

Minnesota's Cannabis Market Faces Early Challenges

Regulations Shape the Future of Minnesota's Cannabis Industry

Rule-making can make or break a cannabis business, determining everything from production limits to testing requirements and market access.

Well-crafted rules create a fair, competitive industry that protects consumers while allowing small businesses to thrive. However, overly complex or poorly designed regulations can drive up costs, limit innovation, and push smaller operators out of the market — ultimately benefiting large corporations and illicit sellers.

Minnesota's Office of Cannabis Management Faces Industry Backlash

The state's Office of Cannabis Management (OCM), led by interim Director Eric Taubel, is in the process of finalizing the rules that will govern the long-awaited launch of Minnesota's retail cannabis flower market. Its proposed rules have generated fierce criticism from small businesses that say they favor big companies and will create unnecessary hurdles for them.

As a small-business owner and the founder of Doctor Dabs, a Burnsville-based cannabis company specializing in innovative edibles, I've seen firsthand how creativity and quality can set small businesses apart. But the state's proposed regulations could make it nearly impossible for businesses like mine to compete. Strict production limits, burdensome compliance requirements, and barriers to sourcing high-quality genetics will stifle innovation and favor large corporations with more resources.

Restrictive Rules Stifle Innovation and Limit Small Business Growth

The overly restrictive rules don't just affect cultivators — they directly affect processors and edibles manufacturers, limiting the ability to create diverse, high-quality products that consumers demand. While many of these proposed rules seem written to the detriment of small businesses, the OCM could create other rules that, if crafted wisely, would help cannabis businesses compete and thrive.

One glaring issue is the lack of rules around moisture and water-activity standards in cannabis products. Without strict regulations, unscrupulous operators can manipulate moisture levels to artificially inflate THC potency in lab tests while selling heavier, water-laden flowers to consumers. This not only misleads buyers but also increases the risk of mold and microbial contamination.

Industry Leaders Call for Proper Moisture and Isotope Testing Regulations

Another oversight is the absence of isotope testing to verify that cannabis is actually grown in Minnesota. Other states have used this simple scientific test to prevent black-market products from flooding legal dispensaries, but Minnesota's OCM has opted not to implement it.

Production Limits and THC Caps Could Cripple Small Businesses

Indeed, while the state claims to support local cannabis entrepreneurs, its policies seem to favor larger corporations. Microbusinesses, which include small growers and processors, face strict production limits and are blocked from scaling up or buying crops from other licensed farms — restrictions that don't hurt larger companies as much.

On top of that, a controversial 70% THC cap on concentrates is raising alarms. Many high-quality extracts naturally exceed that threshold, meaning small craft producers are forced to either abandon a profitable product category or dilute their concentrates with additives. Meanwhile, medical licensees and tribal businesses — many of which have ties to out-of-state operators — are exempt from the rule.

Compliance Burdens and Tracking Systems Add to Industry Woes

Minnesota's proposed rules requiring a new tracking system are also drawing comparisons to failed programs in other states. Every plant and package must be meticulously logged, and operators are required to submit detailed reports on even minor adjustments. While this sounds good in theory, similar systems in states like Colorado and California have been exploited by large operators to hide illicit sales while burdening small businesses with nearly impossible compliance costs.

Another rule proposed by the OCM is capping the value of cannabis a single delivery driver can carry at \$5,000, which is baffling small-business owners who rely on bulk deliveries to stay profitable.

Medical Cannabis Patients Also Bear the Burden of New Regulations

Beyond hurting businesses, Minnesota's rigid rules are also failing medical cannabis patients. Maren Joyce Schroeder, a patient representative on the OCM's Cannabis Advisory Council, points out that the state's requirement to keep medical and recreational cannabis supply chains separate is creating unnecessary costs.

Critics argue the state should have consulted with more cannabis experts and small-business owners while developing its regulations. Instead, the OCM's bureaucratic approach appears to favor well-funded corporate players while squeezing out local entrepreneurs.

Minnesota's Cannabis Market Risks Becoming Another Failed Experiment

Without changes, many fear Minnesota's legal market will become another cautionary tale — one where large corporations and black-market suppliers thrive, while small, local businesses are left to struggle or fail.

Email: info@cannabisriskmanager.com | Phone: +855-507-2622

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved