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## MEMORANDUM

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**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**CC:** JOSHUA M. TETZLAFF, CITY ADMINISTRATOR  
**FROM:** KEN ONDICH, PLANNING / COMMUNITY DEVELOPMENT DIRECTOR  
TIM APPLEN, POLICE CHIEF  
**SUBJECT:** INTRODUCTION OF ORDINANCE AMENDING SECTIONS 121.02 (DEFINITIONS) AND 121.03 (LICENSE REQUIRED) OF CHAPTER 121 TITLED TETRAHYDROCANNABINOL PRODUCTS  
**DATE:** MAY 12, 2025

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The City recently received an application from an exclusive liquor store to sell low potency hemp products (THC products). As the City Council will recall, the City has had a THC ordinance since 2022 which allows establishment to sell the low potency hemp products as long as they have registered with the state and have obtained a local license. This process differs from the forthcoming process the state has for both THC (low potency hemp) and cannabis (stronger products) whereby eventually the state's Office of Cannabis Management (OCM) will take over all licensing, including for THC products.

With the state adopting rules relating to THC products and cannabis products on April 14<sup>th</sup>, staff was unsure if we were able to utilize the City's existing 2022 ordinance to allow the exclusive liquor store to sell THC products. In speaking with the Joe Sathe with Kennedy & Graven, the City should continue to process THC licenses until the state has their process up and running sometime this fall and at which time the City will only "register" said retailers. Mr. Sathe also suggested that the City Code be amended to specifically allow exclusive liquor stores as the City code currently says that a THC license cannot be issued to an exclusive liquor store. The reason the ordinance was written this way in 2022 is that at the time, the state did not list THC products as items a liquor store could sell, however the list was updated in 2023 to include THC and the City did not change the ordinance to reflect this.

Staff is recommending that City Code Chapter 121 be amended to delete the definition of "exclusive liquor store" and the provision that did not allow an exclusive liquor stores to obtain a THC license which would allow the license application to proceed. The first reading of the code amendment would occur at tonight's meeting. Minnesota Statute 415.19 requires 10 days' notice to the public before the City Council can take a final vote on this amending ordinance. This notice simply needs to be posted at City Hall and on the City's website and would be posted on May 20th, 2025 should the first reading occur at tonight's meeting.

### **Recommendation**

Staff recommends that the City Council introduce the attached City Code amendment for its first reading tonight. A second reading before adoption and publication of the ordinance amendment would also be required in the future.