

Notice of Proposed Regulations

These proposed administrative regulations are being promulgated in accordance with Section 3.03 of the Leech Lake Band of Ojibwe Cannabis Regulatory Act (“Act”). The Act was originally enacted on August 31, 2023 and legalizes the cultivation, processing, dispensing, and use of cannabis on the Leech Lake Band of Ojibwe Reservation. The Act empowers the Leech Lake Cannabis Regulatory Commission (“Commission”) to implement and oversee the Band’s cannabis program, including promulgating regulations for safe and secure cannabis operations in accordance with the Cole and Wilkinson Memo Guidance Priorities. Initial regulations were adopted on March 20, 2024.

Since that time, cannabis policy has evolved both nationally and locally. In order to ensure continued adherence to the Cole and Wilkinson Memo Guidance Priorities, as well as applicable tribal, state, and federal law, the Commission has determined that additional clarification and detail are required to better inform existing businesses of their ongoing responsibilities for licensure, and so prospective cannabis businesses have an opportunity to review and understand the application process, requirements, and responsibilities of licensure.

Comments on these proposed regulations are encouraged. Interested parties should direct written comments to the following address: crc@llojibwe.net. Please provide specific references to the provision you wish to comment on in your submission. The public comment period will be open for sixty (60) days. Following public comments, the Commission will revise the Proposed Regulations based on comments from the public and interested parties and adopt a Final Regulation that will replace Expedited Regulations that were adopted concurrently with the publication of the Proposed Regulations.

The Regulations adopted on March 20, 2024 are amended in these proposed regulations as follows:

1. Chapter 1: General Provisions
 - a. Section 7: Definitions
 - i. Defined terms already present in the Act were removed to reduce duplication, as they were already incorporated by reference.
 - ii. New defined terms for Harvest Batch, Production Batch, Limited/Restricted Access Areas, Mandatory Recall, and Voluntary Recall were added to provide greater clarity to their meanings.
2. Chapter 2: Cannabis Tracking System
 - a. This Chapter is incorporated into the new Chapter 11: Inventory Control. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.

In addition to the Cannabis Tracking System requirements, Chapter 11 now provides additional detail on inventory tracking tasks.

3. Chapter 3: Cannabis Business Licenses

- a. This Chapter is incorporated into the new Chapter 2: Cannabis Business Licenses. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- b. Section 3.03: Standards. This Section is incorporated into the new Section 3: Standards. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. It has been updated to clarify licenses will not be granted solely upon submission of a complete application, but that the Commission will issue licenses based on review of the submitted Application materials and determinations will be made on an individual basis for each application. This will ensure that all licenses granted will be issued to those who will ensure compliance with the Act and Regulations and provides the Commission the ability to limit the number of licenses granted based on market conditions and other factors.
- c. New Section 4: Cannabis Business License Types Authorized has been added to detail what specific license types are available. This will provide greater clarity for prospective licensees as to how they can best engage with the industry.
- d. Section 3.04: Application Procedure is incorporated into the new Section 5: Application Procedure. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Additionally, changes have been made to clarify the Commission will announce specific application time periods for licensure for specific license types, and that licenses may be limited in number. This change provides greater clarity as to how the application process will occur.
- e. Section 3.05: Plans is incorporated into the new Section 6: Plans. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Additionally, additional detail has been added for certain plans to clarify what must be included, and specific diagrams for proposed facilities are now more clearly required. These changes will help clarify what applicants can expect to need in order to submit an application, and to assist the Commission ensure a compliant and secure facility layout.
- f. Section 3.07: Renewal is incorporated into the new Section 9: Renewal. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Sections 9.6 and 9.7 now clarify that the days referenced are calendar days. This change clarifies that the timeframe pertains to calendar days as opposed to business days to remove any doubt.
- g. New Section 8: License Issuance has been added to provide detail on the contents that will be included on a license issued by the Commission, and requiring licensee to post its license conspicuously at its licensed premises. This change will help to ensure licenses issued by the Commission are consistent and contain all relevant

information, and to make clear those who have received a license from the Commission.

- h. Section 10: Reciprocity is incorporated from the prior Chapter 4 Section 4.06, as that Chapter no longer exists. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- 4. Chapter 4: Cannabis Supplier Licenses
 - a. This Chapter has been removed, as this is no longer an available license type. This change is due as this license type is now erroneous and unnecessary for the market, and is necessary to align with recent changes to the Act.
- 5. Chapter 5: Cannabis Employees
 - a. This Chapter is incorporated into the new Chapter 4: Cannabis Employees. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
 - b. Section 5.02: Background Investigation. This Section is incorporated as the new Section 2 for this Chapter. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Additionally, changes were made to move the running of background checks from a Licensee to the Commission or its designee, better aligning with the existing process for background checks utilized by the Band for other departments.
 - c. Section 5.03: Excluded Cannabis Employee List is incorporated as the new Section 3 for this Chapter. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Additionally, the Commission will now update this list quarterly and as necessary, instead of monthly. This change will better facilitate changes to the list without creating unnecessary administrative tasks for the Commission.
 - d. Remaining Sections (5.04 – 5.09) are incorporated in new Sections 4 – 8. This change is due to a re-organization of the Regulations to facilitate enhanced clarity. Additional details were provided to ensure clarity on required components and timing for Employee Identification Card applications, renewals, and responsibilities.
 - e. New Section 9: Employee Training was added to ensure certain training topics are covered by Licensees and that employees are aware of their duties and responsibilities in this highly regulated industry. This change will help ensure Licensees conduct operations in compliance with the Act and Regs, and their internal Company protocols.
 - f. New Section 10: Cannabis Employee Records was added to clarify the specific details Licensees are required to retain for employee records. This change is to ensure necessary records are maintained and can be referenced if an issue arises.
- 6. Chapter 6: Cannabis Operations

- a. This Chapter is incorporated into the new Chapter 5: Cannabis Operations – General. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- b. Section 6.02: Disposal was incorporated into the new Section 2: Waste Disposal. Additional details on how to properly dispose of cannabis waste, requirement for a segregated waste area, clarity on video coverage and oversight for waste activities, and additional details on information required for waste disposal records were added. These changes will ensure that no cannabis is inadvertently diverted due to lenient waste disposal practices.
- c. Section 6.04: Inventory was incorporated into the new Chapter 11: Inventory Control. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- d. Section 6.05: Records and Audits was incorporated into the new Chapter 14: Recordkeeping. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- e. Section 6.06: Security was incorporated into the new Chapter 3: Security. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- f. Section 6.07: Transportation was incorporated into the new Chapter 9: Transportation. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- g. New Section 1: Authorized Visitor Access provides clarity on how visitors should be handled at licensed premises. This addition is necessary to ensure the safety and security of products, staff, and visitors alike.
- h. New Section 5: Cash Handling Procedures provides clarity on Licensee responsibilities pertaining to cash and cash handling procedures. These changes will help ensure these cash-heavy businesses do not become security risks and to minimize the risk of theft.
- i. New Section 7: Inspections by Commission and Section 8: Financial Audit reworks prior Section 6.05(c) and provides clarity on the role of the Commission and details for Licensees the expectations regarding inspections. These changes will help facilitate a more transparent regulatory environment and ensure the safety and security of the cannabis industry.

7. Chapter 7: Safety

- a. This Chapter has been split into several new Chapters, including the new Chapter 16: Testing, new Chapter 12: Packaging and Labeling, and new Chapter 15: Advertising and Marketing. This reorganization is necessary to provide additional space for new details and requirements on each topic.

8. Chapter 8: Designated Consumption Areas

- a. This Chapter is incorporated into the new Chapter 10: Designated Consumption Areas. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.
- b. Additionally, notification for DCAs has been increased to 10 business days from 2 business days. This change is necessary to account for the regulatory review required prior to approval.

9. Chapter 9: Hearing Procedures

- a. This Chapter was incorporated into the new Chapter 17: Hearing Procedures. This change is due to a re-organization of the Regulations to facilitate enhanced clarity.

10. New Chapter 3: Security

- a. This new Chapter incorporated the prior Chapter 6 Section 6.06 into a full Chapter and provides additional clarity to those requirements. Those enhancements include clarity on the responsibilities for Licensees regarding their security systems; additional details on required alarm systems and surveillance systems; clear requirements for locks and signs.

11. New Chapter 6: Cannabis Operations – Cultivation

- a. This new Chapter details requirements specific for cultivation licensees. It clarifies what constitutes permitted sales; what a secure premises entails; prohibits commercial cultivation in a residential dwelling or within 25 feet of a residential dwelling; specific requirements for cultivating cannabis; and details on cultivation canopy. These additions will facilitate compliant and sanitary cultivation of cannabis once commercial cannabis cultivation begins.

12. New Chapter 7: Cannabis Operations - Manufacturing

- a. This new Chapter details requirements specific for manufacturing licensees. It clarifies what constitutes permitted sales, general manufacturing requirements, permitted product types, requirements for the compliant manufacture of cannabis products, and clarification on prohibited ingredients. These additions will facilitate compliant and sanitary production of cannabis products once commercial cannabis manufacturing begins.

13. New Chapter 8: Cannabis Operations – Retail

- a. This new Chapter details requirements specific for retail licensees. It clarifies what constitutes permitted sales, general dispensing requirements, details valid forms of identification required prior to purchase, and provides additional clarity on required details for retail sales transactions. These additions will provide greater clarity on how to ensure compliant dispensing of cannabis and cannabis products.

14. New Chapter 9: Cannabis Operations – Transportation

- a. This new Chapter incorporates the prior Chapter 6 Section 6.07. It clarifies the distinction between transportation (between businesses) and delivery (to customers), clarifies how secure transportation must be undertaken, what details are necessary in the Transport Manifest, requirements for transporter vehicles, and

recordkeeping requirements specific for transportation activities. These additions will help ensure the compliant and secure transportation of cannabis and cannabis products.

15. New Chapter 11: Inventory Control

- a. This new Chapter incorporates the prior Chapter 2 and Chapter 6 Section 6.04. It integrates these prior Chapter/Sections into a single Chapter, and provides additional clarity on requirements for use of the Cannabis Tracking System, inventory tracking requirements, required inventory information, required inventory reconciliation, conduct while using the Cannabis Tracking System, and requirements for loss of system access. These changes are intended better detail responsibilities of Licensees and minimize the potential for diversion.

16. New Chapter 12: Packaging and Labeling

- a. This new Chapter incorporates the prior Chapter 7 Sections 7.02 and 7.03 in their own Chapter. Clarification has been added to permit less burdensome requirements for packaging and labeling between licensed businesses, and more comprehensive requirements prior to sale to customers. These changes are intended to provide relief from what can be expensive packaging and labeling needs for transfers between businesses, while ensuring necessary details and packaging prior to sale to consumers.

17. New Chapter 13: Quality Assurance

- a. This new Chapter adds requirements for previously omitted but important topics for secure and sanitary operations. This includes:
 - i. Section 1: Recall, detailing required actions when recalls are required.
 - ii. Section 2: Sanitation and Safety, detailing requirements for sanitary operations.
- b. These additions are necessary to ensure any Cannabis or Cannabis Product produced or sold is safe for human consumption and that if an issue occurs, there are mechanisms in place to recall the impacted Cannabis or Cannabis Product.

18. New Chapter 14: Recordkeeping

- a. This new Chapter incorporates prior Chapter 6 Section 6.05. It creates a more comprehensive overview of all recordkeeping requirements, including what records must be maintained and for how long. This change is to ensure necessary records are maintained and can be referenced if an issue arises.

19. New Chapter 15: Advertising and Marketing

- a. This new Chapter incorporates prior Chapter 7 Section 7.04. It clarifies that no safety claims can be made regarding Cannabis or Cannabis Products, and provides guardrails for outdoor advertising, advertising with location-based devices, pop-up advertising, and event sponsorships. These changes are to ensure advertising is not directed to minors and any advertising does not violate the Guidance Priorities.

20. New Chapter 16: Testing

- a. This new Chapter incorporates prior Chapter 7 Section 7.01. It builds upon that requirement by providing clarity on permissible testing facilities, clarity on what must be tested, details on what records must be maintained for testing, as well as requirements and restrictions for testing licensees. These changes are necessary to ensure the safety of Cannabis and Cannabis Products sold in Leech Lake.