

POLITICO PRO

Morning Cannabis

BY MONA ZHANG

QUICK FIX

- **The Minnesota House backed adult-use legalization by a 71-59 vote on Tuesday.** The Senate is expected to vote on a companion bill on Friday. A conference committee will almost certainly be needed to hash out the differences between the two proposals.
- **Colorado is launching the first state-funded cannabis loan program.** Totally funded by cannabis tax revenues, social equity applicants in the state will be eligible for \$50,000 to \$150,000 loans.
- **The U.S. Hemp Roundtable's members are hitting the Hill today to meet with lawmakers and staffers.** They're pushing to get several policy provisions included in the 2023 farm bill, most notably forcing the FDA to take regulatory action on CBD products.

IT'S WEDNESDAY, APRIL 26. WELCOME TO POLITICO'S CANNABIS NEWSLETTER. A former Republican state senator in Connecticut was a vociferous opponent of legalization. [Now he's funding a cannabis grow.](#) Send us tips and story ideas: [Mona](mailto:Mona@politico.com) at mzhang@politico.com, [Paul](mailto:Paul@politico.com) at pdemko@politico.com and [Natalie](mailto:Natalie@politico.com) at nfertig@politico.com. And follow Pro: [@POLITICOPro](https://twitter.com/POLITICOPro).

THE STATE OF MARIJUANA

MINNESOTA HOUSE PASSES ADULT-USE LEGALIZATION — Recreational marijuana legalization passed the Minnesota House by a 71-59 vote on Tuesday, following an epic slog through 16 legislative

committees and a two-day floor debate.

Ultimately, just one Republican — Rep. [Nolan West](#) — backed the bill. And just one Democrat — Rep. [Gene Pelowski](#) — joined Republicans in voting against it.

The details: Under [the House bill](#), Minnesotans 21 and older could buy up to 2 ounces of cannabis flower, 8 grams of concentrate and 800 milligrams worth of edible products at a tax rate of 8 percent. Adults could also grow up to eight plants at home. Local municipalities couldn't ban cannabis businesses from operating within their borders, although they could use zoning restrictions to limit their presence.

What's next: The Senate is expected to take up its adult-use legalization bill on Friday. Democrats will have no margin for error: They control the chamber by a single vote. There are some key differences between each chamber's proposals, including a tax rate of 10 percent in the Senate version.

That means there will almost certainly be a conference committee to hash out the differences. The Legislature is slated to adjourn on May 22nd. Democratic Gov. [Tim Walz](#) supports legalization and is expected to sign the bill if it makes it to his desk.

Minnesota would become the 24th state to embrace full legalization if the legislation is enacted. None of its neighboring states — Wisconsin, Iowa, North Dakota and South Dakota — have established adult-use markets.

COLORADO TO PROVIDE LOANS TO CANNABIS BUSINESSES —

Colorado is launching a first-of-its-kind cannabis loan program funded by the state through a partnership between the Colorado Office of Economic Development and International Trade's Cannabis Business Office and NuProject.

"I am committed to saving small businesses money and ensuring our state remains a great place to start and run a business in every industry," Democratic Gov. [Jared Polis](#) said in a statement. "This

landmark loan program will create and retain 239 good-paying jobs and promote equity in the cannabis industry.”

The details: The program will be funded by an initial \$1 million investment and is expected to lend nearly \$3 million in the next decade. The interest generated will be reinvested for future borrowers.

The program will provide loans of \$50,000 to \$150,000 to social equity entrepreneurs to be used as working capital.

The initial \$1 million investment will come out of the state's Marijuana Tax Cash Fund, a spokesperson for Polis said in an email. Interest on the loans are capped at 6.25 percent, though NuProject develops terms tailored to individual borrowers.

NuProject is an Oregon-based nonprofit that has [been reinvesting cannabis tax revenue](#) since 2018 into grants and loans to cannabis businesses.

MICROBUSINESSES COME EARLY TO MISSOURI — Missouri marijuana regulators [will begin accepting applications for microbusiness licenses](#) in late July — ahead of the statutory requirement of September. Microbusiness licensees will be chosen through a lottery process and can only enter once for either a dispensary or wholesale facility. Wholesale licensees will be able to cultivate and/or process marijuana.

The controversy: The microbusiness license category became a point of contention during the campaign to legalize adult-use marijuana on the November 2022 ballot, which voters approved. Proponents of the initiative touted the microbusiness license class as a way to help small entrepreneurs get into the industry.

But [pro-marijuana opponents to the campaign argued](#) that the license class amounted to a “kiddie table” because the initiative bars microbusiness licensees from doing business with larger entities.

What’s next: Application forms will be available June 6 and the

Department of Health and Senior Services will accept applications for the first round of licensing July 27 to August 10.

TRI-STATE CANNABIS — **New York's** burgeoning illicit cannabis market has become a sticking point in budget negotiations, [POLITICO's Bill Mahoney reports](#). While lawmakers agree that a crackdown is needed to help stand up a nascent industry, they disagree on how exactly to go about it.

Democratic Gov. [Kathy Hochul's](#) proposal would give the Department of Taxation and Finance the authority to search unregulated pot shops, but Assembly Majority Leader [Crystal Peoples-Stokes](#) balked at giving the department so much power.

Across the Hudson, one-third of adults in **New Jersey** have used marijuana during the first year of legal weed, and most of them purchased it through regulated channels, [POLITICO's Matt Friedman reports](#). The numbers come from a poll of 660 New Jerseyans by the William J. Hughes Center for Public Policy at Stockton.

In **Connecticut**, a bill that would allow existing hemp growers into the marijuana market is likely dead, [CT Insider reports](#). The proposal faced pushback from the state's Social Equity Council, which argued that allowing hemp growers into the market would jeopardize social equity growers.

HEMP WATCH

HEMP ROUNDTABLE FLY IN WILL FOCUS ON FARM BILL — The U.S Hemp Roundtable is hitting the Hill today to press its policy agenda ahead of negotiations over this year's farm bill.

The trade group's members are slated to meet with about 45 lawmakers, according to General Counsel Jonathan Miller. In addition, the Hemp Roundtable is hosting a lunchtime policy briefing for Hill staffers.

The agenda: Hemp industry groups [released a policy blueprint](#) this

week with their asks for the 2023 farm bill. At the top of the list: forcing the FDA to create regulations for hemp-derived CBD products. They argue that the lack of legal and regulatory clarity has led to a more than 90 percent decline in commodity prices and the proliferation of unregulated intoxicating products like Delta-8 THC that are creating public health risks.

In addition, they want Congress to lift the prohibition on people with felony convictions being allowed to grow hemp and increase funding for the USDA's hemp program.

IN THE COURTS

MICHIGAN EX HOUSE SPEAKER PLEADS GUILTY — Rick Johnson, a former Republican Michigan House speaker, officially pleaded guilty in a cannabis bribery case Tuesday. Johnson served as the chair of Michigan's marijuana licensing board from 2017 to 2019.

The details: Johnson [received more than \\$110,000 in bribes in exchange for supporting companies](#) seeking medical marijuana licenses. He was charged alongside three other co-defendants, including a business owner charged with paying bribes and two lobbyists charged with conspiracy to commit bribery.

Johnson pleaded guilty to accepting a bribe, a felony. Cannabis license hopeful John Dalaly was arraigned and pleaded guilty last Friday. Lobbyists Brian Pierce and Vincent Brown are scheduled to be arraigned later this week and are expected to plead guilty, according to court documents.

What's next: Johnson's sentencing is scheduled for September 28. The investigation is ongoing, according to prosecutors in the Western District of Michigan.

INDUSTRY INTEL

GREEN THUMB WORKERS ALLEGE VIOLATIONS AS STRIKE CONTINUES — A strike by workers at three Chicago-area

dispensaries owned by Green Thumb Industries is about to enter its second week.

The union representing the workers — Teamsters Local 777 — has filed three different complaints with the National Labor Relations Board claiming unfair labor practices. They allege that the company prohibited workers from wearing pro-union pins, promised additional benefits and compensation to employees in order to persuade them not to strike and threatened employees by surveilling their picket line activities.

Background: Workers at three Rise dispensaries in Joliet and Niles voted to join the teamsters local last year, but have yet to negotiate an initial labor contract. The work stoppage began one day before 4/20 — one of the biggest weed shopping days of the year — and workers are receiving some compensation from the union's strike fund. The three stores have remained open despite the walkout.

"We continue to be willing to sit down with GTI to negotiate a fair agreement," Matthew McQuaid, a spokesperson for the International Brotherhood of Teamsters, said in an email. "The management team appears to be indifferent to their workers' very reasonable request for a compensation package that includes fair wages and retirement security."

GTI's response: "Green Thumb respects the rights of our employees, including the fundamental right to organize and take protected concerted activity during negotiations," the company said in a statement. "Since May of 2022, Green Thumb has engaged in many productive meetings with Teamsters Local 777 union reps in an effort to reach an agreement on a number of topics. We recently made a fair offer to the union, and we are confident in the competitive compensation and benefits package we have offered to our employees."

POT-POURRI

— **Leaders of Cookies, one of the most recognizable weed**

brands, are enriching themselves with strongarm tactics, alleges an investor lawsuit. Execs have used threats and violence, [according to Green Market Report](#).

— **A U.S. Olympic long jumper lost her national title** and had to serve a one-month suspension over a positive marijuana test, [the AP reports](#).

— **Ben Cohen from Ben & Jerry's has started Ben's Best Blnz**, a nonprofit cannabis line that will fund grants for Black cannabis entrepreneurs, [the AP reports](#).

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