



Cannabis Items in the Governor's March 17th Revised Supplemental Budget Recommendations

Expenditures

- \$59,000 in FY 22-23 and \$58,000 in FY 24-25 to the Department of Education to identify model programs that may be used to educate middle and high school youth on the health effects on children and adolescents of cannabis use and substance use.
- \$500,000 in FY 22-23 and \$1M in FY 24-25 to the Office of Higher Education for the Dual Training Grant program fund for grants to employers in the legal cannabis industry for dual training competency programs.
- \$1.3M in FY 22-23 and \$10.7M in FY 24-25 to the Department of Human Services to establish and administer the Substance Use Disorder Advisory Council whose purpose will be to develop and implement a comprehensive statewide approach to substance use disorder prevention and treatment. This recommendation establishes a substance use disorder treatment and prevention grant account and provides grant funding starting in FY 2024. This recommendation also includes administrative funding to provide for the expungement of non-violent offenses involving cannabis.
- \$9.9M in FY 22-23 and \$16.7M in FY 24-25 to the Department of Health for youth cannabis use prevention, education for pregnant and breastfeeding women about the health effects of cannabis use, data collection on cannabis use rates in Minnesota, and new standards for contaminants found in cannabis and related products.
- \$545,000 in FY 22-23 and FY 24-25 to the MN Supreme Court.

- A decrease of \$177,000 in FY 22-23 and \$752,000 in FY 24-25 to the Department of Corrections.
- \$7.2M in FY 22-23 and \$11.8M in FY 24-25 to the Department of Public Safety.
- \$921,000 in FY 22-23 and \$1.7M in FY 24-25 to a new Cannabis Expungement Board.
- \$538,000 in FY 22-23 and \$580,000 in FY 24-25 to the Pollution Control Agency for the adoption of rules related to the establishment of water, energy, odor, and solid waste environmental standards for cannabis businesses.
- \$299,000 in FY 22-23 and \$0 in FY 24-25 to the Department of Natural Resources for training of DNR Enforcement Officers relating to the new cannabis regulatory system and requirements and for the enforcement of environmental standards.
- \$975,000 in FY 22-23 and \$6.8M in FY 24-25 to the Department of Agriculture.
- \$13.6M in FY 22-23 and \$25.2M in FY 24-25 to a new Cannabis Management Office responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products.
- \$63,000 in FY 22-23 and \$682,000 in FY 24-25 to the Department of Commerce to support increased staffing and equipment for the Department's Weights and Measures Division to facilitate accurate statewide monitoring as cannabis moves through the marketplace.
- \$6.2M in FY 22-23 and \$10.9M in FY 24-25 to the Department of Employment and Economic Development to establish cannabis industry navigation, training, and startup financing grant programs.
- \$121,000 in FY 22-23 and \$242,000 in FY 24-25 to the Department of Labor and Industry to support employers in the legal cannabis industry to build their own dual-training programs, which combines structured on-the-job training

with formal related education, in the statutorily allowed industries within DLI's Minnesota Dual-Training Pipeline.

- \$4.3M in FY 22-23 and \$8M in FY 24-25 to the Department of Revenue for collecting and administering the new gross receipts tax on adult-use cannabis products. The administrative costs include system programming, additional enforcement, and a new space to allow for collection of cash tax payments.

Revenues

- Tax revenues from a new 10% gross receipts tax and state sales tax on adult-use cannabis products to be accrued as follows in FY 24-25:
 - \$63.9M to the General Fund
 - \$462,000 to the Outdoor Heritage Fund
 - \$276,000 to the Arts & Culture Heritage Fund
 - \$462,000 to the Clean Water Fund
 - \$200,000 to the Parks and Trails Fund
- Reduction in fee revenues of \$5.6M in FY 22-23 and \$15.9M in FY 24-25 resulting from reducing annual medical cannabis patient enrollment fees from \$200 (non-Medical Assistance enrollees) or \$50 (Medical Assistance enrollees) per year to \$40 per year for all patients beginning in fiscal year 2023. Although the requested fee revenue will reduce overall revenue collections, the program will still be in balance as current revenue projections are expected to be greater than expenditures.
- Revenues to the Department of Agriculture's budget of \$141,000 in FY 22-23 and \$1.9M in FY 24-25
- Revenues of \$2.9M in FY 22-23 and \$12M in FY 24-25 from a new Cannabis Management Office.