



PLANNING COMMISSION AGENDA REPORT

TO: St. Francis Planning Commission
FROM: Beth Richmond, Planner
SUBJECT: Cannabis Zoning Code Amendment – Public Hearing
DATE: 12-8-2021 for 12-15-2021 meeting

OVERVIEW:

In 2023, the Minnesota Legislature approved a new law to expand the legalization of THC and certain types of cannabis products, as well as to permit different types of cannabis businesses. The new legislation is fairly comprehensive and established a new specialized statewide regulating authority for this matter – the Office of Cannabis Management (OCM). This office will assist cities with registration and the regulation of cannabis through zoning.

The state's cannabis legislation, which can be found in Chapter 342 of the State Statutes, provides local units of government certain authority to regulate cannabis businesses, including the authority to adopt reasonable restrictions on the time, place, and manner of such businesses, reviewing license requests, registering cannabis businesses, and adopting other regulations related to cannabis businesses. It also creates 16 cannabis and hemp license types. The OCM is responsible for issuing licenses for cannabis businesses, however, local governments will be asked to certify whether an application complies with local zoning ordinances before a license is issued. Cities will need to examine their zoning regulations and make amendments to the existing city code in order to accommodate these uses, possibly creating new definitions, standards, and interpretations.

The City Council held a worksession on this topic on October 28th and provided direction to Staff for the development of cannabis regulations. Based on this discussion and the model ordinance provided by OCM, Staff drafted ordinance language for amendments to the City Code and the Zoning Code. Amendments to the City Code pertain to business regulations for cannabis businesses including local registration, compliance with State Statutes, and consequences of business mismanagement. The first reading of the City Code amendments was considered at the December 2nd City Council meeting. Additional information from this meeting can be found beginning on page 151 of the December 2, 2024 City Council [packet](#) which is available on the City's website.

At the December 18th meeting, the Planning Commission is tasked with reviewing the proposed amendments to the Zoning Code pertaining to cannabis businesses, holding a public hearing, and providing a recommendation to the City Council.

PROPOSED ZONING STANDARDS:

Staff is proposing to add language to the Zoning Code to define each cannabis use, establish how and where each use will be allowed in the City, and create standards for cannabis retail and lower potency hemp edible retail uses.

Definitions

In order to regulate the new cannabis uses, definitions must be added that clarify the types of businesses being regulated. These definitions include:

Cannabis cultivation: A cannabis business licensed to grow cannabis plants within the approved amount of space from seed or immature plant to mature plant, harvest cannabis flower from mature plant, package and label immature plants and seedlings and cannabis flower for sale to other cannabis businesses, transport cannabis flower to a cannabis manufacturer located on the same premises, and perform other actions approved by the office.

Cannabis delivery: A cannabis business licensed to purchase cannabis, cannabis products, and hemp products from retailers or cannabis business with retail endorsements for transport and delivery to customers.

Cannabis and hemp manufacturing: A business which involves the compounding, processing, packaging, or treatment of cannabis and/or hemp products.

Cannabis retail: A retail location and the retail location(s) of a mezzobusiness with a retail operations endorsement, microbusiness with a retail operations endorsement, medical combination business operating a retail location, excluding lower-potency hemp edible retailers.

Cannabis transportation: A cannabis business licensed to transport immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products to licensed cannabis businesses.

Cannabis wholesale: A cannabis business licensed to purchase and/or sell immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from other licensed cannabis businesses.

Lower-potency hemp edible retail: A licensed establishment where lower-potency hemp edible products are sold to individual consumers.

Zoning Districts

Cities may not ban cannabis or hemp businesses, and must allow the various types of cannabis uses within the City in some fashion. The OCM provided guidance that cities should generally look to allow cannabis businesses in zoning districts where similar uses are allowed. For example, allowing cannabis retail in the same zoning districts where retail uses are allowed today.

Tables 10-42-1 and 10-44-1 in the Zoning Code are proposed to be updated to incorporate cannabis uses. Cannabis uses, including retail, delivery, manufacturing, transportation, wholesale, and cultivation are proposed in different areas of the City, including the agricultural districts and the business and industrial districts. The table below shows where each use is

proposed to be allowed, and whether the use will be permitted with standards (PS) or permitted by right (P).

Use Type	Zoning District					
	A-1	A-2	B-1	B-2	BPK	I-1
Cannabis retail			PS	PS		
Lower potency hemp edible retail			PS	PS		
Cannabis delivery						P
Cannabis and hemp manufacturing					P	P
Cannabis transportation						P
Cannabis wholesale					P	P
Cannabis cultivation, outdoor	P	P				
Cannabis cultivation, indoor						P

Use-Specific Standards

Cities are allowed to create standards to set “reasonable restrictions” on the time, place, and manner of cannabis uses. Staff is proposing to establish use-specific standards for cannabis retail and lower potency hemp edible retail uses as described below.

Cannabis retail

State law allows cities to establish buffers around certain uses in order to keep sufficient spacing between these uses and locations where cannabis may be sold. Cities may require the maximum spacing allowed, buffering of a lesser amount, or no buffer at all. The City is proposing to implement the maximum buffer distances allowed from the following uses:

- 1,000 feet: K-12 school
- 500 feet: Day care
- 500 feet: Residential treatment facility
- 500 feet: Attraction within a public park that is regularly used by minors

Hours of operation for cannabis retail uses are proposed to be limited to 8:00am to 10:00pm Monday through Saturday and 10:00am to 9:00pm on Sunday. These hours of operation are in line with state requirements and are similar to the hours of operation established for liquor sales.

Lower potency hemp edible retail

Proposed standards for lower potency hemp edible retail uses include permitting sales of edibles in a municipal liquor store, permitting the sale of hemp beverages, and ensuring that any edible sales follow the requirements from the OCM.

ACTION TO BE CONSIDERED:

Planning Commission is tasked with holding the public hearing for the proposed cannabis amendments to the Zoning Code. Following the public hearing, the Planning Commission should discuss the proposed regulations and provide a recommendation to the City Council.

Suggested Motion:

Move to recommend approval of the Zoning Code amendments pertaining to cannabis and hemp businesses as proposed by Staff.

ATTACHMENT:

1. Draft Cannabis Ordinance – Zoning Code