

# Minnesota's Cannabis Market in 2024: Trends and 2025 Insights

## Slow Progress for Minnesota's Recreational Cannabis Industry as Legislators and Regulators Navigate Legal Hurdles

Minnesota's path to a fully operational legal cannabis market continues to face a mix of challenges, legal setbacks, and innovation from tribal nations and local businesses. With a new legislative session on the horizon, the state's cannabis industry is grappling with unresolved issues as it inches toward a full rollout.

### Legal Setbacks: Social Equity Lottery Halted Amid Disputes

In November, a social equity applicant lottery meant to provide disadvantaged entrepreneurs with early access to the cannabis market was halted by a Ramsey County judge. The decision came after some applicants sued, arguing that they met the state's criteria but were excluded. Regulators countered with claims that some submissions sought to exploit the system by applying under ineligible business entities.

The Office of Cannabis Management (OCM) has since announced plans to hold two lotteries in 2025: one for social equity applicants and another for general business permits. However, this delay has left many aspiring cannabis entrepreneurs in limbo.

### Staffing and Structural Expansion at the Office of Cannabis Management

To better handle the complexities of rolling out the state's cannabis framework, the OCM is scaling up its team, posting positions in communication, finance, government relations, and planning. Despite these efforts, the office remains under interim leadership, leaving questions about long-term stability unanswered.

### Dispensaries Unlikely Before Late 2025: Timeline and Potential Delays

On the current OCM timeline, the first licenses for cannabis businesses are expected to be approved in mid-2025. Once granted, it could take weeks or months for these businesses to prepare for opening. Optimistically, the first dispensaries could open by late summer or early fall of 2025—two years after personal use and cultivation of cannabis were legalized in the state.

This tentative timeline is subject to change, with potential legislative or legal hurdles threatening to push back the rollout further.

### Tribal Nations Lead the Charge in Cannabis Market Development

Minnesota's 11 tribal nations are capitalizing on provisions in the state's cannabis law that allow them to establish their own businesses and supply chains. Agreements, or compacts, between the state and tribes aim

to facilitate cooperation, including tax frameworks and potential wholesale supply arrangements.

The White Earth Nation, for example, has purchased a building in Moorhead to house a dispensary, while Mille Lacs Corporate Ventures recently completed a 50,000-square-foot grow facility on tribal land near Onamia. Tribal leaders are optimistic about their role in the market, with Waabigwan Mashkiki (owned by White Earth Nation) already selling products to other tribal dispensaries.

### **Innovative Approaches: Red Lake Nation's Mobile Dispensary Gains Traction**

Red Lake Nation has pioneered a unique solution with its mobile dispensary, a cannabis retail unit that operates like a food truck. Serving communities such as Ponemah and Redby, the mobile dispensary has proven to be an effective way to meet demand in remote areas. Red Lake Nation also plans to establish a permanent dispensary in Thief River Falls to expand its footprint.

### **Local Communities Diverge on Cannabis Policy and Preparation**

Cities across Minnesota are adopting varied approaches to cannabis regulation, reflecting local priorities and concerns.

**Mankato:** Officials have limited Cannabis Company has acquired a 50,000-square-foot facility to process cannabis, but operations are stalled until licenses are issued. City officials are optimistic about the industry's potential for economic growth.

**Le Sueur:** The Minnesota Valley Cannabis Company has acquired a 50,000-square-foot facility to process cannabis, but operations are stalled until licenses are issued. City officials are optimistic about the industry's potential for economic growth.

Other cities, like Minneapolis and St. Paul, have introduced zoning ordinances to regulate dispensary locations, while tribal communities are leveraging existing infrastructure to fill market gaps.

### **Economic Potential and Tribal-Driven Supply Amid Licensing Delays**

As licensing delays persist, tribal grow facilities are emerging as critical suppliers for Minnesota's future cannabis market. Tribes already operate large-scale cultivation facilities, such as Mille Lacs Corporate Ventures' newly completed site. These facilities could support statewide demand once the market becomes fully operational.

### **Legislative Outlook: Will Lawmakers Accelerate the Process?**

Lawmakers have expressed frustration over the halted social equity lottery, particularly its impact on applicants affected by past cannabis-related legal inequities. The upcoming session, beginning January 14, could see renewed efforts to streamline the licensing process or address other regulatory bottlenecks.

For now, Minnesota's cannabis market remains in a holding pattern, with tribal nations leading the charge and local communities bracing for the potential economic and regulatory impacts of the burgeoning industry.

Email: [info@cannabisriskmanager.com](mailto:info@cannabisriskmanager.com) | Phone: +415-226-4060

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