

Village of Lemont

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SPECIAL PUBLIC INFORMATION MEETING

President and Board of Trustees

Village of Lemont

October 8, 2019 – 6:30 PM

Village Hall – Village Board Room

418 Main Street, Lemont, IL 60439

AGENDA

I. Pledge of Allegiance

II. Roll Call

III. Discussion Items

A. Adult Use Cannabis Legislation Workshop Discussion

IV. Old Business

V. New Business

VI. Executive Session

VII. Adjournment

By: Linda Molitor, Executive Assistant, Deputy Clerk, CRM

THIS AGENDA HAS BEEN POSTED FOR THE PURPOSE OF COMPLIANCE WITH THE ILLINOIS OPEN MEETINGS ACT.

Posted: Posted October 4, at 10:30 A.M.

TO: Village Board
FROM: George J. Schafer, Village Administrator
SUBJECT: Adult Use Cannabis Public Informational Workshop Discussion
DATE: October 3, 2019

SUMMARY / BACKGROUND

HB 1438 (Cannabis Regulation and Tax Act) legalizes the cultivation and sale of marijuana for recreational use by people 21 and older. The bill passed both chambers and was signed by the Governor on June 25, 2019 as Public Act 101-0027. The bill went into effect immediately, but many provisions don't take effect until January 1, 2020. To better inform the board and community on the new legislation, staff has been asked to prepare summary memos discussing the legislation and how it will impact Lemont, and approaches to dealing with those impacts. Memos from staff and the Village attorney, along with information made available from the Illinois Municipal League (IML) and state of Illinois have been attached to this memo for reference.

Another key component to the discussion involves regulation. While the Village may not prohibit responsible use of cannabis within the community, the bill does not prevent units of local government from enacting reasonable zoning ordinances regulating and/or taxing of cannabis business establishments that may locate within Lemont, or prohibiting establishments entirely. For the discussion at the workshop, staff will lead a presentation on the general provisions of the act, discuss public safety, employment and other impacts of the act to the community, as well as regulation opportunities and revenue share analysis. As an outcome from the workshop, staff is looking for direction on next steps associated with regulation within the community.

BOARD ACTION REQUESTED

The item is up for discussion only. Further direction on regulation requested.

ATTACHMENTS

- Summary memo from Village Attorney on the legislation
- Summary memo from Lemont Police Department on public safety impacts
- Summary memo from Administration on workplace effects
- Summary memo from Community Development Department regarding regulation
- Summary memo from Finance on Revenue Analysis
- Summary, tools and FAQs from Illinois Municipal League
- Summary and FAQs from Illinois.gov



3318 WEST 95th STREET
EVERGREEN PARK, IL 60805
(708) 424-5678
FAX (708) 425-1898

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MEMORANDUM

TO: Mayor John Egofske
Village Administrator George Schafer

FROM: Burton S. Odelson, Odelson & Sterk, Ltd.
Michael B. Stillman, Odelson & Sterk, Ltd.

DATE: August 12, 2019

RE: Recreational Marijuana Legislation (HB1438)

HB1438 (Cannabis Regulation and Tax Act) legalizes the cultivation and sale of marijuana for recreational use by people 21 and older. This memo will cover the aspects of the bill that pertain to local government and law enforcement. The bill passed both chambers and was signed by the Governor on June 25, 2019 as Public Act 101-0027. The bill went into effect immediately, but many provisions don't take effect until January 1, 2020. The page numbers in the memo are a reference to the bill.

Legalization (410 ILCS 705/10-10)

Beginning January 1, 2020, it will be legal to possess, consume, use, purchase, obtain, transport, or cultivate cannabis. Illinois residents 21 years of age or older are authorized to possess:

- 30 grams of cannabis flower,
- Up to 500 milligrams of THC in a cannabis-infused product, and
- 5 grams of cannabis concentrate.

Out of state residents are allowed to possess ½ of the above amounts. (pp. 41-42)

In addition, Illinois residents over the age of 21 who are patients under the medical cannabis program may cultivate 5 plants per household for personal use. The plants must be in an enclosed, locked space away from public view and be secured from unauthorized access. Only the medical patient or their authorized agent may tend the plants and they must purchase the seeds for the plant from a dispensary.

Licensing and Regulation



The state will license dispensaries, cultivation centers, craft growers, infusers and transporters. These facilities will be bricks and mortar establishments spread throughout the state. The licensing will start slowly in 2020. Current holders of medical marijuana cultivation and dispensary licenses will be able to apply for similar licenses for recreational marijuana. They can apply with 60 days of the effective date of the law.

Dispensaries

There are currently 55 licensed dispensaries in the state. Local locations include Romeoville, Worth, Posen, Homewood, Mokena, Joliet and Justice. The new dispensary license will allow the existing facilities to begin retail recreational marijuana sales at their existing facilities on January 1, 2020. These dispensaries will eventually be allowed to apply for a license for a second location. 410 ILCS 705/15-15 and 15-20.

A third wave of dispensary licensing will occur in May 2020, when up to 75 licenses can be awarded by the Illinois Department of Financial and Professional Regulation (IDFPR). An additional wave of 110 dispensary licenses will be available after January 1, 2021. At its discretion, IDFPR may offer additional licenses but the total dispensary licenses statewide at one time shall not exceed 500. (pp. 63-110) 410 ILCS 705/15-25.

Cultivation Centers

Cultivation centers may grow cannabis, extract cannabis concentrate and infuse cannabis into products. The centers are limited to 210,000 square feet of canopy (growing) space. The 19 current medical marijuana cultivators will be able to apply for a license within 60 days of the effective date of the act and may begin selling to dispensaries on December 1, 2019. After July 1, 2021 the Department of Agriculture (DOA) may issue up to 11 additional cultivation licenses. (pp. 164-192) 410 ILCS 705/20-10.

Craft Growers

Craft growers are smaller cultivation operations, limited to 5,000 square feet of canopy space and up to 14,000 square feet total space. By July 1, 2020 DOA shall issue up to 40 craft grower licenses; each applicant will be limited to one license. By December 21, 2021 DOA may issue an additional 60 craft grower licenses; growers will be allowed to apply for a second license.



After January 1, 2022 DOA may issue up to 50 additional craft grower licenses. (pp. 200-225) 410 ILCS 705/30-3 *et seq.*

Infusers

Infusers will be licensed to infuse products with cannabis or cannabis concentrate. By July 1, 2020 DOA shall issue up to 40 infuser licenses and by December 21, 2021 shall issue up to 60 additional infuser licenses. Infusers may share premises with craft growers and dispensaries but must keep their products stored separately. (p. 225-236). 410 ILCS 705/35-3 *et seq.*

***Guidelines for Advertising and Promotion of Cannabis Products (*Local Control*)**

Generally, the advertising for the products can't be false or misleading, can't be designed to encourage children to consume the products, and can't include the image of a cannabis leaf. Advertising for cannabis is prohibited:

- *Within 1,000 feet of school grounds, a playground, a recreation facility, a childcare center, a public park, public library, or game arcade that allows admission to minors;
- *On public transit vehicles or shelters;
- *On or in publicly owned or operated property.

*Cannabis businesses are also prohibited from giving away any cannabis product, conducting games or competitions related to the consumption of products, or providing promotional materials or activities that would be appealing to children. (pp. 275-277) 410 ILCS 705/55-20.

***Zoning, Local Ordinances and Opt Out (*Local Control*)**

The bill does not prevent units of local government, unless specifically restricted by the law, from enacting reasonable zoning ordinances or resolutions regulating cannabis business establishment. However, local government may not prohibit home growing for medical marijuana patients or unreasonably limit the lawful use of cannabis.

Ordinances may be adopted to:



- *Establish reasonable zoning ordinances or resolutions regulating cannabis business establishments (i.e., designate specific zoning location for business);
- *Reasonably regulate the time, place, manner, and number of cannabis business establishment operations, including minimum distance limitations between cannabis business establishments and locations the unit of government deems sensitive, including colleges and universities, through the use of conditional use permits. Local governments may establish civil penalties for violation of these ordinances;
- *Regulate the on-premises consumption of cannabis at or in a cannabis business establishment; and
- *Prohibit or significantly limit a cannabis business establishment's location. (pp. 283-285). 410 ILCS 705/55-25 (May also entail a business license with a fee to include expenses for inspection, law enforcement regulation, etc.).

*Cultivation, craft growing facilities and infusers may be subject to random inspections by local health and safety inspectors. (pp. 184 and 216). 410 ILCS 705/30-30(h), 410 ILCS 705/20-30(g), and 410 ILCS 705/35-25(g). (Probably need to hire/train additional inspectors).

***Social Equity Considerations in Licensing (*Local Control*)**

The bill creates numerous opportunities to “level the playing field” so that small businesses and individuals with criminal backgrounds or from disadvantaged areas get a chance to compete for the licenses for dispensing, cultivation, transportation and infusing. Social Equity applicants are defined as: “an applicant that is an Illinois resident that meets one of the following criteria:

(1) an applicant with at least 51% ownership and control by one or more individuals who have resided for at least 5 of the preceding 10 years in a Disproportionately Impacted Area;

(2) an applicant with at least 51% ownership and control by one or more individuals who:
(i) have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under this Act; or (ii) is a member of an impacted family;

(3) for applicants with a minimum of 10 full-time employees, an applicant with at least 51% of current employees who: (i) currently reside in a Disproportionately Impacted Area; or (ii)



have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under this Act or member of an impacted family.

Applicants would be eligible for waived licensing fees as well as preferences on the application for each of the classes of licenses, grants and loans to help with start-up of the business.

The bill also creates a Cannabis Business Development Fund funded by monies already in the Medical Cannabis Fund. It allows for various state agencies to create loan and grant programs to Social Equity applicants. The Social Equity applicants are those who are most directly and adversely impacted by the enforcement of cannabis-related laws who are interested in starting cannabis business establishments.

***Restore, Reinvest, Renew Program (R3) (Local Control)**

The bill creates a new program to address the impact of economic disinvestment, violence, and the prevalence of law enforcement and criminal justice responses in some communities during the “War on Drugs”. The aim is to increase investment, reduce violence, and reduce concentrated poverty through a grant program. The Illinois Criminal Justice Information Authority (ICIJA) and the Lt. Governor will coordinate with a new R3 board to designate R3 areas and issue R3 grants.

The grants will be awarded to local organizations for economic development, violence prevention services, re-entry services, youth development, and legal aid. The R3 areas have not specifically been designated yet. The bill requires ICIJA within 180 days of the effective date of the bill, to analyze state-wide data and identify areas. R3 areas will be communities that are high need, underserved, disproportionately impacted by historical economic disinvestment, and ravaged by violence as indicated by the highest rates of gun injury, unemployment, child poverty rates, and commitments to and returns from the Illinois Department of Corrections.

The grant program will be administered by a board, which will consist of 22 members, including representatives of the municipalities deemed “R3” areas. It appears that units of local government can apply for grant funding; the bill specifically encourages collaborative partnerships within each R3 area to minimize multiple partnerships per area. (pp. 52-60). 410 ILCS 705/10-40 (c)(2)(A) and 410 ILCS 705/10-40(g). **25% of the state sales tax collected on cannabis sales**



annually will be allocated to the R3 grant program (this could be anywhere from 10 to 30 million dollars).

****LAW ENFORCEMENT ISSUES**

Underage Possession Penalties

A person under age 21 who possesses cannabis is guilty of a civil law violation punishable by a fine of \$100 as a minimum and \$200 as a maximum. Use of a false ID by a minor to purchase cannabis or gain access to a cannabis business establishment is a Class A misdemeanor. (pp. 43-44) 410 ILCS 705/10-15.

There will undoubtedly be a trailer bill in the fall to address any ambiguities or inconsistencies in the law. One is the fines for underage possession and consumption. The intent of the bill was to mirror the penalty structure for underage alcohol possession and consumption but it is inconsistent in the current bill. It also does not spell out the fines for the unlawful use by adults. There may also be clarification in the bill as to whether these new offenses will require automatic expungement or if municipal ordinance violations with similar restrictions will also require automatic expungement.

****Limits on Adults – Location**

***Possession** is prohibited in or at:

- School grounds
- School buses
- Correctional Facilities
- Private residences licensed to provide childcare
- A motor vehicle, unless the cannabis is in a reasonably secured, sealed container and reasonably inaccessible while the vehicle is moving. Violation is a Class A misdemeanor. (pp. 49-50) 410 ILCS 705/10-35.

***Use** is prohibited in all of the above, plus:

- Motor vehicles – violation is a Class A misdemeanor.
- Public places



- Knowingly in close physical proximity to a minor who is not a registered cannabis patient
- Smoking cannabis in any place where smoking is prohibited under the Smoke Free Illinois Act

**The bill allows for the imposition of any civil, criminal, or other penalties for engaging in any of the above conduct. (p. 49-50) 410 ILCS 705/10-35.

****Penalties for Exceeding Possession Limits and Delivery/Production**

Possession of up to 5 plants is a civil law offense punishable by a fine of \$100-\$200. Possession or production of 6-10 plants is a Class A misdemeanor (current law makes this a Class 4 felony). The fines paid for the possession violations are to be paid to the clerk of the court. \$10 of each fine will go to the law enforcement agency that issued the citation and the fine must be used to defer the costs of automatic expungement. Any amounts of the fine above the first \$55 will go to the local law enforcement agency that issued the citation.

Possession of cannabis above the legal amount (up to 30 grams) carries the same penalties as were in place before the law passed. The same is true of the penalties for manufacture and delivery that is not done by persons or organizations licensed under the statute. (pp. 597-599) 720 ILCS 550/4.

****Automatic Expungement of Arrest Records**

The Illinois State Police and all local law enforcement agencies shall automatically expunge all criminal history records of arrest, charge not initiated by arrest, order of supervision, or probation for a minor cannabis offense committed prior to the effective date of the law if: 1) one year or more has elapsed since the date of the arrest or law enforcement interaction documented in the records; and 2) no criminal charges were filed relating to the arrest or the law enforcement interaction OR criminal charges were filed and subsequently dismissed or vacated or the arrestee was acquitted. (pp. 404-405) 20 ILCS 2630/5.2.

Records created prior to the effective date of the law but on or after January 1, 2013 must be expunged by January 1, 2021. Records created prior to January 1, 2013 but after January 1, 2000 must be expunged by January 1, 2023. Records created prior to January 1, 2000 must be



expunged by January 1, 2025. Current law (20 ILCS 2630/5.2 (a) (2.5) already requires agencies to automatically expunge the records of civil law marijuana possession violations twice a year. This requirement was added to statute in the legislation decriminalizing possession of marijuana in 2016.

For cases that were in the court system, whether criminal or civil, there is some question about how the automatic expungement process will work and how local law enforcement will be notified when the expungement process has been completed. In Cook County, the states' attorney's office plans to take the lead to identify individuals with criminal histories that fit the criteria for automatic expungement. They anticipate help from an organization called Code for America, which has working in California to help identify and expunge possession convictions after that state legalized.

**There is also some question about whether municipal ordinance violations records need to be expunged and the process local law enforcement will use. The Governor's office plans on issuing a "Local Government Took Kit" to address many of the questions surrounding expungement and other aspects of the bill.

***DUI Cannabis Task Force**

The task force will examine best practices and any emerging technology for roadside testing. The task force will present its findings to the Governor and the General Assembly by July 1, 2020. Eleven members will be appointed and a designee from the Illinois State Police will chair. None of the appointments are specifically from local law enforcement; each leader from a legislative caucus (i.e. Speaker Madigan, Leader Durkin, President Cullerton, and Leader Brady) will make one appointment. Representatives from the State Police, the Secretary of State, states' attorneys, criminal defense lawyers, drunk/drugged driving activists, and advocates for civil and constitutional rights also will serve on the task force. (pp. 591-592) 625 ILCS 5/11-501.10.

***Taxation**

The state will collect sales tax of 7% on the sale of the product from a cultivator or craft grower to a dispensary. The state will also collect a tax on the sale to the consumer of between 10% and 20%, depending on the concentration of THC (Tetrahydrocannabinol; the principal



psychoactive constituent of cannabis) in the product. **Municipalities may impose a tax of up to 3% in .25% increments on the sale to the consumer**. (pp. 540-543). Cook County can impose a tax of 3% and other counties can add a tax of .75% in incorporated areas and 3.75% in unincorporated areas (i.e., local sales could well-exceed 1 million a year). 65 ILCS 5/8-11-22.

Sales are estimated to generate fees and taxes to the state of \$57 million in FY20 and \$140 million in FY21. The state tax will be allocated as follows:

- To state agencies via appropriation for the costs of administration of the law;
- To state agencies and states' attorneys for costs associated with the expungement provisions of the act; and
- The remaining monies will be transferred as follows:
 - 35% to the state's General Revenue Fund
 - 25% to the R3 grant programs;
 - 20% to the Department of Human Services for mental health, prevention, and substance abuse concerns;
 - 10% to pay the state's backlog of unpaid bills;
 - *8% to LGDF to support local law enforcement crime prevention programs, training, interdiction efforts relating to an illegal cannabis market, and DUI programs;
 - 2% to Department of Human Services for public education and awareness.

***Workplace Considerations (*Local Control*)**

Employers are authorized to adopt reasonable zero tolerance or drug free workplace policies or policies concerning drug testing, possession, storage, and use of cannabis in the workplace or while on call. Employers are not prohibited from disciplining or terminating employees for violating the workplace drug policies. (pp. 60-62) 410 ILCS 705 10-50.

The bill also, however, amends the Right to Privacy in the Workplace Act, 820 ILCS 55/5, to clarify that an employer may **not discriminate against an employee who uses cannabis on his or her non-work and non-call hours. An employee is deemed "on-call" when the employee is "scheduled with at least 24 hours' notice by his or her employer to be on standby or otherwise



responsible for performing tasks related to his or her employment either at the employer's premises or other previously designated location by his or her employer or supervisor to perform a work-related task.”

**The City/Village will need to adjust its policies and practices regarding this new legislation. Labor contracts will have to be amended to provide for testing, possession, usage and other zero tolerance considerations.

**New training for our police will have to be coordinated with the Chief and State’s Attorney.

Our Recommendations:

We will work with you to draft policies, practices, ordinances, and resolutions to comply with HB1438 as well as counsel you on the opportunities for local participation created by legalization. At minimum, we recommend taking the following actions:

- Consider whether your municipality will prohibit or allow recreational cannabis business establishments. If you wish to prohibit such establishments, you need to adopt an ordinance. We recommend a public hearing in advance of the adoption to hear from your residents and potential business owners and to create a record that would support the decision to prohibit.
- If your municipality does not wish to prohibit cannabis businesses, you should consider what restrictions you would like to place on those establishments and adopt an ordinance detailing those restrictions. A public hearing in advance of the adoption would be required.
- If you do not opt-out of having cannabis business establishments, you should consider adopting an ordinance imposing a local sales tax on products sold in a cannabis dispensary. The tax can be up to 3% and must be imposed in .25% increments. As the law is currently written, a tax cannot be certified and go into effect until September 1, 2020. However, it is possible that a dispensary can be licensed and operational by January 1, 2020. There may be an amendment to the bill this fall that would coordinate the imposition of the tax with the issuance of the dispensary licenses. Therefore, we recommend that you adopt the tax ordinance and certify it with the Illinois Department of Revenue by October 1, 2019.



- Review your employee handbook and policies, as well as labor contracts, to determine if your policies reflect the changes to the statute clarifying that employers may not discriminate based on use of legal products during non-work hours, or if the policies need revision.
- Labor contracts will need revisions as to discipline for cannabis use.
- Review your current expungement policy and begin planning for the automatic expungement process coming within the next 18 months as well as any additional expungement responsibilities that may be clarified through a possible trailer bill in the fall.
- The Police Chief will have to be very engaged in the training and enforcement of the new laws.

* * *

TO: Committee of the Whole
FROM: Chief Marc Maton
THROUGH: George Schafer
SUBJECT: Recreational Cannabis Discussion
DATE: October 8, 2019

Project Analysis

Recreational Cannabis Discussion

Summary

This document summarizes the potential impact of the Cannabis Regulation and Tax Act effective January 1, 2020. The impact is divided into two sections. The first outlines concerns and potential negative impacts of the authorization of licensed establishments outlined in the legislation. The second section highlights concerns to public safety resulting from the public use of cannabis, including anticipated impact on law enforcement resources within the Village.

Analysis

Public Act 101-0027 establishes license classes for cannabis cultivation , cannabis dispensaries (retail sales location), infusers (processors) and craft growers. (A fifth category of license established in the Act is for a Transporter license.)

The 2018 report to the Colorado General Assembly by the Colorado Division of Criminal Justice also addressed crime around retail cannabis locations. The report concluded that the primary crime related to retail locations in Colorado was burglaries to the establishments.

The Act permits retail license locations. The law allows municipalities through zoning authority to regulate the location of dispensaries within the village. A study of crime occurrence around existing Medical licensed cannabis dispensaries conducted by the Village of Lombard concluded that there was little crime-related activity at existing Medical Cannabis Dispensaries in the

Chicago area. There was also very little impact on police resources or calls for service at the Dispensary locations.

There is information circulating that crime in the vicinity of dispensaries in Colorado has decreased after the opening of a cannabis business. That information is based upon non-existent data and has not been validated, according to Colorado authorities.

The Act permits on-premises consumption of cannabis as accessory uses to dispensaries. It also arguably allows on-premises consumption at other locations. The permitting of on-premises consumption is exclusive to the licensing authority of a municipality.

Since there is no maximum limit to the THC content of cannabis or cannabis products, the increased risk of impaired driving in the vicinity of the consumption site are worrisome. Unlike alcohol, which can safely be consumed below a level of intoxication, even limited ingestion of cannabis products will result in an intoxication level above the legal driving limit.

Public Act 100-027 establishes a new Craft license class. The language in the Act is not clear about whether the regulations and inventory tracking requirements imposed on cannabis cultivation centers will apply to the craft growers. Additionally, it is unclear whether cannabis use can occur on the premises of the craft grower business.

Cannabis infusion is the process of infusing another substance, usually an oil, with the flavor and aroma of cannabis. Cannabis edibles and other infused products is a growing industry. The edibles have the potential to contain high potencies of THC, with the danger of causing accidental overdosing. The law authorizes the issuance of licensing to produce and sell cannabis infused products. From a practical standpoint, businesses applying for cannabis dispensary licenses will also apply for infuser licenses, and the products will be sold together.

The Act permits a new license for businesses that are authorized to transport cannabis from cultivation centers to dispensaries. The transporter business will not be allowed to store product at their businesses or fleet terminals. Consequently, it is anticipated that the businesses will operate in the manner of other armored car businesses.

Additional Concerns

The advent of recreational cannabis and the prospective for increased adult consumption of cannabis has raised several concerns related to public safety.

The Colorado Hospital Association and the Colorado Department of Public Health report that hospitalizations have almost doubled from 6,715 in 2012 to more than 11,439 in 2014 (latest data that is available). It is reasonably anticipated that there will be an initial spike in unanticipated acute intoxication, including undesirable side effects, and overdosing due to lack of familiarity of the user population with the potency of recreational cannabis. Colorado emergency rooms have seen a dramatic increase in both intoxicated and overdosing

(Cannabinoid Hyperemesis Syndrome) subjects in the past several years. The high potency and THC content of infused edibles brings with it the risk of accidental overdose.

Also in Colorado, traffic fatalities related to marijuana have skyrocketed: the percentage of marijuana fatalities in 2013 were 14.7% of all traffic fatalities and in 2016 were over 24%. The raw numbers killed in marijuana-related fatalities went from 71 in 2013 to 147 in 2016. According to the Colorado Department of Investigations, crime has increased over 10% since legalization, and violent crime has increased more than 18%. There were 481 fatalities in Colorado in 2013, increasing to 648 in 2017, mostly attributable to drivers testing positive for cannabis.

There is currently no validated portable drug testing device to test the impairment level of a driver. Field sobriety testing for persons under the influence of cannabis are different than alcohol related testing. Courts will require officers to be certified in Advanced Roadside Impaired Testing (ARIDE) even to request a chemical test to be performed. Although not required by law, many courts will prefer certified Drug Recognition Experts (DRE) to be involved in the investigation. A DRE certification requires 96-hours of specialized training and annual recertification is time intensive and costly. Certification of all the officers in a police department will take several years and be costly for Illinois law enforcement agencies. (There currently exist only 159 DRE certified officers in Illinois.)

Even though the law specifically prohibits smoking of cannabis in defined public places, experience in other states has shown that there will be a significant usage in public space, resulting in increased complaints to the police and calls for service. The Act prohibits use of cannabis in any public space within reasonable view of the public. Conversely, it permits use of cannabis in the residence (and the public view prohibition does not apply to residential use). What is unclear is use in curtilage areas of a residence, such as a front porch, driveway and back yard. If use is permitted in curtilage locations, it is anticipated that police complaint calls will skyrocket. There needs to be legislative clarification on permitted use in these spaces.

The law allows landlords for rental properties (and HOA Associations for Condominium complexes) to determine permissiveness to smoke (similar to tobacco) in their buildings. The odor of burnt cannabis is so much stronger, pervasive and lingering compared with tobacco smoke. It is reasonably anticipated that law enforcement agencies will receive numerous complaints by residents of these buildings complaining about the secondary cannabis smoke from another building tenant.

States that have preceded Illinois in legalization have seen a steady increase in black market cannabis, the opposite outcome predicted by the proponents of legalization. In California, media is reporting that the illegal market has eclipsed the legal one, with illegal sellers outnumbering legal outlets by 3 to 1. More alarmingly, those states have seen an increased presence in illegal indoor cultivation locations, many controlled by organized criminal cartel organizations. Contrary to forecasts, black market cultivation has skyrocketed. The proliferation of illegal grow operations has been most visible in suburban bedroom

communities in the states of California and Colorado. The prevalence and scope of the problem has overwhelmed both the expertise and staffing resources of smaller law enforcement agencies. While black market supply and illegal grow operations have been encountered historically in the Chicago area, what is notable in the other states was the presence and diversity of new criminal groups now operating illegal grow operations in those states. This is a significant cause for concern for Illinois law enforcement agencies.

Another concern of law enforcement is the illegal diversion of cannabis to persons under 21. Cannabis use rates in Colorado have substantially increased in teen and college populations even though sales to persons under 21 is prohibited. School resource officers in Illinois, in a just-released survey, are reporting an increase in marijuana-related incidents in their schools, in addition to a significant increase in vaping cannabis infused products.

Nationally, there is a lot of media reporting about incidents of vaping cannabis infused oils. The availability of vaping products will increase substantially after January 1. Law enforcement officers are not able to distinguish between tobacco infused products and those infused with cannabis without laboratory testing.

Ironically, the Cannabis Regulation Act removes any volume penalties for cannabis possession for persons under 21. All possession offenses become a business (ordinance ticket) offense under the Act, regardless of the possessed quantity. This will provide a huge incentive for illegal traffickers to recruit youth to transport illegal cannabis.

Another unfunded burden that the Act placed upon local agencies was the requirement to expunge all arrest records for past cannabis offenses. The Act did not restrict how far back in time agencies need to destroy records. Expungement for offenses stored in electronic report writing systems should be reasonably straight forward. Moving backward in time to records in microfilm and microfiches, and farther back to paper records, may become impractical in application. The guidance language in the statute is not clear. This will cause a significant drain in the resources of our records bureau for the next two years.

The Act maintains important protections for employers previously established under the Compassionate Use of Medical Cannabis Pilot Program Act of 2013 (Medical Cannabis Act), including the ability to enforce reasonable workplace policies such as "drug free" or "zero tolerance" policies and to impose discipline up to, and including, termination if an employee is impaired or under the influence of cannabis while in the workplace. It also precludes employees from being impaired or under the influence of cannabis if they are "on call." The language appear to allow employers to continue current drug policies, but it is anticipated that there will be court challenges to use of cannabis away from the workplace.

Labor experts are recommending that current policies be reviewed to be certain that the policies are well-defined and thorough.

Conclusion and Recommendations

The allowance of permitted licensing for a retail location for cannabis sales or infused product sales should have minimal impact on crime occurrence or demand on police resources, providing on-premises consumption is not permitted at the site.

It is recommended that retail locations not be allowed to share common walls with neighboring business. The Chicago area has experienced an uptick in organized burglary crews accessing neighboring business through common walls, bypassing existing security systems. The higher level of entry protection required of a dispensary is meaningless if burglars enter businesses with a lower security posture and compromise common unsecured walls.

The Village of Lemont license should specifically spell out permission to do on-premises consumption. Requiring cannabis dispensaries to obtain a local "on-premises consumption" license will also provide municipalities with a legitimate justification to periodically inspect the licensed premises to ensure compliance with local regulations. It is recommended that the Village of Lemont not allow on-premises consumption to any business within the village.

The permitting of a transporter license should have minimal impact on crime or demand for police resources, as a transporter business is not permitted to store cash or cannabis on-site.

The hours of operation for retail establishments permitted under the law are from 6am until 10pm. It is unclear whether law allows municipalities to reduce the hours of operation. If municipalities are allowed to regulate the hours, it is recommended that the establishes not be permitted past 8pm.



MEMORANDUM

TO: George Schafer, Village Administrator
FROM: Kay Argo, Human Resources Manager
SUBJECT: Employment Impact of Legalized Recreational Marijuana
DATE: September 26, 2019

SUMMARY/ BACKGROUND: The new Illinois law called the Cannabis Regulation and Tax Act takes effect on January 1, 2020. As a result of legalizing the adult use of recreational marijuana in Illinois, several issues arise relating to the impact on the workplace.

ANALYSIS: The new law provides employers with the opportunity to have and maintain drug-free workplaces and “zero tolerance” workplace policies for employees while at work and for employees who are “on-call” for possible work assignments. It is important for employers to review their existing policies and collective bargaining agreements to evaluate whether the policies and collective bargaining agreements contain the necessary wording that provides for a drug-free workplace and a “zero tolerance” policy.

In reviewing the Village’s Personnel Policy Manual and collective bargaining agreements there are references to a drug-free workplace, however, the wording may need to be updated to take into account the new law. The Village may wish to add new wording on “zero tolerance” as well to clarify the Village’s policy. In terms of the collective bargaining agreements, changes likely would need to be agreed to by the union either mid-contract term or when the contracts expire in 2021.

The Village has a separate policy for employees with Commercial Drivers’ Licenses (CDL) which does not allow for cannabis use as it is a federal requirement that supersedes the state law. The prohibition on cannabis use by CDL drivers will remain in effect and they are subject to random drug and alcohol testing under the federal Motor Carriers Safety Act. A CDL is required for drivers of larger sized vehicles such as dump trucks used in snow plowing operations by the Public Works Department. Currently, there are seventeen (17) CDL drivers in the Public Works Department.

It will be important to communicate to employees and supervisors what the Village’s expectations are related to the new law and how it may impact the workplace. Additionally, supervisors and managers should undergo refresher training on how to recognize the signs of substance abuse. All staff may take advantage of the resources offered by the Village’s Employee Assistance Program and they will be reminded of the availability of that benefit.

STAFF RECOMMENDATION: Staff recommends that the Village’s Personnel Policy Manual and collective bargaining agreements be reviewed with the Village’s legal counsel and revised as necessary.

TO: Village Board
FROM: Jason Berry, AICP, Economic & Community Development Director
SUBJECT: Cannabis Regulation and Tax Act
DATE: October 3, 2019

Among the many considerations municipalities face with the passage of the Cannabis Regulation and Tax Act are an assessment of their local codes. Starting January 1, 2020, adults over 21 will be able to legally purchase cannabis for recreational use from licensed dispensaries across the state. As such, this memo is limited to the regulation of cannabis dispensaries. By July 1, 2020, new licenses will be available for cannabis infusers, craft growers, and transporting organizations, requiring future study.

Existing Regulations

In 2014, the Village amended the Unified Development Ordinance (UDO) to create regulations for Medical Cannabis Organizations. The UDO has 3 definitions:

MEDICAL CANNABIS DISPENSING ORGANIZATION. A facility operated by an organization or business that is registered by the Department of Financial and Professional Regulation to acquire medical cannabis from a registered cultivation center for the purpose of dispensing cannabis, paraphernalia, or related supplies and educational materials to registered qualifying patients. Also referred to as a "dispensing organization," or "dispensary organization."

MEDICAL CANNABIS ORGANIZATION. A Medical Cannabis Dispensing Organization or Cultivation Center.

MEDICAL CLINIC OR MEDICAL OFFICE. A facility for providing medical, psychiatric, surgical, dental, or optometric services on an out-patient basis, including emergency treatment, diagnostic services, training, administration, and services to outpatients, employees, or visitors.

"Cultivation Center" and "Medical Cannabis Dispensing Organization" are listed in the UDO's table of permitted uses, where they are Special Uses in the M-3 Heavy Manufacturing District and M-4 Mineral Extraction District zoning districts. These districts are defined as:

M-3 Heavy Manufacturing District. This district is designed to accommodate relatively large, self-contained and isolated areas intended to be used for industrial activities having potentially moderate to high land use intensity.

M-4 Mineral Extraction District. This district is designed to regulate the conservation, development, management and appropriate use of all the natural resources of such areas for compatible multiple purposes, and protecting the health, safety and general welfare of the people, as well as the natural beauty and aesthetic values, in the affected areas. Within the Township there are many valuable mineral deposits that must be protected against the premature encroachment of urban development. These natural resources, including deposits of sand, gravel, stone, clay, coal, and other minerals represent an important consideration in the economic and physical development of the Township. Because of the unique aspects involved,

in the mineral operations and the potential reuse of the land once the minerals are extracted, a separate zoning classification is established.

Additional regulations found in Chapter 17.06 Use Regulations. Section 17.06.180 of the Village Code further limits the location of a Medical Cannabis Organizations within the M-4 district:

- A cultivation center shall not be located within 2,500 feet of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, part day child care facility, or an area zoned for residential use
- A dispensing organization shall not be located within 1,000 feet of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, or part day child care facility, and may not be located in a house, apartment, condominium, or an area zoned for residential use
- Medical Cannabis Organizations shall not be located within 1,000 feet of a property boundary of any cemetery, public park, forest preserve, public housing, or place of public worship
- Medical Cannabis Organizations shall not be located within 500 feet of the boundary of any parcel in the DD district

M-3 is found along the Sanitary and Ship Canal and Main Street east of Walker, with businesses such as Ozinga, A-Block Mulch, International-Matex Tank Terminals (IMTT), and the many freight transportation terminals. There are no areas within the Village presently zoned M-4. Given the intensity of uses and existing businesses, neither district seems appropriate for a Medical Cannabis Dispensing Organization, let alone an adult-use cannabis dispensary.

Signage

In addition to local regulations for business signs, cannabis dispensaries are further regulated by State statute. These regulations include advertising that contains any statement or illustration that:

- Promotes overconsumption or cannabis or cannabis products
- Depicts the actual consumption of cannabis or cannabis products
- Depicts a person under 21 years of age consuming cannabis
- Makes any health, medicinal, or therapeutic claims about cannabis or cannabis products
- Includes the image of a cannabis leaf or bud
- Includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that is designed in any manner to be appealing to or encourage consumption of persons under 21 years of age.

Advertising cannabis in any form is prohibited within 1,000 feet of the following uses:

- School grounds
- Playground
- Recreation center or facility
- Child care center
- Public park
- Public library
- Game arcade to which admission is not restricted to persons 21 years of age or older



Additionally, cannabis advertising is not allowed on or in a public transit vehicle or public transit shelter, or in a publicly owned or public operated property.

Location

Given the distance regulations established by the State for cannabis advertising, which would include business signage, municipalities are using these restrictions as a guide to evaluate potential locations in order to understand the impact dispensaries may have within their communities.

With the Cannabis Act allowing adults over 21 to legally purchase cannabis for recreational use from licensed dispensaries, the cannabis industry is searching for retail locations. The Village has 3 business zoning districts. The various business districts are intended to maintain and promote a variety of commercial activity within the Village. These are:

- B-1 Office/Retail Transitional District. This district is intended to provide an environment suitable for retail, service, and office establishments. The intensity of the uses is less than the B-3, and site layout is less oriented toward the automobile than the B-3
- B-3 Arterial Commercial District. This district is intended to accommodate a wide range of retail, service, and commercial uses where patrons arrive by vehicle rather than other modes of transportation. This district is meant for the highest intensities of commercial use
- B-4 Commercial Recreation. The B-4 regulations are intended to provide for the orderly, compatible development of land and the maximum recreational potential of the land.

Commercial establishments along State St, 127th St, Archer Ave, Derby Rd, and McCarthy Rd are zoned a mix of B-1 and B-3. These districts may be appropriate for cannabis establishments, provided they meet at minimum the distance restrictions the State has established for advertising signage. The B-4 District is only found along the S&S Canal and Heritage Quarries Recreation Area. This district is intended for recreation uses (eg, The Forge is zoned B-4) and would be less appropriate for cannabis establishments.

Licensing

Cannabis Dispensaries could be regulated similar to liquor store sales. Liquor Store is a permitted use in B-1 and B-3 (as well as downtown) and their operation requires a license from the Liquor Commission. A chapter added to the Title 5 of the village code, Business Licenses and Regulations, could provide the same level of oversight for cannabis establishments. This would offer a cannabis commission the ability to oversee the issuance of licenses as well as other regulations, such as on site consumption, hours of operation, fees, and fines or penalties.

Should the Village pursue this approach, it is recommended to eliminate the existing definitions in the zoning code for medical marijuana, as the State now allows medical dispensaries to also sell to adults for recreational use, and adopt the State's definition for a Cannabis Dispensary:

A facility operated by an organization or business that is registered by the Illinois Department of Financial and Professional Regulation or successor to acquire cannabis from a cultivation center, craft grower, processing organization, or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia, or related supplies and educational materials to purchasers or to qualified medical cannabis patients and caregivers, including a registered medical cannabis organization as defined in the



Compassionate Use of Medical Cannabis Pilot Program Act or its successor Act that has obtained an Early Approval Adult Use Dispensing Organization License.

Zoning

General provisions for a Cannabis Dispensary could be added to the UDO's Chapter 17.06 Use Regulations, amending and replacing Section 17.06.080 Medical Cannabis Organizations. These regulations can include building form, lighting, visibility, vehicle access, screening, and location restrictions. To be consistent with State statute, dispensary locations could follow the restrictions established for location between dispensaries and cannabis advertising:

A dispensary shall not be located within 1,500' of the property line of a pre-existing dispensary or 1,000 ft. of the property line of private or public school grounds, a child care center not in a residence, a public park, a library, or a games arcade establishment to which admission is not restricted to persons 21 years or older.

The attached map provides points these uses with a simple 1000 ft buffer. Note that if measured from the lot lines, these buffers would be extended further.

Parking regulations may also need to be addressed. Section 17.10.040 provides the Schedule of Off-Street Parking Requirements. The similar use of Retail Sales requires 1 parking stall per 250 sq. ft. of gross floor area.

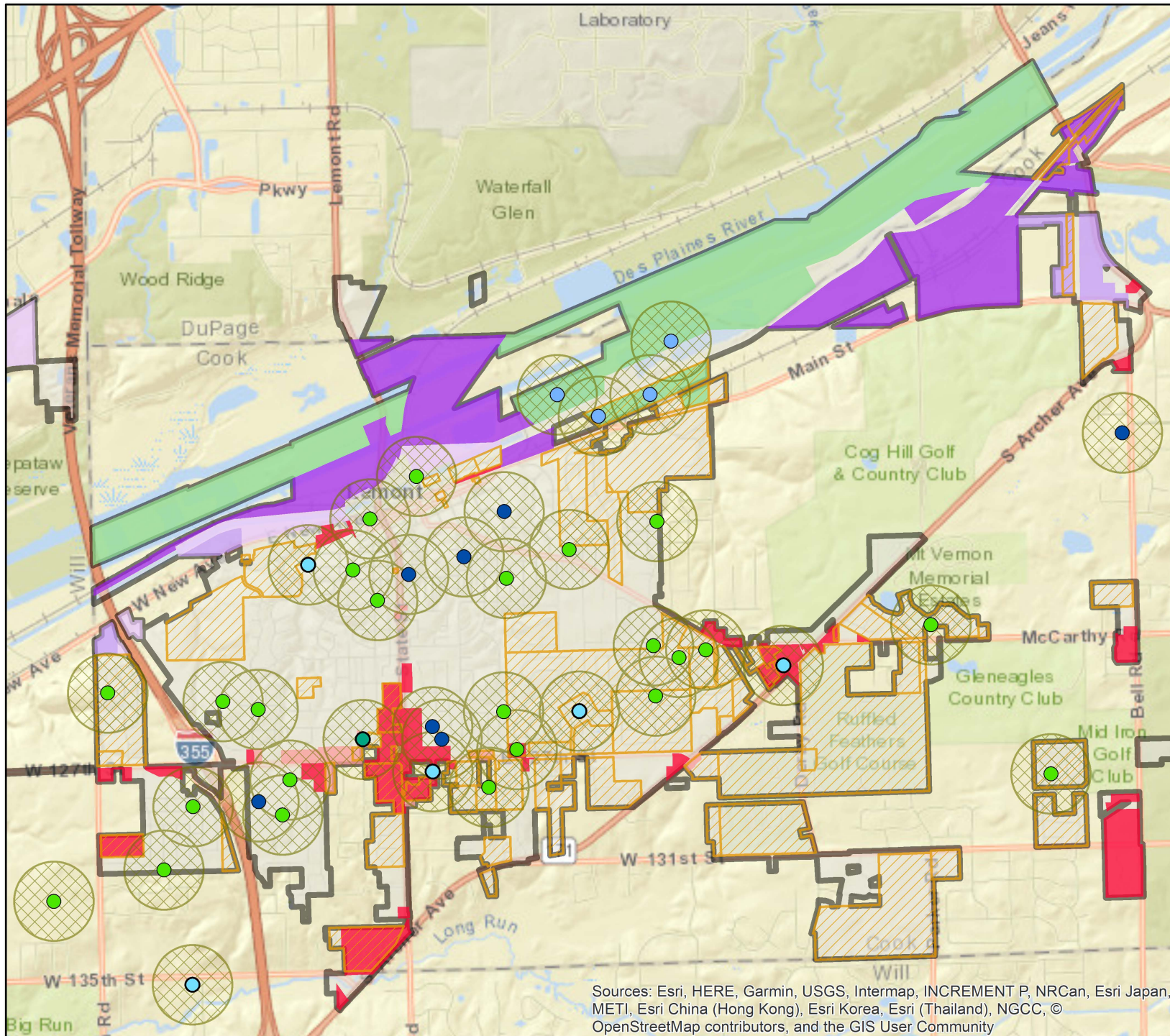
A further restriction on the location of cannabis dispensaries within the Village is the use of Planned Unit Development (PUD) for many of Lemont's retail centers. PUDs are a Special Use and their ordinances may contain a list of uses permitted within that center. Staff is diligent in reviewing commercial PUD uses before permitting a new business, as many were created with significant public input from neighboring residents. No PUDs in Lemont allow for any cannabis establishments, however some do allow any uses permitted in the B-3 zoning district. Changes to a PUD that a shopping center owner may seek would require an amendment to the ordinance and, if a Major Modification, a new public hearing before the Planning & Zoning Commission and an amended ordinance for Village Board vote.

Should the Village permit cannabis establishments in a "B" district, staff recommends removing the cannabis uses entirely from the Manufacturing districts, which are designed to provide for the establishment of a full range of industrial and allied activities. Cannabis Dispensaries could be added to new commercial PUDs, regardless of zoning district, provided the proper public notice and hearing.















ATTACHMENTS

1. Village of Lemont 1000 ft. Buffer Map





Village of Lemont

-  PUD
-  M-1 Light Manufacturing District
-  M-2 General Manufacturing District
-  M-3 Heavy Manufacturing District
-  B-1 Office/Retail Transitional District
-  B-3 Arterial Commercial District
-  B-4 Commercial Recreation
-  Day Care
-  Library
-  Park
-  Quarry
-  School
-  1000' Buffer
-  Village Boundary



VILLAGE OF LEMONT

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community

TO: George Schafer, Village Administrator

FROM: Chris Smith, Finance Director

SUBJECT: Revenue Analysis regarding Recreational Cannabis Dispensary

DATE: September 26, 2019

SUMMARY/BACKGROUND

This report will discuss potential revenue to the Village should a cannabis dispensary were to locate within Village limits. Due to the fact that this is new to the State of Illinois, it is very difficult to determine a precise revenue estimate. This report utilizes the Illinois' assumptions of sales (Illinois Economic Policy Institute), analysis from other municipalities, and information from the State of Colorado.

POTENTIAL REVENUE

The Illinois Economic Policy Institute estimated \$1.6 billion worth of marijuana will be sold in Illinois based on the relative purchasing power of Illinois compared to Colorado. By December 2021 there will be an anticipated 185 dispensaries in IL. Additionally, each municipality can enact a 3% cannabis sales tax pertaining to sales in their community. Using the assumptions listed above and dividing the sales equally the potential revenue to Lemont would be \$336,708.

Total Estimated Sales	\$	1,616,200,000
# of Potential Dispensaries in IL (55 medical/can add, 75 new and 110 additional)		<u>240</u>
Sales per Dispensary	\$	6,734,167
3% Cannabis Sales Tax	\$	202,025
1% Regular Retail Sales Tax	\$	67,342
1% Non Home Rule Sales Tax	\$	67,342
Total Potential Revenue	\$	336,708

This assumes that the sales per dispensary is the same whether it is in Chicago or Lemont.

According a Chicago Tribune Article the State of Colorado 2018 cannabis sales were \$1.5 billion. Since a complete local data information is not readily available staff distributed the sales evenly amongst their 571 stores. As with prior scenario, staff calculated revenue using the 3% cannabis sales tax, 1% regular sales tax and 1% non-home rule sales tax. Using the assumptions listed above the potential revenue to Lemont would be \$131,349.

Total Colorado Sales in 2018 per Chicago Tribune Article	\$	1,500,000,000
Total amount of Dispensaries		<u>571</u>
Sales per Dispensary in Colorado	\$	2,626,970
3% Cannais Sales Tax	\$	78,809
1% Regular Retail Sales Tax	\$	26,270
1% Non Home Rule Sales Tax	\$	<u>26,270</u>
Total Potential Revenue	\$	131,349

As with the first scenario this assumes that sales per dispensary is the same whether it is in Chicago or Lemont. Additionally, this assumes that sales would be exactly the same as in Colorado. Please note that Colorado's population is 5,696,000 and Illinois' population is 12,740,000.

The two scenario provides a basis for analysis; however, it is impossible to know for certain the amount of revenue that will be generated until we have experience with this type of business.





Adult-Use Cannabis Resources

9/9/19

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Fact Sheet

Adult-Use Cannabis

Adult-Use Cannabis

Public Act 101-0027 creates the Cannabis Regulation and Tax Act and was signed into law by Governor JB Pritzker on June 25, 2019. Effective January 1, 2020, the Act legalizes the possession and private use of cannabis for Illinois residents over 21 years of age.



7/15/19

LOCAL REGULATION OF CONSUMPTION

Municipalities may not restrict the private consumption of cannabis that is authorized by the Act. However, the Act prohibits the use of cannabis in public places, schools and child care facilities among other locations. Municipalities may adopt and enforce local ordinances to regulate possession and public consumption of cannabis so long as the regulations and penalties are consistent with the Act.

HOME GROW LIMITED TO MEDICAL PROGRAM PARTICIPANTS

Home grow cannabis will be authorized only for medical cannabis program participants, and is limited to five plants in their residence and subject to specified restrictions. Home grow of recreational cannabis by non-medical participants is prohibited. [More information about the medical cannabis program is available via this link.](#)



ZONING

The Act preserves local zoning authority and directly authorizes municipalities to prohibit (opt out) or significantly limit the location of cannabis businesses by ordinance. Municipalities will have the authority to enact reasonable zoning regulations that are not in conflict with the act. This would include the authority to opt out of either commercial production or distribution (dispensaries) of adult-use cannabis within their jurisdiction. Municipalities also may enact zoning ordinances and regulations designating the time, place, manner and number of cannabis business operations, including minimum distances between locations through conditional use permits.

BUSINESS REGULATION

In addition to zoning authority, municipalities will have the authority to allow for on-premise use of cannabis at locations to be determined locally. The Act anticipates that local authorities will engage in inspections of cannabis-related businesses. Municipalities may establish and impose civil penalties for violations of the local ordinances and regulations.



LOCAL REVENUE

Municipalities, by ordinance, may impose a Municipal Cannabis Retailers' Occupation Tax on adult-use cannabis products of up to 3% of the purchase price, in .25% increments. Counties may impose up to 3.75% in unincorporated areas, in .25% increments. The taxes imposed under this Act shall be in addition to all other occupation, privilege or excise taxes imposed by the State of Illinois or by any unit of local government, such as sales tax.



SMOKE FREE ILLINOIS ACT

The Act applies the restrictions of the Smoke Free Illinois Act on smoking cannabis, and provides that property owners may prohibit the use of cannabis by any guest, lessee, customer or visitor. In addition, lessors may prohibit cultivation of cannabis by their lessees.

EMPLOYER PROVISIONS

The Act provides employer protections including that nothing in the enactment prohibits employers from adopting reasonable zero-tolerance or drug-free workplace employment policies concerning drug testing, smoking, consumption, storage or use of cannabis in the workplace or while on-call. These policies must be applied in a nondiscriminatory manner. Employers may prohibit the use of cannabis by employees in the workplace, and engage in discipline, including termination, for violations of those policies and workplace rules.

STATE LICENSING

The Act authorizes the production and distribution of cannabis and cannabis products through state-licensed cultivators, craft growers, infusers, transporters and dispensaries. Cannabis transporters will be separately licensed by the Act, as well. A market study due in March 2021 will inform future licensing. The state will issue licenses according to a graduated scale. By the end of the first year, there will be up to 295 dispensing organizations. The Act will allow up to 500 dispensing organizations by January 1, 2022. Cultivators will be capped at 50, and 100 craft growers will be allowed. By that same date, 100 infusers will also be authorized to be licensed.

GRANTS AND INVESTMENT

The Act establishes the Restore, Reinvest and Renew (R3) Program to invest in communities historically impacted by economic disinvestment and violence. The Illinois Criminal Justice Information Authority (ICJIA) will identify R3 areas that qualify for funding, and grants will be awarded by the R3 Board. A 22-member R3 Board will award grants throughout the state, subject to an application process and the Government Accountability and Transparency Act (GATA); the R3 Board shall be chaired by the Lt. Governor.

SOCIAL EQUITY

The Act provides for a social equity program to establish a legal cannabis industry that is accessible to those most adversely impacted by the enforcement of drug-related laws in this state, including cannabis-related laws. Qualifying social equity applicants may be awarded financial assistance and incentives if they are interested in establishing cannabis related businesses.

DECRIMINALIZATION AND EXPUNGEMENTS

A significant portion of the Act addresses the decriminalization of cannabis through mandatory and discretionary expungements of criminal convictions relating to non-violent cannabis offenses.

STATE REVENUE

State revenues derived from the Cannabis Regulation and Tax Act will be deposited into the Cannabis Regulation Fund. The funds will be distributed to multiple state agencies for implementation of the Act. The legalization of adult cannabis also includes a new source of Local Government Distributive Fund (LGDF) dollars. A portion of the Cannabis Regulation Fund revenues (8% of deposits) will go to local governments, through LGDF, which will be used to fund crime prevention programs, training and interdiction efforts. The Cannabis Regulation Fund is derived from moneys collected from state taxes, license fees and other amounts required to be transferred into the Fund.





Model Ordinance

Municipal Cannabis Business Prohibition

**MODEL ORDINANCE
MUNICIPAL CANNABIS BUSINESS PROHIBITION**

ORDINANCE NO. _____

**AN ORDINANCE AMENDING THE MUNICIPAL CODE
OF THE CITY/VILLAGE OF _____
BY THE ADDITION OF [ARTICLE/CHAPTER] _____
PROHIBITING CANNABIS BUSINESS ESTABLISHMENTS**

WHEREAS, the City/Village has the authority to adopt ordinances and to promulgate rules and regulations [that pertain to its government and affairs and] that protect the public health, safety and welfare of its citizens; and

WHEREAS, this Ordinance is adopted pursuant to the provisions of the Illinois Cannabis Regulation and Tax Act, Public Act 101-0027, which provides that the City/Village has the authority to prohibit adult-use cannabis business establishments; and

WHEREAS, the City/Village has determined that the operation of cannabis business establishments would present adverse impacts upon the health, safety and welfare of the residents, and additional costs, burdens and impacts upon law enforcement and regulatory operations of the City/Village; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City/Board of Trustees of the Village of _____ as follows:

SECTION 1. Recitals. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

SECTION 2. Cannabis Business Establishments Prohibited. Chapter ___ of the Municipal Code of the City/Village of _____ shall be amended by the addition of [Article/Chapter] ___ that will read as follows:

ARTICLE [CHAPTER] ___ Cannabis Business Establishments Prohibited.

1. Definitions. The following words and phrases shall, for the purposes of this Article [Chapter], have the meanings respectively ascribed to them by this section, as follows:

ADULT-USE CANNABIS BUSINESS ESTABLISHMENT: A cultivation center, craft grower, processing organization, infuser organization, dispensing organization or transporting organization.

ADULT-USE CANNABIS CRAFT GROWER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, dry, cure

and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS CULTIVATION CENTER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, process, transport and perform necessary activities to provide cannabis and cannabis-infused products to licensed cannabis business establishments, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS DISPENSING ORGANIZATION: A facility operated by an organization or business that is licensed by the Illinois Department of Financial and Professional Regulation to acquire cannabis from licensed cannabis business establishments for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia or related supplies to purchasers or to qualified registered medical cannabis patients and caregivers, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS INFUSER ORGANIZATION OR INFUSER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS PROCESSING ORGANIZATION OR PROCESSOR: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to either extract constituent chemicals or compounds to produce cannabis concentrate or incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis product, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS TRANSPORTING ORGANIZATION OR TRANSPORTER: An organization or business that is licensed by the Illinois Department of Agriculture to transport cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

PERSON: Any person, firm, corporation, association, club, society or other organization, including any owner, manager, proprietor, employee, volunteer or agent.

2. Cannabis Business Establishments Prohibited. The following Adult-Use Cannabis Business Establishments are prohibited in the City/Village of _____. No person shall locate, operate, own, suffer, allow to be operated or aide, abet or assist in the operation within the City/Village of _____ of any of the following:

- Adult-Use Cannabis Craft Grower
- Adult-Use Cannabis Cultivation Center
- Adult-Use Cannabis Dispensing Organization
- Adult-Use Cannabis Infuser Organization or Infuser
- Adult-Use Cannabis Processing Organization or Processor
- Adult-Use Cannabis Transporting Organization or Transporter

3. Public Nuisance Declared. Operation of any prohibited Cannabis Business Establishment within the City/Village in violation of the provisions of this Article [Chapter] is hereby declared a public nuisance and shall be abated pursuant to all available remedies.

4. Violations. Violations of this Article [Chapter] may be enforced in accordance with the provisions of Article [Chapter] ___ of this Code.

5. Severability. If any provision of this Ordinance, or the application of any provision of this Ordinance, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable, unless otherwise provided by this Ordinance.

6. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval and publication as required by law.

ADOPTED THIS _____ day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

APPROVED THIS _____ day of _____, 20__.

Mayor/Village President

ATTEST:

City/Village Clerk



Model Ordinance

Municipal Cannabis Business Zoning

**MODEL ORDINANCE
MUNICIPAL CANNABIS BUSINESS ZONING**

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER __ (ZONING TITLE, PURPOSE, DEFINITIONS), CHAPTER __ (GENERAL ZONING PROVISIONS), CHAPTER __ (COMMERCIAL DISTRICTS), AND CHAPTER __ (INDUSTRIAL DISTRICTS) OF TITLE __ (ZONING ORDINANCE) OF THE _____ MUNICIPAL CODE PERTAINING TO ADULT-USE CANNABIS

WHEREAS, the City/Village of _____, Illinois, has enacted Municipal Code Regulations for the purpose of improving and protecting the public health, safety, comfort, convenience and general welfare of the people; and

WHEREAS, the State of Illinois enacted the Cannabis Regulation and Tax Act (Act), which pertains to the possession, use, cultivation, transportation and dispensing of adult-use cannabis, which became effective June 25, 2019; and

WHEREAS, pursuant to the Act, the City/Village may enact reasonable zoning ordinances or resolutions not in conflict with the Act, regulating cannabis business establishments, including rules adopted governing the time, place, manner and number of cannabis business establishments, and minimum distance limitations between cannabis business establishments and locations the City/Village deems sensitive; and

WHEREAS, on _____, the City Council/Village Board initiated an amendment to Title __ (Zoning Ordinance) to review and consider additional amendments to further regulate adult-use cannabis facilities within the City/Village of _____; and

WHEREAS, the Planning and Zoning Commission/Zoning Board of Appeals conducted public hearings, as required by law, on _____ and _____, in regards to the proposed amendments to Title __ (Zoning Ordinance) of the _____ Municipal Code pertaining to adult-use cannabis; and

WHEREAS, the Planning and Zoning Commission/Zoning Board of Appeals recommended approval of the proposed amendments to Title __ (Zoning Ordinance) on _____.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City/Board of Trustees of the Village of _____ as follows:

SECTION 1: The recitals set forth above are incorporated herein.

SECTION 2: Chapter __ (Zoning Title, Purpose, Definitions) of Title __ (Zoning Ordinance) of the _____ Municipal Code is hereby amended by adding the underlined language and deleting the stricken language, as follows:

* * *

ADULT-USE CANNABIS BUSINESS ESTABLISHMENT:

An adult-use cannabis cultivation center, craft grower, processing organization, infuser organization, dispensing organization or transporting organization.

ADULT-USE CANNABIS CRAFT GROWER:

A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, dry, cure and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS CULTIVATION CENTER:

A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, process, transport and perform necessary activities to provide cannabis and cannabis-infused products to licensed cannabis business establishments, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS DISPENSING ORGANIZATION:

A facility operated by an organization or business that is licensed by the Illinois Department of Financial and Professional Regulation to acquire cannabis from licensed cannabis business establishments for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia or related supplies to purchasers or to qualified registered medical cannabis patients and caregivers, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS INFUSER ORGANIZATION OR INFUSER:

A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS PROCESSING ORGANIZATION OR PROCESSOR:

A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to either extract constituent chemicals or compounds to produce cannabis concentrate or incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis product, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS TRANSPORTING ORGANIZATION OR TRANSPORTER:

An organization or business that is licensed by the Illinois Department of Agriculture to transport cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program, per the Cannabis Regulation and Tax Act, (P.A. 101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

* * *

SECTION 3: Chapter __ (General Zoning Provisions) of Title __ (Zoning Ordinance) of the _____ Municipal Code is hereby amended by adding the underlined language and deleting the stricken language, as follows:

* * *

: ADULT-USE CANNABIS:

1. Purpose and Applicability: It is the intent and purpose of this Section to provide regulations regarding the cultivation, processing and dispensing of adult-use cannabis occurring within the corporate limits of the City/Village of _____ . Such facilities shall comply with all regulations provided in the Cannabis Regulation and Tax Act (P.A. 101-0027) (Act), as it may be amended from time-to-time, and regulations promulgated thereunder, and the regulations provided below. In the event that the Act is amended, the more restrictive of the state or local regulations shall apply.

2. Conditional Use: Adult-Use Cannabis Business Establishment facilities, as defined herein, requiring approval of a conditional use in the respective districts in which they are requested shall be processed in accordance with Section _____ (Conditional Uses) of this Title and Section 3 (Adult-Use Cannabis Facility Components) as provided herein.

3. Adult-Use Cannabis Facility Components: In determining compliance with Section _____ (Conditional Uses) of this Title, the following components of the Adult-Use Cannabis Facility shall be evaluated based on the entirety of the circumstances affecting the particular property in the context of the existing and intended future use of the properties:

3.1 Impact of the proposed facility on existing or planned uses located within the vicinity of the subject property.

3.2 Proposed structure in which the facility will be located, including co-tenancy (if in a multi-tenant building), total square footage, security installations/security plan and building code compliance.

3.3 Hours of operation and anticipated number of customers/employees.

3.4 Anticipated parking demand based on Section _____ and available private parking supply.

3.5 Anticipated traffic generation in the context of adjacent roadway capacity and access to such roadways.

3.6 Site design, including access points and internal site circulation.

3.7 Proposed signage plan.

3.8 Compliance with all requirements provided in Section 4 (Adult-Use Cannabis Craft Grower); Section 5 (Adult-Use Cannabis Cultivation Center); Section 6 (Adult-Use Cannabis Dispensing Organization); Section 7 (Adult-Use Cannabis Infuser Organization); Section 8 (Adult-Use Cannabis Processing Organization); or Section 9 (Adult-Use Cannabis Transporting Organization), as applicable.

3.8 Other criteria determined to be necessary to assess compliance with Section _____ (Conditional Uses) of this Title.

4. Adult-Use Cannabis Craft Grower: In those zoning districts in which an Adult-Use Cannabis Craft Grower may be located, the proposed facility must comply with the following:

4.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

4.2 Facility may not be located within 1,500 feet of the property line of a pre-existing property zoned or used for residential purposes.

4.3 Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

4.4 For purposes of determining required parking, Adult-Use Cannabis Craft Grower shall be classified as “_____” per Section ____ (Schedule of Off-Street Parking Requirements: Industrial Uses), provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section ____ (Adult-Use Cannabis: Conditional Use) herein.

4.5 Petitioner shall file an affidavit with the City/Village affirming compliance with Section ____ as provided herein and all other requirements of the Act.

5. Adult-Use Cannabis Cultivation Center: In those zoning districts in which an Adult-Use Cannabis Cultivation Center may be located, the proposed facility must comply with the following:

5.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

5.2 Facility may not be located within 1,500 feet of the property line of a pre-existing property zoned or used for residential purposes.

5.3 Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

5.4 For purposes of determining required parking, Adult-Use Cannabis Cultivation Centers shall be classified as “_____” per Section ____ (Schedule of Off-Street Parking Requirements: Industrial Uses), provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section ____ (Adult-Use Cannabis: Conditional Use) herein.

5.5 Petitioner shall file an affidavit with the City/Village affirming compliance with Section ____ as provided herein and all other requirements of the Act.

6. Adult-Use Cannabis Dispensing Organization: In those zoning districts in which an Adult-Use Cannabis Dispensing Organization may be located, the proposed facility must comply with the following:

6.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

6.2 Facility may not be located in a dwelling unit or within 250 feet of the property line of a pre-existing property zoned or used for residential purposes.

6.3 At least 75% of the floor area of any tenant space occupied by a dispensing organization shall be devoted to the activities of the dispensing organization as authorized by the Act, and no dispensing organization shall also sell food for consumption on the premises other than as authorized in Section 6.5 below in the same tenant space.

6.4 Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

6.5 Facility may be issued a permit to host on-site consumption of cannabis if located in a freestanding structure occupied solely by the dispensing organization and smoke from the facility does not migrate into an enclosed area where smoking is prohibited. The security plan for the facility required by Section 10 (Additional Requirements) shall also reflect adequate provisions to respond to disruptive conduct and over-consumption. The on-site consumption permit shall be reviewed annually and may be suspended or revoked following notice and hearing as provided in Section ____ of the City/Village of Municipal Code.

6.6 For purposes of determining required parking, said facilities shall be classified as “_____” per Section ____ (Schedule of Off-Street Parking Requirements: Commercial Uses) of the City/Village of _____ Municipal Code, provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section ____ (Adult-Use Cannabis: Conditional Use) herein.

6.7 Petitioner shall file an affidavit with the City affirming compliance with Section _____ as provided herein and all other requirements of the Act.

7. Adult-Use Cannabis Infuser Organization: In those zoning districts in which an Adult-Use Cannabis Infuser Organization may be located, the proposed facility must comply with the following:

7.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

7.2 Facility may not be located in a dwelling unit or within 250 feet of the property line of a pre-existing property zoned or used for residential purposes.

7.3 At least 75% of the floor area of any tenant space occupied by an infusing organization shall be devoted to the activities of the infusing organization as authorized by the Act. Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

7.4 For purposes of determining required parking, said facilities shall be classified as “_____” per Section ____ (Schedule of Off-Street Parking Requirements: Commercial Uses) of the City/Village of _____ Municipal Code, provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section ____ (Adult-Use Cannabis: Conditional Use) herein.

7.5 Petitioner shall file an affidavit with the City affirming compliance with Section _____ as provided herein and all other requirements of the Act.

8. Adult-Use Cannabis Processing Organization: In those zoning districts in which an Adult-Use Cannabis Processing Organization may be located, the proposed facility must comply with the following:

8.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

8.2 Facility may not be located in a dwelling unit or within 250 feet of the property line of a pre-existing property zoned or used for residential purposes.

8.3 At least 75% of the floor area of any tenant space occupied by a processing organization shall be devoted to the activities of the processing organization as authorized by the Act. Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

8.4 For purposes of determining required parking, said facilities shall be classified as “_____” per Section _____ (Schedule of Off-Street Parking Requirements: Commercial Uses) of the City/Village of _____ Municipal Code, provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section _____ (Adult-Use Cannabis: Conditional Use) herein.

8.5 Petitioner shall file an affidavit with the City affirming compliance with Section _____ as provided herein and all other requirements of the Act.

9. Adult-Use Cannabis Transporting Organization: In those zoning districts in which an Adult-Use Transporting Organization may be located, the proposed facility must comply with the following:

9.1 Facility may not be located within 1,500 feet of the property line of a pre-existing public or private nursery school, preschool, primary or secondary school, day care center, day care home or residential care home. Learning centers and vocational/trade centers shall not be classified as a public or private school for purposes of this Section.

9.2 Facility may not be located in a dwelling unit or within 250 feet of the property line of a pre-existing property zoned or used for residential purposes.

9.3 The transporting organization shall be the sole use of the tenant space in which it is located. Facility may not conduct any sales or distribution of cannabis other than as authorized by the Act.

9.4 For purposes of determining required parking, said facilities shall be classified as “_____” per Section _____ (Schedule of Off-Street Parking Requirements: _____) of the City/Village of _____ Municipal Code, provided, however, that the City/Village may require that additional parking be provided as a result of the analysis completed through Section _____ (Adult-Use Cannabis: Conditional Use) herein.

9.5 Petitioner shall file an affidavit with the City affirming compliance with Section _____ as provided herein and all other requirements of the Act.

10. Additional Requirements: Petitioner shall install building enhancements, such as security cameras, lighting or other improvements, as set forth in the conditional use permit, to ensure the safety of employees and customers of the adult-use cannabis business establishments, as well as its environs. Said improvements shall be determined based on the specific characteristics of the

floor plan for an Adult-Use Cannabis Business Establishment and the site on which it is located, consistent with the requirements of the Act.

11. Co-Location of Cannabis Business Establishments. The City/Village may approve the co-location of an Adult-Use Cannabis Dispensing Organization with an Adult-Use Cannabis Craft Grower Center or an Adult-Use Cannabis Infuser Organization, or both, subject to the provisions of the Act and the Conditional Use criteria within the City/Village of _____ Municipal Code. In a co-location, the floor space requirements of Section 6.3 and 7.3 shall not apply, but the co-located establishments shall be the sole use of the tenant space.

SECTION 4: Chapter __ (Commercial Districts) of Title __ (Zoning Ordinance) of the City/Village of _____ Municipal Code is hereby amended by adding the underlined language and deleting the stricken language, as follows:

ARTICLE A. B-1 GENERAL COMMERCIAL DISTRICT

_____: **PERMITTED USES:**

* * *

_____: **CONDITIONAL USES:**

The following conditional uses may be permitted in specific situations in accordance with the procedures outlined in Section _____ and Chapter __ of this Title, as appropriate:

* * *

Adult-Use Cannabis Dispensing Organization.

ARTICLE B. B-2. INTENSE COMMERCIAL DISTRICT

_____: **PERMITTED USES:**

* * *

_____: **CONDITIONAL USES:**

The following conditional uses may be permitted in specific situations in accordance with the procedures outlined in Section _____ and Chapter __ of this Title, as appropriate:

* * *

Adult-Use Cannabis Dispensing Organization.

Adult-Use Cannabis Infuser Organization.

Adult-Use Cannabis Processing Organization.

Adult-Use Cannabis Transporting Organization.

SECTION 5: Chapter __ (Industrial Districts) of Title __ (Zoning Ordinance) of the City/Village of _____ Municipal Code is hereby amended by adding the underlined language and deleting the stricken language, as follows:

ARTICLE A. I-1 GENERAL INDUSTRIAL DISTRICT

_____: **PERMITTED USES:**

* * *

_____: **CONDITIONAL USES:**

The following conditional uses may be permitted in specific situations in accordance with the procedures outlined in Section _____ and Chapter __ of this Title, as appropriate:

* * *

Adult-Use Cannabis Craft Grower Organization.
Adult-Use Cannabis Dispensing Organization.
Adult-Use Cannabis Infuser Organization.
Adult-Use Cannabis Processing Organization.
Adult-Use Cannabis Transporting Organization.

ARTICLE B. I-2 HEAVY INDUSTRIAL DISTRICT

_____ : PERMITTED USES:

* * *

_____ : CONDITIONAL USES:

The following conditional uses may be permitted in specific situations in accordance with the procedures outlined in Section _____ and Chapter __ of this Title, as appropriate:

* * *

Adult-Use Cannabis Craft Grower Organization.
Adult-Use Cannabis Cultivation Organization.
Adult-Use Cannabis Dispensing Organization.
Adult-Use Cannabis Infuser Organization.
Adult-Use Cannabis Processing Organization.
Adult-Use Cannabis Transporting Organization.

SECTION 6: Severability. If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

SECTION 7: Effective Date. This Ordinance shall be in full force and effect upon its passage and approval as required by law.

ADOPTED THIS _____ day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

APPROVED THIS _____ day of _____, 20__.

Mayor/Village President

ATTEST:

City/Village Clerk



Model Ordinance

Municipal Cannabis Retailers' Occupation Tax

**MODEL ORDINANCE
MUNICIPAL CANNABIS RETAILERS' OCCUPATION TAX**

ORDINANCE NO. _____

**AN ORDINANCE AMENDING THE MUNICIPAL CODE
OF THE CITY/VILLAGE OF _____
BY THE ADDITION OF [ARTICLE/CHAPTER] _____
IMPOSING A MUNICIPAL CANNABIS RETAILERS' OCCUPATION TAX**

WHEREAS, the City/Village has the authority to adopt ordinances and to promulgate rules and regulations [that pertain to its government and affairs and] that protect the public health, safety and welfare of its citizens; and

WHEREAS, this Ordinance is adopted pursuant to the provisions of the Illinois Municipal Cannabis Retailers' Occupation Tax Law, 65 ILCS 5/11-8-22 *et seq.* (Act); and

WHEREAS, this Ordinance is intended to impose the tax authorized by the Act providing for a municipal cannabis retailers' occupation tax which will be collected by the Illinois Department of Revenue;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City/ Board of Trustees of the Village of _____ as follows:

SECTION 1. Recitals. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

SECTION 2. Adoption of Tax. Chapter ___ of the Municipal Code of the City/Village of _____ shall be amended by the addition of [Article/Chapter] _____ that will read as follows:

ARTICLE [CHAPTER] ____ Municipal Cannabis Retailers' Occupation Tax.

1. Tax imposed; Rate.

(a) A tax is hereby imposed upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Pilot Program Act, at retail in the City/Village at the rate of 3% of the gross receipts from these sales made in the course of that business.

(b) The imposition of this tax is in accordance with the provisions of Sections 8-11-22, of the Illinois Municipal Code (65 ILCS 5/8-11-22).

2. Collection of tax by retailers.

(a) The tax imposed by this Ordinance shall be remitted by such retailer to the Illinois Department of Revenue (Department). Any tax required to be collected pursuant to or as authorized by this Ordinance and any such tax collected by such retailer and required to be remitted to the Department shall constitute a debt owed by the retailer to the State. Retailers may reimburse themselves for their seller's tax liability hereunder by separately stating that tax as an additional charge, which charge may be stated in combination, in a single amount, with any State tax that sellers are required to collect.

(b) The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department. The Department shall have full power to administer and enforce the provisions of this article.

3. Severability. If any provision of this Ordinance, or the application of any provision of this Ordinance, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable, unless otherwise provided by this Ordinance.

4. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval and publication as required by law, provided, however, that the tax provided for herein shall take effect for all sales on or after the first day of January, 2020. Copies of this Ordinance shall be certified and sent to the Illinois Department of Revenue prior to September 30, 2019.

[NOTE: Any new ordinance or amendment to an existing ordinance can take effect only on September 1. To be effective September 1, an ordinance must be adopted and filed with the Department of Revenue by June 1.]

ADOPTED THIS _____ day of _____, 20__.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

APPROVED THIS _____ day of _____, 20 __.

Mayor/Village President

ATTEST:

City/Village Clerk



Disclaimers & Referrals

DISCLAIMERS AND REFRRALS

IML has assembled these resources for your municipality's consideration. It is strongly recommended that you consult with your municipal attorney or other qualified counsel prior to considering or adopting any of the model ordinances. The model ordinances are being provided as a reference for use in drafting an ordinance for your community. The model ordinances may require adaptation and modification to conform to your community's determinations and specific code provisions.

It is further recommended that local law enforcement officials discuss the mandated expungements with your municipality's retained attorney or other qualified counsel, as well as the state's attorney's office in your county to gain a full understanding of the issue and process and to be in compliance with what may be complicated expungement provisions. IML shall not provide direction or counsel on this aspect of the new law, due to the myriad factors that could impact each municipality differently.

Municipalities who adopt a Municipal Cannabis Retailers' Occupation Tax on the sale of cannabis products, as allowed by [P.A. 101-0027, the Cannabis Regulation and Tax Act](#), must submit their certified ordinance to the Illinois Department of Revenue's Local Tax Allocation Division. Their mailing address is:

Local Tax Allocation Division (3-500)
Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62702

State Agency Contacts

Illinois Department of Revenue

101 West Jefferson Street
Springfield, IL 62702
(217) 782-3336

<https://www2.illinois.gov/rev/Pages/default.aspx>

- Responsible for enforcing and collecting taxes associated with the sale of cannabis.

Illinois Department of Agriculture

State Fairgrounds
801 East Sangamon Avenue

Springfield, IL 62702

(217) 782-2172

<https://www2.illinois.gov/sites/agr/Pages/default.aspx>

- Responsible for licensure and oversight of cultivation centers, craft growers, processing organizations, and transporting organizations.
- Responsible for authorizing laboratories that test cannabis

Illinois Department of Financial and Professional Regulation

320 West Washington Street

Springfield, IL 62786

(217) 785-0820

<https://www.idfpr.com/ILCannabis.asp>

- Responsible for licensure and oversight of dispensing organizations.

Illinois State Police

(217) 524-2500

<https://www.isp.state.il.us>

- Responsible for conducting background checks on everyone involved in the licensed cannabis sector.
- Responsible for reviewing security plans for all licensed entities.
- Responsible for reviewing all criminal history record information and identifying all individuals with minor violations that are eligible for automatic expungement.

Illinois Department of Public Health

535 West Jefferson Street

Springfield, IL 62761

(217) 782-4977

<http://www.dph.illinois.gov>

- Responsible for developing recommendations surrounding health warnings and facilitating the Adult Use Cannabis Public Health Advisory Committee.

Illinois Department of Commerce and Economic Opportunity

500 East Monroe Street

Springfield, IL 62701

(217) 782-7500

<https://www2.illinois.gov/dceo/Pages/default.aspx>

- Responsible for administering a loan program, a grant program, and technical assistance for social equity applicants.

Illinois Department of Human Services

100 South Grand Avenue East

Springfield, IL 62762

(800) 843-6154

<http://www.dhs.state.il.us/page.aspx>

- Responsible for making recommendations to the Adult Use Cannabis Public Health Advisory Committee regarding drug treatment and prevention.
- Responsible for developing and disseminating consumer education materials.

Illinois Criminal Justice Information Authority

300 West Adams Street, #200

Chicago, IL 60606

(312) 793-8550

<http://www.icjia.state.il.us>

- Responsible for designating ROC areas across the state that may apply for funding from the ROC board for community reinvestment.

These contacts are likely to be expanded and updated as additional agency resources are made available.

Frequently Asked Questions Cannabis Regulation and Tax Act Public Act 101-0027

Updated September 9, 2019

Provided by

KTJ

KLEIN, THORPE & JENKINS, LTD.
Attorneys at Law

In Partnership with



KLEIN, THORPE AND JENKINS, LTD.

20 North Wacker Drive, Suite 1660
Chicago, Illinois 60606
(312) 984-6400

15010 S. Ravinia Avenue, Suite 10
Orland Park, Illinois 60462
(708) 349-3888

7 Northpoint Drive
Streator, Illinois 61364
(815) 672-3116

ILLINOIS MUNICIPAL LEAGUE

500 East Capitol Avenue | P.O. Box 5180
Springfield, Illinois 62705-5180
(217) 525-1220

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

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FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

ADVERTISING

What are the restrictions on advertising for a cannabis business establishment?

- “Advertise” means to engage in promotional activities including, but not limited to: newspaper, radio, Internet and electronic media, and television advertising; the distribution of fliers and circulars; and the display of window and interior signs.
- No cannabis business establishment nor any entity or person shall engage in advertising that contains any statement or illustration that is:
 - False or misleading;
 - Promotes the overconsumption of cannabis;
 - Displays cannabis;
 - Shows someone under 21 consuming cannabis;
 - Makes health or medicinal claims about cannabis;
 - Includes the image of the cannabis leaf or bud; or
 - Includes any image that is likely to appeal to minors.
- No cannabis business establishment nor any person or entity shall place or maintain or cause to be placed or maintained an advertisement in any form:
 - Within 1,000 feet of school grounds, playgrounds, hospitals, health care facilities, recreation centers, child care centers; public parks, public libraries; or game arcades that admit persons under the age of 21;
 - On or in a public transportation vehicle or on a public transportation shelter; or
 - On or in publicly-owned or publicly-operated property.

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

CRAFT GROWERS

What is the definition of “craft grower?”

- "Craft grower" means a facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, dry, cure and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization. A craft grower may contain up to 5,000 square feet of canopy space on its premises for plants in the flowering stage. The Department of Agriculture may authorize an increase or decrease of flowering stage cultivation space in increments of 3,000 square feet by rule based on market need, craft grower capacity and the licensee's history of compliance or noncompliance, with a maximum space of 14,000 square feet for cultivating plants in the flowering stage, which must be cultivated in all stages of growth in an enclosed and secure area. A craft grower may share premises with a processing organization or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership.

Are craft growers inspected? How, and by whom?

- Craft growers are subject to random inspections by the Illinois Department of Agriculture, the Illinois Department of Public Health, local safety or health inspectors and the Illinois State Police.

To whom may craft growers sell cannabis?

- Craft growers may sell or distribute cannabis to a cultivation center, a craft grower, an infuser organization, a dispensing organization or as otherwise authorized by rule.

What are the limitations on the location of craft growers?

- A craft grower may not be located in an area zoned for residential use.
- A craft grower shall not be located within 1,500 feet of another craft grower or a cultivation center.

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

CULTIVATION CENTERS

What is the definition of “cultivation center?”

- "Cultivation center" means a facility operated by an organization or business that is licensed by the Department of Agriculture to cultivate, process, transport (unless otherwise limited by the Act) and perform other necessary activities to provide cannabis and cannabis-infused products to cannabis business establishments.

Are cultivation centers inspected? How, and by whom?

- Cultivation centers are subject to random inspections by the Illinois Department of Agriculture, the Illinois Department of Public Health, local safety or health inspectors and the Illinois State Police.

To whom may cultivation centers sell cannabis?

- Cultivation centers may sell or distribute cannabis or cannabis-infused products to dispensing organizations, craft growers, infusing organizations, transporters or as otherwise authorized by rule.

What is the maximum space a cultivation center may provide for plants in the flowering stage?

- A cultivation center may not contain more than 210,000 square feet of canopy space for plants in the flowering stage for cultivation of adult-use cannabis as provided in this Act.

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

DISPENSING ORGANIZATIONS

What is the definition of “dispensing organization?”

- "Dispensing organization" means a facility operated by an organization or business that is licensed by the Illinois Department of Financial and Professional Regulation to acquire cannabis from a cultivation center, craft grower, processing organization or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia or related supplies under the Act to purchasers or to qualified registered medical cannabis patients and caregivers. As used in the Act, a “dispensing organization” shall include a registered medical cannabis organization as defined in the Compassionate Use of Medical Cannabis Program Act or its successor Act that has obtained an Early Approval Adult Use Dispensing Organization License.

What methods of sale by dispensing organizations are prohibited?

- Drive-through windows
- Vending machines
- Transport of cannabis to residences or other locations where purchasers may be for delivery

When are dispensing organizations allowed to operate?

- Operation is allowed between 6:00 a.m. and 10:00 p.m. local time.
- Operation is prohibited when video surveillance equipment is inoperative.
- Operation is prohibited when point-of-sale equipment is inoperative.
- Operation is prohibited when the state’s cannabis electronic verification system is inoperative.
- Operation is prohibited when there are fewer than two people working at any time within a dispensing organization.

What products are dispensing organizations prohibited from selling?

- Dispensing organizations may not sell any product containing alcohol except tinctures, which are limited to containers no larger than 100 milliliters.
- Selling clones or other live plant material is prohibited.

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

- Selling cannabis, cannabis concentrate or cannabis-infused products in combination or bundled with each other for one price is prohibited.

Can dispensing organizations sell cannabis outside of Illinois or obtain cannabis from outside of Illinois?

- No. Dispensing organizations may not transport cannabis or cannabis products across state lines.
- No. Dispensing organizations may not obtain cannabis or cannabis-infused products from outside the State of Illinois.

What type of packaging is required for cannabis sold at dispensing organizations?

- All cannabis sold by a dispensing organization to purchasers must be in a container or package with a label identifying, at a minimum, the name of the dispensing organization, the contents and the weight of the raw cannabis in grams or, for cannabis products, the amount of Tetrahydrocannabinol (THC) in milligrams.

Are there restrictions in the Act on the location of dispensing organizations?

- Yes. A dispensing organization may not be located within 1,500 feet of the property line of a pre-existing dispensing organization.

What is the process for a dispensing organization to dispense cannabis to a purchaser?

- Before cannabis is dispensed:
 - The age of the purchaser shall be verified by checking a government-issued identification card by use of an electronic reader or electronic scanning device to scan the identification;
 - The validity of the government-issued identification card must be verified;
 - Any appropriate purchaser education or support materials shall be offered; and
 - Information must be entered into the state's cannabis electronic verification system, including the dispensing organization's agent's identification number, the dispensing organization's identification number, the amount, type (including strain, if applicable) of cannabis or cannabis-infused product dispensed, and the date and time the cannabis is dispensed.
- A dispensing organization shall refuse to sell cannabis to anyone unless the person produces valid identification showing that the person is 21 years of age or older. However, a medical cannabis dispensing organization may sell cannabis-infused products to a person who is under

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

21 years of age if the sale complies with the provisions of the Medical Cannabis Program Act and rules.

- Public Act 101-0363, effective August 8, 2019, revised the Medical Cannabis Program Act to provide that registered qualifying patients under 21 years of age shall be prohibited from consuming forms of cannabis other than medical cannabis-infused products, and purchasing any usable cannabis or paraphernalia used for smoking or vaping medical cannabis.

FREQUENTLY ASKED QUESTIONS

Cannabis Regulation And Tax Act – Public Act 101-0027

DRIVING UNDER THE INFLUENCE (DUI)

How will DUI's be addressed under the new law?

- Driving under the influence of cannabis will continue to be illegal.
- The Act allows for use of validated roadside chemical tests or standardized field sobriety tests approved by the National Highway Traffic Safety Administration when conducting investigations of a violation of Section 11-501 of the Illinois Motor Vehicle Code (625 ILCS 5/11-501) or a similar local ordinance by drivers suspected of driving under the influence of cannabis.
- The results of validated roadside chemical tests and standardized field sobriety tests are, under the Act, admissible at a civil or criminal trial or proceeding for an arrest for a cannabis-related offense as defined in Section 11-501 of the Illinois Motor Vehicle Code or a similar local ordinance.
- The Act creates a DUI Cannabis Task Force to examine best practices for enforcement of driving under the influence of cannabis laws and emerging technology in roadside testing for impairment.
- The Act creates various statutory presumptions applicable to cannabis DUIs:
 - Tetrahydrocannabinol (THC) concentration of 5 nanograms or more in whole blood or 10 nanograms or more in an other bodily substance creates a presumption that a person was under the influence of cannabis; and
 - Tetrahydrocannabinol (THC) concentration of less than 5 nanograms in whole blood or less than 10 nanograms in an other bodily substance does not give rise to a presumption that the person was or was not under the influence of cannabis, but may be considered with other competent evidence in determining whether the person was under the influence of cannabis.
- The refusal to submit to a chemical test will result in the imposition of driver's license sanctions under Section 11-501.1 of the Illinois Motor Vehicle Code.
- The refusal to take validated roadside chemical tests or standardized field sobriety tests is admissible in any civil or criminal action or proceeding regarding impairment by use of cannabis.
- An authorized medical cannabis patient who drives is deemed to have given consent to (i) validated roadside chemical tests or (ii) standardized field sobriety tests.

FREQUENTLY ASKED QUESTIONS

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- Law enforcement officers must have an independent, cannabis-related factual basis giving reasonable suspicion that a person is driving or in actual physical control of a motor vehicle while impaired by the use of cannabis to conduct validated roadside chemical tests or standardized field sobriety tests.

FREQUENTLY ASKED QUESTIONS

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EMPLOYMENT CONCERNS

May an employer maintain a drug-free workplace?

- Yes. The Act specifies that nothing shall prohibit an employer from adopting:
 - reasonable zero-tolerance or drug-free workplace policies;
 - employment policies concerning drug testing; or
 - regulations concerning smoking, consumption, storage or use of cannabis at the workplace or while on call.
- These policies must be applied in a nondiscriminatory manner.
- Employers' policies may cover use of cannabis in the employer's workplace, while performing the employee's job duties or while "on call." An employee is deemed "on call" when he or she is scheduled with at least 24 hours' notice by employer to be on standby or otherwise responsible for performing tasks related to his or her employment.
- An employer may discipline an employee for violating a workplace drug policy. If the employer elects to discipline the employee, the employer must give the employee reasonable opportunity to contest the determination.
- Nothing in the Act shall be construed to interfere with any federal, state or local restrictions on employment including, but not limited to, the United States Department of Transportation regulation 49 CFR 40.151(e), or impact an employer's ability to comply with federal or state law or cause it to lose a federal or state contract or funding.
- The Illinois Right to Privacy in the Workplace Act prohibits discrimination for the use of a lawful product while off duty or not on call. (820 ILCS 55/5.)

How can an employer determine whether an employee is impaired by the use of cannabis?

- An employer may consider an employee to be impaired by the use of cannabis if the employer has a good faith belief that the employee manifests specific, articulable symptoms while working that decrease or lessen the employee's performance of the duties or tasks.

FREQUENTLY ASKED QUESTIONS

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EXPUNGEMENTS

What records will be automatically expunged?

- The Act mandates that arrest records relating to offenses under the Illinois Cannabis Control Act for possession of under 30 grams of any substance containing cannabis that are not associated with an arrest, conviction or other disposition of a violent crime as defined in subsection (c) of Section 3 of the Illinois Rights of Crime Victims and Witnesses Act. “Minor Cannabis Offenses” will be automatically expunged by all law enforcement agencies, including records of an arrest, charges not initiated by arrest, orders of supervision or orders of qualified probation for all offenses committed prior to the Act if:
 - One year or more has elapsed since the date of the arrest or law enforcement interaction documented in the records; and
 - No criminal charges were filed or if filed they were dismissed and/or arrestee was acquitted.

What is the schedule for automatic expungement?

- The Act provides that all law enforcement agencies must expunge qualifying records according to the following schedule:
 - Records created prior to the effective date of the Act, but on or after January 1, 2013, shall be automatically expunged prior to January 1, 2021;
 - Records created prior to January 1, 2013, but on or after January 1, 2000, shall be automatically expunged prior to January 1, 2023; and
 - Records created prior to January 1, 2000, shall be automatically expunged prior to January 1, 2025.

What is the process for expungement for offenders actually convicted of Minor Cannabis Offenses or of more serious violations under the Cannabis Control Act?

- Within 180 days of the effective date of the Act, the Illinois State Police must notify the Prisoner Review Board of those convictions for Minor Cannabis Offenses that are eligible for expungement under the Act.
- The Act provides a process for the Prisoner Review Board to make recommendations to the Governor for pardons for certain convictions for Minor Cannabis Offenses.
- Those convicted for more serious violations of the Cannabis Control Act and not qualifying for a pardon have the option of petitioning for expungement through the circuit court.

FREQUENTLY ASKED QUESTIONS

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FREEDOM OF INFORMATION ACT

Are all records and documents created or obtained by a public body pursuant to the provisions of the Act subject to the Illinois Freedom of Information Act (FOIA)?

- The Act adds an exemption to FOIA for confidential information described in Section 55-30 of the Illinois Cannabis Regulations and Tax Act (information received by state agencies from cannabis establishment licensees or applicants).
- The name and address of a dispensing organization licensed under the Act shall be subject to disclosure under FOIA. The name and cannabis business establishment address of the person or entity holding each cannabis business establishment license shall be subject to disclosure.
- Complaints from consumers or members of the general public received regarding a specific, named licensee or complaints regarding conduct by unlicensed entities shall be subject to disclosure.

FREQUENTLY ASKED QUESTIONS

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HOME CULTIVATION

What are the limitations and requirements to grow cannabis at home?

- Only registered medical cannabis patients over 21 years of age may participate in home cultivation.

- Additionally, cultivation in private residences by medical cannabis patients is subject to the following limitations:
 - There is a limit of five plants that are five inches or more per household without a cultivation center or craft grower license;
 - Cannabis plants may not be cultivated in an area subject to public view;
 - Reasonable precautions must ensure that the plants are secure from unauthorized access or access by a person under 21 years of age;
 - Cannabis cultivation must occur in an enclosed locked space;
 - Cannabis cultivation may only occur on residential property lawfully in possession of the medical cannabis patient or with the consent of the person in lawful possession of the property;
 - A medical cannabis patient may allow their authorized agent to tend to the plants for brief periods of time if the patient is temporarily away;
 - A medical cannabis patient may only purchase cannabis seed from a dispensary;
 - Purchase of live plant material is prohibited; and
 - If the home grown plants yield more than the allowable possession limit of 30 grams of raw cannabis, then the excess cannabis must remain secured within the residence of residential property in which it was grown.

May a landlord prohibit growth of cannabis on their property?

- Yes. An owner or lessor of residential property may prohibit the cultivation of cannabis by a lessee.

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INFUSER ORGANIZATIONS OR INFUSERS

What is the definition of “infuser organization” or “infuser?”

- "Infuser organization" or "infuser" means a facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product.

Are infusers inspected? How, and by whom?

- Infusers are subject to random inspections by the Illinois Department of Agriculture, the Illinois Department of Public Health, local safety or health inspectors and the Illinois State Police.

To whom may infusers sell cannabis?

- Infusers may only sell or distribute cannabis to a dispensing organization, or as otherwise authorized by rule.

What are the limitations on the location of infusers?

- An infuser may not be located in an area zoned for residential use.
- An infuser may share premises with a craft grower or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership.

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LICENSING

Is a license required to operate a cannabis establishment in Illinois?

- Yes. The Illinois Office of Cannabis Control shall issue licenses for all dispensing organizations. Dispensing organizations are defined by the Act as a facility operated by an organization or business that is licensed by the Illinois Department of Financial and Professional Regulation to acquire cannabis from a cultivation center, craft grower, processing organization or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia or related supplies under the Act to purchasers or to qualified registered medical cannabis patients and caregivers.

May municipalities require licenses to operate a cannabis establishment within their boundaries?

- Since licensing is a function of the state under the Act, local governments may only enforce generally applicable business registration requirements for cannabis establishments and conduct inspections of the premises to ensure compliance with local ordinances.

What are the different types of licenses?

- The Act creates the following adult-use cannabis licenses, subject to various fees and subject to administration by the Illinois Department of Agriculture and the Illinois Department of Financial and Professional Regulation:
- Early Approval Adult-Use Dispensing Organization - A license that permits a medical cannabis dispensing organization licensed under the Illinois Medical Cannabis Program Act as of the effective date of the Act to begin selling cannabis to purchasers as permitted by the Act as of January 1, 2020.
- Early Approval Adult-Use Cultivation Center - A license that permits a medical cannabis cultivation center licensed under the Illinois Medical Cannabis Program Act as of the effective date of the Act to begin cultivating, infusing, packaging, transporting (unless otherwise provided in the Act) and selling cannabis to cannabis business establishments for resale to purchasers as permitted by the Act as of January 1, 2020. A cultivation center may begin producing cannabis and cannabis-infused products once the Early Approval Adult Use Cultivation Center License is approved. A cultivation center that obtains an Early Approval Adult Use Cultivation Center License may begin selling cannabis and cannabis-infused products to approved dispensing organizations on December 1, 2019.

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- Conditional Adult-Use Dispensing Organization License - A license awarded to top-scoring applicants for an Adult-Use Dispensing Organization License that reserves to the applicant the right to an adult-use dispensing organization license if the applicant meets certain conditions described in the Act. A dispensing organization that is awarded a Conditional Adult-Use Dispensing Organization License is not entitled to purchase, possess, sell or dispense cannabis or cannabis-infused products until the applicant has received an Adult-Use Dispensing Organization License.
- Conditional Adult-Use Cultivation Center License - A license awarded to top-scoring applicants for an Adult-Use Cultivation Center License that reserves to the applicant the right to an Adult-Use Cultivation Center License if the applicant meets certain conditions as determined by the Illinois Department of Agriculture by rule. A cultivation center applicant that is awarded a Conditional Adult-Use Cultivation Center License is not entitled to grow, purchase, possess or sell cannabis or cannabis-infused products until the applicant has received an Adult-Use Cultivation Center License.
- Adult-Use Dispensing Organization - A license issued by the Illinois Department of Financial and Professional Regulation that permits a person to act as a dispensing organization under the Act and any administrative rule made in furtherance of the Act.
- Adult-Use Cultivation Center - A license issued by the Illinois Department of Agriculture that permits a person to act as a cultivation center under the Act and any administrative rule made in furtherance of the Act.
- Craft Grower - The Illinois Department of Agriculture shall issue up to 40 craft grower licenses by July 1, 2020. A “craft grower” is a facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, dry, cure and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization.
- Infuser - The Illinois Department of Agriculture shall issue up to 40 infuser licenses through a process provided for in the Act no later than July 1, 2020. “Infuser organization” or “infuser” means a facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product. An infuser is prohibited from extracting cannabis concentrate from raw cannabis material. Only cultivation centers and craft growers will be allowed to extract cannabis concentrate.
- Transporter - Transporting organization” or “transporter” means an organization or business that is licensed by the Illinois Department of Agriculture to transport cannabis on

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behalf of a cannabis business establishment or a community college licensed under the Illinois Community College Cannabis Vocational Training Pilot Program.

Do state licenses need to be renewed?

- Yes. All licenses expire and are subject to the renewal provisions set forth in the Act.
- Adult-Use Dispensing Organization Licenses shall expire on March 31 of even-numbered years. Licensees must submit a renewal application as provided by the Illinois Department of Financial and Professional Regulation and pay the required renewal fee.

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LOCAL GOVERNMENT

May municipalities prohibit cannabis establishments within their boundaries?

- Yes. A municipality may enact ordinances to prohibit or significantly limit an adult-use cannabis business establishment's location.
- While adult-use cannabis business establishments may be prohibited, the Illinois Medical Cannabis Program Act specifically provides that medical cannabis dispensing organizations may not be prohibited within municipal boundaries. For medical cannabis establishments, then, municipalities may only regulate location via reasonable zoning regulations (special use permits, etc.).

May municipalities and other units of local government regulate cannabis establishments within their boundaries?

- A unit of local government may enact reasonable zoning ordinances or resolutions not in conflict with the Act or with Illinois Office of Cannabis Control, Illinois Department of Public Health, Illinois Department of Financial and Professional Regulation and Illinois Department of Agriculture rules regulating cannabis establishments.
- A unit of local government may enact ordinances or rules governing the time, place, manner and number of cannabis establishment operations, including a minimum distance limitation between cannabis establishments and locations it deems sensitive through the use of special use permits.

May municipalities prohibit or regulate cannabis establishments outside of their boundaries?

- A municipality may exert extra territorial zoning authority in the unincorporated area within one and one half miles of its corporate limits through the adoption of a comprehensive plan and zoning for that area pursuant to 65 ILCS 5/11-13-1. The municipal ordinances would control that area absent a county zoning ordinance, or another municipality with zoning already in place.

May municipalities regulate the on-premises consumption of cannabis and/or allow cannabis cafes and lounges?

- Yes. A municipality may regulate and/or allow the on-premises consumption of cannabis at or in a cannabis business establishment within its jurisdiction in a manner consistent with the Act. The Act allows the creation of “cannabis cafes/lounges” in the discretion of the municipality. Cannabis business establishments or other entities authorized or permitted by a municipality to

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allow on-site consumption shall not be deemed a public place within the meaning of the Smoke Free Illinois Act.

May municipalities and other units of local government prohibit the use of cannabis within their boundaries?

- No unit of local government, including a home rule unit, may unreasonably prohibit the use of cannabis authorized by the Act.

Does the Act contain any location restrictions on dispensaries?

- A dispensing organization may not be located within 1,500 feet of the property line of a preexisting dispensing organization.
- These distance restrictions are different than those originally imposed by the Illinois Medical Cannabis Program Act. Under the Medical Cannabis Program Act, registered cultivation centers could not locate within 2,500 feet of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, part day child care facility or an area zoned for residential use (410 ILCS 130/105(c)) and registered dispensing organizations could not locate within 1,000 feet of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, or part day child care facility or be located in a house, apartment, condominium, or an area zoned for residential use (410 ILCS 130/130(d)). P.A. 101-0363, which made various amendments to the Medical Cannabis Program Act and became effect on August 8, 2019, eliminated the distance restrictions for medical cannabis dispensaries registered after July 1, 2019.

Does failure to be in compliance with local zoning regulations have any impact on a cannabis establishment's ability to operate in Illinois?

- Yes. A state-issued cannabis establishment license will be denied if the applicant is not in compliance with local zoning rules.

May municipalities and other units of local government fine or penalize cannabis establishments for violation of local zoning regulations?

- A unit of local government may establish civil penalties for violation of an ordinance or rules governing the time, place and manner of operation of a cannabis establishment within the jurisdiction of the unit of local government.

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May municipalities regulate personal possession and consumption of cannabis?

- The Act provides municipalities with the authority to locally regulate possession and consumption of cannabis by private citizens in a manner consistent with the Act. Therefore, municipalities may adopt the prohibitions and penalties of the Act into their codes which will give the local governments the ability to enforce and prosecute personal possession and consumption violations through local adjudication or the circuit court.

Does the Act apply to home rule units of government?

- Yes. A unit of local government may not regulate cannabis-related activities in a manner more restrictive than their regulation by the state under the Act. Home rule preemption applies here.
 - “This subsection is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule units of powers and functions exercised by the State.” Section 55-25(4).
- Home rule preemption is specifically set forth in Section 55-90 of the Act. *“Except as otherwise provided in this Act, a unit of local government, including a home rule unit, may not regulate or license the activities described in this Act.” [emphasis added]*

May voters choose to limit or prohibit cannabis establishments within a municipality?

- Only within the City of Chicago. The Act allows the legal voters of any precinct within a municipality with a population of over 500,000 to petition their local alderman, using a petition form made available online by the city clerk, to introduce an ordinance establishing the precinct as a restricted cannabis zone. "Restricted cannabis zone" means a precinct within which home cultivation, one or more types of cannabis business establishments, or both has been prohibited pursuant to an ordinance initiated by a petition under the Act.

Does the Act contain any operational rules for adult-use cannabis dispensing organizations?

- The Act, in Section 15-70, contains a list of specific business operational rules for adult-use cannabis dispensing organizations that provide a clear baseline of regulatory guidelines for these establishments. Municipalities may include these in any statement on approvals or conditions that are part of any conditional use permit. These rules include:
 - A dispensing organization must include the legal name of the dispensary on the packaging of any cannabis product it sells.
 - Dispensing organizations are prohibited from selling any product containing alcohol except tinctures, which are limited to containers that must be no larger than 100 milliliters.

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- A dispensing organization may only accept cannabis deliveries into a restricted access area. Deliveries may not be accepted through the public or limited access areas unless otherwise approved under the Act.
- A dispensing organization shall maintain compliance with state and local building, fire and zoning requirements or regulations.
- A dispensing organization shall submit a list to the state of the names of all service professionals that will work at the dispensary.
- A dispensing organization's license allows for a dispensary to be operated only at a single location.
- A dispensing organization may operate between 6:00 a.m. and 10:00 p.m. local time.
- A dispensing organization must keep all lighting outside and inside the dispensary in good working order and wattage sufficient for security cameras.
- A dispensing organization shall not:
 - Produce or manufacture cannabis;
 - Accept a cannabis product from an adult-use cultivation center, craft grower, infuser, dispensing organization or transporting organization unless it is pre-packaged and labeled in accordance with the Act and any rules that may be adopted pursuant to the Act;
 - Obtain cannabis or cannabis-infused products from outside the State of Illinois;
 - Sell cannabis or cannabis-infused products to a purchaser unless the dispensary organization is licensed under the Illinois Medical Cannabis Program Act, and the individual is registered under the Medical Cannabis Program Act or the purchaser has been verified to be over the age of 21;
 - Enter into an exclusive agreement with any adult-use cannabis cultivation center, craft grower or infuser;
 - Refuse to conduct business with an adult-use cannabis cultivation center, craft grower, transporting organization or infuser that has the ability to properly deliver the product and is permitted by the Illinois Department of Agriculture, on the same terms as other adult-use cannabis cultivation centers, craft growers, infusers or transporters with whom it is dealing;
 - Operate drive-through windows;
 - Allow for the dispensing of cannabis or cannabis-infused products in vending machines;
 - Transport cannabis to residences or other locations where purchasers may be for delivery;
 - Enter into agreements to allow persons who are not dispensing organization agents to deliver cannabis or to transport cannabis to purchasers;
 - Operate a dispensing organization if its video surveillance equipment is inoperative;
 - Operate a dispensing organization if the point-of-sale equipment is inoperative;

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- Operate a dispensing organization if the state's cannabis electronic verification system is inoperative;
- Operate a dispensing organization when there are fewer than two people working at any time;
- Be located within 1,500 feet of the property line of a pre-existing dispensing organization;
- Sell clones or any other live plant material;
- Sell cannabis, cannabis concentrate or cannabis-infused products in combination or bundled with each other or any other items for one price, and each item of cannabis, concentrate or cannabis-infused product must be separately identified by quantity and price on the receipt;
- Violate any other requirements or prohibitions set by the Act or administrative rules.

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SOCIAL JUSTICE

What other agency oversight does the state have for social issues related to cannabis production, sale and use?

- The Restoring Our Communities (ROC) program will be created. The ROC program will be a performance incentive funding program for high-need, underserved communities throughout the state.
- The purpose of the ROC program will be to directly address the impact of economic disinvestment and the historical use of criminal justice responses to community and individual needs by supporting local design and control of community-based responses to these impacts that can be accessed outside of the criminal justice system.
- The ROC program will provide planning and implementation grants as well as technical assistance to collaborative groups that include human service providers and community-based organizations, individuals who have experienced the criminal justice system or other systems of state intervention, individuals who have been consumers of social programs administered by the state or local jurisdictions, and local leaders from all sectors.

FREQUENTLY ASKED QUESTIONS

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TAXATION, REVENUES AND APPROPRIATIONS

How is cannabis cultivation going to be taxed at the state level?

- Beginning on January 1, 2020, a Cannabis Cultivation Privilege Tax is imposed by the State of Illinois upon the privilege of cultivating cannabis at the rate of 7% of the gross receipts from the sale of cannabis by a cultivator.
 - This tax rate already exists under current medical cannabis law.
 - As all funds collected under the Cannabis Regulation and Tax Act and under the Compassionate Use of Medical Cannabis Program Act will be deposited into the state's Cannabis Regulation Fund, the 7% cultivation tax that previously only applied to the cultivation of medical cannabis is repealed, effective July 1, 2020 (See 410 ILCS 130/200), and replaced by the same tax that applies to both adult-use and medical cannabis cultivation.
 - All funds received by the Illinois Department of Revenue under the privilege tax shall be paid into the Cannabis Regulation Fund in the state treasury.

- The Cannabis Cultivation Privilege Tax will be collected in addition to all other occupation or privilege taxes imposed by the State of Illinois or by any municipal corporation or political subdivision (whether the cultivation is for medical or adult-use purposes).

How is the sale of cannabis going to be taxed at the state level?

- Beginning on January 1, 2020, a Cannabis Purchaser Excise Tax is imposed by the State of Illinois upon purchasers for the privilege of using cannabis at the following rates:
 - Cannabis flower or products with less than 35% Tetrahydrocannabinol (THC): 10% tax.
 - Cannabis-infused products (i.e., edibles): 20% tax.
 - Cannabis flower or products with a THC concentration higher than 35%: 25% tax.

- The purchase price of any product that contains any amount of cannabis or any derivative is subject to the excise tax on the full purchase price of the product.

- The purchase of cannabis is also subject to state and local sales taxes. Sales tax is collected in addition to all other occupation, privilege or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision of the state.

- All funds received by the Illinois Department of Revenue under the excise tax will be paid into the Cannabis Regulation Fund in the state treasury.

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What is the state going to do with the funds collected in the form of state taxes, license fees and any other monies collected with regard to cannabis production and sale?

- The Cannabis Regulation Fund is created in the state treasury. Unless otherwise provided, all funds collected under the Cannabis Regulation and Tax Act and under the Medical Cannabis Program Act shall be deposited into the Cannabis Regulation Fund, consisting of taxes, license fees, other fees and any other amounts required to be deposited or transferred into the Fund.
- Monthly, the transfers of revenues received into the Cannabis Regulation Fund shall be certified as follows:
 - First, to pay for the direct and indirect costs associated with the implementation, administration and enforcement of the Compassionate Use of Medical Cannabis Program Act and the Cannabis Regulation and Tax Act, the Illinois Department of Revenue shall certify the transfer of 1/12 of the fiscal year amount appropriated to the numerous agencies involved with the program;
 - Second, after the above-noted transfers have been made, the remainder shall be transferred by formula to the following funds:
 - 35% transferred to the state General Revenue Fund
 - 25% transferred to the Criminal Justice Information Projects Fund to support the Restore, Reinvest and Renew Program for community reinvestment
 - 20% transferred to the Illinois Department of Human Services Community Services Fund to fund mental health and substance abuse services at local health departments
 - 10% transferred to the Budget Stabilization Fund to pay the backlog of unpaid state bills
 - 8% transferred to the Local Government Distributive Fund (LGDF) to fund crime prevention programs, training, and interdiction efforts relating to the illegal cannabis market and cannabis-based DUIs
 - 2% transferred to the Drug Treatment Fund for public education and awareness

How may cannabis be taxed at the local level?

- On and after January 1, 2020, the corporate authorities of any county or municipality may, by ordinance, impose a County and Municipal Cannabis Retailers' Occupation Tax (MCROT).
- For municipalities, the MCROT is imposed upon purchasers for the privilege of using adult-use cannabis purchased in the municipality. The rate of tax shall not exceed 3% of the purchase price. If imposed, the tax shall only be imposed in 0.25% increments.
- Counties are authorized to impose a tax of up to 3% in incorporated areas and 3.75% on sales emanating from unincorporated areas.

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- The Illinois Department of Revenue will collect and administer the MCROT.
- The MCROT shall not be imposed on cannabis that is subject to tax under the Medical Cannabis Program Act. Sales of medical cannabis from registered medical cannabis dispensaries are taxed at the 1% rate imposed on prescription and nonprescription drugs in Illinois.
- Any ordinance imposing the tax must be certified by the municipal clerk of that unit of local government and filed with the Illinois Department of Revenue before June 1 of any year, to be effective and enforced by the Department of Revenue on September 1 of that year.
- The MCROT will be collected in addition to all other occupation, privilege or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision of the state.

How are existing sales taxes affected?

- Retailers' Occupation Taxes (sales taxes), assessed at both a local and state level, will not be deposited into the Cannabis Regulation Fund. Nothing in the Medical Cannabis Program Act and the Cannabis Regulation and Tax Act affects the collection of these taxes or their deposit in the state's general fund and/or distribution to municipalities under local ordinance.
- Under the state Retailers' Occupation Tax, the sale of cannabis is classified as a "sale of tangible personal property at retail."

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USE AND POSSESSION

How much cannabis may a resident of the State of Illinois legally possess under the Act?

- For an Illinois resident who is 21 years of age or older, the possession limit is any combination of the following:
 - 30 grams of raw cannabis;
 - Cannabis-infused product or products containing a total of no more than 500 mg of Tetrahydrocannabinol (THC);
 - 5 grams of cannabis product in concentrated form.
- For individuals who register as qualifying patients under the state’s existing medical cannabis program only:
 - Up to 5 cannabis plants and the cannabis produced from those 5 plants, secured within the residence or dwelling unit (no matter how many people reside in a residence, only 5 plants are allowed per residence).
 - Any combination of the amounts indicated above. Additionally, if they have plants that yield more than the 30 grams of raw cannabis, the excess must remain secured in the residence or residential property it is grown.

How much cannabis may a non-resident of the State of Illinois legally possess under the Act?

- For a person who is 21 years of age or older and who is not a resident of Illinois, the possession limit is any combination of the following:
 - 15 grams of raw cannabis;
 - Cannabis-infused products or products containing a total of no more than 250 mg of THC;
 - 2.5 grams of cannabis product in concentrated form.
- A non-resident may not possess cannabis plants.

Where is a person prohibited from possessing cannabis?

- The Act does not permit any person to engage in, and does not prevent the imposition of any civil, criminal or other penalties for engaging in, any of the following conduct:
 - Possessing cannabis on a school bus.
 - Possessing cannabis on the grounds of any preschool or primary or secondary school unless approved as a medical cannabis patient.
 - Possessing cannabis in any correctional facility.

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- Possessing cannabis in a vehicle not open to the public unless the cannabis is in a reasonably secured, sealed, tamper-evident container and reasonably inaccessible while the vehicle is moving.
- Possessing cannabis in a private residence that is used at any time to provide licensed child care or other similar social service care on the premises.

Where is the use of cannabis prohibited?

- The Act does not permit any person to engage in, and does not prevent the imposition of any civil, criminal or other penalties for engaging in, the following:
 - Consuming cannabis on a school bus.
 - Consuming cannabis on the grounds of any preschool or primary or secondary school unless authorized in the medical cannabis program.
 - Consuming cannabis in any correctional facility.
 - Consuming cannabis in any motor vehicle.
 - Consuming cannabis in a private residence that is used at any time to provide licensed child care or other similar social service care on the premises.
 - Consuming cannabis in any public place or knowingly in close physical proximity to anyone under 21 years of age.
 - Consuming cannabis in any public place where a person could reasonably be expected to be observed by others.
 - Consuming cannabis in any location where smoking is prohibited by the Smoke Free Illinois Act (410 ILCS 82/1 *et seq.*), including hospitals, restaurants, retail stores, offices, commercial establishments, etc.
 - Universities, colleges and other post-secondary educational institutions may restrict or prohibit cannabis use on their property.

How is a “public place” defined under the Act?

- A “public place” is defined as any place where a person could reasonably be expected to be observed by others.
- A “public place” includes all parts of buildings owned in whole or in part, or leased, by the state or a unit of local government.
- A “public place” does not include a private residence, unless the private residence is used to provide licensed child care, foster care or other similar social service care on the premises.

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Are there certain specific activities that an individual may not perform while using cannabis?

- Operating, navigating or being in actual physical control of any motor vehicle, aircraft or motorboat while using or under the influence of cannabis.
- Use of cannabis by a law enforcement officer, corrections officer, probation officer or firefighter while on duty.
- Use of cannabis by a person who has a school bus driver's permit or a Commercial Driver's License (CDL) while on duty.
- Driving under the influence and reckless driving based on THC impairment may continue to be charged.

500 East Capitol Avenue | P.O. Box 5180 | Springfield, IL 62705-5180
Phone: 217.525.1220 | Fax: 217.525.7438 | iml.org



ADULT USE CANNABIS SUMMARY

The following summarizes the major elements of the amendment that will be filed to Senate Bill 7 to legalize recreational adult use cannabis in Illinois.

PERSONAL USE OF CANNABIS

Starting January 1, 2020, adults over 21 will be able to legally purchase cannabis for recreational use from licensed dispensaries across the state.

- Possession limit for Illinois residents:
 - 30 grams of cannabis flower;
 - 5 grams of cannabis concentrate;
 - 500 milligrams of THC contained in a cannabis-infused product; or
 - People may possess more than 30 grams of cannabis if it is grown and secured in their residence under certain conditions.

- Possession limit for non-Illinois residents:
 - 15 grams of cannabis flower;
 - 2.5 grams of cannabis;
 - 250 milligrams of THC contained in a cannabis-infused product.

- The possession limits are to be considered cumulative.

COMPASSIONATE USE OF MEDICAL CANNABIS PILOT PROGRAM

- The legalization of adult use cannabis does not alter the state’s medical cannabis pilot program.

PROMOTING EQUITY

- Creation of a \$20 million low-interest loan program
 - DCEO will administer a low-interest loan program to qualified “social equity applicants” to help defray the start-up costs associated with entering the licensed cannabis industry.

- Establishment of a “social equity applicant” status for licensing
 - A social equity applicant is an Illinois resident that meets one of the following criteria:
 - Applicant with at least 51 percent ownership and control by one or more individuals who have resided for at least 5 of the preceding 10 years in a disproportionately impacted area.
 - Applicant with at least 51 percent ownership and control by one or more individuals who have been arrested for, convicted of, or adjudged to be a ward of the juvenile court for any offense that is eligible for expungement under this Act or member of an impacted family;
 - For applicants with a minimum of 10 full-time employees, an applicant with at least 51% of current employees who:
 - Currently reside in a disproportionately impacted area; or
 - Have been arrested for, convicted of, or adjudged to be a ward of the juvenile court for any offense that is eligible for expungement under this Act or member of an impacted family.

- Application for new entrants to the market
 - Scoring process for dispensaries. (The Department of Agriculture will develop a similar process through the rulemaking process for cultivation centers, processors, and craft growers.)
 - The legislation contains the scoring process IDFPR will use to review applications.
 - Out of a total of 200 points, 25 points are specifically designated for applicants that qualify as “social equity applicants.”
 - IDFPR may award up to 12 bonus points for applicants for preferred, but not required, initiatives. Bonus points will only be awarded in the event that the department receives a greater number of applications that meet the minimum number of points required.
 - Labor and employment practices (2)
 - Labor peace agreement (2)
 - Local community/neighborhood report (2)
 - Environmental plan (2)
 - Illinois owner (2)
 - A plan to engage the community (2)
- Fee waivers
 - The Department of Financial and Professional Regulation and the Department of Agriculture will waive 50 percent of any non-refundable license application fees (up to 2 applications) and any non-refundable fees associated with purchasing a license to operate a cannabis business establishment (up to two licenses) if social equity applicants meet certain conditions.
- Reducing up-front costs
 - Applicants who receive a conditional dispensing organization license will have 180 days from the date of the award to identify a physical location for the dispensing organization retail storefront when new entrants are allowed in the market. This will reduce the costs associated with entering the industry.
- Limitations on ownership
 - No person or entity shall hold any legal, equitable, or beneficial interest, directly or indirectly, of more than 3 cultivation centers.
 - No person or entity shall hold any legal, equitable, or beneficial interest, directly or indirectly, of more than 10 dispensing organizations.
 - No craft grower license shall be issued to any person or entity with more than 10% interest in a cultivation center.
 - No person or entity shall hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, of more than one craft grower license under this article.
- Identify disproportionately impacted areas.
 - DCEO will designate “disproportionately impacted areas” for social equity applicants
 - “Disproportionately impacted area” is defined as a geographic area that is economically disadvantaged and has been impacted by high rates of arrest, conviction, and incarceration for violations of the Cannabis Control Act.

ACHIEVING EQUITY THROUGH OWNERSHIP AND LICENSURE

The following process is designed to ensure the most equitable marketplace in the country.

- Early approval adult use license for current medical cannabis license holders
 - Timeline for licensing
 - Cultivation organizations:
 - Medical cannabis cultivators may apply for a license within 60 days of the effective date of the Act.
 - Licenses will be distributed to eligible applicants within 45 days.
 - Dispensing organizations:
 - Medical cannabis dispensaries may apply for a license within 60 days of the effective date of the Act.
 - Licenses will be distributed to eligible applicants within 14 days.
 - The sale of adult use cannabis will begin January 1, 2020.
 - These entities may apply for a second license at a new location under the same parameters.
 - Licensing costs for early approval adult use licenses
 - Cultivation organizations:
 - Non-refundable permit fee: \$100,000
 - Cannabis business development fund fee: 5% of total sales between July 1, 2018 to July 1, 2019 or \$500,000, whichever is less.
 - Dispensing organizations:
 - License 1
 - Non-refundable permit fee: \$30,000
 - Cannabis business development fund fee: 3% of total sales between July 1, 2018 to July 1, 2019 or \$100,000, whichever is less.
 - License 2
 - Non-refundable permit fee: 30,000
 - Cannabis business development fund fee: \$200,000
- New entrants to the adult use cannabis market
 - License types
 - Cultivation centers
 - Craft growers
 - Processors
 - Transporting organizations
 - Dispensing organizations
 - Timeline
 - WAVE 1
 - Department of Financial and Professional Regulation
 - May 1, 2020: The agency awards licenses for up to 75 new dispensing organizations
 - Department of Agriculture
 - July 1, 2020: The agency awards up to 40 licenses for processors, up to 40 licenses for craft growers, and licenses for transporting organizations.

- WAVE 2
 - Department of Financial and Professional Regulation
 - December 21, 2021: The agency awards up to 110 licenses for new dispensing organizations
 - Department of Agriculture
 - December 21, 2021: The agency awards up to 60 licenses for craft growers, up to 60 licenses for processors, and licenses for transporting organizations.
- Licensing costs for new entrants to the market
 - Craft growers
 - Non-refundable application fee \$5,000
 - License fee \$40,000
 - Processors
 - Non-refundable application fee \$5,000
 - License fee \$40,000
 - Transporting organizations
 - Non-refundable application fee \$5,000
 - License fee \$10,000
 - Dispensing organizations
 - Non-refundable application fee \$5,000
 - License fee \$30,000

INVESTING IN COMMUNITIES THAT SUFFERED THROUGH THE WAR ON DRUGS

- The proposal would establish a new grant program, the Restoring Our Communities (ROC) program, to invest in communities that have suffered the most because of discriminatory drug policies.
- ROC program overview
 - ICJIA will designate “ROC Areas” or locations where applicants will be eligible to apply for state funding through the ROC Board.
 - The ROC Board will consist of over 22 members and be chaired by the Governor, or his designee, and the Attorney General, or his designee.
 - The ROC Board will develop a grant application, solicit applications from eligible ROC Areas, distribute grants across the state, and monitor and evaluate ROC programs.
 - The ROC Board will deliver an annual report to the Governor’s Office about its progress.

EXPUNGING RECORDS

The following stand-alone offenses eligible for expungement.

Section 4 Possession (unlawful for any person to knowingly possess cannabis in the following amounts)		
a. <10g	Civil law violation	Fees; May be given probation and charges dismissed §10(a)
b. 10-30g	Class B Misdemeanor	<6 months; May be given probation and charges dismissed §10(a)
c. 30-100g	Class A Misdemeanor	<1 year; May be given probation and charges dismissed §10(a)
d. 100-500g	Class 4 Felony	1-3 years
Section 5 Manufacturer/Deliver (unlawful for any person knowingly to manufacture, deliver, or possess with intent to deliver or manufacture cannabis in the following amounts)		
a. <2.5g	Class B Misdemeanor	<6 months; May be given probation and charges dismissed §10(a)
b. 2.5-10g	Class A Misdemeanor	<1 year; May be given probation and charges dismissed §10(a)
c. 10-30g	Class 4 Felony	1-3 years; May be given probation and charges dismissed §10(a)
Section 8 Plants (unlawful for any person knowingly to produce or possess cannabis sativa plant unless authorized for purposes of research)		
a. < 5 plants	Class A Misdemeanor	< 1 year; May be given probation and charges dismissed §10(a)
b. 5-20 plants	Class 4 Felony	1-3 years; May be given probation and charges dismissed §10(a)

- Process for expungement
 - The proposal sets forth an expedited process of expunging the criminal records of individuals arrested, convicted, on supervision, or on probation for misdemeanor or Class 4 felony

violations of the Cannabis Control Act. The primary goals of this section are to (1) expunge cannabis-related records, and (2) streamline the process.

- The automatic expungement process requires the following:
 - The Department of State Police must identify all individuals with criminal records that are eligible for expungement and automatically expunge records of minor violations within two years of the effective date of the Act.
 - Within 180 days of the effective date of this act, the Department of State Police must notify (a) the prosecutor's offices responsible for prosecuting the offenses, (b) local law enforcement agencies, and (c) the Illinois Attorney General's office identifying all individuals with minor violations that are eligible for expungement.
 - Within 180 days of receipt of the notice from the Department of State Police, the appropriate States Attorney's offices shall file a proposed order with the court seeking expungement on behalf of individuals with eligible offenses. The Attorney General's office may file the proposed order if the State's Attorney has not.
 - Within 180 days after receiving the proposed order, the court will review the proposed order and order the expungement of court and law enforcement records unless it determines that the offense does not meet the definition of a minor violation.
 - The court will provide copies of the order to the Department of State Police, the arresting agency, relevant criminal justice agencies, and the individual whose record has been expunged.
- **The automatic expungement process does not apply to individuals with misdemeanor or Class 4 felony violations that were accompanied by charges other than a qualifying offense. Individuals with those records, and individuals in other circumstances, may separately petition the court to have their records expunged.**

EMPLOYMENT

- Nothing in the proposal prohibits employers from adopting reasonable employment policies concerning smoking, consumption, storage or use of cannabis in the workplace.
- Nothing in the proposal prohibits employers from disciplining an employee or terminating employment of an employee for violating the employer's employment policies or workplace drug policy.

TAXATION

- All taxes are deposited in the new Cannabis Regulation Fund
- Cultivation privilege tax
 - 7% of the gross receipts from the sale of cannabis by a cultivator, craft grower, or processor to a dispensing organization
- Cannabis purchaser excise tax:
 - 10% of the purchase price – Cannabis with a THC level at or below 35%
 - 20% of the purchase price – All cannabis infused products
 - 25% of the purchase price – Cannabis with a THC level above 35%
 - These taxes shall be in addition to all other occupation, privilege, or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision.
- Municipal purchaser excise tax:
 - Municipalities may enact a purchaser excise tax up to 3% in increments of 0.25%
 - Counties may enact a purchaser excise tax up to 0.5% in incorporated areas in increments of 0.25%
 - Unincorporated areas may adopt a purchaser excise tax up to 3.5% in increments of 0.25%

ALLOCATION OF STATE REVENUE

- The Department of Revenue will provide an official FY20 revenue estimate in the coming days.
- Tax revenue will be deposited in the new Cannabis Regulation Fund
- State agencies responsible for administering the adult use cannabis program will receive resources to cover administrative costs from the taxes collected by the program.
- All remaining revenue will be allocated as follows:
 - 35% will be transferred to the General Revenue Fund,
 - 25% will be transferred to the Restoring Our Communities Fund for community reinvestment,
 - 20% will be transferred to a fund that will support mental health and substance abuse services at local health departments,
 - 10% will be transferred to the Budget Stabilization Fund to pay the backlog of unpaid bills,
 - 8% will be transferred to the Illinois Law Enforcement Training and Standards Board to create a law enforcement grant program, and
 - 2% will be transferred to the Drug Treatment Fund to fund public education and awareness.

GOVERNANCE

- Governor's Office
 - The Governor will appoint a Cannabis Regulation Oversight Officer who will be stationed in IDFP. This person, and his or her team, will have the authority to make statutory and regulatory recommendations concerning the adult use program. This person will also coordinate efforts between state agencies involved in regulating and taxing the sale of cannabis in Illinois.
- Department of Revenue
 - Responsible for enforcing and collecting taxes associated with the sale of cannabis.
- Department of Agriculture
 - Responsible for licensure and oversight of cultivation centers, craft growers, processing organizations, and transporting organizations.
 - Responsible for authorizing laboratories that test cannabis
- Department of Financial and Professional Regulation
 - Responsible for licensure and oversight of dispensing organizations.
- Illinois State Police
 - Responsible for conducting background checks on everyone involved in the licensed cannabis sector.
 - Responsible for reviewing security plans for all licensed entities.
 - Responsible for reviewing all criminal history record information and identifying all individuals with minor violations that are eligible for automatic expungement.
- Department of Public Health
 - Responsible for developing recommendations surrounding health warnings and facilitating the Adult Use Cannabis Public Health Advisory Committee.
- Department of Commerce and Economic Opportunity
 - Responsible for administering a loan program, a grant program, and technical assistance for social equity applicants.
- Department of Human Services
 - Responsible for making recommendations to the Adult Use Cannabis Public Health Advisory Committee regarding drug treatment and prevention.
 - Responsible for developing and disseminating consumer education materials.
- ICJIA

- Responsible for designating ROC areas across the state that may apply for funding from the ROC board for community reinvestment.

PUBLIC HEALTH AND SAFETY

- Twenty percent of revenue generated by the sale of adult use cannabis will support efforts to address substance abuse and mental health.
- Advertising
 - No cannabis business establishment shall place or maintain, or cause to be placed or maintained, an advertisement, of cannabis or a cannabis-infused product in any form or through any medium:
 - Within 1,000 feet of the perimeter of a school grounds, playground, hospital, healthcare facility, recreation center or facility, child care center, public park or public library, or any arcade to which admission is not restricted to person's age 21 years or older;
 - On or in a public transit vehicle or public transit shelter;
 - On or in a publicly owned or public operated property;
 - Which contains information that is false or misleading, promotes excessive consumption, depicts a person under 21 years of age consuming cannabis, includes the image of a cannabis leaf; or
 - Includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that are popularly used to advertise to children, or any imitation of candy packaging or labeling, or that promotes the consumption of cannabis.
 - These restrictions do not apply to noncommercial messages.
- Packaging requirements
 - The following warnings shall apply to all cannabis products: "This product contains cannabis and is intended for use by adults 21 and over. Its use can impair cognition and may be habit forming. This product should not be used by pregnant or breastfeeding women. It is unlawful to sell or provide this item to any individual, and may not be transported outside the state of Illinois. It is illegal to operate a motor vehicle while under the influence of cannabis. Possession or use of this product may carry significant legal penalties in some jurisdictions and under federal law."
 - All harvested cannabis intended for distribution to a cannabis enterprise must be packaged in a sealed, labeled container.
 - Packaging of any product containing cannabis shall be child-resistant and light-resistant consistent with current standards, including the Consumer Product Safety Commission standards referenced by the Poison Prevention Act.
 - The label of each cannabis product shall contain, among other things, a "use by" date on the label, the quantity of cannabis contained in the product, and a content list.
 - All cannabis products must contain warning statements established for consumers, of a size to be legible and readily visible to a consumer inspecting a package, which may not be covered or obscured in any way.
 - Packaging must not contain information that:
 - Is false or misleading;
 - Promotes excessive consumption;
 - Depicts a person under 21 years of age consuming cannabis;

- Includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that are popularly used to advertise to children, or any packaging or labeling that bears resemblance to any product available for consumption as a commercially available candy, or that promotes consumption of cannabis;
- Contains any seal, flag, crest, coat of arms, or other insignia likely to mislead the consumer to believe that the product has been endorsed, made or used by the State of Illinois.

HOME GROW

- Illinois households are permitted to grow up to five cannabis plants under certain conditions:
 - The grower is an adult aged 21 or older,
 - The grower is in a household that owns the residence or has permission from the owner,
 - The grower is limited to growing 5 or less plants,
 - The grower must keep cannabis in a separately locked room away from members of the household who are under 21, and
 - The grower is prohibited from growing cannabis in public view.

LOCAL ORDINANCES

- Municipalities may pass ordinances prohibiting the establishments of dispensaries in their jurisdiction.
 - Local units of government must adopt 'opt out' ordinances within one year of the effective date of the statute or they are limited to adopting 'opt out' provisions via local referendum.
- Municipalities may enact reasonable zoning restrictions pertaining to licensed cultivation centers, craft growers, processing organizations, and dispensaries.