



AGENDA ITEM # 6

**AGENDA ITEM EXECUTIVE SUMMARY
Committee of the Whole Meeting
August 12, 2019**

Item Title: Cannabis Regulation and Tax Act

Staff Contact: Jeffrey D. O'Dell, Village Administrator

COMMITTEE OF THE WHOLE ACTION

Receive an initial presentation regarding the new Cannabis Regulation and Tax Act and provide direction to staff should the Village Board be interested in further discussion on the zoning, regulation, and licensing of adult use cannabis businesses in Roselle.

Executive Summary:

Before staff begins a more detailed review of the Cannabis Regulation and Tax Act and provides a recommendation regarding the authority the Village Board has with regards to the zoning, regulation, and licensing of adult use cannabis businesses in Roselle, staff first requests the Village Board determine if it wants to prohibit cannabis businesses from locating in Roselle. The following information is intended to provide the Village Board with an initial review of the new law and its impact on municipalities.

- ✓ On June 25, 2019 Governor Pritzker signed into law the Cannabis Regulation and Tax Act (CRTA). The law legalizes the consumption and possession of cannabis for recreational purposes for adults 21 and older in Illinois. The CRTA grants limited authority to municipalities to regulate cannabis business establishments including cultivation centers, dispensaries, infusers, processors, and craft growers intending to serve adult use customers.
- ✓ Municipalities may not restrict the private consumption of cannabis authorized by the CRTA. However, the CRTA prohibits the use of cannabis in public places, schools, and child care facilities. Municipalities may adopt and enforce local ordinances to regulate possession and public consumption of cannabis as long as regulations and penalties are consistent with the CRTA.
- ✓ The CRTA authorizes municipalities to prohibit the location of cannabis businesses, restrict cannabis business establishments, restrict cannabis businesses to specific zoning districts, require cannabis businesses to obtain special permits to operate, and condition the grant of a special permit on compliance with certain regulatory restrictions.

- ✓ The CRTA allows municipalities to impose a local retailer sales tax of up to 3% of the retail purchase price of cannabis and regulate the on-premises consumption of cannabis at or in cannabis business establishments. The tax must be imposed in 0.25% increments. The State will also derive revenues from State taxes and licensing imposed on cannabis businesses with 8% of those proceeds distributed back to local governments to fund crime prevention programs, training, and interdiction efforts.
- ✓ Municipalities are not responsible for licensing dispensary and cultivation businesses as that falls under the responsibility of the State's Department of Financial and Professional Regulation and Department of Agriculture. The State will issue licenses according to a graduated scale with up to 295 dispensing businesses being authorized after the first year. The CRTA will allow for the licensing of up to 500 dispensary businesses by January 1, 2022. Cultivators will be capped at 50 with 100 growers being allowed.
- ✓ The Village's Zoning Code does not address uses that would encompass cannabis business establishments as defined with the CRTA. However, the Village's Zoning Code was amended on April 28, 2014 to (1) allow medical cannabis dispensing organizations as a permitted use in the M Limited Industrial District and (2) allow medical cannabis cultivation centers as a special use in the M Limited Industrial District. These amendments occurred as a result of the Compassionate Use of Medical Marijuana Pilot Program Act that became law on January 1, 2014.

If the Village Board requests other information before it makes a decision on how it wants to limit or prohibit cannabis business establishments in Roselle, staff will be prepared to provide that information at the August 26 COW meeting. This additional information will include an up to date survey of what other municipalities are doing with this issue, a recommendation on zoning district and permitted or special use provisions, potential tax and revenue projections for adult use cannabis dispensary or cultivation businesses, and impact on law enforcement.

Implications:

Is this item budgeted? N/A

Any other implications to be considered? Yes, the Illinois Municipal Code requires a public hearing conducted by the local planning commission or committee designated by the corporate authorities before any amendment to the zoning ordinance is permitted. The Village Board may want to begin considering the process it will want to use if it chooses to consider a future text amendment to the zoning ordinance.

Attachments:

Definitions of Certain Classes of Cannabis Businesses.

Cannabis Business Establishments Definitions Illinois Municipal League Model Ordinance

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.