

**CITY OF PINE ISLAND
ORDINANCE NO. 164**

**ORDINANCE AMENDING CHAPTER 6 OF THE CITY CODE ADDING SECTION 6.40
RELATING TO TETRAHYDROCANNABINOL PRODUCTS**

Sec. 6.40. TETRAHYDROCANNABINOL PRODUCTS

Subd. 1. PURPOSE. The purpose of this Section 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 Minn. Stats., § 151.72 ("THC Products") for the following reasons:

- A. By enacting 2022 Session Law Chapter 98, Article 13, the Minnesota Legislature amended Minn. Stats., § 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 Pine Island.
- E. The Minnesota Legislature recognized the danger of THC product use among the public at large by setting potency and serving size requirements.
- F. The Minnesota Legislature recognized the danger of THC product use among youth by prohibiting the sale of any product containing THC to those under the age of 21, requiring that edible THC products be packaged without appeal to children and in child-resistant packaging or containers.
- G. State law authorizes the Board of Pharmacy to adopt product and testing standards in part to curb the illegal sale and distribution of THC products and ensure the safety and compliance of commercially available THC products in the state of Minnesota.
- H. The City has the opportunity to be proactive and make decisions that will mitigate this threat and reduce exposure of young people to the products or to the marketing of these products and improve compliance among THC product retailers with laws prohibiting the sale or marketing of THC products to youth.
- I. A local regulatory system for THC product retailers is appropriate to ensure that retailers comply with THC product laws and business standards of the City of Pine Island to protect the health, safety, and welfare of our youth and most vulnerable residents.
- J. A requirement for a THC product retailer license will not unduly burden legitimate business activities of retailers who sell or distribute THC products to adults but will allow the City of Pine Island to regulate the operation of lawful businesses to discourage violations of state and local THC Product-related laws.
- K. In making these findings and enacting this ordinance, it is the intent of the Pine Island City Council to ensure responsible THC product retailing, allowing legal sale and access without

promoting increases in use, and to discourage violations of THC Product-related laws, especially those which prohibit or discourage the marketing, sale or distribution of THC products to youth under 21 years of age.

Subd. 2. DEFINITIONS. Except as may otherwise be provided or clearly implied by context, all terms shall be given their commonly accepted definitions. The following words, terms, and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

- A. **Compliance Checks.** The system the City uses to investigate and ensure that those authorized to sell licensed products are following and complying with the requirements of this article. Compliance checks involve the use of persons under 21 who purchase or attempt to purchase licensed products. Compliance checks may also be conducted by the City or other units of government for educational, research, and training purposes, or for investigating or enforcing Federal, State, or local laws and regulations relating to licensed products.
- B. **Exclusive Liquor Store.** An establishment that meets the definition of exclusive liquor store in Minn. Stats., § 340A.101, subd. 10.
- C. **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 Minn. Stats., § 151.72, as may be amended from time to time. Licensed product does not include medical cannabis as defined in Minn. Stats., § 152.22, subd. 6, as may be amended from time to time.
- D. **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.
- E. **Retail Establishment.** Any place of business where licensed products are available for sale to the general public, including, but not be limited to, grocery stores, tobacco products shops, CBD stores, convenience stores, gasoline service stations, bars, and restaurants.
- F. **Sale.** Any transfer of goods for money, trade, barter, or other consideration.
- G. **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.
- H. **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.

Subd. 3. PERMIT 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.

- A. **Action.** The City Council may either approve or deny the application for a license, or it may delay action for a reasonable period of time as necessary to complete any investigation of the application or the applicant it deems necessary. If the City Council approves the license, the City Clerk shall issue the license to the applicant. If the City Council denies the license, notice of the denial shall be given to the applicant along with notice of the applicant's right to appeal the City Council's decision. If a license

application is denied, the earliest an applicant may reapply is 12 months from the date the license is denied.

- B. **Term.** The permit shall expire at midnight on December 31st of the year so issued.
- C. **Revocation or Suspension.** Any license issued under this article may be revoked or suspended as outlined in Chapter 6 of the City Code.
- D. **Transfers.** All licenses issued under this article shall be valid only on the premises for which the license was issued and only for the person or business to whom the license was issued. The transfer of any license to another location, business, or person is prohibited.
- E. **Display.** All licenses shall be posted and displayed in plain view of the general public on the licensed premises.
- F. **Renewals.** The renewal of a license issued under this article shall be handled in the same manner as the original application. The request for a renewal shall be made at least 30 days before the expiration of the current license.
- G. **Issuance as Privilege and Not a Right.** The issuance of a license issued under this article is a privilege and does not entitle the license holder to automatic renewal of the license.

Subd. 4. APPLICATION FOR PERMIT.

- A. An application for a permit to sell licensed products shall be made on a form provided by the City.
- B. The application shall be submitted to City Clerk at least 20 days before the date of desired issuance to provide adequate time for review. The City Council shall act upon Tetrahydrocannabinol Products permit application at a regular or special meeting.
- C. The City shall conduct a background investigation on all new applications and applications to transfer a license. The investigation shall consider all facts and information bearing upon the question of the applicant's fitness to receive the license and to perform the duties imposed by this ordinance. The City may conduct a background and financial check on an application for a renewal of a license if it is in the public interest to do so. If a license is mistakenly issued or renewed to a person, it shall be revoked upon the discovery that the person was ineligible for the license under this article and the City shall provide the person with a notice of revocation, along with information on the right to appeal.
- D. The application shall require the following:
 - 1. The applicant's true and correct full legal name, including any former names or aliases used during the last ten years. The applicant's present residence address, telephone numbers and mailing address, if different. If the applicant is a corporation, LLC, or partnership, the name and contact information of the primary operator to be responsible for the sale of Tetrahydrocannabinol Products.
 - 2. A list of all persons that have an interest of five percent or more in the business. The list shall name all owners and show the interest held by each, either

individually or beneficially for others. 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 Council of the change in ownership by submitting a new license application for the new owners, and the Council has approved the transfer of the license by appropriate action. Any time an additional investigation is required because of a change in ownership or control of a business, the licensee shall pay an additional investigation fee to be determined by the City. The City may at any reasonable time examine the transfer records and minute books of any business licensee to verify and identify the owners, and the City may examine the business records of any other licensee to the extent necessary to disclose the interest which persons other than the licensee have in the licensed business. 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.

3. A five-year history of the applicant's felony, gross misdemeanor or misdemeanor convictions. As well as a listing of any criminal charges currently pending against the applicant.
 4. A copy of all permits or licenses issued to the applicant by state or local authorities required by the State or County.
 5. A certificate of insurance. (See Subdivision 6. Insurance)
 6. A signed statement that the applicant will defend, indemnify, and hold the city harmless from any and all claims for damage to property or injury to persons which might result or arise out of the applicant's operation of a mobile business unit as permitted by this chapter.
- E. A business applicant, at the time of application, shall furnish the City with a list of all persons that have an interest of five percent or more in the business. The list shall name all owners and show the interest held by each, either individually or beneficially for others. 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 Council of the change in ownership by submitting a new license application for the new owners, and the Council has approved the transfer of the license by appropriate action. Any time an additional investigation is required because of a change in ownership or control of a business, the licensee shall pay an additional investigation fee to be determined by the City. The City may at any reasonable time examine the transfer records and minute books of any business licensee to verify and identify the owners, and the City may examine the business records of any other licensee to the extent necessary to disclose the interest which persons other than the licensee have in the

licensed business. 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.

Subd. 6. PERMIT FEE. Each year at the time of filing the application for a permit, the applicant shall pay to the City Clerk the annual fee located in the fee schedule.

Subd. 7. INELIGIBILITY AND BASIS FOR DENIAL OF LICENSE.

A. Ineligibility.

1. Moveable Place of Business. No license shall be issued to a moveable place of business. Only fixed location businesses shall be eligible to be licensed under this article.
2. Exclusive Liquor Store. No license shall be issued to an exclusive liquor store as defined in Minn. Stats., § 340A.101, subd. 10.

B. Grounds for Denial. Grounds for denying the issuance or renewal of a license under this article include, but are not limited to, the following:

1. The applicant is under the age of 21 years.
2. The applicant is prohibited by Federal, State, or other local law, ordinance, or other regulation from holding a license.
3. The applicant has been convicted within the past five years for any violation of a Federal, State, or local law, other ordinance, provision, or other regulation relating to the licensed products.
4. The applicant has had a license to sell licensed products suspended or revoked during the 12 months preceding the date of application, or the applicant has or had an interest in another premises authorized to sell licensed products, whether in the City or in another jurisdiction, that has had a license to sell licensed products suspended or revoked during the same time period, provided the applicant had an interest in the premises at the time of the revocation or suspension, or at the time of the violation that led to the revocation or suspension.
5. The applicant is a business that does not have an operating officer or manager who is eligible pursuant to the provisions of this article.
6. The applicant is the spouse of a person ineligible for a license pursuant to the provision of Subsections (b)(2) and (3) of this section or who, in the judgement of the Council, is not the real party in interest or beneficial owner of the business to be operated, under the license.
7. The applicant fails to provide any information required on the application or provides false or misleading information. Any false statement on an application, or any willful omission of any information called for on such application form,

shall cause an automatic refusal of license, or if already issued, shall render any license issued pursuant thereto void and of no effect to protect the applicant from prosecution for violation of this chapter, or any part thereof.

- C. No license shall be granted or renewed for operation on any premises on which real estate taxes, assessments, or other financial claims of the City or of the State are due, delinquent, or unpaid. If an action has been commenced pursuant to the provisions of Minn. Stats., Ch. 278, questioning the amount or validity of taxes, the Council may, on application by the licensee, waive strict compliance with this provision; no waiver may be granted, however, for taxes, or any portion thereof, which remain unpaid for a period exceeding one year after becoming due unless such one-year period is extended through no fault of the licensee.

Subd. 8. PROHIBITED ACTS

A. In General.

- 1. No person shall sell or offer to sell any licensed product:
 - a. By means of any type of vending machine.
 - b. By means of self-service merchandising.
 - c. By any other means, to any other person, on in any other manner or form prohibited by state or other local law, ordinance provision, or other regulation
- 2. No person shall sell or offer for sale a product containing THC that does not meet all the requirements of Minn. Stats., § 151.72, subd. 3.

B. Legal Age. No person shall sell any licensed product to any person under the age of 21.

- 1. **Age verification.** Licensees shall verify by means of government issued photographic identification that the purchaser is at least 21 years of age. Verification is not required for a person over the age of 30. That the person appeared to be 30 years of age or older does not constitute a defense to a violation of this subsection.
- 2. **Signage.** Notice of the legal sales age and age verification requirement must be posted prominently and in plain view at all times at each location where licensed products are offered for sale. The required signage, which will be provided to the licensee by the City, must be posted in a manner that is clearly visible to anyone who is or is considering making a purchase.

C. Samples Prohibited. No person shall distribute samples of any licensed product free of charge or at a nominal cost.

Subd. 9. ADDITIONAL REQUIREMENTS.

- A. **Storage.** All licensed products shall either be stored behind a counter or other area not freely accessible to customers, or in a case or other storage unit not left open and accessible to the general public.

Subd. 10. RESPONSIBILITY. All licensees are responsible for the actions of their employees in regard to the sale, offer to sell, and furnishing of licensed products on the licensed premises. The sale, offer to sell, or furnishing of any licensed product by an employee shall be considered an act of the licensee. Nothing in this section shall be construed as prohibiting the City from also subjecting the employee to any civil penalties that the City deems to be appropriate under this ordinance, state or federal law, or other applicable law or regulation.

Subd. 11. COMPLIANCE CHECKS AND INSPECTIONS.

- A. All premises licensed under this subdivision shall be open to inspection by the City during regular business hours. From time to time, but at least once per year, the City shall conduct compliance checks.
- B. No person used in compliance checks shall attempt to use a false identification misrepresenting their age. All persons lawfully engaged in a compliance check shall answer all questions about their age asked by the licensee or their employee, and produce any identification, if any exists, for which they are asked. The City will conduct a compliance check that involves the participation of a person at least 18 years of age, but under the age of 21 to enter the licensed premises to attempt to purchase the licensed products. Persons used for the purpose of compliance checks shall be supervised by law enforcement or other designated personnel. Nothing in this article shall prohibit compliance checks authorized by state or federal laws for educational, research, or training purposes, or required for the enforcement of a particular State or Federal law.
- C. Additionally, from time to time, the City will conduct inspections to determine compliance with any or all other aspects of this ordinance.

Subd. 12. VIOLATIONS AND PENALTY.

- A. **Misdemeanor Prosecution.** Nothing in this section shall prohibit the City from seeking prosecution as a misdemeanor for any alleged violation of this article.

Subd. 13. SEVERABILITY.

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

Subd. 14. EFFECTIVE DATE.

- A. This ordinance becomes effective _____.