



CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Pamela Whitmore
Meeting Date:	Tuesday, May 28, 2024
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Registration/Zoning for THC retail sales
Background Information:	<p>The City currently prohibits (via a moratorium) almost all business operations related to hemp-based products (also referred to as 151 Products because they are authorized by Minnesota Statutes, 151.72 and Lower-Potency Hemp Edibles, as defined for purposes of future state licensing). The two exceptions are that hemp-based beverages may be made at a brewery or distillery and an exclusive liquor store may still sell hemp-based beverages. The moratorium is set to expire in July 2024. The current estimate is that the OCM will begin issuing licenses in early 2025 but that seems unlikely based on the little traction of the OCM rulemaking so far.</p> <p>Session is just wrapping up for the 2024 Minnesota Legislature and the OCM still has not produced a model ordinance. State law remains unchanged and the state will be licensing the sale of both the hemp-based products, and the higher-level cannabis products, once OCM's regulatory scheme is established. Additionally, the law remains unchanged with respect to allowing local governmental authorities some basic zoning authority with respect to these establishments, like locations of retailers. State law also still requires businesses to register with the Minnesota Department of Health, and to follow the sales, packaging, and other related regulations contained in Minn. Stat. 151.72. Enforcement of violations is currently under the purview of the Minnesota Department of Health, but will be transferred to the local governmental authority once licensing is in place.</p> <p>Staff, along with the L&O committee, discussed getting a framework in place so that retailers of the Lower Potency Hemp based products/151 Products could start selling those products in the City of Marshall before waiting for final OCM rulemaking. The proposed ordinance creates a registration system which complies with state law and enables the City to know where these products are sold for purposes of compliance checks (similar to tobacco type compliance checks). Additionally, the proposed ordinance allows the City to charge a registration fee to help offset the costs associated with compliance checks.</p> <p>The proposed ordinances also include proposed amendments to existing zoning which would prohibit retail sales of these products in residential districts as "home sales" and also creates reasonable distance requirements between retailers selling these products and schools (500 feet from primary building as identified on city-maintained map). This supports feedback and concern staff has heard from educators, as well as public safety.</p> <p>There has been a desire expressed by some in the public for the current moratorium to be lifted on the hemp-based products to allow sales and support local economy. Along with the proposed registration ordinance, the proposed amendments to the existing zoning, and the repeal of the current moratorium, staff recommends adopting a new moratorium on the higher-level cannabis products until the OCM has finalized its regulatory scheme.</p>

Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	<ol style="list-style-type: none">1) Introduction of proposed ordinance for registration and zoning of THC retail sales and set date of public hearing to be on June 12, 2024, at 5:30 PM with the Planning Commission.2) Introduction of interim ordinance and set date of public hearing to be on June 25, 2024, at 5:30 PM with the City Council.