

To be considered at the November 26, 2024 City Council Meeting.

**CITY OF MOUND
ORDINANCE NO. ____**

**AN ORDINANCE AMENDING MOUND CITY CODE REGARDING CANNABIS
RETAIL BUSINESS REGISTRATION**

THE CITY COUNCIL OF THE CITY OF MOUND DOES ORDAIN:

SECTION 1. AMENDMENT. Mound City Code Chapter 38 is hereby amended as set forth below to add the following language:

ARTICLE IX. CANNABIS RETAIL BUSINESS REGISTRATION

DIVISION 1. GENERALLY

Sec. 38-400. Definitions.

In addition to the definitions contained in Minn. Stats. § 342.01, as it may be amended from time to time, the following words, terms, and phrases, when used in this article, shall have the meanings ascribed to them in this section:

Cannabis retail business means any place of business where any cannabis products subject to licensing and registration are available for sale to the general public. cannabis retail businesses include, but are not limited to, cannabis microbusiness with a retail operations endorsement, cannabis mezzobusiness with a retail operations endorsement, cannabis retailer, medical cannabis retailer, including lower-potency hemp edible retailer.

Cannabis business retail limit means that cannabis retail businesses licensed by the state, excluding lower-potency hemp edible retailer, shall be limited to one registration for every 12,500 residents within the city.

Compliance check means the system used by the city to investigate and ensure that those authorized to sell products subject to licensing and registration are following and complying with the requirements of this article and state law. Compliance checks involve the use of persons under the age of 21 who purchase or attempt to purchase such products. The city may also conduct operations to determine compliance with this article and state law for purposes of education, research, and training purposes.

License means an approved license by OCM to a cannabis retail business allowing the sale of adult-use cannabis products.

OCM means the Minnesota Office of Cannabis Management.

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

DIVISION 2. RESTRICTIONS

Sec. 38-401. Sale Restrictions.

- (a) *License and Registration Required.* No person shall sell or offer to sell any cannabis product within the city without first having obtained a license from the state and retail registration by the city.
- (b) *Minimum Legal Age.* No person shall sell any cannabis product to any person under the age of 21. Registrants shall verify by means of government issued photographic identification that a purchaser is at least 21 years of age. Registrants shall post signage advising of the minimum legal age for purchases that is clearly visible to anyone who is making or considering a purchase of any cannabinoid product.
- (c) *Hours of Operation.* Retail sale of cannabis products shall only occur between the hours of 10 a.m. and 9 p.m.
- (d) *Compliance.* No person shall sell or offer to sell any cannabis product in violation any provision of this article or other applicable statute or code provision.

Sec. 38-402. Reserved.

DIVISION 3. REGISTRATION.

Sec. 38-403. Licensing and Registration for Cannabis Product Retailers.

- (a) *Application.* An application for a license to sell any cannabis product shall be obtained by the State of Minnesota.
- (b) *Retail Registration.* The OCM shall forward cannabis license applications to the city to certify whether the proposed business complies with local zoning ordinance and applicable state fire and building code as required by state law. The city shall provide input to the OCM within 30 days. The OCM shall issue a license to those cannabis businesses that comply with local zoning and land use laws as required by state law.
- (c) *Cannabis Business Retail Limit.* Registration by the city is limited by the cannabis business retail limit.
- (d) *Transfer.* Retail registrations may not be transferred.
- (e) *Location Change.* A retail establishment shall be required to submit a new application for registration if it seeks to move to a new location still within the legal boundaries of the city.
- (f) *Display.* Licenses issued by the OCM shall be displayed in plain view of the public in the licensed premises.

Sec. 38-404. Registration Fee.

No registration shall be issued under this article until the appropriate fee has been paid in full. The fee for the registration under this article shall be established by the City Council and adopted in the city's fee schedule as may be amended from time to time.

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Sec. 38-405. Ineligibility.

The city may deny retail registration for a license on the grounds of any of the following:

- (a) Noncompliance with local zoning ordinance.
- (b) Noncompliance with state fire and building code.
- (c) The cannabis business retail limit has been reached.

Sec. 38-406. Reserved.

DIVISION 4. COMPLIANCE AND PENALTIES

Sec. 38-407. Compliance Checks; Responsibility of Registrant; Display and Storage.

- (a) *Compliance Checks.* All premises registered under this article shall be open to inspection by the city for compliance with all aspects of this section during regular business hours. From time to time and no less than once per calendar year, the city shall conduct compliance checks during which an underage individual will attempt to purchase cannabis products. Persons engaged in compliance checks shall not use false identification misrepresenting their age and shall respond honestly regarding their age and produce valid identification when asked. Persons engaged in compliance checks shall be over the age of 18 but under the age of 21 and will be supervised by law enforcement or other designated personnel.
- (b) *Responsibility of Registrant.* Registrants are responsible for the actions or inactions of their employees in regard to the sale, offer to sell, and furnishing of any cannabis products on the licensed and registered premises. The sale, offer to sell, or any furnishing of any cannabis products on the licensed and registered premises shall be considered an act of the licensee/registrant. Nothing in this section shall be construed to prohibit the city from pursuing either civil or criminal penalties against the individual involved in the sale, offer to sell, or furnishing of any cannabis products.

Sec. 38-408. Registration Suspension or Revocation.

- (a) *Registration Suspension or Revocation.* City Council shall suspend or revoke a registration upon a finding that the registrant has failed to comply with any provision of this article or other applicable statute or code provision. For a first such violation, the council shall impose a suspension of the registration of not less than 2 consecutive days. For a second such violation, the council shall impose a suspension of not less than 5 consecutive days. For a third such violation, the council shall revoke the registration.
- (b) *Other Penalties.* City Council may elect to impose a civil penalty not to exceed \$2,000 in addition to or in lieu of suspension or revocation of the registration.
- (c) *Opportunity for Hearing.* No penalty imposed under this article shall take effect until the registrant has been provided notice of the opportunity for a hearing pursuant to the Administrative Procedures Act, Minn. Stats. §§ 14.57 to 14.70, as may be amended

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from time to time. If a hearing is not requested within the time afforded as stated in the notice, the entitlement to a hearing is waived and penalty may be imposed by resolution.

- (d) *Criminal Prosecution*. Nothing in this section shall be construed to prohibit the City from seeking prosecution for any alleged violation of this article.
- (e) *Notification*. The City will immediately notify OCM in writing the grounds for the suspension. OCM will provide the City and retailer a response to the complaint within seven calendar days and perform any necessary inspections within 30 calendar days.

SECTION 2. EFFECTIVE DATE. This Ordinance becomes effective on the first day following the date of its publication, or upon the publication of a summary of the Ordinance as provided by Minn. Stat. § 412.191, subd. 4, as it may be amended from time to time, which meets the requirements of Minn. Stat. § 331A.01, subd. 10, as it may be amended from time to time.

Adopted by the City Council of the City of Mound this ____ day of ____, 2024.

Jason R. Holt, Mayor

ATTEST:

Kevin Kelly, City Clerk

Published in the _____ on _____, 2024