

CANNABIS POSSESSION, SALES, AND REGULATION

Illinois Association of County Board Members

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Cannabis Regulation and Tax Act



Cannabis Regulation and Tax Act

“In the interest of allowing law enforcement to focus on violent and property crimes, generating revenue for education, substance abuse prevention and treatment, freeing public resources to invest in communities and other public purposes, and individual freedom, the General Assembly finds and declares that the use of cannabis should be legal for persons 21 years of age or older and should be taxed in a manner similar to alcohol.”

Cannabis Regulation and Tax Act

- Signed into law by Governor Pritzker on June 25, 2019.
- Law is effective immediately.
- Will allow the lawful use and sale of recreational cannabis after January 1, 2020.

What will be Allowed under the Act?

- As of January 1st, Illinois residents over 21 will be able to possess:
 - Up to 30 grams of raw cannabis
 - 5 grams of cannabis concentrate
 - Cannabis-infused products containing up to 500 milligrams of THC.

What will be Allowed under the Act?

- All cannabis has to be purchased from a licensed dispensary
- The prior versions of the bill allowing individuals to grow plants at home did not make it into the final Act.
- Only medical cannabis patients can cultivate at home.

Where Can Cannabis Be Consumed?

- Essentially, only in private areas.
- Cannabis cannot be consumed in any “public place.”
 - Any place where a person could be reasonably be expected to be observed by others. Includes all governmental buildings, but specifically excludes private residences.

Where Can Cannabis Be Consumed?

- Cannot be used in a school bus, on the grounds of any school, in any motor vehicle, any residence used as a child care facility, or knowingly in close proximity to anyone under 21 years of age.



Where Can Cannabis Be Consumed?

- Condo declarations may prohibit smoking cannabis in a unit and/or common areas. Cannot prohibit other forms of consumption in unit.
- Businesses can prohibit use of cannabis on their property.



Possession of Cannabis

- Cannot be sold to or possessed by persons under the age of 21.
- Can be transported in a vehicle, but has to be in a sealed container that is “reasonably inaccessible.”

Early Approval

- Existing medical cannabis dispensaries and cultivation centers are eligible for early approval for recreational cannabis.
- Expected to apply in time to be ready to sell on January 1, 2020.



Dispensaries

- The law allows up to a maximum of 500 total cannabis dispensary licenses throughout the state on a staggered basis through 2022.
- The issuance of the first licenses through 2021 will be limited by region based on population:
 - Chicago-Naperville-Elgin is allotted 47, Springfield is allotted 1.

Other Cannabis Businesses

- Cultivation Centers
- Craft Growers
- Infusers
- Transportation Organizations

What Can Counties Do?

- The Act provides counties and municipalities with significant regulatory authority of recreational cannabis businesses, even outside of the State's licensing scheme.
- Act specifically provides for county authority.... “or any non-home rule county within the unincorporated territory for the county..”
- **BUT**, counties and municipalities cannot prohibit recreational cannabis use and possession all together.

Will Your County Opt-Out?

- The Act allows local governments to “opt-out” by adopting ordinances that “prohibit or significantly limit a cannabis business establishment’s location.”



Will Your County Opt-Out?

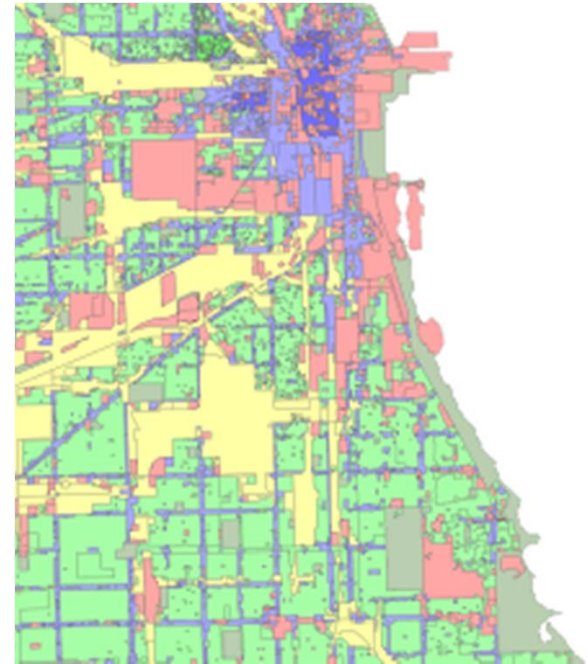
- So, counties and municipalities can ban dispensaries, cultivation centers, ect.
- CANNOT ban the possession or use of recreational cannabis brought into the county/municipality.
- No time limit or referendum requirement that was included in the first draft of the bill.

Regulation of Cannabis Businesses

- Act allows local governments (including any non-home rule county within unincorporated areas) to adopt:
 - “Reasonable zoning ordinances or resolutions, not in conflict with this Act... regulating cannabis business establishments.”
 - But, cannot prohibit lawful home cultivation or “unreasonably prohibit use of cannabis authorized by the Act.”

Zoning Regulations

- Act allows counties and municipalities to use their zoning power to regulate cannabis business establishments.
- Conditional (special) use permits.
- Enforcing distance limitations between cannabis businesses and “sensitive locations.”



Regulation of Cannabis Businesses

- Options in addition to zoning ordinances:
 - “may enact ordinances or rules not in conflict with this Act...governing the time, place, manner, and number of cannabis business establishment operations...”
 - But, cannot “unreasonably restrict the time, place, manner, and number” authorized by the Act.

Regulation of Cannabis Businesses

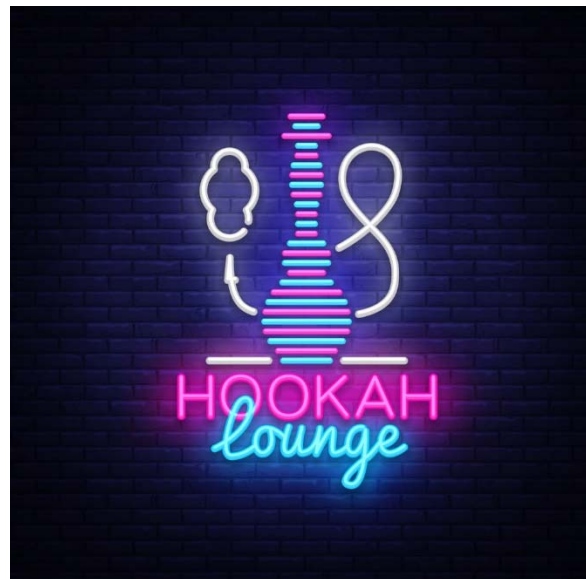
- Act prohibits local governments from licensing the activities of cannabis businesses.
- Can still enforce generic business registration requirements.
- Can still enforce building codes, fire codes, ect.

On-Premises Consumption

- Counties and municipalities have broad authority to regulate on-site consumption of cannabis.
- “may regulate the on-premises consumption of cannabis at or in a cannabis business establishment.”
- Expected to be controversial. Not common in other states that have legalized cannabis.

Cannabis Lounges?

- The Act allows for on-site consumption at cannabis business establishments ONLY if authorized by a local government.
- May allows for “cannabis lounges” similar to hookah lounges.



What about Home Rule Units?

- The Act prevents both non-home rule AND home rule units from regulating recreational cannabis in a manner more restrictive than provided for under the Act.
- Specific denial of home rule powers.



Cannabis Waste

- The Act requires cultivation centers, craft growers, and infusers to comply with local waste requirements for cannabis byproduct or scrap.

Advertising

- The Act contains many restrictions on advertising for recreational cannabis:
 - Ads cannot depict cannabis products or the consumption of cannabis.
 - Cannot make any health claims.
 - Cannot appeal to minors.
 - Cannot be located within 1,000 feet of schools, playgrounds, public parks, or on any public owned or operated property.

Social Equity

- “In the interest of establishing a legal cannabis industry that is equitable and accessible to those most adversely impacted by the enforcement of drug-related laws in this State, including cannabis related laws, the General Assembly finds and declares that a social equity program should be established.”

Social Equity

- Offers financial assistance and license application benefits to individuals “most directly and adversely impacted by the enforcement of cannabis-related laws who are interested in starting cannabis business establishments.”



Social Equity

- Cannabis Business Development Fund
 - State treasury keeps.
 - Provides low-interest loans and grants to social equity applicants to start cannabis businesses.
 - Studies on the participation of minorities, women, veterans, and people with disabilities in the cannabis industry.
 - Assist with job training for residents in areas impacted by poverty and high rates of arrests for cannabis offenses.

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Restore, Reinvest, and Renew Program

- “R3” program will invest revenues from cannabis taxes to communities impacted by economic disinvestment, poverty, and violence.
- Program will identify those areas eligible as “R3” areas based on data on gun violence, unemployment, child poverty, incarceration.

Restore, Reinvest, and Renew Program

- After initial costs of the cannabis regulation system is covered, the R3 program will received 25% of the remaining state tax revenue from cannabis sales.
- R3 Board will then provide grants to R3 areas to address economic development, violence prevention services, re-entry services, youth development, and civil legal aid.

Q and A

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