

**TO:** Mayor Montgomery and City Council

**FROM:** Jeffrey L. McCormick, Chief of Police

**SUBJECT:** Moratorium on Operation of Cannabis Businesses

**DATE:** 12/21/2023

**BACKGROUND**

During the 2023 legislative session marijuana sale and manufacturing was legalized, but not until the after the State of Minnesota sets the rules. The legislation also allows cities to place a moratorium on operation of cannabis businesses to allow the City to study what local controls and zoning they want to consider as permitted by State Statute. The City Council provided direction to me to work with the Police Commission on a moratorium and then study any local controls and zoning for consideration by the City Council.

The Police Commission has met and provided guidance for the moratorium and then reviewed the attached moratorium. The Police Commission unanimously approved bring this moratorium to the City Council. The Moratorium has been reviewed by the City Attorney and recommended changes were made to the final version attached. The Police Commission is recommending approval of this Moratorium on Operation of Cannabis Businesses. The moratorium provides an exemption for existing hemp manufacturing operations and existing retail hemp edible sales.

A public hearing is required to allow public input prior to City Council action on the Moratorium on Operation of Cannabis Businesses.

**REQUESTED COUNCIL ACTION**

Motion and approval of the Ordinance to implement a Moratorium on Operation of Cannabis Businesses ordinance.

**CITY OF CANNON FALLS  
GOODHUE COUNTY, MINNESOTA**

**ORDINANCE NUMBER 403  
SECOND SERIES**

**AN INTERIM ORDINANCE AUTHORIZING A STUDY AND  
IMPOSING A MORATORIUM ON THE OPERATION OF CANNABIS  
BUSINESSES WITHIN THE CITY OF CANNON FALLS**

**THE CITY OF CANNON FALLS ORDAINS AS FOLLOWS:**

**Section 1. Legislative Findings and Authority**

- A. The Minnesota Legislature recently enacted, and the Governor signed, 2023 Minnesota Session Laws, Chapter 63 – H.F. No. 100 (the “Act”), which is comprehensive legislation relating to cannabis including, but not limited to, the establishment of the Office of Cannabis Management (“OCM”), legalizing and limiting the possession and use of cannabis and certain hemp products by adults, providing for the licensing, inspection, and regulation of cannabis and hemp businesses, taxing the sale of cannabis flower, cannabis products, and certain hemp products, establishing grant and loan programs, amending criminal penalties, providing for expungement of certain convictions, and providing for the temporary regulation of Edible Cannabinoid Products.
- B. The Act provides local units of government certain authority related to Cannabis Businesses, including the authority to (i) require local registration of certain Cannabis Businesses operating retail establishments, (ii) adopt reasonable restrictions on the time, place, and manner of the operation of Cannabis Businesses, provided that such restrictions do not prohibit the establishment or operation of a Cannabis Business, (iii) limit the number of certain Cannabis Businesses based on the population of the community, and (iv) prohibit the operation of a Cannabis Business within 1,000 feet of a school, or 500 feet of a day care, residential treatment facility, or an attraction within a public park that is regularly used by minors, including a playground or athletic field.
- C. The Act requires the OCM, which was established effective July 1, 2023, to work with local governments to develop model ordinances for reasonable restrictions on the time, place, and manner of the operation of Cannabis Businesses. The Act also requires the OCM to establish additional rules and regulations relating to the operation of Cannabis Businesses. It is anticipated that the city of Cannon Falls (the “City”) will benefit from reviewing and analyzing the OCM’s model ordinances, rules and regulations before making any decisions related to the regulation of Cannabis Businesses in the City.
- D. The Act (Minnesota Statutes, section 342.13(e)) expressly allows a local unit of government that is conducting studies or has authorized a study to be conducted or has held or scheduled a hearing for the purpose of considering adoption or amendment of

reasonable restrictions on the time, place and manner of the operation of Cannabis Businesses to adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety, and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit the operation of Cannabis Businesses within the jurisdiction or a portion thereof until January 1, 2025.

- E. Given the uncertainty regarding the model ordinances to be developed by the OCM and the broad scope of the changes to Minnesota law brought about by the Act, the City desires to adopt an interim ordinance for the purpose of protecting the planning process and the health, safety, and welfare of its citizens.
- F. The City desires to conduct a study for the purpose of considering the adoption or amendment of reasonable restrictions on the time, place and manner of the operation of Cannabis Businesses as well as the other regulations local units of government may adopt under the Act.
- G. On January 16, 2024, after providing at least 10 days published notice, the City Council held a public hearing regarding the consideration and adoption of an interim ordinance prohibiting the operation of Cannabis Businesses within the City until January 1, 2025.

**Section 2. Definitions.** For purposes of this Ordinance, the following terms shall have the meaning given them in this section.

- A. “Act” means 2023 Minnesota Session Laws, Chapter 63 (H.F. No. 100).
- B. “Cannabis Business” has the meaning given the term in Minnesota Statutes, section 342.01, subdivision 14.
- C. “City” means the city of Cannon Falls, a Minnesota municipal corporation.
- D. “Edible Cannabinoid Product” has the meaning given the term in Minnesota Statutes, section 151.72, subdivision 1(f).
- E. “OCM” means the Office of Cannabis Management, established as set forth in Minnesota Statutes, section 342.02, subd. 1.
- F. “Ordinance” means this interim ordinance, which is adopted pursuant to Minnesota Statutes, section 342.13(e).

**Section 3. Study Authorized.** The City Council hereby authorizes and directs City staff to conduct a study regarding the adoption or amendment of reasonable restrictions on the time, place, and manner of the operation of Cannabis Businesses, as well as other potential local regulations allowed under the Act, and report to the City Council on the potential regulation of Cannabis Businesses. The study may include a review of any model ordinances that OCM is directed to draft under Minnesota Statutes, section 342.13(d), an analysis of potential setback regulations allowed under Minnesota Statutes, section 342.13(c), and such other matters as staff may determine are

relevant to the City Council’s consideration of this matter. The report may also include City staff’s recommendations on whether the City Council should adopt regulations and, if so, the recommended types of regulations.

**Section 4. Moratorium.** A moratorium is hereby imposed on the operation of any Cannabis Business within the City. During the term of this Ordinance, no business, person, or entity may establish or operate a Cannabis Business within the jurisdictional boundaries of the City. Accordingly, during the period that this Ordinance is in effect, the City shall not accept, process, or act on any application, site plan, building permit, zoning request, or other approval, including any requested confirmation, certification, approval, or other request from the OCM or other governmental entity requesting City review of any application or proposal for a business proposing to engage in the operation of a Cannabis Business. During the term of the moratorium, it is a violation of this Ordinance for any business, person, or entity to establish or operate a Cannabis Business within the City.

**Section 5. Exceptions.** The moratorium imposed by this Ordinance does not apply to: (i) the continued operation of a duly established business as part of the Medical Cannabis Program administered by the Minnesota Department of Health that was lawfully operating within the City prior to the effective date of this Ordinance; or (ii) does not include lower-potency hemp edible manufacturer or lower-potency hemp edible retailer, as permitted by Minnesota Statutes, Section 151.72, provided, however, that nothing in this Ordinance exempts a business, person, or entity from complying with all other requirements and prohibitions of applicable laws and ordinances related to such exceptions.

**Section 6. Enforcement.** Violation of this Ordinance is a misdemeanor. The City may also enforce this Ordinance by mandamus, injunction, or other appropriate civil remedy in any court of competent jurisdiction. A violation of this Ordinance is also subject to the City’s general penalties prescribed in the city code and may further result in the City reporting violations to the OCM, if relevant to OCM licensing. The City Council hereby authorizes City staff and consultants to initiate any legal action deemed necessary to secure compliance with this Ordinance.

**Section 7. Severability.** Every section, provision, and part of this Ordinance is declared severable from every other section, provision, and part. If any section, provision, or part of this Ordinance is held to be invalid by a court of competent jurisdiction, such judgment shall not invalidate any other section, provision, or part of this Ordinance.

**Section 8. Effective Date and Term.** This Ordinance is effective upon adoption and publication in the City’s official newspaper. This Ordinance shall remain in effect until January 1, 2025, or until the City Council expressly repeals it, whichever occurs first.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2024 by the City Council of the City of Cannon Falls.

CITY OF CANNON FALLS

By: \_\_\_\_\_  
Matt Montgomery, Mayor

ATTEST:

By: \_\_\_\_\_  
Neil L. Jensen, City Administrator