamphetamine or amphetamine in a school zone, a park zone, a public housing zone,
 53.31 or a drug treatment facility.

54.1 (b) For the purposes of this subdivision, the weight of fluid used in a water pipe may
 54.2 not be considered in measuring the weight of a mixture except in cases where the mixture
 54.3 contains four or more fluid ounces of fluid.

54.4 Sec. 9. Minnesota Statutes 2016, section 152.024, subdivision 1, is amended to read:

54.5 Subdivision 1. **Sale crimes.** A person is guilty of controlled substance crime in the fourth
 54.6 degree if:

54.7 (1) the person unlawfully sells one or more mixtures containing a controlled substance
 54.8 classified in Schedule I, II, or III, ~~except marijuana or Tetrahydrocannabinols;~~

54.9 (2) the person unlawfully sells one or more mixtures containing a controlled substance
 54.10 classified in Schedule IV or V to a person under the age of 18; or

54.11 (3) the person conspires with or employs a person under the age of 18 to unlawfully sell
 54.12 a controlled substance classified in Schedule IV or V; ~~or.~~

54.13 ~~(4) the person unlawfully sells any amount of marijuana or Tetrahydrocannabinols in a~~
 54.14 ~~school zone, a park zone, a public housing zone, or a drug treatment facility, except a small~~
 54.15 ~~amount for no remuneration.~~

54.16 Sec. 10. Minnesota Statutes 2016, section 152.024, subdivision 2, is amended to read:

54.17 Subd. 2. **Possession crimes.** A person is guilty of controlled substance crime in the
 54.18 fourth degree if:

54.19 (1) the person unlawfully possesses one or more mixtures containing phencyclidine or
 54.20 hallucinogen, it is packaged in dosage units, and equals ten or more dosage units; or

54.21 (2) the person unlawfully possesses one or more mixtures containing a controlled
 54.22 substance classified in Schedule I, II, or III, ~~except marijuana or Tetrahydrocannabinols,~~
 54.23 with the intent to sell it.

54.24 Sec. 11. Minnesota Statutes 2016, section 152.025, subdivision 1, is amended to read:

54.25 Subdivision 1. **Sale crimes.** A person is guilty of a controlled substance crime in the
 54.26 fifth degree and upon conviction may be sentenced as provided in subdivision 4 if:

54.27 ~~(1) the person unlawfully sells one or more mixtures containing marijuana or~~
 54.28 ~~tetrahydrocannabinols, except a small amount of marijuana for no remuneration; or~~

54.29 ~~(2) the person unlawfully sells one or more mixtures containing a controlled substance~~
 54.30 ~~classified in Schedule IV.~~

55.1 Sec. 12. Minnesota Statutes 2016, section 152.096, subdivision 1, is amended to read:

55.2 Subdivision 1. **Prohibited acts; penalties.** Any person who conspires to commit any
55.3 act prohibited by this chapter, ~~except possession or distribution for no remuneration of a~~
55.4 ~~small amount of marijuana as defined in section 152.01, subdivision 16,~~ is guilty of a felony
55.5 and upon conviction may be imprisoned, fined, or both, up to the maximum amount
55.6 authorized by law for the act the person conspired to commit.

55.7 Sec. 13. **REPEALER.**

55.8 Minnesota Statutes 2016, sections 152.01, subdivision 16; and 152.027, subdivisions 3
55.9 and 4, are repealed.

55.10 Sec. 14. **EFFECTIVE DATE.**

55.11 This article is effective January 1, 2019, if the constitutional amendment proposed in
55.12 article 1, section 1, is adopted by the voters.

APPENDIX
Article locations in 17-1493

ARTICLE 1	CONSTITUTIONAL AMENDMENT	Page.Ln 1.16
ARTICLE 2	MINNESOTA CANNABIS ACT	Page.Ln 2.29
ARTICLE 3	CANNABIS TAXATION	Page.Ln 24.1
ARTICLE 4	CONTROLLED SUBSTANCE ACT CONFORMING CHANGES	Page.Ln 36.18

152.01 DEFINITIONS.

Subd. 16. **Small amount.** "Small amount" as applied to marijuana means 42.5 grams or less. This provision shall not apply to the resinous form of marijuana. The weight of fluid used in a water pipe may not be considered in determining a small amount except in cases where the marijuana is mixed with four or more fluid ounces of fluid.

152.027 OTHER CONTROLLED SUBSTANCE OFFENSES.

Subd. 3. **Possession of marijuana in a motor vehicle.** A person is guilty of a misdemeanor if the person is the owner of a private motor vehicle, or is the driver of the motor vehicle if the owner is not present, and possesses on the person, or knowingly keeps or allows to be kept within the area of the vehicle normally occupied by the driver or passengers, more than 1.4 grams of marijuana. This area of the vehicle does not include the trunk of the motor vehicle if the vehicle is equipped with a trunk, or another area of the vehicle not normally occupied by the driver or passengers if the vehicle is not equipped with a trunk. A utility or glove compartment is deemed to be within the area occupied by the driver and passengers.

Subd. 4. **Possession or sale of small amounts of marijuana.** (a) A person who unlawfully sells a small amount of marijuana for no remuneration, or who unlawfully possesses a small amount of marijuana is guilty of a petty misdemeanor and shall be required to participate in a drug education program unless the court enters a written finding that a drug education program is inappropriate. The program must be approved by an area mental health board with a curriculum approved by the state alcohol and drug abuse authority.

(b) A person convicted of an unlawful sale under paragraph (a) who is subsequently convicted of an unlawful sale under paragraph (a) within two years is guilty of a misdemeanor and shall be required to participate in a chemical dependency evaluation and treatment if so indicated by the evaluation.

(c) A person who is convicted of a petty misdemeanor under paragraph (a) who willfully and intentionally fails to comply with the sentence imposed, is guilty of a misdemeanor. Compliance with the terms of the sentence imposed before conviction under this paragraph is an absolute defense.