Adult Use Cannabis Zoning Study Overview

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Background

- Minnesota State Statute Chapter 342, legalizes the possession, use, manufacturing, and sale of certain cannabis products within the state.
- Under the new regulatory framework, the Office of Cannabis Management licenses cannabis businesses, and cities regulate their locations through Zoning.
- Office of Cannabis Management to begin licensing a limited number cannabis businesses in 2025.

City Role in Regulation



A cannabis business applies for a license through the Office of Cannabis Management.

OCM consults city for zoning approval and feedback. Cities issue registrations to certain cannabis businesses once they receive a license.

Cities conduct compliance checks and may suspend registrations if needed. Cities can collect registration fees and are awarded a portion of the sales tax revenue.

WHY ARE WE HERE?

- Cities have to create zoning regulations for this new industry, in response to the new state law.
- Zoning sets the stage for where businesses can locate.
- Businesses need certainty on zoning so they can decide where to invest prior to applying to the state for a license.
- The goal is to bring the zoning study before you now to have the rules in place before licenses start to be issued in 2025.





State vs. City Responsibilities

State Responsibilities

Licensing businesses

- Business operations
- Security plan/camera requirements
- Age requirements
- Advertising prohibitions
- Etc.

Enforcement

- Violations of state law
- Cannabis business violations of local ordinances can be referred to them. (zoning etc.)

City Responsibilities

Zoning (PED)

- Location of businesses
- Separation requirements
- Size of businesses
- Etc.

Registering Businesses (DSI) (not covered by this study)

- Collect fees
- Compliance checks
- Tax revenue



Zoning Study Overview

- 16 state license types
- Amending existing uses in code whenever possible

License Type	Business Activity					
	Retail Sales	Wholesale	Cannabis Cultivation	Cannabis Product Manufacturing	On-site Consumption	Other Activity
Cannabis Microbusiness	Х	Х	Х	Х	X	
Cannabis Mezzobusiness	Х	X	X	X		
Cannabis Cultivator		X	X			
Cannabis Manufacturer		X		X		
Cannabis Retailer	Х					
Cannabis Wholesaler		Х				
Cannabis Transporter						Х
Cannabis Testing Facility						X
Cannabis Event Organizer						Х
Cannabis Delivery Service						Х
Medical Cannabis Cultivator		Х	Х			
Medical Cannabis Processor		Х		X		
Medical Cannabis Retailer	Х					
Medical Cannabis Combination Business.	Х	X	X	X		
Lower-potency Hemp Edible Manufacturer				X		
Lower-potency Hemp Edible Retailer	Х				X	



Cannabis Retail Amendments

Lower-potency hemp-derived edibles (under 0.3% THC by volume)

- Allowed as 'general retail'
- In mixed use areas, commercial corridors, neighborhood nodes
- Only permitted to sell hemp-derived edible products (which are currently legal and are found in many shops and grocery stores).



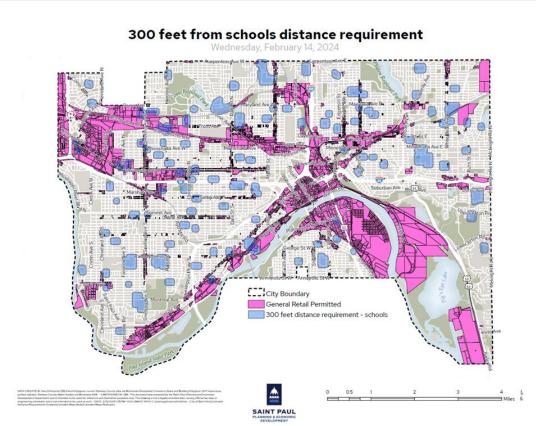




Cannabis Retail Amendments

Cannabis Retail (over 0.3% THC by volume)

- New land use definition
- In mixed use areas, commercial corridors, neighborhood nodes
- Prohibited within 300 feet of schools
- Over 15,000 square feet requires CUP, except in Industrial Districts





Three Proposed Manufacturing and Cultivation Amendments

- 4 cannabis cultivation and production proposed amendments*:
 - 1. limited cultivation and manufacturing (under 15,000 sq. ft.) on most commercial corridors LIGHT GREEN
 - 2. industrial-scale production (over 15,000 sq. ft.) in industrial districts DARK GREEN
 - **3. Outdoor cultivation** regulated as "agriculture" with conditional use permit

*Similar to current regulation of "craft breweries" vs "national breweries"











Planning Commission Recommendation

On June 7th, the planning commission held a public hearing:

- 4 of the commentors against the proposed amendments as drafted.
- 2 of commentors were in favor of the proposed amendments as drafted.

On August 2nd, the planning commission voted unanimously to recommend approval of the proposed amendments.



Questions/Additional Resources

https://www.lmc.org/resources/adult-usecannabis-what-cities-need-to-know/

https://mn.gov/ocm/