

**STAFF REPORT**  
**DATE: 11/12/2024**  
**WORKSHOP DISCUSSION**

**TO:** City Council  
**FROM:** Nathan Fuerst, AICP, Consulting Planner  
**AGENDA ITEM:** **Cannabis Regulations – Draft Land Use Standards**  
**REVIEWED BY:** Jason Stopa, Community Development Director

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**BACKGROUND:**

In 2023, Chapter 342 of Minnesota State Statutes was established legalizing cannabis for recreational adult use and the sale, possession, use, and growth of cannabis. The same statute also created the Office of Cannabis Management (OCM), a new State agency that regulates cannabis use and businesses in Minnesota. The OCM is currently finalizing rules and standards for licensing and use of facilities that will deal with cannabis. The OCM recently closed the application period for Social Equity Applicants and received over 1,800 applications. Licenses are anticipated to be issued shortly after the rules are finalized in 2025.

Although it is not guaranteed that the state begins to license businesses immediately after January 1, 2025, it is a possibility. To that end, city staff are seeking to avoid situations where legal nonconformities could be created.

All cannabis businesses are required to comply with local zoning ordinances. Upon receipt of an application for a license, the OCM will reach out to local governments to certify zoning compliance during their application process. Cities without zoning controls in place will have a difficult time responding that uses do or do not comply with their ordinance.

Staff are looking for feedback from the City Council and Planning Commission on the following items:

- Should the City control registration of retail cannabis businesses?
- Which cannabis businesses should be allowed in which zoning districts?
- What level of performance standards should the City place on cannabis businesses?

**ISSUE BEFORE THE CITY:**

How should the City of Lake Elmo approach cannabis businesses regulations for registration and land use?

**REGISTRATION VS. LICENSING:**

The OCM will issue and manage licenses for cannabis businesses. Retail operations for cannabis must register with local units of government before making retail sales to customers or patients. Currently, local government units are required to allow for one registration for every 12,500 residents. The statute specifies these registrants as cannabis retailers, cannabis mezzobusinesses

with a retail operations endorsement, and cannabis microbusinesses with a retail operations endorsement. This minimum of one applies only to cannabis retailer registration. It is currently unclear if the City will be able to limit non-retailer uses to any capacity, however, staff believes uses that are not required to register cannot be prohibited.

The pros and cons of registering locally vs with Washington County are generally laid out below:

Pros:

1. Local control on the number of registrants, Lake Elmo can limit to up to two retail businesses.
2. Local control on process of registration such as background checks, enforcement, etc.

Cons:

1. Use of limited staff resources for processing registrations.
2. County registration process or potentially the number of retail registrants in Lake Elmo are out of the City's control.

**PROPOSED ORDINANCE UPDATES:**

Per State law, cities may place reasonable restrictions on the *time, place, and manner* of a cannabis business but may not outright ban them. A city is required to issue a retail registration to a cannabis retailer and/or any cannabis business seeking a retail endorsement if compliant with the City's rules.

The only cannabis business which the City is permitted by state statute to limit per number of registered business is the retail sale of cannabis products. This type of business can be limited to 1 per every 12,500 residents of a City, Township, or County.

**Cannabis Businesses and Uses**

Minnesota State Statute defines the term "cannabis business." This term means the following uses:

1. cannabis microbusiness;
2. cannabis mezzobusiness;
3. cannabis cultivator;
4. cannabis manufacturer;
5. cannabis retailer;
6. cannabis wholesaler;
7. cannabis transporter;
8. cannabis testing facility;
9. cannabis event organizer;
10. cannabis delivery service;
11. medical cannabis cultivator;
12. medical cannabis processor;
13. medical cannabis retailer; and
14. medical cannabis combination business.

These "businesses" correlate with the types of licenses that will be available from the OCM. Without amendments to the Zoning Ordinance, cannabis uses may be grouped in with existing

land use classifications. The figure on the following page is intended to provide an assessment of land use elements associated with each type of cannabis businesses.

		Use								
		Grow		Sell to		Consume	Manufacture/ Process	Packaging	Wholesale	Research/ Laboratory
		Indoor	Outdoor	Customers	Other Businesses					
License Type	Microbusiness	X	X	X	X	X	X	X		
	Mezzobusiness	X	X	X	X		X	X		
	Cultivator	X	X		X		X	X		
	Manufacturer				X		X	X		
	Retailer			X						
	Wholesaler								X	
	Testing									X
	Event			X						
	Transporter	N/A								
	Delivery Services	N/A								

### Micro and Mezzobusinesses

Microbusiness and mezzobusinesses are the two unique use names within cannabis. These uses can be compared to something like a small winery or brewery; however, on-site consumption of intoxicating products is only allowed by state licenses for microbusinesses. Microbusinesses and mezzobusinesses are allowed to cultivate, manufacture/process, package, and sell with their license. Businesses licensed as microbusinesses or mezzobusinesses can operate multiple locations and the cultivation and manufacturing part of the license can be located separately from the retail location. As such, the uses may have multiple parts of a singular building that make up a single structure such as a warehouse type facility for storage and processing and a greenhouse for cultivation, but these all serve the principal use of microbusiness or mezzobusiness.

### Draft Zoning Standards

Staff are generally recommending the following changes at this time:

- Establishment of definitions for cannabis and hemp uses.
- Revision of land use tables in Mixed Use, Business, and Industrial Districts to regulate the specific cannabis business uses.
- Establishment of performance standards for cannabis businesses and the process for temporary cannabis events.

## Zoning District Use Table Amendments

Changes to regulate cannabis businesses in Commercial Districts:

	<b>LC</b>	<b>CC</b>	<b>C</b>	<b>BP</b>
Sales of Merchandise:				
<u>Cannabis Cultivation</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>
<u>Cannabis Event, Temporary</u>	<u>P</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Cannabis Mezzobusiness</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>
<u>Cannabis Microbusiness</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>
<u>Cannabis Sales</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>
<u>Cannabis Wholesaling</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>
<u>Lower-Potency Hemp Edible Manufacturing</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>
<u>Lower-Potency Hemp Edible Sales</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>

District Abbreviations: LC = Limited Commercial, CC = Convenience Commercial, C = Commercial, BP = Business Park/Light Manufacturing District

### Buffers/Setbacks

State statute allows cities to adopt restrictions if they choose by prohibiting registrations within:

- 1,000 feet of a school
- 500 feet of a daycare
- 500 feet of a residential treatment facility
- 500 feet from an attraction in a public park regularly used by minors, such as a playground or athletic field.

Staff have drafted an ordinance with all buffers adopted as the most restrictive option. However, the buffers from daycares and residential treatment facilities are more difficult to administer and may be less of a concern for public safety.

### Odor Control

OCM has left odor control to be controlled at the local level aside from Minnesota Pollution Control Standards for nuisances. The draft standards include a condition that odor control systems be installed for uses where odor would be expected as part of the regular businesses (indoor cultivation, manufacturing, wholesaling). In researching standards for this, some communities require verification from a qualified industrial hygienist that appropriate odor control systems have been installed and continual monitoring was required. If the Council wishes to require this, the standards should be modified to reflect this.

### Lighting

All uses will be required to meet the standards within the City Code for outdoor lighting, however, indoor cultivation has a specific need for lighting to facilitate plant growth. Indoor cultivation done in greenhouses will have semi-transparent structures and during the winter months, the indoor illumination needed for the plants to grow will be obvious from outside of the structure. In researching the use in other communities, it was found that 4:30 a.m. and 10:00 p.m. was a time

frame that was used to allow this. Cannabis requires a lighting cycle of 12 hours of light and 12 hours of darkness for ideal growing conditions. This time frame could be more limited if the Council desired. The Council may also limit indoor cultivation to strictly non-greenhouse buildings.

### **Outdoor Use Prohibitions**

The draft ordinance restricts outdoor storage to only the daily parking of vehicles. This standard will apply to all cannabis businesses.

As part of a cultivator, microbusiness, and mezzobusiness license, cultivation is allowed and can either be indoor cultivation (greenhouses, hydroponics) or outdoor cultivation. Outdoor cultivation is not expected to be largely utilized as the growing conditions in Minnesota are not optimal for cannabis. The draft ordinance does not allow outdoor cultivation.

### **Cannabis Testing Facilities**

The City may want to consider regulating cannabis testing facilities separately from the “Research, and testing” use that exists within the code as a conditional use in Business Parks and Mixed-Use Business Parks. If development standards for “Research and testing” were amended, any new standard could make existing uses within the City legally nonconforming if they did not comply with the amended standards. To avoid this, cannabis testing facilities could be listed as its own use rather than for “Research and testing” and would be subject to the same standards as other cannabis uses.

### **Temporary Cannabis Events**

The City is encouraged to consider proactively adopting standards for Temporary Cannabis Events. It is staff’s opinion that this use must be permitted somewhere in the City. The standards proposed are summarized below:

- Permit required – a permit is required for such events to allow the City time to process a request.
- Application and Fees – application and fee requirements are established.
- Process – a permit application would initiate a review process with city council approval of permits for temporary cannabis events.
- Standards:
  - OCM license is required for the business.
  - Temporary Cannabis Events are only permitted at approved Cannabis Cultivation, Cannabis Mezzobusiness, Cannabis Microbusiness, Cannabis Retail, and Low Potency Hemp Retail Locations.
  - Temporary Cannabis Events must last no more than four consecutive calendar days.
  - No more than four Temporary Cannabis Events may be conducted at a single location in a calendar year.
  - Hours of operation for a Temporary Cannabis Event are limited to 10:00 AM to 5:00 PM.

## **Draft Ordinance Timeline**

Staff propose the following timeline for review and approval of an ordinance before the new year:

- November 12, 2024 – Joint workshop between Planning Commission and City Council
- November 25, 2024 – Public Hearing at Planning Commission
- December 3, 2024 – City Council Review of draft ordinance

## **Recommendation**

Staff are looking for a discussion from the City Council and Planning Commission regarding how to proceed with zoning and locations for cannabis businesses as well as the number of registrations in the city. Based on direction provided, staff will work with the City Attorney and provide an updated draft ordinance for consideration at future meeting.

The following discussion questions are recommended to give staff feedback on this item:

1. Should the City seek to register cannabis businesses or allow Washington County to do this?
2. Which cannabis businesses should be allowed in which zoning districts?
3. Are there concern about specific cannabis businesses?
4. Which buffers, if any, should the City apply to cannabis retail businesses?
5. Would the Council wish to prohibit cannabis cultivation in greenhouses?
6. Should staff add cannabis testing facilities to the list of uses? If so, in which zoning districts?
7. Does the council agree with standards proposed for temporary cannabis events?

## **ATTACHMENTS:**

- Draft Ordinance
- A Guide for Local Minnesota Governments of Adult Use Cannabis, Version 1.4

CITY OF LAKE ELMO  
COUNTY OF WASHINGTON  
STATE OF MINNESOTA

ORDINANCE NO. 2024-XX

AN ORDINANCE AMENDING THE LAKE ELMO CITY CODE TITLE 1, 11, AND 105 TO  
REGULATE CANNABIS BUSINESSES

**SECTION 1. The City Council of the City of Lake Elmo hereby amends Title 1, General Provisions; Chapter 1.08: Definitions by changing the following section (Proposed language is underlined; deleted language is shown with ~~strikethrough~~):**

Cannabis Business means a business licensed by the Office of Cannabis Management (OCM) as defined by Minnesota Statute 342.01 Subd. 14.

Cannabis cultivation means a cannabis business that conducts an operation pursuant to Minnesota Statute Section 342.30, as it may be amended.

Cannabis Event. A temporary cannabis event lasting no more than four days operating pursuant to Minnesota Statute 342.39, as it may be amended.

Cannabis, Mezzobusiness means a cannabis business that conducts an operation pursuant to Minnesota Statute Section 342.29, as it may be amended.

Cannabis, Microbusiness means a cannabis business that conducts an operation pursuant to Minnesota Statute Section 342.28, as it may be amended.

Cannabis sales means the sale of cannabis plants and seedlings, adult-use cannabis flower, and adult use cannabis products directly to consumers pursuant to Minnesota Statute Section 342.27.

Cannabis Manufacturing means a cannabis business that conducts an operation pursuant to Minnesota Statute Section 342.31, as it may be amended.

Hemp Business means a business licensed by the Office of Cannabis Management (OCM) as defined by Minnesota Statute 342.01 Subd. 34.

Lower-Potency Hemp Edible Manufacturing means a hemp business that conducts an operation pursuant to Minnesota Statute Section 342.45, as it may be amended.

Lower-Potency Hemp Edible Sales means a hemp business that conducts an operation pursuant to Minnesota Statute Section 342.46, as it may be amended.

**SECTION 2. The City Council of the City of Lake Elmo hereby amends Title 105, Chapter 105.12 Zoning Code, Section 920, Table 12-1: Permitted, Conditional and Interim Uses, (Proposed language is underlined):**

	LC	CC	C	BP	Standard
Sales of Merchandise:					
<u>Cannabis Cultivation</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>105.12.1500</u>
<u>Cannabis Event, Temporary</u>	<u>P</u>	<u>N</u>	<u>P</u>	<u>P</u>	<u>105.12.1500</u>

<u>Cannabis Mezzobusiness</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>105.12.1500</u>
<u>Cannabis Microbusiness</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>105.12.1500</u>
<u>Cannabis Sales</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>105.12.1500</u>
<u>Cannabis Wholesaling</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>105.12.1500</u>
<u>Lower-Potency Hemp Edible Manufacturing</u>	<u>N</u>	<u>N</u>	<u>N</u>	<u>C</u>	<u>105.12.1500</u>
<u>Lower-Potency Hemp Edible Sales</u>	<u>C</u>	<u>N</u>	<u>C</u>	<u>C</u>	<u>105.12.1500</u>

**SECTION 3. The City Council of the City of Lake Elmo hereby amends Title 105, General Provisions; Chapter 105.12 Zoning Code, Article XXI, Design and Performance Standards, Restrictions on Nuisance and Hazardous Activities by adding a section 1500 (Proposed language is underlined):**

(a) Applicability. The standards within this subsection shall apply to the following uses:

- (1) Cannabis Cultivation
- (2) Cannabis Events, Temporary
- (3) Cannabis Manufacturing
- (4) Cannabis, Mezzobusiness
- (5) Cannabis, Microbusiness
- (6) Cannabis Sales
- (7) Cannabis Wholesaling
- (8) Lower-Potency Hemp Edible Manufacturing
- (9) Lower-Potency Hemp Edible Sales

(b) Setbacks

- (1) Any cannabis use must be setback 1,000 feet from schools as established by Minnesota Statute Section 342.13(c)
- (2) Any cannabis use must be setback 500 feet from a day care as established by Minnesota Statute Section 342.13(c)
- (3) Any cannabis use must be setback 500 feet from a residential treatment facility as established by Minnesota Statute Section 342.13(c)
- (4) Any cannabis use must be setback 500 feet from an attraction within a public park that is regularly used by minors, including a playground or athletic field.

(c) Development Standards

- (1) Must be licensed by the State of Minnesota and in compliance with the standards set by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.
- (2) The facility shall be secured as required by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.
- (3) Outdoor operations are prohibited.
- (4) The facility shall not produce noxious or nuisance causing odors, subject to the following conditions:
  - a. The facility shall be ventilated so that all odors cannot be detected by a person with a normal sense of smell at the exterior of the facility or at any adjoining use or property.
  - b. Growing cannabis must comply with all applicable laws and shall not produce noxious or dangerous gases or odors or otherwise create a danger to any person or entity in or near the facilities.
  - c. An odor maintenance plan must be submitted to the City and approved by the City.



- d. At the City Council's discretion, the applicant may be required to provide plans that show appropriate odor control systems so as not to produce any noxious or dangerous gases or odors or create any dangers to any person or entity in or near the facility.
- (5) All mechanical, odor suppression equipment, and trash enclosures must be screened.
- (6) Outdoor storage beyond the daily parking of vehicles is prohibited.
- (7) Lighting
  - a. All site lighting must meet City Code requirements. All light fixtures must be downward directed with cut-offs and be architecturally designed to match the overall design of the building.
  - b. The specifications of all light fixtures must be provided to the City with the application for a conditional use permit.
  - c. A photometric plan must be submitted to the City with the application for a conditional use permit indicating light measure at the property line.
  - d. Lighting within a greenhouse is permitted between the hours of 4:30 a.m. and 10:00 p.m. Lighting at the site property lines shall not exceed 1.0 foot-candles at any time.
- (8) Water and Wastewater
  - a. Management of wastewater shall be in accordance with the Office of Cannabis Management, Minnesota Pollution Control Agency, or local ordinances. Where multiple standards exist, the more restrictive of the standards shall apply.
  - b. Water use within the site shall be designed to maximize the amount of water reuse possible.
- (9) Signs
  - a. Signs shall be in compliance with the Office of Cannabis Management and the City Code. Whenever a more restrictive standard exists, the more restrictive standard shall apply.

(d) Temporary Cannabis Events – In Business and Industrial Districts, a Temporary Cannabis Event may only be permitted as follows:

- (1) License or Permit Required for Temporary Cannabis Events. A license or permit is required to be issued and approved by the City of Lake Elmo prior to holding a Temporary Cannabis Event.
- (2) Registration & Application Procedure. A registration fee, as established in the City of Lake Elmo's fee schedule, shall be charged to applicants for Temporary Cannabis Events.
- (3) Application Submittal & Review. The City of Lake Elmo shall require an application for Temporary Cannabis Events.
- (4) An applicant for a Temporary Cannabis Event shall fill out an application form, as provided by the City of Lake Elmo. Said form shall include, but is not limited to:
  - a. Full name of the property owner and applicant;
  - b. Address, email address, and telephone number of the applicant;
  - c. A site plan including the location of the event, the set-up, location of parking, dates of the proposed event, hours of operation, lighting, signage, and any other information deemed necessary by the City.
- (5) The applicant shall include with the form:
  - a. The application fee as established in the City of Lake Elmo's fee schedule.
  - b. A copy of the OCM cannabis event license application, submitted pursuant to Minnesota Statute 342.39 subd. 2.
- (6) The application shall be submitted to the City for review. If the City determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.
- (7) Once an application is considered complete, the City shall inform the applicant as such, process the application fees, and forward the application to the City Council for approval or denial.
- (8) The application fee shall be non-refundable once processed.

- (9) The application for a license for a Temporary Cannabis Event shall meet the following standards:
- a. Must be licensed by the State of Minnesota and in compliance with the standards set by the Office of Cannabis Management.
  - b. Temporary Cannabis Events may only be held at approved Cannabis Cultivation, Cannabis Mezzobusiness, Cannabis Microbusiness, Cannabis Retail, and Low Potency Hemp Retail Locations.
  - c. Temporary Cannabis Events must last no more than four consecutive calendar days.
  - d. No more than four Temporary Cannabis Events may be conducted at a single location in a calendar year.
  - e. Hours of operation for a Temporary Cannabis Event are limited to 10:00 AM to 5:00 PM.
- (10) A request for a Temporary Cannabis Event that meets the requirements of this Section shall be approved.
- (11) A request for a Temporary Cannabis Event that does not meet the requirements of this Section shall be denied. The City shall notify the applicant of the standards not met and basis for denial.

**SECTION 4. Effective Date.** This ordinance shall become effective immediately upon adoption and publication in the official newspaper of the City of Lake Elmo.

**SECTION 3. Adoption Date.** This Ordinance 2024-~~XX~~ was adopted on this 3<sup>rd</sup> day of December 2024, by a vote of \_\_ Ayes and \_\_\_Nays.

**LAKE ELMO CITY COUNCIL**

\_\_\_\_\_  
Charles Cadenhead, Mayor

ATTEST:

\_\_\_\_\_  
Julie Johnson, City Clerk

This Ordinance 2024-\_\_ was published on the \_\_\_\_ day of \_\_\_\_\_, 2024.



**MINNESOTA**

OFFICE OF CANNABIS MANAGEMENT



# *A Guide for Local Governments on Adult-Use Cannabis*



**Version 1.4  
Updated August 2024**

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# Introduction

This guide serves as a general overview of **Minnesota’s new adult-use cannabis law**, and how **local governments** can expect to be involved. The guide also provides important information about Minnesota’s new Office of Cannabis Management (OCM), and the office’s structure, roles, and responsibilities. While medical cannabis continues to play an important role in the state’s cannabis environment, this guide is primarily focused on the adult-use cannabis law and marketplace.

The following pages outline the variety of cannabis business licenses that will be issued, provide a broad summary of important aspects of the adult-use cannabis law, and cover a wide range of expectations and authorities that relate to local governments. This guide also provides best practices and important requirements for developing a local cannabis ordinance.

**Chapter 342** of Minnesota law was established by the State Legislature in 2023 and was updated in 2024. Mentions of “adult-use cannabis law” or “the law” throughout this guide refer to Chapter 342 and the changes made to it.

As of this guide’s date of publication, state regulations governing the adult-use cannabis market have not yet been published—**this document will be updated** when such regulations become effective.



*This guide is not a substitute for legal advice, nor does it seek to provide legal advice. Local governments and municipal officials seeking legal advice should consult an attorney.*

# About OCM

Minnesota's **Office of Cannabis Management** is the state regulatory office created to oversee the implementation and regulation of the adult-use cannabis market, the medical cannabis market, and the consumer hemp industry. Housed within OCM are the **Division of Medical Cannabis** (effective July 1, 2024), which operates the medical cannabis program, and the **Division of Social Equity**, which promotes development, stability, and safety in communities that have experienced a disproportionate, negative impact from cannabis prohibition and usage.



OCM, through Chapter 342, is tasked with establishing rules and policy and exercising its regulatory authority over the Minnesota cannabis industry. In its duties, OCM is mandated to:

- Promote public health and welfare.
- Protect public safety.
- Eliminate the illicit market for cannabis flower and cannabis products.
- Meet the market demand for cannabis flower and cannabis products.
- Promote a craft industry for cannabis flower and cannabis products.
- Prioritize growth and recovery in communities that have experienced a disproportionate, negative impact from cannabis prohibition.

OCM governs the application and licensing process for cannabis and hemp businesses, specific requirements for each type of license and their respective business activities, and conducts enforcement and inspection activities across the Minnesota cannabis and hemp industries.

# License Types

Minnesota law allows for **13** different types of business licenses, each fulfilling a unique role in the cannabis and hemp supply chain. In addition to license types below, OCM will also issue endorsements to license holders to engage in specific activities, including producing, manufacturing, and sale of medical cannabis for patients.

## **Microbusiness**

Microbusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package such products for sale to customers or another licensed cannabis business. Microbusiness may also operate a single retail location.

## **Mezzobusiness**

Mezzobusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package such products for sale to customers or another licensed cannabis business. Mezzobusiness may also operate up to three retail locations.

## **Cultivator**

Cultivators may cultivate cannabis and package such cannabis for sale to another licensed cannabis business.

## **Manufacturer**

Manufacturers may manufacture cannabis products and hemp products, and package such products for sale to a licensed cannabis retailer.

## **Retailer**

Retailers may sell immature cannabis plants and seedlings, cannabis, cannabis products, hemp products, and other products authorized by law to customers and patients.

## **Wholesaler**

Wholesalers may purchase and/or sell immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from another licensed cannabis business.

Wholesalers may also import hemp-derived consumer products and lower-potency hemp edibles.

# License Types (continued)

## **Transporter**

Transporters may transport immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products to licensed cannabis businesses.

## **Testing Facility**

Testing facilities may obtain and test immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from licensed cannabis businesses.

## **Event Organizer**

Event organizers may organize a temporary cannabis event lasting no more than four days.

## **Delivery Service**

Delivery services may purchase cannabis, cannabis products, and hemp products from retailers or cannabis business with retail endorsements for transport and delivery to customers.

## **Medical Cannabis Combination Business**

Medical cannabis combination businesses may cultivate cannabis and manufacture cannabis and hemp products, and package such products for sale to customers, patients, or another licensed cannabis business. Medical cannabis combination businesses may operate up to one retail location in each congressional district.

## **Lower-Potency Hemp Edible Manufacturer**

Lower-potency hemp edible manufacturers may manufacture and package lower-potency hemp edibles for consumer sale, and sell hemp concentrate and lower-potency hemp edibles to other cannabis and hemp businesses.

## **Lower-Potency Hemp Edible Retailer**

Lower-potency hemp edible retailers may sell lower-potency hemp edibles to customers.

Each license is subject to further restrictions on allowable activities. Maximum cultivation area and manufacturing allowances vary by license type. Allowable product purchase, transfer, and sale between licensees are subject to restrictions in the law.



# The Adult-Use Cannabis Law

Minnesota's new adult-use cannabis law permits the personal use, possession, and transportation of cannabis by those 21 years of age and older, and allows licensed businesses to conduct cultivation, manufacturing, transport, delivery, and sale of cannabis and cannabis products.

## For Individuals

- **Possession limits:**
  - Flower - 2 oz. in public, 2 lbs. in private residence
  - Concentrate - 8 g
  - Edibles (including lower-potency hemp) - 800 mg THC
- **Consumption** only allowed on private property or at licensed businesses with on-site consumption endorsements. Consumption not allowed in public.
- **Gifting** cannabis to another individual over 21 years old is allowed, subject to possession limits.
- **Home cultivation** is limited to four mature and four immature plants (eight total) in a single residence. Plants must be in an enclosed and locked space.
- **Home extraction** using volatile substances (e.g., butane, ethanol) is not allowed.
- **Unlicensed sales** are not allowed.



## For Businesses

- **Advertising:**
  - May not include or appeal to those under 21 years old.
  - Must include proper warning statements.
  - May not include misleading claims or false statements.
  - Billboards are not allowed.
- The flow of all products through the supply chain must be tracked by the state-authorized **tracking system**.
- All products sold to consumers and patients must be **tested for contaminants**.
- **Home delivery** is allowed by licensed businesses.



# ***The Cannabis Licensing Process***

An applicant will take the following steps to proceed from application to active licensure. As described, processes vary depending on social equity status and/or whether the type of license being sought is capped or uncapped in the general licensing process.

## ***License Preapproval: Early Mover Process for Social Equity Applicants***

The license preapproval process is a one-time application process available for verified social equity applicants. State law requires OCM to open the application window on July 24, 2024, and close the window on August 12, 2024. The preapproval process is available for the following license types, and all are capped in this process: microbusiness, mezzobusiness, cultivator, retailer, wholesaler, transporter, testing facility, and delivery service.

Preapproval steps:

1. Applicant's social equity applicant (SEA) status verified.
2. Complete application and submit application fees.
3. Application vetted for minimum requirements by OCM.
4. Application (if qualified) entered into lottery drawing.
5. If selected in lottery, OCM completes background check of selected applicant and issues license preapproval.
6. Applicant with license preapproval\* submits business location and amends application accordingly.
7. OCM forwards completed application to local government.
8. Local government completes certification of zoning compliance.
9. OCM conducts site inspection.
10. When regulations are adopted, license becomes active, operations may commence.

\*For social equity applicants with license preapproval for microbusiness, mezzobusiness, or a cultivator license, they may begin growing cannabis plants prior to the adoption of rules if OCM receives approval from local governments in a form and manner determined by the office. This is only applicable to cultivation and does not authorize retail sales or other endorsed activities of the licenses prior to the adoption of rules.

# ***The Cannabis Licensing Process (cont.)***

The general licensing process will align with the adoption of rules and OCM will share more information about the timing of general licensing process. The general licensing process includes social equity applicants and non-social equity applicants.

## ***General Licensing: Cultivator, Manufacturer, Retailer, Mezzobusiness***

1. Complete application and submit application fees.
2. Application vetted for minimum requirements by OCM.
3. Application (if qualified) entered into lottery drawing.
4. If selected in lottery, OCM completes background check of selected applicant and issues preliminary approval.
5. Applicant with preliminary approval submits business location and amends application accordingly.
6. OCM forwards completed application to local government.
7. Local government completes certification of zoning compliance.
8. OCM conducts site inspection.
9. License becomes active, operations may commence.\*

## ***General Licensing: Microbusiness, Wholesaler, Transporter, Testing Facility, Event Organizer***

1. Complete application and submit application fees.
2. Application vetted for minimum requirements by OCM.
3. For qualified applicants, OCM completes background check of vetted applicant and issues preliminary approval.
4. Selected applicant submits business location and amends application accordingly.
5. OCM forwards completed application to local government.
6. Local government completes certification of zoning compliance.
7. OCM conducts site inspection.
8. License becomes active, operations may commence.\*

\*For businesses seeking a retail endorsement (microbusiness, mezzobusiness, and retailer), a valid local retail registration is required prior to the business commencing any retail sales. See Page 16 for information on the local retail registration process.

# General Authorities

Local governments in Minnesota have various means of oversight over the cannabis market, as provided by the adult-use cannabis law. Local governments may not issue outright bans on cannabis business, or limit operations in a manner beyond what is provided by state law.

## **Cannabis Retail Restrictions (342.13)**

Local governments may limit the number of retailers and microbusiness/mezzobusinesses with retail endorsements allowed within their locality, as long as there is **at least one retail location per 12,500 residents**. Local units of government are not obligated to seek out a business to register as cannabis business if they have not been approached by any potential applicants, but cannot prohibit the establishment of a business if this population requirement is not met. Local units of government may also issue more than the minimum number of registrations. Per statutory direction, a municipal cannabis store (Page 19) cannot be included in the minimum number of registrations required. For population counts, the state demographer estimates will likely be utilized.

## **Tribal Governments (342.13)**

OCM is prohibited from and will not issue state licenses to businesses in Indian Country without consent from a tribal nation. Tribal nations hold the authority to license tribal cannabis businesses on tribal lands – this process is separate than OCM’s licensing process and authority. Subject to compacting, Tribal nations may operate cannabis businesses off tribal lands. There will be more information available once the compacting processes are complete.

## **Taxes (295.81; 295.82)**

Retail sales of taxable cannabis products are subject to the state and local sales and use tax and a 10% gross receipts tax. Cannabis gross receipts tax proceeds are allocated as follows: 20% to the local government cannabis aid account and 80% to the state general fund. Local taxes imposed solely on sale of cannabis products are prohibited.

Cannabis retailers will be subject to the same real property tax classification as all other retail businesses. Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale will be classified as commercial and industrial property.

# General Authorities (cont.)

## Retail Timing Restrictions (342.13)

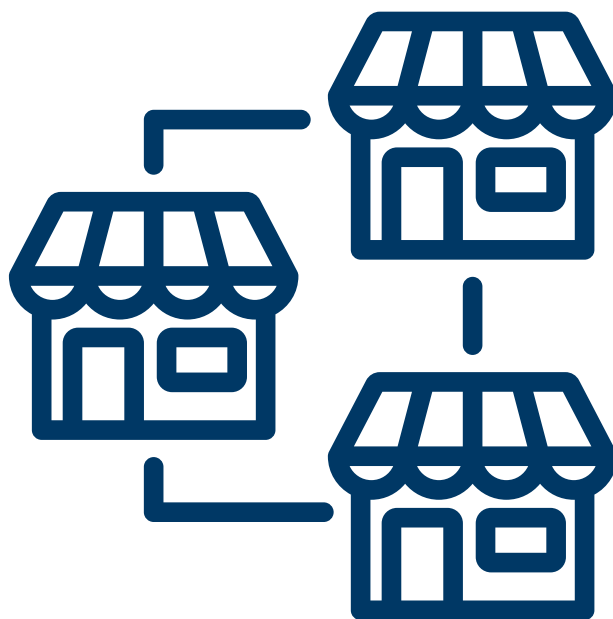
Local governments may prohibit retail sales of cannabis between the hours of 8 a.m. and 10 a.m. Monday-Saturday, and 9 p.m. and 2 a.m. the following day.

## Operating Multiple Locations with One License

Certain cannabis licenses allow for multiple retail locations to be operated under a single license, with the following limitations:

- **Retailers:** up to five retail locations.
- **Mezzobusinesses:** up to three retail locations.
- **Microbusinesses:** up to one retail location.
- **Medical cannabis combination businesses:** one retail location per congressional district. Additionally, medical cannabis combination businesses may cultivate at more than one location within other limitations on cultivation.

For all other license types, one license permits the operation of one location. Each retail location requires local certification and/or registration.



# Zoning and Land Use

## **Buffer Guidelines (342.13)**

State law does not restrict how a local government conducts its zoning designations for cannabis businesses, except that they may prohibit the operation of a cannabis business within 1,000 feet of a school, or 500 feet of a day care, residential treatment facility, or an attraction within a public park that is regularly used by minors, including playgrounds and athletic fields.

## **Zoning Guidelines**

While each locality conducts its zoning differently, a few themes have emerged across the country. For example, cannabis manufacturing facilities are often placed in industrial zones, while cannabis retailers are typically found in commercial/retail zones. Cannabis retail facilities align with general retail establishments and are prohibited from allowing consumption or use onsite, and are also required to have plans to prevent the visibility of cannabis and hemp-derived products to individuals outside the retail location. Industrial hemp is an agricultural product, and should be zoned as such.

Cannabis businesses should be zoned under existing zoning ordinances in accordance with the license type or endorsed activities held by the cannabis business. Note that certain types of licenses may be able to perform multiple activities which may have different zoning analogues. In the same way municipalities may zone a microbrewery that predominately sells directly to onsite consumers differently than a microbrewery that sells packaged beer to retailers and restaurants, so too might a municipality wish to zone two microbusinesses based on the actual activities that each business is undertaking. Table 1, included on Pages 13 and 14, explains the types of activities that cannabis businesses might undertake, as well as, some recommended existing zoning categories.

# Zoning and Land Use (cont.)

**Table 1: Cannabis and Hemp Business Activities**

<b>Endorsed Activity</b>	<b>License Type Eligible to Do Endorsed Activity</b>	<b>Description of Activity</b>	<b>Comparable Districts</b>	<b>Municipal Considerations</b>
Cultivation	Cultivator Mezzobusiness Microbusiness Medical Cannabis Combination	"Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis plants, cannabis flower, hemp plants, or hemp plant parts.	Indoor: Industrial, Commercial, Production  Outdoor: Agricultural	Odor  Potential need for transportation from facility  Waste, water, and energy usage  Security
Cannabis Manufacturing, Processing, Extraction	Manufacturer Mezzobusiness Microbusiness Medical Cannabis Combination	This group of endorsed activities turn raw, dried cannabis and cannabis parts into other types of cannabis products, e.g. edibles or topicals.	Industrial, Commercial, Production	Odor  Potential need for transportation from facility  Waste, water, and energy usage  Security
Hemp Manufacturing	Lower-Potency Hemp Edible (LPHE) Manufacturing	These business convert hemp into LPHE edible products.	Industrial, Commercial, Production	Odor Waste, water, and energy
Wholesale	Wholesale Cultivator Manufacturer Mezzobusiness Microbusiness Medical Cannabis Combination	This activity and license type allows a business to purchase from a business growing or manufacturing cannabis or cannabis products and sell to a cannabis business engaged in retail.	Industrial, Commercial, Production	Need for transportation from facility  Security

# Zoning and Land Use (cont.)

**Table 1: Cannabis and Hemp Business Activities (continued)**

<b>Endorsed Activity</b>	<b>License Type Eligible to Do Endorsed Activity</b>	<b>Description of Activity</b>	<b>Comparable Districts</b>	<b>Municipal Considerations</b>
Cannabis Retail	Retail Mezzobusiness Microbusiness Medical Cannabis Combination	This endorsed activity and license types allow a business to sell cannabis and cannabis products directly to consumers.	Retail, Neighborhood Shopping Districts, Light Industrial, Existing districts where off-sale liquor or tobacco sales are allowed.	Micros may offer onsite consumption, similar to breweries.  Micros and Mezzos may include multiple activities: cultivation, manufacture, and/or retail.
Transportation	Cannabis Transporter	This license type allows a company to transport products from one license type to another.		Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.
Delivery	Cannabis Delivery	This license type allows for transportation to the end consumer.		Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.
Events	Event Organizer	This license entitles license holder to organizer a temporary event lasting no more than four days.	Anywhere that the city permits events to occur, subject to other restrictions related to cannabis use.	On site consumption.  Retail sales by a licensed or endorsed retail business possible.



# Local Approval Process

Local governments play a critical role in the licensing process, serving as a near-final approval check on cannabis businesses nearing the awarding of a state license for operations. Once an applicant has been vetted by OCM and is selected for proceeding in the verification process, they are then required to receive the local government's certification of zoning compliance and/or local retail registration before operations may commence.



## Local Certification of Zoning Compliance (342.13; 342.14)

Following OCM's vetting process, local governments must **certify** that the applicant with preliminary approval has achieved **compliance with local zoning ordinances** prior to the licensee receiving final approval from OCM to commence operations.

During the application and licensing process for cannabis businesses, OCM will notify a local government when an applicant intends to operate within their jurisdiction and request a certification as to whether a proposed cannabis business complies with local zoning ordinances, and if applicable, whether the proposed business complies with state fire code and building code.

According to Minnesota's cannabis law, a local unit of government has 30 days to respond to this request for certification of compliance. If a local government does not respond to OCM's request for certification of compliance within the 30 days, the cannabis law allows OCM to issue a license. OCM may not issue the final approval for a license if the local government has indicated they are not in compliance.

OCM will work with local governments to access the licensing software system to complete this zoning certification process.

# ***Local Approval Process (cont.)***

## ***Local Retail Registration Process (342.22)***

Once the licensing process begins, local government registration applies to cannabis retailers or other cannabis/hemp businesses seeking a retail endorsement. Local governments must issue a retail registration after verifying that:

- The business has a valid license or license preapproval issued by OCM.
- The business has paid a registration fee or renewal fee to the local government;
  - Initial registration fees collected by a local government may be \$500 or half the amount of the applicable initial license fee, whichever is less, and renewal registration fees may be \$1,000 or half the amount of the applicable renewal license fee, whichever is less.
- The business is found to be in compliance with Chapter 342 and local ordinances.
- If applicable, the business is current on all property taxes and assessments for the proposed retail location.

Local registrations may also be issued by counties if the respective local government transfers such authorities to the county.

## ***Determining a Process for Limiting Retail Registrations***

If a local government wishes to place a limitation on the number of retailers and microbusiness/mezzobusinesses with retail endorsements allowed within their locality (as long as there is at least one retail location per 12,500 residents, see Page 10), state law does not define the process for a local government's selection if there are more applicants than registrations available. A few options for this process include the use of a lottery, a first-come/first-serve model, a rolling basis, and others. Local governments should work with an attorney to determine their specific process for selection if they wish to limit the number of licensed cannabis retailers per 342.13. Local governments are not required to limit the number of licensed cannabis retailers.

# Local Approval Process (cont.)

Local governments are permitted specific authorities for registration refusal and registration suspension, in addition to—and not in conflict with—OCM authorities.

## Registration and Renewal Refusals

Local governments may refuse the registration and/or certification of a license renewal if the license is associated with an individual or business who no longer holds a valid license, has failed to pay the local registration or renewal fee, or has been found in noncompliance in connection with a preliminary or renewal compliance check.



## Local Registration Suspension (342.22)

Local governments may suspend the local retail registration of a cannabis business or hemp business if the business is determined to not be operating in compliance with a local ordinance authorized by 342.13 or if the operation of the business poses an immediate threat to the health and safety of the public. The local government must immediately notify OCM of the suspension if it occurs. OCM will review the suspension and may reinstate the registration or take enforcement action.

## Expedited Complaint Process (342.13)

Per state law, OCM will establish an expedited complaint process during the rulemaking process to receive, review, read, and respond to complaints made by a local unit of government about a cannabis business. Upon promulgation of rules, OCM will publish the complaint process.

At a minimum, the expedited complaint process shall require the office to provide an initial response to the complaint within seven days and perform any necessary inspections within 30 days. Within this process, if a local government notifies OCM that a cannabis business poses an immediate threat to the health or safety of the public, the office must respond within one business day.

# Inspections & Compliance Checks

Local governments are permitted specific business inspection and compliance check authorities, in addition to—and not in conflict with—OCM authorities.

## Inspections and Compliance Checks (342.22)

Local governments must conduct **compliance checks** for cannabis and hemp businesses holding retail registration **at least once per calendar year**. These compliance checks must verify compliance with age verification procedures and compliance with any applicable local ordinance established pursuant to 342.13. OCM maintains inspection authorities for all cannabis licenses to verify compliance with operation requirements, product limits, and other applicable requirements of Chapter 342.



# Municipal Cannabis Stores

As authorized in Chapter 342.32, local governments are permitted to apply for a cannabis retail license to establish and operate a municipal cannabis store.

State law requires OCM issue a license to a city or county seeking to operate a single municipal cannabis store if the city or county:

- Submits required application information to OCM,
- Meets minimum requirements for licensure, and
- Pays applicable application and license fee.

A municipal cannabis store will not be included in the total count of retail licenses issued by the state under Chapter 342.

A municipal cannabis store cannot be counted as retail registration for purposes of determining whether a municipality's cap on retail registrations imposed by ordinance.



# Creating Your Local Ordinance

As authorized in 342.13, a local government may adopt a local ordinance regarding cannabis businesses. Establishing local governments' ordinances on cannabis businesses in a timely manner is critical for the ability for local cities or towns to establish local control as described in the law, and is necessary for the success of the statewide industry and the ability of local governments to protect public health and safety. The cannabis market's potential to create jobs, generate revenue, and contribute to economic development at the local and state level is supported through local ordinance work. The issuance of local certifications and registrations to prospective cannabis businesses is also dependent on local ordinances.

- Local governments may not prohibit the possession, transportation, or use of cannabis, or the establishment or operation of a cannabis business licensed under state law.
- Local governments may adopt reasonable restrictions on the time, place, and manner of cannabis business operations (see Page 11).
- Local governments may adopt interim ordinances to protect public safety and welfare, as any studies and/or further considerations on local cannabis activities are being conducted, until January 1, 2025. A public hearing must be held prior to adoption of an interim ordinance.
- If your local government wishes to operate a municipal cannabis store, the establishment and operation of such a facility must be considered in a local ordinance.



## Model Ordinance

For additional guidance regarding the creation of a cannabis related ordinance, please reference the addendum in this packet.

# ***Additional Resources***

## ***OCM Toolkit for Local Partners***

Please visit OCM webpage ([mn.gov/ocm/local-governments/](https://mn.gov/ocm/local-governments/)) for additional information, including a toolkit of resources developed specifically for local government partners. The webpage will be updated as additional information becomes available and as state regulations are adopted.

These resources are also included in the addendum of this packet.

Toolkit resources include:

- Appendix A: Model Ordinance
- Appendix B: Retail Registration Form and Checklist
- Appendix C: Hemp Flower and Hemp-Derived Cannabinoid Product Checklist
- Appendix D: Enforcement Notice from the Office of Cannabis Management
- Appendix E: Notice to Unlawful Cannabis Sellers

## ***Local Organizations***

There are several organizations who also have developed resources to support local governments regarding the cannabis industry. Please feel free to contact the following for additional resources:

- League of Minnesota Cities
- Association of Minnesota Counties
- Minnesota Public Health Law Center

# *Appendix A: Model Ordinance*



## Cannabis Model Ordinance

*The following model ordinance is meant to be used as a resource for cities, counties, and townships within Minnesota. The italicized text in red is meant to provide commentary and notes to jurisdictions considering using this ordinance and should be removed from any ordinance formally adopted by said jurisdiction. Certain items are not required to be included in the adopted ordinance: 'OR' and (optional) are placed throughout for areas where a jurisdiction may want to consider one or more choices on language.*

Section 1	Administration
Section 2	Registration of Cannabis Business
Section 3	Requirements for a Cannabis Business (Time, Place, Manner)
Section 4	Temporary Cannabis Events
Section 5	Lower Potency Hemp Edibles
Section 6	Local Government as a Retailer
Section 7	Use of Cannabis in Public

### AN ORDINANCE OF THE (CITY/COUNTY OF \_\_\_\_\_) TO REGULATE CANNABIS BUSINESSES

The (city council/town board/county board) of (city/town/county) hereby ordains:

#### Section 1. Administration

##### 1.1 Findings and Purpose

(insert local authority) makes the following legislative findings:

The purpose of this ordinance is to implement the provisions of Minnesota Statutes, chapter 342, which authorizes (insert local authority) to protect the public health, safety, welfare of (insert local here) residents by regulating cannabis businesses within the legal boundaries of (insert local here).

(insert local authority) finds and concludes that the proposed provisions are appropriate and lawful land use regulations for (insert local here), that the proposed amendments will promote the community's interest in reasonable stability in zoning for now and in the future, and that the proposed provisions are in the public interest and for the public good.

##### 1.2 Authority & Jurisdiction

*A county can adopt an ordinance that applies to unincorporated areas and cities that have delegated authority to impose local zoning controls.*

(insert local authority) has the authority to adopt this ordinance pursuant to:

- a) Minn. Stat. 342.13(c), regarding the authority of a local unit of government to adopt reasonable restrictions of the time, place, and manner of the operation of

a cannabis business provided that such restrictions do not prohibit the establishment or operation of cannabis businesses.

- b) Minn. Stat. 342.22, regarding the local registration and enforcement requirements of state-licensed cannabis retail businesses and lower-potency hemp edible retail businesses.
- c) Minn. Stat. 152.0263, Subd. 5, regarding the use of cannabis in public places.
- d) Minn. Stat. 462.357, regarding the authority of a local authority to adopt zoning ordinances.

Ordinance shall be applicable to the legal boundaries of (insert local here).

(Optional) (insert city here) has delegated cannabis retail registration authority to (insert county here). However, (insert city here) may adopt ordinances under Sections (2.6, 3 and 4) if (insert county here) has not adopted conflicting provisions.

### 1.3 Severability

If any section, clause, provision, or portion of this ordinance is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance shall not be affected thereby.

### 1.4 Enforcement

*The elected body of a jurisdiction can choose to designate an official to administer and enforce this ordinance.*

The (insert name of local government or designated official) is responsible for the administration and enforcement of this ordinance. Any violation of the provisions of this ordinance or failure to comply with any of its requirements constitutes a misdemeanor and is punishable as defined by law. Violations of this ordinance can occur regardless of whether or not a permit is required for a regulated activity listed in this ordinance.

### 1.5 Definitions

1. Unless otherwise noted in this section, words and phrases contained in Minn. Stat. 342.01 and the rules promulgated pursuant to any of these acts, shall have the same meanings in this ordinance.
2. Cannabis Cultivation: A cannabis business licensed to grow cannabis plants within the approved amount of space from seed or immature plant to mature plant. harvest cannabis flower from mature plant, package and label immature plants and seedlings and cannabis flower for sale to other cannabis businesses, transport cannabis flower to a cannabis manufacturer located on the same premises, and perform other actions approved by the office.
3. Cannabis Retail Businesses: A retail location and the retail location(s) of a mezzobusinesses with a retail operations endorsement, microbusinesses with a retail operations endorsement, medical combination businesses operating a retail location, (and/excluding) lower-potency hemp edible retailers.

4. Cannabis Retailer: Any person, partnership, firm, corporation, or association, foreign or domestic, selling cannabis product to a consumer and not for the purpose of resale in any form.
5. Daycare: A location licensed with the Minnesota Department of Human Services to provide the care of a child in a residence outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.
6. Lower-potency Hemp Edible: As defined under Minn. Stat. 342.01 subd. 50.
7. Office of Cannabis Management: Minnesota Office of Cannabis Management, referred to as "OCM" in this ordinance.
8. Place of Public Accommodation: A business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind, whether licensed or not, whose goods, services, facilities, privileges, advantages or accommodations are extended, offered, sold, or otherwise made available to the public.
9. Preliminary License Approval: OCM pre-approval for a cannabis business license for applicants who qualify under Minn. Stat. 342.17.
10. Public Place: A public park or trail, public street or sidewalk; any enclosed, indoor area used by the general public, including, but not limited to, restaurants; bars; any other food or liquor establishment; hospitals; nursing homes; auditoriums; arenas; gyms; meeting rooms; common areas of rental apartment buildings, and other places of public accommodation.
11. Residential Treatment Facility: As defined under Minn. Stat. 245.462 subd. 23.
12. Retail Registration: An approved registration issued by the (insert local here) to a state-licensed cannabis retail business.
13. School: A public school as defined under Minn. Stat. 120A.05 or a nonpublic school that must meet the reporting requirements under Minn. Stat. 120A.24.
14. State License: An approved license issued by the State of Minnesota's Office of Cannabis Management to a cannabis retail business.

## Section 2. Registration of Cannabis Businesses

*A city or town can delegate authority for registration to the County. A city or town can still adopt specific requirement regarding zoning, buffers, and use in public places, provided said requirements are not in conflict with an ordinance adopted under the delegated authority granted to the County.*

### 2.1 Consent to registering of Cannabis Businesses

No individual or entity may operate a state-licensed cannabis retail business within (insert local here) without first registering with (insert local here).

Any state-licensed cannabis retail business that sells to a customer or patient without valid retail registration shall incur a civil penalty of (up to \$2,000) for each violation.

Notwithstanding the foregoing provisions, the state shall not issue a license to any cannabis business to operate in Indian country, as defined in United States Code, title 18, section 1151, of a Minnesota Tribal government without the consent of the Tribal government.

## 2.2 Compliance Checks Prior to Retail Registration

*A jurisdiction can choose to conduct a preliminary compliance check prior to issuance of retail registration.*

Prior to issuance of a cannabis retail business registration, (insert local here) (shall/shall not) conduct a preliminary compliance check to ensure compliance with local ordinances.

Pursuant to Minn. Stat. 342, within 30 days of receiving a copy of a state license application from OCM, (insert local here) shall certify on a form provided by OCM whether a proposed cannabis retail business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code.

## 2.3 Registration & Application Procedure

### 2.3.1 Fees.

(insert local here) shall not charge an application fee.

A registration fee, as established in (insert local here)'s fee schedule, shall be charged to applicants depending on the type of retail business license applied for.

An initial retail registration fee shall not exceed \$500 or half the amount of an initial state license fee under Minn. Stat. 342.11, whichever is less. The initial registration fee shall include the initial retail registration fee and the first annual renewal fee.

Any renewal retail registration fee imposed by (insert local here) shall be charged at the time of the second renewal and each subsequent renewal thereafter.

A renewal retail registration fee shall not exceed \$1,000 or half the amount of a renewal state license fee under Minn. Stat. 342.11, whichever is less.

A medical combination business operating an adult-use retail location may only be charged a single registration fee, not to exceed the lesser of a single retail registration fee, defined under this section, of the adult-use retail business.

### 2.3.2 Application Submittal.

The (insert local here) shall issue a retail registration to a state-licensed cannabis retail business that adheres to the requirements of Minn. Stat. 342.22.

(A) An applicant for a retail registration shall fill out an application form, as provided by the (insert local here). Said form shall include, but is not limited to:

- i. Full name of the property owner and applicant;
- ii. Address, email address, and telephone number of the applicant;
- iii. The address and parcel ID for the property which the retail registration is sought;
- iv. Certification that the applicant complies with the requirements of local ordinances established pursuant to Minn. Stat. 342.13.
- v. (Insert additional standards here)

(B) The applicant shall include with the form:

- i. the registration fee as required in [Section 2.3.1];
  - ii. a copy of a valid state license or written notice of OCM license preapproval;
  - iii. (Insert additional standards here)
- (C) Once an application is considered complete, the (insert local government designee) shall inform the applicant as such, process the application fees, and forward the application to the (insert staff/department, or elected body that will approve or deny the request) for approval or denial.
- (D) The application fee shall be non-refundable once processed.

### 2.3.3 Application Approval

- (A) (Optional) A state-licensed cannabis retail business application shall not be approved if the cannabis retail business would exceed the maximum number of registered cannabis retail businesses permitted under Section 2.6.
- (B) A state-licensed cannabis retail business application shall not be approved or renewed if the applicant is unable to meet the requirements of this ordinance.
- (C) A state-licensed cannabis retail business application that meets the requirements of this ordinance shall be approved.

### 2.3.4 Annual Compliance Checks.

The (insert local here) shall complete at minimum one compliance check per calendar year of every cannabis business to assess if the business meets age verification requirements, as required under [Minn. Stat. 342.22 Subd. 4(b) and Minn. Stat. 342.24] and this/these [chapter/section/ordinances].

The (insert local here) shall conduct at minimum one unannounced age verification compliance check at least once per calendar year.

Age verification compliance checks shall involve persons at least 17 years of age but under the age of 21 who, with the prior written consent of a parent or guardian if the person is under the age of 18, attempt to purchase adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products under the direct supervision of a law enforcement officer or an employee of the local unit of government.

Any failures under this section must be reported to the Office of Cannabis Management.

### 2.3.5 Location Change

*A jurisdiction may decide to treat location changes as a new registration, or alternatively treat a location change as allowable subject to compliance with the rest of the registration process.*

A state-licensed cannabis retail business shall be required to submit a new application for registration under Section 2.3.2 if it seeks to move to a new location still within the legal boundaries of (insert local here).

or

If a state-licensed cannabis retail business seeks to move to a new location still within the legal boundaries of (insert local here), it shall notify (insert local here) of the proposed location change, and submit necessary information to meet all the criteria in this paragraph.

## 2.4 Renewal of Registration

The (insert local here) shall renew an annual registration of a state-licensed cannabis retail business at the same time OCM renews the cannabis retail business' license.

A state-licensed cannabis retail business shall apply to renew registration on a form established by (insert local here).

A cannabis retail registration issued under this ordinance shall not be transferred.

### *2.4.1 Renewal Fees.*

The (insert local here) may charge a renewal fee for the registration starting at the second renewal, as established in (insert local here)'s fee schedule.

### *2.4.2 Renewal Application.*

The application for renewal of a retail registration shall include, but is not limited to:

- Items required under Section 2.3.2 of this Ordinance.
- Insert additional items here

## 2.5 Suspension of Registration

### *2.5.1 When Suspension is Warranted.*

The (insert local here) may suspend a cannabis retail business's registration if it violates the ordinance of (insert local here) or poses an immediate threat to the health or safety of the public. The (insert local here) shall immediately notify the cannabis retail business in writing the grounds for the suspension.

### *2.5.2 Notification to OCM.*

The (insert local here) shall immediately notify the OCM in writing the grounds for the suspension. OCM will provide (insert local here) and cannabis business retailer a response to the complaint within seven calendar days and perform any necessary inspections within 30 calendar days.

### *2.5.3 Length of Suspension.*

*A jurisdiction can wait for a determination from the OCM before reinstating a registration.*

The suspension of a cannabis retail business registration may be for up to 30 calendar days, unless OCM suspends the license for a longer period. The business may not make sales to customers if their registration is suspended.

The (insert local here) may reinstate a registration if it determines that the violations have been resolved.

The (insert local here) shall reinstate a registration if OCM determines that the violation(s) have been resolved.

#### 2.5.4 Civil Penalties.

Subject to Minn. Stat. 342.22, subd. 5(e) the (insert local here) may impose a civil penalty, as specified in the (insert local here)'s Fee Schedule, for registration violations, not to exceed \$2,000.

### 2.6 Limiting of Registrations

*A jurisdiction may choose to set a limit on the number of retail registrations within its boundaries. The jurisdiction may not however, limit the number of registrations to fewer than one per 12,500 residents.*

*(Optional)* The (insert local here) shall limit the number of cannabis retail businesses to no fewer than one registration for every 12,500 residents within (insert local legal boundaries here).

*(Optional)* If (insert county here) has one active cannabis retail businesses registration for every 12,500 residents, the (insert local here) shall not be required to register additional state-licensed cannabis retail businesses.

*(Optional)* The (insert local here) shall limit the number of cannabis retail businesses to (insert number <= minimum required).

## Section 3. Requirements for Cannabis Businesses

*State Statutes note that jurisdictions may “adopt reasonable restrictions on the time, place, and manner of the operation of a cannabis business.” A jurisdiction considering other siting requirements (such as a buffer between cannabis businesses, or a buffer from churches) should consider whether there is a basis to adopt such restrictions.*

### 3.1 Minimum Buffer Requirements

*A jurisdiction can adopt buffer requirements that prohibit the operation of a cannabis business within a certain distance of schools, daycares, residential treatment facilities, or from an attraction within a public park that is regularly used by minors, including a playground or athletic field. Buffer requirements are optional. A jurisdiction cannot adopt larger buffer requirements than the requirements here in Section 3.1. A jurisdiction should use a measuring system consistent with the rest of its ordinances, e.g. from lot line or center point of lot.*

*(Optional)* The (insert local here) shall prohibit the operation of a cannabis business within [0-1,000] feet of a school.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of a day care.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of a residential treatment facility.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

(Optional) The (insert local here) shall prohibit the operation of a cannabis retail business within [X] feet of another cannabis retail business.

Pursuant to Minn. Stat. 462.357 subd. 1e, nothing in Section 3.1 shall prohibit an active cannabis business or a cannabis business seeking registration from continuing operation at the same site if a (school/daycare/residential treatment facility/attraction within a public park that is regularly used by minors) moves within the minimum buffer zone.

### 3.2 Zoning and Land Use

*For jurisdictions with zoning, said jurisdiction can limit what zone(s) Cannabis businesses can operate in. As with other uses in a Zoning Ordinance, a jurisdiction can also determine if such use requires a Conditional or Interim Use permit. A jurisdiction cannot outright prohibit a cannabis business. A jurisdiction should amend their Zoning Ordinance and list what zone(s) Cannabis businesses are permitted in, and whether they are permitted, conditional, or interim uses. While each locality conducts its zoning differently, a few themes have emerged across the country. For example, cannabis manufacturing facilities are often placed in industrial zones, while cannabis retailers are typically found in commercial/retail zones. Cannabis retail facilities align with general retail establishments and are prohibited from allowing consumption or use onsite and are also required to have plans to prevent the visibility of cannabis and hemp-derived products to individuals outside the retail location. Cannabis businesses should be zoned under existing zoning ordinances in accordance with the license type or endorsed activities held by the cannabis business.*

#### 3.2.1. Cultivation.

Cannabis businesses licensed or endorsed for cultivation are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

#### 3.2.1. Cannabis Manufacturer.

Cannabis businesses licensed or endorsed for cannabis manufacturer are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)



#### *3.2.1. Hemp Manufacturer.*

Businesses licensed or endorsed for low-potency hemp edible manufacturers permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

#### *3.2.1. Wholesale.*

Cannabis businesses licensed or endorsed for wholesale are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

#### *3.2.1. Cannabis Retail.*

Cannabis businesses licensed or endorsed for cannabis retail are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

#### *3.2.1. Cannabis Transportation.*

Cannabis businesses licensed or endorsed for transportation are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

#### *3.2.1. Cannabis Delivery.*

Cannabis businesses licensed or endorsed for delivery are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

### 3.3 Hours of Operation

*State law limits the retail sale of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products to the hours of:*

- *Monday-Saturday: 8 a.m.-2 a.m. the following day*
- *Sunday: 10 a.m.-2 a.m.*

*A local jurisdiction may adopt an ordinance prohibiting sales for any period between the hours of 8 a.m.-10 a.m. and between 9 p.m.-2 a.m. the following day, seven days a week.*

(Optional) Cannabis businesses are limited to retail sale of cannabis, cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products between the hours of (insert time here) and (insert time here).

### 3.4 (Optional) Advertising

Cannabis businesses are permitted to erect up to two fixed signs on the exterior of the building or property of the business, unless otherwise limited by (insert local here)'s sign ordinances.

## Section 4. Temporary Cannabis Events

*Any individual or business seeking to obtain a cannabis event license must provide OCM information about the time, location, layout, number of business participants, and hours of operation. A cannabis event organizer must receive local approval, including obtaining any necessary permits or licenses issued by a local unit of government before holding a cannabis event.*

### 4.1 License or Permit Required for Temporary Cannabis Events

#### 4.1.1 License Required.

*A cannabis event organizer license entitles the license holder to organize a temporary cannabis event lasting no more than four days. A jurisdiction should determine what type of approval is consistent with their existing ordinances for events.*

A license or permit is required to be issued and approved by (insert local here) prior to holding a Temporary Cannabis Event.

#### 4.1.2 Registration & Application Procedure

A registration fee, as established in (insert local here)'s fee schedule, shall be charged to applicants for Temporary Cannabis Events.

#### 4.1.3 Application Submittal & Review.

The (insert local here) shall require an application for Temporary Cannabis Events.

- (A) An applicant for a retail registration shall fill out an application form, as provided by the (insert local here). Said form shall include, but is not limited to:
  - i. Full name of the property owner and applicant;
  - ii. Address, email address, and telephone number of the applicant;
  - iii. (Insert additional standards here)
- (B) The applicant shall include with the form:
  - i. the application fee as required in (Section 4.1.2);
  - ii. a copy of the OCM cannabis event license application, submitted pursuant to 342.39 subd. 2.

The application shall be submitted to the (insert local authority), or other designee for review. If the designee determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.

- (C) Once an application is considered complete, the designee shall inform the applicant as such, process the application fees, and forward the application to the (insert staff/department, or elected body that will approve or deny the request) for approval or denial.

(D) The application fee shall be non-refundable once processed.

(E) The application for a license for a Temporary Cannabis Event shall meet the following standards:

*A jurisdiction may establish standards for Temporary cannabis events which the event organizer must meet, including restricting or prohibiting any on-site consumption. If there are public health, safety, or welfare concerns associated with a proposed cannabis event, a jurisdiction would presumably be authorized to deny approval of that event.*

- Insert standards here

(G) A request for a Temporary Cannabis Event that meets the requirements of this Section shall be approved.

(H) A request for a Temporary Cannabis Event that does not meet the requirements of this Section shall be denied. The (insert city/town/county) shall notify the applicant of the standards not met and basis for denial.

(Optional) Temporary cannabis events shall only be held at (insert local place).

(Optional) Temporary cannabis events shall only be held between the hours of (insert start time) and (insert stop time).

## Section 5. (Optional) Lower-Potency Hemp Edibles

*A jurisdiction can establish different standards or requirements regarding Low-Potency Edibles. A jurisdiction can consider including the following section and subsections in their cannabis ordinance.*

### 5.1 Sale of Low-Potency Hemp Edibles

The sale of Low-Potency Edibles is permitted, subject to the conditions within this Section.

### 5.2 Zoning Districts

*If sales are permitted, a jurisdiction can limit what zone(s) the sales of Low-Potency Edibles can take place in. A jurisdiction can also determine if such activity requires a Conditional or Interim Use permit.*

Low-Potency Edibles businesses are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

### 5.3 (Optional) Additional Standards

#### 5.3.1 Sales within Municipal Liquor Store.

*A jurisdiction that already operates a Municipal Liquor Store may sell Low-Potency Edibles within the same store.*

The sale of Low-Potency Edibles is permitted in a Municipal Liquor Store.

#### *5.3.2 Age Requirements.*

*A jurisdiction is able to restrict the sale of Low-Potency Edibles to locations such as bars.*

The sale of Low-Potency Edibles is permitted only in places that admit persons 21 years of age or older.

#### *5.3.3 Beverages.*

The sale of Low-Potency Hemp Beverages is permitted in places that meet requirements of this Section.

#### *5.3.4 Storage of Product.*

*A jurisdiction is able to set requirements on storage and sales of Low-Potency Edibles.*

Low-Potency Edibles shall be sold behind a counter, and stored in a locked case.

### Section 6. (Optional) Local Government as a Cannabis Retailer

(insert local here) may establish, own, and operate one municipal cannabis retail business subject to the restrictions in this chapter.

The municipal cannabis retail store shall not be included in any limitation of the number of registered cannabis retail businesses under Section 2.6.

(insert local here) shall be subject to all same rental license requirements and procedures applicable to all other applicants.

### Section 7. Use in Public Places

No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation unless the premises is an establishment or an event licensed to permit on-site consumption of adult-use.

# ***Appendix B: Retail Registration Form and Checklist***

## Retail Registration Form and Checklist

Local Unit of Government:

Business Name:

Business Address:

Minnesota Cannabis Business License Number:

### Registration Period

Initial

Renewal

Cannabis Microbusiness (\$0.00)

Cannabis Microbusiness (\$1000.00)

Cannabis Mezzobusiness (\$500.00)

Cannabis Mezzobusiness (\$1000.00)

Cannabis Retailer (\$500.00)

Cannabis Retailer (\$1000.00)

Is Applicant Current on All Property Tax and Assessments at Retail Location:

Yes

No

Preliminary Local Ordinance Compliance:

Pass

Fail

Notes:

The above named applicant having paid the appropriate fees, being current on all applicable tax obligations, and having passed a preliminary compliance review, is authorized to engage in retail cannabis sales in the above named jurisdiction.

Approved By:

Title:

Date:

# ***Appendix C: Hemp Flower and Hemp-Derived Cannabinoid Product Checklist***



Office of Cannabis Management  
 Department of Health

## Hemp Flower and Hemp-Derived Cannabinoid Product Checklist

Minnesota Statute 18K.02, Definitions  
 Minnesota Statute 152.01, Subdivision 9  
 Minnesota Statute 151.72, Sale of Certain Cannabinoid Products

Minnesota Statute 152.0264, Cannabis Sale Crimes  
 Minnesota Statute 342.09, Personal Adult Use of Cannabis

Question	Yes	No	Comments	Additional Information
<b>Business License and Registration Compliance</b>				
Is the business registered with the Minnesota Department of Health?				All businesses selling hemp-derived cannabinoid products must be registered. See <a href="http://www.health.state.mn.us/people/cannabis/edibles/index.html">Hemp-Derived Cannabinoid Products (www.health.state.mn.us/people/cannabis/edibles/index.html)</a>
If the business offers on-site consumption, do they have a liquor license?				Local authorities issue on-site consumption licenses. These are required for all businesses permitting on-site consumption of THC.
<b>Product Compliance – All Products</b>				
Does the business ensure that all sales are made to persons 21 years old or older?				Only persons 21 years of age or older may purchase hemp-derived cannabinoid products, with the exception of topicals. These products may be sold to anyone.
Does the business have all edible cannabinoid products, except beverages, behind the counter or in a locked cabinet?				Businesses must ensure all edible cannabinoid products are secure and inaccessible to customers.



Question	Yes	No	Comments	Additional Information
Only delta-8 and delta-9 are allowed for human consumption. Does the business sell edibles or beverages with any other intoxicating cannabinoids?				MDH has identified products containing many different intoxicating cannabinoids, such as HHC, THC-O, THC-P, PHC, delta-10, delta-11, delta-8p, delta-9p, etc. The product must contain only delta-8 and/or delta-9.
Does the business sell any edible products that are similar to a product marketed to or consumed by children?				Edible products that appear similar to candy or snacks marketed toward or consumed by children are not allowed.
Does the label on the edible or beverage state “Keep out of reach of children”?				All products must include the warning label “Keep out of reach of children.”
Is the manufacturer’s name, address, website, and contact phone number included on the label or provided through a QR code?				If not, the product is not in compliance.
Does the QR code on the product bring the user to a Certificate of Analysis on the website, which includes the name of the independent testing laboratory, cannabinoid profile, and product batch number?				All products must be tested by batch in an independent, accredited laboratory. The results must include the cannabinoid profile.
Does the label on the product indicate the cannabinoids by serving and in total?				The label must indicate the potency by individual serving as well as in total.

Question	Yes	No	Comments	Additional Information
Does the label on the product make any claim the product offers any kind of health benefit?				Health claims are not permitted on hemp or cannabis products unless approved by the FDA. At this time, there is not an approved statement.
Does the label on the product state that the product does not claim to diagnose, treat, cure or prevent any disease?				The manufacturer cannot claim the product will provide any health benefit unless the product has been formally approved by the FDA.
Does the business sell CBD (or other forms of cannabidiol) in the form of a softgel, tablet, or tincture?				Non-intoxicating cannabinoids may only be sold in the form of an edible, beverage, or topical. Therefore, softgels and tablets cannot be sold. Tinctures must be labeled as either an edible or beverage and comply with the edible or beverage requirements.
<b>Product Compliance – Edibles</b>				
Does the edible product contain more than 5 mg delta-8 and/or delta-9 per serving?				Edibles may not exceed 5 mg delta-8 and/or delta-9 per serving.
Does the edible product package/container contain more than 50 mg total THC (delta-8 and/or delta-9)?				Edibles may not exceed 50 mg total delta-8 or delta-9 per package. The edible cannot contain any other form of THC or intoxicating cannabinoid.
Are all the edible product's servings clearly marked, wrapped, or scored <u>on</u> the product?				Edible product servings must be clearly distinguished on the product. Bulk products that require the consumer to measure are not allowed.

Question	Yes	No	Comments	Additional Information
Does the business sell any edible products in the shape of bears, worms, fruits, rings, ribbons?				Edibles in shapes that appeal to children are not allowed.
Is the edible product in a child-proof, tamper-evident, opaque container?				All edibles must be in a container that is child-resistant and tamper evident. If the container is clear, the business must place the edible into an opaque bag at the point of sale. Clear bags are not allowed.
<b>Product Compliance - Beverages</b>				
Does the beverage product contain more than 5 mg delta-8 or delta-9 per serving?				Beverages may not exceed 5 mg delta-8 and/or delta-9 per serving.
Does the beverage product contain more than 2 servings?				Beverages cannot exceed two servings, regardless of the THC potency.
Is the beverage product in an opaque container?				If the beverage is in a clear container, the business must place the beverage in an opaque bag at the point of sale.
<b>Product Compliance – Smokables (non-flower)</b>				
Does the business sell vapes, pre-rolls, dabs, or other smokable products which contain more than 0.3% THC?				<p>A product’s certificate of analysis will show the concentration of THC the product contains. The certificate typically is found through the QR code on the product package. In MDH’s experience, most vapes contain 50% - 90%+ THC.</p> <p>Pre-rolls may consist of raw hemp flower. These products are not regulated by 151.72. However, if a pre-roll is labeled as “infused” or “coated” have additional cannabinoids applied to the material, of which the product typically exceeds the 0.3% THC limit.</p>

Question	Yes	No	Comments	Additional Information
Does the business sell vapes, pre-rolls, dabs, or other smokeable products that contain other intoxicating cannabinoids, such as HHC?				MN Statutes do not allow any cannabinoid, other than delta-8 or delta-9, to be sold if the cannabinoid is intended to alter the structure or function of the body. HHC is a cannabinoid known to have potency greater than THC.
Does the business sell vapes, pre-rolls, dabs, or other smokable products which contain CBD?				Non-intoxicating cannabinoids cannot be smoked, vaped, or inhaled.
<b>Product Compliance – Flower</b>				
Does the business sell raw hemp flower?				<p>Raw hemp flower must contain 0.3% or less of delta-9 on a dry weight basis. Products exceeding 0.3% delta-9 dry weight are marijuana, and are illegal for sale.</p> <p>THC-A is the non psychoactive precursor to delta-9. Once heated THC-A converts to delta-9. In that process some amount of THC-A is lost.</p> <p>To determine whether, once heated, the hemp flower will exceed the allowable 0.3% of delta-9, one can use a decarboxylation formula which takes into account the conversion of THC-A into delta-9.</p> <p>That formula is as follows:  <math display="block">\text{Total THC} = (0.877 \times \text{THC-A}) + \text{d-9 THC}</math></p> <p>Raw flower must include a certificate of analysis to show testing below 0.3% delta-9.</p> <ul style="list-style-type: none"> <li>• A lack of a certificate of analysis would constitute an illegal sale.</li> </ul>

Question	Yes	No	Comments	Additional Information
				<ul style="list-style-type: none"> <li>A certificate of analysis showing that under the decarboxylation formula that delta-9 would exceed the 0.3% threshold would also indicate the flower is cannabis and not hemp and therefore being sold illegally.</li> </ul>
<b>Product Compliance – On-Site Consumption</b>				
If the business offers on-site consumption, do they serve the edible or beverage in its original packaging?				The business may not pour out or remove an edible from its original packaging.
If the business offers on-site consumption, do they mix a cannabis-infused beverage with alcohol?				The business may not mix cannabis-infused products with alcohol.
If the business offers on-site consumption, do they permit customers to remove from the premises products which have been removed from their original packaging?				Products which have been removed from their original packaging cannot be removed from the premises by the customer.

NOTE: If a person suspects that a hemp-derived cannabinoid product is being sold in violation of Minnesota law, they can use the complaint form at [Submitting Hemp-Derived Cannabinoid Product Complaints \(www.health.state.mn.us/people/cannabis/edibles/complaints.html\)](http://www.health.state.mn.us/people/cannabis/edibles/complaints.html).

# ***Appendix D: Enforcement Notice from the Office of Cannabis Management***

## Enforcement Notice from the Office of Cannabis Management

Dear Registered Hemp Derived Cannabinoid Business:

The Office of Cannabis Management (OCM), established in 2023, is charged with developing and implementing the operational and regulatory systems to oversee the cannabis industry in Minnesota as provided in Minnesota Statutes Chapter 342.

When Minnesota legalized the sale of adult-use of cannabis flower, cannabis products, and lower-potency hemp edibles/ hemp-derived consumer products, the Minnesota Legislature included statutory provisions, [Minnesota Statutes, chapter 152.0264](#), making the sale of cannabis illegal until a business is licensed by OCM. The Office of Cannabis Management has not yet issued licenses for the cultivation, manufacture, wholesale, transportation or retail sale of cannabis, therefore any retail sales of cannabis products, including cannabis flower, are illegal.

The Office of Cannabis Management has received complaints of retailers selling cannabis flower under the label of hemp flower. Under an agreement between The Minnesota Department of Health (MDH) and OCM, inspectors from MDH will begin to examine any flower products being sold during their regular inspections to determine whether they are indeed hemp flower or cannabis flower.

In distinguishing between hemp and cannabis flower, OCM, consistent with federal rules and regulations related to hemp under 7 CFR 990.1, will consider the total concentration of THC post- decarboxylation, which is the process by which THC-A is converted into Delta-9 to produce an intoxicating effect. The examination of raw flower products will include reviewing the certificate of analysis for compliance in several areas, including:

Compliance with the requirement that raw flower listed for sale includes a Certificate of Analysis (COA). Products for sale without a COA will constitute an illegal sale.

A COA that affirms concentrations of 0.3% or less of Delta-9 on a dry weight basis. Products exceeding 0.3% Delta-9 dry weight are considered marijuana and are therefore illegal to sell.

A COA that confirms that the total levels of Delta-9 and THC-A after the decarboxylation process do not exceed 0.3%. A COA that indicates the raw flower will exceed 0.3 percent Delta-9 post-decarboxylation, or a subsequent test conducted by an independent laboratory utilized by OCM that confirms Delta-9 in excess of 0.3 percent will be considered illegal.

[Minnesota Statutes, Chapter 342](#) governs Minnesota’s cannabis market, and empowers OCM to ensure regulatory compliance. [Minnesota Statutes, chapter 342.09, subdivision 4](#) prohibits the retail sale of cannabis flower and cannabis products “without a license issued under this chapter that authorizes the sale.”

To date, the Office of Cannabis Management has not issued any cannabis licenses, applications for licenses are expected to be available in the first half of 2025. As such, selling cannabis is a clear violation of law. Be aware that under [Minnesota Statutes, 342.09, subdivision 6](#), OCM may assess fines in excess of a \$1 million for violations of this law. Likewise, under [Minnesota Statutes, chapter 342.19](#), OCM is empowered to embargo any product that it has “probable cause to believe . . . is being distributed in violation of this chapter or rules adopted under this chapter[.]” Furthermore, violations of law may be considered in future licensing decisions made by OCM.

As inspectors enter the field, we encourage you to review the products you are currently selling to ensure they fall within the thresholds outlined above. If you have any questions related to the products you are selling, please send an email to [cannabis.info@state.mn.us](mailto:cannabis.info@state.mn.us).

Thank you for your attention to this matter.

A handwritten signature in black ink, appearing to read "Charlene Briner", with a long horizontal flourish extending to the right.

Charlene Briner  
Interim Director  
Office of Cannabis Management



# ***Appendix E: Notice to Unlawful Cannabis Sellers***

## Notice to Unlawful Cannabis Sellers

This notice is to inform you that your current course of action may run afoul of Minnesota law, and continuing this course of action may result in civil actions and potential criminal prosecution. To avoid such outcomes, you should immediately cease and desist any plans to engage in the unlicensed sale of cannabis and cannabis products.

[Minnesota Statutes, Chapter 342 \(www.revisor.mn.gov/statutes/cite/342\)](http://www.revisor.mn.gov/statutes/cite/342) governs Minnesota's cannabis market, and empowers OCM to ensure regulatory compliance. [Minnesota Statutes, chapter 342.09, subdivision 4 \(www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.4\)](http://www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.4) prohibits the retail sale of cannabis flower and cannabis products “without a license issued under this chapter that authorizes the sale.” To date the Office of Cannabis Management has not issued any retail, or other, cannabis licenses. As such, your plan to sell cannabis in a retail setting at this date would be in flagrant violation of the law. Be aware that under [Minnesota Statutes, 342.09, subdivision 6 \(www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.6\)](http://www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.6), OCM may assess fines in excess of a \$1,000,000 for violations of this law.

Likewise, under [Minnesota Statutes, chapter 342.19 \(www.revisor.mn.gov/statutes/cite/342.19\)](http://www.revisor.mn.gov/statutes/cite/342.19), OCM is empowered to embargo any product that it has “probable cause to believe . . . is being distributed in violation of this chapter or rules adopted under this chapter[.]” It is believed that products attempted to be sold at your retail location might be distributed in violation of the law, and would therefore be subject to embargo by OCM. Under [Minnesota Statutes, chapter 342.19, subd. 2 \(www.revisor.mn.gov/statutes/cite/342.19#stat.342.19.2\)](http://www.revisor.mn.gov/statutes/cite/342.19#stat.342.19.2), once embargoed OCM “shall release the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product when this chapter and rules adopted under this chapter have been complied with or the item is found not to be in violation of this chapter or rules adopted under this chapter.”

While Minnesota has legalized the sale of adult-use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products, the legislature did add new statutory provisions, [Minnesota Statutes, chapter 152.0264 \(www.revisor.mn.gov/statutes/cite/152.0264\)](http://www.revisor.mn.gov/statutes/cite/152.0264), making illegal the unlawful sale of cannabis. As there are not yet any licenses issued by OCM for the cultivation, manufacture, wholesale, transportation, or retail of cannabis, any sales of cannabis products in excess of the limits in 152.0264 is illegal.

If you are only planning to sell cannabinoid products that are derived from hemp, you should ensure that the sale of those products is consistent with [Minnesota Statutes, chapter 151.72 \(www.revisor.mn.gov/statutes/cite/151.72\)](http://www.revisor.mn.gov/statutes/cite/151.72), including but not limited to the requirement that your business be registered with the Commissioner of Health, and that all products are in compliance with the relevant statutes.

Finally, in addition to the state laws outlined above, please be aware that any retail location must be in compliance with local government ordinances and zoning requirements.

OCM takes seriously its charge to enforce Minnesota Statutes, Chapter 342, and its responsibility to ensure a safe and legal cannabis market. In order to avoid the above-described actions, all attempts to open a cannabis retail dispensary in Minnesota without the appropriate license should be ceased.