

City Q&A: Cannabis in Red Wing

October 15, 2024

What has the State of Minnesota mandated for cities like Red Wing, related to cannabis?

During the 2023 legislative session, the state made it legal for people over the age of 21 to grow, use, buy, and sell cannabis as a retail business. Minnesota is the 23rd state to do this. To set up the rules, the state formed the Office of Cannabis Management (OCM). Tribal governments were able to start selling to the public last summer. Starting January 1, 2025, non-tribal entities can start selling to the public after they're licensed by the state's OCM.

Can cities ban or limit cannabis dispensaries? Cities cannot ban cannabis dispensaries. State law requires that cities allow at least one dispensary for every 12,500 residents. A City Council can vote to limit the number of dispensaries in their town, though. Based on Red Wing's population, the Red Wing City Council could adopt a local law that limits the number of cannabis dispensaries in the community to two. The Prairie Island Indian Community (PIIC) already owns and operates Island Peži, the cannabis dispensary on Prairie Island. So, if our City Council limits the number of local dispensaries to two, only one more dispensary could be licensed in Red Wing. If the City Council does not limit the amount, there could be any number of dispensaries in Red Wing, just like grocery stores, liquor stores, and other retail businesses.

Are cities allowed to own and operate cannabis dispensaries? Yes, local governments like the City of Red Wing are authorized by state law to own and operate cannabis dispensaries in their communities. However, city-owned dispensaries do not count toward the minimum number of dispensaries authorized by the state.

What options are available to the City? The City Council has formed a City Cannabis Committee made up of three Council members and a staff member to explore the challenges and opportunities associated with adult-use cannabis being legal in Minnesota. The choices include the following:

- a. Own and operate a city cannabis dispensary. *If the Council limits the number of dispensaries to two, this choice would allow for one more dispensary in Red Wing.*
- b. Partner with the Prairie Island Indian Community by leasing space in a city-owned building on Old West Main Street to PIIC so PIIC can own and operate a dispensary in that space. *If the Council limits the number of dispensaries to two, this choice would be the second and final dispensary licensed in Red Wing.*
- c. Allow anyone licensed by the state to open a cannabis dispensary. *If the Council limits the number of dispensaries to two, this choice would allow for one more dispensary in Red Wing.*

Why would the City be interested in the cannabis marketplace?

The Council cannot ban the adult use of cannabis or cannabis dispensaries in Red Wing. For that reason, many cities, including Red Wing, are considering how to proceed. The City Council

has heard and listened to residents. Many people have said they want lower taxes, and they want Red Wing's cannabis dispensaries to be safe and highly regulated. The City participating in the cannabis marketplace would help make these things happen.

What are the benefits of a partnership with the Prairie Island Indian Community?

By collaborating with the Prairie Island Indian Community, the City would not take on the financial risks of owning and running a cannabis dispensary. However, by leasing space to PIIC through a proposed partnership, Red Wing would receive a percentage of the dispensary's business proceeds, along with lease payments. These funds could help pay for necessary City services for everyone in the community and help control residents' city taxes. A second PIIC dispensary would also reach the potential maximum number of dispensaries in Red Wing and ensure that all cannabis sold in town is tightly regulated and owned and operated by a trusted local partner—the Prairie Island Indian Community. PIIC already owns and runs a well-regarded cannabis dispensary: Island Peži. State representatives visited that facility this summer and touted it as an excellent example to others around Minnesota. The Prairie Island Indian Community also has years of experience in running other successful, highly regulated operations.

What happens now?

The City Council is reviewing options, and the City's Cannabis Committee continues to discuss opportunities with representatives of the Prairie Island Indian Community. More details will be available soon. The Council also wants to hear from you. If you have thoughts, concerns, questions, or ideas, you can email your Council members and mayor all at once at this address: citycouncilmayor@ci.red-wing.mn.us

The City Council's goals with the new state cannabis laws are to benefit the community, keep our city safe, and continue creating a sustainable, healthy, accessible, resilient, and equitable community where everyone feels at home.

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