

# Minnesota Skips Cannabis License Pre-Approvals After Lawsuits

## Minnesota Cannabis Licensing Process Moves Forward After Court-Ordered Delay

The Minnesota Office of Cannabis Management (OCM) has announced its next actions in launching the state's cannabis industry, following a significant ruling from the Ramsey County District Court. The court recently issued a decision to halt the cannabis license preapproval lottery, originally scheduled for November 26, 2024. This decision, stemming from a legal challenge filed by rejected applicants, forced the OCM to reconsider its original timeline. In response, the OCM has confirmed it will move forward with a new licensing cycle that will begin in early 2025, ensuring that the cannabis market in Minnesota remains on track for launch, albeit with a revised approach.

### Court Ruling Forces OCM to End License Preapproval Process

The OCM's initial plan was to conduct a preapproval process for cannabis licenses to streamline the application process and give priority to social equity applicants. However, a recent ruling by Judge Stephen Smith of Ramsey County District Court paused the planned lottery, after it was challenged by applicants who felt the process was unfair. This legal delay removed the early-mover advantage that the preapproval process was meant to offer social equity applicants, who were to receive preferential treatment as part of the state's cannabis equity initiative.

In response to the court's decision, the OCM announced it will be moving forward with a more standardized licensing process for both social equity and general applicants. The transition to a new, open licensing cycle aims to balance the original goals of promoting social equity with the need to avoid further market delays due to the ongoing legal challenges.

### Next Steps for Pre-Approved Applicants

A total of 648 applicants who qualified in the pre-approval process will see their applications automatically moved forward in the next licensing cycle. These applicants, who had initially been granted pre-approval, will not have to go through the lottery process if they applied for a license that is not capped by statute. These licenses will proceed through a streamlined process, with applicants continuing their steps toward securing a cannabis license.

However, applicants who had applied for licenses subject to a lottery will now enter the social equity lottery. If they are not selected in this lottery, they will have another chance to apply through the general lottery. This ensures that even those who were not initially granted a license under the social equity track will still have a fair chance of securing a license in the new cycle.

OCM also plans to notify all applicants who were denied in the pre-approval process about their next options. These applicants will be allowed to continue in the general licensing cycle or may choose to withdraw from

the process entirely, with the opportunity to receive a refund of their application fee.

## **A Commitment to Social Equity**

One of the key components of the original legislation was the creation of a licensing process that prioritized social equity applicants—those from communities disproportionately affected by the war on drugs. With the court’s ruling, which delayed the initial pre-approval process, the OCM is determined to preserve as much of the social equity initiative as possible.

The OCM’s new approach, which eliminates the pre-approval process, allows these applicants to move forward with the broader licensing cycle and gives them a second chance to compete for licenses. OCM is committed to ensuring fairness throughout the process, continuing to work with partner agencies to monitor the integrity of the application process, and enforce compliance with the state’s regulations.

## **Adjustments to the Licensing Process**

Under the new timeline, the OCM will open the window for prospective applicants to be verified as social equity applicants starting on January 15, 2025. This will allow applicants to submit the necessary documentation proving they meet the criteria for social equity status, which is an important first step toward obtaining a cannabis license.

The official application process will begin on February 18, 2025, when OCM will accept applications from both social equity applicants and general applicants. The licensing process will be more comprehensive than the pre-approval process, offering applicants the opportunity to correct any errors in their submissions that may have previously disqualified them.

This shift in the licensing approach reflects the OCM’s ongoing efforts to maintain a transparent, accessible, and equitable process for all involved. It also ensures that the state’s cannabis industry is built on a foundation of fairness, with opportunities for all Minnesotans to participate in the growing market.

## **Ensuring a Fair and Responsible Cannabis Market**

While the court’s ruling has caused delays, OCM remains focused on its long-term goal of creating a thriving, responsible cannabis marketplace in Minnesota. The state has faced several challenges in launching its cannabis market, including legal hurdles and the need for extensive regulatory oversight, but the OCM is committed to moving forward with a market that benefits everyone—especially social equity applicants who have historically been marginalized in the cannabis industry.

By continuing to refine the application process and working closely with partners, OCM is making sure that Minnesota’s cannabis market will be one that is accessible to all qualified applicants, with special consideration given to those most impacted by the prohibition of cannabis.

## **Looking Ahead to 2025**

The next licensing cycle will play a critical role in determining the structure of Minnesota’s cannabis industry. With the shift away from pre-approval, the state now has the opportunity to launch a licensing process that is both more inclusive and transparent, while ensuring that the industry is ready for the challenges of 2025 and beyond.

Despite the setbacks, there is cautious optimism surrounding the new timeline. Industry leaders, entrepreneurs, and advocates remain hopeful that the final structure will promote an equitable market that

prioritizes social justice and provides business opportunities for those who have been historically excluded from the cannabis industry.

In the coming months, OCM will continue to adapt to feedback, monitor ongoing legal developments, and ensure that Minnesota's cannabis market launches in a responsible and inclusive way, with the first licenses expected to be awarded in mid-2025.

### **Key Dates for Minnesota's Cannabis Licensing Process:**

**January 15, 2025:** Social equity applicant verification window opens

**February 18, 2025:** Licensing applications accepted for both social equity and general applicants

**Mid-2025:** Licensing decisions expected to be made for first round of applicants

### **A New Beginning for Minnesota's Cannabis Market**

With the legal delays and adjustments to the licensing process, Minnesota's cannabis industry is on the cusp of a transformative shift. The OCM's decision to move forward with a more inclusive licensing cycle offers hope for social equity applicants while ensuring that Minnesota's market will be built on fair and transparent principles. As 2025 approaches, all eyes will be on the OCM to see how the new licensing cycle unfolds, and how Minnesota's cannabis market will shape up in the years to come.

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