STATE OF MINNESOTA
Legislative Budget Office

MEMO

TO: Senate chairs and minority leads of committees to which SF 73 has been referred

House of Representatives chairs and minority leads of committees to which HF 100 has been referred

FROM: Christian Larson, LBO Director

DATE: October 13, 2023

SUBJECT: Local Impact Note Request: HF 100 (Stephenson)/SF 73 (Port) – Legalize Adult-Use Cannabis

Enclosed is the local impact note for HF 100 (Stephenson)/SF 73 (Port)– Legalize Adult-Use Cannabis. The local impact note was requested by Senator Eric Pratt as the ranking minority member of the Senate Finance Committee and Senator Bill Weber as the ranking minority member of the Senate Tax Committee.

The Legislative Budget Office (LBO) is charged with coordinating the development of local impact notes under Minnesota Statutes, section 3.987. Local impact notes focus on the impact of proposed legislation on political subdivisions, understood to include local entities such as cities, townships, counties, and school districts.

The local impact note provides a summary of the bill, a description of the methodology used in the development of the note, and analysis developed by the LBO regarding the fiscal impact of HF 100/SF 73 on local units of government. The local impact note is available electronically on the LBO website.

If you or your staff have any questions about the local impact note process, please contact LBO Coordinator, Kathryn Ho, at 651-297-7146.

cc: Senator Lindsey Port
       Senate Fiscal Staff
       House Fiscal Staff
       LBO Staff

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Table of Contents

Local Impact Note

2023-2024 Legislative Session
Minnesota Legislative Budget Office

House File 100 / Senate File 73 – Legalize Adult-Use Cannabis

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Authors SF 73:   Port, Oumou-Verbeten, Putnam, Murphy, Boldon

Date: October 13, 2023

Note: A local impact note was requested on Senate File (SF) 73, a bill to legalize adult-use cannabis. The following local impact note has been prepared on House File (HF) 100, the companion bill to SF 73. HF 100 passed both the Minnesota House of Representatives and the Minnesota Senate in the 2023 regular legislation session and was signed into law as Laws of Minnesota 2023, Chapter 63 on May 30, 2023.

Executive Summary

HF 100 – Legalize adult-use cannabis will have a fiscal impact on local units of government, although quantifying that fiscal impact is challenging. The Legislative Budget Office (LBO) surveyed local units of government across Minnesota to gather information about the fiscal impact after legalization and received a total of 68 individual responses with varying data in each category from cities and counties. Out of 87 counties, the LBO received responses from 26 counties for a response rate of 30 percent. Out of 853 cities, the LBO received responses from 46 cities for a response rate of 5 percent.

At the time of the survey, many respondents indicated they did not have enough information or experience to accurately estimate the fiscal impact on their local unit of government. Uncertainty exists in several areas. Some cities and counties were unsure of their role related to some of the new mandates. Cities and counties did not have a way to estimate the number of cannabis businesses that may end up in their borders, which made it difficult to know what kind of administrative impact they may experience or what kind of state funding they might receive.

As part of the local impact note, the LBO reviewed published studies to learn more about what other states experienced following the legalization of recreational cannabis. In many areas, it is hard to conclude what Minnesota can expect since each state has

different laws and approaches. This report highlights some of the general trends but does not provide a direct dollar amount estimate of the impact.

Estimated Impacts

The LBO identified five areas where local units of government are likely to experience a fiscal impact from cannabis legalization. Respondents were asked to estimate the level of impact relative to their budget and staff capacities. The survey was structured categorically, asking respondents to describe anticipated fiscal impacts in five areas:

- Planning and Zoning
- State Licensing and Local Registration
- Public Safety
- Expungement
- Environmental Program Management

Zoning

Most respondents indicated they will likely make updates to their zoning ordinances. To update zoning ordinances, 16 cities and counties expect no fiscal impact, 13 expect a minor impact, 29 expect a moderate fiscal impact, and 10 expect a significant fiscal impact.

A review of published literature showed zoning changes were a common response to cannabis legalization, but the scope of those changes varied due to differences in the level of local control granted in different states. Costs for zoning changes may be ongoing as cities and counties reevaluate cannabis-related changes as the legal market develops.

State Licensing and Local Registration

Based on survey responses, most cities and counties expect cannabis-related businesses to be established within their borders. Only one responding city and one responding county expect no cannabis businesses. When asked what kind of cannabis businesses they expect, 27 expect manufacturing businesses, 25 expect wholesale businesses, 25 expect cultivation businesses, and 60 expect retail businesses. It should be noted that some license types allow business to engage in more than one type of operation.

When asked to estimate the fiscal impact of licensing and local registration efforts, 3 cities and counties expect no fiscal impact, 23 expect a minor impact, 28 expect a moderate impact, and 8 expect a significant impact.

A review of reports and published literature shows that retail licenses are the most common and that the costs incurred by local governments fluctuate during the first 5 to 10 years. The differences in license types, population, and local control affect the fiscal impact of licensing and local registration, making direct comparisons with other states difficult.

Policing & Public Safety

Policing and public safety will also likely have a fiscal impact based on survey responses and a review of the literature on the topic. There are expected savings and additional expenses for policing and public safety, with an unknown net effect. Based on survey responses, most cities and counties expect a fiscal impact in this area. When asked to estimate the fiscal impact on policing and public safety, 3 respondents expect no fiscal impact, 11 expect a minor impact, 28 expect a moderate impact, and 18 expect a significant impact. Some cost drivers include new training for officers and first responders, new equipment, specialized training for drug recognition experts, and replacement of K-9 units.

A review of published literature shows cannabis legalization results in fewer cannabis-related arrests and court filings but increased organized crime offenses. Research suggests no clear link between cannabis legalization and changes in violent crime levels. In DUI cases, some states found cannabis has become a more prevalent impairing substance following legalization.

Expungement

The level of effort required by local units of government to expunge cannabis-related offenses varies from one jurisdiction to another as differences exist in record keeping, record retention, and staffing. When asked to estimate the fiscal impact of the expungement process, 8 respondents expect no fiscal impact, 8 expect a minor impact, 24 expect a moderate impact, and 15 expect a significant impact.

Reviewed published literature provided little discussion about the fiscal impacts on local units of government associated with the process for expunging cannabis-related offenses.

Environmental Program Management

Cannabis legalization could have a fiscal impact related to the environmental program management of local units of government through new types of water usage and waste. Respondents expect some level of environmental program management impact, but it will depend on the presence of cannabis businesses, particularly cultivation and manufacturing operations. When asked to estimate the fiscal impact of environmental program management changes, 15 cities and counties expect no fiscal impact, 21 expect a minor impact, 12 expect a moderate impact, and 6 expect a significant impact.

A review of published literature examining the fiscal impact legalization has on environmental program management revealed limited information.

Summary

Based on survey responses and a review of published studies and reports, it is not possible to develop reasonable estimates of the fiscal impact on local units of government at this time. There are too many variables in the cannabis market and too many differences in the laws of states that have legalized cannabis to conclude what

Minnesota cities and counties will experience based on other states. The survey suggests that cities and counties anticipate a fiscal impact, but the magnitude of the impact is unknown.

Given the uncertainty and challenges in estimating the fiscal impact, several respondents indicated they would be willing to track their actual costs in these different categories and provide that data to the LBO in the future. This data could provide a future opportunity to analyze the fiscal impact that cannabis legalization has had on local units of government in Minnesota.

Bill Description

HF 100 establishes a regulatory framework for adult-use cannabis and lower potency hemp edibles, moves the medical cannabis program under the newly created Office of Cannabis Management (OCM), establishes taxes on regulated products, creates grants to assist individuals entering into the legal cannabis market; amends criminal penalties; provides for expungement and resentencing of certain convictions; provides for temporary regulation of hemp-derived edible cannabinoid products; reschedules marijuana; and appropriates money.

HF 100 consists of nine articles:

- **Article 1: Regulation of Adult-Use Cannabis**
  Provides definitions; businesses that will be licensed under the bill language; language pertaining to the Medical Cannabis Program, including businesses, licenses, and patient registry; the establishment of the Office of Cannabis Management and its authority; the establishment and duties of the Cannabis Advisory Council; reporting requirements; statewide monitoring system requirements; agricultural and food safety practices; rulemaking; environmental standards established; personal use guidelines; license types and fees; local control; inspections; data practices; cannabis and hemp business practices and operations; protections and requirements of health care practitioners and patients; testing requirements; grants and assistance; lawful activities, civil actions, and nuisance actions.

- **Article 2: Taxes**
  Modification of Minnesota Statute § 270B.12, pertaining to the tax agreements with cannabis sales, filing requirements, gross receipts tax, exemptions, administration, local tax prohibition, and definitions for implementation.

- **Article 3: Business Development**
  Establishment of CanStartup to disperse grant funds for microbusinesses and support job creation; loan disbursement and administration; establishment of CanNavigate to disperse grant funds to technical assistance and navigation support; program outreach; and industry training grants.

- **Article 4: Criminal Penalties**
  Amends Minnesota statutes pertaining to acts while under the influence, sale crimes, possession crimes, and adding language derived from the new cannabis legalization language defining cannabis possession, sale, cultivation, and driving while impaired crimes; exceptions are defined; driver education programs to include the dangers of driving while under the influence of cannabis; other crimes are defined and the implementation thereof.

- **Article 5: Expungement**
  Provides the grounds and procedures for expungement of criminal records under Minnesota Statutes § 13.82; 152.18, and 299C.11, where a petition is authorized under Minnesota Statute § 609A.02, subdivision 3. Requires the Bureau of Criminal Apprehension to identify eligible records. Expungement of criminal records is automatic for petty misdemeanor and misdemeanor marijuana convictions. Establishes the Cannabis Expungement Board to review felony related cannabis convictions to determine eligibility for expungement, resentencing or neither based upon specific conviction criteria and in the interest of the public.

- **Article 6: Miscellaneous Provisions**
  Reviews and defines medical cannabis compacts, including those with Tribal Nations; defines compacts to be negotiated; establishes a model program for the education on cannabis and substance use; details cannabis data collection and biennial reports as well as statewide assessment requirements; defines Tribal medical cannabis and the parts entailed including protections; gives duties to the commissioner of labor and industry pertaining to technical assistance, industry standards, and employment practices including specific public and private sectors; various other provisions provided; repealed language.

- **Article 7: Temporary Regulation of Certain Products**
  Temporary regulation language amending Minnesota Statute § 34A.01, subdivision 4, regarding food, certain cannabinoid products, the scope of the authority of the Department of Health (MDH), hemp products, testing requirements, labeling requirements, registration, age verification, and enforcement.

- **Article 8: Scheduling of Marijuana**
  Listing of Schedule I substances; amended in Minnesota Statute § 152.02, subdivision 2, to remove marijuana, cannabis, THC, and synthetic cannabinoids; amending language for Schedule III substances.

- **Article 9: Appropriations**
  Funds are appropriated to implement the provisions of the bill.

Methodology

This report is based on an LBO survey sent to cities and counties in Minnesota. The survey was structured categorically, asking respondents to describe anticipated fiscal impact in five areas:

- Planning and Zoning
- State Licensing and Local Registration
- Public Safety
- Expungement
- Environmental Program Management

Due to unknown factors such as the number and type of businesses in each jurisdiction, neither the survey nor the local impact note attempts to quantify fiscal impacts in aggregate or for individual local governments. Instead, survey respondents were asked to describe expected changes and select a level – none, minor, moderate, or significant – that best represented the fiscal impact anticipated at that time. Survey respondents had the option to estimate fiscal impact for each category, but most were unable to do so or stressed the preliminary nature of the estimate. A sample survey can be found in Appendix A. The definitions of minor, moderate, and significant are defined for each survey category and should be referenced in Appendix A before reading each section.

In addition to survey summary results and analysis, governmental reports, and case studies from states where cannabis has been legalized are used to help contextualize survey results and identify general trends. Cannabis gross receipts tax (CGRT) revenue estimates, created by the Minnesota Department of Revenue, will be distributed to local governments and will also be discussed in a separate section.

Caution should be used when interpreting this report. As local impact notes are limited to fiscal effects anticipated for local units of government, unrelated fiscal impacts that cannabis legalization may have on businesses, homeowners, or the community are not discussed. Within this report, local units of government include counties, cities, and townships as the targeted response group. The survey results and analysis reflect general fiscal effects that local governments anticipate, not every possible contingent or secondary impact that may occur. For example, residential property values may be affected if a dispensary is in the vicinity (case study conclusions vary). Changes in property values, depending on several contingent factors, may ultimately affect local

government costs, but a localized change in property values by itself does not create a fiscal impact. As such, these types of impacts are beyond the scope of this analysis.

Survey Response Summary

Forty-two cities and 26 counties responded to the survey.[1] The following table shows a breakdown by population category and metro/non-metro jurisdictions. For the purposes of this note, metro jurisdictions are those in the seven-county area of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.[2] As survey responses were gathered, it was noted that not all cities and counties answered all questions or indicated a fiscal impact. In addition, some questions that allowed for open-ended responses did not give quantifications.

Table 1a: Survey Responses by City Population

Population Size of Cities	Number of Responses
Cities < 1,000	7
Cities 1,000 – 10,000	18
Cities 10,001 – 50,000	11
Cities > 50,000	6
All Cities	**42**

Table 1b: Survey Responses by County Population

Population Size of Counties	Number of Responses
Counties < 1,000	0
Counties 1,000 – 10,000	4
Counties 10,001 – 50,000	14
Counties > 50,000	8
All Counties	**26**

Table 1c: Survey Responses by Metro and Non-metro Cities and Counties

Type of Cities and Counties	Number of Responses
Metro Cities	14
Non-metro Cities	28
Metro Counties	3
Non-metro Counties	23

Survey respondents were asked to select an anticipated cost level for each impact category. Please refer to Appendix A for contextual definitions of minor, moderate, and significant costs for each impact category. Note that some jurisdictions did not identify a fiscal impact for all categories.

Table 2a: Anticipated Fiscal Impact Responses by Category for Cities

Anticipated Impact	None	Minor	Moderate	Significant
Planning & Zoning	9	10	17	6
Licensing & Registration	2	16	15	5
Public Safety	3	6	19	10
Expungement	7	7	12	7
Environmental Program Management	9	14	6	3

Table 2b: Anticipated Fiscal Impact Responses by Category for Counties

Anticipated Impact	None	Minor	Moderate	Significant
Planning & Zoning	7	3	12	4
Licensing & Registration	1	7	13	3
Public Safety	0	5	9	8
Expungement	1	1	12	8
Environmental Program Management	6	7	6	3

Potential Fiscal Impacts

Planning and Zoning

The LBO asked local units of government if they anticipated municipal or stakeholder-initiated amendments to their zoning ordinance, comprehensive plan, or other planning documents. If yes, respondents were asked to describe expected changes, estimate associated costs if possible, and select a level that best represented the anticipated fiscal impact. Thirty-three cities and 19 counties indicated that they anticipate planning and zoning-related costs.

Most respondents indicated they would likely update zoning districts, district-permitted uses, and distance requirements but were unable to estimate costs at this time. Some jurisdictions expect they will require additional resources, while others anticipate minimal impact or opportunity costs that will reduce service levels elsewhere instead of direct costs. For example, one county anticipates "minor changes to our zoning ordinance … estimated cost is within budgeted resources," while another expects "significant staff time as well as deciding whether to hire a consultant." Tables 3a-c below show a breakdown of anticipated fiscal impact by population size and metro/non-metro. Please refer to Appendix A for contextual definitions of minor, moderate, and significant fiscal impacts.

Table 3a: Anticipated Fiscal Impact of Planning and Zoning by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	4	0	1	2
Cities 1,000 – 10,000	3	4	10	1
Cities 10,001 – 50,000	1	5	4	1
Cities > 50,000	1	1	2	2
All Cities	**9**	**10**	**17**	**6**

Table 3b: Anticipated Fiscal Impact of Planning and Zoning by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	1	1	2	0
Counties 10,001 – 50,000	3	1	8	2
Counties > 50,000	3	1	2	2
All Counties	**7**	**3**	**12**	**4**

Table 3c: Anticipated Fiscal Impact of Planning and Zoning by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	2	4	6	2
Non-metro Cities	7	6	11	4
Metro Counties	3	0	0	0
Non-metro Counties	4	3	12	4

The LBO also conducted a literature review to identify zoning-related cost impacts experienced by local governments in other states where cannabis has been legalized. We found that few studies examine local planning and zoning-related costs associated with cannabis legalization. Further, experience may vary significantly between states, regions, and jurisdictions due to differences in local control, revenue sharing, demographics, and community context.

Analyses of local government experiences in Colorado and Washington State identified one generalized trend of note for this study: local government planning and zoning-related costs are likely to be ongoing or extend beyond the initial phase of local cannabis regulation and policy establishment. Researchers at the University of California-Merced examined county-level recreational cannabis policies in Washington State and Colorado from 2012 through 2019, finding that many counties modified their land use or business regulations several times during the study period due to experience, unintended consequences, or stakeholder pressure.[3] Although local control provisions differ between Colorado, Washington, and Minnesota, the study suggests that local units of government may experience ongoing zoning and ordinance-related

costs as policies and stakeholder groups change over time. The American Planning Association also highlights the experience of several communities that had to reexamine cannabis-related zoning and performance standard ordinances due to unintended consequences or market developments.[4]

State Licensing and Local Registration

The LBO surveyed local units of government about what types of cannabis businesses they anticipate after legalization. Local units of government could choose from a combination of business types, their options consisting of none, manufacturing, wholesale, cultivation, and retail. Of the respondents, 37 cities and 23 counties indicated they expect one or multiple cannabis business types, the most common survey response being retail for both cities and counties. Some cannabis licenses allow businesses to operate in multiple categories. Only one city and one county responded there would be no cannabis businesses in their area. Tables 4a-c show a breakdown of the anticipated cannabis business types by population size and metro/non-metro areas.

Table 4a: Anticipated Business Types by City Population

Population Range: Cities	None	Manu-facturing	Wholesale	Cultivation	Retail
Cities < 1,000	1	2	2	2	6
Cities 1,000 – 10,000	0	4	1	2	18
Cities 10,001 – 50,000	0	2	2	1	8
Cities > 50,000	0	5	4	1	5
All Cities	**1**	**13**	**9**	**6**	**37**

*Four cities did not provide an amount

Table 4b: Anticipated Business Types by County Population

Population Range: Counties	None	Manu-facturing	Wholesale	Cultivation	Retail
Counties < 1,000	0	0	0	0	0
Counties 1,000 – 10,000	0	2	3	3	4
Counties 10,001 – 50,000	0	6	7	10	13
Counties > 50,000	1	6	6	6	6
All Counties	**1**	**14**	**16**	**19**	**23**

*Two counties did not provide an amount

Table 4c: Anticipated Business Types by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Manu-facturing	Wholesale	Cultivation	Retail
Metro Cities	0	6	5	2	13
Non-metro cities	1	7	4	4	24
Metro Counties	1	2	2	2	2
Non-metro Counties	0	12	14	17	21

Local units of government were asked to estimate the number of registrations they expected. Tables 5a-c detail the range of applications cities and counties of varying population sizes anticipated. Over half of the 38 cities that answered this question expected one to five retail business registration applications. One of the participating city's responses did not fit into the established categories of the table, where the respondent anticipated "1 or more" retail business registration applications. Likewise, two of the 24 county responses did not fit the table's parameters, one indicating "5-10" applications and the other stating, "… we would expect to receive under 10 cannabis applications annually." Over half of the remaining 22 county survey responses expected one to five business applications. Several respondents expressed intentions to limit the number of applications, with one noting, "Council direction [is] still needed, but staff recommendation will likely be to issue the minimum [number] of registrations in order to gauge time/cost impacts of compliance checks, etc. before considering allowing additional registrations." Local governments that border other states indicated there are unlimited possibilities for applications.

Table 5a: Anticipated Number of Registrations by City Population

Population Range: Cities	None	1 to 5	6 to 10	>10	Unknown
Cities < 1,000	0	3	0	1	2
Cities 1,000 – 10,000	0	14	1	0	3
Cities 10,001 – 50,000	0	5	1	1	1
Cities > 50,000	0	0	1	2	2
All Cities	**0**	**22**	**3**	**4**	**8**

*Four cities did not provide an amount

Table 5b: Anticipated Number of Registrations by County Population

Population Range: Counties	None	1 to 5	6 to 10	>10	Unknown
Counties < 1,000	0	0	0	0	0
Counties 1,000 – 10,000	0	3	0	0	1
Counties 10,001 – 50,000	0	8	0	0	4
Counties > 50,000	1	1	0	2	2
All Counties	**1**	**12**	**0**	**2**	**7**

*Two counites did not provide an amount

Table 5c: Anticipated Number of Registrations by Metro and Non-Metro Cities and Counties

Type of Cities and Counties	None	1 to 5	6 to 10	>10	Unknown
Metro Cities	0	6	1	2	4
Non-metro Cities	0	16	2	2	4
Metro Counties	1	0	0	0	1
Non-metro Counties	0	12	0	2	6

When asked about the fiscal impact of licensing and registration for cannabis, 36 cities and 23 counties indicated they anticipate some cost. Cities participating in the survey responded there would be a minor to moderate fiscal impact, whereas counties indicated primarily a moderate fiscal impact. Staffing time was the most common additional resource identified by respondents. For example, one survey respondent stated, "The processing of retail business registrations and performance of compliance checks will utilize existing staff time that would have been used for other tasks. I anticipate that the additional costs for these actions will be between $3-5k per year." Tables 6a-c below show a breakdown by population size and metro/non-metro. Please refer to Appendix A for contextual definitions of minor, moderate, and significant cost impacts.

Table 6a: Anticipated Fiscal Impact of Registrations by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	2	2	0	3
Cities 1,000 – 10,000	0	8	10	0
Cities 10,001 – 50,000	0	5	2	1
Cities > 50,000	0	1	3	1
All Cities	**2**	**16**	**15**	**5**

*Four cities did not identify a fiscal impact

Table 6b: Anticipated Fiscal Impact of Registrations by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	3	1	0
Counties 10,001 – 50,000	0	3	9	1
Counties > 50,000	1	1	3	2
All Counties	**1**	**7**	**13**	**3**

*Two counties did not identify a fiscal impact

Table 6c: Anticipated Fiscal Impact of Registrations by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cites	0	6	6	1
Non-metro cities	2	10	9	4
Metro Counties	1	0	2	0
Non-metro Counties	0	7	11	3

The LBO also conducted a literature review regarding the impact of state licensing and local registration of cannabis. Experience may vary significantly between states, regions, and jurisdictions due to differences in local control, revenue sharing, demographics, and community context.

Cannabis was legalized in Colorado in 2012, and by 2017, 26.6 percent of the State's jurisdictions permitted both recreational and medical business types.[5] Recreational retail stores were among the most popular businesses where licensing more than tripled after four years.[6] A Colorado Department of Public Safety report notes that cannabis business licenses increased by approximately 36 percent within the first two years of legalization.[7] By the end of 2017, "more than 1,400 cultivation licenses spread across hundreds of businesses, 42 counties, and 108 local jurisdictions."[8] The Colorado Department of Revenue commissioned a study that examined cannabis market trends through calendar year 2020, which found the number of active licenses appeared to begin stabilizing after years of upward growth since adult-use legalization.[9] The Colorado experience suggests that licensing and local government regulatory costs may fluctuate for the first 5 to 10 years.

Policing & Public Safety

The LBO surveyed local units of government about fiscal impacts on their policing and public safety departments. While HF 100 decriminalizes many cannabis-related offenses, over 90 percent of responses said there would be a fiscal cost to their police and public safety departments. Many cities and counties indicated that there are too many unknowns to accurately determine what the actual fiscal impact will be. Common themes for new costs included training police officers on the changes to the law, conducting compliance checks on cannabis businesses, and increases in calls for service related to cannabis, such as responding to an anticipated increase in traffic incidents.

Table 7a: Anticipated Fiscal Impact on Public Safety by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	2	1	2	2
Cities 1,000 – 10,000	1	4	8	5
Cities 10,001 – 50,000	0	1	5	2
Cities > 50,000	0	0	4	1
All Cities	**3**	**6**	**19**	**10**

* Four cities did not identify a fiscal impact

Table 7b: Anticipated Fiscal Impact on Public Safety by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	1	2	1
Counties 10,001 – 50,000	0	3	4	5
Counties > 50,000	0	1	3	2
All Counties	**0**	**5**	**9**	**8**

* Four counties did not identify a fiscal impact

Table 7c: Anticipated Fiscal Impact on Public Safety by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	0	1	9	3
Non-metro Cities	3	5	10	7
Metro Counties	0	0	3	0
Non-metro Counties	0	5	6	8

The LBO also conducted a literature review to identify policing and public safety-related cost impacts experienced by local units of government in states where cannabis has been legalized. There are many ways that policing and public safety efforts are impacted by cannabis legalization, many of which are difficult to quantify. Experience may vary significantly between states, regions, and jurisdictions due to differences in local control, revenue sharing, demographics, and community context.

Crime

Research suggests that there is not a strong link between cannabis legalization and violent crime or property crime. A study of Washington's violent crime rate and property crime rates from 1999 to 2016 shows trends that largely follow the trend of control states before and after the legalization of cannabis. The study shows a short-term decrease in violent crime and increased property crime following legalization. However, once retail sales started, violent crime and property crime again followed the trends in control state average. The study also compared trends across counties in Washington and did not find systematic differences based on whether that county banned or allowed recreational sales of cannabis.[10]

A 2018 Colorado Division of Criminal Justice report found that between 2012 and 2017, the total number of cannabis-related arrests decreased by 52 percent, and the number of cannabis-related court filings declined by 55 percent, but the number of organized crime-related filings linked to cannabis increased. Most of that increase was related to manufacturing and selling. The study also noted that the number of cannabis plants seized on public land increased between 2012 and 2017.[11]

Current research suggests that while there is not a strong correlation between cannabis legalization and increases in crime, police forces seem to be experiencing increased expenses. The Union of British Columbia Municipalities surveyed local governments to gather information about one-time and ongoing costs they incurred after cannabis legalization. Of the costs incurred during the first three years, 88 percent were attributed to municipal administration and support, local government enforcement, planning and zone, and policing. Policing costs had the largest incremental costs. Their survey also found the local governments that permitted non-medical cannabis retail operations experienced higher costs, especially related to policing, than local governments that did not.[12]

Impaired Driving

In 2013, the state of Colorado legalized the retail sale and possession of cannabis. A companion bill enacted the same year required the Department of Public Safety, Division of Criminal Justice (DCJ) to study the impact of legalization on law enforcement activities. The DCJ published preliminary findings in October 2018. The study found that the total number of DUI citations decreased from 5,705 in 2014 to 4,849 in 2017, but the percentage of citations where cannabis or cannabis-in-combination was the impairing substance increased from 12 percent to 15 percent respectively.[13] The Rocky Mountain High Intensity Drug Trafficking Area report states that since cannabis legalization in 2013, all Colorado traffic deaths involving cannabis have nearly doubled from 11 percent in 2013 to 20 percent in 2020.[14]

Drug Recognition Experts

Without the benefit of a reliable roadside test to show intoxication, police forces rely on officers who are trained as drug recognition experts (DRE) to evaluate the impairment of a driver in the field. The training to qualify as a DRE comes with additional costs to police departments. Minnesota's Drug Recognition Evaluator training program, hosted by the Minnesota State Patrol, costs approximately $4,000 initially and $500 annually; these costs are paid for by Minnesota's Drug Evaluation and Classification Program grant.[15] One of the cities that responded to the LBO's survey stated it would likely cost them between $5,000 and $10,000 per officer to receive DRE training.

K-9 Units

As more states have legalized cannabis, the role of K-9 units, specifically dogs that have been trained to detect marijuana, among other illicit substances, has been called into question. If a trained K-9 alerts its handler, that alert is considered probable cause to conduct a search without a warrant. However, when a police K-9 alerts its handler to the presence of an illicit substance, the dog cannot differentiate for the handler what substance it has detected or in what quantity. The dog only alerts the handler that it smells an illicit substance that it has been trained to detect. If a state has legalized cannabis and a drug-detecting dog has been trained to detect marijuana, it could alert its handler, which would result in a search of a vehicle or person. This search could then

be challenged in court under the assumption the dog alerted its handler to the presence of a legal substance.[16]

As a result, many police departments operating in states with legal cannabis have responded by retiring the dogs trained to detect cannabis. Another option is to retrain the dog, so it does not alert its handler to the scent of cannabis. The cost of replacing a retired dog or retraining a dog can be prohibitively expensive for police departments. According to the National Police Dog Foundation, it can cost a department $8,000 to purchase the dog and an additional $12,000 to $15,000 to train it.[17]

Expungement

The LBO asked local units of government questions related to record keeping, estimated costs, and any fiscal impact that would be anticipated in participating in the process to expunge criminal records for qualified individuals who have a cannabis-related criminal offense as outlined in the enacted bill language. Respondents were asked if criminal records were kept and in what medium (electronic, paper, or both) to describe any challenges they anticipate in identifying records eligible for expungement. They were also asked about any associated costs related to the process of finding records and the implementation of expungement, if there was any need for additional resources to seal records, the anticipated fiscal impact to identify and seal expunged records, along with any additional comments pertaining to the enacted expungement bill language. Twenty-six cities and 21 counties indicated that they anticipate record and expungement-related costs.

Table 8a: Anticipated Fiscal Impact of Expungement by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	3	1	1	1
Cities 1,000 – 10,000	4	5	4	3
Cities 10,001 – 50,000	0	1	4	1
Cities > 50,000	0	0	3	2
All Cities	**7**	**7**	**12**	**7**

*Nine cities did not identify a fiscal impact

Table 8b: Anticipated Fiscal Impact of Expungement by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	1	0	3	0
Counties 10,001 – 50,000	0	1	6	5
Counties > 50,000	0	0	3	3
All Counties	**1**	**1**	**12**	**8**

*Four counties did not identify a fiscal impact

Table 8c: Anticipated Fiscal Impact of Expungement by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	1	1	7	1
Non-metro Cities	6	6	5	6
Metro Counties	0	0	1	2
Non-metro Counties	1	1	11	6

The survey found anticipated fiscal impact varies significantly from one jurisdiction to another. Some local governments expect a significant fiscal impact that will require additional resources due to a lack of staffing, access to records, and understanding of what the Cannabis Expungement Board will request. Other jurisdictions anticipate minimal impact, stating that either records were easily located, or they expected assistance from the Cannabis Expungement Board as well as the County Sheriff's offices, County Attorneys, the District Court Systems, and the Bureau of Criminal Apprehension. For example, one city's response mentioned that regardless of whether the records are paper or electronic, records are not kept according to the case or charge type, so all records would need to be reviewed manually. Another city mentioned current technicians will need to prioritize active police reports and investigations, so they foresee this being a slow and time-consuming process.

County responses included concerns about retention periods of records and the timetable for which the expungements would be completed, therefore having similar concerns with staffing this versus the current workload of active police reports and investigations. Tables 9a-9c below show a breakdown by population size and metro/non-metro. In addition, the responses at the time of the survey showed that some cities and counties did not have the records needed for expungement because the responsibility for those records fell to counties and district courts. Please refer to Appendix A for contextual definitions of minor, moderate, and significant cost impacts. Staff time and locating the records needed were the most frequently mentioned cost drivers. Experience may vary significantly between jurisdictions.

Table 9a: Type of Record Formatting by City Population

Population Range: Cities	Physical Only	Electronic Only	Mix	Not Applicable
Cities < 1,000	0	0	0	6
Cities 1,000 – 10,000	0	6	6	4
Cities 10,001 – 50,000	0	5	2	0
Cities > 50,000	0	0	4	0
All Cities	**0**	**11**	**12**	**10**

Table 9b: Type of Record Formatting by County Population

Population Range: Counties	Physical Only	Electronic Only	Mix	Not Applicable
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	2	1	1
Counties 10,001 – 50,000	0	2	10	0
Counties > 50,000	0	2	3	0
All Counties	**0**	**6**	**14**	**1**

Table 9c: Type of Record Formatting by Metro and Non-metro Cities and Counties

Type of Cities and Counties	Physical Only	Electronic Only	Mix	Not Applicable
Metro Cities	0	5	5	1
Non-metro Cities	0	6	7	9
Metro Counties	0	0	3	0
Non-metro Counties	0	0	11	1

There is limited discussion in the literature on the fiscal impact to local units of government. The literature focuses on the fiscal impacts and barriers to the individual.

According to the Minnesota Law Library, the steps for the current expungement process that take a significant amount of staff time include gathering criminal case histories on all cases where a petitioner was charged with a crime, including those cases where the petitioner was not convicted; identifying which cases are classified as drug charges and then reviewing specifically for marijuana and cannabis charges; and making copies and certifying those documents.[18] The literature is consistent with the findings of the LBO survey of local units of government in that state records can be kept online or in paper form and would need to be manually reviewed as drug arrests are not separated by type. These records may also need to be requested from the judicial districts where cases took place, which would involve the county offices.

Environmental Program Management

The LBO asked local units of government to describe what changes they expect in their water and waste programs and the fiscal estimate for changes made to their environmental program management. Twenty-three cities and 16 counties responded they expect some fiscal impact on their environmental program management processes after cannabis legalization. Of those responses, most cities and counties believe cannabis legalization will have a minor fiscal impact on their environmental program management. Additionally, nine cities and six counties noted there would be no fiscal impact on their environmental program management. Several other respondents reported that determining what environmental program management changes would need to happen would be too difficult, with one respondent stating, "We are unsure, depending on if a business wants to create a grow facility on our city wastewater service. We expect no impact to any services from retailers, only grow and

manufacturing." Tables 10a-c below show a breakdown by population size and metro/non-metro. Please refer to Appendix A for contextual definitions of minor, moderate, and significant cost impacts.

Table 10a: Anticipated Fiscal Impact on Environmental Program Management by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	0	2	1	3
Cities 1,000 – 10,000	5	7	3	0
Cities 10,001 – 50,000	3	3	0	0
Cities > 50,000	1	2	2	0
All Cities	**9**	**14**	**6**	**3**

*Ten cities did not identify a fiscal impact

Table 10b: Anticipated Fiscal Impact on Environmental Program Management by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	2	2	0	0
Counties 10,001 – 50,000	2	3	4	3
Counties > 50,000	2	2	2	0
All Counties	**6**	**7**	**6**	**3**

*Four counties did not identify a fiscal impact

Table 10c: Anticipated Fiscal Impact on Environmental Program Management by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	5	4	1	0
Non-metro Cities	4	10	5	3
Metro Counties	1	2	0	0
Non-metro Counties	5	5	6	3

The LBO conducted a literature review on the effects legalizing cannabis has on environmental program management for local units of government. The LBO found limited information examining the fiscal impact legalization has on environmental program management. The review revealed potential fiscal impacts to water, energy, and waste management programs with varying impacts at state, regional, and jurisdictional levels due to differences in local control, revenue sharing, demographics, and community context.

Revenues

Cannabis Gross Receipts Tax Revenue

HF 100 imposes a 10 percent cannabis gross receipts tax (CGRT) on the retail sale of taxable cannabis products.[19] Eighty percent of annual CGRT revenue is directed to the state general fund. The remaining 20 percent is distributed half to cities and half to counties. Twenty percent of the total amount available for counties is distributed equally among all counties, while the remaining 80 percent is distributed proportionally according to the number of cannabis businesses located in the county compared to the number of cannabis businesses located in all counties. The amount available for cities is distributed proportionally according to the number of cannabis businesses located in the city compared to the number of cannabis businesses located in all cities. The Department of Revenue, Tax Research Division, estimates that local distributions will total $2.7 million in FY24, rising to $17.2 million by FY27.[20] Since it is unknown how many cannabis businesses will be located in each jurisdiction, it is not feasible to calculate individual CGRT distributions at this time.

Table 11: Estimated Local Revenue Distribution from Cannabis Gross Receipts Tax

Estimated Local CGRT Revenue Distribution	FY24	FY25	FY26	FY27
Total CGRT Revenue for Local Governments	$2,700,000	$8,000,000	$13,100,000	$17,200,000
Total CGRT Revenue Distributed to Counties	$1,350,000	$4,000,000	$6,550,000	$8,600,000
Per County Equal Distribution	$3,103	$9,195	$15,057	$19,770
Per County Proportional Distribution	**	**	**	**
Total CGRT Revenue Distributed to Cities	$1,350,000	$4,000,000	$6,550,000	$8,600,000
Per City Proportional Distribution	**	**	**	**

**Distribution will vary based on the number of cannabis businesses that locate in the jurisdiction

General Sales Tax Revenue

Taxable cannabis products are subject to the state general sales tax of 6.875 percent and any local general sales taxes. Sales tax collections for authorized local governments may increase if taxable cannabis products are sold in their jurisdiction, depending on the number of cannabis businesses that locate in the jurisdiction, consumer spending patterns, and economic conditions.

Appendix A: LBO Survey

Survey Disclaimer

Local units of government were asked to select a level – no impact, minor, moderate, or significant – for each service category that best describes the anticipated fiscal impact of cannabis legalization. The definitions unique to each category should be used when interpreting survey results in the preceding sections.

Note that survey results should be interpreted with caution for three reasons:

1. The definitions of minor, moderate, and significant vary depending on the service category. Local governments provide an array of core services that each operate in a different context; therefore, cannabis legalization will affect each service area differently.

2. Differences in population, economies of scale, budget structure, location, tax base, and other factors mean what might be considered a minor impact to one community could be considered a moderate or significant impact to another community. For example, a growing community of 50,000 that currently processes a fair number of rezoning cases annually may already have the budgeted planning capacity to manage cannabis-related amendments without reducing existing service levels, while a low-growth community of 1,200 that does not process many rezoning cases annually may experience opportunity costs or need to budget additional resources in that area.

3. The high number of unknown factors that accompany cannabis legalization means estimates should be considered a preliminary "best guess." For example, it is unknown how many and what type of cannabis businesses will locate in each jurisdiction. Further, the location of cannabis businesses in one jurisdiction may impact another jurisdiction.

LBO Survey

General Information
Please answer the following demographic questions for your local unit of government.

1. Type of local unit of government?

   o County
   o City
   o Township

2. Name of local unit of government responding?

3. Contact information of person completing the survey? (Name, email address, phone number)

Zoning

Please answer the following zoning questions for your local unit of government.

4. In response to the legalization of adult-use cannabis, will your local unit of government make municipal-initiated or owner-initiated amendments to zoning ordinances, comprehensive plans, or other core planning documents?

   o Yes
   o No

5. Please describe the scope of changes needed and the estimate of your costs.

6. Please choose the level that best describes the anticipated fiscal impact of planning and zoning changes that would likely occur in response to adult-use cannabis legalization.

   o No fiscal impact expected.
   o Minor – updates that can be completed with existing staff capacity and budgeted resources. (For example, a clarifying change to a permitted use table with minimal hearing and notice-related costs.)
   o Moderate – staff hours and resources needed to make planning and zoning related changes can be completed within existing budget constraints but will reduce service-level capacity and may slow or delay other priorities.
   o Significant – comprehensive updates to permitted and conditional use regulations, sign regulations, future land use designations, etc. will significantly reduce existing service-level capacity and/or require contracted assistance. The local unit of government expects hearings and public engagement meetings taking a significant amount of time and resources.

Registration and Compliance Checks

Please answer the following registration-related questions for your local unit of government.

7. What kind of cannabis businesses are expected in your local unit of government? Select all that apply.

   o Retail
   o Manufacturing
   o Wholesale
   o Cultivation
   o None

8. How many retail business registration applications do you estimate you'll receive and issue or renew each year?

9. Describe the additional resources or staff needed to process retail business registrations and perform compliance checks as required by the bill (Article 1, Section 24) and your estimate of those costs.

10. Please choose the level that best describes the anticipated fiscal impact of retail registrations and compliance checks. Impact includes initial costs such as process creation and form design, as well as ongoing administration costs.

- o No fiscal impact expected.
- o Minor – retail registrations, compliance checks, and zoning certifications can be managed within existing staff capacity and budgeted resources. Existing service levels will not be affected.
- o Moderate – retail registrations, compliance checks, and zoning certifications can be managed within existing staff capacity and budgeted resources but will reduce existing service levels and may slow or delay other priorities.
- o Significant – retail registrations, compliance checks, and zoning certifications will significantly reduce existing service levels. The local unit of government may not be able to effectively deliver one or more existing services without additional resources.

Public Safety
Please answer the following public-safety related questions for your local unit of government.

11. Describe the anticipated impact of cannabis legalization to the public safety services (including police, fire, EMT, etc.) and your estimate of the costs.

12. Please choose the level that best describes the anticipated fiscal impact of cannabis legalization to your public safety services.

- o No fiscal impact expected.
- o Minor – existing officers will receive training/updates on the new laws. No additional equipment or resources will be needed. No impact to existing service levels or additional enforcement efforts anticipated.
- o Moderate – existing officers will receive training/updates on the new laws. Some additional equipment or resources will be acquired within existing budgeted resources. An increase in enforcement efforts may reduce service in other areas or delay other priorities.
- o Significant – existing officers will require substantial training/updates on the new laws. Additional equipment will be required above current budget resources. The anticipated increase in enforcement efforts cannot be met by existing officers and will severely reduce service in other areas.

Expungement
Please answer the following expungement-related questions for your local unit of government.

13. In what medium are your criminal records kept?

- o Physical (paper, microfiche, etc.)

- o Electronic
- o Mix
- o We do not keep criminal records

14. Describe challenges your local unit of government may encounter when trying to identify records needed for the expungement and your estimate of costs.

15. Would your local unit of government need additional resources to seal records if directed to do so under this bill?

- o Yes
- o No

16. Please choose the level that best describes the anticipated fiscal impact to identify records and seal expunged records.

- o No fiscal impact expected.
- o Minor – records are easy to identify and to seal and the number of requests for records is expected to be low.
- o Moderate – identifying records will take some effort to locate, requiring some manual searching through physical records, simple updates to records databases, or there is expected to be a higher number of requests for records.
- o Significant – identifying records will be difficult, requiring significant manual effort, complex updates to records databases, and there is expected to be a very high number of requests for records.

Environment

Please answer the following environment-related questions for your local unit of government.

17. Describe the changes, if any, needed for your wastewater, solid waste, and hazardous waste programs to account for cannabis legalization and your estimate of the costs.

18. Please choose the level that best describes the anticipated fiscal impact to your environmental services and programs.

- o No fiscal impact expected.
- o Minor – updates that can be completed with existing staff capacity and budgeted resources.
- o Moderate – the staff hours and resources needed to make changes can be completed within existing budget constraints but will reduce service level capacity and may slow or delay other priorities.
- o Significant – comprehensive updates needed will significantly reduce existing service-level capacity and/or require contracted assistance. The

local unit of government expects hearings and public engagement meetings will take a significant amount of time and resources.

Other

19. Please provide any other comments on fiscal impacts to your local unit of government.

20. Would your local unit of government be willing to track actual costs in these different categories and provide that data to the LBO in the future?

- o Yes
- o No

Appendix B: LBO Survey Response Summary

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 1a: Survey Responses by City Population

Population Size of Cities	Number of Responses
Cities < 1,000	7
Cities 1,000 – 10,000	18
Cities 10,001 – 50,000	11
Cities > 50,000	6
All Cities	**42**

Table 1b: Survey Responses by County Population

Population Size of Counties	Number of Responses
Counties < 1,000	0
Counties 1,000 – 10,000	4
Counties 10,001 – 50,000	14
Counties > 50,000	8
All Counties	**26**

Table 1c: Survey Responses by Metro and Non-metro Cities and Counties

Type of Cities and Counties	Number of Responses
Metro Cities	14
Non-metro Cities	28
Metro Counties	3
Non-metro Counties	23

Appendix C: Anticipated Fiscal Impacts by Category

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 2a: Anticipated Fiscal Impact Responses by Category for Cities

Anticipated Impact	None	Minor	Moderate	Significant
Planning & Zoning	9	10	17	6
Licensing & Registration	2	16	15	5
Public Safety	3	6	19	10
Expungement	7	7	12	7
Environmental Program Management	9	14	6	3

Table 2b: Anticipated Fiscal Impact Responses by Category for Counties

Anticipated Impact	None	Minor	Moderate	Significant
Planning & Zoning	7	3	12	4
Licensing & Registration	1	7	13	3
Public Safety	0	5	9	8
Expungement	1	1	12	8
Environmental Program Management	6	7	6	3

Appendix D: Anticipated Fiscal Impact – Planning and Zoning

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 3a: Anticipated Fiscal Impact of Planning and Zoning by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	4	0	1	2
Cities 1,000 – 10,000	3	4	10	1
Cities 10,001 – 50,000	1	5	4	1
Cities > 50,000	1	1	2	2
All Cities	**9**	**10**	**17**	**6**

Table 3b: Anticipated Fiscal Impact of Planning and Zoning by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	1	1	2	0
Counties 10,001 – 50,000	3	1	8	2
Counties > 50,000	3	1	2	2
All Counties	**7**	**3**	**12**	**4**

Table 3c: Anticipated Fiscal Impact of Planning and Zoning by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	2	4	6	2
Non-metro Cities	7	6	11	4
Metro Counties	3	0	0	0
Non-metro Counties	4	3	12	4

Appendix E: Anticipated Business Types

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 4a: Anticipated Business Types by City Population

Population Range: Cities	None	Manu-facturing	Wholesale	Cultivation	Retail
Cities < 1,000	1	2	2	2	6
Cities 1,000 – 10,000	0	4	1	2	18
Cities 10,001 – 50,000	0	2	2	1	8
Cities > 50,000	0	5	4	1	5
All Cities	**1**	**13**	**9**	**6**	**37**

*Four cities did not provide an amount

Table 4b: Anticipated Business Types by County Population

Population Range: Counties	None	Manu-facturing	Wholesale	Cultivation	Retail
Counties < 1,000	0	0	0	0	0
Counties 1,000 – 10,000	0	2	3	3	4
Counties 10,001 – 50,000	0	6	7	10	13
Counties > 50,000	1	6	6	6	6
All Counties	**1**	**14**	**16**	**19**	**23**

*Two counties did not provide an amount

Table 4c: Anticipated Business Types by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Manu-facturing	Wholesale	Cultivation	Retail
Metro Cities	0	6	5	2	13
Non-metro cities	1	7	4	4	24
Metro Counties	1	2	2	2	2
Non-metro Counties	0	12	14	17	21

Appendix F: Anticipated Number of Registrations

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 5a: Anticipated Number of Registrations by City Population

Population Range: Cities	None	1 to 5	6 to 10	>10	Unknown
Cities < 1,000	0	3	0	1	2
Cities 1,000 – 10,000	0	14	1	0	3
Cities 10,001 – 50,000	0	5	1	1	1
Cities > 50,000	0	0	1	2	2
All Cities	**0**	**22**	**3**	**4**	**8**

*Four cities did not provide an amount

Table 5b: Anticipated Number of Registrations by County Population

Population Range: Counties	None	1 to 5	6 to 10	>10	Unknown
Counties < 1,000	0	0	0	0	0
Counties 1,000 – 10,000	0	3	0	0	1
Counties 10,001 – 50,000	0	8	0	0	4
Counties > 50,000	1	1	0	2	2
All Counties	**1**	**12**	**0**	**2**	**7**

*Two counites did not provide an amount

Table 5c: Anticipated Number of Registrations by Metro and Non-Metro Cities and Counties

Type of Cities and Counties	None	1 to 5	6 to 10	>10	Unknown
Metro Cities	0	6	1	2	4
Non-metro Cities	0	16	2	2	4
Metro Counties	1	0	0	0	1
Non-metro Counties	0	12	0	2	6

Appendix G: Anticipated Fiscal Impact – Registrations

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 6a: Anticipated Fiscal Impact of Registrations by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	2	2	0	3
Cities 1,000 – 10,000	0	8	10	0
Cities 10,001 – 50,000	0	5	2	1
Cities > 50,000	0	1	3	1
All Cities	**2**	**16**	**15**	**5**

*Four cities did not identify a fiscal impact

Table 6b: Anticipated Fiscal Impact of Registrations by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	3	1	0
Counties 10,001 – 50,000	0	3	9	1
Counties > 50,000	1	1	3	2
All Counties	**1**	**7**	**13**	**3**

*Two counties did not identify a fiscal impact

Table 6c: Anticipated Fiscal Impact of Registrations by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cites	0	6	6	1
Non-metro cities	2	10	9	4
Metro Counties	1	0	2	0
Non-metro Counties	0	7	11	3

Appendix H: Anticipated Fiscal Impact – Public Safety

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 7a: Anticipated Fiscal Impact on Public Safety by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	2	1	2	2
Cities 1,000 – 10,000	1	4	8	5
Cities 10,001 – 50,000	0	1	5	2
Cities > 50,000	0	0	4	1
All Cities	**3**	**6**	**19**	**10**

* Four cities did not identify a fiscal impact

Table 7b: Anticipated Fiscal Impact on Public Safety by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	1	2	1
Counties 10,001 – 50,000	0	3	4	5
Counties > 50,000	0	1	3	2
All Counties	**0**	**5**	**9**	**8**

* Four counties did not identify a fiscal impact

Table 7c: Anticipated Fiscal Impact on Public Safety by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	0	1	9	3
Non-metro Cities	3	5	10	7
Metro Counties	0	0	3	0
Non-metro Counties	0	5	6	8

Appendix I: Anticipated Fiscal Impact – Expungement

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 8a: Anticipated Fiscal Impact of Expungement by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	3	1	1	1
Cities 1,000 – 10,000	4	5	4	3
Cities 10,001 – 50,000	0	1	4	1
Cities > 50,000	0	0	3	2
All Cities	**7**	**7**	**12**	**7**

*Nine cities did not identify a fiscal impact

Table 8b: Anticipated Fiscal Impact of Expungement by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	1	0	3	0
Counties 10,001 – 50,000	0	1	6	5
Counties > 50,000	0	0	3	3
All Counties	**1**	**1**	**12**	**8**

*Four counties did not identify a fiscal impact

Table 8c: Anticipated Fiscal Impact of Expungement by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	1	1	7	1
Non-metro Cities	6	6	5	6
Metro Counties	0	0	1	2
Non-metro Counties	1	1	11	6

Appendix J: Type of Record Formatting

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 9a: Type of Record Formatting by City Population

Population Range: Cities	Physical Only	Electronic Only	Mix	Not Applicable
Cities < 1,000	0	0	0	6
Cities 1,000 – 10,000	0	6	6	4
Cities 10,001 – 50,000	0	5	2	0
Cities > 50,000	0	0	4	0
All Cities	**0**	**11**	**12**	**10**

Table 9b: Type of Record Formatting by County Population

Population Range: Counties	Physical Only	Electronic Only	Mix	Not Applicable
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	0	2	1	1
Counties 10,001 – 50,000	0	2	10	0
Counties > 50,000	0	2	3	0
All Counties	**0**	**6**	**14**	**1**

Table 9c: Type of Record Formatting by Metro and Non-metro Cities and Counties

Type of Cities and Counties	Physical Only	Electronic Only	Mix	Not Applicable
Metro Cities	0	5	5	1
Non-metro Cities	0	6	7	9
Metro Counties	0	0	3	0
Non-metro Counties	0	0	11	1

Appendix K: Anticipated Fiscal Impact – Environmental Program Management

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 10a: Anticipated Fiscal Impact on Environmental Program Management by City Population

Population Range: Cities	None	Minor	Moderate	Significant
Cities < 1,000	0	2	1	3
Cities 1,000 – 10,000	5	7	3	0
Cities 10,001 – 50,000	3	3	0	0
Cities > 50,000	1	2	2	0
All Cities	**9**	**14**	**6**	**3**

*Ten cities did not identify a fiscal impact

Table 10b: Anticipated Fiscal Impact on Environmental Program Management by County Population

Population Range: Counties	None	Minor	Moderate	Significant
Counties < 1,000	0	0	0	0
Counties 1,000 – 10,000	2	2	0	0
Counties 10,001 – 50,000	2	3	4	3
Counties > 50,000	2	2	2	0
All Counties	**6**	**7**	**6**	**3**

*Four counties did not identify a fiscal impact

Table 10c: Anticipated Fiscal Impact on Environmental Program Management by Metro and Non-metro Cities and Counties

Type of Cities and Counties	None	Minor	Moderate	Significant
Metro Cities	5	4	1	0
Non-metro Cities	4	10	5	3
Metro Counties	1	2	0	0
Non-metro Counties	5	5	6	3

Appendix L: Estimated Local Revenue Distribution

Data from "Local Impact of House File 100: A Bill to Legalize Recreational Adult-Use Cannabis," survey by the Minnesota Legislative Budget Office (Summer 2023).

Table 11: Estimated Local Revenue Distribution from Cannabis Gross Receipts Tax

Estimated Local CGRT Revenue Distribution	FY24	FY25	FY26	FY27
Total CGRT Revenue for Local Governments	$2,700,000	$8,000,000	$13,100,000	$17,200,000
Total CGRT Revenue Distributed to Counties	$1,350,000	$4,000,000	$6,550,000	$8,600,000
Per County Equal Distribution	$3,103	$9,195	$15,057	$19,770
Per County Proportional Distribution	**	**	**	**
Total CGRT Revenue Distributed to Cities	$1,350,000	$4,000,000	$6,550,000	$8,600,000
Per City Proportional Distribution	**	**	**	**

**Distribution will vary based on the number of cannabis businesses that locate in the jurisdiction

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