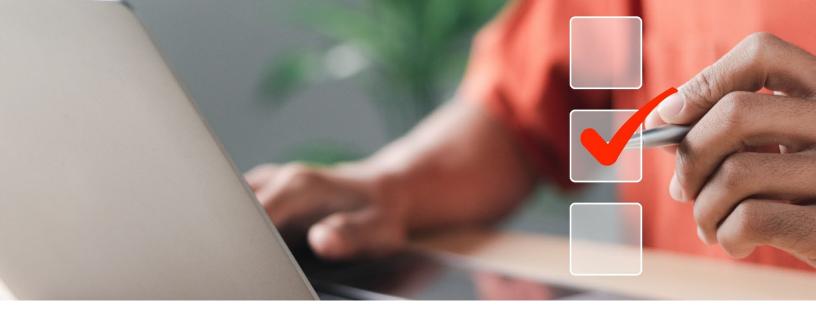


Table of Contents

Section 1: Quick Overview	3
Section 2: Key Terms	7
Section 3. Obtaining Preliminary Application Approval	9
Requirements to obtain preliminary application approval	9
Receiving preliminary application approval	10
Section 4. Conversion from Preliminary Application Approval t Cannabis Business License	_
Requirements to receive a cannabis business license	
Rule adoption	
Final plan of record submission	
Endorsements	
OCM authority to revoke preliminary approval	15
Changes in ownership	
Section 5. Local Government Approval Process	16
Local government zoning compliance certification	16
Building a relationship with your local government	17
Local retail registration for cannabis sales	19
Section 6. Site Inspection and Receiving a License	20
Site inspection	20
License fees	21
Receiving a license	21
Section 7. Qualified Applicant Checklist	22
Receiving Preliminary Application Approval	22
Section 8. Frequently Asked Questions	23
Appendix A: How to Complete Site Registration	25
Appendix B: How to Upload Revised Final Plans of Record	34





Section 1: Quick Overview

This section provides a brief overview of steps a qualified applicant must take between the point of being selected in a license lottery (for capped license types) or having an application meet minimum criteria (for uncapped license types) and becoming a fully licensed and operational cannabis business. These steps are described in further detail in Section 3 – Obtaining Preliminary Approval.

Step 1: Obtain preliminary application approval

- Being selected in a lottery or having an application meet qualified standards does not mean a
 qualified applicant has received preliminary application approval yet.
- For a qualified applicant to receive preliminary approval, OCM must receive and approve (1) the results of a third-party background check and (2) a labor peace agreement attestation signed by a bona fide labor organization.

Step 2: Update application documents and submit final site location

- An applicant with preliminary approval is not authorized to begin cannabis business operations.
 Applicants with preliminary approval must take several additional steps to obtain a cannabis business license.
- Applicants with preliminary approval have 18 months to obtain a cannabis business license. To do
 so, they must: (1) secure a business location and submit the final site details to OCM through the
 site registration in Accela, and (2) provide OCM with finalized business, operations, and security
 plans, along with finalized standard operating procedures for accounting, inventory control,
 quality assurance, and employee training.



- At the time of submitting a site registration and providing documents, applicants should be fewer
 than 90 days away from opening their business and commencing operations. When submitting site
 registration and documents (also known as final plans of record), the applicant should already be
 working with the local government entity that has zoning authority over their proposed business
 location and already meet all local requirements to prepare for Step 3, where they will need to
 receive local government zoning approval to proceed.
- For cannabis microbusiness, cannabis mezzobusiness, cannabis retailer and medical cannabis combination business applicants seeking to engage in retail sales at the site being registered, a recent law change to chapter 342 now allows a local unit of government to issue a retail registration upon the applicant receiving preliminary approval from OCM. Applicants who will engage in retail sales are encouraged to work with their local governments to determine how and when retail registrations are issued. A business needs to have a license and a local retail registration to begin retail sales.

Step 3: Local zoning compliance certification

- Once an applicant with preliminary approval has submitted a site location and provided OCM with updated application documents, OCM will forward their application to the local government noted on the site registration.
- The local government has 30 days to certify whether the preliminarily-approved applicant is compliant with local zoning and land use ordinances, including state and fire building code if applicable.
- Applicants with preliminary approval are *strongly* encouraged to initiate conversations with their local government *prior* to securing a physical premise for their business and *prior* to submitting a site registration in Accela. At the time of submitting a site registration and updating their application documents, the local government and the applicant should have already collaborated to ensure that all local requirements have been met. At this stage, the applicant should be compliant with all local requirements. It is the applicant's responsibility to understand the specific process a local government may require to obtain zoning approval (including compliance with state and fire building code) for their business and, if applicable, the requirements to obtain a local retail registration.
- Zoning compliance certification is distinct from the local retail registration process, and local governments have the authority to limit retail registrations for cannabis retailers, microbusinesses, and mezzobusinesses wishing to operate retail locations. It is imperative that applicants with preliminary approval understand the zoning and retail registration processes specific to the local government in which they intend to operate their retail business. All cannabis businesses are required to obtain local approvals and zoning certification, but only license holders who wish to partake in the retail sale of cannabis must obtain a local retail registration (microbusinesses and mezzobusinesses with retail endorsements, retailers, and medical cannabis combination businesses).



Step 4: Site inspection

- Upon receipt of the final plans of record, OCM will review documents for completeness and compliance with statute and rule. OCM will reach out to the applicant if any deficiencies are found in the final plans of record and require revisions before they can move forward.
- Once a local government has certified that an applicant with preliminary approval complies with all zoning and land use ordinances and the final plans of record are reviewed and determined by OCM to be compliant, OCM will schedule a site inspection to ensure the physical location complies with all relevant laws and rules.
- OCM will only schedule an inspection for applicants who have local zoning approval certified in Accela by the local government and OCM approved final plans of record.

Step 5: Receiving a cannabis business license

- Once a preliminarily approved applicant has passed a site inspection, becoming a pending license holder, OCM will issue an invoice to the applicant through Accela for the license fee associated with their license type.
- Upon receipt of payment, OCM will issue a cannabis business license with the appropriate endorsements to the pending license holder. The pending license holder is now a license holder and can begin operations except for retail operations, which require local retail registration.
- License holders will receive information from OCM about how to set up their Metrc accounts and complete the required Metrc training. License holders are responsible for ensuring that all actions taken going forward are compliant with Minnesota law and rules, including recording all cannabis activity in Metrc.
- Once the license is issued, the license holder's information becomes public information.

Local retail registration

Businesses holding a cannabis retailer license, as well as medical cannabis combination business licenses, and microbusiness and mezzobusiness license holders with retail endorsement **must** also obtain a local retail registration from their local government in addition to their license before they can begin cannabis sales. Per a new law change effective May 2025, local governments are allowed to issue retail registration to a license holder or to an applicant with preliminary approval, which is before full licensure.

The process for local retail registration is determined by a local government. Applicants with preliminary approval must work with their respective local governments to understand this process.

Both cannabis businesses conducting retail sales and lower-potency hemp edible retailer businesses are required to obtain a local retail registration in addition to their license. The application window for the lower-potency hemp edible retailer license type will open on October 1, 2025, and close October 31, 2025.

For additional guidance regarding the local retail registration process, please see the <u>Guide for Local Governments on Adult-Use Cannabis and Lower Potency Hemp Edible Licenses (mn.gov/ocm/lgg)</u>.



Steps to securing a cannabis business license

Step	Step Actions
Step 1. Obtain preliminary application approval	 Qualified applicant obtains (1) a third-party background check not more than 60 days prior to submitting the application and (2) a labor peace agreement attestation signed by a bona fide labor organization. OCM issues preliminary application approval upon successful completion and review of these two submissions.
Step 2. Continue conversations with locals, secure physical location, update application documents	 Applicants with preliminary approval have 18 months to obtain a cannabis business license. This includes (1) securing a site location for their business and submitting final location information to OCM and (2) providing OCM with final plans of record, standard operating procedures, and any other required documents. Applicants with preliminary approval should initiate conversations early on with their local government (prior to securing a physical premise and providing OCM with final application documents), to ensure they are compliant with all local requirements, including zoning, and aware of local retail registration requirements.
Step 3. Local certification	 Upon an applicant's complete submission of final location information and final application documents, OCM forwards their application to the local government in which the applicant with preliminary approval wishes to operate their business. The local government has 30 days to certify whether the applicant with preliminary approval is compliant with local zoning and land use ordinances, and if applicable, state and fire building code.
Step 4. Site inspection	 Upon local zoning compliance certification, and approval of final plans of record, OCM schedules a final site inspection to ensure the physical location complies with all relevant laws and rules.
Step 5. Receiving a license	 Upon successful inspection, the pending license holder pays license fee for their license type. Upon receipt of payment, OCM issues a cannabis business license with the appropriate endorsements to the pending license holder. The pending license holder, now a license holder, can begin operations, except for those seeking to conduct retail activity (see previous page).
Additional Step: Retail registration (For those seeking to conduct retail activity)	 Applicant with preliminary approval or a license holder seeks retail registration from the local government. Local government issues a local retail registration to applicant with preliminary approval or a license holder through means determined by ordinance. Applicant with preliminary approval or license holder pays retail registration fee to their local government. Local government may conduct compliance check. Local government ensures tax compliance, if applicable. Local government issues retail registration. License holder may now conduct retail sales. Applicant with preliminary approval may conduct retail sales upon becoming license holder.





Section 2: Key Terms

Active license – A cannabis or hemp business license issued by OCM that a local government has certified as compliant with zoning and land use laws (including state and fire building code), has passed state compliance inspection, and has been issued an endorsement to conduct activity. An active license with an endorsement allows for a business to begin operations for that activity, except for retail activity. For an active license with a retail endorsement to begin retail operations, a license holder must also obtain a local retail registration.

Accela Citizen Access Portal – The internet platform where qualified applicants submit their cannabis and hemp business applications, provide supplemental materials as requested by OCM, and pay all associated application and license fees.

Bona fide labor organization – A labor union that meets statutory definitions and represents or is actively seeking to represent cannabis workers.

Endorsement – An authorization granted by OCM to conduct a specific cannabis business activity (i.e., cultivation operations). An active license with an endorsement allows for a business to begin operations for that activity, *except for retail activity*. Mezzobusinesses and microbusinesses must obtain the necessary endorsements for each activity they wish to participate in, with multiple endorsements required overall. To begin retail operations, a license holder with an active license and retail endorsement must obtain a local retail registration directly from their local government (and be able to demonstrate proof of this documentation throughout operation).

Final plans of record (FPORs) – Before receiving a final inspection, applicants must submit detailed final plans of record for their cannabis business. These forms document finalized site and operational details and must be submitted and approved before a pre-licensure inspection can be scheduled and a license issued. Detailed instructions on completing the forms are available on OCM's <u>Final Plan of Record Submission webpage</u>, including <u>Guidance Memo GM-2025-01</u>, which provides direction on how to submit a satisfactory FPOR that OCM is able approve.



Labor peace agreement – An agreement between a business and a bona fide labor organization in which the business agrees not to interfere with union organizing efforts, and the labor organization agrees not to strike or disrupt business operations. As passed by the Minnesota Legislature in the 2025 legislative session, pursuant to Minnesota Statutes, section 342.14, subdivision 1(d), labor peace agreements entered into on or after August 15, 2025, must address the duration of the election to unionize into the labor organization.

License – An official authorization to conduct lawful cannabis business operations. To begin lawful operations licenses must be active and coincide with necessary endorsements from OCM and local retail registrations, if applicable.

License holder – The final status granted to a qualified applicant that is given once the licensing fee has been paid. **Local government zoning compliance certification** – Official confirmation from a local government that a preliminarily approved applicant is compliant with all relevant local zoning and land use ordinances and, if applicable, state fire code and building code.

Pending license holder – A designation given after a preliminarily-approved applicant has passed their pre-licensure inspection.

Preliminary application approval – A preliminarily approved application is distinct from a cannabis business license and does not authorize full license activities. Preliminary application approval is an authorization that allows qualified applicants to begin the process of obtaining a cannabis business license and is assigned once the applicant successfully submits their signed attestation that they have entered into a labor peace agreement (LPA) with a bona fide labor organization and passes the background check. Preliminary application approval remains valid for 18 months. Preliminary approval is not tied to a specific location until an applicant submits site registration.

Qualified applicant – An applicant that has their application approved, either through the lottery process or by meeting the minimum criteria for uncapped licenses and has been notified by OCM that they may start the process to obtain a license (i.e., applicant may now to obtain a third-party background check and labor peace attestation).

Reconsideration – The process by which an applicant may request the office to review its decision after the denial of an application or final authorization, or the refusal to issue a license following preliminary license approval. The office's decision on a reconsideration request is final. Reconsideration is a formal legal process that occurs between OCM and the applicant.

Retail registration – An additional approval that occurs distinct from licensure. Retail registration is issued by local governments **and** authorizes a license holder to engage in cannabis retail sales. Applicants who wish to conduct retail sales, including cannabis retailers, microbusiness, mezzobusiness applicants seeking a retail endorsement, and medical cannabis combination businesses must obtain a retail registration from their local government prior to beginning retail sales. *This includes lower-potency hemp edible retailers in future licensing rounds.*



Section 3. Obtaining Preliminary Application Approval

Key Points

- Meeting qualified standards in initial application review, and for capped licenses, being selected in the lottery does not mean a qualified applicant has been granted preliminary application approval yet.
- To receive preliminary application approval, qualified applicants must complete a criminal background check per OCM requirements, which can be found on the OCM <u>Background Check</u> <u>Resources webpage (mn.gov/ocm/businesses/licensing/background.jsp)</u>, and (2) submit an attestation signed by a bona fide labor organization that the qualified applicant has entered into a labor peace agreement (LPA).

When an applicant is selected in the lottery, they have not yet been granted preliminary application approval. A preliminary application approval is not a cannabis business license. Preliminary application approval allows a qualified applicant to establish legal control of the site of their cannabis business, obtain zoning approval, and potentially raise capital for their business. A preliminary application approval does not permit the qualified applicant to engage in any plant-touching activities such as growing, manufacturing, or selling cannabis.

Requirements to obtain preliminary application approval

In order to receive preliminary application approval, a qualified applicant must obtain the following and submit to OCM:

- 1) A third-party background check.*
- 2) An attestation signed by a bona fide labor organization that the qualified applicant has entered into a labor peace agreement (LPA).**

*The third-party agency is responsible for sending a secure link to the completed background check directly to OCM's Licensing Division, as well as any necessary credentials to access the site. It is the applicant's responsibility to ensure that the agency submits the required information to OCM not more than 60 days before submitting the application, and to report to OCM new criminal matters after the background check that would affect their ability to hold a license.

**Microbusinesses are not required to provide an LPA attestation per state law at initial licensure. Upon renewal of a license, microbusinesses with 10 or more employees will be required to provide an LPA attestation.



1. Third-party background check

Qualified applicants must complete a third-party local and national criminal background check. A third-party background check must:

- Be conducted by a third-party consumer reporting agency or background screening company that compliant with the federal Fair Credit Reporting Act and accredited by the Professional Background Screening Association.
- Include a multistate and multijurisdictional criminal record locator or other similar commercial nationwide database with validation.
- Include information for the applicant and every true party of interest on the application.

The third-party agency must send the completed background check directly to the Licensing Division. The onus is on the qualified applicant to ensure that the third-party agency has provided this to OCM.

Third-party background check companies

OCM will publish additional guidance on third-party background check vendors on OCM's Background Check Resources webpage (mn.gov/ocm/businesses/licensing/background.jsp).

2. Labor peace agreement attestation

Qualified applicants must provide OCM with documentation of an attestation signed by a bona fide labor organization stating that the qualified applicant has entered into a labor peace agreement. This document must be submitted by the applicant through Accela. The documentation required includes either:

- An official letter from a bona fide organization signed by the bona fide labor organization attesting the qualified applicant has entered into a labor peace agreement; OR
- A copy of the labor peace agreement that is signed by the bona fide labor organization.

Microbusinesses are not required to provide an LPA attestation at initial licensure per state law. Upon license renewal, microbusinesses with 10 or more employees will be required to provide an LPA attestation.

Receiving preliminary application approval

If the third-party background check results and the LPA attestation pass internal review, OCM will issue the qualified applicant a notification informing them of preliminary application approval and next steps. Please note that this does **not** authorize a qualified applicant to begin operations but does grant eligibility to receive local retail registration per a new state law change in section 342.22. Applicants should consult with their respective local government to understand the process and requirements needed for local retail registration.

The following section details the requirements for how an applicant with preliminary approval can prepare to convert to a business license.

Note: Qualified applicants who fail to provide either the background check or LPA attestation (except for applicants for a microbusiness), provide fraudulent or false information, or whose background check violates any provisions of chapter 342, will not be issued preliminary application approval and their application will be denied.



Section 4. Conversion from Preliminary Application Approval to Obtaining a Cannabis Business License

Key Points

- Preliminary application approval does not authorize a qualified applicant to begin operations.
- After receiving preliminary application approval, qualified applicants must take several steps to obtain a cannabis business license.
- Qualified applicants with preliminary application approval have 18 months to obtain a cannabis business license.

Requirements to receive a cannabis business license

Upon obtaining preliminary application approval, there are several steps a qualified applicant must take to convert the preliminary application approval to a cannabis business license and begin operations. A preliminary application approval does *not* authorize a qualified applicant to begin cannabis operations.

Qualified applicants seeking to convert preliminary application approval to a cannabis business license will be required to:

- 1) Submit the site location for their cannabis business.
- 2) Update their application with final plans of record, including business, operations, and security plans, along with finalized standard operating procedures for accounting, inventory control, quality assurance, and employee training. OCM will review the final plans of record and require changes if any are deficient or not compliant with statute or rule.
- 3) Receive zoning compliance certification from the local government in which they wish to operate their business that they compliant with all relevant local zoning ordinances and state fire code and building code.
- 4) Schedule and pass a site inspection conducted by OCM.
- 5) Pay the license fee in Accela.

Additional Step for applicants conducting retail operations with preliminary approval or license holders (i.e. retailers and medical cannabis combination businesses, mezzobusinesses or microbusinesses with retail operations): Obtain a local retail registration from their local government.



The required steps above can *only* be completed following the adoption of Minnesota Administrative Rules, chapter 9810 (revisor.mn.gov/rules/9810), which occurred on April 14, 2025. It is *strongly encouraged* that applicants with preliminary approval prepare appropriately for the required steps by initiating conversations as early as possible with the local government in which they wish to locate their business to ensure compliance with local zoning ordinances. For applicants with preliminary approval who intend to operate a retail store (retailer, medical cannabis combination business, microbusiness, and mezzobusiness license types), applicants should ensure their local government is aware of and intends to grant a local retail registration, especially in jurisdictions where local governments have implemented a limitation on number of local retail registrations.

Applicants with preliminary approval for all license types are responsible for reviewing all relevant local ordinances in full and working with their local unit of government, including obtaining compliance with state and fire building code. Retail-eligible applicants are responsible for working and communicating with their local unit of government to understand the local retail registration process, including retail registration availability, eligibility requirements, and how the local government intends to approve and issue registrations. These methods may include a retail registration lottery, a first-come-first-served basis, a discrete timeframe for issuing registrations, or a rolling cadence. Applicants with preliminary approval seeking retail registrations are solely responsible for the risks associated with securing an appropriately zoned business facility and OCM-issued license/endorsements without guarantee of local retail registration.

Please review guidance in the <u>Guide for Local Governments on Adult-Use Cannabis and Lower-Potency Hemp Edible Licenses (mn.gov/ocm/lgg)</u> as well as <u>Minnesota Statutes, section 342.22</u> (<u>revisor.mn.gov/statutes/cite/342.22</u>) for more information about the local retail registration process.

Rule adoption

Following the adoption of Minnesota Administrative Rules, chapter 9810 (revisor.mn.gov/rules/9810) on April 14, 2025, OCM began notifying applicants that have obtained preliminary approval. Once notified, applicants with preliminary approval have 18 months to become fully licensed. Applicants with preliminary approval who are unable to meet the 18-month deadline to obtain a cannabis business license may submit an extension request for a one-time extension of up to six months. Applicants with preliminary approval are strongly encouraged to initiate conversations with their local governments as early as possible.



Final plan of record submission

Once preliminarily approved and upon securing a site location, applicants must submit detailed final plans of record for their cannabis business to OCM. These forms document finalized site and operational details and must be submitted and approved before a pre-licensure inspection can be scheduled and a license issued.

OCM has issued <u>Guidance Memo GM-2025-01</u>| with important information on how to successfully complete your final plans of record. It is important to review this document before submitting your final plans of record.

OCM has 90 days to either issue the license or deny applications following receipt of the final plans of record and site registration. The relative tightness of this timeline means that **applicants should not submit their site registration until they are ready to open their business and are prepared for a pre-license inspection**.

Submission process

- 1) OCM will provide preliminarily approved applicants with a link to online fillable forms for each required final plan of record via email.
- 2) Applicants must complete the forms using OCM's online fillable forms.
- 3) Once completed, a PDF copy of the form will be automatically sent to the applicant's email.
- 4) Applicants must register their site within Accela, even if this information was already provided during the initial application.
- 5) As part of the site registration process, applicants are required to upload the PDF(s) of their final site plan(s). If applicants are registering more than one site, they are required to upload the required documents to each site to allow each local to have access.
- 6) Detailed instructions on how to complete the final plans of record can be found in Appendix A.
- 7) If you need to submit updated final plans of record during a request for more information process, please refer to <u>Appendix B</u> for instructions.

Note: Failure to upload the PDF(s) to the correct site registration in Accela will result in the final plans of record being considered incomplete. Word documents should not be submitted to Accela.

Required final plans of record

Preliminarily approved applicants must complete and submit the following final plans of record, as applicable to their business operations:

- 1) Site, Security, and Operations Plan
 - a. Including facility diagram(s)
- 2) Inventory Control and Diversion Prevention Standard Operating Procedure (SOP)
- 3) Quality Assurance Standard Operating Procedure (SOP)
- 4) Accounting and Tax Compliance Standard Operating Procedure (SOP)



Additional forms for specific license types or activities

Additional documentation is required for applicants planning to engage in specific business activities:

Applicants for a delivery service or transporter license, or for a microbusiness, mezzobusiness, manufacturer, or medical cannabis combination business planning to transport products, must submit:

- 1) Vehicle Disclosure Form
 - a. Surety bond (not required for delivery service license applicants)

Applicants for manufacturer business licenses, or for a microbusiness, mezzobusiness, or medical cannabis combination business planning to manufacture cannabinoids by extraction, concentration, or conversion processes must submit:

1) Inspection certificates issued by an independent third-party industrial hygienist or professional engineer.

Ownership or control structure changes

If the applicant's ownership or control structure has changed since the initial application, the following updated documents must be submitted in Accela at the same time as the site registration:

- 1) Revised ownership and disclosure form
- 2) Updated capitalization table

Please refer to OCM's <u>Change of Business Ownership and Control webpage</u> (https://mn.gov/ocm/businesses/licensing/change-of-control.jsp) to learn more.

Important notes for submission

Only submit final plans of record for endorsement types that the business is ready to be inspected and licensed for. Applicants can apply for additional endorsements after licensure by submitting an additional site registration application with the same address and including the required documentation.

Endorsements

At the point of submitting their updated application documents (also known as final plans of record), microbusiness and mezzobusiness applicants must indicate which cannabis business endorsement types they are seeking. Endorsements will be granted to applicants with preliminary approval at the same time they are awarded their license, following the successful submission of an updated application and a passing site inspection. Applicants can apply for additional endorsements after licensure by submitting the required documentation.



OCM authority to revoke preliminary approval

OCM has statutory authority to revoke preliminary application approval if it determines that an applicant is ineligible for a license.

Please review <u>Minnesota Statutes</u>, <u>section 342.14</u>, <u>subdivision 10</u> (revisor.mn.gov/statutes/cite/342.14#stat.342.14.10) for more information.

Changes in ownership

Pursuant to Minnesota Statutes, section 342.14 subdivision 1(b) (revisor.mn.gov/statutes/cite/342.14#stat.342.14.1b), any change in the ownership of the proposed cannabis business must be communicated to OCM at the point of site registration via the Licensing Division. Applicants with preliminary application approval may not:

- Make any transfer of an ownership interest that causes a change in the individual or entity that holds the controlling ownership interest of the cannabis business.
- Make any change of ownership or control that would require a new business registration with the Minnesota Secretary of State.
- Make any transfer of ownership that causes a social equity classified application to no longer qualify as a social equity application.
- Add any owners that are ineligible to hold a cannabis license based on criminal or civil
 offense history.
- Create any ownership structure that is in violation of the true party of interest provisions contained in Minnesota Statutes, section 342.185.

Additional information is available on OCM's <u>Change of Business Ownership and Control webpage</u> (https://mn.gov/ocm/businesses/licensing/change-of-control.jsp).



Section 5. Local Government Approval Process

Key Points

- When an applicant with preliminary application approval provides OCM with a final site location and updated final application documents, OCM will share that application with their local government. The local government has 30 days to review the application and certify or deny whether the preliminarily approved applicant is compliant with local zoning ordinances, and if applicable, state and fire building code.
- Applicants with preliminary application approval are strongly encouraged to begin building a
 relationship with their local government as early as possible to ensure they are aware of the
 local approval process and that the applicant is aware of any relevant local zoning and land
 use considerations.
- Preliminarily approved applicants should not submit their site registration until they are ready
 to open their business and begin operations within fewer than 90 days. At the time of submitting
 their site registration, the applicant should have worked with their local government to
 understand and complete all the necessary requirements to comply with zoning ordinances, land
 use considerations, and if applicable, received building and fire code certifications.
- Applicants with preliminary application approval for a cannabis retail license, along with
 microbusiness and mezzobusiness applicants with preliminary application approval seeking a
 retail endorsement, should discuss the retail registration process with their local government and
 ensure their locality intends to grant a retail registration.

Local government zoning compliance certification

Once a preliminarily approved applicant submits their final site location and updated application documents, OCM will share the application with the respective local government to certify compliance with local zoning ordinances and, if applicable, state fire code and building code. This will occur through the OCM Citizen Portal (aca-prod.accela.com/MDH/Default.aspx). OCM has provided guidance (mn.gov/ocm/local-governments/contactform.jsp) for local governments on how to use this software system. The local government must respond within 30 days of receiving the application, per Minnesota Statutes, section 342.13(f).



If local government certifies compliance → OCM will notify the preliminarily approved applicant and schedule a site inspection, if the applicant's final plans of record are approved.

If local government certifies non-compliance → OCM will notify the preliminarily approved applicant. The preliminarily approved applicant must either find a new location or work with their local government to become compliant with local zoning ordinances. Qualified applicants will retain their preliminary application approval status but will need to resubmit their site location and updated application again — either with a new location or after working through issues at the original location. Applicants with preliminary approval have 18 months to convert to full licensure.

Note: Minnesota law and rules require all cannabis business license holders to be in compliance with local ordinances and state building and fire codes, including securing any applicable local permits. A local government's certification of a business's compliance with local requirements is required for an applicant with preliminary approval to be converted to licensure.

Building a relationship with your local government

Applicants with preliminary application approval are strongly encouraged to initiate conversations with the local government in which they wish to operate their cannabis business as early as possible. Applicants with preliminary application approval should consider discussing the following with their local governments:

- 1) Land use and zoning. Local governments have the authority to regulate the time, place, and manner of cannabis businesses within their jurisdiction; therefore, applicants with license preapproval should discuss all land use and zoning requirements with their respective localities. These matters include, but are not limited to, setbacks and buffer zones, odor mitigation, aesthetic requirements, fire and/or building code inspections, and signage restrictions. This step is especially important prior to securing a physical building.
 - a. Possible questions that applicants can ask their local government (these are suggestions rather than an exhaustive list and should not be interpreted as legal advice):
 - i. I am interested in operating at [specific address], would this be compliant with zoning ordinances?
 - ii. Do I need to schedule a fire/building code inspection? If so, how should I do that and which department do I need to connect with?
 - iii. What kind of records do you need from me as a potential business owner?
 - iv. Are there are any building permits required prior to operating at this location for this business activity?
 - v. How do I obtain a certificate of occupancy? Are there are any other potential permits that may be required?
 - vi. Which office or staff member will be responsible for zoning compliance certification?
 - vii. Is this the same office/staff member as those responsible for issuing retail registration?
 - viii. Are there other things I should know about operating a cannabis business in this jurisdiction?
 - ix. If this entity does not certify state and fire building code, who can I consult?



- 2) Local zoning certification process. At the time of submitting their site registration, applicants should have been in close communication with their local government and worked towards completing all the required steps to operate in that jurisdiction. At this stage of site registration, preliminary approved applicants should be ready to begin operating as a fully compliant licensed business in fewer than 90 days. Preliminarily approved applicants should make sure that the local government they wish to operate their business within is aware that OCM will forward their business application to them, and that they will then have 30 days to review and either certify compliance or inform OCM that the proposed business does not meet local zoning and land use laws. Preliminarily approved applicants are encouraged to remain in close communication with their local government throughout the application process and make sure they are prepared to review their application and respond to OCM within 30 days.
- 3) **Local retail registration.** Preliminarily approved applicants who wish to operate a cannabis retail business,* including retailers, medical cannabis combination businesses, and microbusiness and mezzobusiness applicants seeking a retail endorsement, must obtain a retail registration from their local government prior to beginning operations. State law allows local governments the option to limit retail registrations (for retailers, microbusinesses, and mezzobusinesses) by ordinance based on population as defined in Minnesota Statutes, section 342.13 (revisor.mn.gov/statutes/cite/342.13).
 - a. Applicants with preliminary approval should understand how their respective local government intends to issue retail registrations prior to providing OCM with updated application documents and securing a physical location for their business. (See <u>Section 6</u>. Site Inspection and Receiving a License for more info).

Note: Qualified applicants are responsible for any risks associated with securing a physical location without guarantee of local retail registration. Be aware that entering a lease does not guarantee you will receive local approval.

Note: Cities and townships are allowed to delegate their registration authority to their respective county per state law. This may impact the entity that preliminarily approved applicants are engaging with.



^{*}This includes lower-potency hemp retailer applicants in future licensing rounds.

Local retail registration for cannabis sales

Applicants with preliminary approval for a cannabis retailer business, along with microbusiness and mezzobusiness applicants seeking a retail endorsement, must receive a retail registration from their local government in addition to a license before beginning cannabis sales. Per state law, local governments may limit, by ordinance, the number of retail registrations they issue as long as they issue no fewer than one registration for every 12,500 residents.* This is distinct from zoning certification. **Local zoning certification does not guarantee a retail registration.**

Effective May 2025, local governments are allowed to issue retail registration to an applicant with preliminary approval status, which is before full licensure.

Due to the May 2025 law change, local governments that are deciding to limit retail registrations may adopt different methods of implementing an application process to accommodate this timing. OCM encourages preliminarily approved applicants to learn the retail registration process of their local government before making any investments or decisions to further build out a business in an area where they may not be allowed to operate due to the lack of available registrations left. The process by which a local unit of government will determine who gets a registration may differ vastly in each jurisdiction and can range from the use of a lottery, on a first-come/first-served model, or through a merit-based scoring system, etc. Applicants with preliminary application approval are responsible for any risks associated with securing a physical location, without guarantee of local retail registration.

Please review the <u>Guide for Local Governments on Adult-Use Cannabis and Lower Potency Hemp Edible Licenses (mn.gov/ocm/lgg)</u> as well as <u>Minnesota Statutes, section 342.22</u> (revisor.mn.gov/statutes/cite/342.22) for more information about the local retail registration process.

Applicants with preliminary approval are not tied to a specific location, so if an applicant is unable to secure local retail registration in a specific jurisdiction, they can seek licensure in a different jurisdiction under the same preliminary approval status. Applicants with preliminary approval have 18 months to convert to licensure.

*Local governments may not limit the number of retail registrations for medical cannabis combination businesses and lowerpotency hemp edible retailers.



Section 6. Site Inspection and Receiving a License

Key Points

- After receiving local zoning compliance certification and submitting approved final plans of record, an applicant with preliminary approval must pass an OCM site inspection before they receive their license. If an applicant with preliminary approval fails their site inspection, they must take steps to remedy any issues identified and schedule another site inspection.
- Upon a passing site inspection, an applicant with preliminary approval, now a pending license holder, must pay the license fee for their respective license type to receive their license.
- OCM will issue a license holder their license digitally.
- License holders who wish to participate in the retail sale of cannabis must receive a retail registration from their local government before they can begin cannabis sales.

Site inspection

Once a local government certifies that a preliminarily approved applicant is compliant with local zoning and land use ordinances, and OCM has verified that the final plans of record are complete and compliant with statute and rule, OCM will reach out to the applicant to schedule a site inspection. OCM staff will inspect the applicant with preliminary approval's business location to ensure compliance with all relevant local and state laws and rules. Applicants with preliminary approval can only receive a license once they have successfully passed a site inspection.

If a preliminarily approved applicant passes site inspection → OCM will notify the applicant with preliminary approval, now a pending license holder, that they have passed their site inspection and provide instructions on paying the license fee in Accela. Upon receipt of payment, OCM will notify the license holder through Accela, where they can download a digital copy of their license.

If a preliminarily approved applicant does not pass site inspection → OCM will notify the applicant with preliminary approval that they have not passed their site inspection. The applicant with preliminary approval must take steps to remedy any issues identified by the OCM inspector and schedule another site inspection. OCM inspectors will work closely with applicants with preliminary approval to identify all requirements necessary to pass a site inspection.



License fees

Before receiving a license, pending license holders must pay an initial license fee. Per state law, the initial license fee shall include the fee for the initial issuance of the license and the first annual renewal. License holders must pay the renewal fee at the time of the second renewal and each subsequent annual renewal thereafter. All license fees are nonrefundable, per Minnesota Statutes, section 342.11(a).

License Type	Initial License Fee	Renewal License Fee
Microbusiness	\$0	\$2,000
Mezzobusiness	\$5,000	\$10,000
Cultivator	\$20,000	\$30,000
Manufacturer	\$10,000	\$20,000
Retailer	\$2,500	\$5,000
Wholesaler	\$5,000	\$10,000
Transporter	\$500	\$1,000
Testing facility	\$5,000	\$10,000
Delivery service	\$500	\$1,000
Cannabis event organizer	\$750	-
Medical cannabis combination business	\$20,000	\$70,000

Receiving a license

Upon paying the license fee, OCM will issue the pending license holder their cannabis business license and endorsement(s) through Accela. The license holder may download a digital copy of the license, which can be accessed via the OCM Citizen Portal (aca-prod.accela.com/MDH/Default.aspx). The license holder may now register with Metrc and begin operations upon receiving their license and endorsements for requested activity, except for retail activity, which requires local retail registration.



Section 7. Qualified Applicant Checklist

Receiving Preliminary Application Approval

- Obtain results from a third-party background check and ensure the results are submitted to OCM via the third-party background check company.
- Obtain an attestation signed by a bona fide labor organization that the qualified applicant has entered into a labor peace agreement.*
- Submit documentation of the LPA attestation in Accela.*

Receiving a License

- Secure a site location and submit final site location information to OCM in Accela.
- Provide updated final application documents in Accela including updated plans, standard operating procedures, location information, and any additional requirements in the cannabis rules. OCM reviews and approves these documents.
- OCM checks certification from local government of compliance with local zoning and land use laws.
- Pass an OCM site inspection.
- Pay the license fee in Accela.
- Obtain local retail registration (retailers, micro/mezzobusinesses with retail endorsement only) directly from local unit of government.



^{*}Microbusinesses are not required to provide an LPA attestation per state law. Upon renewal of a license, microbusinesses with 10 or more employees will be required to provide an LPA attestation.

Section 8. Frequently Asked Questions

For additional frequently asked questions related to topics outside of the application process, please visit the OCM FAQ webpage (mn.gov/ocm/faq).

Can I secure a physical location for my business prior to receiving preliminary application approval?

Yes, however qualified applicants are strongly encouraged to exercise caution if they decide to purchase or lease a property for their business prior to engaging with their local governments to understand what may be required to operate in that jurisdiction, including receiving local zoning compliance approval and a local retail registration.

I already have a physical location. Can I request a site inspection early?

A site inspection is required during the conversion process from preliminary application approval to licensure. OCM will schedule a site inspection after approving their final plans of record for completeness and compliance with statute and rule, and after the local government has certified the location. To prepare for the site inspection, applicants with preliminary approval should review Minnesota Administrative Rules, chapter 9810 (revisor.mn.gov/rules/9810) and work closely with their local government to ensure their property meets all local land use and zoning ordinances (including obtaining a certificate of occupancy and other applicable permits) and state and fire building code.

How do I know if I am compliant with local zoning and land use ordinances?

Applicants with preliminary approval must work directly with their local government to ensure local zoning and land use compliance, including state and fire building code.



Can I make changes to the ownership structure of my business after receiving preliminary approval?

This is dependent on the type of change. Additional information is available on OCM's <u>Change of Business Ownership and Control webpage (mn.gov/ocm/businesses/licensing/change-of-control.jsp)</u>. Qualified applicants are required to update OCM of any change in ownership structure. Per <u>Minnesota Statutes, section 342.14</u>, <u>subdivision 1</u>, <u>paragraph (b) (revisor.mn.gov/statutes/cite/342.14#stat.342.14.1)</u>, any change in the ownership of the proposed cannabis business must be communicated to OCM via the Licensing Division. Applicants with preliminary approval may be able to make changes, but these changes must be compliant with Minnesota Statutes, <u>sections 342.16 (revisor.mn.gov/statutes/cite/342.16)</u> and 342.185 (revisor.mn.gov/statutes/cite/342.185).

What happens if my local government does not certify zoning compliance?

Applicants with preliminary approval will retain that status but must either find a new location for their business in a different jurisdiction or work with their local government to become compliant with local zoning and land use ordinances, and state and fire building code. Applicants with preliminary approval will be required to resubmit the site location and updated application requirements in a new site registration for either the same location or a new location. A preliminary license approval will expire after 18 months, however, OCM may grant a qualified applicant an additional six months to complete the application process and convert their preliminary approval into a license.

Will I lose my preliminary approval status if I fail my site inspection?

No. Applicants with preliminary approval who fail site inspection will need to remedy any issues identified in the inspection but will not lose their preliminary approval. Applicants with preliminary approval must pass a site inspection within the 18 months following rule adoption to receive a license. A preliminary license approval will expire after 18 months, however, OCM may grant a qualified applicant an additional six months to complete the application process and convert their preliminary approval into a license.

Can I begin cultivation prior to receiving a cannabis business license?

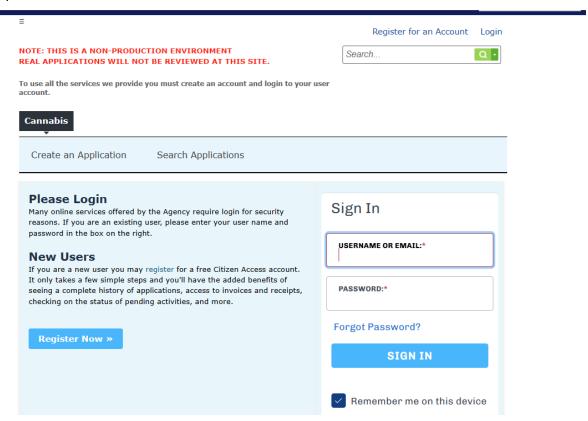
No. A qualified applicant must receive a license before starting cultivation.



Appendix A: How to Complete Site Registration

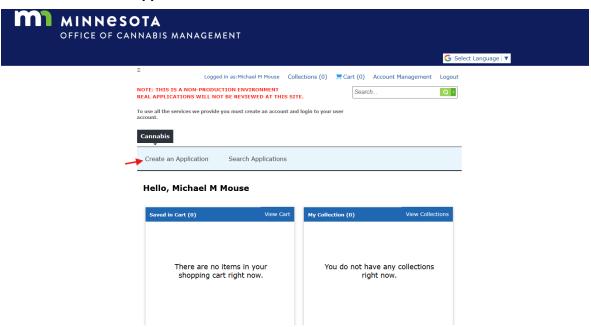
Once the applicant has been informed they have preliminary approval from OCM, has received all local zoning approvals, and is compliant with state fire and building codes (if applicable), and is fewer than 90 days from being able to open, they should complete site registration within Accela through the OCM Citizen Portal.

1. Log into the OCM Citizen Portal and enter the username and password that was utilized to submit the application

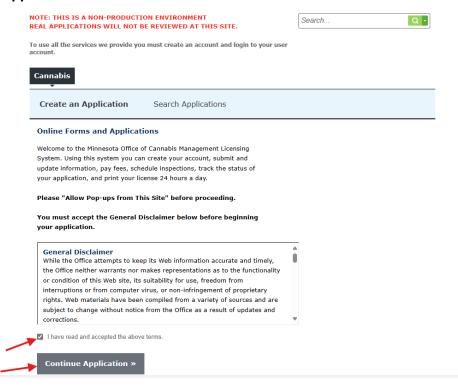




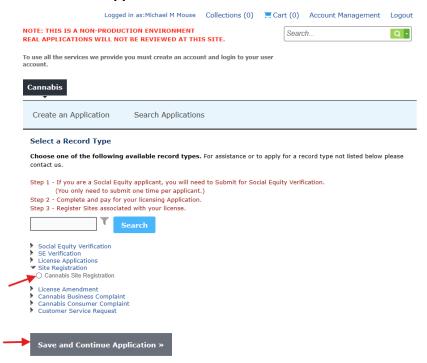
2. Select Create an Application.



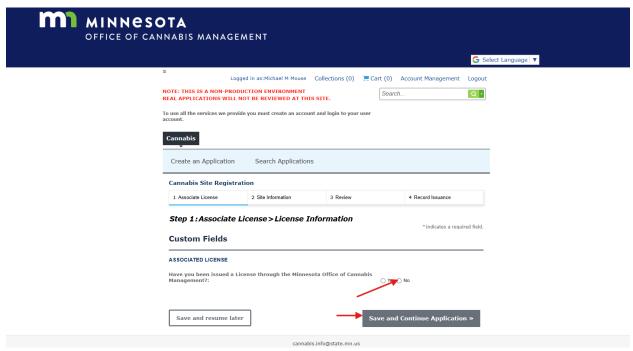
3. Check the box labeled "I have read and accepted the above items" and then select **Continue Application.**



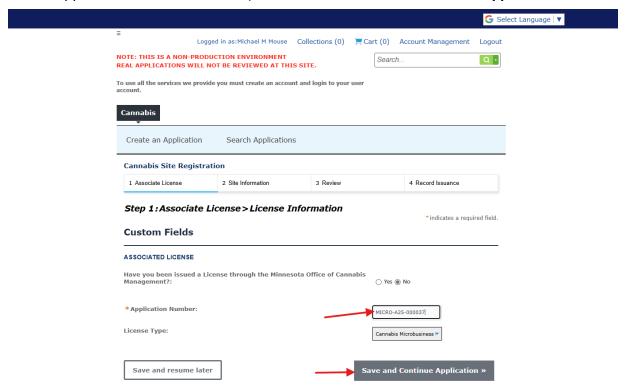
4. Select **Site Registration/Cannabis Site Registration** under Site Registration and then select **Save** and **Continue Application**.



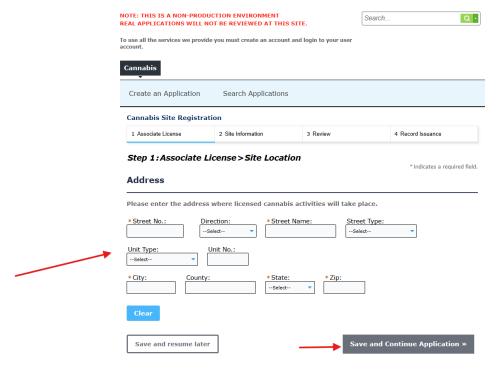
5. Select **No** to the question "Have you been issued a License through the Minnesota Office of Cannabis Management?" and then select **Save and Continue Application.**



6. Enter your application number, which you received via email from the Office of Cannabis Management (OCM) after submitting your original application (the license type will populate after the application number is entered) and then select **Save and Continue Application.**



7. Enter the address where the licensed cannabis activity will take place and then select **Save and Continue Application.**





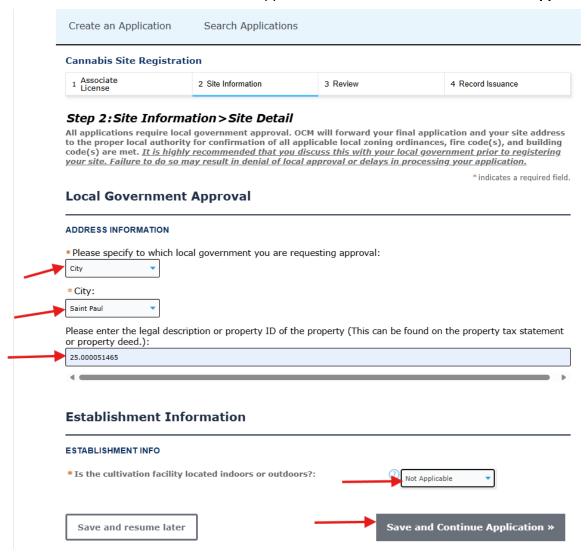
8. The site contact is the individual that is responsible for communicating with OCM. Select **Select from Account** to choose an existing contact (created when your application was created) as your site contact or select **Add New** to create a new site contact for the location. Then select **Save and Continue Application**.

Cannabis Create an Application Search Applications Cannabis Site Registration 1 Associate License 2 Site Information 3 Review 4 Record Issuance Step 1: Associate License > Site Contacts * indicates a required field. **Contact List** Please provide the name of the individual(s) from this site who is/are responsible for communicating with the Office of Cannabis Management. Required Contact Type Minimum Site Contact **Add New** Contact updated successfully. Showing 1-1 of 1 **Business** Contact Phone Contact Type Full Name Michael M Site Contact mmouse252452@gmail.com Edit Delete Save and Continue Application » Save and resume later

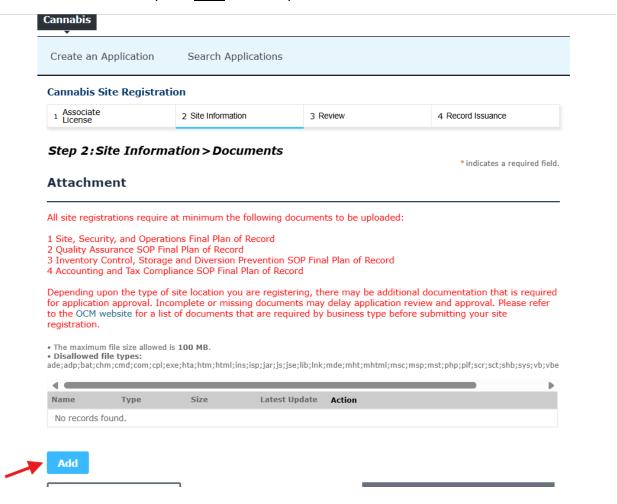
To use all the services we provide you must create an account and login to your user



9. Select the local government that has zoning approval for the property site from the drop downs, enter the legal description or property ID of the property, and answer the cultivation question under Establishment Information if applicable. Then select **Save and Continue Application**.



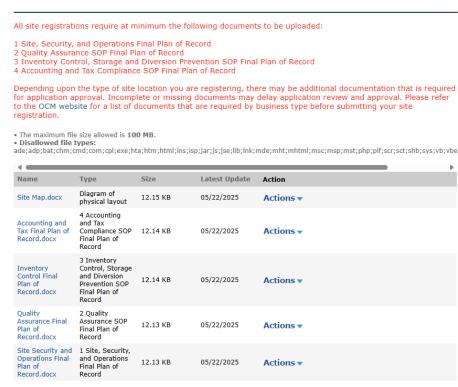
10. Select **Add** and then upload <u>each</u> of the required documents.





11. Review the uploaded document list to confirm that all required documents are present, then select **Save and Continue Registration.**

Attachment



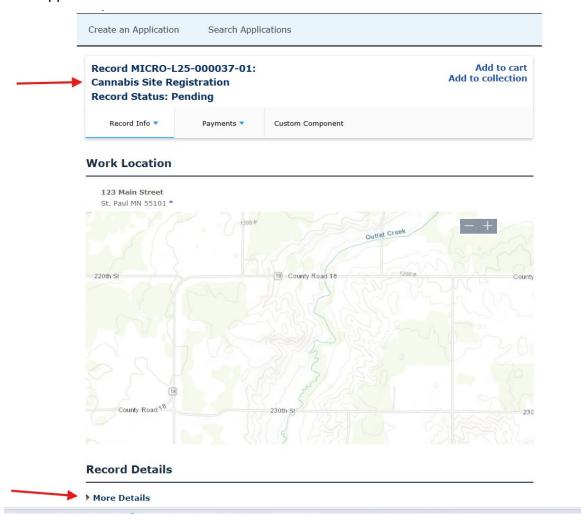




Save and resume later



12. The record number of the site registration will be visible at the top of the page along with the mapped location and record details the user has entered.

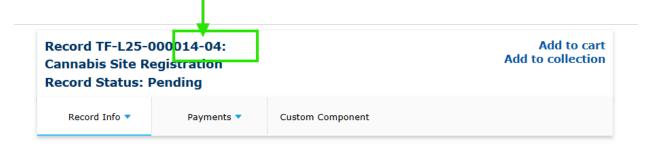


- 13. OCM will send site registration attachments to the local unit of government for approval.
- 14. The compliance team will then review the final plans of record. If any part of the final plans of record is incomplete or not compliant with statute or rule, OCM will notify the applicant of the changes that must be made. The applicant must revise the final plans of record and upload them into the specific site registration. Once the final plans of record are deemed complete and compliant, then a compliance inspector will work with the applicant to schedule a pre-licensure inspection.

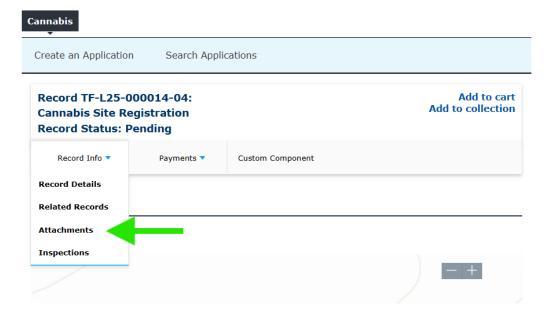
Appendix B: How to Upload Revised Final Plans of Record

If OCM notifies you that you must make changes to your final plans of record (FPORs), follow the steps outlined below to upload revised records.

- 1. Complete a new version of the FPOR(s) that requires changes using the online fillable forms listed on OCM's Final Plan of Record Submission webpage.
- 2. Upon completing the online fillable form, you will receive a PDF copy of your answers via email from "Minnesota Office of Cannabis Management," which will need to be uploaded to Accela.
- 3. Locate the site registration application.
 - a. Select Search Applications.
 - b. Make sure the site registration application ID has a dash on the end of the ID.

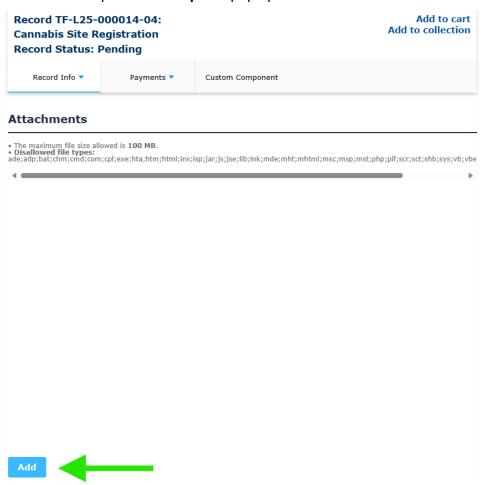


4. Under Record Info, select Attachments.

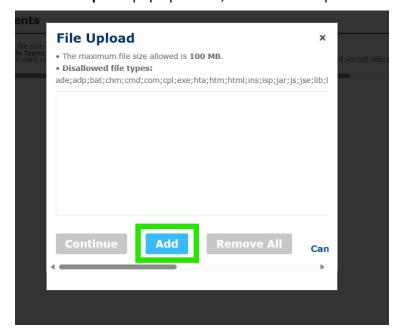




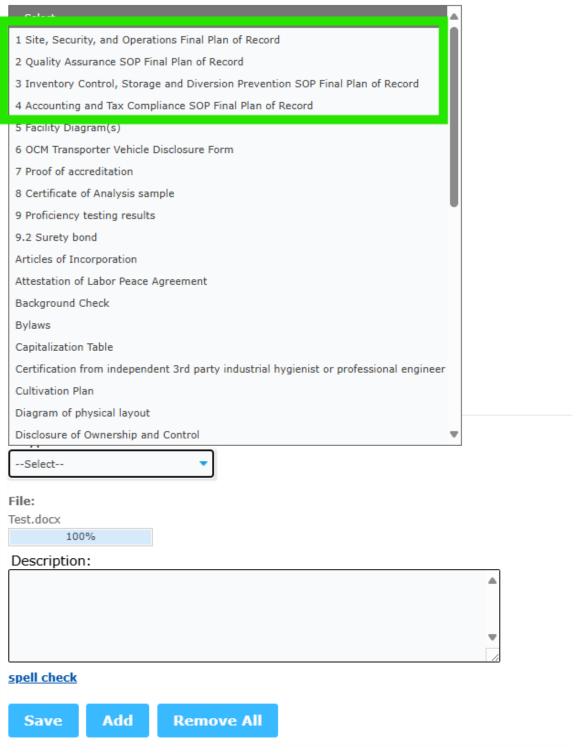
5. Select **Add** to open the **File Upload** pop up modal.



6. In the File Upload pop up modal, select Add to upload revised documents.



7. Select the correct **Type** for the revised record you will be uploading and then upload the revised PDF under **File.**



8. Select Save.

