

To: **Mayor and City Council**
From: **Nate Burkett, City Manager**
Date: **November 22, 2021**

Recreational Marijuana Licensing/Zoning and CBD Products Licensing

BACKGROUND INFORMATION:

During work session discussions about amending the tobacco licensing ordinance, Council indicated an interest in discussing licensing for recreational marijuana (should it be legalized by the Legislature) and CBD products.

Options for consideration

- Adopt a moratorium on establishment or expansion of marijuana and/or CBD businesses
- Direct staff to research and draft regulations for recreational marijuana and/or CBD sales
- Take no action

Recreational Marijuana

It is expected that at some point in the future the Legislature may legalize recreational marijuana. The House passed a legalization bill during the last legislative session, information about that bill is available [here](#). It is likely that the legislature will legislate all or some of the requirements for licensing to grow, distribute and sell recreational marijuana but there is also likely to be some room for local control.

Preparing for the eventual passage of a law legalizing recreational marijuana is a reasonable direction so that we are able to quickly implement licensing and regulating. Taking these actions now will ensure that the City is not caught off guard and recreational marijuana growers, distributors and sellers are not establishing without local regulation. Conversely, if adopted, the State may require affirmative support from the local government in order to allow sales and if it is the desire of the Council to allow recreational marijuana in West St. Paul, the City could be one of the first to have businesses open in the State, resulting in increased economic activity.

Questions to consider regarding Marijuana Regulation

- Is the city willing to allow growing, distribution and/or sales of recreational marijuana? (it may not be possible to disallow under the current bill)
- Will the city require a license for growing, distribution or sales of recreational marijuana? (this may be preempted by state law under the current bill)
 - If so, how many licenses?
- Will the city want to use the zoning code to control the location of recreational marijuana growing, distribution or sales?
 - Will it be a conditional use?
- Does the city want to establish security requirements for recreational marijuana establishments?
- Does the city want to establish compatible or incompatible uses?
- Does the city want to limit the use of recreational marijuana in certain places?

Cannabidiol (CBD)

Information about CBD is available [here](#).

As of the writing of this memo staff is not aware of any businesses operating in West St. Paul that appears to earn a significant amount of revenue from the sale of CBD products. Staff has found a few businesses that offer the sale of CBD products.

The primary concern with the sale of CBD products is in conjunction with the recently adopted “Specialty Tobacco Retailer” ordinance. It is possible that a business wanting to circumvent the license limitation on Specialty Tobacco Retailers could open a tobacco/CBD shop and effectively circumvent the ordinance. This issue has not arisen at this time, but it is seen by staff as a potential gap in the ordinance.

- Does the city want to regulate the sales of CBD products?
- Does the city want to license the sales of CBD products?
 - If so, how many licenses?
- Will the city want to use the zoning code to control the location of CBD sales?
 - Will it be a conditional use?
- Does the city want to establish compatible or incompatible uses?

Adopting an Moratorium

Council may wish to consider adopting a moratorium on the expansion or opening of recreational marijuana and/or CBD oriented businesses. The purpose of the moratorium is not to prohibit either of those types of businesses permanently (in fact the bill passed by the house specifically disallows permanent bans). The purpose would be to ensure Council has time to consider reasonable regulations prior to any expansion or opening of these types of businesses.

FISCAL IMPACT:

Fund	Department	Account	Amount

STAFF RECOMMENDATION:

Discussion and direction