

## Local Government Webinar July 18<sup>th</sup> - Q&A with Local Governments Recap

The following questions were posed by local government members during the [webinar](#). OCM is providing an overview of the questions complete with responses specific to each question in line with the office's previous guidance. For additional resources available to local governments, please utilize OCM's webpage.

- **(Cloquet): “Does the state preapproval mean the LGU must give the applicant preapproval?”**

Pre-approval is not an active status type. Applicants fall into either Qualified Applicant Status or Preliminary Approval status. Preliminary approved status is obtained once an applicant has their background check cleared and has entered into an LPA. It requires the applicant to submit their final plan of records and work with their local government to begin building out their operations. It is not tied to a specific location or municipality. See page 9 on the Qualified Applicant Guide to Obtaining a License.

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- **(Mankato): “How does a local government receive notification of an applicant's final approval?”**

The local government who approved zoning and building/fire code compliance in Accela will receive an email notification through Accela when the business receives a license from OCM.

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- **(Mankato): “OCM has now changed it's messaging for *zoning compliance certification*. Will that need to be completed prior to license approval?”**

The requirements for timelines are dictated by statutory language, including that local governments certify compliance with zoning and local ordinances, including if applicable, state and fire building code and have 30 days to respond once an applicant has submitted their site registration. Similarly, statute also dictates the timeline for OCM's requirement to respond to an applicant's site registration within 90 days – to either issue the license or issue a denial.

Per 342.13, paragraph (f), within 30 days of receiving a copy of an application from the office, a local unit of government shall certify on a form provided by the office whether a proposed cannabis business

complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code. This statutory requirement is also reflected in the guidance and requirements included in the Accela portal for local governments.

With these timelines, preliminarily approved business should not complete site registration until they have received all local zoning approvals, are compliant with state fire and building codes, and are fewer than 90 days from being able to open their doors.

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- **(Fairmont): "What is the window for the dates (opening and closing dates) for government units to apply for a municipal cannabis license?"**

The application window for a municipal cannabis license is now closed, having been open from February 18th to March 14th.

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- **(Fairmont): "OCM had responded in the past that there would be future windows. Please advise when the next window will be open."**

OCM has not announced any additional cannabis business application windows for cannabis retailers or municipal cannabis stores following the 2025 application window. If there are future windows announced, OCM will share this information on the office's webpage and through newsletters.

OCM has upcoming licensing windows for cannabis event organizer licenses and cannabis testing facilities beginning August 1. Then, OCM will open for hemp business license type applications on October 1.

State law limits the number of licenses in 4 license type categories through July 1, 2026. OCM will be able to evaluate the market stability after that point.

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- **(Duluth): "Why is it called "zoning compliance certification" when it also requires compliance with all codes? i.e. you have to check the box that says it also meets building code and fire code."**

We appreciate feedback from our local partners and have continued to adjust guidance to respond to local concerns. As noted in the OCM guidance since last summer, the process of zoning compliance certification refers to the process as outlined in Minnesota Statutes sections 342.13 and 342.14. Pursuant to section 342.13(f), within 30 days of receiving a copy of an application from the office, a local unit of government shall certify on a form provided by the office whether a proposed cannabis business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code. This statutory requirement is also reflected in the guidance and requirements included in the Accela portal for local governments.

Additionally, statute also dictates the timeline for OCM's requirement to respond to an applicant's site registration within 90 days – to either issue the license or a denial. This means at site

registration ([Step 3 of the Licensing Pathway Overview document](#)), an applicant should be prepared to demonstrate compliance with all rules and regulations as a fully compliant. An applicant should be operationally prepared to conduct business to obtain licensure.

In response to helpful feedback from applicants and local partners this spring as the first applicants were issued preliminary approval status, OCM also updated guidance to reflect the statutorily required timelines for both local governments and OCM to respond to an applicant's site registration in Accela, and when an applicant should be submitting site registration. With these timelines – as required in statute since HF100 and the passage of cannabis legalization, preliminarily approved business should not complete site registration until they have received all local zoning approvals, are compliant with state fire and building codes, and are fewer than 90 days from being able to open their doors.

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- **(Minneapolis): “How are you talking with retailers in particular about the 90 days in relation to the availability of legal product to sell, since there are not any approved cultivators yet?”**

Thank you for this question. As we launch the adult-use market in Minnesota, it will take time to build a market with new license holders across the supply chain. As of July 28, there are 8 licensed microbusinesses, including several that have cultivation endorsements and are authorized to cultivate adult-use cannabis. OCM anticipates this number to continue to increase – and across license types in the supply chain - in the coming weeks and months. There are over 1,200 applicants in preliminary approval status as of July 28. Read more on OCM's application summary data page: [Summary Application Data / Office of Cannabis Management](#).

Additionally, there are opportunities for license holders conducting retail sales to partner with tribal businesses to access adult-use cannabis supply as authorized through the compacting process which addresses the intersection of the state and tribal markets. Read more about the compacting process: [Tribal Compacts / Office of Cannabis Management](#).

Finally, in anticipation of the transition, OCM has authorized a product transition period. Read more here about the types of products that will be authorized for new cannabis business license holders to sell: [Product Transition Period / Office of Cannabis Management](#).

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- **(Morrison County): “If a site registration should occur less than 90 days out, would a proposed building need to be built?”**

Yes, at the time of submitting a site registration, a business should be less than 90 days from opening its doors. OCM is required per state law to either issue the license or a denial within 90 days of receiving the site registration. In order to receive a license to become operational, a business must be able to demonstrate full compliance with Minnesota statutes and rules at the pre-licensure inspection which occurs once a site registration has been submitted. Please review the [pathway to licensure overview](#) for more information.

- **(Duluth): “What happens if an applicant is initially denied their zoning compliance certification but is able to fix any outstanding issues? Does OCM resend the local zoning request so we can now approve them?”**

Applicants are able to resubmit a site registration for the same location once they have been able to work with their local government to certify compliance with building/fire codes. Denial of local zoning compliance certification does not remove the applicant from the process. Applicants retain preliminary approval status and may resubmit site registration, which would re-trigger the request to the local.

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- **(Belle Plaine): “Has OCM considered potential roadblocks pertaining to the building permit review/certificate of occupancy issuance process? This is separate from zoning. Large remodels or new builds will spend months in building permit process while small retail operations could easily spend weeks. This means entities spending huge dollars to remodel could be jumped over by smaller operators if registrations are limited.”**

State law requires a local government to issue local retail registration to cannabis businesses conducting retail sales in their jurisdiction. Minnesota law does not require local jurisdictions to cap retail registrations. In jurisdictions that do not cap retail registrations the issues identified in this question will not arise, because, Minnesota law provides applicants with 18 months to convert their preliminary approval to licensure. This window is intended to allow applicants to operate on their own timeline to complete the steps necessary for business operations and licensure.

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- **(Belle Plaine): “Could OCM consider allowing communities to register retailers CONTINGENT on issuance of building certificate of occupancy?”**

Statute allows applicants with preliminary approval status 18 months to convert to licensure. This time window is intended to address time required to complete steps necessary for business operations and licensure. Minnesota Statutes section 342.22 does not address whether a local government may establish a process that accounts for contingencies based on the application phases of the licensing process. But if a local government issuing local retail registration is interested in adding certain contingencies to the process, the office recommends consulting and working with local legal counsel.

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- **(Morrison County): “Do you require that counties that don't enforce building code to ensure the buildings meet code?”**

Minnesota law requires OCM to request confirmation from the local government whether a proposed cannabis business complies with local zoning ordinances and, if applicable, whether the

proposed business complies with the state fire code and building code. The Accela portal includes the ability for a local government that does not have responsibility regarding building and fire code to indicate it is not applicable to their jurisdiction. All businesses are required to comply with state and fire building code and it is the responsibility of the applicant to demonstrate this compliance to OCM. We understand this to be an issue that extends beyond cannabis business licensure requirements and continue to work with the Department of Labor and Industry and the Department of Public Safety to provide guidance to prospective businesses.

As passed by the Legislature in the original cannabis legislation in 2023, state law (Minnesota Statutes section 342.13) requires a 30-day timeline for local government response on local zoning compliance certification in Accela. OCM has heard feedback over the last 18 months regarding the concerns with this requirement and contradiction with some local government processes. We will continue to work with our local government partners on prospective legislative changes. In the meantime, this issue is also reflected in OCM's guidance to applicants to ensure they are engaging with the local government early in the process to understand what steps are required and that some issues will take longer than 30 days to resolve.

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- **(Duluth): “OCM is now recommending that local governments issue retail registration before licensure if they are choosing to limit; however, this is a new recommendation and a lot of local governments already have their retail registration set up based on the previous guidance.”**

This recommendation reflects the change in law that was effective May 17. We worked to preview this pending change in a May 2<sup>nd</sup> bulletin in anticipation of the impact of the law change as it was sought to address the previous language's reference to license preapproval process, also prior to licensure. The goal is to address the tension in the licensing process if a local government has instituted a retail registration cap and to try to address the significant risks involved for applicants working to set up businesses if there is not a guarantee of operation due to a local government's cap on retail registrations after they fully invest in a build out and obtain a license only to be unable to operate without a retail registration.

Local government partner's feedback on this issue has continued to help inform the guidance and information shared with applicants as well, so we appreciate the ongoing dialogue.

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- **(Breckenridge): “So in essence, the local government's application for a license should address all the issues that are going to come up later in the Accela stuff, i.e. zoning, ordinance compliance? Because it would be possible for a local government to issue a retail license and then deny the applicant if it is later found to be in violation of zoning or other ordinances.”**

OCM will issue cannabis business licenses through the process outlined in Chapter 342. A local government is responsible for issuing a retail registration – not a license - to cannabis businesses conducting retail sales. Please review Minnesota Statutes section 342.22 for more information.

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- **(Cloquet): “Does a micro or mezzo applicant need to grow and sell or can they just sell under that business type?”**

Microbusinesses can be retail-only operations per 342.28. They can elect a single endorsement or several under this section. Mezzobusinesses are required to obtain at least 2 endorsements per 342.29.

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- **(Duluth): “If you are now recommending that we issue retail registrations so incredibly early (we are a city with a cap), how will we be contacted if the applicant doesn't complete full licensure so we can open that retail registration back open to other applicants? Also, how do you recommend we select which ones to give the retail registration to?”**

State law requires a local government to issue local retail registration to cannabis businesses conducting retail sales in their jurisdiction. Jurisdictions may register a retailer with either preliminary approval or a license. Minnesota law does not require local jurisdictions to cap retail registrations. A preliminary approved applicant has 18 months to convert their status into licensure. Once the preliminary approved applicant submits a site registration, OCM has 90 days to issue the license or a denial. If an applicant is unable to submit a site registration within the allotted 18 month timeframe, OCM will notify the applicant of their license denial.

OCM encourages local governments to continue to stay in contact with applicants who they have issued retail registration in order to understand their timeline for opening/converting to full licensure. A local government can also require the business to provide updates on their licensing status. Additionally, a local government can email OCM for confirmation of when an applicant was issued preliminary approval.

If a local government wishes to limit the number of cannabis retailers, microbusinesses, or mezzobusinesses via ordinance, state law does not define the process for a local government's selection if there are more applicants than registrations available. This is up to the local government to establish. OCM's [local government guide](#) includes more information, including suggestions to seek legal counsel while establishing this process. It is also important to note that local governments are not required to limit the issuance of local retail registrations and may issue local retail registrations to inquiring businesses as they are sought by businesses who receive licenses.

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- **(Benton County): “Does OCM know each jurisdiction's registration limit, if it has one?”**

No, OCM is not actively tracking the retail registration caps of local governments, as the process for how that is implemented and enforced is unique to every municipality that chooses to issue a limit.

If deciding to limit, local governments are encouraged to be clear about the process they are establishing for the issuance of local retail registrations and engage with prospective applicants.

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- **(Minneapolis): “What would happen if someone applies for an event license before we have regulations in place?”**

Pursuant to section 342.39, subdivision 2, OCM cannot issue a cannabis event organizer license without documented local approval. Regardless of whether local ordinances are in place, an applicant who expresses interest in hosting in Minneapolis will still need to have the local approval form signed by a local government representative before proceeding. As always, OCM recommends consulting with your city attorney on any issues related to implementing sections 342.39-.40.

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- **(Plymouth): “Will the From Start to License: Your Path to Cannabis Licensing in Minnesota flow chart be updated to match the recommended order of operations you've just provided?”**
    - a. **(Duluth): “How does the pathway chart display the local retail registration process?”**

The process of local retail registration is still up to the discretion of the local unit of government instituting the limitation on retail registration.

OCM has published an updated overview of the licensing pathway document to further articulate the steps an applicant should be taking prior to submitting a site registration in order to ensure they are prepared for local certification, site inspection, and ultimately, licensure.

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- **(Ottertail County): “Liquor stores nowadays sell canned beverages with 10 mg of delta-9 THC. After October 1, would they need to be licensed for selling low-potency hemp edibles?”**

All businesses that are interested in continuing selling lower-potency hemp edibles, would need to apply for a license to be compliant with Chapter 342, with the window opening on Oct 1st -Oct 31st

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- **(Duluth): “Who at the local government do you recommend sign the Local Approval for Cannabis Event Form? for instance, this is not a zoning issue.”**

This is up to the local government responsible for regulating events in their jurisdiction. The statute requires that an applicant submit local government approval in their application. OCM recommends that the person who signs and approves the form will also be available to respond to any communication from OCM if any questions or concerns were to arise.

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- **(Minneapolis): “What are the local gov fee caps (if any) associated with events? How and when will OCM be contacting current LPHE retailers to inform them of the new licensing process to ensure they obtain a license?”**

OCM has contact information for registered hemp businesses and has been communicating with them through our Compliance Connector. We will continue to actively communicate through our channels and plan to host webinars and educational opportunities with organizational partners to get the word out.

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- **(Oakdale): “In MN 342.22(i) it states ‘If a county has one active registration for every 12,500 residents, a city or town within the county is not obligated to register a cannabis business.’ We’ve heard conflicting guidance that this means if the county as a whole (the sum of all local governments and issuing agencies) counts towards this number; OR does it mean that its the county specifically (as an agency) issuing the registration? Also does that mean if the county has issued say 5 registrations, and our local government’s minimum is 2, does that mean our local minimum has been met? Or does the county’s (population/12,500) total minimum need to be met before the local government is no longer obligated to issues registrations?”**

Minnesota statute, 342.13(h) allows the LUG responsible for issuing registrations to adopt a cap that limits registrations to no fewer than 1 per 12,500 residents—under Minnesota rules, the population is determined via the state demographer’s estimates. Minnesota statutes, 342.13(i) states that a city or town is not obligated to issue a registration if the county which the city or town is in has one **active** registration for every 12,500 residents. The county wide registrations would include all LUGs that are responsible for issuing registrations in the county, and the population would be the total county population (as estimated by the state demographer).

As an example:

County Z has a population of 99,900 people. Within County Z are City A which has a population of 24,999, City B which has 52,000 people, and Township C which has 3000 people.

City B adopts a cap of 5 and Township C adopts a cap of 1, while City A does not adopt a cap.

If City B and Township C both fill their caps, and City A has issued 2 registrations, then City A may decline to issue further registrations, relying on the county’s 8 registrations.

If City A, with no cap, issues 8 registrations before City B or Township C issue any, then both City B and Township A may decline to issue further registrations, relying on the county’s 8 registrations.

The interaction of the two statutory allowances could have great consequences to applicants who may only be tracking their intended local unit of government’s ordinances implementing cap or having no cap. As such, OCM recommends that prior to declining to register a retailer,



municipalities that intend to deny a registration based on a county registration total, consult with both their city attorney and the county attorney.

Again, local governments are not required to limit the issuance of local retail registrations and may issue local retail registrations to inquiring businesses as requested/applied for.

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- **(Eagan): “When Local Gov Guides are updated can OCM call out the changes with each update?”**

Thank you for the feedback. We have developed a listserv of with contact information for local governments and can incorporate this in our direct communication through our newsletters.

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- **(Bloomington): “Can you please confirm that the local government registration fee for LPHE retailers is capped at \$125? (half of the state's fee of \$250. This is extremely low and local governments would appreciate a legislative change to bring in more fee revenue to offset the costs of administration and age verification compliance checks, particularly now that the legislature has zeroed out the cannabis tax share to local governments.”**

In accordance with Minnesota Statutes, section 342.22, a local unit of government may impose an initial retail registration fee of \$500 or up to half the amount of the applicable initial license, whichever is less. The local unit of government may also impose a renewal retail registration fee of \$1,000 or up to half the amount of the applicable renewal license fee, whichever is less. For LPHE, both the initial and renewal fee may not exceed \$125.

Thank you for the feedback on this issue. Local governments are encouraged to consult the Legislature to share feedback about the law and discuss potential changes.

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- **(Ottertail County): “Can multiple employees with an LGU have an Accela account? Or is it limited to one account per LGU?”**

Currently, an LUG can only have one Accela account associated with it.

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- **(Hennepin County) “We have cities that have delegated retail registration and compliance authority to the county but they still maintain zoning authority. Any direction for local gov. on this? Is there a way to indicate this in Accela? E.g. is there a way for OCM to be able to send info/notifications to both the city and the county in these cases?”**

Thank you for raising this issue – we understand this concern. So far, we are able to utilize Accela to notify the local government responsible for the zoning compliance and state and fire building code certification. If there is a different jurisdiction responsible for local retail registration, the two

jurisdictions are encouraged to stay in direct communication about the prospective business. The decision to delegate retail registration is up to each jurisdiction and is not a requirement in statute.

We understand the potential difficulties in navigating this scenario and will also continue to work on this issue internally to see if there are additional tools available for supporting inter jurisdiction communication about potential businesses and license holders.