



A Guide for Local Governments

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

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Introduction

This guide provides a general overview of **Minnesota’s cannabis law** and how **local governments** are involved. It also describes Minnesota Office of Cannabis Management’s (OCM’s) structure, roles, and responsibilities.

The guide outlines cannabis business licenses that can be issued, summarizes important aspects of the cannabis law, and covers expectations and authorities that relate to local governments. Best practices and important requirements for developing a local cannabis ordinance are also covered.

[Minnesota Statutes, chapter 342](#) was established by the Minnesota State Legislature in 2023, with updates to the law passed in each year since then. Under chapter 342 (“adult-use cannabis law” or “the law”), the state’s existing hemp-derived cannabinoid industry and the medical cannabis program are now regulated under a single licensing framework, alongside the state’s emerging adult-use cannabis market. [Minnesota Rules, chapter 9810](#) cover cannabis and hemp and have the force and effect of law.

About OCM

OCM is the state office that oversees the implementation and regulation of the adult-use cannabis market, the medical cannabis program, and the consumer hemp industry. OCM houses the **Division of Medical Cannabis**, which operates the medical cannabis patient program, and the **Division of Community and Economic Development**, which invests in the development, stability, and safety of social equity eligible communities.

Through Minnesota Statutes, chapter 342, OCM is mandated to:

1. Promote public health, safety, and welfare.
2. Eliminate the illicit market for cannabis flower and cannabis products.
3. Meet the market demand for cannabis flower and cannabis products.
4. Promote a craft industry for cannabis flower and cannabis products.
5. 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, specifies requirements for each license type and their respective business activities, and conducts enforcement and inspection across the cannabis and hemp industries.



The adult-use cannabis law

Local governments should be familiar with Minnesota’s adult-use cannabis law. The 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** is allowed on private property or at licensed businesses with on-site consumption endorsements (subject to limitations in law and rules).
- **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 in 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:**
 - Advertisements may not appeal to those under 21 years old.
 - Advertisements must include proper warning statements (Box 1 shows the required warning statement for cannabis product advertisements).
 - Advertisements may not include misleading claims or false statements.
 - Advertisements 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 cannabis products sold to consumers and patients must be **tested by a licensed testing facility to ensure safety standards**.
- Home delivery is allowed by licensed businesses, with the proper license or endorsement.

Box 1: Required warning statement for cannabis product advertisements

Warning: Cannabis products are not for use by anyone under the age of 21. Cannabis use may cause drowsiness, affect focus, reaction time, and decision-making. These products are not evaluated or approved by the FDA. Pregnant people should avoid cannabis due to the risk of low birth weight, premature birth, stillbirth, and harm to fetal brain development.

License types

Minnesota law defines **14** different business licenses, each fulfilling a role in the cannabis and hemp supply chain. There are 11 cannabis business license types and three hemp business license types. Hemp businesses are also referred to as lower-potency hemp edible (LPHE) businesses. In addition to license types below, OCM also issues “endorsements” to license holders to engage in specific activities.

Cannabis business license types

Microbusiness*

Microbusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package these products for sale to customers or another licensed cannabis business. A microbusiness may operate a single retail location. This license type may operate activities at the same location or multiple separate locations.

Mezzobusiness*

Mezzobusinesses may cultivate cannabis and manufacture cannabis products and hemp products, and package these products for sale to customers or another licensed cannabis business. A mezzobusiness may operate up to three retail locations. This license type may operate activities at the same location or multiple separate locations.

Cultivator*

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

Manufacturer*

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

Retailer*

Retailers may sell immature cannabis plants and seedlings, cannabis flower, cannabis products, hemp products, and other products authorized by law to customers 21 years of age and older. A retailer may operate up to five retail locations.

Wholesaler

Wholesalers may purchase and sell immature cannabis plants and seedlings, cannabis flower, 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 flower, cannabis products, and hemp products to licensed cannabis businesses.

Testing facility

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

Event organizer

Event organizers may organize a temporary cannabis event lasting no more than four days. This license transitions to an annual, renewable license beginning Jan. 1, 2027.

Delivery service*

Delivery services may purchase cannabis flower, cannabis products, and hemp products from retailers or cannabis businesses 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. Beginning Jan. 1, 2027, this license type undergoes significant changes and transitions to a macrobusiness license type, at which point license holders must obtain a medical cannabis manufacturing endorsement, plus a medical cannabis cultivation endorsement and/or a medical cannabis retail endorsement.*

**With a medical cannabis endorsement, these licenses may cultivate, manufacture, or sell medical cannabis to those authorized, as applicable under law.*

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 lower-potency hemp edible products from and sell them to 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.



Local government authorities

Local governments in Minnesota have various means of oversight over the cannabis and hemp markets under the adult-use cannabis law, including the ability to develop ordinances regarding zoning and land use, cannabis retail registration, compliance checks, etc. In a [later section](#), the guide provides an overview of the role of local governments in the licensing process, including the availability of a local government complaint process.

Creating your local ordinance

Under Minnesota Statutes, section 342.13, a local government may adopt an ordinance governing cannabis businesses. Local governments may not prohibit the possession, transportation, or use of cannabis or hemp, and importantly, **they may not prohibit the establishment or operation of a cannabis or hemp business licensed under state law.**

Local involvement and oversight are essential to protect public health and safety, and to maximize the cannabis market's potential to create jobs, generate revenue, and contribute to economic development at the local and state level. To support these goals, by ordinance, local governments may adopt reasonable restrictions on the time, place, and manner of cannabis business operations. State law does not guide how a local government zones for cannabis and hemp businesses. Therefore, a local government's ability to regulate applicants and license holders depends on what's included in their local ordinance.

For guidance on developing an ordinance governing cannabis, and if desired, hemp, please reference the [additional resources](#) section, including a model ordinance. It is strongly recommended to consult your local legal counsel while drafting.



Zoning and land use

Buffer authorities for cannabis businesses (Minnesota Statutes, section 342.13)

A local government may adopt reasonable restrictions on the time, place and manner of the operation of a cannabis business through an ordinance 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 planning the implementation of buffers.

Zoning authorities

While each locality has zoning that reflects local goals, a few themes have emerged across the country related to cannabis and hemp zoning. For example, manufacturing facilities are often placed in industrial zones, while retailers are typically found in commercial or retail zones. Cannabis retail facilities align with general retail establishments (except that microbusinesses may be endorsed to allow consumption or use on-site) and must 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 and hemp business zoning should align with existing zoning ordinances, according to the activities allowed under various licenses and depending on endorsements held by the business. Each license type may be able to perform multiple activities, which may have different zoning analogs. In the same way, a microbrewery that predominantly sells directly to on-site consumers could be zoned differently than a microbrewery that sells packaged beer to retailers and restaurants, so too might two cannabis microbusinesses be zoned differently based on the actual activities that each business plans. Table 1 explains the types of activities that businesses might undertake, as well as some recommended zoning categories.

State fire and building code

Local units of government are also responsible for certifying whether a proposed cannabis business complies with the Minnesota State Fire Code and the Minnesota State Building Code, if applicable, during the licensing process. In areas where state fire and building code is not enforced by the local government, applicants remain responsible for demonstrating compliance. OCM works with the Department of Public Safety and the Department of Labor and Industry to navigate these issues.

Table 1: Cannabis and hemp business activities

Endorsed activity	Eligible license types	Description of activity	Comparable districts	Municipal considerations
Cultivation	• Cultivator • Mezzobusiness • Microbusiness • Medical combination	Planting, growing, harvesting, drying, curing, grading, or trimming of cannabis plants or flower and hemp plants or plant parts	Indoor: industrial, commercial, production Outdoor: agricultural	Odor; transportation from facility (potential); waste, water, and energy usage; security
Cannabis manufacturing, processing, extraction	• Manufacturer • Mezzobusiness • Medical combination	Turning raw, dried cannabis and cannabis parts into other cannabis products, e.g., edibles, topicals	Indoor: industrial, commercial, production	Odor; transportation from facility (potential); waste, water, and energy usage; security
Hemp/LPHE manufacturing	• Manufacturer • LPHE manufacturer	These businesses convert hemp into LPHE products	Indoor: industrial, commercial, production	Odor; waste, water, and energy usage
Wholesale	• Wholesaler • Cultivator • Manufacturer • Mezzobusiness • Microbusiness • Medical combination • LPHE wholesaler	Allows a business to purchase from a business growing or manufacturing cannabis or cannabis products and sell to a retail cannabis business	Indoor: industrial, commercial, production	Transportation from facility; security

Endorsed activity	Eligible license types	Description of activity	Comparable districts	Municipal considerations
Cannabis retail	• Retailer • Mezzobusiness • Microbusiness • Medical combination	Allows a business to sell cannabis products directly to consumers	Indoor: retail, neighborhood shopping, light industrial, where off-sale liquor or tobacco sales are allowed	Micros may offer onsite consumption (like a brewery); micros and mezzos may include cultivation, manufacture, and/or retail
Hemp/LPHE retail	• LPHE retailer • Cannabis retailer • Mezzobusiness • Microbusiness • Medical combination	This activity allows a business to sell HEMP products directly to consumers. LPHE-retailer businesses may also include on-site consumption endorsement	Indoor: retail, neighborhood shopping, mixed use commercial, light industrial, where on-sale/off-sale liquor or tobacco sales are allowed	Both cannabis and hemp businesses may sell LPHEs. Varied businesses, such as retail, grocery stores, restaurants and more, were legally selling similar products under their hemp-derived cannabinoid product registration and have now transitioned to licensing under chapter 342 with an LPHE retailer license

Endorsed activity	Eligible license types	Description of activity	Comparable districts	Municipal considerations
Transportation	- Cannabis transporter - LPHE wholesaler	This license type allows a company to transport products from one license type to another	Not applicable	Fleet-based businesses that own multiple vehicles but don't necessarily hold a substantial amount of cannabis or cannabis products
Delivery	Cannabis delivery	This license type allows for transportation to the end consumer	Not applicable	Fleet based businesses that own multiple vehicles but don't necessarily hold a substantial amount of cannabis or cannabis products
LPHE delivery	- LPHE retailer - Cannabis delivery	This license type allows for transportation to the end consumer	Not applicable	LPHE retailers with only a delivery endorsement are not required to hold local retail registration

Endorsed activity	Eligible license types	Description of activity	Comparable districts	Municipal considerations
Cannabis events	Cannabis event organizer	This license entitles a 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	On-site consumption; retail sales allowed by a licensed or endorsed cannabis and LPHE retail business
LPHE events	LPHE retailers	This license entitles a license holder to sell LPHE products both at on-site and off-site events.	Not applicable	LPHE retailers with an on-site consumption endorsement can sell LPHE products at an off-site, non-cannabis event if they meet the requirements outlined in M.S. § 342.44.

Clarifying cannabis businesses authority

Cannabis businesses may sell vaporizers without a tobacco license. Under [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” [[section 342.01, subdivision 18\(2\)](#)]. Therefore, the law specifically authorizes retail license holders to sell cannabis paraphernalia, which in this instance includes vaporizers.



Local retail registration process for cannabis and hemp retail businesses (M.S. § 342.22)

Several license types are authorized to conduct retail sales if they receive a retail endorsement or license from OCM. However, before conducting retail sales under their business license, state law also requires the business to receive a local retail registration. Local registrations may be issued by the county if a city provides this consent. Five license types, including four cannabis business types and one hemp business type, are eligible to conduct retail activity and will seek a local retail registration:

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

Limiting cannabis retail registrations (M.S. § 342.13)

Per [Minnesota Statutes, section 342.13\(g\)](#), local governments may—but are not required to—limit, by ordinance, the number of local retail registrations for cannabis retailers, cannabis microbusinesses with retail endorsements and cannabis mezzobusinesses with retail endorsements. Beginning Jan. 1, 2027, local governments may also include macrobusinesses with a retail endorsement (currently, medical cannabis combination businesses) in their limitation on total retail registrations in their jurisdiction. Non-retail cannabis business license types do not require retail registration, and local governments may not limit the registration of non-retail cannabis business license types.

Applicants should thoroughly understand the local process before making any investments or decisions committing to an area where they may not be allowed to operate due to lack of available retail registrations from the local government.

By ordinance, a local government may limit retail registrations to no fewer than one registration for every 12,500 residents. After each increment of 12,500 residents, the number must be rounded up to the next whole number of registrations. See Table 2 for an example breakdown of retailer registrations a local government is required to allow by population.

Table 2: Number of retailer registrations a local government is required to allow by population

Population	Retailer registrations a local government is required to allow, if they set a limit
1 – 12,500	At least 1
12,501 – 25,000	At least 2
25,001 – 37,500	At least 3
After each increment of 12,500 residents	Rounded up to the next whole number

Local governments are not obligated to seek out a business to register, but they cannot prohibit the establishment of a business unless they have set and filled their limit. A municipal cannabis store ([see the Municipal Cannabis Stores section](#)) cannot be used to meet the required minimum ([Minnesota Statutes, section 342.14, subd. 7](#)). For population counts, use state demographer estimates. Local governments may issue more than the minimum number of registrations.

It is highly recommended that local governments work with an attorney to determine their process for selection if they wish to limit the number of retail registrations, to ensure the process is fair, transparent, and communicated thoroughly with prospective applicants. Local units of government can consider the use of a lottery, a first-come/first-serve model, a merit-based scoring system, etc.

Local governments should align the timing of zoning review with retail registration. Per the cannabis law, local governments are allowed to issue retail registration to an applicant with preliminary approval status, which is before full licensure. Allowing retail registration at this stage may be preferable, to avoid applicants making commitments (signing a lease, building out a facility, etc.) when the local government may ultimately deny retail registration because the registration limit has been reached.

Like cannabis retail businesses, LPHE retailer license holders are required to obtain retail registration before commencing sales of any hemp products. Retail registrations for LPHE retailers are required, but statute does not allow a local unit of government to limit retail registrations for LPHE retailer licenses ([Minnesota Statutes, section 342.13](#)).

Cannabis retail timing (M.S. § 342.27)

A cannabis business with a license or endorsement authorizing retail activity may not sell between 2 a.m. and 8 a.m. Monday through Saturday nor between 2 a.m. and 10 a.m. on Sunday. Additionally, local governments may, by ordinance, prohibit sales for any period between 9 p.m. and 2 a.m. the following day or between 8 a.m. and 10 a.m. Monday through Saturday.

Operating multiple retail locations with one license

Licenses allow businesses to conduct activities at more than one location, subject to local approval and other requirements. Additionally, certain licenses allow for multiple retail locations to be operated under a single license, with the following limitations:

- **Microbusinesses:** up to one retail location.
- **Mezzobusinesses:** up to three retail locations, with no more than one per city and three per county.
- **Retailers:** up to five retail locations, with no more than one per city and three per county.
- **Medical cannabis combination businesses:** up to eight retail locations, with no more than one retail location per congressional district (this will change once the license is transitioned to a macrobusiness on Jan. 1, 2027).
- **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 from the applicable local government. Similarly, if a hemp business is operating more than one retail location, each location requires local retail registration from the applicable local government and must be compliant with local ordinances, including zoning.

Municipal cannabis stores

Under [Minnesota Statutes, section 342.32](#), local governments may apply for a cannabis retailer license to operate a municipal cannabis store. State law requires OCM to issue a license to a city or county seeking to operate a single municipal cannabis store if the city or county:

1. Submits required application information to OCM,
2. Meets minimum requirements for licensure, and
3. Pays the applicable application and license fee.

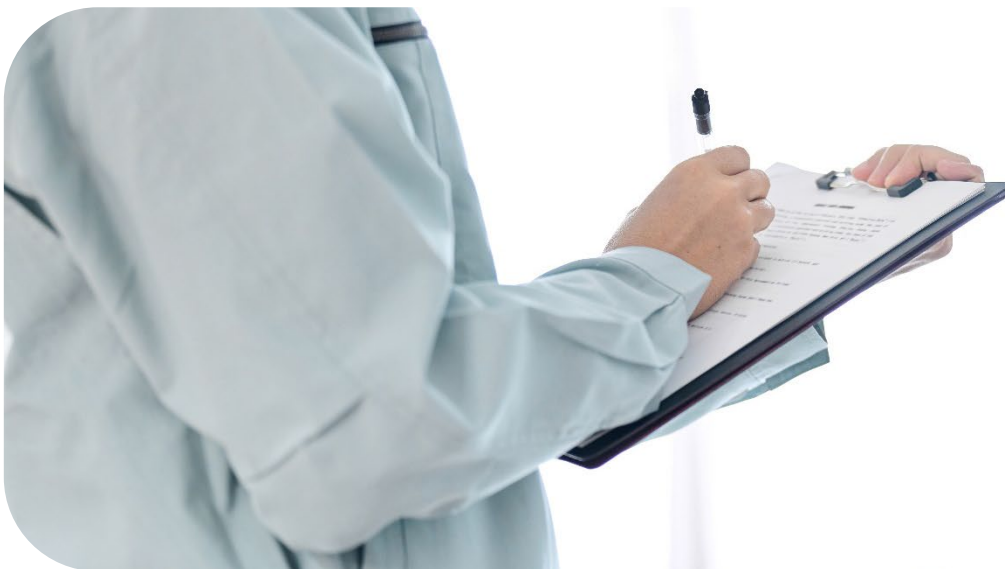
A municipal cannabis store is not included in the total count of retail licenses issued by the state and cannot be counted as a retail registration, if a local government has imposed a limit on retail locations by ordinance. An individual may be able to contract with a city or county to operate no more than ten municipal cannabis stores ([Minnesota Statutes, section 342.185, subdivision 2](#)).

A city or county that establishes, owns, or operates a municipal cannabis store may also hold a lower-potency hemp edible retailer license.

Inspections and compliance checks (M.S. § 342.22)

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

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. Local governments must report their compliance check data to OCM annually, although they may provide data before the annual submission date if doing so could aid enforcement or local/state coordination. OCM maintains inspection authority for all cannabis and lower-potency hemp edible licenses to verify compliance with operation requirements, product limits, and other applicable requirements of chapter 342.



Taxes (M.S. §§ 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. Cannabis gross receipts tax proceeds are allocated to the state general fund. Local taxes imposed solely on cannabis products are prohibited.

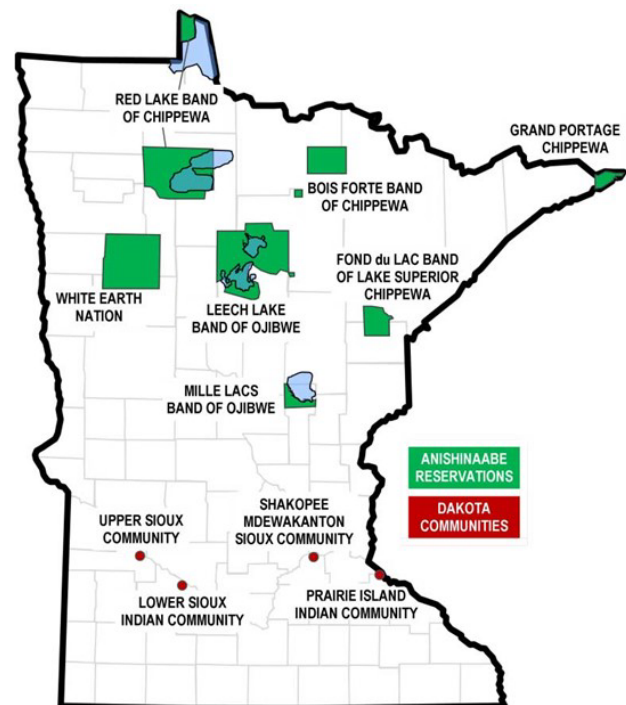
Cannabis retailers are subject to the same real property tax classification as all other retail businesses. Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale is classified as commercial and industrial property. For questions about tax revenue and sales tax, please see the Department of Revenue's [cannabis tax webpage](#).

Tribal governments (M.S. § 342.13)

Under [Minnesota Statutes, section 3.9228](#), the state of Minnesota may enter a compact or cooperative agreement with Tribal governments to address jurisdictional issues related to the medical and adult-use cannabis industries. The state has completed negotiations with all interested Tribal Nations. For a link to each agreement, visit [Tribal Nations](#). OCM is prohibited from issuing state cannabis licenses to businesses in Indian Country without consent from a Tribal Nation. Tribal Nations hold the sole authority to license Tribal cannabis businesses on Tribal lands, separate from OCM's licensing authority.

While each compact/cooperative agreement is distinct, there are some common provisions. A Tribal Nation may operate and regulate cannabis businesses off Tribal Lands and open up to eight off-reservation cannabis retail locations, limited to one retail location per municipality and three per county. These 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 [Minnesota Rules, chapter 9810](#), a local unit of government may include in its count of active retail registrations any retail locations operating under a Tribally issued license or registration, even though they do not receive local retail registration.

The Tribal-state agreements 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 use 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.



OCM licensing process

In early 2025, OCM held license application windows for 10 cannabis license types. In June and July 2025, OCM held license application lotteries for social equity and general applicants for four license types: cannabis cultivator, cannabis manufacturer, cannabis retailer, and cannabis mezzobusiness. In July 2025, OCM reopened an ongoing license application window for cannabis testing facilities and opened the ongoing application window for event organizers.

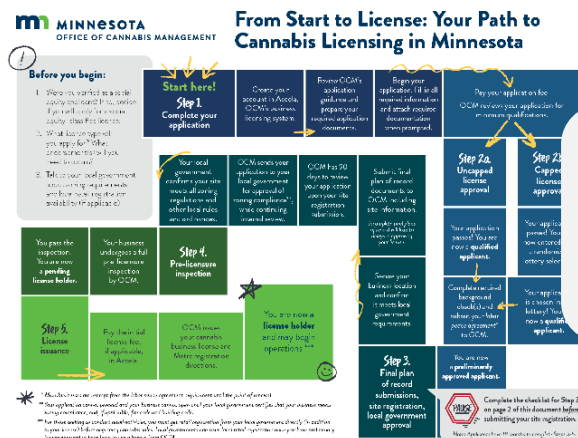
There is an ongoing licensing window for hemp business licenses (lower-potency hemp edible retailers, lower-potency hemp edible manufacturers, and lower-potency hemp edible wholesalers), and applications are reviewed on a rolling basis.

For up-to-date information about license application windows, visit the [OCM licensing webpage](#).

The [Summary Application Data webpage](#) and the [Cannabis Market Dashboard](#) have up-to-date information on cannabis and hemp business applications and license status, including contact and location information for licensed businesses.

Cannabis business licensing and local governments

OCM has created a graphical overview of the cannabis licensing process (linked below):



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

The licensing processes for cannabis event organizer licenses ([see the Cannabis event organizer business licensing and local governments section](#)) and lower-potency hemp business licenses ([see the Lower-potency hemp edible business licensing and local governments section](#)) are distinct.

Applicants and license holders are responsible for working with their local government to ensure compliance with zoning, general ordinances, and if applicable, state fire and building codes. Applicants should review local ordinances and engage early with their local governments to learn about the requirements for compliance at the local government level in their applicable jurisdiction. Applicants can use the notice of preliminary approval to demonstrate their readiness and progress. Applicants should ask their local government what steps are necessary for their desired site location before submitting a site for approval in Accela, the licensing software system.

Additionally, applicants seeking to conduct retail sales must understand how the local government will issue retail registrations—including if retail registrations will be limited—before making decisions about site locations. It is important for applicants to understand that **local zoning approval does not guarantee retail registration**. Zoning certification and local retail registration are separate local government approval processes. All cannabis business applicants seeking to do retail activity are, however, also required to obtain a zoning certification from the local government to be issued a state license. Local governments should track 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.

OCM does not facilitate communication between applicants and local governments and cannot mediate disputes. 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 local requirements, and if applicable, state fire and building codes. Because an applicant with preliminary approval is not required to have a final location at time of initial application, OCM does not know where a business intends to operate until that applicant with preliminary approval submits a site location and final application materials to OCM for local review, which are then forwarded to the local government. Applicants with preliminary approval may engage with multiple local governments early in the process as they complete the work to secure a final location that will work for their business and be in compliance with any local requirements.

Local governments should [sign up in Accela](#) to prepare for zoning compliance certifications.

Step-by-step process: 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 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 (FPOR).
7. OCM forwards completed application to local government, which prompts an email notification from Accela.
8. OCM reviews applicant'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 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. (A valid local retail registration in addition to a cannabis business license is required before the business commences any retail sales – continue below for the retail registration process.)

Businesses seeking to conduct retail sales (retailer, mezzobusiness) require local retail registration from local governments. An applicant is eligible once the office has issued a preliminary license approval (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.
16. Local government ensures tax compliance, if applicable.
17. Local government issues retail registration to preliminarily approved applicant or license holder.
(Reminder, retail registration and a license are needed to conduct retail sales.)

Step-by-step process: 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.
7. OCM reviews application's final plans of record (FPOR). 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 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. (A valid local retail registration in addition to a cannabis business license is required before the business commences any retail sales – continue below for the retail registration process.)

Businesses seeking to conduct retail sales must receive a local retail registration from their local government (microbusiness, medical cannabis combination businesses). An applicant is eligible once the office has issued a preliminary license approval (Step 4 above) or a valid license.

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.
15. Local government ensures tax compliance, if applicable.
16. Local government issues retail registration to license holder or preliminarily approved applicant.
(Reminder, retail registration and a license are needed to conduct retail sales.)

Cannabis event organizer business licensing and local governments

The licensing pathway for the event organizer license is distinct and is outlined in [Minnesota Statutes, section 342.39](#) (requirements for each event can be found in Minnesota Statutes, section 342.40, including requirement for local government approval). This license type will transition to an annual, renewable license type with several changes to the application process on Jan. 1, 2027. Until then, the following process applies. With the new changes in 2027, each event will still require individual local approval in advance.

Applicants are required to provide proof of local government approval before beginning the application process. OCM has a form for this purpose, which includes key details such as the event's name, date, time, point of contact and estimated size. If an applicant modifies any information that was previously approved by the local government on the OCM form, they are 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 required by OCM 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 hemp vendors are properly licensed. Further details about the cannabis event organizer application process are provided on the [General Licensing Process webpage](#).

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.

Step-by-step process: Cannabis event organizer

1. Applicant and local government complete the local approval of cannabis event form.
2. Applicant completes application, including submitting the local government approval form, labor peace agreement (LPA), background check, and all required documentation and application fees. If applicable, an applicant's SEA status may be verified.
3. Application vetted for minimum requirements by OCM.
4. OCM conducts precensure phone inspection.
5. If applicant successfully passes precensure phone inspection, OCM issues event license.
6. License holders are required to submit an updated vendor form to OCM if there are any changes to their vendor list before the event.
7. An inspection of the event may be conducted by OCM.

Lower-potency hemp edible business licensing and local governments

The application process for LPHE licenses is distinct and is outlined in [Minnesota Statutes, section 342.44](#). Hemp businesses should be aware that President Trump signed a federal spending bill into law on Nov. 12, 2025, that included a ban on consumable hemp products containing more than 0.4 milligrams of THC, effective Nov. 12, 2026. This federal ban may significantly affect hemp businesses, and they may need to seek legal advice.

OCM has created a graphical overview of the hemp licensing process (linked below):





Licensing pathway: LPHE retailers, manufacturers and wholesalers

1. Applicant completes application and submits application fees. If applying for an LPHE-manufacturer 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. (A valid local retail registration in addition to a hemp business license is required before the business commences any retail sales – continue below for the retail registration process.)
5. OCM alerts local government of license being issued.

LPHE retailers must receive a local retail registration from their local government.

6. Licensed business seeks local retail registration from local government, if LPHE retailer.
7. Local government approves applicant for retail registration through means determined by ordinance (LPHE retailer 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](#).
10. Local government ensures tax compliance, if applicable.
11. Local government issues retail registration to license holder. (Reminder, retail registration and a license are needed to conduct retail sales.)

Local approval in the licensing process

Local governments play a critical role in the licensing processes explained above.

Local certification for cannabis businesses (M.S. §§ [342.13](#); [342.14](#))

Once an applicant is approved by OCM to proceed in the licensing process, the local government must **certify** that the applicant with preliminary approval is in **compliance with local zoning ordinances, land use laws, and if applicable, state fire and building code**. In areas where state fire and building code is not enforced by the local government, applicants remain responsible for demonstrating compliance.



OCM works with local governments through Accela, the licensing software system, to complete this local certification process. Please review [OCM's webpage for instructions on accessing Accela](#), to prepare for local 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 submits a site for local approval (see Step 3 of the [From Start to License: Your Path to Cannabis Licensing in Minnesota graphic](#)), OCM notifies the local government when an applicant with preliminary approval intends to operate to request required certifications.

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 30 days, the law allows OCM to issue a license. OCM may not issue a license if the local government indicates the business is noncompliant.

Under law, OCM has 90 days from when an applicant submits a site, uploads final application documents, and requests a local compliance certification, to either issue a license (which is statutorily defined as final authorization to operate) or to issue a denial. As such, OCM highly encourages applicants to submit a site for local approval **only once they have worked through all the necessary approvals with their local government**. This means a preliminarily approved business should not submit a site for approval until they have received all local zoning approvals (including obtaining any required permits), are compliant with state fire and building codes.

OCM encourages applicants with preliminary approval to engage early with local governments before submitting site information. These early conversations can help applicants understand what is required to obtain local approval, to inform their decisions on a final location. Early conversations can also inform local governments who may be interested in locations in their jurisdiction – whether applicants in qualified applicant status or applicants with preliminary approval.

Local governments should view applicants with preliminary approval status as serious applicants who have 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 precensure site inspection.

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

Applicants with preliminary approval status have 18 months to convert to full licensure. If an applicant submits a site for approval, uploads final application documents, and requests local compliance certification, but does not yet meet zoning compliance or 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 information. Alternatively, the applicant can find a new location and begin the site review 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.

Preliminarily approved applicants can receive a six-month extension to the 18-month window if requested, with an additional six-month extension allowed after 24 months if they show progress towards licensure.

Zoning compliance for hemp businesses

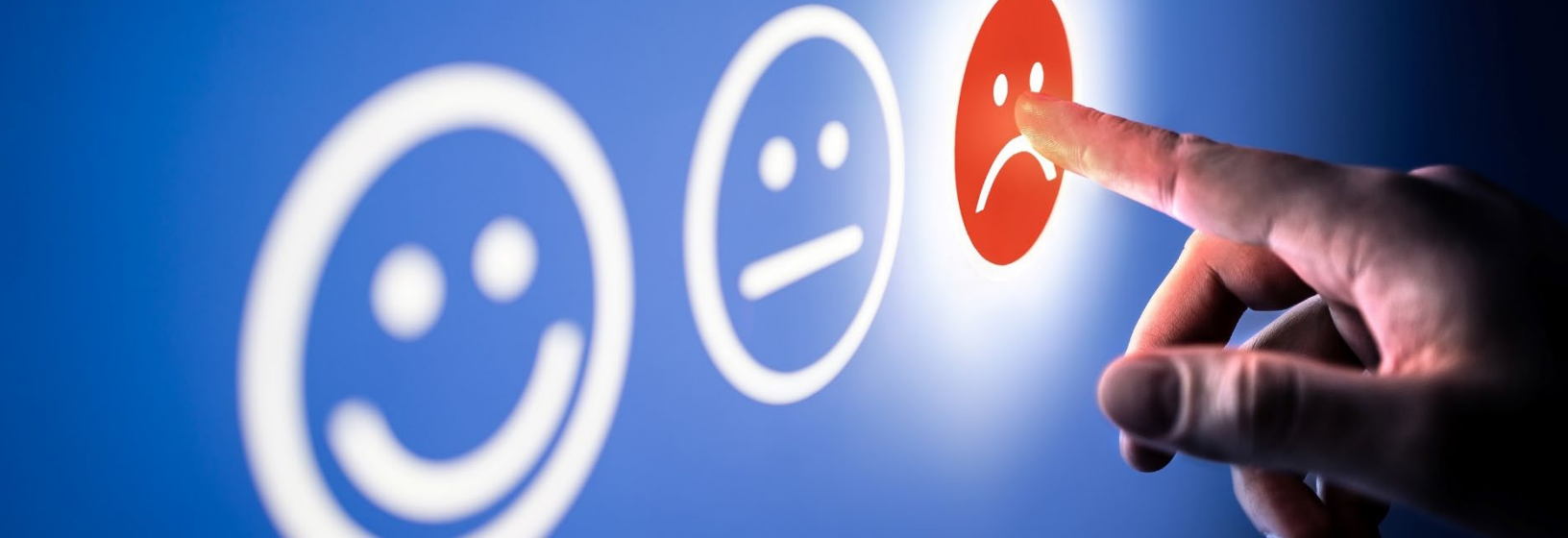
Unlike for cannabis business licensing, state law does not require OCM to contact local governments for approval of hemp business licensing. Instead, applicants must attest in their application that they are working with their proposed local government to ensure local compliance. Receiving an LPHE retailer license does not guarantee that the business can operate in a specific locality without local approval. Once a license is issued, OCM notifies the locality through the local government's Accela portal.

Local retail registration process for cannabis and hemp businesses (M.S. § [342.22](#))

Local governments must issue a retail registration to a cannabis or hemp business 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.

As outlined in the [licensing path](#), hemp businesses do not receive preliminary approval status. As such, retail registration can be issued only after the hemp retailer has received its license. Many of the businesses applying for licensure were already operating under the previous regulatory framework and registration system. For these reasons, and because hemp businesses may not be subject to a retail registration limit, some local governments have a simpler administrative process to issue local retail registration for hemp retailers, different from their cannabis business retail registration process.



Local enforcement and complaints

Local governments have various existing enforcement authorities, as well as authorities provided under chapter 342. In addition, they can submit complaints via OCM's [enforcement complaint reporting form](#).

Retail registration (M.S. § 342.22)

[Minnesota Statutes, section 342.22, subd. 5](#), details enforcement actions local governments may take if a business is conducting sales without local retail registration. Local governments can refuse the retail registration of a licensed cannabis or hemp business if it 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 governments can suspend the retail registration of a cannabis or hemp business if the business is not in compliance with a local ordinance authorized by Minnesota Statutes, section 342.13 or 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 (M.S. § 342.13)

Per state law, OCM has 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. 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.

Revocation or suspension of tobacco license (M.S. § 461.12)

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

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. The webpage will be updated as additional information becomes available.

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:** [Model Guidelines on Age Verification Compliance Checks Policy and Procedures \(mn.gov/ocm/lgg-appendix-c\)](https://mn.gov/ocm/lgg-appendix-c)
- **Appendix D:** [Cannabis and Hemp Age Compliance Check Form \(mn.gov/ocm/lgg-appendix-d\)](https://mn.gov/ocm/lgg-appendix-d)
- **Appendix E:** [Local Unit of Government Cannabis Licensing Contact, Delegation Form \(mn.gov/ocm/lgg-appendix-e\)](https://mn.gov/ocm/lgg-appendix-e)
- **Appendix F:** [User Guide — Creation and Submission of a Cannabis Business License Application Using Accela \(mn.gov/ocm/lgg-appendix-f\)](https://mn.gov/ocm/lgg-appendix-f)
- **Appendix G:** [User Guide — Creation and Submission of a Lower-Potency Hemp Edible Business License Application Using Accela \(mn.gov/ocm/lgg-appendix-g\)](https://mn.gov/ocm/lgg-appendix-g)
- **Appendix H:** [Local Governments – Completing Cannabis Business Zoning Compliance Certification on Accela \(mn.gov/ocm/lgg-appendix-h\)](https://mn.gov/ocm/lgg-appendix-h)
- **Appendix I:** [Local Approval of Cannabis Event form \(mn.gov/ocm/lgg-appendix-i\)](https://mn.gov/ocm/lgg-appendix-i)
- **Appendix J:** [Guide to Safer Cannabis Use in Minnesota \(mn.gov/ocm/lgg-appendix-j\)](https://mn.gov/ocm/lgg-appendix-j)

Local organizations

The following organizations 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)
- [Minnesota Association of County Planning & Zoning Administrators \(macpza.org\)](https://macpza.org)