

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: November 7, 2022
Item No.: 7.a

Department Approval

City Manager Approval



Item Description: Consider an ordinance adding Chapter 316 to the City Code, regulating Tetrahydrocannabinol (THC) Products and approve a summary ordinance

BACKGROUND

A new law ([Minnesota Statutes 151.72](#)) was enacted at the end of the 2022 Minnesota legislative session that allows certain edible and beverage products infused with tetrahydrocannabinol (THC) to be sold. The new law expands the authority to include nonintoxicating cannabinoids, including edible cannabinoid products, provided they do not contain more than 0.3% of any THC. Local governments are delegated authority from the state to protect the public health, safety and general welfare of their residents.

At the October 24, 2022 City Council meeting Council directed staff to draft an ordinance regulating the retail sale of THC products including:

- THC sales permitted in age-restricted retail establishments only.
- Prohibiting sampling.
- Annual license fee in-line with tobacco sales and off-sale liquor licenses.
- Administrative penalties equivalent to liquor and tobacco.

BUDGET IMPLICATIONS

There would be revenue from annual license fees.

STAFF RECOMMENDATION

Adopt the Ordinance provided in Attachment A.

REQUESTED COUNCIL ACTION

Adopt the Ordinance provided in Attachment A, and approve the ordinance summary as provided in Attachment B.

Prepared by: Katie Bruno., Deputy City Clerk

- Attachments:
- A. Ordinance
 - B. Ordinance Summary
 - C. Draft minutes from October 24, 2022 City Council meeting
 - D. MN Statute 151.72

CITY OF ROSEVILLE
ORDINANCE NO. ____

AN ORDINANCE ADDING
CHAPTER 316, TETRAHYDROCANNABINOL (THC) PRODUCTS

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. City Code Title 3 is amended to add Chapter 316, and shall read as follows

SECTION:

- 316.01: Purpose and Intent
- 316.02: Definitions
- 316.03: License
- 316.04: Fees
- 316.05: Ineligibility and Basis for Denial of License
- 316.06: Prohibited Acts
- 316.07: Responsibility
- 316.08: Compliance Checks and Inspections
- 316.09: Violations and Penalty
- 316.10: Exceptions
- 316.11: Severability
- 316.12: Effective Date

Chapter 316
TETRAHYDROCANNABINOL PRODUCTS

Section 316.01 PURPOSE AND INTENT.

The purpose of this Chapter is to regulate the sale of legalized adult-use of any product that contains tetrahydrocannabinol and that meets the requirements to be sold for human or animal consumption under Minnesota Statutes, section 151.72 (“THC Products”) for the following reasons:

- (a) By enacting 2022 Session Law Chapter 98, Article 13, the Minnesota Legislature amended Minnesota Statutes, section 151.72 to allow the sale of certain products containing tetrahydrocannabinol (THC).
- (b) The new law does not prohibit municipalities from adopting and enforcing local ordinances to regulate THC product businesses including, but not limited to, local zoning and land use requirements and business license requirements.
- (c) The National Academies of Science, Engineering, and Medicine note that the growing acceptance, accessibility, and use of THC products, including for medical purposes, have raised important public health concerns, while the lack of aggregated knowledge of cannabis-related health effects has led to uncertainty about the impact of its use.
- (d) The City recognizes the danger THC use presents to the health, welfare, and safety of youth in Roseville.

49 (e) The Minnesota Legislature recognized the danger of THC product use among the public
50 at large by setting potency and serving size requirements.

51 (f) The Minnesota Legislature recognized the danger of THC product use among youth by
52 prohibiting the sale of any product containing THC to those under the age of 21, requiring
53 that edible THC products be packaged without appeal to children and in child-resistant
54 packaging or containers.

55 (g) State law authorizes the Board of Pharmacy to adopt product and testing standards in part
56 to curb the illegal sale and distribution of THC products and ensure the safety and
57 compliance of commercially available THC products in the state of Minnesota.

58 (h) The City has the opportunity to be proactive and make decisions that will mitigate this
59 threat and reduce exposure of young people to the products or to the marketing of these
60 products and improve compliance among THC product retailers with laws prohibiting the
61 sale or marketing of THC products to youth.

62 (i) A local regulatory system for THC product retailers is appropriate to ensure that retailers
63 comply with THC product laws and business standards of the City of Roseville to protect the
64 health, safety, and welfare of our youth and most vulnerable residents.

65 (j) A requirement for a THC product retailer license will not unduly burden legitimate
66 business activities of retailers who sell or distribute THC products to adults but will allow
67 the City of Roseville to regulate the operation of lawful businesses to discourage violations
68 of state and local THC Product-related laws.

69 (k) In making these findings and enacting this ordinance, it is the intent of the Roseville City
70 Council to ensure responsible THC product retailing, allowing legal sale and access without
71 promoting increases in use, and to discourage violations of THC Product-related laws,
72 especially those which prohibit or discourage the marketing, sale or distribution of THC
73 products to youth under 21 years of age.

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75 **Section 316.02. DEFINITIONS**

76 Except as may otherwise be provided or clearly implied by context, all terms shall be given their
77 commonly accepted definitions. The following words, terms, and phrases, when used in this
78 article, shall have the meanings ascribed to them in this section, except where the context clearly
79 indicates a different meaning:

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81 *Age-Restricted Establishment:* An establishment licensed under this Chapter which:

82 (a) Prohibits persons under 21 years of age from entering the establishment at all times;

83 (b) Posts conspicuous written notice of such age restriction at all entrances to the
84 establishment;

85 (c) Meets all of the following building or structural criteria:

86 i. Shares no wall with, and has no part of their structure adjoined to any other business or
87 retailer, unless the wall is permanent, completely opaque, and without doors, windows,
88 and pass-throughs to the other business or retailer; and

89 ii. Is accessible by the public only by an exterior door.

90
91 *Compliance Checks.* The system the City uses to investigate and ensure that those authorized to
92 sell licensed products are following and complying with the requirements of this article.

93 Compliance checks involve the use of persons under 21 who purchase or attempt to purchase
94 licensed products. Compliance checks may also be conducted by the City or other units of
95 government for educational, research, and training purposes, or for investigating or enforcing
96 Federal, State, or local laws and regulations relating to licensed products.

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Exclusive Liquor Store. An establishment that meets the definition of exclusive liquor store in Minnesota Statutes, section 340A.101, subdivision 10.

Licensed Product or THC Product. Any product that contains more than trace amounts of tetrahydrocannabinol and that meets the requirements to be sold for human or animal consumption under Minnesota Statutes, section 151.72, as may be amended from time to time. Licensed product does not include medical cannabis as defined in Minnesota Statutes, section 152.22, subdivision 6, as may be amended from time to time.

Moveable Place of Business. Any form of business operated out of a kiosk, truck, van, automobile, or other type of vehicle or transportable shelter and not a fixed address storefront or other permanent type of structure authorized for sales transactions.

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

Self-Service Merchandising. Open displays of licensed products in any manner where any person has access to the licensed products without the assistance or intervention of the licensee or the licensee's employee. Assistance or intervention means the actual physical exchange of the licensed product between the customer and the licensee or employee.

Vending Machine. Any mechanical, electric, or electronic, or other type of device that dispenses licensed products upon the insertion of money, tokens, or other form of payment directly into the machine by the person seeking to purchase the licensed product.

Section 316.03 LICENSE.

(a) License Required. No person shall sell or offer to sell any licensed product within the City without first having obtained a license to do so from the City. Licenses will only be issued to an Age-Restricted Establishment

(b) Application. An application for a license to sell licensed products shall be made on a form provided by the City. The application shall contain the full name of the applicant, the applicant's residential and business addresses and telephone numbers, the name of the business for which the license is sought, and any additional information the City Manager deems necessary. Upon receipt of a completed application, the City Clerk shall forward the application to the City Council for action at its next regularly scheduled City Council meeting.

Applications shall include a review by the Police Department or other qualified service providers in conducting and completing criminal background checks. The City may conduct a background check on an application for a renewal of a license if it is in the public interest to do so.

At the time of application, the applicant shall furnish the City with a list of all persons that have an interest of five percent or more in the business. It is the duty of each business licensee to notify the City Clerk in writing of any change in ownership in the business. Any change in the ownership or control of the business shall be deemed equivalent to a transfer of the license, and any such license shall be revoked 30 days after any such change in ownership or control unless The licensee has notified the City Clerk of any change in ownership by submitting a new license application for the new owners. The Council may revoke any license issued upon its determination that a change of ownership of a licensee has actually resulted in the change of control of the licensed business so as materially to affect the integrity and character of its management and its operation, but no such action shall be taken until after a hearing by the Council on notice to the licensee.

146 (c) Action. The City Council may either approve or deny the application for a license, or it may
147 delay action for a reasonable period of time as necessary to complete any investigation of the
148 application or the applicant it deems necessary. If the City Council approves the license, the City
149 Clerk shall issue the license to the applicant. If the City Council denies the license, notice of the
150 denial shall be given to the applicant along with notice of the applicant's right to appeal the City
151 Council's decision. If a license application is denied, the earliest an applicant may reapply is 12
152 months from the date the license is denied.

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154 (d) Term. All licenses issued under this article shall expire on December 31 of each year.

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156 (e) Revocation or Suspension. Any license issued under this article may be revoked or suspended
157 as provided in Section 316.10.

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159 (f) Transfers. All licenses issued under this article shall be valid only on the premises for which
160 the license was issued and only for the person or business to whom the license was issued. The
161 transfer of any license to another location, business, or person is prohibited.

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163 (g) Display. All licenses shall be posted and displayed in plain view of the general public on the
164 licensed premises.

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166 (h) Renewals. The renewal of a license issued under this article shall be handled in the same
167 manner as the original application.

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169 (i) Issuance as Privilege and Not a Right. The issuance of a license issued under this article is a
170 privilege and does not entitle the license holder to automatic renewal of the license.

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172 (j.) Total Licenses. The total number of licenses for Tetrahydrocannabinol Products shall not
173 exceed _____

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175 **Section 316.04 FEES.**

176 No license shall be issued under this Chapter until the appropriate license fee has been paid in full.
177 The fee for a license under this Chapter shall be established by the City Council and adopted in
178 the City fee schedule, and may be amended from time to time. License fees are pro-rated on a
179 quarterly basis as defined in Chapter 301.04.

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181 **Section 316.05 INELIGIBILITY AND BASIS FOR DENIAL OF LICENSE.**

182 (a) Ineligibility.

183 (1) Moveable Place of Business. No license shall be issued to a moveable place of business.
184 Only fixed location businesses shall be eligible to be licensed under this article.

185 (2) Exclusive Liquor Store. No license shall be issued to an exclusive liquor store as defined
186 in Minnesota Statutes, section 340A.101, subdivision 10.

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188 (b) Grounds for Denial. Grounds for denying the issuance or renewal of a license under this
189 Chapter include, but are not limited to, the following:

190 (1) The applicant is under the age of 21 years.

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192 (2) The applicant is prohibited by Federal, State, or other local law, ordinance, or other
193 regulation from holding a license.

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195 (3) The applicant has been convicted within the past five years for any violation of a Federal,
196 State, or local law, other ordinance, provision, or other regulation relating to the licensed
197 products.

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199 (4) The applicant has had a license to sell licensed products suspended or revoked during the
200 12 months preceding the date of application, or the applicant has or had an interest in
201 another premises authorized to sell licensed products, whether in the City or in another
202 jurisdiction, that has had a license to sell licensed products suspended or revoked during the
203 same time period, provided the applicant had an interest in the premises at the time of the
204 revocation or suspension, or at the time of the violation that led to the revocation or
205 suspension.

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207 (5) The applicant is a business that does not have an operating officer or manager who is
208 eligible pursuant to the provisions of this article.

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210 (6) The applicant is the spouse of a person ineligible for a license pursuant to the provision
211 of Subsections (b)(2) and (3) of this section or who, in the judgement of the Council, is not
212 the real party in interest or beneficial owner of the business to be operated, under the license.

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214 (7) The applicant fails to provide any information required on the application or provides
215 false or misleading information. Any false statement on an application, or any willful
216 omission of any information called for on such application form, shall cause an automatic
217 refusal of license, or if already issued, shall render any license issued pursuant thereto void
218 and of no effect to protect the applicant from prosecution for violation of this eChapter, or
219 any part thereof.

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221 (c) No license shall be granted or renewed for operation on any premises on which real estate
222 taxes, assessments, or other financial claims of the City or of the State are due, delinquent, or
223 unpaid.

224
225 **Section 316.06 PROHIBITED ACTS.**

226 (a) In general.

227 (1) No person shall sell or offer to sell any licensed product:

228 (i) By means of any type of vending machine.

229 (ii) By means of self-service merchandising.

230 (iii) By any other means, to any other person, on in any other manner or form
231 prohibited by state or other local law, ordinance provision, or other regulation.

232
233 (2) No person shall sell or offer for sale a product containing THC that does not meet all
234 the requirements of Minnesota Statutes, section 151.72, subdivision 3.

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236 (b) Legal Age. No person shall sell any licensed product to any person under the age of 21.

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238 (1) Age verification. Licensees shall verify by means of government issued photographic
239 identification that the purchaser is at least 21 years of age.

240 (2) Signage. Notice of the legal sales age and age verification requirement must be posted
241 prominently and in plain view at all times at each location where licensed products are
242 offered for sale. The required signage, which will be provided to the licensee by the City,

243 must be posted in a manner that is clearly visible to anyone who is or is considering
244 making a purchase.

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246 (c) *Samples Prohibited.* No person shall distribute samples of any licensed product free of charge
247 or at a nominal cost.

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249 **Section 316.07 RESPONSIBILITY.**

250 All licensees are responsible for the actions of their employees in regard to the sale, offer to sell,
251 and furnishing of licensed products on the licensed premises. The sale, offer to sell, or furnishing
252 of any licensed product by an employee shall be considered an act of the licensee. Nothing in this
253 section shall be construed as prohibiting the City from also subjecting the employee to any civil
254 and/or criminal penalties that the City deems to be appropriate under this ordinance, state or
255 federal law, or other applicable law or regulation.

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257 **Section 316.08 COMPLIANCE CHECKS AND INSPECTIONS.**

258 All premises licensed under this Chapter shall be open to inspection by the City during regular
259 business hours. From time to time, but at least once per year, the City shall conduct compliance
260 checks.

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262 No person used in compliance checks shall attempt to use a false identification misrepresenting
263 their age. All persons lawfully engaged in a compliance check shall answer all questions about
264 their age asked by the licensee or their employee, and produce any identification, if any exists, for
265 which they are asked. The City will conduct a compliance check that involves the participation of
266 a person under the age of 21 to enter the licensed premises to attempt to purchase the licensed
267 products. Persons used for the purpose of compliance checks shall be supervised by law
268 enforcement or other designated personnel. Nothing in this Chapter shall prohibit compliance
269 checks authorized by state or federal laws for educational, research, or training purposes, or
270 required for the enforcement of a particular State or Federal law.

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272 Additionally, from time to time, the City will conduct inspections to determine compliance with
273 any or all other aspects of this ordinance.

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275 **Section 316.09 VIOLATIONS AND PENALTY.**

276 (a) *Administrative Civil Penalties—Individuals.* If a person who is not a licensee is found to have
277 violated this Chapter, the person shall be subject to an administrative penalty of \$250.00

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279 (b) *Licensee.* If a licensee or an employee of a licensee is found to have violated this Chapter, the
280 licensee shall be subject to the following minimum administrative penalties:

281 (1) *First Violation.* The Council shall impose a civil fine of \$1,000.00.

282 (2) *Second Violation Within 36 Months.* The Council shall impose a civil fine of \$2,000.00
283 and suspend the license for not less than 3 consecutive days.

284 (3) *Third Violation Within 36 Months.* The Council shall impose a civil fine of \$2,000.00
285 and suspend the license for not less than 7 consecutive days.

286 (4) *Fourth Violation Within 36 Months.* The Council shall revoke the license for at least
287 one year.

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289 (c) *Misdemeanor Prosecution.* Nothing in this section shall prohibit the City from seeking
290 prosecution as a misdemeanor for any alleged violation of this Chapter.

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292 **Section 316.10 EXCEPTIONS**

293 The following businesses are not required to apply and hold a THC product sales license:

- 294 (a) Medical providers that prescribe or sell THC products to their patients. Medical providers
295 are not allowed to sell THC products in-person to the general public without meeting all of
296 the requirements of this Chapter.
- 297 (b) Wholesalers and Manufacturers of THC products that sell THC products over the Internet
298 or by mail. Wholesalers and Manufacturers are not allowed to sell THC products in-person
299 to the general public without meeting all of the requirements of this Chapter.

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301 **Section 316.11 SEVERABILITY.**

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

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306 **Section 316.12 EFFECTIVE DATE.**

307 This ordinance becomes effective upon passage and publication.

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309 **Section 2.** This ordinance shall take effect form and after its passage and publication as required
310 by law.

ORDINANCE SUMMARY NO. _____

**AN ORDINANCE CREATING A NEW CHAPTER 316
TO THE ROSEVILLE CITY CODE,
TETRAHYDROCANNABINOL (THC) PRODUCTS**

The following is the official summary of Ordinance No. _____ approved by the City Council of Roseville on November 7, 2022.

The Roseville City Code, Title 3, Business Regulations, Chapter 316, Tetrahydrocannabinol (THC) Products has been created to regulate the sale of legalized adult-use of any product that contains tetrahydrocannabinol and that meets the requirements to be sold for human or animal consumption under Minnesota Statutes, section 151.72

A printed copy of the ordinance is available for inspection by any person during regular office hours in the office of the City Manager at the Roseville City Hall, 2660 Civic Center Drive, Roseville, Minnesota 55113, and on the Internet web page of the City of Roseville (www.cityofroseville.com)

Attest: _____
Patrick Trudgeon, City Manager

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b. Discussion of Tetrahydrocannabinol (THC) Products Regulations

City Manager Trudgeon briefly highlighted this item as detailed in the Request for Council Action and related attachments dated October 24, 2022.

Councilmember Strahan asked if Mr. Trudgeon could illuminate the Council on the wide range of licensing fees from other cities, is really a preventative measure in the case of \$10,700 and a \$500 background fee when the City is charging a licensing fee of \$250 for tobacco.

Mr. Trudgeon explained he did not know the specific reasons but he could assume that since those license fees are the same as a liquor license given that THC products are intoxicating, their approach may have been that it is a similar like process and potential issues surrounding that so they would charge a license fee. He thought that staff's philosophy has always been to make sure that the license fee is always

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313 charged appropriate to the amount of time and work staff needs to do around that.
314 He was not sure what the City liquor license fee was offhand but was sure it was
315 more than \$250, given the potential issues that arise from those types of businesses.
316

317 Mayor Roe noted he did look at the liquor license fees in Roseville, noting they are
318 regulated heavily by the State as well. The high fees tend to be for on-sale estab-
319 lishments where people actually are consuming alcohol at the establishment. He
320 believed State Statute actually cap the license fee for off-sale liquor stores at a pretty
321 low amount. He would note that he did not believe the intention of retail sales of
322 the THC products is for consumption on-site, certainly that is something the City
323 could probably regulate as a part of this.
324

325 Councilmember Groff indicated one of the costs he sees coming down the road is
326 testing and he assumed this will be similar to what is done with tobacco sales and
327 underage sales, which will take some officers time. The more venues the City has
328 selling this the more testing will need to be done.
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330 Mayor Roe questioned if Councilmember Groff meant compliance checks rather
331 than testing.
332

333 Councilmember Groff indicated that was correct.
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335 Councilmember Strahan explained there was concern about restriction of items
336 with trace amounts of THC, even though she was surprised that cannabis got mixed
337 in there as well. She wondered if that was something staff was looking for guidance
338 on as well whether or not the City is regulating face masks and other things that
339 have trace amounts of these substances.
340

341 Mr. Trudgeon did not think that was the intent. He thought that was in regard to .3
342 percent of THC or less and that could have been in the State Law as well. The City
343 would need to be very explicit that this would not cover, if the Council chooses,
344 any product that has trace amount, which he thought was defined at .3 percent or
345 less and that is in other ordinances as well.
346

347 Mayor Roe explained a few things he noticed in the sample ordinances was discus-
348 sion about prohibiting or providing samples and something that might be consid-
349 ered. The other was regulating consumption on premise, specifically Shoreview
350 prohibited that and it might be something to think about. He noted the two ordi-
351 nances in the packet follow the tobacco model of not allowing sales in moveable
352 places of business, although the definition of that was different between the two
353 cities. He also noted that in at least one of the ordinances it talked about the display
354 being behind the counter and not available for the public to take off the shelf. He
355 explained Shoreview also had a restriction on the sale through home occupations.
356 He wondered if the City has defined retail establishments properly in their ordi-
357 nance and if it is covered adequately, then it does not need to be reviewed.

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Councilmember Groff noticed the background check was a little more thorough in the Golden Valley ordinance.

Mr. Trudgeon reviewed the fee numbers provided by the Deputy Clerk who was watching from home.

Public Comment

Mayor Roe offered an opportunity for public comment.

Mr. Ben Lipkin and Brock Friesen, NorthStar Hemp

Mr. Lipkin, Co-founder of NorthStar Hemp, reviewed the history of his business with the City Council. He indicated to date his business only works with health professionals, chiropractors, physical therapists, massage, acupuncture, and numerous health sciences. He noted his business just entered terms with Rochester Mayo Oncology Cancer Research and Treatment Center to help educate the community and get the message across that there are more therapeutic options than opiates and pain pills. He explained he was at the meeting to erase any stigma or unknown in education that the Council may have.

Mr. Friesen, head of sales and education, explained the biggest thing is to educate people to understand what THC is. Everyone keeps comparing this to tobacco and liquor, and while there are some similarities, there are a lot of things that make it different as well. He commented on playing safe and making sure it is safe for the community and understanding the education that goes behind it so they know what it is and how to use it and use it properly. He also commented on regulating the packaging being used, child proofing with no cartoon characters, or being see through and knowing it is coming from a reliable company. Also, working with the health and wellness community a \$10,000 fee is a lot of money for them and they will not be making nearly that much profit, especially on this product alone, if that is what it is. They want to protect those businesses as well because this has been helping people with certain pain elements to get through the day and not paying an arm and a leg for out of pocket.

Mayor Roe asked if samples were prohibited, would there be an impediment in the health and wellness side of things, being able to work with these products, or are these businesses providing the products for people to take home and use in their daily lives, noting consumption on the premises or free samples are big issues.

Mr. Lipkin explained with regard to CBD topicals, a lot of those products are used in practice. With regard to THC products, they were not honestly going to. Carpe Diem CBD is their holistic CBD brand and You Betcha Cannabis Company is their legal THC products. On-premise usage of THC is not suggested because obviously the person has to get home as well and the person is using it for that therapeutical

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benefit. With CBD, the Federal limit is .3 percent or less so it is highly suggested to not restrict that so health professionals can use CBD.

Ms. Carol Moss, Attorney at Hellmuth and Johnson, Edina

Ms. Moss indicated she represents numerous retailers with businesses in the Cannabis industry. She noted she was at the City Council meeting in August and also submitted some correspondence with some concerns she has. She will not go through those concerns so much as try to answer the Council's questions and concerns already brought up. Regarding the sampling issues, the sampling and coupons sometimes seen together in ordinances. The ban against sampling and coupons for tobacco was based on a lot of data and studies that showed companies would use samples and coupons to specifically target and hook a lower income communities. That is where that ban comes from. How it relates to cannabis is a little bit different. She strongly encourages not to have a prohibition on coupons because as Carpe Diem could easily tell you, people react differently to different types of cannabinoids, different methods of consuming cannabinoids, and a lot of times people will try a couple of different methods to figure out what works for them. Some stores use coupons in order to allow people to try different things to figure out what works for them. Also, a lot of these products can go bad and are perishable so coupons can come in at that point. Regarding the fee, she has experience in dealing with Woodbury's very high fee and it has to correlate with their on-site consumption liquor license. Since Woodbury passed their licensing ordinance, only two businesses have come forward to get the license and many times that high fee is cited as a problem for smaller retail shops. This is limiting the THC licenses to the larger retail stores. Also, fees are not to be seen as income to a city but rather to cover costs. She thought if that amount is outlandishly high there is some concern that it is challengeable because that could preclude people from getting it and be used as a defacto ban. She also asked that the City do not reduce the number of licenses.

Mr. Elijah Robuck, 1293 Draper Avenue W

Mr. Robuck explained regarding licensing fees, he did not know if the City could make a special tax for it rather than a high licensing fee.

Mayor Roe closed public comment and thanked everyone for their comments and emails. He indicated State Law does not give cities, generally, permission to tax items anyway and specifically, the State Law related to these items provide for cities to do taxes.

City Attorney Gaughan indicated that was correct.

Mayor Roe thought it would be interesting to look at Woodbury's ordinance and see if they have separate tiers for on-site consumption versus simply a sale transaction like an off-sale liquor or tobacco sale. He thought it would be interesting to understand that better.

448 Councilmember Strahan indicated she shared this last time and continues to believe
449 that the City should put these items in the age restricted tobacco shops. Many of the
450 items are more flavored and would be more like a tobacco item and then the City
451 would know that it is not adding a burden to the police enforcement because these
452 would be places already enforced. She thinks there would not be an excessive num-
453 ber of additional license fee necessary when the City has already completed a back-
454 ground check on them. She thought this would be wise as the City is still waiting
455 for the Legislature to tell them more what they meant to say last time rather than
456 creating a whole new structure of entities. She was very opposed to the possibility
457 of coupons. She did not think it would be any different trying to hook poor folks on
458 previous items as they would be now, it was poor practice, and is not allowed with
459 liquor. She did not think the City needed to be onerous in their licensing fees if they
460 were to keep these locations as is with the four spots right now and also helps to
461 buy some time as the City tries to figure out what the State is going to do with their
462 plans moving forward.

463
464 Councilmember Groff thought it was interesting to hear about the health and well-
465 ness side of it because he thought if this was limited to the current four spots, none
466 of those groups would be able to settle it and it would eliminate anyone who uses
467 chiropractic or other types like it, so he thought that should be considered.

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469 Councilmember Etten asked if the Council is being asked to look at medical pro-
470 viders as a part of this.

471
472 Mr. Trudgeon indicated staff is looking regarding the sale of these products in a
473 retail type setting versus part of a medical practice, which would be a prescription
474 or treatment on-site.

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476 Mayor Roe indicated the City might want to be explicit on that in whatever ordi-
477 nance is created.

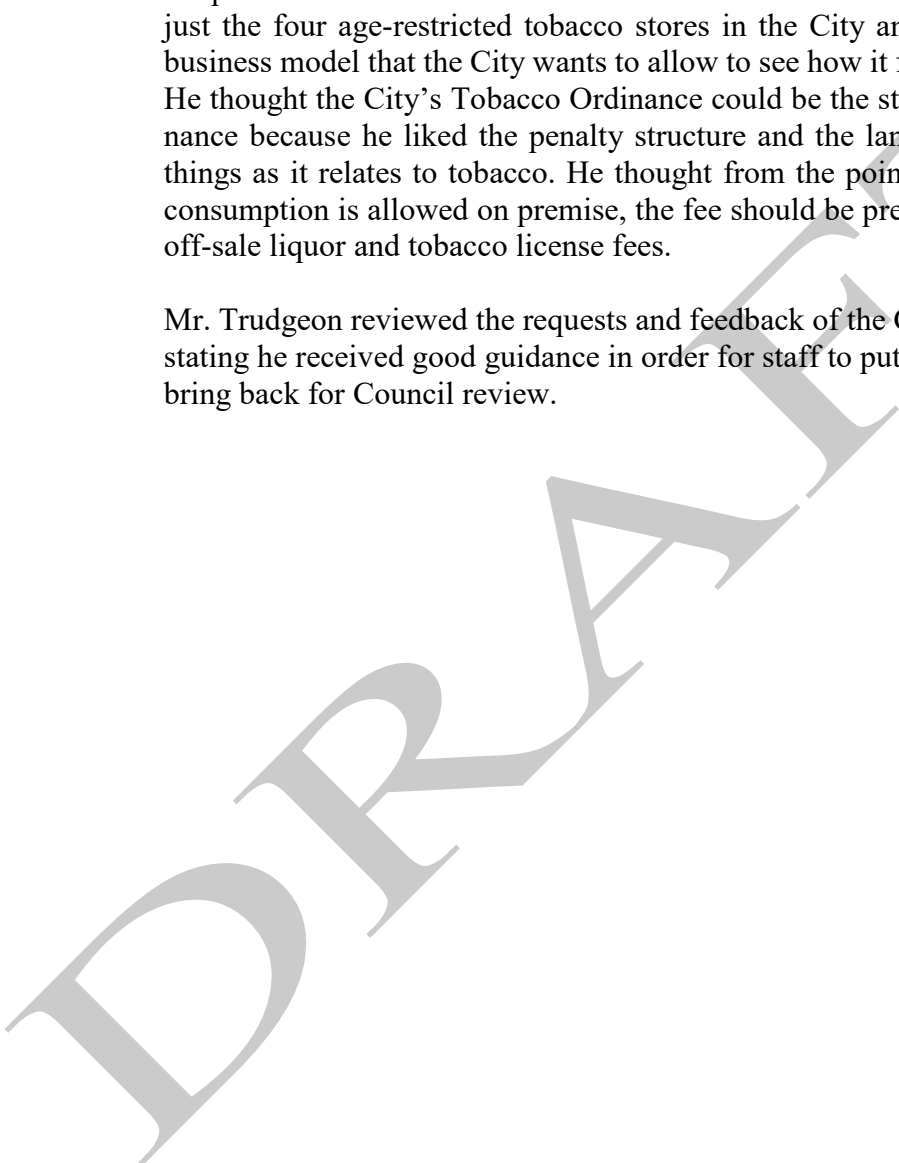
478
479 Councilmember Etten agreed partially with Councilmember Strahan on the current
480 four age-restricted tobacco retailers and thought that made sense and would be eas-
481 ier. He was not opposed to stand alone commercial business locations with re-
482 strictions on not being mobile. He stated that was reasonable for this and he would
483 support that there are no samples or consumption on the premises. He thought the
484 licensing fee matching tobacco made sense at the same kind of age restriction, but
485 wondered if that fee is high enough in general.

486
487 Councilmember Strahan wanted to make sure that with a stand-alone business, the
488 City has a limit on them because the City did not have a limit on massage therapy
489 businesses and that went crazy and the Police Department is appreciative the City
490 has a limit now but wishes it was set lower. She thought the City needed to start
491 with a modest number because the City can always increase the number. She
492 thought four might be a good place to start, noting it cannot be left open ended.

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Mayor Roe thought it would be appropriate to have language that allows the sale at the dedicated 21 and over tobacco stores and allowing the sale at a 21 and over THC store made sense. He would think the total number of licenses of ten is a good starting point. He was concerned about sales at convenience and grocery stores. He thought there may be a way to look at revenue numbers to determine how much of the product can be sold at different establishments. He did not want to limit this to just the four age-restricted tobacco stores in the City and he thought this was a business model that the City wants to allow to see how it fits into the market place. He thought the City's Tobacco Ordinance could be the starting point for this ordinance because he liked the penalty structure and the language on those types of things as it relates to tobacco. He thought from the point of view of fees, unless consumption is allowed on premise, the fee should be pretty much in line with the off-sale liquor and tobacco license fees.

Mr. Trudgeon reviewed the requests and feedback of the Council for an ordinance, stating he received good guidance in order for staff to put together an ordinance to bring back for Council review.



151.72 SALE OF CERTAIN CANNABINOID PRODUCTS.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Hemp" has the meaning given to "industrial hemp" in section 18K.02, subdivision 3.

(c) "Labeling" means all labels and other written, printed, or graphic matter that are:

(1) affixed to the immediate container in which a product regulated under this section is sold; or

(2) provided, in any manner, with the immediate container, including but not limited to outer containers, wrappers, package inserts, brochures, or pamphlets.

Subd. 2. **Scope.** (a) This section applies to the sale of any product that contains nonintoxicating cannabinoids extracted from hemp other than food that is intended for human or animal consumption by any route of administration.

(b) This section does not apply to any product dispensed by a registered medical cannabis manufacturer pursuant to sections 152.22 to 152.37.

Subd. 3. **Sale of cannabinoids derived from hemp.** Notwithstanding any other section of this chapter, a product containing nonintoxicating cannabinoids may be sold for human or animal consumption if all of the requirements of this section are met.

Subd. 4. **Testing requirements.** (a) A manufacturer of a product regulated under this section must submit representative samples of the product to an independent, accredited laboratory in order to certify that the product complies with the standards adopted by the board. Testing must be consistent with generally accepted industry standards for herbal and botanical substances, and, at a minimum, the testing must confirm that the product:

(1) contains the amount or percentage of cannabinoids that is stated on the label of the product;

(2) does not contain more than trace amounts of any pesticides, fertilizers, or heavy metals; and

(3) does not contain a delta-9 tetrahydrocannabinol concentration that exceeds the concentration permitted for industrial hemp as defined in section 18K.02, subdivision 3.

(b) Upon the request of the board, the manufacturer of the product must provide the board with the results of the testing required in this section.

Subd. 5. **Labeling requirements.** (a) A product regulated under this section must bear a label that contains, at a minimum:

(1) the name, location, contact phone number, and website of the manufacturer of the product;

(2) the name and address of the independent, accredited laboratory used by the manufacturer to test the product; and

(3) an accurate statement of the amount or percentage of cannabinoids found in each unit of the product meant to be consumed; or

(4) instead of the information required in clauses (1) to (3), a scannable bar code or QR code that links to the manufacturer's website.

The label must also include a statement stating that this product does not claim to diagnose, treat, cure, or prevent any disease and has not been evaluated or approved by the United States Food and Drug Administration (FDA) unless the product has been so approved.

(b) The information required to be on the label must be prominently and conspicuously placed and in terms that can be easily read and understood by the consumer.

(c) The label must not contain any claim that the product may be used or is effective for the prevention, treatment, or cure of a disease or that it may be used to alter the structure or function of human or animal bodies, unless the claim has been approved by the FDA.

Subd. 6. **Enforcement.** (a) A product sold under this section shall be considered an adulterated drug if:

(1) it consists, in whole or in part, of any filthy, putrid, or decomposed substance;

(2) it has been produced, prepared, packed, or held under unsanitary conditions where it may have been rendered injurious to health, or where it may have been contaminated with filth;

(3) its container is composed, in whole or in part, of any poisonous or deleterious substance that may render the contents injurious to health;

(4) it contains any color additives or excipients that have been found by the FDA to be unsafe for human or animal consumption; or

(5) it contains an amount or percentage of cannabinoids that is different than the amount or percentage stated on the label.

(b) A product sold under this section shall be considered a misbranded drug if the product's labeling is false or misleading in any manner or in violation of the requirements of this section.

(c) The board's authority to issue cease and desist orders under section 151.06; to embargo adulterated and misbranded drugs under section 151.38; and to seek injunctive relief under section 214.11, extends to any violation of this section.

History: *1Sp2019 c 9 art 11 s 76; 2021 c 30 art 3 s 27*