



Legislation Details (With Text)

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On agenda: 9/20/2022 **Final action:**

Title: Consider Resolution Setting Fees Related to Sale of Edible Cannabinoid Products.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 1 - Resolution.CannabinoidFees

Date	Ver.	Action By	Action	Result
9/20/2022	1	City Council	approve	Fail

City Council Meeting Date: September 20, 2022

To: Honorable Mayor & City Council

From: Ben Martig, City Administrator
Mark Elliott, Police Chief
Lynette Peterson, City Clerk

Consider Resolution Setting Fees Related to Sale of Edible Cannabinoid Products.

Action Requested:

The Northfield City Council is asked to consider a Resolution Setting Fees Related to Sale of Edible Cannabinoid Products.

Summary Report:

Northfield City Council discussed the Ordinance Amending Chapter 30 - Health and Sanitation of the City Code Adding Article III - Sale of Edible Cannabinoid Products at their August 1, 2022 and August 23, 2022 meetings. A first reading of the Ordinance occurred on September 6, 2022. The proposed second reading is on the agenda for consideration tonight.

The Council discuss fees related to the Ordinance at their August 23, 2022 meeting. In discussion of the fees related to the ordinance, the Council reviewed current fees for tobacco and liquor licensing. Administrator Martig suggested the fee be established between the on-sale liquor fee of \$3,000 and the tobacco licensing fee of \$400. The fees to discuss would be the cost of the license to sell edible cannabinoid products, the application/background check fee and the penalty schedule for violations of the ordinance.

Fees a city charges should have nexus to the impact on the city to regulate/monitor the activity. In the case of Cannabinoids, the State does not have adequate regulatory practices in place so regulation and monitoring will

fall on the City. The time spent on compliance and monitoring is reflected in the fees. These costs include compliance checks, educating license holders, inspection and testing of products and labeling of products.

The violation fine schedule is the same as the Tobacco fine schedule and substantially similar to the alcohol fine schedule. The fine schedule should be reasonable and is meant to deter non-compliance with the ordinance, and deter willful violations.

The draft ordinance has a fee of \$3,000 which is the same as an on-sale liquor license currently. The current ordinance would not allow consumption of this product on site. However, due to the lack of significant state regulation it is anticipated that higher compliance and enforcement time will fall on local law enforcement due to lack of State oversight and regulation for the products. Staff would not recommend going below \$1,500 as that would be the very lowest estimate of cost recovery of licensing, compliance and enforcement. The time would include initial ordinance development (City Attorney, City Administrator, City Clerk, Police Chief) City Clerk and Police Chief time for licensing review, Police Department Compliance checks, Police Department enforcement (at licensed facility, driving impairment, etc.).

Below is a table with fees as starting point for the discussion:

License Fees	
License Fee for Sale of Edible Cannabinoid Products	\$3,000
Application/Background Check Fee	\$500
License Violation Penalties	
Violation	Penalties
1 st offense	\$250.00 civil penalty
2 nd offense within 2 years*	\$500.00 civil penalty and a 3 day suspension of license
3 rd offense within 3 years*	\$2,000.00 civil penalty and 18 day suspension of license
4 th offense within 5 years*	\$2,500.00 civil penalty and revocation of license for a minimum of 1 year

* measured from date of first offense

Current tobacco licensing fees are as follows:

Other Licenses/Permits (City Clerk)	
Service	Fee
Tobacco License	\$400.00
Tobacco License (Retail Only Store)	\$400.00

Current liquor licensing fees are as follows:

Liquor License (City Clerk)	
Service	Fee

3.2 Off Sale License	\$400.00
3.2 On Sale License	\$800.00
On Sale License	\$3,000.00
Wine License	\$800.00
Wine/3.2 Combo License	\$800.00
Brewer Taprooms (on & off sale)	\$500.00
Brew Pubs (off sale)	\$300.00
Cocktail Rooms (on sale)	\$500.00
Club Liquor License	<i>Depends on membership:</i> \$300.00 for under 200 \$500.00 for 201 to 500 \$650.00 for 501 to 1000 \$800.00 for 1001 to 2000 \$1,000.00 for 2001 to 4000 \$2,000.00 for 4001 to 6000 \$3,000.00 for over 6000
Sunday Liquor License	\$200.00
Temporary 3.2 On Sale License	\$350.00
Temporary On Sale License	\$350.00
2 AM Liquor License	\$200.00
Penalty for Late Applications	\$200.00
Liquor License Investigation (new applications only)	\$500.00
Liquor License Investigation (additional individual)	\$50.00
Comprehensive/Out-of-State Liquor License Investi	Actual cost not to exceed \$10,000.00
Certification from County on property taxes	\$25.00

Alternative Options:

Council could establish fee at a lower amount by making a motion to approve ordinance with a:

- A. \$2,000
- B. \$1,500 (likely on low end estimate of cost recovery of time for licensing, compliance checks and enforcement).

Staff would likely have a better estimate after a year of licensing is completed. The fees could be re-evaluated at that time.

Financial Impacts:

The City would collect fees for licenses related to the sale of edible cannabinoid products.

Tentative Timelines:

- ✓ August 1, 2022 Discuss Draft Ordinance
- ✓ August 23, 2022 Discuss Draft Ordinance
- ✓ August 23, 2022 Discussion of Fees Related to Ordinance
- ✓ September 6, 2022 First Reading of Ordinance

September 20, 2022	Second Reading of Ordinance
September 20, 2022	Approve Summary Publication of Ordinance
September 20, 2022	Approve Resolution Setting Fees Related to Ordinance
September 28, 2022	Summary Publication of Ordinance
October 28, 2022	Ordinance Effective 30 days following publication
October 28, 2022	Licensing/Fees implemented for the sale of Cannabinoid Products