











LOWER-POTENCY HEMP **EDIBLES & CANNABIS**

A Model Ordinance for Minnesota City Retailers



This model ordinance was prepared to assist Minnesota counties and cities interested in establishing local regulation of cannabis and lower-potency hemp edible retailers.

Edible hemp products containing intoxicating levels of THC were legalized for manufacture and sale in Minnesota on July 1, 2022. Cannabis use was legalized on Aug. 1, 2023, and it is anticipated that cannabis retail establishments will be licensed for sales sometime in 2025. All cannabis retailers or cannabis businesses that are permitted to engage in retail sales, will be required to secure a license from the Office of Cannabis Management and register with their local unit of government before sales are allowed.

Updates to the 2023 cannabis legalization law were made by the Minnesota Legislature in 2024 to allow the Office of Cannabis Management (OCM) to "preapprove" licenses for certain cannabis businesses July 24, 2024, through





August 12, 2024. Full licensing of cannabis businesses and hemp businesses will occur after rulemaking is completed in 2025. Hemp businesses, including lower-potency hemp edible retailers, are currently required to register with the state; the requirement to register with the Minnesota Department of Health began Oct. 1, 2023, and the authority over these registrations transferred to OCM beginning July 1, 2024. Since legalization, some local governments have enacted moratoria, licensing, and other ordinances to regulate cannabis businesses and lowerpotency hemp edible retailers. State law requires that -local moratoria and licensing over these entities must expire on January 1, 2025. Local units of government are required to register cannabis and lower-potency hemp retailers that are pre-approved for licenses and licensed by the state. While local units of government do not have licensing authority, they may use their registration authority as a framework to set local regulations for the sale of these products through authority granted in the state cannabis law, their authority to regulate to protect the general health, safety, and welfare of the community, and, in some cases, their public health authority. From a public health standpoint, local units of government may wish to explore these other areas of regulatory authority that may be aimed at reducing youth exposure and access, in addition to other areas that emphasize public health and prevention surrounding the sale of adult-use cannabis and lower-potency hemp edibles.

While hemp businesses are subject to OCM licensing requirements, they are not explicitly included in all aspects of the "cannabis business" regulatory scheme. As such, local governments may have broader authority to regulate hemp businesses more stringently beyond the time, place, and manner restrictions prescribed for the regulation of cannabis businesses by local units of government. However, local units of government are not allowed to outright prohibit cannabis and hemp businesses.

It is important to note that local regulation of the retail sale of cannabis and lower-potency hemp edibles is untested in Minnesota courts. While the law is clear about some areas of local regulation that are permitted and not permitted, there is ambiguity in the law. For more information on authority for local regulation of the retail sale of cannabis, please see the Public Health Law Center's resources: Minnesota Regulation of Legalized Cannabis: FAQ Public Health Options and Minnesota's New Cannabis Law. A jurisdiction planning to adopt this model ordinance, in whole or in part, should first review it with its attorney to determine suitability for the jurisdiction's circumstances. The city or county attorney should review the planned ordinance to ensure it conforms to applicable state and federal laws.

1 Cannabis businesses are defined to include the cannabis-specific businesses that will be licensed under the law, including cannabis microbusinesses, mezzobusinesses, cultivators, manufacturers, retailers, wholesalers, transporters, testing facilities, event organizers, delivery services, and medical cannabis combination businesses. MINN. STAT. § 342.01, subd. 14



Tips for Using This Model Ordinance

This model ordinance represents a balance between state standards, best public health policy practices, and practicality for city governments in Minnesota. Communities will differ on their readiness and willingness to adopt certain policy components contained in this model ordinance and, therefore, may or may not choose to adopt policies that may go beyond minimum state requirements. As noted above, some of these provisions would apply only to those selling lower-potency hemp edibles, some will apply only to cannabis retailers, and some will apply to both types of retailers. This is a summary of each category:

Provisions that would apply only to lower-potency hemp edible retailers:

- Limiting the number of lower-potency hemp edible retailers in a jurisdiction and regulating
 the distance between these retailers and youth-oriented facilities (see <u>Registration Cap for</u>
 <u>Lower-Potency Hemp Edible Retailers and Cannabis Retailers on page 14</u>).
- Restricting the sale of lower-potency edibles to retail locations in which only persons 21
 years and older are permitted, or restricting sales to cannabis retailers;
- Requiring lower-potency hemp beverages to be prohibited in self-service displays as is already the case under state law regarding non-beverage lower-potency hemp edibles.
- Establishing a minimum clerk age for employees selling lower-potency hemp edibles and beverages.
- Prohibiting pharmacies from selling lower-potency hemp edible products.
- Requiring products only be sold in child-resistant packaging.
- Prohibiting sales of beverages for on-site consumption that are removed from their original packaging.
- Prohibiting sales of products that may be added to food or beverages.
- Prohibiting on-site consumption of lower-potency hemp edibles.

Provisions that would apply only to cannabis retailers:

- Prohibiting the sale of flavored products that are consumed by smoking or vaping.
- Restricting the hours of operation.
- Restricting the sale of higher-potency products.



Provisions that apply to both lower-potency hemp edible retailers and cannabis retailers:

- Raising the minimum legal sales age to 25.
- Restricting the redemption of coupons, and other price promotions.
- Prohibiting the delivery and/or online sales of cannabis and lower-potency hemp edible products.
- Prohibiting the distribution of free samples of cannabis and lower-potency hemp edibles.
- Prohibiting all smoking within the retail establishment.

Some provisions in this ordinance mirror the state law requirements while other provisions are more protective than the state law. Public health provisions that strictly conform to the state law are highlighted in green
 and public health provisions that exceed state law are highlighted in orange
 Provisions that are primarily structural or necessary for the operation of the ordinance are not highlighted. This model ordinance includes provisions that mirror state law, which enables local enforcement actions along with the state OCM enforcement of such provisions.

City and County Authority to Register and Regulate Cannabis and Lower-Potency Hemp Edible Retailers

State law allows cities and townships to delegate to the county their authority to register cannabis and lower-potency hemp edible retailers. (Minn. Stat. § 342.22, subd. 1) Counties will be responsible for the registration of retailers in any unincorporated area of the county and in any local units of government within the county that choose to delegate their registration authority. Along with registration authority, counties have the authority to regulate such businesses under the public health authority granted to them by the state under Minn. Stat. Chapter 145A. State law allows cities and towns to enact stronger protections than the county, but they cannot have policies less restrictive than those counties enact under their public health authority. Cities or towns using this model policy should review any county requirements to ensure conformity or identify opportunities to enact more protective regulations.

Customizing the Ordinance

Context boxes are included throughout the ordinance to explain some key provisions. These boxes are not meant to be included in any final ordinance. A local unit of government wishing to adopt all or part of this ordinance should keep this in mind and remove the context boxes.



In some instances, blanks (such as [____]) prompt you to customize the language to fit your community's needs. In other instances, the ordinance offers you a choice of options (such as [choice one/choice two]). Some options are followed by a comment that describes the legal provisions in more detail. A degree of customization is always necessary to make sure the ordinance is consistent with a community's existing laws. Such customization also ensures that communities are using this model ordinance to address local needs and engender health equity.

Immigration Impacts of Cannabis and Lower-Potency Hemp Edibles Use or Sale

Federal law still prohibits and criminalizes the sale, use, possession, or growing of cannabis, despite Minnesota's decriminalization and legalization. As such, anyone who is not a U.S. citizen and who possesses, uses, sells, grows, or interacts in any way with cannabis or works in the cannabis industry may face severe immigration consequences, including the loss of legal permanent residency or other immigration status, or their removal or deportation from the United States. (8 U.S.C. § 1182(a)(2); 8 U.S.C. § 1227(a)(2)(B)(1); 8 U.S.C. § 1227(a)(1)) According to the Immigrant Law Center of Minnesota, even lower-potency hemp edibles may trigger some immigration consequences.

Unfortunately, most non-citizens are not aware of these risks, particularly in states that have decriminalized or legalized cannabis. Prior to issuing a registration, state and local governments are encouraged to alert registrants, registration applicants, and their employees that there are immigration risks for non-citizens who interact with cannabis or the cannabis industry and that these risks exist regardless of any local or state license or registration. Registrants who employ or contract with non-citizens for any task related to their cannabis business may put those non-citizen employees and their family members at risk of losing their legal status or facing deportation from the United States. This is the case even for those non-citizens who work with employment authorization granted by the U.S. Department of Homeland Security.

The Immigrant Law Center of Minnesota provides <u>background information</u> that could be incorporated into an information notice to be disseminated by the local offices that process cannabis retail establishment registrations. The information is available in <u>several languages</u>. Please contact the <u>Immigrant Law Center of Minnesota</u> for further information.

For an example of such an information notice from the State of California, see <u>Non-U.S. Citizen</u> Referral Process and Possible Legal Consequences when Working in the Cannabis Industry.

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Notice

For Cities

This ordinance is drafted in the form prescribed by <u>state law</u> for statutory cities. Statutory cities must publish their ordinances — or a summary thereof — in the city's official newspaper before they become effective. Home rule charter cities may have to follow the formatting and other procedural requirements found in their city's charter. Charter cities should consult their charter and their city attorney to ensure they are in compliance with all charter requirements. All cities must provide copies of their ordinances to their county law library or its designated depository pursuant to Minn. Stat. § 415.021.

Additionally, Minn. Stat. § 415.19 requires statutory and home rule charter cities to post proposed new ordinances and ordinance amendments on the city website at least 10 days prior to a final vote by the city council, if the city already posts ordinances on its website. Under the same statute, within 10 days of a final vote, cities must also provide this same notice to all city listserv subscribers via their electronic notification system or, if the city does not have an electronic notification system, in the location where the city posts public notices.

Note

While the Public Health Law Center does not lobby, advocate, or directly represent communities, adopting effective public health policies starts early with education, stakeholder and community engagement, and a strong advocacy plan. If a community is unaware of resources available to them for engaging the community and developing an advocacy plan, or if a jurisdiction is considering adopting an ordinance and is interested in learning about the range of resources available, the Public Health Law Center can help through our publications and referrals to experts in the field.

This model ordinance was prepared by the Public Health Law Center, located at the Mitchell Hamline School of Law in St. Paul, Minnesota, and made possible by the financial support of the Center for Prevention at Blue Cross & Blue Shield of Minnesota.



ORDINANCE NO. [_____]

AN ORDINANCE REGULATING THE RETAIL SALE OF CANNABIS AND LOWER-POTENCY HEMP EDIBLES WITHIN THE

[CITY OF _____], MINNESOTA

THE [CITY COUNCIL OF THE CITY OF _____] DOES ORDAIN:

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Section 1. Findings of Fact.

Note

The Findings Section is important because it provides the evidentiary basis for the proposed cannabis and lower-potency hemp retailer regulations and demonstrates a municipality's reasoning for adopting specific provisions. Findings of fact could include data, statistics, and relevant epidemiological information, for example, that support the purposes of the ordinance. In addition to providing educational background and building support for the ordinance, the findings can also serve a legal purpose. If the ordinance is challenged in court, the findings are an admissible record of the factual determinations made by the legislative body when considering the ordinance. Courts generally defer to legislative determinations of factual issues and can, in turn, influence a court's legal findings. A list of Findings of Fact supporting this model ordinance appears in a companion publication on Public Health Law Center's website titled, *Minnesota Findings for Local Regulation of Cannabis and Lower-Potency Hemp Edibles*. Jurisdictions may select findings from this list to insert here, along with additional findings on local or regional conditions and outcomes.

NOW THEREFORE it is the intent of the City Council, in enacting this ordinance, to regulate the establishment, operations, and sales of cannabis retailers and lower-potency hemp edible retailers located in [city name] .

Section 2. Authority and Jurisdiction.

Authority. The City Council is authorized to adopt this Ordinance by Minnesota Statutes sections 144.417, subd. 4(a), 145A.05, subd. 9, 412.221, 152.0263, subd. 5, Chapter 342, Chapter 412, and any other applicable state law, as may be adopted or amended from time to time.

Section 3. Definitions.

Except as otherwise provided or clearly implied by context, all terms are given their commonly accepted definitions. For this ordinance, the following definitions apply unless the context clearly indicates or requires a different meaning:

Advertisement. Any written or oral statement, illustration, or depiction that is intended to promote sales of approved products or sales at a specific cannabis business or hemp business and includes any newspaper, radio, internet and electronic media, or television promotion; the distribution of fliers and circulars; and the display of window and interior signs in a cannabis



business. "Advertisement" does not include a fixed outdoor sign that meets the requirements in Minn. Stat. § 342.64, subd. 2, paragraph (b) as amended from time to time.

Approved products. Any cannabis plants, cannabis flower, cannabis products, artificially derived cannabinoids, and lower-potency hemp edibles that are a product category approved by the Office of Cannabis Management and that comply with Chapter 342 and rules adopted pursuant to Chapter 342 regarding the testing, packaging, and labeling of cannabis plants, cannabis flower, cannabis products, artificially derived cannabinoids, and lower-potency hemp edibles. "Approved Products" does not include medical cannabinoid products, as defined in Minn. Stat. Ch. 342.

Attractive to underage persons. Products that are attractive to individuals under age 21 as described in Minn. Stat. § 342.62, subd. 3, and products prohibited under Minn. Stat. § 342.06 (d), as may be amended from time to time.

Child-resistant. Packaging that meets the poison prevention packaging standards in Code of Federal Regulations, title 16, section 1700.15.

Compliance checks. The system the city uses to investigate and ensure that those retail establishments authorized to sell approved products and medical cannabinoid products are following and complying with age verification requirements and the requirements of this ordinance. Compliance checks may also be conducted by the city or other units of government for educational, research, and training purposes or for investigating or enforcing state or local laws and regulations relating to approved products.

Delivery sale. The sale of any approved products and medical cannabinoid products to any person for personal consumption and not for resale when the sale is conducted by any means other than an in-person, over-the-counter sales transaction in a registered retail establishment. Delivery sale includes but is not limited to the sale of any approved product and medical cannabinoid product when the sale is conducted by telephone, other voice transmission, mail, the internet, or app-based service. Delivery sale includes delivery by registered retail establishments or third parties by any means, including curbside pickup.

Electronic delivery device. Any product containing or delivering nicotine, lobelia, or any other substance, whether natural or synthetic, intended for human consumption through the inhalation of aerosol or vapor from the product. Electronic delivery device includes, but is not limited to, devices manufactured, marketed, or sold as e-cigarettes, e-cigars, e-pipes, vape pens, mods, tank systems, or under any other product name or descriptor. Electronic delivery device includes any component part of a product, whether or not marketed or sold separately. Electronic delivery device does not include any nicotine cessation product that has been



authorized by the U.S. Food and Drug Administration to be marketed and for sale as "drugs," "devices," or "combination products," as defined in the Federal Food, Drug, and Cosmetic Act.

Flavored product. Any cannabis flower, cannabis product, hemp-derived consumer product or medical cannabinoid product intended to be inhaled as smoke, aerosol, or vapor from the product that: (1) contains any added artificial, synthetic, or natural flavoring, either in the product itself or in its components or parts; (2) presents any descriptor or depiction of flavor that would imply to an ordinary person that the product contains flavors other than the natural taste or smell of cannabis; (3) imparts a taste or smell, other than the taste or smell of cannabis, that is distinguishable by an ordinary consumer prior to or during the consumption of the product; or (4) imparts a cooling, a burning, a numbing, or another sensation distinguishable by an ordinary consumer to impart a flavor other than cannabis either prior to or during the consumption of the product.

Lower-potency hemp edible. "Lower-potency hemp edible" as defined in Minn. Stat. § 342.01, subd. 50, as amended from time to time.

Lower-potency hemp edible retailer. Any place of business with a preapproved license, license, or endorsement to sell lower-potency hemp edible products to the public from the Office of Cannabis Management and that has a lower-potency hemp edible retail registration from the city.

Medical cannabinoid product. "Medical cannabinoid product" as defined in Minn. Stat. § 342.01, subd. 52, as amended from time to time.

Medical cannabis combination business. "Medical Cannabis combination business" as described in Minn. Stat. § 342.515, as amended from time to time.

Moveable place of business. Any form of business that is operated out of a kiosk, truck, van, automobile or other type of vehicle or transportable shelter and that is not a fixed address or other permanent type of structure licensed for over-the-counter sales transactions.

Pharmacy. A place of business at which prescription drugs are prepared, compounded, or dispensed by or under the supervision of a pharmacist and from which related clinical pharmacy services are delivered.

Registered cannabis retail business. Any cannabis business with a preapproved license, license, or endorsement from the Office of Cannabis Management for retail sales of approved products or medical cannabinoid products and that has a retail registration from a local unit of government.

Registered retail establishment. Refers to registered cannabis retail businesses, medical cannabis combination businesses with retail sales, and lower-potency hemp edible retailers.



Retail establishment. Any place of business where products are available for sale to the general public. "Retail establishment" includes, but is not limited to, grocery stores, tobacco product shops, convenience stores, liquor stores, gasoline service stations, bars, and restaurants.

Sale. Any transfer of goods for money, trade, barter, or other consideration.

Sample. Refers to any approved products or medical cannabinoid products that are offered free of charge or for sale at a nominal cost.

Self-service display. The open display of approved products or medical cannabinoid products in a retail establishment in any manner where any person has access to the products without the assistance or intervention of the registered retail establishment or its employee and where a physical exchange of the products from the registered retail establishment or its employee is not required to access the products.

Smoking. Inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, or pipe, or any other lighted or heated product containing, made, or derived from nicotine, tobacco, cannabis, or other substance, whether natural or synthetic, that is intended for inhalation. Smoking also includes carrying or using an activated electronic delivery device. "Smoking" does not include the use of traditional, or sacred, tobacco used by any American Indian, Indigenous, and Alaska Native communities for spiritual and medicinal purposes.

Temporary cannabis event. Events described in Minnesota Statutes <u>342.39</u> and <u>342.40</u>, held by an individual or business with a cannabis event organizer license granted by the Office of Cannabis Management, with approval from the city.

True party of interest. Any party with ownership or control over the business, as defined in Minn. Stat. § 342.185 subd. 1(g).

Vending machine. Any mechanical, electric or electronic, or other type of device that dispenses products upon payment by any form by the person seeking to purchase the product.

Youth-oriented facility. Any facility with residents, customers, visitors, or inhabitants of which 25 percent or more are regularly under the age of 21 or that primarily sells, rents, or offers services or products that are consumed or used primarily by persons under the age of 21. Youth-oriented facilities includes, but is not limited to, schools, playgrounds, places of worship, recreation centers, and parks.

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Municipal Cannabis Retailer

Similar to municipal liquor stores, state law allows for local governments to operate municipal cannabis retailer businesses. (Minn. Stat. § 342.32, subd. 5) Operating their own retailer would allow local jurisdictions to better control store location, types of products available, advertising, and marketing while making products available. Any municipal cannabis retailers do not count toward the total number of retailer licenses offered by OCM during a licensing period and the municipal retail license does not count toward any local ordinance capping the number of retailers to no more than 1 per 12,500 residents. (Minnesota Session Laws, 2024 Regular Session, Ch. 121 Art. 2 Sec. 65 creates new Minn. Stat. § 342.32, subd. 7)

Section 4. Registration and Operations of Registered Retailers.

- (A) License required. No person shall sell or offer to sell any approved product or medical cannabinoid product without first having obtained a license or retail endorsement to do so from the Office of Cannabis Management.
- (B) Registration required. No person shall sell or offer to sell any approved product or medical cannabinoid product without first being granted a registration by the city. Operating a retail establishment without a valid retail registration is a violation of this Ordinance and of Minn. Stat. § 342.22, subd. 5(e) and is subject to a civil penalty of up to \$2,000 per violation.

Registration

<u>State law</u> mandates that cannabis businesses and hemp businesses with retail sales, including lower-potency hemp edible retailers and retail businesses selling medical cannabis, must register with the city, town, or county in which the retail establishment is located. A county may issue a registration in cases where a city or town has provided consent for the county to issue the registration for the jurisdiction. A second registration from the county is not required if a city or town provides the registration.



- (C) Application. An application for a registration to sell approved products and medical cannabinoid products must be made on a form provided by the city. The application must contain the full name of the applicant and any true parties of interest, the applicant's and true parties' residential and business addresses and telephone numbers, the name of the business for which the registration is sought, and any additional information the city deems necessary. Upon receipt of a completed application, the city will timely review the application. If an application is incomplete, it will be returned to the applicant with notice of the information necessary to make the application complete.
- (D) Action. The city shall review the application for conformance with this Ordinance and all applicable state and local laws and rules, including but not limited to compliance with local zoning code, building code, and fire code. The city may approve or deny the application for a registration, or it may delay action for a reasonable period of time to complete any investigation of the application or the applicant deemed necessary. If the city approves the application, the city will issue the registration to the applicant. If the city denies the application, notice of the denial will be given to the applicant along with notice of the applicant's right to appeal the decision.
- (E) **Term.** All registrations issued are valid for one calendar year from the date of issue.
- (F) **Revocation or suspension.** Any registration issued may be suspended or revoked following the procedure set forth in **Section 12 (A)** of this ordinance.
- (G) **Transfers.** All registrations issued are valid only on the premises for which the registration was issued and only for the person to whom the registration was issued. The transfer of any registration to another location or person is prohibited.
- (H) **Display.** All registrations must be posted and displayed at all times at the registered retail establishment or medial cannabis combination business in plain view of the general public.
- (I) **Renewals.** The renewal of a registration issued under this Ordinance will be handled in the same manner as the original application. The request for a renewal must be made at least 30 days but no more than 60 days before the expiration of the current registration.
- (J) **Issuance is privilege and not a right.** The issuance of a registration is a privilege and does not entitle the registration holder to an automatic renewal of the registration.



Provisions that exceed state law

- (K) Maximum number of registrations.
 - (1) Lower-potency hemp edible retailer registrations. The maximum number of lowerpotency hemp edible retailer registrations issued by the city at any time is limited to [see "Registration Cap" context box below]. When the maximum number of registrations has been issued, the city may place persons seeking registration on a waiting list and allow them to apply on a first-come, first-served basis, as registrations are not renewed or are revoked. A new applicant who has purchased a business location with a valid county registration held by a different owner will be entitled to first priority, provided the new applicant meets all other application requirements in accordance with this ordinance.
 - (2) Cannabis retailer registrations. No registrations will be granted after the county or cities within the county have granted at least one registration for every 12,500 residents in the county.

Registration Cap for Lower-Potency Hemp Edible Retailers and Cannabis Retailers

Communities with a higher concentration of cannabis and lower-potency hemp edible retailers within their jurisdiction expose more youth and young adults to commercial cannabis and lower-potency hemp edible marketing, making it easier for them to obtain the products. Additionally, proximity to cannabis retailers is associated with increased harms of cannabis use including, increases in poison control calls, increased cannabis use during pregnancy, cannabis related hospitalization during pregnancy, and an increase of cannabis use in adults and young adults. (.) One way to address retailer density issues is to place a limit or cap on the number of registrations of cannabis retailers and lower-potency hemp edible retailers that may be issued by the city/county. The above provisions would set the maximum number of registrations available for lower-potency hemp edible retailers and sets a limit of one cannabis retailer per 12,500 residents in the county pursuant to Minn. Stat. § 342.13 (j). Note that while state law allows for local governments to limit the number of cannabis and hemp businesses, it does not allow local jurisdictions to outright prohibit cannabis and hemp businesses. (Minnesota Session Laws, 2024 Regular Session, Ch. 121 Art. 2 § 64)



Provision that exceeds state law

(L) **Pharmacies ineligible for registration.** No new or renewed registration will be granted to a pharmacy or any retail establishment that operates an on-site pharmacy.

Section 5. Fees.

No registration will be issued under this ordinance until the appropriate registration fees are paid in full. The fees will be established pursuant to Minn. Stat. § 342.22, subd. 2, as amended from time to time.

Fee Limits

State law limits the registration fees that local jurisdictions may charge for cannabis businesses. This Fees provision reflects and limits fees pursuant to state law. No additional licensing fees may be charged. (See Minn. Stat. § 342.22, subd. 2)

Section 6. Basis for Denial of Registration

(A) An initial application for registration or a renewal of registration with the city will be denied if:

Provisions that strictly conform to the state law

- (1) the applicant is under 21 years of age;
- (2) the applicant does not have a valid retail license, preapproved license, or retail endorsement from the Office of Cannabis Management;
- (3) the applicant fails to provide any of the information required on the licensing application or provides false or misleading information;
- (4) the applicant is prohibited by state, or local law, ordinance, or other regulation from holding a registration; or,
- (5) the applicant fails a pre-application inspection by the [city/county] as provided under Minn. Stat. § 342.22, subd. 3(b) as amended from time to time.



(B) If a registration is mistakenly issued or renewed to any person, it will be revoked upon the discovery of ineligibility for registration under this ordinance or state or other local law, ordinance or other regulation. Any revocation will comply with the requirements of Minn. Stat. § 342.22, subd. 5, as amended from time to time.

Section 7. Prohibited Sales and Other Restrictions.

- (A) In general. In addition to the prohibitions and restrictions set forth under Minn. Stat. § 342.46, subd. 7, and Minn. Stat. § 342.27, subd. 12 no registered cannabis retailer, lower-potency hemp edible retailer, or medical cannabis combination business shall sell or offer to sell any approved product or medical cannabinoid product:
 - Provision that strictly conforms to the state law
 - (1) By means of any type of vending machine.
 - ⚠ Provision that exceeds state law
 - (2) By means of self-service display. All approved products and medical cannabinoid products, including lower-potency hemp beverages, must be stored in a locked case behind the sales counter, in a storage unit, or in another area not freely accessible by the general public. This does not prohibit registered cannabis retailers from displaying single product samples pursuant to Minn. Stat. § 342.27, subd. 5.

Self-Service Display Prohibition

Minn. Stat. § 342.46, subd. 4 requires lower-potency hemp edible retailers to "ensure that all lower-potency hemp edibles, other than lower-potency hemp edibles that are intended to be consumed as a beverage, are displayed behind a checkout counter where the public is not permitted or in a locked case. All lower-potency hemp edibles that are not displayed must be stored in a secure area." Cities and counties, therefore, may wish to regulate beverages more stringently in the same manner as non-beverage edibles, such that beverages, too, must be displayed behind a checkout counter where the public is not permitted or in a locked case. Additionally, cities/counties could require the products always be stored in a locked case, whether behind the counter or in another area of the store. Similarly, cannabis products for sale by a cannabis retailers must be stored in a secure area, with the exception that the retailer may display one "sample" of each cannabis flower and cannabis product. (See Minn. Stat. § 342.27, subd. 5)



A Provision that exceeds state law

(3) At a moveable place of business. Only fixed location businesses may sell approved products and medical cannabinoid products.

Provision that strictly conforms to the state law

(4) That does not comply with the packaging and labeling required under Minn. Stat. §§ 342.62 and 342.63 as may be amended from time to time, except that:

⚠ Provisions that exceed state law

- (a) No lower-potency hemp edible beverage may be sold outside of its original packaging; and,
- (b) No lower-potency hemp edible product may be sold that does not indicate a single serving by scoring or use of another indicator that appears on the product. If it is not possible to indicate a single serving by scoring or use of another indicator that appears on the product, the lower-potency hemp edible may not be packaged in a manner that includes more than a single serving in each container.
- (5) **By means of delivery sales.** All sales of approved products and medical cannabinoid products must be conducted in person, in a registered retail establishment, in over-the-counter sales transactions.

Provision that strictly conforms to the state law

This does not prohibit sale of medical cannabinoid products by medical cannabis combination businesses by curbside pick-up as allowed in Minn. Stat. § 342.51, subd. 5.

Delivery Sales Prohibition

State law allows for licensed delivery services to transport and deliver cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumable products to customers. (Minn. Stat. § 342.41) Cannabis delivery services are businesses specifically licensed by the Office



Delivery Sales Prohibition (continued)

of Cannabis Management. State law prohibits local jurisdictions from outright prohibiting any cannabis businesses. However, cities and counties *may* have the authority to prohibit delivery sales within their jurisdiction as an effective means of curtailing underage access to approved products. A licensed cannabis delivery business may still be located within the jurisdiction to deliver outside the boundaries of the jurisdiction, where permitted. This approach recognizes the challenges inherent in trying to effectively monitor online retailers and prevent underage access to the vast market of hemp-derived THC products found online, acknowledging that age verification processes do not prevent underage persons from obtaining these and similar products online.

(6) By any other means, to any other person, or in any other manner or form **prohibited** by state or other local law, ordinance provision, or other regulation.

Provision that strictly conforms to the state law

(B) Legal age. No person shall sell any approved product to any person under the age of 21. Businesses licensed or endorsed to sell medical cannabinoid products may sell medical cannabinoid products to persons under age 21 who are enrolled in the medical registry program pursuant to Minn. Stat. § 342.24, subd. 1.

Minimum Legal Sales Age Higher than Age 21

State law sets a minimum legal sales age for adult-use cannabis and lower-potency hemp edibles at age 21. There is nothing in the law that prohibits a local jurisdiction from setting a higher minimum legal sales age. Evidence supports a higher minimum legal sales age of 25.

For instance, frequent cannabis use between the ages of 14 and 21 is associated with lower high school completion and college graduation and subsequent lower income levels at age 25 (reference provided below). If the minimum legal sales age of 25 is enacted, then other provisions should also be adjusted, such as minimum clerk age and store ownership. If MLSA of 25 is enacted, then other provisions could also be adjusted, such as minimum clerk age and store ownership.

Edmund Silins et al., Young Adult Sequelae of Adolescent Cannabis Use: An Integrative Analysis, 1 The Lancet Psychiatry 286-93 (2014), DOI: 10.1016/S2215-0366(14)70307-4; David Fergusson & Joseph Boden, Cannabis Use and Later Life Outcomes, 103Addiction 969-76 (2008), https://pubmed.ncbi.nlm.nih.gov/18482420.



Medical Cannabis Sales to Persons 18 and Older

State law allows medical cannabinoids to be sold to persons age 18 and older if they are enrolled in the medical program as a patient or as a caregiver. This provision allows sales of medical cannabinoid products to persons age 18 to 20 by a registered retail establishment that is approved to sell medical cannabinoid products.

Provision that strictly conforms to the state law

(C) **Age verification.** Before any sale of approved products, the registered retail establishment must verify by means of government-issued photographic identification containing the bearer's date of birth that the purchaser is at least twenty-one (21) years of age.

⚠ Provisions that exceed state law

- (D) **Signage.** Notice of the legal sales age, age verification requirement, and possible penalties for underage sales must be posted prominently and in plain view at all times at each location where approved products are offered for sale. The required signage, which will be provided to the retail establishment by the city, must be posted in a manner that is clearly visible to anyone who is, or is considering, making a purchase.
- (E) No admittance of any person under age 21. No person shall sell or offer for sale any approved products or medical cannabinoid products, except in registered retail establishments that prohibit persons under the age of 21 from entering at all times.

✓ Provision that strictly conforms to the state law

Businesses licensed or endorsed to sell medical cannabinoid products may allow admittance to persons under age 21 who are enrolled in the medical registry program for the sole purpose of purchasing medical cannabinoid products pursuant to Minn. Stat. § 342.24.

Provisions that exceed state law

(F) Sale of lower-potency hemp edibles restricted to registered cannabis retailers. Lower-potency hemp edibles must only be sold at registered cannabis retail business.



A Provisions that exceed state law

- (G) **Proximity to youth-oriented facilities.** No lower-potency hemp edible retailer may be located within [1,000] feet of a youth-oriented facility, as measured by the shortest line from the property line of the space to be occupied by the proposed licensee to the nearest property line of a youth-oriented facility.
- (H) Proximity to other registered lower-potency hemp edible retailers or cannabis retailers. No lower-potency hemp edible retailer may be located within [2,000] feet of any other existing registered lower-potency hemp retailer or registered cannabis retail business, as measured by the shortest line from the property line of the space to be occupied by the applicant for a lower-potency hemp edible registration to the nearest property line of the existing lower-potency hemp edible retailer or registered cannabis retail business.
- (I) Cannabis retailer distance restrictions.
 - (1) No registered cannabis retail business may be located within 1,000 feet of a school as measured by the shortest line from the property line of the space to be occupied by the proposed retail establishment to the nearest property line of a school.
 - (2) No registered cannabis retail business may be located within 500 feet of a day care, residential treatment facility, or an attraction within a public park that is regularly used by minors, including a playground or athletic field, as measured by the shortest line from the property line of the space to be occupied by the proposed retail establishment to the nearest property line of a daycare, residential treatment facility, or attraction within a public park that is regularly used by minors.

Local Restriction of the Location of Cannabis Retailers

State law allows local jurisdictions to set specific minimum distance requirements between the location of cannabis retail businesses and schools, daycares, residential treatment facilities, and attractions within parks that are regularly used by children. (Minn. Stat. § 342.13 (c)). The language here reflects the language in state law. There is not a similar provision in state law limiting the local jurisdictions' authority to restrict the location of lower-potency hemp edible retailers so there are separate provisions at paragraphs (G) and (H) above prohibiting those businesses from locating within 1,000 feet of a youth-oriented facility and requiring minimum distances between cannabis and lower-potency hemp retailers. The above restrictions do not restrict the location of



Local Restriction of the Location of Cannabis Retailers (continued)

medical cannabis combination businesses that sell medical cannabinoid products at retail. A jurisdiction may want to extend these location requirements to those businesses, as well.

Note: Some jurisdictions may choose to enact these minimum distance requirements through their zoning code. However, a zoning code may sometimes be subject to discretion by the zoning board to grant zoning variances or other methods to circumvent the intent of these restrictions. As such, setting the minimum distance requirements in the retail sales registration ordinance does not allow for exceptions to the general rule.

• Provision that exceeds state law

(J) Cannabis retailer hours of operation. Sales of approved products at a registered cannabis retail business are only allowed between the hours of 10 a.m. and 9 p.m. seven days per week and may not be open to the public or sell any other products at times when the business is prohibited from selling approved products.

Cannabis Retailer Hours of Operation

State law allows local governments to restrict cannabis retailer hours of operation pursuant to Minn. Stat. § 342.27, subd. 7. This provision only applies to registered cannabis retailers. It does not apply to medical cannabis combination businesses nor to lower-potency hemp edible retailers. It could be broadened to apply to lower-potency hemp edible retailers, but that would mean that anyone selling lower-potency hemp edibles would not be able to be open or sell any other products during the mandatory closure period. While this fits with an overall goal of treating the sale of these intoxicating products similarly, it is likely that there will be pushback since lower-potency hemp edibles are currently sold without any restrictions on hours of operation.



A Provisions that exceed state law

- (K) Instructional program. Registered retail establishments must ensure that all salesclerks complete a training program on the legal requirements related to the sale of approved products or medical cannabinoid products, and the possible consequences of registration or license violations. Registered retail establishments must maintain documentation demonstrating their compliance and must provide this documentation to the city at the time of renewal, or whenever requested to do so during the registration term.
- (L) **Minimum clerk age.** Individuals employed by a registered retail establishment and medical cannabis combination business must be at least 21 years of age to sell approved products and medical cannabinoid products.

Minimum Age for Clerks

State law prohibits cannabis businesses from employing any person under age 21 if the scope of work includes handling cannabis. As such, the law requires that all clerks selling at cannabis retailers would have to be at least 21 to sell products and this provision reflects that requirement (Minn. Stat. § 342.24, subd. 1) Cities and counties may also be interested in establishing a minimum age for employees to sell lower-potency hemp edibles at registered retail establishments. In the commercial tobacco control context, the tobacco industry has acknowledged that peer pressure facing young clerks from their underage peers seeking to purchase products at the counter plays a role in youth access. Establishing a minimum clerk age addresses the peer pressure issue and youth access. This sample language allows individuals under minimum clerk age to work for a lower-potency hemp edible retailer but not engage in sales of approved products. For example, a 20-year-old clerk employed at a grocery store may sell potato chips and soda to a customer, but not lower-potency hemp edibles (including beverages) that are also offered for sale at the same retail establishment.

Provision that exceeds state law

(M) **Samples prohibited.** No samples of any approved products or medical cannabinoid products may be distributed free of charge or at a nominal cost. The distribution of approved products or medical cannabinoid products as a free donation is prohibited.



Prohibiting Free Samples and the Sampling of Approved Products in Retail Settings

Under Minn. Stat. § 342.46, subd. 7, lower-potency hemp edible retailers are prohibited from distributing or allowing free samples of lower-potency hemp edibles, except when the business is licensed to permit on-site consumption and samples are consumed within its licensed premises. A provision prohibiting all samples would be more protective of public health than state law.

State law also prohibits cannabis retailers from "giving away" cannabis products. (342.09, subd. 1 (b)(8)) While it is unclear whether this provision in state law prohibits giving away products for a nominal cost, as well, local jurisdiction can make clear that no samples are allowed with the provision included in this model ordinance.

A Provisions that exceed state law

- (N) **Smoking prohibited.** Smoking is prohibited within the indoor area of any registered retail establishment.
- (O) **On-site consumption prohibited.** No registered retail establishment may allow on-site consumption of lower-potency hemp edible products on the premises.
- (P) Sale of other products. Registered cannabis retail businesses and medical cannabis combination businesses are limited to selling only the products allowed under Minn. Stat. § 342.27 subd. 3 as amended from time to time. The sale of any products other than approved products by registered retailers must comport with all requirements of state law.
- (Q) Child-resistant packaging. All sales of any approved products and medical cannabinoid products must be packaged in child-resistant packaging. Upon request by the city, a registered retail establishment must provide a copy of the certificate of compliance or full laboratory testing report for the packaging used.

Note

Cannabis retailers are limited in the products they are allowed to sell under state law. (Minn. Stat. § 342.27, subd. 3) Limiting the availability and exposure to lower-potency hemp edibles to cannabis retailers would reduce youth access and would reduce exposure and marketing of the products at the point of sale.



Provisions that strictly conform to the state law

- (R) Advertising restrictions. Registered retail establishments must follow all advertisement restrictions pursuant to Minn. Stat. § 342.64, as amended from time to time.
- (S) **Products that are attractive to underage persons.** No person shall sell or offer for sale any approved products and medical cannabinoid products that are attractive to underage persons.

Products that are attractive to children

Prohibiting products that are intentionally designed and marketed to attract youth has strong potential to subvert youth initiation and use of these products. State law prohibits products that resemble commercially available food product or is "designed to appeal to persons under age 21." (Minn. Stat. § 342.62, subd. 3) The law specifically prohibits the Office of Cannabis Management from approving products that is or appears to be a lollipop or ice cream; bears the likeness or contains characteristics of a real or fictional person, animal, or fruit; are modeled after a type or brand of products primarily consumed by or marketed to children; are similar to certain food products; or are added to a finished food product that does not contain cannabinoids. (Minn. Stat. § 342.06 (d)) Given that many edible products are marketed as gummies and other food products attractive to youth, it is important to ensure these products do not portray images containing cartoons, toys, robots, real or fictional animate creatures, or any likenesses to images, characters, or phrases commonly used to advertise to youth. This includes products that imitate packaging or labeling for candy, cereals, sweets, chips or other foods typically marketed to youth.

Provision that exceeds state law

(T) Coupon and price promotion. No registered retail establishment may accept or redeem any coupon, price promotion, or other instrument or mechanism, whether in paper, digital, electronic, mobile, or any other form, that provides any approved products to a consumer at no cost or at a price that is less than the non-discounted, standard price listed by a retailer on the item or on any shelving, posting, advertising, or display at the location where the item is sold or offered for sale, including all applicable taxes.



Product Discounts

The price of these cannabis and lower-potency hemp edible products, like any product promotion strategy, directly affects consumption levels, particularly among price-sensitive consumers, such as people with lower incomes, including youth and young adults. For example, the commercial tobacco industry devotes billions of dollars per year to innovative pricing strategies designed to entice new customers to purchase their products and to discourage current users from quitting. Jurisdictions, in turn, can prohibit the redemption of such price promotions and coupons to negate industry discount marketing strategies, which has been shown in the commercial tobacco control space to be an effective point-of-sale regulation in curbing youth initiation and use.

Note: This provision does not apply to sale of medical cannabinoid products.

Provision that exceeds state law

(U) **Flavored product.** No person shall sell or offer for sale any flavored products intended to be inhaled as smoke, aerosol, or vapor.

Prohibiting flavored products intended to be smoked or vaped

Flavored products are a common and effective marketing tactic to attract children and youth. This tactic has been extremely successful with commercial tobacco marketing, particularly with electronic cigarettes (vapes). Flavored cigarettes have been banned across the United States since 2009 and many flavored e-cigarettes have been banned at the federal level, along with the many jurisdictions in Minnesota and across the nation that prohibit the sale of flavored commercial tobacco products. The Office of Cannabis Management will have the authority to approve or deny classes of cannabis products, including flavored products for smoking or vaping. It is unknown what the OCM will do with this class of products, however, local jurisdictions *may* have the authority to enact stricter restrictions and prohibit flavored cannabis products that may be smoked or vaped. This approach may be particularly attractive to Minnesota jurisdictions that have already prohibited or are considering prohibiting the sale of flavored commercial tobacco products.



✓ Provision that strictly conforms to the state law

(V) Potency and amount per sale transaction.

- (1) Registered cannabis retail businesses may sell or offer for sale approved products that comply with potency limits in accordance with Minn. Stat.§ 342.27, subd. 2, c, d, and e, as amended from time to time.
- (2) Lower-potency hemp edible retailers and cannabis retailers may sell or offer for sale lower-potency hemp edible products that comply with potency limits in accordance with Minn. Stat.§ 342.46, subd. 6, as amended from time to time.

Section 8. Temporary Cannabis Events.

Provisions that exceed state law

- (A) No sales of approved products are allowed at temporary cannabis events.
- (B) No use of approved products is allowed at temporary cannabis events.

Section 9. Compliance Checks and Inspections.

- (A) All registered retail establishments must be open to inspection by authorized city officials or their designees during regular business hours.
- (B) In accordance with Minn. Stat. § 342.22, subd. 4, city will conduct compliance checks of every retail establishment with a retail registration issued by the city. The checks will assess compliance with age verification requirements and all provisions of this ordinance.
- (C) From time to time, but at least [twice] per year, the city must conduct compliance checks to ensure compliance with all provisions of this ordinance.
- (D) In accordance with state law, the city will conduct at least two annual compliance checks that involves participation of a person at least 17 years of age, but under the age of 21 to enter the registered retail establishment to attempt to purchase approved products under the supervision of a law enforcement officer or an employee of the city. Prior written consent from a parent or guardian is required for any person under the age of 18 to participate in a compliance check.



Compliance Checks

<u>State law</u> requires municipalities to conduct age verification compliance checks of both registered cannabis retail businesses and lower-potency hemp edible retailers at least once each calendar year. Cities may, however, require additional compliance checks. For retailer education purposes, and to identify and cite repeat offending retailers, the model language above requires at least two compliance checks per year.

Along with the state minimum requirements for underage compliance checks, the city should adopt inspection and compliance check procedures that test for retailer compliance with all provisions of the ordinance. For example, if a city requires lower-potency hemp edible beverages offered for sale to be stored behind the sales counter, in a locked case or unit not freely accessible to the public, the city should inspect each retailer to ensure compliance with that provision.

Section 10. Responsibility.

All registered medical cannabis combination businesses, cannabis retail businesses and lower-potency hemp edible retailers are responsible for the actions of their employees regarding the sale, offer to sell, and furnishing of approved products or medical cannabinoid products on the licensed and registered premises. The sale, offer to sell, or furnishing of any approved product or medical cannabinoid product by an employee will be considered an act of the registrant.

Section 11. Defenses.

It is an affirmative defense to a violation of this ordinance for a person to have reasonably relied on proof of age as described by state law.



Penalizing Underage Purchase, Use, and Possession and the Use of False Identification

This model ordinance does not include penalties for underage Purchase, Use, and Possession (PUP) nor penalties for the use of false IDs for the following reasons. At its core, a point-of-sale ordinance is intended to regulate the behavior of retailers. Penalizing underage persons detracts from the focus of the retailer regulations and siphons enforcement resources away from the retailers to young consumers, many of whom may struggle with addiction, substance abuse, and mental health issues. There is no strong evidence to support an assertion that PUP penalties are effective in significantly reducing youth use of these products. And while the cannabis and consumer hemp industries are fairly new, especially in Minnesota, PUP laws were historically lobbied for by the commercial tobacco industry to punish youth users while the industry simultaneously targeted, and continues to target, youth to replace an older, sicker, and dying customer base and maintain profits.

Section 12. Violations, Penalties, and Administrative Hearings.

(A) Violations.

(1) **Notice.** A person violating this ordinance may be issued, either personally or by mail, an administrative citation from the city that sets forth the alleged violation and informs the alleged violator of their right to a hearing on the matter and how and where a hearing may be requested, including a contact address and phone number.

(2) Hearings.

- (a) Upon issuance of a citation, a person accused of violating this ordinance may request in writing a hearing on the matter. Hearing requests must be made within 10 business days of the issuance of the citation and delivered to the City Administrator or other designated city officer. Failure to properly request a hearing within 10 business days of the issuance of the citation will terminate the person's right to a hearing.
- (b) The city Administrator or other designated city officer will set the time and place for the hearing. Written notice of the hearing time and place will be mailed or delivered to the accused violator at least 10 business days prior to the hearing.



- (3) **Hearing officer.** The City Council will designate a hearing officer. The hearing officer will be an impartial employee of the city or an impartial person retained by the city to conduct the hearing.
- (4) **Decision.** A decision will be issued by the hearing officer within 10 business days of the hearing. If the hearing officer determines that a violation of this ordinance did occur, that decision, along with the hearing officer's reasons for finding a violation and the penalty to be imposed, will be recorded in writing, a copy of which will be provided to the city and the accused violator by in-person delivery or mail as soon as practicable. If the hearing officer finds that no violation occurred or finds grounds for not imposing any penalty, those findings will be recorded and a copy will be provided to the city and the acquitted accused violator by in-person delivery or mail as soon as practicable. The decision of the hearing officer is final, subject to an appeal as described in **Section 12 (A)(6)** of this ordinance.
- (5) **Costs.** If the citation is upheld by the hearing officer, the city's actual expenses in holding the hearing up to a maximum of [\$1,000] must be paid by the person requesting the hearing.
- (6) **Appeals.** Appeals of any decision made by the hearing officer must be filed in [____] County district court within 10 business days of the date of the decision.
- (7) **Continued violation.** Each violation, and every day in which a violation occurs or continues, will constitute a separate offense.

(B) Administrative penalties.

- (1) **Registrants.** Any registrant cited for violating this ordinance, or whose employee has violated this ordinance, will be charged an administrative fine of [\$300] for a first violation; [\$600] for a second offense at the same registered premises within a 36-month period; and [\$1,000] for a third or subsequent offense at the same location within a 36-month period from the first violation. Upon the third violation, the registration will be suspended for a period of not less than [30] consecutive days and may be revoked. Upon a fourth violation within a 36-month period from the first violation, the registration will be revoked.
- (2) Registration suspension. In accordance with Minn. Stat. § 342.22, subd. 5, the city will suspend the retail registration of any registered retail establishment for 30 days for violations of this ordinance or if the operation of the business poses an immediate threat to the health or safety of the public.



- (3) Retail establishment operating without a registration. Pursuant to Minn. Stat. § 342.22, subd. 5(e), any retail establishment found to be making or attempting to make any sales to a customer or patient without a valid retail registration will be charged a civil penalty of \$2,000 for each violation.
- (C) **Tobacco retail licensees.** In accordance with Minn. Stat. § 461.12, subd. 2a, a tobacco retail license will be suspended for no less than seven (7) days and may be revoked for certain cannabis-related violations by the licensed tobacco retailer on the licensed premises.
- (D) **Statutory penalties.** If the administrative penalties for violations of this ordinance authorized to be imposed by Minn. Stat. Chapter 342, as amended from time to time, differ from those established in this ordinance, then the higher penalty will prevail.
- (E) Complaints submitted to the Office of Cannabis Management. In accordance with Minn. Stat. § 342.13 (h), any violations of this ordinance will be submitted as complaints to the Office of Cannabis Management.

Section 13. Severability.

If any section or provision of this ordinance is held invalid, such invalidity will not affect other sections or provisions that can be given force and effect without the invalidated section or provision.

Section 14. Effective Date.

This ordinance becomes effective on the date of its publication, or upon the publication of a summary of the ordinance as provided by Minn. Stat. § 412.191, subd. 4, as amended from time to time.