



ITEM REPORT  
PLANNING AND ZONING COMMISSION

Agenda Date: 11/12/2024  
Agenda Section: New Business

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**TO:** Baxter Planning and Zoning Commission

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**FROM:** Joshua Doty, Community Development Director

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**REQUEST:** **PUBLIC HEARING.** Zoning Ordinance Text Amendment to amend Title 10, Chapter 2 “Definitions” and Chapter 3 “Zoning Districts” of the City Code to allow Cannabis Uses (City file no. 24-040)

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**APPLICANT:** City of Baxter

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**ZONING:** N/A

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**1. Application Request**

The City of Baxter (applicant) is requesting a Zoning Ordinance Text Amendment to amend Title 10, Chapter 2 “Definitions” and Chapter 3 “Zoning Districts” of the City Code to allow Cannabis Uses. Minnesota State Law requires local units of government to amend their City Code and Zoning ordinance to implement requirements of Chapter 342 of Minnesota Statutes. As of January 1, 2025, City’s need to have codes in place to allow for numerous different types of cannabis related businesses and uses. There are currently 13 different license categories at the State of Minnesota Office of Cannabis Management. Local units of government play a role in the state licensing process. Applicants apply to the State for a license and once vetted, the business would be required to gain local government approval.

From a zoning perspective, Cannabis businesses generally fit best into retail and industrial zones. Specifically, the retail uses include Retail, Medical, and Low-Potency Hemp Retail. The industrial uses include a multitude of potential business uses including, but not limited to, things like cultivation, manufacturing, wholesalers, transporters and combinations thereof. The city is required to allow for the various uses outlined Statute within local zoning regulations.

It is noteworthy that there are additional cannabis licensing code amendments that are required beyond the attached Zoning Ordinance amendments prior to January 1, 2025. The City is currently working on separate licensing code, which will be forwarded directly the City Council for their review together with the Zoning Ordinance amendments.

Key Items for Zoning Consideration

Minnesota Statute 342 outlines options for the city to employ buffers and/or a retail store cap based on population. Specifically, statute allows a city to buffer a retail store to be 1,000 feet from a school and 500 feet from a day care facility, residential treatment facility or an attraction within a public park that is regularly used by minors. Statute also allows the City to establish (in ordinance) a retail store cap, which requires cities to allow one retail store for every 12,500 residents but does not have to allow more than one retail store for every 12,500 residents. Since Baxter has a current population less than 12,500 residents, the City is required to allow at least one store but can cap the number of stores to one. For the purposes of the attached drafted ordinance, City staff has proposed an ordinance that utilizes the buffers and retail cap allowed by State law. Staff notes that the Minnesota Office of Cannabis Management would determine who the retail store would be for Baxter base on a

vettted application and lottery process. Lastly, staff notes that the buffer and cap option is only for retail use and is not allowed for other cannabis business uses, such as medical cannabis retail, low-potency hemp retail sales or the various types of industrial cannabis and hemp business uses.

*Staff findings for supporting the buffer requirements and retail cap*

The City of Baxter is unique in that there is a multitude of commercial opportunities that are beyond these buffers. As such, there are no concerns with opportunity areas with the buffers employed within Baxter. The retail cap is a decision that is open to interpretation. City staff is simply recommending the cap to start, as it is a legal option because we simply do not know what the demand will be. Once the city has a retail store open and determines there are no concerns, the City could always remove the cap at anytime in the future, as we did with our previous Mobile Vending License cap.

The other primary consideration for cities is to determine is what zones the various business uses would be allowed in and if the uses are permitted uses or conditional uses. Based upon staff's review of numerous other city ordinances across the state, it is clear that city's allowing the retail uses in commercial zones and the non-retail uses in industrial zones. There is also a lot of variety with regard to allowing the various uses as permitted uses or conditional uses.

Staff's review of the guidelines has led staff to proposing the Cannabis related retail uses as a permitted use in C-2 Commercial and to allow the remainder of the non-retail uses as a Conditional Use in the Industrial districts. Specifically, staff finds that there are less reasonable conditions of approval needed for retail establishments than industrial uses. Industrial uses, depending on type of business and location, could cause odors or other impacts to neighboring properties that may necessitate a public hearing process to determine any reasonable conditions needed for the associated use.

**3. Recommendation**

Staff recommends approval of the draft zoning ordinance and findings of fact resolution.

**Attachments**

Draft Ordinance 2024-004 (Redlined)

Draft Resolution 2024-018 Approving Findings of Fact