



Regulation of Cannabis and Hemp Businesses

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Background

- On June 12, 2023, the City Council adopted an “umbrella” moratorium on all products containing THC.
- The Council also directed staff to:
 - Allow businesses that were currently selling “151 Products” (i.e. THC edibles, beverages, and external application products available since 2022 under Minn. Stat. 151.72) to be able to continue doing so with a City license.
 - Draft a licensing framework for the City licensing of businesses selling 151 Products.
 - Draft a cannabis business moratorium for businesses selling the newly legalized cannabis products (cannabis flower, cannabis edibles, cannabis aerosol/vapor products, and other state-approved products) for adoption after July 1st.

Three Proposed Actions

- Today - June 26, 2023
 - Action 1: Reconsider and Adopt Umbrella Moratorium (Interim Ordinance No. 1408) to allow for businesses currently selling 151 Products to be able to continue to sell them provided that they obtain a City license.
 - Action 2: Conduct First Reading of Licensing Ordinance for 151 Products (Ordinance No. 1410).
- Future Meeting (July 10th)
 - Action 3: Consider adopting a Cannabis Business Moratorium (state law requires it to be adopted after July 1st) by conducting the first reading of the interim ordinance on July 10th. A public hearing will also be required either on July 10th or at the time of the second reading of the interim ordinance (presumably July 24th).

Action 1: Reconsider and Adopt Interim Ordinance No. 1408

- Reconsideration of Interim Ordinance No. 1408 tonight will result in an effective date delay of July 14, 2023.
- Will allow businesses selling 151 Products prior to the effective date of the ordinance to continue selling 151 Products, provided that they have a City license.
- If the City Council decides to adopt a licensing ordinance, businesses will need to apply for a license.
- Amendments to Interim Ordinance No. 1408 clarifies the moratorium will continue after the City Council adopts the licensing ordinance for the 151 Products and the moratorium for the cannabis businesses.
- Interim Ordinance No. 1408 will terminate on July 14, 2024, unless repealed by the City Council sooner.

Action 2: Adopt Ordinance Requiring City Licensing of 151 Products

- Tobacco products shops and newly defined “hemp products shops” may apply for a license.
- During term of the moratorium, only businesses selling 151 Products prior to effective date of the moratorium may apply for a license.
- After the moratorium terminates, any tobacco products shop or hemp products shop may apply for a license.
- Prohibits licenses within 400 feet of a public or private elementary, middle or high school, or a state-licensed child or day care program with more than ten children.
- Limits total number of licenses in the City to six.
- City licensing will be effective until February 28, 2025. On March 1, 2025, these products may only be sold under a state-issued license and the City will no longer be authorized to license them.

Action 3 (*Future Meeting*): Cannabis Business Moratorium

- At a future meeting (most likely July 10th), the City Council will consider adopting a moratorium that will temporarily prohibit the establishment of businesses selling newly legalized cannabis products until January 1, 2025.
- This moratorium will give the City time to study impacts of cannabis businesses and to consider yet-to-be drafted administrative rules and model ordinances that the State will be providing.
- Allows the City to consider and enact allowed “time, place, and manner” regulations prior to the State issuing licenses for cannabis businesses.
- The moratorium will be for up to 18 months. It will expire no later than January 1, 2025 (but the City Council may repeal it sooner).

Next Steps

- Both the amended Interim Ordinance No. 1408 and the to-be-adopted cannabis business moratorium authorize the City to study the impacts of products containing THC and also cannabis businesses and enact appropriate regulations.
- Regulations may be implemented by the City Council in steps/multiple actions.
- Staff anticipate that further actions may be needed as more information becomes available.