

## Request for Committee Action

**To:** Community Development & Regulatory Services  
**Date:** 4/5/2016  
**From:** Community Planning & Economic Development  
**Prepared by:** Joan Hammell  
**Presented by:** Grant Wilson  
**File type:** Ordinance  
**Subcategory:** Code Amendment

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**Subject:**

Business Made Simple Initiative: Tobacco Dealers Licenses in C-1 Zoning Districts ([16-00270](#))

**Description:**

Amending Title 13, Chapter 281 of the Minneapolis Code of Ordinances relating to Business Regulations: Tobacco Dealers, related to Tobacco Dealers Licenses in the C-1 Zoning District.

**Previous Actions:**

This item was referred to the Minneapolis City Council on March 18, 2016.

Business Made Simple Initiative: Eliminating Outdated License Types ordinance. See File [15-01330](#).

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**Ward/Neighborhood/Address:**

All Wards

**Background/Analysis:**

The Minneapolis grocery ordinance has prohibited the issuance of new tobacco dealers licenses in C-1 zoning districts since July 25, 2008. This restriction, recommended by the Minneapolis Grocery Store Task Force, addressed the upsurge of neighborhood retail establishments seeking grocery store licenses without any intent to sell common staple grocery items. Instead, transactions mainly included snack items, soft drinks, tobacco, and drug paraphernalia.

The Minneapolis zoning code lists accessory tobacco sales as a permitted use in C-1 zoning districts. The majority of the city's tobacco dealers' licenses are aligned with another business license such as a grocery store, liquor store, or gas station. Every license holder is held accountable to the regulations defined in Chapter 281 of the Minneapolis Code of Ordinances. Violators are subject to fines, operating conditions, suspensions and if necessary, license revocation.

Many recent amendments have sought to improve compliance with important public health programs. Efforts related to restricting access to tobacco products include:

- Strengthening business owner management responsibilities
- Authorizing the City Council to place operating conditions on a business license
- Broadening the definitions of tobacco and tobacco related products
- Clarifying the use of e-cigarettes
- Instituting a minimum price for cigar products
- Restricting sampling, flavored tobacco and vending machine sales
- Establishing a minimum age to enter a shop devoted exclusively to selling tobacco products
- Prohibiting the sale of single cigarettes and the free distribution of tobacco products

- Doubling fines for recurring tobacco related violations.

An equally important public health initiative is improving the availability of healthy grocery items. Despite legislative changes to require grocery stores to stock a variety of staple and fresh foods, Minneapolis still has gaps in the city known as “food deserts.” Areas not served by grocery stores could attract grocery businesses if they are allowed to sell tobacco products.

As part of the city’s commitment to responsible retailing of tobacco, healthy foods, and the Business Made Simple Initiative, staff recommends modifying this C-1 zoning district limitation to allow tobacco dealers licenses for full service grocery stores. The minimum square footage and staple food requirements for a grocery store license represent an entrepreneurial model Minneapolis desires for improving access to healthy, affordable food options in our neighborhoods. Routine enforcement and consequences of illegal tobacco sales are strong and effective practices which deter violations of city regulations.

The 2008 restriction grandfathered existing tobacco dealer license holders who remain eligible to renew their tobacco dealers' license annually. Neighborhood retailers succeed when they provide both convenience and variety. New businesses are unfairly burdened by this outdated business constraint. It conflicts with basic economic principles of free enterprise and healthy competition which benefit the consumer, the business owner, and the community.

The public hearing notice and ordinance amendment were sent to all licensed grocery stores, grocery accessory use stores, tobacco dealers, neighborhood organizations, and Minneapolis business associations and placed on the Business Licenses’ website on April 6, 2016.

**Financial Review:**

No financial impact.

**Attachments:**

1. Chapter 281.85 Amendment.doc