



# A Guide for Local Governments on Adult-Use Cannabis

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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, final state regulations governing the adult-use cannabis market have not yet been published. A draft of the rules is available on our [Rulemaking webpage](https://mn.gov/ocm/laws/rulemaking.jsp) (<https://mn.gov/ocm/laws/rulemaking.jsp>).



The first draft of rules is based on substantial input OCM has received through surveys, meetings, and conversations that took place since fall 2023, as well as OCM's review of Minnesota's cannabis statute and cannabis rules in other states.

OCM will publish in the State Register a notice of intent to adopt rules, which will prompt a 30-day formal comment period. Watch the OCM website for updates.

*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

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. Applicant completes application and submit application fees. If applicable, an applicant's social equity applicant status may be verified.
2. Application vetted for minimum requirements by OCM.
3. Application (if qualified) entered into lottery drawing.
4. If selected in lottery, applicant completes background check process and submits attestation of labor-peace agreement.
5. If applicant successfully completes Step 5, OCM issues preliminary approval to applicant.
6. Once prepared for final licensure, applicant with preliminary approval submits business location and updates application accordingly.
7. OCM forwards completed application to local government.
8. Local government completes zoning certification of 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. (*This is distinct from the retail registration approval process.*)
9. OCM conducts site inspection.
10. If applicant successfully passes site inspection, OCM issues license, operations may commence except for retail activity.\*

## Continued High-Level Pathway for Licensees Seeking to Conduct Retail Sales: Process for Required Local Retail Registration from Local Governments (Retailer, Mezzobusiness)

11. Licensed business seeks local retail registration from local government.
12. Local government approves applicant for retail registration through means determined by ordinance (see Page 19 for more information about the retail registration process).



# The Cannabis Licensing Process (cont.)

13. Applicant pays retail registration fee to the local government (see appendix for relevant fees in accordance with Minn. Stat., section 342.22).
14. Local government conducts compliance check for any applicable local ordinance established pursuant to Minn. Stat., section 342.13, if desired.
15. Local government ensures tax compliance, if applicable.
16. Local government issues retail registration to licensee.
17. Licensee is able to conduct retail sales now that they have received a state license and a local retail registration.

*\*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 19 for information on the local retail registration process.*

## General Licensing: Microbusiness, Wholesaler, Transporter, Testing Facility, Medical Cannabis Combination Business

1. Applicant complete application and submit application fees. If applicable, an applicant's social equity applicant status may be verified.
2. Application vetted for minimum requirements by OCM.
3. For qualified applicants, applicant completes background check process and submits attestation of labor-peace agreement.
4. If applicant successfully completes Step 3, OCM issues preliminary approval to applicant.
5. Once prepared for final licensure, selected applicant submits business location and amends application accordingly.
6. OCM forwards completed application to local government.
7. Local government completes zoning certification of 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. *(This is distinct from the retail registration approval process.)*
8. OCM conducts site inspection.
9. If applicant successfully passes site inspection, OCM issues license, operations may commence except for retail activity.\*

# The Cannabis Licensing Process (cont.)

## Continued High-Level Pathway for Licensees Seeking to Conduct Retail Sales: Process for Required Local Retail Registration from Local Governments (Microbusiness, Medical Cannabis Combination Businesses)

10. Licensed business seeks local retail registration from local government.
11. Local government approves applicant for retail registration through means determined by ordinance (see Page 19 for more information about the retail registration process).
12. Applicant pays retail registration fee to the local government (see appendix for relevant fees in accordance with Minn. Stat., section 342.22).
13. Local government conducts compliance check for any applicable local ordinance established pursuant to Minn. Stat., section 342.13, if desired.
14. Local government ensures tax compliance, if applicable.
15. Local government issues retail registration to licensee.
16. Licensee is able to conduct retail sales now that they have received a state license and a local retail registration.

*\*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 19 for information on the local retail registration process.*

## Applicant Responsibility

All applicants and licensees are responsible for working with their local government to ensure their success in the zoning certification and, if applicable based on license type, the local retail registration process. This includes reviewing local ordinances and understanding how the local government will be selecting applicants for a retail registration (including if retail registrations will be limited). Local units of government have the statutory authority to limit retail registrations if they desire, and applicants should understand this prior to making decisions about site locations.

OCM will not facilitate communication between applicants and units of local government, nor can it mediate disputes as they relate to local zoning compliance or retail registration. OCM is required to ask each local unit of government where an applicant intends to locate a business if that business has met all zoning and use requirements.

# 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 24) 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)

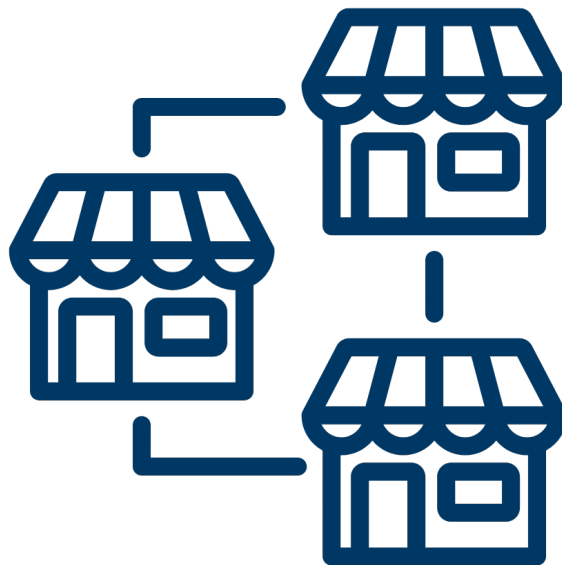
Local governments may prohibit retail sales of cannabis between the hours of 8 a.m. and 10 a.m. Monday-Saturday, and 9 p.m. and 2 a.m. the following day.

## 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 16 and 17, 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**

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cultivation	<ul style="list-style-type: none"> <li>• Cultivator</li> <li>• Mezzobusiness</li> <li>• Microbusiness</li> <li>• Medical Cannabis</li> <li>• Combination</li> </ul>	“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	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Potential need for transportation from facility</li> <li>• Waste, water, and energy usage</li> <li>• Security</li> </ul>
Cannabis Manufacturing, Processing, Extraction	<ul style="list-style-type: none"> <li>• Manufacturer</li> <li>• Mezzobusiness</li> <li>• Medical Cannabis</li> <li>• Combination</li> </ul>	This group of endorsed activities turn raw, dried cannabis and cannabis parts into other types of cannabis products, e.g. edibles or topicals.	Indoor: Industrial, Commercial, Production	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Potential need for transportation from facility</li> <li>• Waste, water, and energy usage</li> <li>• Security</li> </ul>
Hemp Manufacturing	<ul style="list-style-type: none"> <li>• Lower-Potency Hemp Edible (LPHE) Manufacturing</li> </ul>	These businesses convert hemp into LPHE edible products.	Indoor: Industrial, Commercial, Production	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Waste, water, and energy</li> </ul>
Wholesale	<ul style="list-style-type: none"> <li>• Wholesale</li> <li>• Cultivator</li> <li>• Manufacturer</li> <li>• Mezzobusiness</li> <li>• Microbusiness</li> <li>• Medical Cannabis</li> <li>• Combination</li> </ul>	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.	Indoor: Industrial, Commercial, Production	<ul style="list-style-type: none"> <li>• Need for transportation from facility</li> <li>• Security</li> </ul>

# Zoning and Land Use (cont.)

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

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cannabis Retail	<ul style="list-style-type: none"> <li>Retail</li> <li>Mezzobusiness</li> <li>Microbusiness</li> <li>Medical Cannabis</li> <li>Combination</li> </ul>	This endorsed activity and license type allow a business to sell cannabis products directly to consumers.	Indoor: Retail, Neighborhood Shopping Districts, Light Industrial, Existing districts where off-sale liquor or tobacco sales are allowed.	<ul style="list-style-type: none"> <li>Micros may offer onsite consumption, similar to breweries.</li> <li>Micros and Mezzos may include multiple activities: cultivation, manufacture, and/or retail.</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>Cannabis Transporter</li> </ul>	This license type allows a company to transport products from one license type to another.	-	<ul style="list-style-type: none"> <li>Fleet based businesses that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Cannabis Delivery</li> </ul>	This license type allows for transportation to the end consumer.	-	<ul style="list-style-type: none"> <li>Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.</li> </ul>
Events	<ul style="list-style-type: none"> <li>Event Organizer</li> </ul>	This license entitles license holder to organize 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.	<ul style="list-style-type: none"> <li>On site consumption.</li> <li>Retail sales by a licensed or endorsed retail business possible.</li> </ul>

# 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 licensed cannabis retailers or other cannabis/hemp businesses seeking to conduct retail sales. Several license types are authorized to conduct retail sales if they receive a retail endorsement from OCM. Prior to conducting retail sales under their business license, state law also requires the business receive a local retail registration.

There are five license types that are eligible to conduct cannabis retail activity and will seek a retail registration from local governments:

- Cannabis retailers
- Microbusinesses
- Mezzobusinesses
- Medical cannabis combination businesses
- Lower-potency hemp edible retailers

Local governments must issue a retail registration after verifying that:

- The business has a valid license 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.

# Local Approval Process (cont.)

## Option to Limit Retail Registrations for Cannabis Businesses: Determining a Process

State law allows the option for a local government to place a limitation on the number of cannabis retailers, microbusiness, and mezzobusinesses with retail endorsements allowed within their locality via ordinance, as long as there is at least one retail location per 12,500 residents. Please see Page 13. Retail registrations for lower-potency hemp edible retailers and medical cannabis combination businesses are required but may **NOT** be limited in number by a local government.

If a local government wishes to limit the number of cannabis retailers, microbusinesses, or mezzobusinesses via ordinance, state law does not define the process for a local government's selection if there are more applicants than registrations available.

Local units of government issuing retail registrations should consider how they will issue retail registrations. Local units of government may wish to consider whether they will accept applications during a specified application window or on a rolling basis. Local governments may wish to consider how to accommodate to the timing of accepting applications for retail registration as to not allocate all registrations at once. This may also include timelines that coincide with state licensing timelines as to limit bottlenecks. Additionally, local units of government should consider the process by which they will determine who gets a registration, e.g., through the use of a lottery, on a first-come/first-serve model, through a merit-based scoring system, etc. It is highly recommended that local governments work with an attorney to determine their specific process for selection if they wish to limit the number of retail registrations per section 342.13.

It is also important to note that local governments are not required to limit the number of licensed cannabis retailers, microbusinesses, or mezzobusinesses, and instead local governments can determine a process that reviews requests/applications for retail registrations as they are received.





# Local Approval Process (cont.)

## Other Considerations

**Existing retail locations.** Retailers in Minnesota’s medical cannabis program and lower-potency hemp edible program may currently be operating in a local government’s jurisdiction under active registrations. In the future, these active businesses will be required to obtain a license from OCM and will need a local retail registration to continue their operations. Local governments may wish to consider how businesses currently operating will be issued retail registrations when determining if and how to limit retail registrations.

**Local zoning approval does not guarantee retail registration.** Zoning certification from local governments does not guarantee a local retail registration. This is a distinctly separate approval process. All applicants seeking retail activity will be required to obtain a zoning certification from the local government to be issued a state license. Local governments may wish to monitor the number of zoning certifications they provide to OCM to inform the likely volume of retail registration applicants.

# 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 section 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 section 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 section 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 section 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 14).
- 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 additional resources on page 27.



# Additional Information – Tobacco Sales

## Penalties Related to a Revocation or Suspension of Tobacco License

A cannabis or hemp business license holder may also hold a tobacco license under Minnesota Statutes Chapter 461. However, tobacco cannot be sold in the cannabis retail location. Under section 461.12, Minnesota law allows a licensee's authority to sell tobacco and related products under the section to be suspended and possibly revoked if the licensee also holds a cannabis or hemp business license under Chapter 342 or is a registrant under section 151.72 and that license or registration is revoked. This penalty also applies if the license holder is convicted of an offense under section 151.72 or has been convicted under any other statute for illegal sale of cannabis products.



## Clarifying Cannabis Businesses Authority

Cannabis businesses will be able to sell vaporizers without a tobacco license. Under Minnesota Statutes, section 342.27, subd. 3(a), retail licensees are permitted to sell cannabis paraphernalia. Cannabis paraphernalia includes “all equipment, products, and materials of any kind that are knowingly or intentionally used primarily in ... ingesting, inhaling, or otherwise introducing cannabis products into the human body” [Minnesota Statutes, section 342.01, subd. 18(2)]. Therefore, Minnesota Statutes, section 342.27, subd. 3(a) specifically authorizes retail licensees to sell cannabis paraphernalia, which in this instance includes vaporizers.



# Additional Resources

## OCM Toolkit for Local Partners

Please visit the [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.

Toolkit resources include:

- **Appendix A: [Cannabis Model Ordinance](https://mn.gov/ocm/lgg-appendix-a)** ([mn.gov/ocm/lgg-appendix-a](https://mn.gov/ocm/lgg-appendix-a))
- **Appendix B: [Retail Registration Form and Checklist](https://mn.gov/ocm/lgg-appendix-b)** ([mn.gov/ocm/lgg-appendix-b](https://mn.gov/ocm/lgg-appendix-b))
- **Appendix C: [Cannabis Flower and Hemp-Derived Cannabinoid Products Inspection Checklist](https://mn.gov/ocm/lgg-appendix-c)** ([mn.gov/ocm/lgg-appendix-c](https://mn.gov/ocm/lgg-appendix-c))
- **Appendix D: [Enforcement Notice from the Office of Cannabis Management](https://mn.gov/ocm/lgg-appendix-d)** ([mn.gov/ocm/lgg-appendix-d](https://mn.gov/ocm/lgg-appendix-d))
- **Appendix E: [Notice to Unlawful Cannabis Sellers](https://mn.gov/ocm/lgg-appendix-e)** ([mn.gov/ocm/lgg-appendix-e](https://mn.gov/ocm/lgg-appendix-e))
- **Appendix F: [Model Guidelines on Age Verification Compliance Checks Policy and Procedures](https://mn.gov/ocm/lgg-appendix-f)** ([mn.gov/ocm/lgg-appendix-f](https://mn.gov/ocm/lgg-appendix-f))
- **Appendix G: [Cannabis and Hemp Age Compliance Check Form](https://mn.gov/ocm/lgg-appendix-g)** ([mn.gov/ocm/lgg-appendix-g](https://mn.gov/ocm/lgg-appendix-g))
- **Appendix H: [Local Unit of Government Cannabis Licensing Contact, Delegation Form, and Accela Registration Instructions Guide](https://mn.gov/ocm/local-governments/contactform.jsp)** ([mn.gov/ocm/local-governments/contactform.jsp](https://mn.gov/ocm/local-governments/contactform.jsp))
- **Appendix J: [Local Approval for Early Cultivation](https://mn.gov/ocm/lgg-appendix-j)** ([mn.gov/ocm/lgg-appendix-j](https://mn.gov/ocm/lgg-appendix-j))

## 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