



WEST CHICAGO POLICE DEPARTMENT

Memorandum

Date: August 22, 2019
To: Michael Guttman, City Administrator
From: Michael Uplegger, Chief of Police
RE: Recreational Cannabis

At your request, we have compiled information to assist City of West Chicago staff and elected officials in making decisions leading up to and after the legalization of recreational cannabis.

Public Act 101-0027 creates the Cannabis Regulation and Tax Act and was signed into law by Governor J.B. 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. 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.

A municipality may prohibit or significantly limit the location of cannabis businesses. Such ordinances must not conflict with the Act or rules adopted to govern time, place and manner if a municipality chooses to permit cannabis businesses to locate and operate within its borders, it may also enact reasonable zoning regulations.

In regard to the effect these locations will have on police services, the following communities that currently house *medical* cannabis dispensaries (MCD) were contacted to seek information on their impact to police service.

Addison: The Addison Police Department indicated that they have had no calls for service at the MCD. They also stated that they have not received crime or community complaints related to the facility.

Arlington Heights: Although a few calls for service are indicated since opening in June of 2018, the calls are the norm for generally any business within its community. The MCD has had little impact on operations.

Deerfield: They indicated that there has been five alarm calls since opening in mid-2014.

Elmwood Park: They indicated they have had no calls for service or any community complaints at the MCD located in its jurisdiction in the years they have been open.

Lombard: Limited calls for service.

Mount Prospect: They indicated that they have had no issues involving the MCD located in its jurisdiction.

Naperville: They have experienced minimal calls for service and most calls are for false burglar alarms.

North Aurora: They indicated that they have had five calls for service at its MCD since December of 2015. These calls were for three false burglar alarms, one counterfeit currency complaint, and one inquiry about a state ID card.

Romeoville: There have been no incidents with this business in the two years they have been open.

With the legalization of recreational cannabis being new, I cannot assume that the impact of MCDs will be similar to the impact of recreational cannabis dispensaries (RCD).

It is reasonable to assume that the legalization of cannabis may increase the demand for police services as well as the number of drug impaired drivers on our roadways. However, this will likely occur whether or not the City of West Chicago allows an RCD or not.

In looking to analyze the potential revenue that could be generated by a dispensary in the City, it made sense to look at other states that have legal recreational cannabis. Colorado publishes all of its tax data on recreational cannabis, so that information has been used to come up with estimates. Several Finance Directors in DuPage County communities did a similar analysis of revenue and their conclusions were similar. Therefore, West Chicago staff used their report and estimates.

As calculated in **Attachment A**, total Marijuana Sales Tax in Colorado, at a rate of 15%, was \$168 million in 2018. If you convert this based on the ratio of Illinois to Colorado population, and then divide by the current number of authorized dispensaries in Illinois of 185, this gives you an estimate per dispensary, based on Colorado's 15% tax. If this 15% tax is converted to the 3% cannabis tax that municipalities are authorized to levy, this amounts to \$401,000 per dispensary. In addition the City receives 1% regular sales tax and 1% home rule sales tax. Each would generate an additional \$134,000. In total, under this method of estimating the revenue, it is estimated that there would be \$669,000 total revenue generated for the City per location.

Separately, the Illinois Economic Policy Institute (IEPI) report contains information that can be used to also calculate an estimate of the potential revenue, which is included in **Attachment B**. This report estimates statewide sales of \$1.62 billion. Using this as a base, and dividing by the potential total of 185 dispensaries, one can calculate an estimate of \$262,000 for the 3% cannabis tax, and \$87,000 each for the 1% regular sales tax and 1% home rule sales tax, for a total of \$436,000 per location.

This estimate would probably be the low-end, conservative estimate of the minimum amount of revenue that a dispensary would generate. As there potentially can be up to 185 dispensaries located throughout the state, it is very likely that dispensaries in the more densely populated areas in Chicago and the suburbs will see much higher sales than the dispensaries located in lower population areas elsewhere in the state. However, it is very difficult to determine an estimate of this, although it is very possible that the actual revenue that will be generated could be two to three times higher than these estimates. Given this, the potential high revenue estimate could be over \$1.5 million.

If a majority of the Public Affairs Committee members want to prohibit RCDs in West Chicago, an Ordinance reflecting such will be presented to the City Council.

If the majority of the Public Affairs Committee members is interested in allowing RCDs in West Chicago then the issue will next be presented to the Development Committee with recommendations on the zoning components (including maximum number of dispensaries allowed).

ATTACHMENT A

Colorado Recreational Cannabis

15% Marijuana Sales Tax Total for 2018	\$168,037,275.00
Ratio of Illinois Population to Colorado population (per below)	<u>2.21</u>
Potential Equivalent 15% Sales Tax in Illinois	\$371,362,377.75
# of Potential Dispensaries in Illinois	<u>185</u>
15% Sales Tax Per Dispensary	<u>\$2,007,364.20</u>

Potential Revenue from Individual Dispensary

3% Equivalent Sales Tax Per Dispensary	\$401,472.84
1% Regular Sales Tax Per Dispensary	\$133,824.28
1% Non-Home Rule Sales Tax Per Dispensary	<u>\$133,824.28</u>
TOTAL POTENTIAL REVENUE	\$669,121.40
Colorado Population (2019 Estimate)	5,761,252
Illinois Population (2019 Estimate)	12,734,617
Ratio of Illinois Population to Colorado Population	2.21

ATTACHMENT B

IEPI Report Revenue Estimate

Total Estimated Sales	\$1,616,200,000
Number of Potential Dispensaries in Illinois	<u>185</u>
Sales Per Dispensary	\$8,736,216
3% Cannabis Sales Tax Per Dispensary	\$262,086
1% Regular Sales Tax Per Dispensary	\$87,362
1% Non-Home Rule Sales Tax Per Dispensary	<u>\$87,362</u>
TOTAL POTENTIAL REVENUE	\$436,811

Recreational Cannabis FAQs

When was cannabis made legal in Illinois?

On Tuesday 6/25/2019, Governor J.B. Pritzker signed Illinois House Bill 1438, better known as the Cannabis Regulation and Tax Act (CRTA), thus legalizing the consumption and possession of cannabis for adults 21 and older in Illinois.

Can the consumption/possession of cannabis be banned by a local municipality like West Chicago?

No, municipalities cannot ban or override the CRTA.

What regulatory abilities, if any, does the City have?

Municipalities have the following regulatory abilities regarding recreational cannabis:

- the ability to ban the selling of recreational cannabis within City limits
- the ability to dictate the number of legal dispensaries within the City
- the ability to determine how cannabis businesses are operated such as hours of operation
- the ability to dictate the location of cannabis businesses as they relate to points of interest such as schools, churches, government buildings, and liquor stores. Additionally, the City has the ability to regulate the zoning of cannabis businesses in specific districts

What regulatory abilities, if any, do business owners and landlords have?

Any person, business, public entity, or landlord may prohibit the use of cannabis on private property.

If the sale of recreational cannabis was to be allowed in West Chicago, how many licenses would be issued?

While many individual cities have a limitation on the number of recreational cannabis facilities (dispensaries) that are allowed within their limits, West Chicago is part of a larger Bureau of Labor Statistics Region within the state. The region West Chicago is a part of is the Chicago-Naperville-Elgin region. The State is allowing up to 47 licenses within the region. West Chicago could set a maximum number of licenses within its jurisdiction.

Should the City permit dispensaries to open, how will the City manage public safety at these locations?

West Chicago Police Department staff obtained information from communities that currently contain a medical cannabis facility within its limits and found that there were limited calls to such facilities statewide.

Who can legally purchase and consume cannabis?

As a result of the new State legislation, the consumption of cannabis as of 1/1/2020, will be treated similarly to that of the consumption of alcohol with any Illinois resident or non-resident ages 21 or over, now being able to purchase and consume cannabis.

Who can legally grow and sell recreational cannabis?

Only licensed businesses will be able to legally grow and sell cannabis. Medical cannabis patients will be allowed to grow up to five plants each within their home.

What will the City's role be in the licensing process?

The City plays no role in the licensing process as it is left up to the Department of Financial and Professional Regulation to select and process those individuals attempting to obtain a license.

How much cannabis may an individual possess?

Illinois residents may possess up to:

- 30 grams, or just over one ounce of "flower"
- 5 grams of cannabis concentrate
- 500 milligrams of THC - the chemical that makes users high – in a cannabis infused product such as gummies, candy, other consumable products (referred to as "edibles"), or tinctures, and lotions

Non-Illinois residents may legally possess up to ½ of these amounts.

What action is required by the City Council to allow recreational cannabis to be sold in West Chicago?

The City Council has to approve or disprove the sale of recreational cannabis. In addition to this, the City Code will be changed accordingly.

Will cannabis consumption be allowed in public spaces?

No, the consumption of cannabis in public will be considered unlawful.

Where will consumption be allowed?

The consumption of cannabis will be allowed on private property or potentially, specifically designated establishments such as dispensaries or smoking lounges.

Are there any changes to existing medical cannabis laws?

Yes; the list of conditions that are covered under the use of medical cannabis was expanded to now include chronic pain, autism, migraines, irritable bowel syndrome, osteoarthritis, and anorexia.

Is the sale of medical cannabis currently allowed in West Chicago? If so, where?

No. No such business has requested to open in West Chicago.

How is cannabis taxed?

Sales will be taxed at 10% for cannabis with THC levels at or less than 35%; 25% for cannabis with THC levels above 35%; and 20% for cannabis infused products such as edibles. This is in addition to standard State and local sales taxes. Additionally, municipalities may add a special tax of up to 3% and counties may add a special tax up to 3.75% in unincorporated areas. The sale of cannabis is also subject to local sales tax.

How will the potential tax revenue generated be used?

Within the bill, any government proceeds associated with the sale of recreational cannabis was established as follows:

- 20% to State mental health services and substance abuse programs
- 10% to pay unpaid State bills
- 35% to the State General Revenue Fund
- 2% to public education and safety campaigns
- 8% to the Local Government Distributive Fund, for prevention and training for law enforcement
- 25% for identified social equity programs

How do federal laws affect Illinois' law?

Although cannabis remains illegal at the federal level, federal law enforcement has rarely interfered with individuals possessing the state regulated legal amount or businesses complying with state enforced programs. Any questions related to Federal or State regulations should be directed to the proper agencies.

How does recreational cannabis affect criminal records?

Governor J.B. Pritzker has stated that he will pardon past convictions for possession of up to 30 grams, with the attorney general going to court to delete public records of a conviction or arrest for the now legal amount. Regarding possession of 30-500 grams, an individual or a State's Attorney may petition the court to vacate or expunge the conviction.

What are some potential impacts to the State's decision to allow recreational marijuana use when it comes to policing?

It is reasonable to assume that the legalization of cannabis will increase the demand for police services as well as the number of drug impaired drivers on our roadways, due to the state-wide allowance of marijuana, regardless of whether or not such a facility is located within the city limits of West Chicago.

Municipal Outreach

Municipality	Status
Addison *	Planning & Zoning Commission meeting to add licensed adult use cannabis dispensing & cultivation to those districts where medical marijuana is already permitted
Arlington Heights*	Arlington Heights board open to allowing pot sales
Bartlett	Seeks more data before decision on pot sales
Batavia	Likely not to allow sale of Recreational Cannabis
Bloomington	Likely not to allow sale of Recreational Cannabis
Bourbonnais	Discussing, working on a staff report
Brookfield	Not reviewing at this time
Buffalo Grove*	Likely to allow sale of recreational marijuana
Champaign*	Not reviewing at this time
Dekalb	City Council to discuss recreational marijuana sales
Des Plaines	Discussing
Deerfield*	Officials are open to allowing recreational marijuana sales, but in what form is being discussed
Downers Grove	Started research, given a summary of the law to the Council
DuPage County	Discussing
Elburn	Okay with allowing one dispensary
Elmhurst	Not reviewing at this time
Elmwood Park*	Unknown
Evanston	May bring to the Council in summer or fall
Geneva	Discussing
Highland Park*	Recreational marijuana sales will be banned in Highland Park
Homewood*	Reviewing zoning changes to allow for one facility (existing)
Itasca*	Itasca is banning the sale of recreational cannabis
Joliet*	Researching for a possible future text amendment
Kankakee County	Researching
LaGrange	Officials are discussing sale of cannabis
Lake Barrington	Likely not to allow sale of Recreational Cannabis
Libertyville	Leaning against marijuana sales for recreational use
Lisle	Researching
Lombard	Discussing
Maple Park	Weighing pros and cons of bringing recreational marijuana dispensary to village
Mokena*	Not reviewing at this time
Mount Prospect*	Researching
Mundelein*	Will be researching soon
Naperville*	Naperville voted to ban recreational pot sales
North Aurora*	Seeks public input on sale of recreational marijuana sales
Oak Brook	Anticipated to opt-out of retail sales
Oak Park*	Not reviewing at this time,
Park Ridge	Leaning towards Ban on recreational Marijuana sales
Rolling Meadows*	Not reviewing at this time
Romeoville*	Internal discussions only

St. Charles*	Leaning towards allowing two dispensaries
South Elgin	Board leans toward allowing one facility for purchase only.
Tinley Park	Will discuss with the Board on August 6 th . (Status unknown)
Wheaton	Discussing

The municipalities with an asterisk () currently have a medical cannabis dispensary*