



# A Guide for Local Governments

on Adult-Use Cannabis and  
Lower-Potency Hemp Edible Licenses

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# Introduction

This guide serves as a general overview of **Minnesota’s adult-use cannabis law**, and how **local governments** are involved. The guide also provides important information about Minnesota’s Office of Cannabis Management (OCM), and OCM’s structure, roles, and responsibilities. While medical cannabis continues to play an important role in the state’s cannabis environment, this guide is primarily focused on the adult-use cannabis law and marketplace.

The following pages outline the variety of cannabis business licenses that will be issued, provide a broad summary of important aspects of the adult-use cannabis law, and cover a wide range of expectations and authorities that relate to local governments. This guide also provides best practices and important requirements for developing a local cannabis ordinance.

[Minnesota Statutes, chapter 342](#) was established by the State Legislature in 2023, updated in 2024 and again in 2025. Mentions of “adult-use cannabis law” or “the law” throughout this guide refer to chapter 342 and the changes made to it.

The final draft state regulations governing the adult-use cannabis market (Adopted Expedited Permanent Rules Relating to Adult-Use Cannabis) were approved by an administrative law judge with the Office of Administrative Hearings, are fully adopted and have been in effect since their publication in the State Register at 6 a.m. on April 14, 2025. The rules are available at [Minnesota Rules, chapter 9810](#).



*This guide is not a substitute for legal advice, nor does it seek to provide legal advice. Local governments and municipal officials seeking legal advice should consult an attorney.*

# About OCM

Minnesota's **Office of Cannabis Management** is the state regulatory office created to oversee the implementation and regulation of the adult-use cannabis market, the medical cannabis program, and the consumer hemp industry.

Housed within OCM are the **Division of Medical Cannabis** (effective July 1, 2024), which operates the medical cannabis program, and the **Division of Social Equity**, which promotes development, stability, and safety in communities that have experienced a disproportionate, negative impact from cannabis prohibition and usage.



OCM, through Minnesota Statutes, chapter 342, is tasked with establishing rules and policy and exercising its regulatory authority over the Minnesota cannabis industry. In its duties, OCM is mandated to:

- Promote public health, safety, and welfare.
- Eliminate the illicit market for cannabis flower and cannabis products.
- Meet the market demand for cannabis flower and cannabis products.
- Promote a craft industry for cannabis flower and cannabis products.
- Prioritize growth and recovery in communities that have experienced a disproportionate, negative impact from cannabis prohibition.

OCM governs the application and licensing process for cannabis and hemp businesses, specific requirements for each type of license and their respective business activities and conducts enforcement and inspection activities across the Minnesota cannabis and hemp industries.



# License Types

Minnesota law allows for **14** different types of business licenses, each fulfilling a unique role in the cannabis and hemp supply chain. In addition to license types below, OCM will also issue endorsements to license holders to engage in specific activities, including producing, manufacturing, and sale of medical cannabis for patients.

## Cannabis business license types

### Microbusiness

Microbusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package such products for sale to customers or another licensed cannabis business. Microbusiness may also operate a single retail location.

### Mezzobusiness

Mezzobusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package such products for sale to customers or another licensed cannabis business. Mezzobusiness may also operate up to three retail locations.

### Cultivator

Cultivators may cultivate cannabis and package such cannabis for sale to another licensed cannabis business.

### Manufacturer

Manufacturers may manufacture cannabis products and hemp products, and package such products for sale to another licensed cannabis business.

### Retailer

Retailers may sell immature cannabis plants and seedlings, cannabis, cannabis products, hemp products, and other products authorized by law to customers 21 years of age and older and to registered medical patients.

## **Wholesaler**

Wholesalers may purchase and/or sell immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from another licensed cannabis business. Wholesalers may also import hemp-derived consumer products and lower-potency hemp edibles.

## **Transporter**

Transporters may transport immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products to licensed cannabis businesses.

## **Testing facility**

Testing facilities may obtain and test immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from licensed cannabis businesses.

## **Event organizer**

Event organizers may organize a temporary cannabis event lasting no more than four days.

## **Delivery service**

Delivery services may purchase cannabis, cannabis products, and hemp products from retailers or cannabis business with retail endorsements for transport and delivery to customers 21 years of age and older.

## **Medical cannabis combination business**

Medical cannabis combination businesses may cultivate cannabis and manufacture cannabis and hemp products, and package such products for sale to customers, patients, or another licensed cannabis business. Medical cannabis combination businesses may also transport adult-use cannabis and medical cannabis and deliver medical cannabis to patients. Medical cannabis combination businesses may operate up to one retail location in each congressional district.

## Hemp business license types

### **Lower-potency hemp edible manufacturer**

Lower-potency hemp edible manufacturers may manufacture and package lower-potency hemp edibles for consumer sale, and sell hemp concentrate and lower-potency hemp edibles to other cannabis and hemp businesses.

### **Lower-potency hemp edible retailer**

Lower-potency hemp edible retailers may sell and deliver lower-potency hemp edibles to customers 21 years of age and older.

### **Lower-potency hemp edible wholesaler**

Lower-potency hemp edible wholesalers may purchase and sell lower-potency hemp edible products to and from other licensed cannabis and hemp business. Wholesalers may also import and export lower-potency hemp edibles.

*Each license is subject to further restrictions on allowable activities. Maximum cultivation area and manufacturing allowances vary by license type. Allowable product purchase, transfer, and sale between license holders are subject to restrictions in the law.*

# The Adult-Use Cannabis Law

Minnesota's adult-use cannabis law permits the personal use, possession, and transportation of cannabis by those 21 years of age and older, and allows licensed businesses to conduct cultivation, manufacturing, transport, delivery, and sale of cannabis and cannabis products.

## For individuals

- **Possession limits:**
  - Flower - 2 oz. in public, 2 lbs. in private residence
  - Concentrate - 8 g
  - Edibles (including lower-potency hemp) - 800 mg THC
- **Consumption** only allowed on private property or at licensed businesses with on-site consumption endorsements. Consumption not allowed in public.
- **Gifting** cannabis to another individual over 21 years old for no remuneration is allowed, subject to possession limits.
- **Home cultivation** is limited to four mature and four immature plants (eight total) in a single residence. Plants must be in an enclosed and locked space.
- **Home extraction** using volatile substances (e.g., butane, ethanol) is not allowed.
- **Unlicensed sales** are not allowed.

## For businesses

- **Advertising:**
  - May not include or appeal to those under 21 years old.
  - Must include proper warning statements.
  - May not include misleading claims or false statements.
  - May not promote the use of cannabis and alcohol together.
  - Billboards are not allowed.
- The flow of all cannabis products through the supply chain must be tracked via Metrc, the state-authorized **tracking system**.
- All products sold to consumers and patients must be **tested for contaminants by a licensed testing facility**.
- Home delivery is allowed by licensed businesses, with the proper license or endorsement.

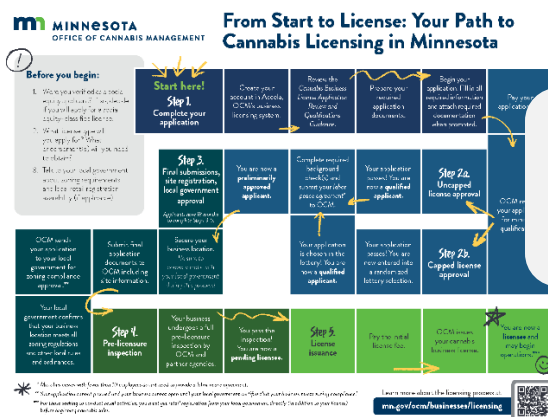


# The Licensing Process

The licensing process launched in fall 2024 and continues in 2025. The most recent licensing window closed in March 2025. As of June 2025, OCM is continuing to review applications.

OCM held license application lotteries on June 5 for social equity and general applicants for three license types critical to establishing the supply chain in the state's emerging adult-use market: cannabis cultivator, cannabis manufacturer, and cannabis mezzobusiness. OCM also held a lottery for social equity applicants applying for a cannabis retailer license on June 5. The office will hold a lottery for general applicants for the cannabis retailer license—which includes a second chance for social equity applicants not selected in the first lottery—on July 22, 2025.

For a graphic overview of the cannabis licensing process, OCM has created a visual representation and overview of licensing steps:



## From Start to License: Your Path to Cannabis Licensing in Minnesota

The licensing process for cannabis event organizer licenses will launch on Aug. 1, 2025. There is a distinct process for cannabis event organizer licensing ([Minnesota Statutes, section 342.39](#)). [Please see Page 13.](#)

The licensing process for hemp business licenses (lower-potency hemp edible retailers, lower-potency hemp edible manufacturers, and lower-potency hemp edible wholesalers) will launch October 1, 2025. There is a distinct process for lower-potency hemp business licensing ([Minnesota Statutes, section 342.44](#)). [Please see Page 14.](#)

On June 2, 2025, OCM resumed accepting registrations for businesses seeking to sell hemp-derived cannabinoid products (HDCPs) to consumers. The window will remain open until August 31, making it possible for existing unregistered businesses to become compliant and for new businesses to become eligible to sell HDCPs (including hemp-derived THC beverages), during the busy summer season.

Registrants who do not apply for a license must immediately end all sales of HDCPs on October 31.

## **Cannabis business licensing and local governments: Applicant responsibility**

All applicants and license holders are responsible for working with their local government to ensure successful zoning certification, compliance with state and fire building codes and, if applicable based on license type, the local retail registration process. This includes reviewing local ordinances and engaging with local governments to learn about the process for securing zoning compliance and any necessary permits for building and fire code. Applicants can utilize the notice of preliminary approval to demonstrate their readiness and progress in the process. Applicants should ask local governments what steps are necessary for their desired site location before submitting a site registration. See [From Start to License: Your Path to Cannabis Licensing in Minnesota](#).

Applicants seeking to conduct retail sales should also gain an understanding how the local government will issue retail registrations (including if retail registrations will be limited). Local units of government have the statutory authority to limit retail registrations for three of the cannabis licenses (cannabis microbusinesses with retail endorsements, cannabis mezzobusinesses with retail endorsements, and cannabis retailers) if they desire, and applicants should understand this before making decisions about site locations.

OCM will not facilitate communication between applicants and units of local government and cannot mediate disputes as they relate to local zoning compliance or retail registration. For cannabis business licenses, OCM is required to ask each local unit of government where an applicant intends to locate a business if that business has met all zoning and use requirements, and if applicable, fire and building codes.

## Step-by-step process for: Cannabis cultivator, manufacturer, retailer, mezzobusiness

1. Applicant completes application and submits application fees. If applicable, an applicant's social equity applicant (SEA) status may be verified.
2. Application vetted for minimum requirements by OCM.
3. Application (if qualified) entered into lottery drawing.
4. If selected in lottery, applicant completes background check process and submits attestation of labor peace agreement (LPA) in Accela.
5. If applicant successfully completes Steps 1-4, OCM issues preliminary approval to the applicant. Preliminarily approved retail applicants may now eligible to receive local retail registration.
6. Once prepared for final licensure, applicant with preliminary approval submits business location in Accela and updates application accordingly with final plans of record.
7. OCM forwards completed application to local government, which prompts an email notification from the licensing software system, Accela. Local governments should [sign up in Accela to prepare for zoning compliance certifications](#).
8. OCM reviews application's final plans of record. If incomplete or non-compliant, OCM requests applicant to revise and resubmit plans.
9. Local government completes zoning certification determining whether a proposed cannabis business complies with local zoning ordinances and, if applicable, with state fire and building code. *(This is distinct from the retail registration approval process.)*
10. OCM conducts site inspection.
11. If applicant successfully passes site inspection, upon paying the license fee, OCM issues their license and operations may commence.\*

**Businesses seeking to conduct retail sales and require local retail registration from local governments (retailer, mezzobusiness). This can be received once an applicant has preliminary license approval issued by the office (Step 5 above) or a valid license.**

12. Preliminarily approved applicant or license holder seeks retail registration from local government.
13. Local government approves applicant for local retail registration through means determined by ordinance (see [Page 24](#) for more information about the retail registration process).
14. Preliminarily approved applicant or license holder pays retail registration fee to local government (see [Appendix B](#) for relevant fees under [Minnesota Statutes, section 342.22](#)).
15. Local government conducts compliance check for any applicable local ordinance established pursuant to [Minnesota Statutes, section 342.13](#), if desired.
16. Local government ensures tax compliance, if applicable.
17. Local government issues retail registration to preliminarily approved applicant or license holder. Reminder, a business needs a retail registration AND a license to conduct retail sales.

*\*A valid local retail registration in addition to a cannabis business license is required before the business commencing any retail sales. See [Page 24](#) for information on the retail registration process.*

## Step-by-step process for: Cannabis microbusiness, wholesaler, transporter, testing facility, medical cannabis combination business

1. Applicant completes application and submits application fees. If applicable, an applicant's SEA status may be verified.
2. Application vetted for minimum requirements by OCM.
3. For qualified applicants, applicant completes background check process and submits attestation of labor peace agreement (LPA) in Accela.
4. If applicant successfully completes Steps 1-3, OCM issues preliminary approval to applicant. Applicants seeking to conduct retail activities are now eligible to receive local retail registration.
5. Once prepared for final licensure, selected applicant submits business location in Accela and updates application accordingly with final plans of record.
6. OCM forwards completed application to local government, which prompts an email notification from the licensing software system, Accela. Local governments should [sign up in Accela to prepare for zoning compliance certifications](#).
7. OCM reviews application's final plans of record. If incomplete or non-compliant, OCM requests applicant to revise and resubmit plans.
8. Local government completes zoning certification determining whether a proposed cannabis business complies with local zoning ordinances and, if applicable, with state fire and building code. *(This is distinct from the retail registration approval process.)*
9. OCM conducts site inspection.
10. If applicant successfully passes site inspection, upon paying the license fee, OCM issues their license and operations may commence.\*

**Businesses seeking to conduct retail sales must receive a local retail registration from their local government (microbusiness, medical cannabis combination businesses). This can be received once an applicant has a valid license or preliminary license approval issued by the office (Step 4 above).**

11. Preliminarily approved applicant or license holder seeks retail registration from local government.
12. Local government approves applicant for local retail registration through means determined by ordinance (see [Page 24](#) for more information about the retail registration process).
13. Applicant pays retail registration fee to the local government (see [Appendix B](#) for relevant fees under [Minnesota Statutes, section 342.22](#)).
14. Local government conducts compliance check for any applicable local ordinance established pursuant to [Minnesota Statutes, section 342.13](#), if desired.
15. Local government ensures tax compliance, if applicable.
16. Local government issues retail registration to license holder or preliminarily approved applicant. Reminder, a business needs a retail registration AND a license to conduct retail sales.

*\*A valid local retail registration in addition to a cannabis business license is required before the business commencing any retail sales. See [Page 24](#) for information on the local retail registration process.*

## Step-by-step process for: Cannabis event organizer

Event organizer licensing for cannabis events will be available beginning August 1, 2025. Until then, existing guidance remains in effect, and all current hemp registrants must ensure compliance with all local rules and regulations. Once opened, the cannabis event organizer license application will remain open year-round, allowing applicants to apply at any time.

Once event organizer licensing becomes available, applicants will be required to secure approval from their local government before beginning the application process. OCM will provide a standardized form for this purpose, which will include key details such as the event's name, date, time, point of contact and estimated size. **Per state law, no cannabis event organizer licenses will be granted without documented local approval.** If an applicant modifies any information that was previously approved by the local government on the standardized form provided by OCM, they will be required to submit a new application. **Applicants should ensure all event details are finalized and approved by the local jurisdiction before applying for licensure with OCM.** Other information that OCM will require from cannabis event organizer license applicants includes:

1. Site, Security, and Operations plans
2. Event diagram
3. Quality Assurance Standard Operating Procedure (SOP)
4. Inventory Control and Diversion Prevention SOP
5. Accounting and Tax Compliance SOP

As part of the application process, OCM requires event organizer license applicants to submit a list of vendors participating in the event. Because state law allows applicants to update this list before the event, localities should consider establishing their own procedures if they wish to receive vendor updates directly. OCM will verify that all listed cannabis and/or hemp vendors are properly licensed. Further details about the cannabis event organizer application process will be provided on the [cannabis event webpage](#) in advance of the application period.

To ensure compliance with chapter 342 and all relevant regulations, OCM will conduct a precensure inspection phone call with event applicants. Additionally, OCM will perform random inspections of licensed events to verify compliance.

Once OCM issues an event organizer license, the local jurisdiction will be notified and provided with contact information for OCM's enforcement team for any day-of-event compliance or enforcement needs.

### **Licensing pathway: Cannabis event organizer**

1. Applicant and local government complete the [Local Approval of Cannabis Event form](#).
2. Applicant completes application, including all required attachments, and submits application fees. If applicable, an applicant's SEA status may be verified.
3. Application vetted for minimum requirements by OCM.
4. For qualified applicants, applicant completes background check process and submits attestation of labor peace agreement (LPA).
5. OCM conducts preclosure phone inspection.
6. If applicant successfully passes preclosure phone inspection, OCM issues event license.
7. License holders are required to submit an updated vendor form to OCM if there are any changes to their vendor list before the event.
8. An inspection of the event may be conducted by OCM.

### **Step-by-step process for: Lower-potency hemp edible businesses**

Applications for lower-potency hemp edible retailer (LPHE-R), lower-potency hemp edible manufacturer (LPHE-M), and lower-potency hemp edible wholesaler (LPHE-W) licenses will be accepted between October 1 and October 31, 2025. These licenses will be available to both registered and non-registered hemp businesses.

Businesses registered to sell hemp-derived cannabinoid products under [Minnesota Statutes, section 151.72](#) may continue operations during the interim period before the October application window and while their license applications are under review.

To support the launch of the adult-use cannabis market and provide continuity for existing hemp-derived businesses and medical cannabis patients, **OCM has authorized a product transition period through December 31, 2025**. During this transition period, license holders conducting retail sales under [Minnesota Statutes, chapter 342](#) are authorized to sell products compliant under the existing regulated supply chains in [section 151.72](#) and [sections 152.22-152.37](#), including hemp-derived cannabinoid products (HDCPs) and medical cannabis.

Details on the product transition period are available on our [General Licensing webpages](#).



## Local governments and hemp businesses

Distinct from cannabis business licensing, state law does not require OCM to contact local governments for approval of hemp business licensing. Instead, applicants will be required to attest in their application that they are working with their proposed local government to ensure compliance with all relevant local laws and regulations. Receiving an LPHE retailer license does not guarantee that the business can operate in a specific locality if local approval is not granted. Once a license is issued, OCM will notify the respective locality through the local government's Accela portal.

Local governments should be aware of these upcoming changes and consider how they may impact local businesses and regulatory oversight.

## Licensing pathway: LPHE retailers, manufacturers and wholesalers

1. Applicant completes application and submits application fees. If applicable, an applicant's SEA status may be verified. If applying for an LPHE-M license, applicants will need to provide a signed LPA with a bona fide labor organization. Applicants will also select and apply for relevant endorsements (see our [Lower-Potency Hemp Edible License Guide](#)).
2. Application vetted for minimum requirements by OCM ([Minnesota Statutes, section 342.44](#)).
3. OCM may conduct site inspection, if the location was not already registered with OCM.
4. If applicant passes site inspection, OCM issues license (and any relevant endorsements), and operations may commence if locally approved, except for retail activity.
5. OCM alerts local government of license being issued.

## Continued high-level pathway for LPHE-R

6. Licensed business seeks local retail registration from local government, if LPHE-R.
7. Local government approves applicant for retail registration through means determined by ordinance, however, LPHE-R establishments cannot be limited.
8. Applicant pays retail registration fee to the local government (see [Appendix B](#) for relevant fees in accordance with [Minnesota Statutes, section 342.22](#)).
9. Local government conducts compliance check for any applicable local ordinance established pursuant to [Minnesota Statutes, section 342.13](#), if desired.
10. Local government ensures tax compliance, if applicable.
11. Local government issues retail registration to license holder, and license holder can conduct retail sales now that they have received a state license and a local retail registration.

# General Authorities

Local governments in Minnesota have various means of oversight over the cannabis market, as provided by the adult-use cannabis law. Local governments may not outright ban cannabis businesses, or limit operations in a manner inconsistent with state law.

## Cannabis retail restrictions (342.13)

In accordance with [section 342.13\(h\)](#), local governments may limit the availability of local retail registrations for cannabis retailers, cannabis microbusinesses with retail endorsements, and cannabis mezzobusinesses with retail endorsements. If a city or county has a population between 1-12,500, they would be required to allow at least one (1) retail registration. If their population is between 12,501-25,000, they would be required to allow at least two (2) retail registrations, and so on.

Local units of government *may issue more* than the minimum number of registrations – statute *does not require* local governments to establish a limit.

Local units of government are not obligated to seek out a business to register as cannabis business if they have not been approached by any potential applicants but cannot prohibit the establishment of a business if this population requirement is not met. Per statutory direction, a municipal cannabis store ([Page 29](#)) cannot be included in the minimum number of registrations required. For population counts, the state demographer estimates will likely be utilized.

Statute does not allow a local unit of government to limit retail registrations for medical cannabis combination business licenses or lower-potency hemp edible retailer licenses.

## Tribal governments (342.13)

OCM is prohibited from and will not issue state cannabis licenses to businesses in Indian Country without consent from a Tribal Nation. Tribal Nations hold the authority to license Tribal cannabis businesses on Tribal lands – this process is separate from OCM’s licensing process and authority. Subject to the compacting process as the Legislature directed in [Minnesota Statutes, section 3.9228](#), Tribal Nations may operate cannabis businesses off Tribal lands.

On May 20, 2025, Governor Tim Walz signed the first Tribal-state compact authorized under Minnesota’s 2023 cannabis law. The agreement outlines how the state of Minnesota and White Earth Nation will address jurisdictional issues related to the adult-use cannabis industry and promote a cooperative and mutually beneficial relationship regarding the legalization of cannabis.

A Tribal Nation may open up to eight off-reservation cannabis retail locations. They are limited to one retail location per municipality and three per county. Tribally regulated retail locations off Tribal land must follow all non-cannabis-specific local ordinances, including zoning, land use, statutory setback limitations, and local hours of operation restrictions.

Under the rules governing Minnesota’s cannabis industry ([Minnesota Rules, chapter 9810](#)), a local unit of government may include in its count of active retail registrations any retail locations operating under a Tribal compact or a Tribally issued license or registration, even though they do not receive local retail registration.

The Tribal-state cannabis compacts require product testing to verify compliance with public health and safety standards set by OCM, ensuring uniformity across the state market. Like state-license holders, Tribes and their license holders will utilize seed-to-sale tracking to ensure that regulators can see the full lifecycle of a cannabis plant or product. All products must be entered into the state’s seed-to-sale system when they move off Tribal lands.

Sales of cannabis products off Tribal lands are subject to all state and local taxes.

For more information, please visit [Tribal Compacts / Office of Cannabis Management](#).

## Taxes ([295.81](#); [295.82](#))

Retail sales of taxable cannabis products are subject to the state and local sales and use tax and a 15% gross receipts tax (beginning June 30, 2025). Cannabis gross receipts tax proceeds are allocated to the state general fund. Local taxes imposed solely on sale of cannabis products are prohibited.

Cannabis retailers will be subject to the same real property tax classification as all other retail businesses. Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale will be classified as commercial and industrial property. Questions regarding cannabis taxes should be directed to the [Department of Revenue](#).

## Retail timing restrictions ([342.13](#))

A cannabis business with a license or endorsement for retail activity may not sell between 2 a.m. and 8 a.m. on the days of Monday through Saturday and between 2 a.m. and 10 a.m. on Sunday. Additionally, local governments may prohibit retail sales of cannabis between the hours of 8 a.m. and 10 a.m. Monday-Saturday, and 9 p.m. and 2 a.m. the following day.

## Operating multiple locations with one license

Certain licenses allow for multiple retail locations to be operated under a single license, with the following limitations:

- **Retailers:** up to five retail locations, with no more than one per city and no more than three per county.
- **Mezzobusinesses:** up to three retail locations, with no more than one per city and no more than three per county.
- **Microbusinesses:** up to one retail location.
- **Medical cannabis combination businesses:** up to eight retail locations, with no more than one retail location per congressional district. Additionally, medical cannabis combination businesses may cultivate at more than one location within other limitations on cultivation.
- **Lower-potency hemp edible retailer businesses:** not subject to location restrictions and may operate multiple retail locations.

Each retail location of a cannabis business requires local certification of zoning compliance and local retail registration.

# Zoning and Land Use

## Buffer guidelines (342.13)

State law does not restrict how a local government conducts its zoning designations for cannabis businesses, except that they may not prohibit the establishment or operation of a cannabis business or hemp business. A local government may adopt reasonable restrictions on the time, place and manner of the operation of a cannabis business provided that such restrictions do not prohibit the establishment or operation of cannabis businesses, and they may 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 playgrounds and athletic fields. Local governments should consult legal counsel when determining implementation of buffers.

## Zoning guidelines

While each locality conducts its zoning differently, a few themes have emerged across the country. For example, cannabis manufacturing facilities are often placed in industrial zones, while cannabis retailers are typically found in commercial/retail zones. Cannabis retail facilities align with general retail establishments and are prohibited from allowing consumption or use onsite and are also required to have plans to prevent the visibility of cannabis and hemp-derived products to individuals outside the retail location. Industrial hemp is an agricultural product and should be zoned as such.

Cannabis businesses should be zoned under existing zoning ordinances in accordance with the license type or endorsed activities held by the cannabis business. Note that certain types of licenses may be able to perform multiple activities which may have different zoning analogues. In the same way municipalities may zone a microbrewery that predominately sells directly to onsite consumers differently than a microbrewery that sells packaged beer to retailers and restaurants, so too might a municipality wish to zone two microbusinesses based on the actual activities that each business is undertaking. Table 1, included on [Pages 20](#) and [21](#), explains the types of activities that cannabis businesses might undertake, as well as some recommended existing zoning categories.

Please also review the model ordinance guidance included on [Page 30](#). OCM also recommends consulting local legal counsel when determining these decisions.

**Table 1: Cannabis and hemp business activities**

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cultivation	<ul style="list-style-type: none"> <li>• Cultivator</li> <li>• Mezzobusiness</li> <li>• Microbusiness</li> <li>• Medical cannabis combination</li> </ul>	“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.	<p>Indoor: industrial, commercial, production</p> <p>Outdoor: agricultural</p>	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Potential need for transportation from facility</li> <li>• Waste, water, and energy usage</li> <li>• Security</li> </ul>
Cannabis manufacturing, processing, extraction	<ul style="list-style-type: none"> <li>• Manufacturer</li> <li>• Mezzobusiness</li> <li>• Medical cannabis combination</li> </ul>	This group of endorsed activities turn raw, dried cannabis and cannabis parts into other types of cannabis products, e.g. edibles or topicals.	Indoor: industrial, commercial, production	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Potential need for transportation from facility</li> <li>• Waste, water, and energy usage</li> <li>• Security</li> </ul>
Hemp manufacturing	<ul style="list-style-type: none"> <li>• LPHE manufacturer</li> </ul>	These businesses convert hemp into LPHE products.	Indoor: industrial, commercial, production	<ul style="list-style-type: none"> <li>• Odor</li> <li>• Waste, water, and energy</li> </ul>
Wholesale	<ul style="list-style-type: none"> <li>• Wholesale</li> <li>• Cultivator</li> <li>• Manufacturer</li> <li>• Mezzobusiness</li> <li>• Microbusiness</li> <li>• Medical cannabis combination</li> <li>• LPHE wholesaler</li> </ul>	This activity and license type allows a business to purchase from a business growing or manufacturing cannabis or cannabis products and sell to a cannabis business engaged in retail.	Indoor: industrial, commercial, production	<ul style="list-style-type: none"> <li>• Need for transportation from facility</li> <li>• Security</li> </ul>



**Table 1: Cannabis and hemp business activities (continued)**

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cannabis retail	<ul style="list-style-type: none"> <li>• Retailer</li> <li>• Mezzobusiness</li> <li>• Microbusiness</li> <li>• Medical cannabis combination</li> </ul>	This endorsed activity and license type allow a business to sell cannabis products directly to consumers.	Indoor: retail, neighborhood shopping districts, light industrial, existing districts where off-sale liquor or tobacco sales are allowed	<ul style="list-style-type: none"> <li>• Micros may offer onsite consumption, similar to breweries.</li> <li>• Micros and mezzos may include multiple activities: cultivation, manufacture, and/or retail.</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• Cannabis transporter</li> <li>• LPHE wholesaler</li> </ul>	This license type allows a company to transport products from one license type to another.	Not applicable	<ul style="list-style-type: none"> <li>• Fleet based businesses that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>• Cannabis delivery</li> </ul>	This license type allows for transportation to the end consumer.	Not applicable	<ul style="list-style-type: none"> <li>• Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.</li> </ul>
Events	<ul style="list-style-type: none"> <li>• Event organizer</li> </ul>	This license entitles license holder to organize a temporary event lasting no more than four days.	Anywhere that the city permits events to occur, subject to other restrictions related to cannabis use	<ul style="list-style-type: none"> <li>• On site consumption.</li> <li>• Retail sales by a licensed or endorsed retail business possible.</li> </ul>

# Local Approval Process

Local governments play a critical role in the licensing process, serving as a near-final approval check on cannabis businesses nearing the awarding of a state license for operations. Once an applicant has been vetted by OCM and is selected for proceeding in the verification process, they are then required to receive the local government's certification of zoning compliance and/or local retail registration before operations may commence.



## Local certification of zoning compliance ([342.13](#); [342.14](#))

Following OCM's initial vetting process, local governments must **certify** that the applicant with preliminary approval has achieved **compliance with local zoning ordinances, and if applicable, state and fire building code** before the cannabis business license holder receiving final approval from OCM to commence operations.

OCM will work with local governments to access Accela, the licensing software system to complete this zoning certification process. Please review [OCM's webpage for specific instructions on accessing the licensing software system](#), Accela, to prepare for zoning compliance certification. The webpage includes step-by-step guides, including the [Local Government Accela Registration Guide](#).

During the application and licensing process for cannabis businesses, after an applicant with preliminary approval completes their site registration (see Step 3 of the [From Start to License: Your Path to Cannabis Licensing in Minnesota graphic](#)), OCM will notify a local government when an applicant with preliminary approval intends to operate within their jurisdiction and request a certification as to whether a proposed cannabis business complies with local zoning ordinances, and if applicable, whether the proposed business complies with state fire code and building code.

According to Minnesota's cannabis law, a local unit of government has 30 days to respond to this request for certification of compliance. If a local government does not respond to OCM's request for certification of compliance within the 30 days, the cannabis law allows OCM to issue a license. OCM may not issue the final approval for a license if the local government has indicated they are not in compliance.

Local governments should also be aware that according to Minnesota’s cannabis law, OCM has 90 days from when an applicant completes a site registration, uploads final application documents, and requests a zoning compliance certification, to either issue a license (which is statutorily defined as final authorization to operate) or to issue a denial. This means OCM has highly encouraged applicants to not take the site registration step *until they have worked out issues with their local government*. Ultimately, that means, a 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.

OCM has encouraged applicants with preliminary approval to engage early with local governments before submitting site registration information – **so local governments should anticipate outreach from applicants before notifications in Accela**. Early conversations can inform applicants what may be required to obtain local zoning compliance approval as well as in compliance with state and fire building code before their decisions on a final location. Early conversations can also inform local governments who may be interested in locations in their jurisdiction – whether they are not yet OCM applicants yet, applicants in qualified applicant status, or applicants with preliminary approval.

Local governments should view applicants with preliminary approval status as serious, ready applicants having cleared several hurdles in the application and licensing process, including passage of a background check. The final steps for applicants with preliminary approval status include securing a location, gaining compliance with local ordinances, and passing OCM’s prelicensure site inspection.

Please see the [Qualified Applicant Guide](#), including Pages 15 and 16, for more recommendations for applicants and local governments navigating this process.

As a reminder, applicants with preliminary approval status have 18 months to convert their preliminary approval to full licensure. If an applicant submits site registration, uploads final application documents, and requests zoning compliance certification but does not yet meet zoning compliance or does not yet meet building and fire code, the local government may deny their local zoning compliance approval. The applicant will retain their preliminary approval status and be able to continue to work with the local government to gain compliance and re-submit the site registration information.

Alternatively, the applicant can find a new location and begin the site registration process with a new local government under their same preliminary approval status as long as they are in the 18-month window of their preliminary approval.

## **Local retail registration process ([342.22](#))**

Once the licensing process begins, local retail registration applies to licensed cannabis retailers or other cannabis/hemp businesses seeking to conduct retail sales. Several license types are authorized to conduct retail sales if they receive a retail endorsement or license from OCM. Before conducting retail sales under their business license, state law also requires the business receive a local retail registration.

There are five license types that are eligible to conduct cannabis retail activity and will seek a retail registration from local governments:

- Cannabis retailers
- Microbusinesses with a retail endorsement
- Mezzobusinesses with a retail endorsement
- Medical cannabis combination businesses
- Lower-potency hemp edible retailers

Local governments must issue a retail registration after verifying that:

- The business has a valid license, or preliminary license approval issued by OCM.
- The business has paid a registration fee or renewal fee to the local government.
  - Initial registration fees collected by a local government may be \$500 or half the amount of the applicable initial license fee, whichever is less, and renewal registration fees may be \$1,000 or half the amount of the applicable renewal license fee, whichever is less.
- The business is compliant with chapter 342 and local ordinances.
- If applicable, the business is current on all property taxes and assessments for the proposed retail location.

Local registrations may also be issued by counties if the respective local government transfers such authorities to the county.

## Option to limit retail registrations for cannabis businesses: Determining a process

State law permits local governments to place a limitation on the number of cannabis retailers, microbusiness, and mezzobusinesses with retail endorsements allowed within their locality via ordinance. If a city or county has a population between 1-12,500, they would be required to allow at least one (1) retail registration. If their population is between 12,501-25,000, they would be required to allow at least two (2) retail registrations, and so on ([see Page 16](#)). Retail registrations for lower-potency hemp edible retailers and medical cannabis combination businesses are required but may **not** be limited in number by a local government.

It is also important to note that local governments **are not** required to limit the number of licensed cannabis retailers, microbusinesses, or mezzobusinesses, and instead local governments can determine a process to reviews requests and applications for retail registrations as they are received.

If a local government wishes to limit the number of cannabis retailers, microbusinesses, or mezzobusinesses with retail endorsements via ordinance, state law does not define the process for a local government's selection if there are more applicants than registrations available.

It is highly recommended that local governments work with an attorney to determine their specific process via ordinance for selection if they wish to limit the number of retail registrations per section 342.13 and that the process is fair, transparent, and communicated thoroughly with prospective applicants.

Local governments should also consider the timing of the zoning compliance certification process in relation to retail registrations as applicants are navigating decisions related to where they can make investments and operate their business.

Per a new law change effective May 2025, local governments are allowed to issue retail registration to an applicant with preliminary approval status, which is before full licensure. Allowing for retail registration at this stage will prevent applicants from potentially signing leases and paying for retail facility build-outs when the local government may ultimately deny retail registration because the registration limit has been reached.

Local governments deciding to limit retail registrations should consider how to implement an application process to accommodate this timing. Local governments deciding to limit retail registrations should also communicate with applicants about what they can expect during this process so that applicants can understand the potential risks involved if there are not any retail registrations available after a limit has been reached. Applicants should seek to learn the process before making any investments or decisions to further build out a business in an area where it may not be allowed to operate due to the lack of available registrations left. Additionally, local units of government should consider the process by which they will determine who gets a registration, e.g., through the use of a lottery, on a first-come/first-serve model, or through a merit-based scoring system, etc.

## Other considerations

**Existing retail locations.** Retailers in Minnesota’s medical cannabis program and lower-potency hemp edible program may currently be operating in a local government’s jurisdiction under active registrations. In the future, these active businesses will be required to obtain a license from OCM and will need a local retail registration to continue their operations.

Local governments may wish to consider how businesses currently operating will be issued retail registrations when determining if and how to limit retail registrations.

**Local zoning approval does not guarantee retail registration.** Zoning certification from local governments does not guarantee a local retail registration. This is a distinctly separate approval process. All applicants seeking retail activity will be required to obtain a zoning certification from the local government to be issued a state license. Local governments should consider the number of zoning certifications they are issuing if they have chosen to limit retail registrations and be in conversation with applicants about the number of retail registrations that are available.

Local governments are permitted specific authorities for registration refusal and registration suspension, in addition to—and not in conflict with—OCM authorities.



## Registration and renewal refusals

Local governments may refuse the registration and/or certification of a license renewal if the license is associated with an individual or business who no longer holds a valid license, has failed to pay the local registration or renewal fee, or has been found in noncompliance in connection with a preliminary or renewal compliance check.

## Local registration suspension (342.22)

Local governments may suspend the local retail registration of a cannabis business or hemp business if the business is determined to not be operating in compliance with a local ordinance authorized by section 342.13 or if the operation of the business poses an immediate threat to the health and safety of the public. The local government must immediately notify OCM of the suspension if it occurs. OCM will review the suspension and may reinstate the registration or take enforcement action.

## Expedited complaint process (342.13)

Per state law, OCM has established an expedited complaint process to receive, review, and respond to complaints made by a local unit of government about a cannabis business. Complaints can be submitted through the OCM website, with an option to indicate if the report is on behalf of law enforcement or local government.

The expedited complaint process requires OCM to provide an initial response to the complaint within seven days and perform any necessary inspections within 30 days. Within this process, if a local government notifies OCM that a cannabis business poses an immediate threat to the health or safety of the public, OCM must respond within one business day.

Local governments can submit complaints via this [form](#).



# Inspections & Compliance Checks

Local governments are permitted specific business inspection and compliance check authorities, in addition to—and not in conflict with—OCM authorities.

## Inspections and compliance checks (342.22)

Local governments must conduct **compliance checks** for cannabis and hemp businesses holding retail registration **at least once per calendar year**. These compliance checks must verify compliance with age verification procedures and compliance with any applicable local ordinance established pursuant to section 342.13. OCM maintains inspection authorities for all cannabis licenses to verify compliance with operation requirements, product limits, and other applicable requirements of chapter 342.





# Municipal Cannabis Stores

As authorized in [section 342.32](#), local governments are permitted to apply for a cannabis retailer license to establish and operate a municipal cannabis store.

State law requires OCM issue a license to a city or county seeking to operate a single municipal cannabis store if the city or county:

- Submits required application information to OCM,
- Meets minimum requirements for licensure, and
- Pays applicable application and license fee.



A municipal cannabis store will not be included in the total count of retail licenses issued by the state under chapter 342 and cannot be counted as retail registration for purposes of determining whether a municipality's cap on retail registrations imposed by ordinance.

**Additionally, a city or county that establishes, owns, or operates a municipal cannabis store may also hold a lower-potency hemp edible retailer license. The application window for lower-potency hemp edible retailer licenses will be October 1-31, 2025.**

# Creating Your Local Ordinance

As authorized in section 342.13, a local government may adopt a local ordinance regarding cannabis businesses. Establishing local governments' ordinances on cannabis businesses in a timely manner is critical for the ability for local cities or towns to establish local control as described in the law and is necessary for the success of the statewide industry and the ability of local governments to protect public health and safety. The cannabis market's potential to create jobs, generate revenue, and contribute to economic development at the local and state level is supported through local ordinance work. The issuance of local certifications and registrations to prospective cannabis businesses is also dependent on local ordinances.

- Local governments may not prohibit the possession, transportation, or use of cannabis, or the establishment or operation of a cannabis business licensed under state law.
- Local governments may adopt reasonable restrictions on the time, place, and manner of cannabis business operations (see [Page 16](#)).
- If your local government wishes to operate a municipal cannabis store, the establishment and operation of such a facility must be considered in a local ordinance.



## Model ordinance

For additional guidance regarding the creation of a cannabis related ordinance, please reference the additional resources on [Page 32](#).



# Additional Information – Tobacco Sales

## Penalties related to a revocation or suspension of tobacco license

A cannabis or hemp business license holder may also hold a tobacco license under [Minnesota Statutes, chapter 461](#). However, tobacco cannot be sold in the cannabis retail location. Under [section 461.12](#), a license holder authorized to sell tobacco may have that privilege revoked if they had either a cannabis business license ([chapter 342](#)) or hemp business registration ([151.72](#)) revoked. This penalty also applies if the license holder is convicted of an offense under section 151.72 or has been convicted under any other statute for illegal sale of cannabis products. or hemp business registration (151.72) revoked. This penalty also applies if the license holder is convicted of an offense under section 151.72 or has been convicted under any other statute for illegal sale of cannabis products.

## Clarifying cannabis businesses authority

Cannabis businesses will be able to sell vaporizers without a tobacco license. Under [Minnesota Statutes, section 342.27, subdivision 3\(a\)](#), retail license holders are permitted to sell cannabis paraphernalia. Cannabis paraphernalia includes “all equipment, products, and materials of any kind that are knowingly or intentionally used primarily in ... ingesting, inhaling, or otherwise introducing cannabis products into the human body” ([Minnesota Statutes, section 342.01, subdivision 18\(2\)](#)). Therefore, Minnesota Statutes, section 342.27, subdivision 3(a), specifically authorizes retail license holders to sell cannabis paraphernalia, which in this instance includes vaporizers.



# Additional Resources

## OCM toolkit for local partners

Please visit the [OCM webpage \(mn.gov/ocm/local-governments/\)](https://mn.gov/ocm/local-governments/) for additional information, including a toolkit of resources developed specifically for local government partners. The webpage will be updated as additional information becomes available and as state regulations are adopted.

Toolkit resources include:

- **Appendix A: [Cannabis Model Ordinance \(mn.gov/ocm/lgg-appendix-a\)](https://mn.gov/ocm/lgg-appendix-a)**
- **Appendix B: [Retail Registration Form and Checklist \(mn.gov/ocm/lgg-appendix-b\)](https://mn.gov/ocm/lgg-appendix-b)**
- **Appendix C: [Cannabis Flower and Hemp-Derived Cannabinoid Products Inspection Checklist \(mn.gov/ocm/lgg-appendix-c\)](https://mn.gov/ocm/lgg-appendix-c)**
- **Appendix D: [Enforcement Notice from the Office of Cannabis Management \(mn.gov/ocm/lgg-appendix-d\)](https://mn.gov/ocm/lgg-appendix-d)**
- **Appendix E: [Notice to Unlawful Cannabis Sellers \(mn.gov/ocm/lgg-appendix-e\)](https://mn.gov/ocm/lgg-appendix-e)**
- **Appendix F: [Model Guidelines on Age Verification Compliance Checks Policy and Procedures \(mn.gov/ocm/lgg-appendix-f\)](https://mn.gov/ocm/lgg-appendix-f)**
- **Appendix G: [Cannabis and Hemp Age Compliance Check Form \(mn.gov/ocm/lgg-appendix-g\)](https://mn.gov/ocm/lgg-appendix-g)**
- **Appendix H: [Local Government Accela Registration Guide \(mn.gov/ocm/lgg-appendix-h\)](https://mn.gov/ocm/lgg-appendix-h)**
- **Appendix I: [Local Unit of Government Cannabis Licensing Contact, Delegation Form \(mn.gov/ocm/local-governments/contactform.jsp\)](https://mn.gov/ocm/local-governments/contactform.jsp)**
- **Appendix J: [Local Governments – Completing Zoning Compliance Certification on Accela \(mn.gov/ocm/lgg-appendix-j/\)](https://mn.gov/ocm/lgg-appendix-j/)**
- **Appendix K: [Local Approval of Cannabis Event form \(mn.gov/ocm/lgg-appendix-k\)](https://mn.gov/ocm/lgg-appendix-k)**

## Local organizations

Feel free to contact the following local organizations for additional resources, as they have also developed resources to support local governments regarding the cannabis industry.

- [League of Minnesota Cities \(lmc.org\)](https://lmc.org)
- [Association of Minnesota Counties \(mncounties.org\)](https://mncounties.org)
- [Minnesota Public Health Law Center \(publichealthlawcenter.org\)](https://publichealthlawcenter.org)