CITY OF MADISON LAKE

BLUE EARTH COUNTY, MINNESOTA

ORDINANCE NO. 2024-08

AN ORDINANCE REGULATING CANNABINOID AND HEMP DERIVED PRODUCTS IN THE CITY OF MADISON LAKE

Whereas, Minnesota Statues Chapter §342 allows Cities, by and through its City Council, to enact reasonable regulations concerning cannabinoid and hemp derived products; and

Whereas, the City Council for the City of Madison Lake believes that regulating cannabinoid and hemp derived products is in the best interest and general welfare of the City.

NOW THEREFORE, the City Council for the City of Madison Lake does HEREBY AND HEREIN ORDAIN AS FOLLOWS:

111.000 STATE LAW ADOPTED.

Minnesota Statutes Chapter §342 shall be, and is hereby, incorporated into this Ordinance by reference.

111.010 DEFINITIONS.

For the purposes of this chapter, all of the definitions contained in Minnesota Statutes Chapter §342.01 are incorporated by reference herein. The following terms shall have the meanings given them, unless inconsistent with Minnesota Statute §342.01, in which case, those definitions in §342.01, as they are amended from time to time, shall control.

(1) **Adult-use cannabis concentrate.** "Adult-use cannabis concentrate" means cannabis concentrate that is approved for sale by the office or is substantially similar to a product approved by the office. Adult-use cannabis concentrate does not include any artificially derived cannabinoid.

(2) **Adult-use cannabis flower.** "Adult-use cannabis flower" means cannabis flower that is approved for sale by the office or is substantially similar to a product approved by the office. Adult-use cannabis flower does not include medical cannabis flower, hemp plant parts, or hemp-derived consumer products.

(3) **Adult-use cannabis product.** "Adult-use cannabis product" means a cannabis product that is approved for sale by the office or is substantially similar to a product approved by the office. Adult-use cannabis product includes edible cannabis products but does not include medical cannabinoid products or lower-potency hemp edibles.

(4) **Advertisement.** "Advertisement" means any written or oral statement, illustration, or

depiction that is intended to promote sales of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or sales at a specific cannabis business or hemp business and includes any newspaper, radio, Internet and electronic media, or television promotion; the distribution of fliers and circulars; and the display of window and interior signs in a cannabis business. Advertisement does not include a fixed outdoor sign that meets the requirements in section 342.64, subdivision 2, paragraph (b).

(5) **Artificially derived cannabinoid.** "Artificially derived cannabinoid" means a cannabinoid extracted from a cannabis plant, cannabis flower, hemp plant, or hemp plant parts with a chemical makeup that is changed after extraction to create a different cannabinoid or other chemical compound by applying a catalyst other than heat or light. Artificially derived cannabinoid includes but is not limited to any tetrahydrocannabinol created from cannabidiol but does not include cannabis concentrate, cannabis products, hemp concentrate, lower-potency hemp edibles, or hemp-derived consumer products.

(6) **Cannabinoid.** "Cannabinoid" means any of the chemical constituents of hemp plants or cannabis plants that are naturally occurring, biologically active, and act on the cannabinoid receptors of the brain. Cannabinoid includes but is not limited to tetrahydrocannabinol and cannabidiol.

(7) **Cannabinoid extraction.** "Cannabinoid extraction" means the process of extracting cannabis concentrate from cannabis plants or cannabis flower using heat, pressure, water, lipids, gases, solvents, or other chemicals or chemical processes, but does not include the process of extracting concentrate from hemp plants or hemp plant parts or the process of creating any artificially derived cannabinoid.

(8) C**annabinoid product.** "Cannabinoid product" means a cannabis product, a hemp derived consumer product, or a lower-potency hemp edible.

(9) **Cannabinoid profile.** "Cannabinoid profile" means the amounts of each cannabinoid that the office requires to be identified in testing and labeling, including but not limited to delta-9 tetrahydrocannabinol, tetrahydrocannabinolic acid, cannabidiol, and cannabidiolic acid in cannabis flower, a cannabis product, a batch of artificially derived cannabinoid, a lower-potency hemp edible, a hemp-derived consumer product, or a hemp-derived topical product expressed as percentages measured by weight and, in the case of cannabis products, lower-potency hemp edibles, and hemp-derived consumer products, expressed as milligrams in each serving and package.

(10) **Cannabis business.** "Cannabis business" means any of the following:

(1) cannabis microbusiness;

(2) cannabis mezzobusiness;

(3) cannabis cultivator;

(4) cannabis manufacturer;

(5) cannabis retailer;

(6) cannabis wholesaler;

(7) cannabis transporter;

(8) cannabis testing facility;

(9) cannabis event organizer;

(10) cannabis delivery service;

(11) medical cannabis cultivator;

(12) medical cannabis processor;

(13) medical cannabis retailer; and

(14) medical cannabis combination business.

(11) **Cannabis concentrate.**

(a) "Cannabis concentrate" means:

(1) the extracts and resins of a cannabis plant or cannabis flower;

(2) the extracts or resins of a cannabis plant or cannabis flower that are refined to increase the presence of targeted cannabinoids; or

(3) a product that is produced by refining extracts or resins of a cannabis plant or cannabis flower and is intended to be consumed by combustion or vaporization of the product and inhalation of smoke, aerosol, or vapor from the product.

(b) Cannabis concentrate does not include hemp concentrate, artificially derived cannabinoid, or hemp-derived consumer products.

(12) **Cannabis flower.** "Cannabis flower" means the harvested flower, bud, leaves, and stems of a cannabis plant. Cannabis flower includes adult-use cannabis flower and medical cannabis flower. Cannabis flower does not include cannabis seed, hemp plant parts, or hemp-derived consumer products.

(13) **Cannabis industry.** "Cannabis industry" means every item, product, person, process, action, business, or other thing related to cannabis flower and cannabis products and subject to regulation under this chapter.

(14) **Cannabis paraphernalia.** "Cannabis paraphernalia" means all equipment, products, and materials of any kind that are knowingly or intentionally used primarily in:

(1) manufacturing cannabis products;

(2) ingesting, inhaling, or otherwise introducing cannabis flower or cannabis products into the human body; and

(3) testing the strength, effectiveness, or purity of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products.

(15) **Cannabis plant.** "Cannabis plant" means all parts of the plant of the genus

Cannabis that is growing or has not been harvested and has a delta-9 tetrahydrocannabinol concentration of more than 0.3 percent on a dry weight basis.

(16) **Cannabis product.**

(a) "Cannabis product" means any of the following:

(1) cannabis concentrate;

(2) a product infused with cannabinoids, including but not limited to tetrahydrocannabinol, extracted or derived from cannabis plants or cannabis flower; or

(3) any other product that contains cannabis concentrate.

(b) Cannabis product includes adult-use cannabis products, including but not limited to edible cannabis products and medical cannabinoid products. Cannabis product does not include cannabis flower, artificially derived cannabinoid, lower-potency hemp edibles, hemp-derived consumer products, or hemp-derived topical products.

(17) **Cannabis seed.** "Cannabis seed" means the viable seed of the plant of the genus Cannabis that is reasonably expected to grow into a cannabis plant. Cannabis seed does not include hemp seed.

(18) **Cultivation.** "Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis plants, cannabis flower, hemp plants, or hemp plant parts.

(19) **Edible cannabis product.** "Edible cannabis product" means any product that is intended to be eaten or consumed as a beverage by humans; contains a cannabinoid other than an artificially derived cannabinoid in combination with food ingredients; is not a drug; and is a type of product approved for sale by the office, or is substantially similar to a product approved by the office including but not limited to products that resemble nonalcoholic beverages, candy, and baked goods. Edible cannabis product does not include lower-potency hemp edibles.

(20) **Hemp business.**

(a) "Hemp business" means either of the following licensed under this chapter:

(1) lower-potency hemp edible manufacturer; or

(2) lower-potency hemp edible retailer.

(b) Hemp business does not include a person or entity licensed under chapter 18K to grow industrial hemp for commercial or research purposes or to process industrial hemp for commercial purposes.

(21) **Hemp concentrate.**

(a) "Hemp concentrate" means:

(1) the extracts and resins of a hemp plant or hemp plant parts;

(2) the extracts or resins of a hemp plant or hemp plant parts that are refined to increase the presence of targeted cannabinoids; or

(3) a product that is produced by refining extracts or resins of a hemp plant or hemp plant parts and is intended to be consumed by combustion or vaporization of the product and inhalation of smoke, aerosol, or vapor from the product.

(b) Hemp concentrate does not include artificially derived cannabinoids, lower-potency hemp edibles, hemp-derived consumer products, or hemp-derived topical products.

(22) **Hemp-derived consumer product.**

(a) "Hemp-derived consumer product" means a product intended for human or animal consumption, does not contain cannabis flower or cannabis concentrate, and:

(1) contains or consists of hemp plant parts; or

(2) contains hemp concentrate or artificially derived cannabinoids in combination with other ingredients.

(b) Hemp-derived consumer product does not include artificially derived cannabinoids, lower-potency hemp edibles, hemp-derived topical products, hemp fiber products, or hemp grain.

(23) **Hemp-derived topical product.**

"Hemp-derived topical product" means a product intended for human or animal consumption that contains hemp concentrate, is intended for application externally to a part of the body of a human or animal, and does not contain cannabis flower or cannabis concentrate.

(24) **Hemp fiber product.** "Hemp fiber product" means an intermediate or finished product made from the fiber of hemp plant parts that is not intended for human or animal consumption. Hemp fiber product includes but is not limited to cordage, paper, fuel, textiles, bedding, insulation, construction materials, compost materials, and industrial materials.

(25) **Hemp plant.** "Hemp plant" means all parts of the plant of the genus Cannabis that is growing or has not been harvested and has a delta-9 tetrahydrocannabinol concentration of no more than 0.3 percent on a dry weight basis.

(26) **Hemp plant parts.** "Hemp plant parts" means any part of the harvested hemp plant, including the flower, bud, leaves, stems, and stalk, but does not include derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers that are separated from the plant. Hemp plant parts does not include hemp fiber products, hemp grain, or hemp seed.

(27) **Hemp seed.** "Hemp seed" means the viable seed of the plant of the genus Cannabis that is intended to be planted and is reasonably expected to grow into a hemp plant. Hemp seed does not include cannabis seed or hemp grain.

(28) **Intoxicating cannabinoid.**

"Intoxicating cannabinoid" means a cannabinoid, including an artificially derived cannabinoid, that when introduced into the human body impairs the central nervous system or impairs the human audio, visual, or mental processes. Intoxicating cannabinoid includes but is not limited to any tetrahydrocannabinol.

(29) **License holder.**

"License holder" means a person, cooperative, or business that holds any of the following licenses:

(1) cannabis microbusiness;

(2) cannabis mezzobusiness;

(3) cannabis cultivator;

(4) cannabis manufacturer;

(5) cannabis retailer;

(6) cannabis wholesaler;

(7) cannabis transporter;

(8) cannabis testing facility;

(9) cannabis event organizer;

(10) cannabis delivery service;

(11) lower-potency hemp edible manufacturer;

(12) lower-potency hemp edible retailer;

(13) medical cannabis cultivator;

(14) medical cannabis processor;

(15) medical cannabis retailer; or

(16) medical cannabis combination business.

(30) **Lower-potency hemp edible.**

"Lower-potency hemp edible" means any product that:

(1) is intended to be eaten or consumed as a beverage by humans;

(2) contains hemp concentrate or an artificially derived cannabinoid, in combination with food ingredients;

(3) is not a drug;

(4) consists of servings that contain no more than five milligrams of delta-9 tetrahydrocannabinol, 25 milligrams of cannabidiol, 25 milligrams of cannabigerol, or any combination of those cannabinoids that does not exceed the identified amounts;

(5) does not contain more than a combined total of 0.5 milligrams of all other cannabinoids per serving;

(6) does not contain an artificially derived cannabinoid other than delta-9 tetrahydrocannabinol;

(7) does not contain a cannabinoid derived from cannabis plants or cannabis flower; and

(8) is a type of product approved for sale by the office or is substantially similar to a product approved by the office, including but not limited to products that resemble nonalcoholic beverages, candy, and baked goods.

(31) **Local Unit of Government**. Local Unit of Government means the City of Madison Lake.

(32) **Medical cannabinoid product.**

(a) "Medical cannabinoid product" means a product that:

(1) consists of or contains cannabis concentrate or hemp concentrate or is infused with cannabinoids, including but not limited to artificially derived cannabinoids; and

(2) is provided to a patient enrolled in the registry program; a registered designated caregiver; or a parent, legal guardian, or spouse of an enrolled patient, by a cannabis retailer or medical cannabis retailer to treat or alleviate the symptoms of a qualifying medical condition.

(b) A medical cannabinoid product must be in the form of:

(1) liquid, including but not limited to oil;

(2) pill;

(3) liquid or oil for use with a vaporized delivery method;

(4) water-soluble cannabinoid multiparticulate, including granules, powder, and sprinkles;

(5) orally dissolvable product, including lozenges, gum, mints, buccal tablets, and sublingual tablets;

(6) edible products in the form of gummies and chews;

(7) topical formulation; or

(8) any allowable form or delivery method approved by the office.

(c) Medical cannabinoid product does not include adult-use cannabis products or hemp-derived consumer products.

(33) **Medical cannabis business.**

"Medical cannabis business" means an entity licensed under this chapter to engage in one or more of the following:

(1) the cultivation of cannabis plants for medical cannabis flower;

(2) the manufacture of medical cannabinoid products; and

(3) the retail sale of medical cannabis flower and medical cannabinoid products.

(34) **Medical cannabis flower.**

"Medical cannabis flower" means cannabis flower provided to a patient enrolled in the registry program; a registered designated caregiver; or a parent, legal guardian, or spouse of an enrolled patient by a cannabis retailer or medical cannabis business to treat or alleviate the symptoms of a qualifying medical condition. Medical cannabis flower does not include adult-use cannabis flower.

(35) **Medical cannabis paraphernalia.**

"Medical cannabis paraphernalia" means a delivery device, related supply, or educational material used by a patient enrolled in the registry program to administer medical cannabis and medical cannabinoid products.

(36) **Office.** "Office" means the Office of Cannabis Management.

(37) **Outdoor advertisement.** "Outdoor advertisement" means an advertisement that is located outdoors or can be seen or heard by an individual who is outdoors and includes billboards; advertisements on benches; advertisements at transit stations or transit shelters; advertisements on the exterior or interior of buses, taxis, light rail transit, or business vehicles; and print signs that do not meet the requirements in Minnesota Statute §342.64, subdivision 2, paragraph (b), but that are placed or located on the exterior property of a cannabis business.

(38) **Synthetic cannabinoid.** "Synthetic cannabinoid" means a substance with a similar chemical structure and pharmacological activity to a cannabinoid but is not extracted or derived from cannabis plants, cannabis flower, hemp plants, or hemp plant parts and is instead created or produced by chemical or biochemical synthesis.

111.020 LICENSE REQUIRED.

No retail sale, manufacture for retail sale, or cultivation for retail sale, of a cannabinoid product, hemp product, or low-potency hemp product shall occur unless the seller, person, cooperative, or business first holds, and has at the time of said sale the applicable licenses required by Law from the Office of Cannabis Management.

111.030. APPLICATION FOR LICENSE.

(A) Form. Every application for a license to engage in retail sale, manufacture for retail sale, or cultivation for retail sale of any cannabinoid products, hemp products, or low-potency hemp products, must be made to the Office of Cannabis Management on forms supplied by that Office.

111.040. RESTRICTIONS ON BUSINESS AND SIGNS

(A) Cannabis businesses, and any related outdoor advertisement, shall not operate or be placed within 1000 feet of any school, nor shall they operate or be placed within 500 feet of any duly licensed daycare, residential treatment facility, or an attraction within a public park that is regularly used by minors including a playground or athletic field. Distances set forth herein shall be a parallel line from the closest two points property lines. These radial restrictions shall not apply to the Sakatah Singing Hills Trail.

(B) Cannabis business shall not engage in the retail sale of adult use cannabis products after 8 p.m. or before 10 a.m. on any day of the week. Low potency edibles may only be sold at retail as an accessory to retail sales, consistent with the provisions of the Madison Lake Zoning Code, during the retailer's normal operating hours, but in no event shall any accessory low potency retail sales occur after 1 a.m. on any day of the week.

(C) Cannabis businesses, hemp derived retail businesses, and low-potency hemp retail businesses facilities shall meet or exceed the standards set forth in the Minnesota State Building Code, State Fire Code, and the City's Code of Ordinances.

(D) License holders shall operate in full compliance with the City's Zoning Controls including obtaining any applicable conditional use permits prior to operation.

111.050. LICENSE FEES.

Fees for registration of cannabis businesses, hemp derived retail businesses, and low-potency hemp retail businesses shall be set according to the City's Fee Schedule as it is Amended from time to time. All fees shall be paid into he City's general fund. License fees are non-refundable in the event that a license applicant is rejected.

111.060. LOCAL REGISTRATION REQUIRED.

(A) Before making retail sales to customers or patients, a cannabis microbusiness, cannabis mezzobusiness, cannabis retailer, medical cannabis combination business, or lower-potency hemp edible retailer must first register with the city, town, or county in which the retail establishment is located.

(B) Fee. The City shall impose a fee for an initial retail registration fee of $500 or up to half the amount of the applicable initial license fee under section MSA §342.11, whichever is less. The initial registration is good for the year in which the registration is permitted.

Registration shall be on an annual basis and shall be good until December 31 of the year in which it was issued. Thereafter an annual renewal registration is required. The City shall also impose a renewal retail registration fee of $1,000 or up to half the amount of the applicable renewal license fee under Minnesota Statute §342.11, whichever is less. The initial registration fee shall include the fee for initial registration and the first annual renewal. Any renewal fee imposed by the local unit of government shall be charged at the time of the second renewal and each subsequent annual renewal thereafter. Registration fees are non-refundable.

(C) A local unit of government shall issue a retail registration to a cannabis microbusiness with a retail operations endorsement, cannabis mezzobusiness with a retail operations endorsement, cannabis retailer, medical cannabis combination business operating a retail location, or lower-potency hemp edible retailer that:

(1) has a valid license or license preapproval issued by the Office of Cannabis Management;

(2) has paid the registration fee or renewal fee pursuant to subdivision B;

(3) is found to be in compliance with the requirements of this chapter at any preliminary compliance check that the local unit of government performs; and

(4) if applicable, is current on all property taxes and assessments at the location where the retail establishment is located.

(b) Before issuing a retail registration, the local unit of government may conduct a preliminary compliance check to ensure that the cannabis business or hemp business is in compliance with any applicable local ordinance including Zoning Ordinances.

(c) A local unit of government shall renew the retail registration of a cannabis business or hemp business when the office renews the license of the cannabis business or hemp business.

(d) A retail registration issued under this section may not be transferred.

111.070. CAPS ON LICENSES.

There shall be no more than one (1) license/registration issued for an adult use cannabis business.

There shall be no more than six (6) licenses/registration issued solely for low-potency hemp edible businesses.

111.080 COMPLIANCE CHECKS.

(a) The City's police department shall conduct compliance checks of every cannabis business, hemp business, and low-potency hemp edible business with a retail registration issued by the City. During a compliance check, the police department shall assess a business's compliance with age verification requirements, and compliance with any applicable local ordinances established pursuant to Minnesota Statute §342.13 including Zoning Ordinances.

(b) The Police Department must conduct unannounced age verification compliance checks of every cannabis business, hemp business, and low-potency hemp edible business at least once each calendar year. Age verification compliance checks must involve persons at least 17 years of age but under the age of 21 who, with the prior written consent of a parent or guardian if the person is under the age of 18, attempt to purchase adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products under the direct supervision of a law enforcement officer or an employee of the local unit of government.

111.090 REGISTRATION SUSPENSION AND CANCELLATION; NOTICE TO OFFICE OF CANNABIS, PENALTIES.

(a) If the City determines that a cannabis business, hemp business, or low-potency hemp edible business with a retail registration issued by the local unit of government is not operating in compliance with the requirements of a local ordinance authorized under Minnesota Statute §342.13 or that the operation of the business poses an immediate threat to the health or safety of the public, the City Council may suspend the retail registration of the cannabis business, hemp business, or low-potency edible business. The City Administrator must immediately notify the Office of Cannabis Management with the suspension and shall include a description of the grounds for the suspension.

(b) The office of Cannabis Management may review the retail registration suspension and that Office may order reinstatement of the retail registration or take any action described in section Minnesota Statutes§ 342.19 or §342.21.

(c) The retail registration suspension shall be for up to 30 days unless the office of Cannabis Management suspends the license and operating privilege of the cannabis business or hemp business for a longer period or revokes the license. Upon revocation by that Office, the registration shall be revoked.

(d) The City Council may reinstate the retail registration if the City Council determines that any violation has been cured. The City Council must reinstate the retail registration if the Office of Cannabis Management orders reinstatement.

(e) No cannabis microbusiness, cannabis mezzobusiness, cannabis retailer, medical cannabis combination business, or lower-potency hemp edible retailer may make any sale to a customer or patient without a valid retail registration with the City and a valid license with any applicable endorsement from the Office of Cannabis Management. A local unit of government may impose a civil penalty of up to $2,000 for each violation of this paragraph, in addition to any additional penalties, civil or criminal, that they may impose.

(f) Any violation of this Ordinance shall be a misdemeanor offense punishable by incarceration of up to ninety (90) day, a fine of up to $1,000, or both. Said penalty shall be in addition to any civil penalty the City may impose.

Upon motion made, duly seconded, and passed this 2nd day of December, 2024, summary publication is authorized. This Ordinance is effective upon publication of the Summary.

Al Dorn-Mayor

ATTEST:

Liz Wille-City Administrator