



Association of Minnesota Counties

January 9, 2023

Re: County Comments Re: Adult-use Cannabis Product Legalization

Dear Chair Stephenson, Vice Chair Kotyza-Witthuhn, and Members of the House Commerce Finance and Policy Committee:

On behalf of the Association of Minnesota Counties (AMC), an organization representing all 87 Minnesota counties, I write to provide input related to HF 100, a bill legalizing and creating a regulatory framework for adult-use cannabis products.

County governments are responsible for an array of services that impact the health and wellbeing of Minnesotans. Every day counties assist Minnesotans across the state access services to better personal, family, and community outcomes through our local public health, social services, workforce development, economic security, and housing supports functions. For years, AMC members have been watching national conversations surrounding recreational cannabis legalization knowing that Minnesota would consider similar discussions and proposals. In 2019, the AMC Board of Directors established a Cannabis Task Force composed of over 20 elected county commissioners and departmental staff. This group reviewed cannabis legalization legislation, spoke with authors/proponents, heard from other state's county organizations where cannabis legalization was passed, outlined cannabis legalization impacts on county operations, and created a general framework of county priorities should legislation move forward. For your reference, we have included as part of this letter a 2019 high-level study outlining county operational impacts and broad areas of prioritization.

While AMC membership is divided on the broader issue of cannabis legalization, members are united in three broad principles:

1. Any legalization effort should prioritize local control and authority so residents are empowered through their locally elected leaders to determine what's best for their communities. Empowering localities will also ensure successful administration and implementation of the law through more efficient planning and zoning enforcement and effective public safety initiatives.
2. Any legalization efforts should have a strong, thorough, and expansive regulatory framework that ensures product quality control, education, inspection, and licensing duties and includes opportunities for local government participation and meaningful review;
3. Any legalization effort should acknowledge that local governments will be on the frontlines of responding and dealing with effects of legalization and as such, should have access to a portion of any new revenue to offset programmatic costs and lessen impacts to property taxpayers and existing operations.

In closing, AMC was grateful for the time former House Majority Leader Ryan Winkler spent with our AMC Cannabis Taskforce and the willingness previous authors/legislators had to consider our requests, particularly around local government representation on a statewide cannabis task force. **Counties hope that legislative authors will continue to engage and work with local governments to ensure that any potential legalization effort does not unintentionally affect county operations nor clientele and provides local governments with the best chances for successful implementation.**

Sincerely,

Matt Hilgart, Government Relations Manager
Association of Minnesota Counties

The Impact of Cannabis Legalization on Counties



Association *of*
Minnesota Counties

BACKGROUND

AMC Cannabis Workgroup

At the end of 2018, the AMC Executive Committee formed a special workgroup called; the “County Considerations Regarding Legalization of Recreational Marijuana” which is referred to, in short, as the “AMC Cannabis Workgroup.” AMC’s Executive Committee formed the Workgroup after learning about the significant impact that cannabis legalization had on counties in adult use states and wanted to ensure Minnesota counties were best situated to weigh in on the issue should it come up at the Legislature.

The purpose of the Workgroup is to analyze how cannabis legalization impacts counties. After months-long study of the issue and consultation with county partners, the Workgroup compiled this educational booklet to share its concerns and findings with the AMC membership. This document outlines how cannabis legalization, if enacted, could impact Minnesota counties and includes recommendations for policymakers should they consider the issue in the 2020 legislative session.

Role of Local Governments in Adult Use Cannabis

The roles and responsibilities delegated to local governments in adult use cannabis laws vary widely across the United States. A few states authorize local governments to license and enforce regulations on cannabis businesses in their jurisdictions. In other places, the state government retains full regulatory responsibility. In places with strong local control laws, a local government is allowed to opt in or out of allowing cannabis businesses to operate within its jurisdiction. This means the local government can choose to allow or ban cannabis cultivators, manufacturers, testing laboratories, and retailers; however, it cannot ban the personal possession and use of cannabis.

Regardless of how a law may be structured in Minnesota, our counties will be on the front lines of enforcement and public health education. In addition, cannabis legalization will impact county services such as planning and zoning, water management, solid waste management, human services, and tax collection.

AMC Guiding Principles

The Association of Minnesota Counties recognizes that adult use cannabis legalization, if enacted, will have a significant impact on county operations. The Association of Minnesota Counties requests policymakers to consider these principles in proposed cannabis legalization legislation:

- Grant local governments the authority to opt-in or opt-out of sectors of the cannabis industry based on the preferences of their residents. Local governments must also have the authority to institute a temporary moratorium so they can study the law and gather input from residents before deciding on local cannabis policy.
- Create a strong regulatory framework ensuring only safe and legal operations can succeed.
- Establish a shared revenue source that reimburses local governments for implementation, public education, and ongoing enforcement.
- Support public health education about the impacts of cannabis use to protect the health of families and communities.
- Include county representatives in all official legalization discussions such as workgroups, rulemaking bodies, and advisory boards.

CANNABIS LEGALIZATION & COUNTIES

Environment, Natural Resources, Planning and Zoning

Adult use cannabis legalization presents new changes in county planning and zoning and environmental services. Adult use legislation creates several types of businesses that each require separate location, time, and manner zoning ordinances. Counties will also have to consider new solid waste processes to manage waste containing THC (the psychoactive ingredient in cannabis). Environmental services will need to work closely with law enforcement to investigate and mitigate illegal growing operations detailed in the Public Safety section of this booklet.

Establishing Boundaries to Respect Neighbors and Communities

Counties are responsible for zoning regulations for many areas outside of municipal boundaries. The cannabis industry includes cultivation, manufacturing, testing, and retail that all require special zoning considerations and consultation with impacted communities. Planning and zoning considerations are more expansive than just location. Counties will also need to consider other factors such as odor and lighting control, signage, security systems, and hours of operation.

Establishing Boundaries for Public Health and Safety

County zoning authorities will have to be careful regarding the location of certain cannabis businesses to protect the health and safety of their communities. Retail locations must be carefully zoned so that they are not adjacent to businesses or community facilities frequented by children. Cannabis manufacturing and cultivation operations can be hazardous with a high risk of fire and explosion. Government entities responsible for licensing cannabis businesses need authority to review proposed building plans to ensure they are thoroughly vetted by building code authorities.

Managing Wastewater and Solid and Hazardous Wastes

Most counties are responsible for local water management plans and solid waste management. Every sector of the cannabis industry generates waste that must be properly disposed to protect public and environmental health. Counties may require the support of state partners to study proper disposal methods and finance new services.

Public Health & Human Services

Research is still needed on the long-term social and health impacts of adult use cannabis. However, it is undeniable that cannabis has health consequences for users. In addition, like any product that's consumed, cannabis needs to be inspected for product quality and safety. Local public health departments are an essential partner in protecting the health and safety of the state's residents and will play an important role in educating the public if adult use cannabis legislation is enacted.

Adolescent Use Prevention

Studies show cannabis use is harmful for adolescents and youth today view cannabis as less dangerous than alcohol and tobacco. Regardless of Minnesota's decision on the legalization of adult use cannabis, local public health departments need to start education campaigns to address the health impacts of cannabis now. With neighboring jurisdictions of Canada, Michigan, and Illinois legalizing adult use cannabis, more product will be entering Minnesota counties. It's essential that the state initiates public health education campaigns to inform adolescents and parents about the health consequences of cannabis.

Safe Use Education

Nationwide, cannabis vape users have been hospitalized with severe and sometimes fatal respiratory illnesses that public health officials suspect was caused by contaminated products. With the growing variety of cannabis products and evolution of potency, local public health offices can provide the public with accurate information to prevent dangerous use.

Product and Facility Inspections

Cannabis cultivation facilities need to be inspected to protect the health of industry employees and ensure safe products. In addition, edible cannabis manufacturing facilities must be inspected for safe food handling practices. Local public health professionals can provide valuable input on inspections and environmental health to protect consumers and cannabis industry employees.

Data Collection and Monitoring

The long-term impact of legalizing cannabis on families and communities is largely unknown so it's essential that public health data is collected and analyzed to inform future policy development.

Substance Use Disorder Treatment

Counties provide substance use disorder services such as completing assessments, arranging for or providing treatment, and managing care. Counties also provide resources to support children whose parents cannot care for them due to chemical use. These services may be impacted by the increased availability of cannabis in Minnesota's communities and may require additional state financial support.

Public Safety

Adult use cannabis creates additional demands on County Sheriffs which will be required to invest in new training, services, technology, and K9 units. Regardless of the state's decision on the legalization of adult use cannabis, Minnesota counties will soon experience an increase in law enforcement needs due to the legalization of cannabis in the neighboring jurisdictions of Canada, Michigan, and Illinois. The state should invest in new resources now so law enforcement can adequately respond to the increase of cannabis entering our state.

Road Safety

County Sheriffs are responsible for keeping our roads safe. They will need new and ongoing training to identify impaired drivers and financial support to cover the additional costs of THC testing. The state, with county input, should establish a secure chain of custody process so that products are safely transported between industry businesses.

Community Safety

The adult use cannabis industry is largely a cash economy. County law enforcement will need to address the increased security risks of large volumes of cash being delivered to county buildings to pay property taxes and the circulation of cash at cannabis businesses in their communities. Cannabis businesses must be required to have adequate security systems to discourage property crimes and prevent product diversion to illegal markets.

Environmental Safety

States with legal cannabis operations have continued to investigate and mitigate illegal grow operations that can be destructive to the land and buildings where they are hidden. Illegal grows are dangerous for county law enforcement to investigate, additionally, the cleanup and remediation of sites can cost tens of thousands of dollars.

Law Enforcement Support

Police dogs are important members of local law enforcement teams. Most of Minnesota's drug sniffing dogs will not be able to serve after legalization because they cannot be retrained to not identify cannabis. Local law enforcement departments will need financial support to invest in a new generation of K9 units.

Decriminalization and Expungement

The decriminalization of cannabis and expungement of prior convictions will impact county jails, correction programs, probation/parole departments, and County Attorney offices. State departments should ensure an unbiased and equitable expungement process and must consult counties on policy development and timelines. In addition, processing these changes and adjusting to new practices may add significant workloads to county offices. These offices should be supported financially by state resources.

Regulation and Taxation

There are a variety of regulatory structures in adult use cannabis states. In some states, counties have limited to no role in licensing or regulating businesses. In other states, local governments have an active role in licensing, regulating, and taxing cannabis businesses. In states where counties are actively involved in the licensing and regulation of cannabis businesses, the county will be required to draft new ordinances detailing zoning requirements and the type and number of businesses that may operate in the jurisdiction. The county must also establish a licensing application process and inspection and auditing programs.

Regardless of the structure Minnesota may consider enacting, it's important for potential legislation to protect counties from increased program costs and to encourage state and local cooperation. If the state legalizes adult use cannabis without county input, the strain of new law enforcement duties, zoning responsibilities, and public health outreach will represent a significant unfunded mandate on counties.

Protecting Taxpayers from Unfunded Mandates

Cannabis legalization impacts a wide range of county services and programs. Counties will have to cut other programs or seek property tax increases to cover the costs associated with legalization. The state must protect property taxpayers from these prospective costs through a shared revenue program with consistent allocations to local governments.

State and Local Partnership

Some legalization states created a shared licensing and regulation system where both the state and local governments permit and inspect sectors of the cannabis industry. If local governments do not have licensing and regulation authority, the state must work with local governments to ensure that all cannabis license applications are compliant with local ordinances prior to approval.

Impact on Federal, State, and Local Relationships

State and local programs depend on financial support from federal sources. The state should analyze how legalization of cannabis in the state and localities, while it remains illegal federally, could impact funding for state and local programs.