

**Olmsted County Planning Department**

August 1, 2024

Olmsted County Planning Advisory Commission

Prepared by: Olmsted County Planning Department Staff

Request: Olmsted County Text Amendment O2024-001TA to incorporate cannabis regulations into the zoning ordinance.

Planning Advisory Commission Summary

Application Type: Zoning Text Amendment

What is considered: Is the proposed text amendment consistent with the goals and policies of Olmsted County concerning local regulation of cannabis products?

Approval Body: Olmsted County Board of Commissioners

Planning Department Recommendation: Approve text amendment as identified within this report and supplemental information.

BACKGROUND INFORMATION**Summary**

The Minnesota Legislature legalized adult-use cannabis and retail sales in Minnesota. Retail sales and other related businesses are expected to begin operation on March 1, 2025 and the Minnesota Office of Cannabis Management (OCM) is started accepting cannabis social equity applicants on July 24, 2024. The Olmsted County Zoning Ordinance must be updated in order to address where it is appropriate for these uses to be located in the unincorporated areas of the county where the County Zoning Ordinances apply. Olmsted County's jurisdiction for enforcing this ordinance falls within Eyota, Marion and Quincy Townships. MN Statute 394.33 states that no township regulation can be less restrictive than the County's prescribed standards.

The Planning Department has taken a conservative approach to regulating cannabis, including the determination that cannabis is a commercial agricultural product and appropriate in agricultural protection areas where more intense agricultural uses are common (such as feedlots and large growing operations), the creation of an Interim Use Permit process which will allow Cannabis Business to sunset at the end of a specified term, and reasonable restrictions on where cannabis can be grown and sold.

One of Olmsted County's strategic goals is Growth and Development. This text amendment balances the County's need to abide by state cannabis requirements, while still adding reasonable restrictions on development to ensure that Cannabis Business growth occurs in agricultural and commercial zoning districts.

Highlights of Ordinance Change

The amended sections of the ordinance are attached to this report. The ordinance is recommended to be amended as follows:

Article 2 is the definitions section of the ordinance. Ten cannabis definitions have been added.

Article 4 addresses Zoning Procedures. This section is amended to add Interim Use as an application type with the same process as the existing Conditional Use Permit (CUP). A CUP approval runs with the land, an Interim Use permit allows the jurisdiction to create a condition that will end the use, such as a specific year, specific timeframe, or change in property owner.

Article 5 is the Agricultural Zoning Districts. Cannabis cultivation (growing) is added as a permitted use as a type of crop. Planning staff has been informed by the Department of Agriculture that cannabis is considered an agricultural product and should be treated similarly to corn and soybeans.

Article 7 is the Rural Service Centers. These are mixed use areas that were once historic villages such as Chester and the Village of Marion. Cannabis retail operations are identified as a potential use with an interim use permit, since commercial and industrial uses are already permitted in the zoning district through a conditional use permit process

Article 8 is the Commercial, Industrial, Medical Institutional, and Special Districts. Cannabis is included as either permitted or interim uses in districts with similar uses.

Article 10 is General Regulations. The home occupation section (10.02) is altered to clearly prohibit cannabis business from being a home occupation. A section is added at the end of the article for Cannabis Business performance standards. These standards include setbacks as well as identify zoning districts which allow cannabis cultivation (growing).

Table 1 below is a Land Use Summary Table to help you identify the various Cannabis Businesses and which Zoning District they would be allowed in and by what permit type: Interim Use Permit (I), Permitted Use (P), Not Permitted (blank).

Table 1-Land Use Summary Table

Cannabis Business Type	A-1 Agricultural	A-2 Agricultural	A-3 Agricultural	RSD-Mixed Use	HC- Commercial	CS- Commercial	I-Commercial	MI- Commercial
Cannabis microbusiness	P	P	P	I	I	I	P	
Cannabis mezzo business	P	P	P	I	I	I	P	
Cannabis retailer				I	P	I		
Medical Cannabis combination business	P	P	P	I	P	I	P	I
Cannabis cultivator	P	P	P					
Cannabis manufacturer							P	
Cannabis wholesaler					P		P	
Cannabis transporter					I	I	P	
Cannabis testing facility					I		I	
Cannabis delivery service					I	I		

The zoning districts not impacted by the cannabis businesses are: A-4 Agricultural Urban Expansion District, A/RC-AER Agricultural/Resource Commercial District-Aggregate Extraction and Reuse, A/RC-LILI Agricultural/Resource Commercial District-Land Intensive Low Impact, ARC Agricultural Residential Cluster District, RA Rural Residential District, R-1 Low Density Residential District, R-2 Mixed Low Density Residential District, RC Recreational Commercial District.

ANALYSIS AND FINDINGS

Staff Findings: Staff findings support approval of the Zoning Text Amendment as follows:

1. The proposal is consistent with the policies of the Olmsted County General Land Use Plan. **Cannabis was not legalized when the Olmsted County General Land Use Plan was written, and there are no goals or objectives identified within the plan specifically addressing cannabis. However, the recommended changes allow for cannabis businesses within zoning districts that allow similar uses. One of Olmsted County's strategic goals is Growth and Development. This text amendment balances the County's need to abide by state cannabis requirements, while still adding reasonable restrictions on development to ensure that Cannabis Business growth occurs in agricultural and commercial zoning districts.**
2. The amendment is in the public interest; The amendment is in the public interest.

The Planning Department has taken a conservative approach to regulating cannabis, including the determination that cannabis is a commercial agricultural product and appropriate in agricultural protection areas where

more intense agricultural uses are common (such as feedlots and large growing operations), the creation of an Interim Use Permit process which will allow Cannabis Business to sunset at the end of a specified term, and reasonable restrictions on where cannabis can be grown and sold.

3. The proposed development is timely based on surrounding land uses. **This finding does not pertain to the specific text amendment.**
4. Proximity to development, and the availability and adequacy of infrastructure. **This finding does not pertain to this text amendment.**
5. The proposal permits land uses within the proposed district that are appropriate on the property and compatible with adjacent uses and the neighborhood. **This finding does not pertain to this type of text amendment.**
6. The proposal does not result in a spot zoning. **This finding does not pertain to this type of text amendment.**
7. The proposal is consistent with a General Development Plan for the area, if one exists. **This finding does not pertain to this type of text amendment.**

Staff Recommendation

Based on the Findings of Fact, Planning Staff recommend the Olmsted County Planning Advisory Commission recommend the approval to the Olmsted County Board of Commissioners of the Zoning Ordinance Text Amendment O2024-001TA amending Chapter 1400 of the Olmsted County Code of Ordinances.

ATTACHMENTS

1. Ordinance sections with tracked changes
2. Summary of Changes Document