



AGENDA

VILLAGE OF GLENCOE ZONING COMMISSION MEETING

Village Hall Council Chamber
675 Village Court
Monday, October 7, 2019 – 7:30 P.M.

1. CALL TO ORDER AND ROLL CALL

*Howard Roin, Chair
Deborah Carlson
Sara Elsasser
David Friedman
Alex Kaplan
John Satter
Scott Novak*

2. PUBLIC COMMENT TIME

3. PUBLIC HEARING REGARDING AMENDMENTS TO THE VILLAGE'S ZONING CODE REGARDING THE APPROPRIATE DEFINITIONS, ZONING DISTRICTS AND REGULATIONS FOR CANNABIS BUSINESS ESTABLISHMENTS IN THE VILLAGE OF GLENCOE

4. DISCUSSION REGARDING ZONING CODE AMENDMENTS RELATED TO CANNABIS BUSINESS ESTABLISHMENTS

5. ADJOURN

The Village of Glencoe is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are requested to contact the Village of Glencoe at least 72 hours in advance of the meeting at (847) 835-4114, or the Illinois Relay Center at (800) 526-0844, to allow the Village of Glencoe to make reasonable accommodations for those persons.



VILLAGE OF GLENCOE MEMORANDUM

675 Village Court, Glencoe, Illinois 60022

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DATE: October 2, 2019

TO: Village of Glencoe Zoning Commission

FROM: Sharon Tanner, Assistant Village Manager

SUBJECT: **Public Hearing Regarding Amendments to the Village's Zoning Code Regarding the Appropriate Definitions, Zoning Districts and Regulations for Cannabis Business Establishments in the Village of Glencoe**

Referral and Request for Recommendation from the Village Board of Trustees

The Village Board of Trustees requests a public hearing before the Zoning Commission to consider amendments to the Glencoe Zoning Code to accommodate and regulate cannabis business establishments, and to make a recommendation thereto.

Earlier this year, the Cannabis Regulation and Tax Act (the "**Act**") was signed into State law. Under the Act, effective January 1, 2020, adults age 21 and older may lawfully purchase cannabis products from licensed dispensaries for recreational use. The Act authorizes municipalities to allow or prohibit the operation of recreational (aka "adult-use") cannabis businesses within their boundaries and to implement local zoning regulations related to recreational cannabis businesses.

In June, the Village Board passed a "red flag" resolution directing the Zoning Commission to conduct a public hearing on proposed amendments to the Village's Zoning Code regarding the appropriate zoning and regulation of cannabis business establishments. After discussing potential benefits and challenges related to allowing the cultivation, processing, and/or sale of cannabis for recreational purposes at the August 15, 2019 Committee of the Whole meeting, the Village Board directed Village staff to conceptual zoning regulations for recreational cannabis business establishments within the Village. The Village Board discussed the conceptual zoning regulations at the September 12, 2019 Committee of the Whole meeting and provided feedback for the Zoning Commission to consider during the public hearing process.

The Village Board has referred the topic of zoning-related regulations that may apply to recreational cannabis businesses to the Zoning Commission for review and recommendation. Specifically, the Zoning Commission is asked to consider:

1. **In which zoning district(s), if any, are recreational cannabis business establishments compatible, either as permitted uses or special uses?**
2. **What conditions or restrictions should be imposed on recreational cannabis business establishments, if they are ultimately allowed by the Village Board?**

The Zoning Commission will conduct the public hearing regarding potential Zoning Code amendments at its October 7, 2019 meeting. After the Zoning Commission has concluded the public hearing and its deliberations on the proposed

zoning amendments, the Commission will be asked to provide a recommendation to the Village Board. Once the Village Board has received the Zoning Commission's recommendation, it will consider whether to allow cannabis business establishments in the Village and under what conditions.

As an advisory body, the Zoning Commission will not decide whether recreational cannabis business establishments are allowed or prohibited in the Village. Ultimately, the Village Board will make this decision. Village staff anticipates that the Village Board will formally review the Zoning Commission's recommendations no earlier than the November 21, 2019 Village Board meeting.

Summary of the Act

The Village Board received a comprehensive summary of the Act as part of the August 15 Committee of the Whole discussion, which is available on the [Village's website](#). An abbreviated summary of the Act and zoning-related aspects of the Act follows below. The [full text of the Act is available on the Illinois General Assembly's website](#) (approximately 600 pages in length).

Beginning January 1, 2020, adults age 21 and older will be able to lawfully purchase, possess and consume recreational cannabis. The Act sets forth regulations regarding the amount of cannabis that may be purchased and possessed by Illinois residents and non-residents, where cannabis may be lawfully consumed and licensing requirements for cannabis-related businesses. Illinois adults may possess up to 30 grams of raw cannabis, 5 grams of cannabis concentrate or cannabis-infused products containing up to 500 mg of tetrahydrocannabinol (the principal psychoactive constituent of cannabis, abbreviated "THC"); non-resident adults may possess smaller quantities. Lawful recreational cannabis products may only be purchased from dispensaries licensed by the State of Illinois. Cannabis may only be consumed on private property away from minors. Pursuant to the Act, private property includes private residences and may include on-premises consumption in licensed dispensaries if permitted by the local municipality.

Cannabis businesses will be licensed exclusively by the State; however, cannabis businesses must comply with local municipal zoning and generally applicable business registration requirements. The Act envisions multiple phases of recreational cannabis license issuances, beginning January 1, 2020, when up to 56 "early approval" licenses may be issued to existing, licensed medical cannabis dispensaries and cultivation. After the first phase of licenses, there will be a staggered issuance of new licenses, up to a maximum of 500 licenses throughout the State by 2022. The Act also creates licensing requirements for cannabis transporters, infusers, processors and craft growers (which engage in small-scale cultivation and may have an onsite dispensary, similar to a craft brewery or craft distillery that produces small quantities of alcoholic beverages).

The Act also sets forth a series of prohibited cannabis-related activity, including the following:

- Consumption of cannabis in a public place (which is defined in the Act as "any place where a person could reasonably be expected to be observed by others," excluding private residences)
- Consumption of cannabis on school grounds, in close proximity to minors or in any place where smoking is prohibited by the Smoke Free Illinois Act (such as hospitals, restaurants, retail stores, offices, within 15 feet of the public entrance to a building, etc.)
- Sale of cannabis to minors under age 21; possession or consumption of cannabis by minors under age 21 (except lawful medical cannabis patients)
- Home delivery of cannabis
- Possession of cannabis in a motor vehicle, unless the cannabis product is sealed in an odor-proof, child-resistant, tamper-evident sealed container that is reasonably inaccessible
- Driving under the influence of cannabis

The Act sets forth municipal regulatory and zoning authority, State and municipal taxation regulations and public safety requirements. Municipal regulatory and zoning authority established by the Act includes:

- All municipalities may prohibit or significantly limit the location of cannabis business establishments by ordinance through the local zoning code or relevant municipal codes. Municipalities may enact reasonable regulations that do not conflict with the Act, such as regulation by zoning district, parking requirements, hours of operation, proximity to other cannabis businesses, proximity to schools, etc. It is noteworthy that while the Act uses the term “reasonable” regulations, the Act does not define it. Therefore, the extent to which municipalities may regulate cannabis beyond the express provisions of the Act is unclear. Municipalities may allow specific types of cannabis business establishments to operate and prohibit others (for example, a municipality may allow dispensaries and prohibit cultivation centers, or allow craft growers and prohibit dispensaries, etc.).
- Municipalities may require local business registration and may utilize special use or conditional use permits to further regulate the location, number, and hours of operation of cannabis business establishments; however.
- Additionally, municipalities that allow recreational cannabis dispensaries or craft growers with accessory dispensaries may authorize these facilities to allow on-premises consumption of cannabis as an accessory use to the dispensary (similar to a cigar shop that allows cigar smoking or a craft brewery that serves alcohol for on-premises consumption). However, due to the difficulty in procuring insurance policies for this type of business, it is uncertain if on-premises consumption will become widespread in Illinois.

Summary of Village Board Discussions

Prior to the Act’s passage, the Village Board received a presentation at the March 21, 2019 Committee of the Whole meeting from the Village Attorney on a draft bill form of the Act.

In June, the Village Board approved a “red flag” resolution that directed the Zoning Commission to conduct a public hearing on potential amendments to the Zoning Code, related to the operation of recreational cannabis businesses, should the Village Board ultimately allow the operation of cannabis businesses in the Village.

The Village Board discussed the Act at the August 15, 2019 Committee of the Whole meeting and received a presentation from staff and the Village Attorney on the key provisions of the Act, municipal regulation and zoning considerations, taxation and public safety implications of the Act. At the conclusion of the August 15 discussion, the Village Board requested that staff develop conceptual zoning regulations for the Board’s discussion at the September 12 Committee of the Whole meeting. Meeting materials reviewed by the Village Board are available on the Village’s website ([August 15 Memo](#), [August 15 Presentation](#), [September 12 Memo](#), [September 12 Presentation](#)) and included as Attachments 4 and 5.

The Village Board provided the following feedback for the Zoning Commission’s consideration:

- **Types of Cannabis Businesses Establishments:** The Village Board expressed preliminary interest in allowing recreational cannabis dispensaries, craft growers, processors and infusers (collectively referred to as “**Cannabis Business Establishments**”) to operate within the Village. The Board indicated it is not interested in allowing cultivation centers due to the industrial/agricultural nature of those facilities and the lack of appropriate properties/locations for such an intense land use within the Village.
- **Zoning Districts:** The Village Board expressed preliminary interest in allowing Cannabis Business Establishments in solely the B-2 and HF districts as special uses. The Village Board did not express interest in allowing Cannabis Business Establishments in the B-1 district at this time.

- **Permitted Use vs. Special Use:** The Village Board expressed interest in requiring special use permits for all classes of Cannabis Business Establishments. The Village Board did not discuss whether it would consider limiting the number of special use permits that may be issued for any class of Cannabis Business Establishments.
- **On-Premises Consumption of Cannabis:** The Village Board indicated no interest in allowing on-premises consumption of cannabis in Cannabis Business Establishments or in another other private business that serves as a public accommodation in the Village.
- **Other Regulations:** The Village Board received information about potential regulations that the Village may impose on Cannabis Business Establishments, such as separation/distance requirements from sensitive uses, maximum hours of operation, signage and advertising review and approval, minimum off-street parking, and security and lighting requirements. The Village Board indicated that these types of regulations should be considered by the Zoning Commission and may be addressed as a component of the special use permit process.

Recommendations for Zoning Commission Discussion

The Act provides all municipalities with broad local zoning authority related to Cannabis Business Establishments, including the authority to regulate the hours of operation, location and types of Cannabis Business Establishments within a community.

Following the public hearing and subsequent deliberations, the Zoning Commission is charged with making recommendations to the Village Board regarding how the Zoning Code may be amended. To aid in this discussion, Village staff has provided a set of recommendations incorporating the Village Board's feedback provided at the September 12 Committee of the Whole meeting (included as Attachment 1).

It is important to note that several of the zoning issues described below may be related – for example, recommendations regarding a single definition of “dispensaries” relates to permitted, special or prohibited uses in each zoning district, and establishing permitted uses or requiring special uses for Cannabis Business Establishments may relate to building, facility, appearance and separation/distance requirements. Therefore, staff recommends that the Zoning Commission consider each zoning issue both individually and part of a broader set of zoning regulations.

Types of Cannabis Business Establishments: Staff recommends that the Zoning Code be amended to incorporate a collective definition for “Cannabis Business Establishments” that includes cannabis dispensaries, cannabis infusers, cannabis processors and cannabis craft growers.

Single Definition of “Cannabis Dispensary”: Staff recommends that the Zoning Code be amended to delete the existing definition of “medical cannabis dispensary” and references to medical cannabis dispensaries, and replace those with a single definition of “cannabis dispensary” that includes dispensaries serving both recreational/adult-use customers and registered qualifying medical patients, in any zoning districts where Cannabis Business Establishments are permitted. By creating a unified definition for dispensaries, businesses serving the recreational and medical markets will be regulated consistently. It is expected that all new dispensaries that will be licensed by the State going forward will serve both the recreational and medical markets.

Zoning Districts and Special Uses: Staff recommends that the Zoning Commission consider which commercial zoning district(s) Cannabis Business Establishments may be allowed to operate. If the Zoning Commission desires to adhere to the Village Board's guidance, staff recommends that the Zoning Code be amended to identify Cannabis Business Establishments as special uses in both the B-2 Neighborhood Shopping District and the HF Highway Frontage District, both of which are appropriate for commercial uses. The Zoning Code specifically identifies all land uses that are allowed in each zoning district, either as permitted or special uses. If a land is not identified as a permitted or special use in a zoning district, it is deemed to be a prohibited use that may not locate in that district. If Cannabis Business

Establishments are desired only in the B-2 and HF districts, the Zoning Commission may recommend that the Zoning Code exclude such businesses from the list of permitted or special uses in the B-1 district.

Special Use Permits – Limitations: Unlike other land uses, the Village may limit the total number of special use permits that may be issued to Cannabis Business Establishments in any zoning district. Therefore, staff suggests that the Zoning Commission consider whether it would be appropriate to impose a numerical “cap” on the number of special use permits that may be issued for the various classes of Cannabis Business Establishments and whether such a cap would be an absolute number, specific to each class of Cannabis Business Establishment, or allocated between the various zoning districts (e.g. “no more than one dispensary special permit shall be issued for the B-2 and HF Districts respectively”).

Once approved, special use permits generally run with the property regardless of whether the ownership is transferred. If a property that receives a special use permit for a Cannabis Business Establishment is sold, the special use permit that entitles a Cannabis Business Establishment to operate in that location will transfer to the new owner; however, any new prospective Cannabis Business Establishment would be subject to all State licensure requirements and conditions imposed by the Zoning Code and the special permit ordinance. The Village may implement terms on special use permits that limit the duration of the entitlement. One option for a reasonable term limit would be have the special permit run concurrently with the term of the proposed operator’s lease. Staff recommends that the Zoning Commission discuss whether it will recommend imposing term limits on special permits.

Special use permits may be revoked for violation of Village ordinances or specific operating conditions that may be included in the special permit ordinance. The Village Attorney will be able to provide the Zoning Commission with provide background on the process for revocation of a special permit entitlement in the event that the applicant conducts its operations in a manner that conflicts with state law, Village ordinances, or the terms of the special permit.

Separation/Distance Requirements: The Village Board did not discuss or recommend specific separation/distance requirements for Cannabis Business Establishments; instead, the Board noted that separation/distance requirements could be established as part of the special use permit process. However, the Village Attorney and Village Planner recommend that separation/distance requirements be included in the code and uniformly enforced. By establishing these requirements in the code, the Village creates a predictable and uniform standard that is not subject to challenge on the grounds of arbitrary application or enforcement. Therefore, staff recommends that the Zoning Commission discuss whether it will recommend establishing separation/distance requirements from specific “sensitive” land uses within the zoning district.

Presently, the Zoning Code requires medical cannabis dispensaries to maintain separations of at least 1,000 feet from the property line of any pre-existing public or private elementary school or day care center, day care home, group day care home or part-day child care facility. These requirements were originally required by the Illinois Compassionate Use of Medical Cannabis Pilot Program Act of 2013 but have been removed in a recent amendment to the Act. The Act does not require that Cannabis Business Establishments maintain any separation/distance requirements, other than a separation of at least 1,500 between cannabis dispensaries.

If the Zoning Commission wishes to recommend separation/distance requirements for Cannabis Business Establishments, staff recommends the following:

- **B-2:** *Separation of at least 500 feet from the property line of any pre-existing public or private elementary school or day care center, day care home, group day care home or part-day child care facility.*

This separation requirement would allow all existing parcels in the B-2 district to accommodate a recreational cannabis business. Distance requirements of 750 feet or more would preclude most of the parcels in the B-2 district from accommodating a recreational cannabis business due to the distance from a private elementary school. If the Zoning Commission opts to recommend a greater distance requirement than 500 feet, some or all of the parcels in the B-2 district would not be available for use by a Cannabis Business Establishment.

- **HF:** *No minimum separation/distance requirement recommended.*

The geography of the HF district, which is bordered on the east by the Edens Expressway and on the west by a wide (100 feet) and continuous ComEd right-of-way, acts as a natural buffer from other land uses, isolating it from potentially sensitive neighboring land uses. As a result, staff does not recommend implementing a separation/distance requirement for parcels in the HF district. The HF district is a heavy commercial land use district with no direct connection (e.g. by road, sidewalk or bicycle path) to the areas west of the ComEd right-of-way. Since the HF district is not accessible by any means other than Frontage Road, staff does not believe any additional separation/distance requirement is warranted to mitigate potentially negative impacts of Cannabis Business Establishments.

Maps depicting 250 foot, 500 foot, 750 foot and 1,000 foot separations of from property lines of all pre-existing public or private elementary schools or day care centers, day care homes, group day care homes or part-day child care facilities are included as Attachment 3.

If the Zoning Commission recommends implementing specific separation/distance requirements in the Zoning Code, staff recommends that separation/distance requirements be fixed and not subject to variation through the special use process.

Hours of Operation: The Village Board did not recommend limiting Cannabis Business Establishments specific hours of operation requirements; instead, the Board noted that hours of operation could be addressed as part of the special use permit process. Staff recommends that the Zoning Commission consider whether it will recommend uniform maximum hours of operation in the Zoning Code or whether it will recommend addressing hours of operation in the special use permit process. The Act generally allows the operation of recreational Cannabis Business Establishments from 6 a.m. until 10 p.m., however, the Village may impose more restrictive hours of operation.

Parking Requirements: The Village Board did not recommend specific parking requirements; instead, suggested that parking requirements may be addressed as part of the special use permit process. Staff recommends that the Zoning Commission discuss applying existing parking regulations to Cannabis Business Establishments, based on the type of business they are (e.g. retail standard for dispensaries, etc.), which may be modified as part of the special use permit process.

Signage, Imagery and Advertising: Staff recommends that the Zoning Commission discuss whether it recommends creating signage, imagery and advertising regulations specific to Cannabis Business Establishments in the Zoning Code, or whether it recommends that Cannabis Business Establishments simply be required to abide by all existing signage, imagery and advertising regulations set forth in the existing Zoning Code (unless modified as part of the special use permit process) and those established under the Act. The Act prohibits recreational cannabis advertising that includes the image of a cannabis leaf or bud and advertising includes any image designed or likely to appeal to minors (such as cartoons, toys, animals, children and other images, depictions or phrases designed to appeal to minors). The Act also prohibits advertising that depicts actual consumption of cannabis, consumption of cannabis by minors, promotes overconsumption of cannabis, false or misleading advertisement and claims of health, medicinal or therapeutic claims about cannabis.

Building Appearance Requirements: Staff recommends that the Zoning Commission consider whether it will recommend specific building appearance requirements (e.g. window coverings, construction materials, outdoor lighting, visibility of merchandise from windows, etc.) as part of any Zoning Code amendments, or whether it will recommend requiring Cannabis Business Establishments to abide by relevant regulations set forth in the existing Zoning Code (unless modified as part of the special use permit process).

Fully-Enclosed Loading Dock Requirement: Shortly after the Act was passed, it was anticipated that recreational Cannabis Business Establishments would be required to have fully-enclosed loading docks. The most recent guidance from the Illinois Department of Financial and Professional Regulation (“IDFPR” the State agency which will license dispensaries) suggests that Cannabis Business Establishments will not be required to have fully-enclosed loading docks. Rather, they will simply be required to ensure that all cannabis products will be delivered to “restricted access” areas of

the dispensary which customers do not have access to. Therefore, staff recommends that the Zoning Commission discuss whether it will recommend amending the Zoning Code to locally require Cannabis Business Establishments to have fully-enclosed loading docks or whether a business's inventory receiving processes will be reviewed as part of the special use permit process.

Facility, Security or Other Operational Requirements: Staff recommends that the Zoning Commission consider recommending that facility, security or operational requirements are reviewed part of the special use permit process, in excess of any regulations imposed under the Act. Relevant provisions of the Cannabis Regulation and Tax Act addressing Operations Requirements, Inventory Control Systems, Dispensing Procedures, Storage Requirements, and Security are included as Attachment 2.

Next Steps

The Zoning Commission will conduct a public hearing on the proposed text amendments for Cannabis Business Establishments at its October 7, 2019 meeting. Staff will present a summary of feedback provided by the Village Board after the Board's discussions regarding local regulations for Cannabis Business Establishments at the August 15 and September 12 Committee of the Whole meetings. Staff and the Village Attorney will be present to respond to questions from the Zoning Commission. Following the staff presentation, the Zoning Commission will open the public hearing for public comment. After the Zoning Commission closes the public hearing, the Zoning Commission will discuss the matter and determine whether it will make recommendations to the Village Board regarding any potential amendments to the Zoning Code, or whether it will continue its discussion of the matter at a subsequent Zoning Commission meeting.

As an advisory body, the Zoning Commission only makes recommendations to the Village Board. The Zoning Commission will not make a decision as to whether Cannabis Business Establishments are allowed (and if so, subject to any specific regulations) or prohibited within the Village, as only the Village Board has authority to make these decisions.

Should the Zoning Commission recommend amending the Zoning Code, such amendments will be brought to the Village Board for formal consideration later this fall after the Zoning Commission concludes its discussion. While it is not required that the Village amend its Zoning Code before January 1, 2020 when the Act becomes effective, new Cannabis Business Establishments may begin receiving state licenses during Q1 of 2020. Staff recommends that the Village have any new regulations in place at that time.

Attachments

1. Draft Zoning Code Amendments
2. Cannabis Regulation and Tax Act Excerpt
3. Distance Maps
4. August 15, 2019 Committee of the Whole Memo and Presentation
5. September 12, 2019 Committee of the Whole Memo and Presentation

Attachment 1

Draft Zoning Code Amendments

I. DELETE THE FOLLOWING TEXT FROM ARTICLE 4-102 “PERMITTED USES”:

~~“13. Medical Cannabis Dispensaries but not (a) within 1,000 feet of the property line of a pre-existing public or private preschool or elementary school or day care center, day care home, group day care home, or part day child care facility, or (b) within a house, apartment, or condominium.”~~

II. ADD THE FOLLOWING TEXT TO ARTICLE 4-103 “SPECIAL USES”:

J. Cannabis Business Establishment, licensed by the State of Illinois, in the B-2 District, provided that:

1. No Cannabis Business Establishment may be located closer than 1,500 feet of another Cannabis Business Establishment operating within the Village as measured from the closest portion of each establishment’s lot lines. Multiple classes of Cannabis Business Establishment may be located within a single zoning lot so long as they are under common ownership, maintain all necessary state licensing, and obtain separate special permits for each class of establishment.
2. No Cannabis Business Establishment may be located closer than 500 feet of a pre-existing public or private preschool, elementary school youth day care center, day care home, part-day child care facility, or within a residential structure as measured from the closest portion of the uses’ lot lines.
3. The on-premises consumption of cannabis or cannabis products shall not be permitted within a Cannabis Business Establishment, or on any portion of a zoning lot on which a Cannabis Business Establishment is located, including any shared parking lots.
4. All Cannabis Business Establishments are subject to Article 7-503 Exterior Appearance Review.
5. The Village Board may, as part of the special use permit process, impose conditions and/or restrictions on hours of operation, site and interior lighting, site landscaping, parking, loading facilities, building security, and other site and build-specific conditions for a Cannabis Business Establishment.

III. ADD THE FOLLOWING TO ARTICLE 4A-103 SPECIAL USES:

H. Cannabis Business Establishment, licensed by the State of Illinois, in the HF District, provided that:

1. No Cannabis Business Establishment may be located closer than 1,500 of another Cannabis Business Establishment operating within the Village as measured from the closest portion of each establishment’s lot lines. Multiple classes of Cannabis Business Establishment may be located within a single zoning lot so long as they are under common ownership, maintain all necessary state licensing, and obtain separate special permits for each class of establishment.

2. The on-premises consumption of cannabis or cannabis products shall not be permitted within a Cannabis Business Establishment or on any portion of the Cannabis Business Establishment's property, or on any portion of a zoning lot on which a Cannabis Business Establishment is located, including any shared parking lots.
3. All Cannabis Business Establishments are subject to Article 7-503 Exterior Appearance Review.
4. The Village Board may, as part of the special use permit process, include conditions and/or restrictions on hours of operation, site and interior lighting, site landscaping, parking, loading facilities, building security, and other site and build-specific conditions for a Cannabis Business Establishment.

IV. ADD THE FOLLOWING TO ARTICLE 8-302 DEFINITIONS:

Cannabis Business Establishment A building or portion of a building and site used by any cannabis craft grower, cannabis dispensary, cannabis infuser, or cannabis processor.

Cannabis Craft Grower A facility operated by an organization or business that is licensed by the 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, not exceeding the State of Illinois' limits to size and production capacity for Craft Growers.

Cannabis Dispensary 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 410 ILCS 705/ Cannabis Regulation and Tax Act to purchasers or to qualified registered medical cannabis patients and caregivers.

Cannabis 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.

Cannabis 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.

Attachment 2

Public Act 101-0027

HB1438 Enrolled

LRB101 04919 JRG 49928 b

(3) Transportation of cannabis or cannabis products across state lines is prohibited.

Section 15-70. Operational requirements; prohibitions.

(a) A dispensing organization shall operate in accordance with the representations made in its application and license materials. It shall be in compliance with this Act and rules.

(b) A dispensing organization must include the legal name of the dispensary on the packaging of any cannabis product it sells.

(c) All cannabis, cannabis-infused products, and cannabis seeds must be obtained from an Illinois registered adult use cultivation center, craft grower, infuser, or another dispensary.

(d) Dispensing organizations are prohibited from selling any product containing alcohol except tinctures, which must be limited to containers that are no larger than 100 milliliters.

(e) A dispensing organization shall inspect and count product received by the adult use cultivation center before dispensing it.

(f) 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 by the Department.

(g) A dispensing organization shall maintain compliance with State and local building, fire, and zoning requirements or

regulations.

(h) A dispensing organization shall submit a list to the Department of the names of all service professionals that will work at the dispensary. The list shall include a description of the type of business or service provided. Changes to the service professional list shall be promptly provided. No service professional shall work in the dispensary until the name is provided to the Department on the service professional list.

(i) A dispensing organization's license allows for a dispensary to be operated only at a single location.

(j) A dispensary may operate between 6 a.m. and 10 p.m. local time.

(k) A dispensing organization must keep all lighting outside and inside the dispensary in good working order and wattage sufficient for security cameras.

(l) A dispensing organization shall ensure that any building or equipment used by a dispensing organization for the storage or sale of cannabis is maintained in a clean and sanitary condition.

(m) The dispensary shall be free from infestation by insects, rodents, or pests.

(n) A dispensing organization shall not:

(1) Produce or manufacture cannabis;

(2) 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 this Act and any rules that may be adopted pursuant to this Act;

(3) Obtain cannabis or cannabis-infused products from outside the State of Illinois;

(4) Sell cannabis or cannabis-infused products to a purchaser unless the dispensary organization is licensed under the Compassionate Use of Medical Cannabis Pilot Program, and the individual is registered under the Compassionate Use of Medical Cannabis Pilot Program or the purchaser has been verified to be over the age of 21;

(5) Enter into an exclusive agreement with any adult use cultivation center, craft grower, or infuser. Dispensaries shall provide consumers an assortment of products from various cannabis business establishment licensees such that the inventory available for sale at any dispensary from any single cultivation center, craft grower, processor, or infuser entity shall not be more than 40% of the total inventory available for sale. For the purpose of this subsection, a cultivation center, craft grower, processor, or infuser shall be considered part of the same entity if the licensees share at least one principal officer. The Department may request that a dispensary diversify its products as needed or otherwise discipline a dispensing organization for violating this requirement;

(6) Refuse to conduct business with an adult use cultivation center, craft grower, transporting organization, or infuser that has the ability to properly deliver the product and is permitted by the Department of Agriculture, on the same terms as other adult use cultivation centers, craft growers, infusers, or transporters with whom it is dealing;

(7) Operate drive-through windows;

(8) Allow for the dispensing of cannabis or cannabis-infused products in vending machines;

(9) Transport cannabis to residences or other locations where purchasers may be for delivery;

(10) Enter into agreements to allow persons who are not dispensing organization agents to deliver cannabis or to transport cannabis to purchasers.

(11) Operate a dispensary if its video surveillance equipment is inoperative;

(12) Operate a dispensary if the point-of-sale equipment is inoperative;

(13) Operate a dispensary if the State's cannabis electronic verification system is inoperative;

(14) Have fewer than 2 people working at the dispensary at any time while the dispensary is open;

(15) Be located within 1,500 feet of the property line of a pre-existing dispensing organization;

(16) Sell clones or any other live plant material;

(17) 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;

(18) Violate any other requirements or prohibitions set by Department rules.

(o) It is unlawful for any person having an Early Approval Adult Use Cannabis Dispensing Organization License, a Conditional Adult Use Cannabis Dispensing Organization, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Pilot Program or any officer, associate, member, representative, or agent of such licensee to accept, receive, or borrow money or anything else of value or accept or receive credit (other than merchandising credit in the ordinary course of business for a period not to exceed 30 days) directly or indirectly from any adult use cultivation center, craft grower, infuser, or transporting organization. This includes anything received or borrowed or from any stockholders, officers, agents, or persons connected with an adult use cultivation center, craft grower, infuser, or transporting organization. This also excludes any received or borrowed in exchange for preferential placement by the dispensing organization, including preferential placement on

the dispensing organization's shelves, display cases, or website.

(p) It is unlawful for any person having an Early Approval Adult Use Cannabis Dispensing Organization License, a Conditional Adult Use Cannabis Dispensing Organization, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Pilot Program to enter into any contract with any person licensed to cultivate, process, or transport cannabis whereby such dispensary organization agrees not to sell any cannabis cultivated, processed, transported, manufactured, or distributed by any other cultivator, transporter, or infuser, and any provision in any contract violative of this Section shall render the whole of such contract void and no action shall be brought thereon in any court.

Section 15-75. Inventory control system.

(a) A dispensing organization agent-in-charge shall have primary oversight of the dispensing organization's cannabis inventory verification system, and its point-of-sale system. The inventory point-of-sale system shall be real-time, web-based, and accessible by the Department at any time. The point-of-sale system shall track, at a minimum the date of sale, amount, price, and currency.

(b) A dispensing organization shall establish an account

with the State's verification system that documents:

(1) Each sales transaction at the time of sale and each day's beginning inventory, acquisitions, sales, disposal, and ending inventory.

(2) Acquisition of cannabis and cannabis-infused products from a licensed adult use cultivation center, craft grower, infuser, or transporter, including:

(i) A description of the products, including the quantity, strain, variety, and batch number of each product received;

(ii) The name and registry identification number of the licensed adult use cultivation center, craft grower, or infuser providing the cannabis and cannabis-infused products;

(iii) The name and registry identification number of the licensed adult use cultivation center, craft grower, infuser, or transportation agent delivering the cannabis;

(iv) The name and registry identification number of the dispensing organization agent receiving the cannabis; and

(v) The date of acquisition.

(3) The disposal of cannabis, including:

(i) A description of the products, including the quantity, strain, variety, batch number, and reason for the cannabis being disposed;

(ii) The method of disposal; and

(iii) The date and time of disposal.

(c) Upon cannabis delivery, a dispensing organization shall confirm the product's name, strain name, weight, and identification number on the manifest matches the information on the cannabis product label and package. The product name listed and the weight listed in the State's verification system shall match the product packaging.

(d) The agent-in-charge shall conduct daily inventory reconciliation documenting and balancing cannabis inventory by confirming the State's verification system matches the dispensing organization's point-of-sale system and the amount of physical product at the dispensary.

(1) A dispensing organization must receive Department approval before completing an inventory adjustment. It shall provide a detailed reason for the adjustment. Inventory adjustment documentation shall be kept at the dispensary for 2 years from the date performed.

(2) If the dispensing organization identifies an imbalance in the amount of cannabis after the daily inventory reconciliation due to mistake, the dispensing organization shall determine how the imbalance occurred and immediately upon discovery take and document corrective action. If the dispensing organization cannot identify the reason for the mistake within 2 calendar days after first discovery, it shall inform the Department

immediately in writing of the imbalance and the corrective action taken to date. The dispensing organization shall work diligently to determine the reason for the mistake.

(3) If the dispensing organization identifies an imbalance in the amount of cannabis after the daily inventory reconciliation or through other means due to theft, criminal activity, or suspected criminal activity, the dispensing organization shall immediately determine how the reduction occurred and take and document corrective action. Within 24 hours after the first discovery of the reduction due to theft, criminal activity, or suspected criminal activity, the dispensing organization shall inform the Department and the Department of State Police in writing.

(4) The dispensing organization shall file an annual compilation report with the Department, including a financial statement that shall include, but not be limited to, an income statement, balance sheet, profit and loss statement, statement of cash flow, wholesale cost and sales, and any other documentation requested by the Department in writing. The financial statement shall include any other information the Department deems necessary in order to effectively administer this Act and all rules, orders, and final decisions promulgated under this Act. Statements required by this Section shall be filed with the Department within 60 days after the end of

the calendar year. The compilation report shall include a letter authored by a licensed certified public accountant that it has been reviewed and is accurate based on the information provided. The dispensing organization, financial statement, and accompanying documents are not required to be audited unless specifically requested by the Department.

(e) A dispensing organization shall:

(1) Maintain the documentation required in this Section in a secure locked location at the dispensing organization for 5 years from the date on the document;

(2) Provide any documentation required to be maintained in this Section to the Department for review upon request; and

(3) If maintaining a bank account, retain for a period of 5 years a record of each deposit or withdrawal from the account.

(f) If a dispensing organization chooses to have a return policy for cannabis and cannabis products, the dispensing organization shall seek prior approval from the Department.

Section 15-80. Storage requirements.

(a) Authorized on-premises storage. A dispensing organization must store inventory on its premises. All inventory stored on the premises must be secured in a restricted access area and tracked consistently with the

inventory tracking rules.

(b) A dispensary shall be of suitable size and construction to facilitate cleaning, maintenance, and proper operations.

(c) A dispensary shall maintain adequate lighting, ventilation, temperature, humidity control, and equipment.

(d) Containers storing cannabis that have been tampered with, damaged, or opened shall be labeled with the date opened and quarantined from other cannabis products in the vault until they are disposed.

(e) Cannabis that was tampered with, expired, or damaged shall not be stored at the premises for more than 7 calendar days.

(f) Cannabis samples shall be in a sealed container. Samples shall be maintained in the restricted access area.

(g) The dispensary storage areas shall be maintained in accordance with the security requirements in this Act and rules.

(h) Cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its packaging, strength, quality, and purity are not adversely affected.

Section 15-85. Dispensing cannabis.

(a) Before a dispensing organization agent dispenses cannabis to a purchaser, the agent shall:

(1) Verify the age of the purchaser by checking a government-issued identification card by use of an

electronic reader or electronic scanning device to scan a purchaser's government-issued identification, if applicable, to determine the purchaser's age and the validity of the identification;

(2) Verify the validity of the government-issued identification card;

(3) Offer any appropriate purchaser education or support materials;

(4) Enter the following information into the State's cannabis electronic verification system:

(i) The dispensing organization agent's identification number;

(ii) The dispensing organization's identification number;

(iii) The amount, type (including strain, if applicable) of cannabis or cannabis-infused product dispensed;

(iv) The date and time the cannabis was dispensed.

(b) A dispensing organization shall refuse to sell cannabis or cannabis-infused products to any person unless the person produces a valid identification showing that the person is 21 years of age or older. A medical cannabis dispensing organization may sell cannabis or cannabis-infused products to a person who is under 21 years of age if the sale complies with the provisions of the Compassionate Use of Medical Cannabis Pilot Program Act and rules.

(c) For the purposes of this Section, valid identification must:

- (1) Be valid and unexpired;
- (2) Contain a photograph and the date of birth of the person.

Section 15-90. Destruction and disposal of cannabis.

(a) Cannabis and cannabis-infused products must be destroyed by rendering them unusable using methods approved by the Department that comply with this Act and rules.

(b) Cannabis waste rendered unusable must be promptly disposed according to this Act and rules. Disposal of the cannabis waste rendered unusable may be delivered to a permitted solid waste facility for final disposition. Acceptable permitted solid waste facilities include, but are not limited to:

(1) Compostable mixed waste: Compost, anaerobic digester, or other facility with approval of the jurisdictional health department.

(2) Noncompostable mixed waste: Landfill, incinerator, or other facility with approval of the jurisdictional health department.

(c) All waste and unusable product shall be weighed, recorded, and entered into the inventory system before rendering it unusable. All waste and unusable cannabis concentrates and cannabis-infused products shall be recorded

and entered into the inventory system before rendering it unusable. Verification of this event shall be performed by an agent-in-charge and conducted in an area with video surveillance.

(d) Electronic documentation of destruction and disposal shall be maintained for a period of at least 5 years.

Section 15-95. Agent-in-charge.

(a) Every dispensing organization shall designate, at a minimum, one agent-in-charge for each licensed dispensary. The designated agent-in-charge must hold a dispensing organization agent identification card. Maintaining an agent-in-charge is a continuing requirement for the license, except as provided in subsection (f).

(b) The agent-in-charge shall be a principal officer or a full-time agent of the dispensing organization and shall manage the dispensary. Managing the dispensary includes, but is not limited to, responsibility for opening and closing the dispensary, delivery acceptance, oversight of sales and dispensing organization agents, recordkeeping, inventory, dispensing organization agent training, and compliance with this Act and rules. Participation in affairs also includes the responsibility for maintaining all files subject to audit or inspection by the Department at the dispensary.

(c) The agent-in-charge is responsible for promptly notifying the Department of any change of information required

to be reported to the Department.

(d) In determining whether an agent-in-charge manages the dispensary, the Department may consider the responsibilities identified in this Section, the number of dispensing organization agents under the supervision of the agent-in-charge, and the employment relationship between the agent-in-charge and the dispensing organization, including the existence of a contract for employment and any other relevant fact or circumstance.

(e) The agent-in-charge is responsible for notifying the Department of a change in the employment status of all dispensing organization agents within 5 business days after the change, including notice to the Department if the termination of an agent was for diversion of product or theft of currency.

(f) In the event of the separation of an agent-in-charge due to death, incapacity, termination, or any other reason and if the dispensary does not have an active agent-in-charge, the dispensing organization shall immediately contact the Department and request a temporary certificate of authority allowing the continuing operation. The request shall include the name of an interim agent-in-charge until a replacement is identified, or shall include the name of the replacement. The Department shall issue the temporary certificate of authority promptly after it approves the request. If a dispensing organization fails to promptly request a temporary certificate of authority after the separation of the agent-in-charge, its

registration shall cease until the Department approves the temporary certificate of authority or registers a new agent-in-charge. No temporary certificate of authority shall be valid for more than 90 days. The succeeding agent-in-charge shall register with the Department in compliance with this Article. Once the permanent succeeding agent-in-charge is registered with the Department, the temporary certificate of authority is void. No temporary certificate of authority shall be issued for the separation of an agent-in-charge due to disciplinary action by the Department related to his or her conduct on behalf of the dispensing organization.

(g) The dispensing organization agent-in-charge registration shall expire one year from the date it is issued. The agent-in-charge's registration shall be renewed annually. The Department shall review the dispensing organization's compliance history when determining whether to grant the request to renew.

(h) Upon termination of an agent-in-charge's employment, the dispensing organization shall immediately reclaim the dispensing agent identification card. The dispensing organization shall promptly return the identification card to the Department.

(i) The Department may deny an application or renewal or discipline or revoke an agent-in-charge identification card for any of the following reasons:

(1) Submission of misleading, incorrect, false, or

fraudulent information in the application or renewal application;

(2) Violation of the requirements of this Act or rules;

(3) Fraudulent use of the agent-in-charge identification card;

(4) Selling, distributing, transferring in any manner, or giving cannabis to any unauthorized person;

(5) Theft of cannabis, currency, or any other items from a dispensary.

(6) Tampering with, falsifying, altering, modifying, or duplicating an agent-in-charge identification card;

(7) Tampering with, falsifying, altering, or modifying the surveillance video footage, point-of-sale system, or the State's verification system;

(8) Failure to notify the Department immediately upon discovery that the agent-in-charge identification card has been lost, stolen, or destroyed;

(9) Failure to notify the Department within 5 business days after a change in the information provided in the application for an agent-in-charge identification card;

(10) Conviction of a felony offense in accordance with Sections 2105-131, 2105-135, and 2105-205 of the Department of Professional Regulation Law of the Civil Administrative Code of Illinois or any incident listed in this Act or rules following the issuance of an agent-in-charge identification card;

(11) Dispensing to purchasers in amounts above the limits provided in this Act; or

(12) Delinquency in filing any required tax returns or paying any amounts owed to the State of Illinois

Section 15-100. Security.

(a) A dispensing organization shall implement security measures to deter and prevent entry into and theft of cannabis or currency.

(b) A dispensing organization shall submit any changes to the floor plan or security plan to the Department for pre-approval. All cannabis shall be maintained and stored in a restricted access area during construction.

(c) The dispensing organization shall implement security measures to protect the premises, purchasers, and dispensing organization agents including, but not limited to the following:

(1) Establish a locked door or barrier between the facility's entrance and the limited access area;

(2) Prevent individuals from remaining on the premises if they are not engaging in activity permitted by this Act or rules;

(3) Develop a policy that addresses the maximum capacity and purchaser flow in the waiting rooms and limited access areas;

(4) Dispose of cannabis in accordance with this Act and

rules;

(5) During hours of operation, store and dispense all cannabis from the restricted access area. During operational hours, cannabis shall be stored in an enclosed locked room or cabinet and accessible only to specifically authorized dispensing organization agents;

(6) When the dispensary is closed, store all cannabis and currency in a reinforced vault room in the restricted access area and in a manner as to prevent diversion, theft, or loss;

(7) Keep the reinforced vault room and any other equipment or cannabis storage areas securely locked and protected from unauthorized entry;

(8) Keep an electronic daily log of dispensing organization agents with access to the reinforced vault room and knowledge of the access code or combination;

(9) Keep all locks and security equipment in good working order;

(10) Maintain an operational security and alarm system at all times;

(11) Prohibit keys, if applicable, from being left in the locks, or stored or placed in a location accessible to persons other than specifically authorized personnel;

(12) Prohibit accessibility of security measures, including combination numbers, passwords, or electronic or biometric security systems to persons other than

specifically authorized dispensing organization agents;

(13) Ensure that the dispensary interior and exterior premises are sufficiently lit to facilitate surveillance;

(14) Ensure that trees, bushes, and other foliage outside of the dispensary premises do not allow for a person or persons to conceal themselves from sight;

(15) Develop emergency policies and procedures for securing all product and currency following any instance of diversion, theft, or loss of cannabis, and conduct an assessment to determine whether additional safeguards are necessary; and

(16) Develop sufficient additional safeguards in response to any special security concerns, or as required by the Department.

(d) The Department may request or approve alternative security provisions that it determines are an adequate substitute for a security requirement specified in this Article. Any additional protections may be considered by the Department in evaluating overall security measures.

(e) A dispensary organization may share premises with a craft grower or an infuser 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.

(f) A dispensing organization shall provide additional

security as needed and in a manner appropriate for the community where it operates.

(g) Restricted access areas.

(1) All restricted access areas must be identified by the posting of a sign that is a minimum of 12 inches by 12 inches and that states "Do Not Enter - Restricted Access Area - Authorized Personnel Only" in lettering no smaller than one inch in height.

(2) All restricted access areas shall be clearly described in the floor plan of the premises, in the form and manner determined by the Department, reflecting walls, partitions, counters, and all areas of entry and exit. The floor plan shall show all storage, disposal, and retail sales areas.

(3) All restricted access areas must be secure, with locking devices that prevent access from the limited access areas.

(h) Security and alarm.

(1) A dispensing organization shall have an adequate security plan and security system to prevent and detect diversion, theft, or loss of cannabis, currency, or unauthorized intrusion using commercial grade equipment installed by an Illinois licensed private alarm contractor or private alarm contractor agency that shall, at a minimum, include:

(i) A perimeter alarm on all entry points and glass

break protection on perimeter windows;

(ii) Security shatterproof tinted film on exterior windows;

(iii) A failure notification system that provides an audible, text, or visual notification of any failure in the surveillance system, including, but not limited to, panic buttons, alarms, and video monitoring system. The failure notification system shall provide an alert to designated dispensing organization agents within 5 minutes after the failure, either by telephone or text message;

(iv) A duress alarm, panic button, and alarm, or holdup alarm and after-hours intrusion detection alarm that by design and purpose will directly or indirectly notify, by the most efficient means, the Public Safety Answering Point for the law enforcement agency having primary jurisdiction;

(v) Security equipment to deter and prevent unauthorized entrance into the dispensary, including electronic door locks on the limited and restricted access areas that include devices or a series of devices to detect unauthorized intrusion that may include a signal system interconnected with a radio frequency method, cellular, private radio signals or other mechanical or electronic device.

(2) All security system equipment and recordings shall

be maintained in good working order, in a secure location so as to prevent theft, loss, destruction, or alterations.

(3) Access to surveillance monitoring recording equipment shall be limited to persons who are essential to surveillance operations, law enforcement authorities acting within their jurisdiction, security system service personnel, and the Department. A current list of authorized dispensing organization agents and service personnel that have access to the surveillance equipment must be available to the Department upon request.

(4) All security equipment shall be inspected and tested at regular intervals, not to exceed one month from the previous inspection, and tested to ensure the systems remain functional.

(5) The security system shall provide protection against theft and diversion that is facilitated or hidden by tampering with computers or electronic records.

(6) The dispensary shall ensure all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.

(i) To monitor the dispensary, the dispensing organization shall incorporate continuous electronic video monitoring including the following:

(1) All monitors must be 19 inches or greater;

(2) Unobstructed video surveillance of all enclosed dispensary areas, unless prohibited by law, including all

points of entry and exit that shall be appropriate for the normal lighting conditions of the area under surveillance. The cameras shall be directed so all areas are captured, including, but not limited to, safes, vaults, sales areas, and areas where cannabis is stored, handled, dispensed, or destroyed. Cameras shall be angled to allow for facial recognition, the capture of clear and certain identification of any person entering or exiting the dispensary area and in lighting sufficient during all times of night or day;

(3) Unobstructed video surveillance of outside areas, the storefront, and the parking lot, that shall be appropriate for the normal lighting conditions of the area under surveillance. Cameras shall be angled so as to allow for the capture of facial recognition, clear and certain identification of any person entering or exiting the dispensary and the immediate surrounding area, and license plates of vehicles in the parking lot;

(4) 24-hour recordings from all video cameras available for immediate viewing by the Department upon request. Recordings shall not be destroyed or altered and shall be retained for at least 90 days. Recordings shall be retained as long as necessary if the dispensing organization is aware of the loss or theft of cannabis or a pending criminal, civil, or administrative investigation or legal proceeding for which the recording may contain

relevant information;

(5) The ability to immediately produce a clear, color still photo from the surveillance video, either live or recorded;

(6) A date and time stamp embedded on all video surveillance recordings. The date and time shall be synchronized and set correctly and shall not significantly obscure the picture;

(7) The ability to remain operational during a power outage and ensure all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage;

(8) All video surveillance equipment shall allow for the exporting of still images in an industry standard image format, including .jpg, .bmp, and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All recordings shall be erased or destroyed before disposal;

(9) The video surveillance system shall be operational during a power outage with a 4-hour minimum battery backup;

(10) A video camera or cameras recording at each point-of-sale location allowing for the identification of

the dispensing organization agent distributing the cannabis and any purchaser. The camera or cameras shall capture the sale, the individuals and the computer monitors used for the sale;

(11) A failure notification system that provides an audible and visual notification of any failure in the electronic video monitoring system; and

(12) All electronic video surveillance monitoring must record at least the equivalent of 8 frames per second and be available as recordings to the Department and the Department of State Police 24 hours a day via a secure web-based portal with reverse functionality.

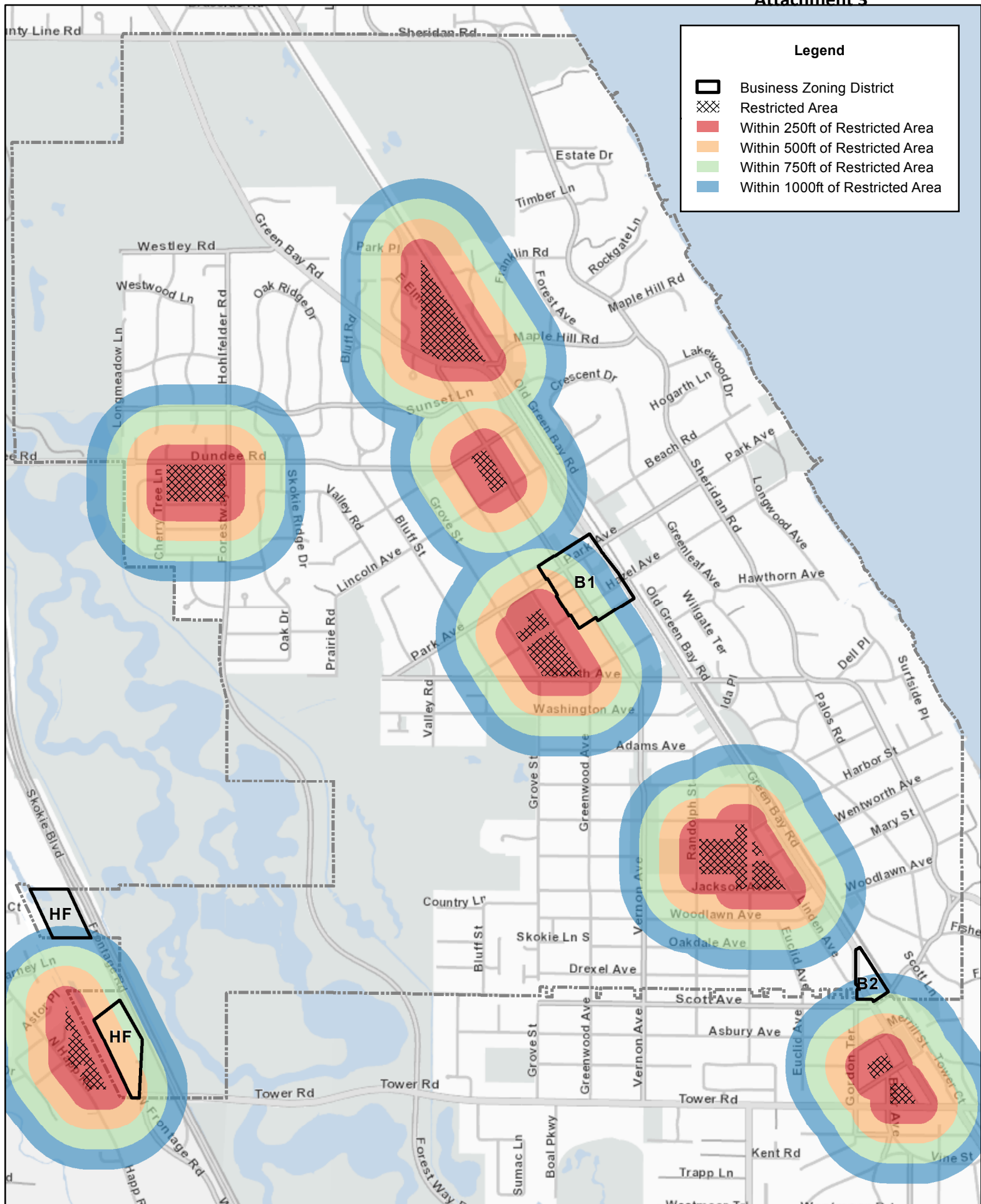
(j) The requirements contained in this Act are minimum requirements for operating a dispensing organization. The Department may establish additional requirements by rule.

Section 15-110. Recordkeeping.

(a) Dispensing organization records must be maintained electronically for 3 years and be available for inspection by the Department upon request. Required written records include, but are not limited to, the following:

- (1) Operating procedures;
- (2) Inventory records, policies, and procedures;
- (3) Security records;
- (4) Audit records;
- (5) Staff training plans and completion documentation;

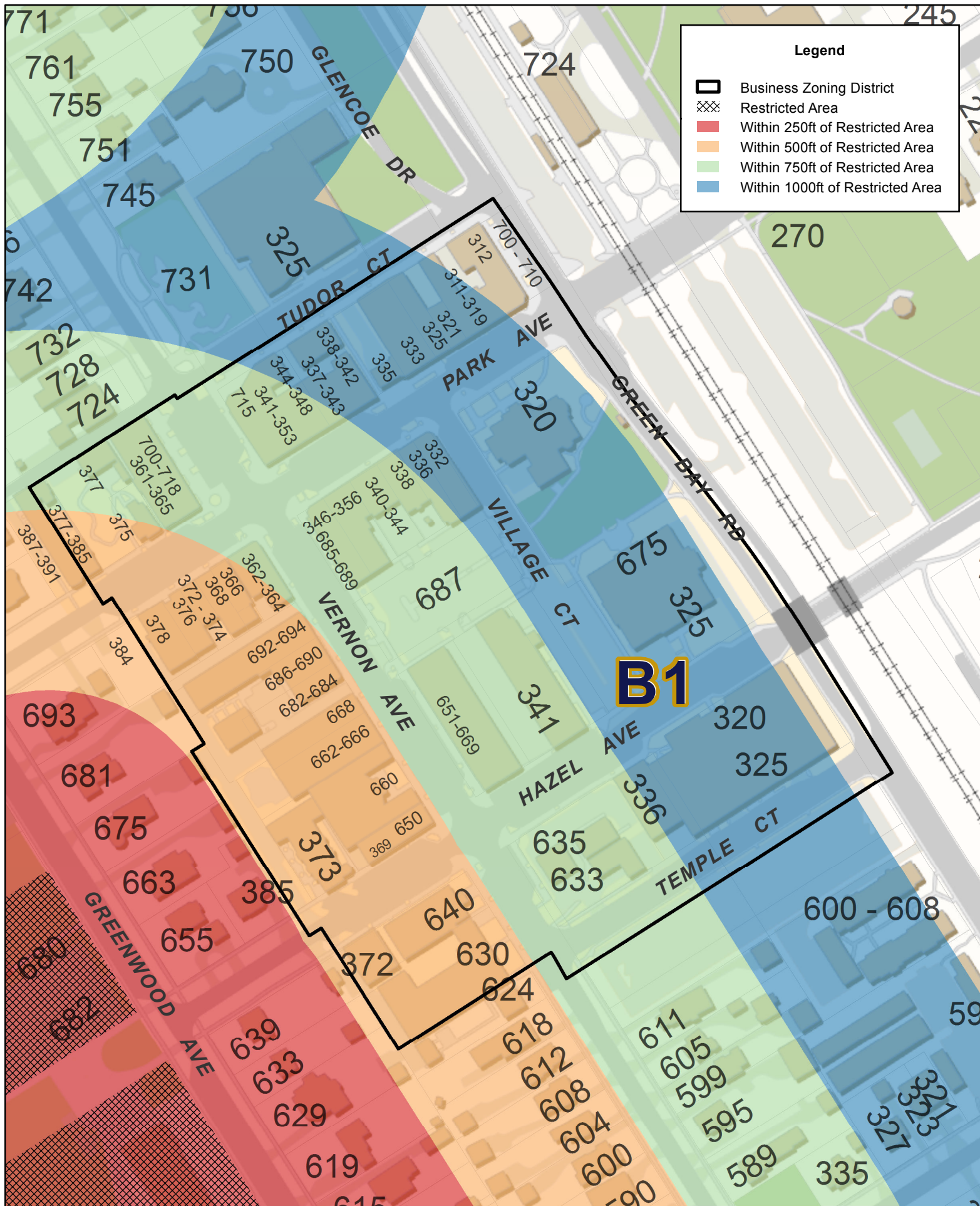
Attachment 3

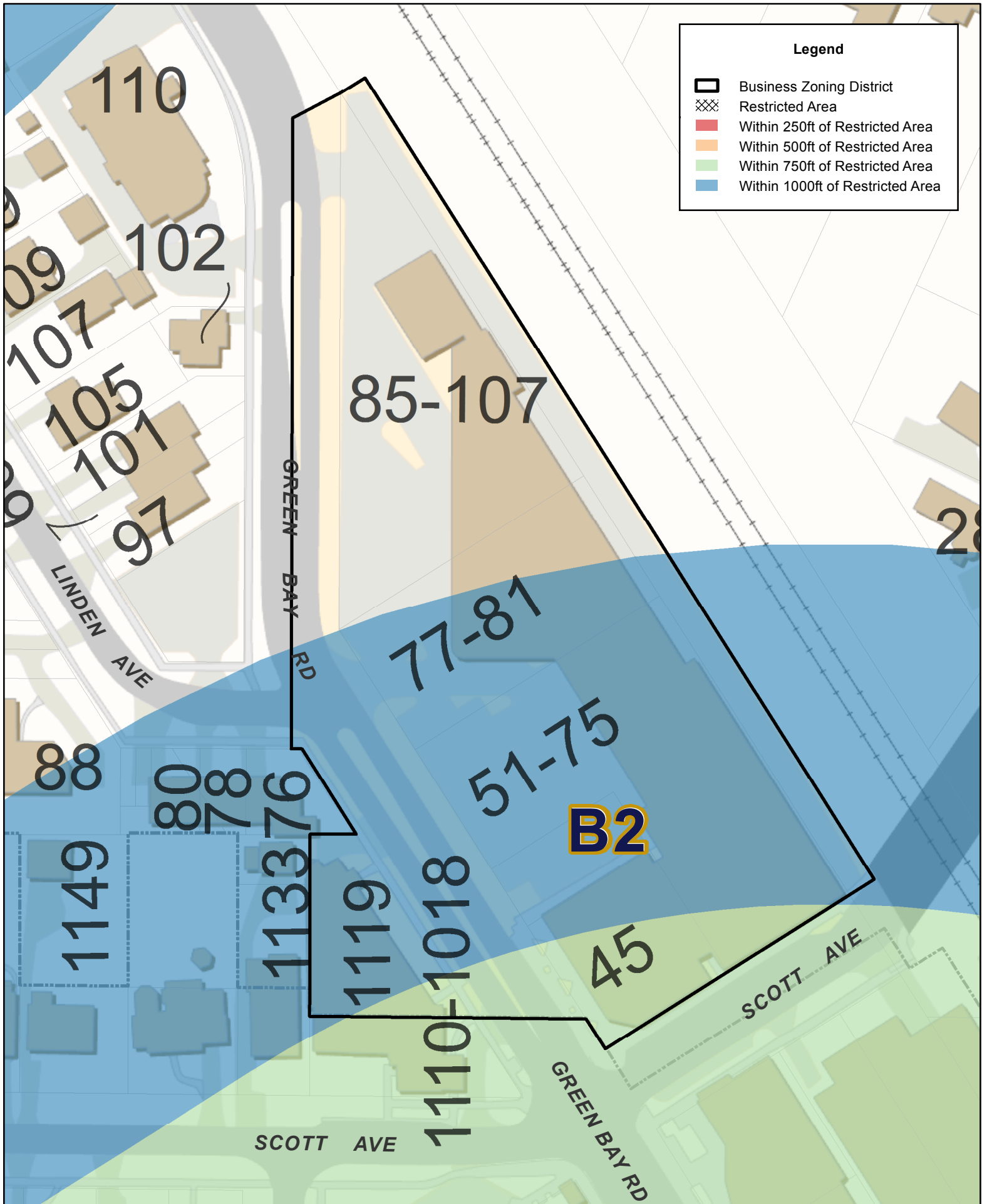


Legend

- Business Zoning District
- Restricted Area
- Within 250ft of Restricted Area
- Within 500ft of Restricted Area
- Within 750ft of Restricted Area
- Within 1000ft of Restricted Area



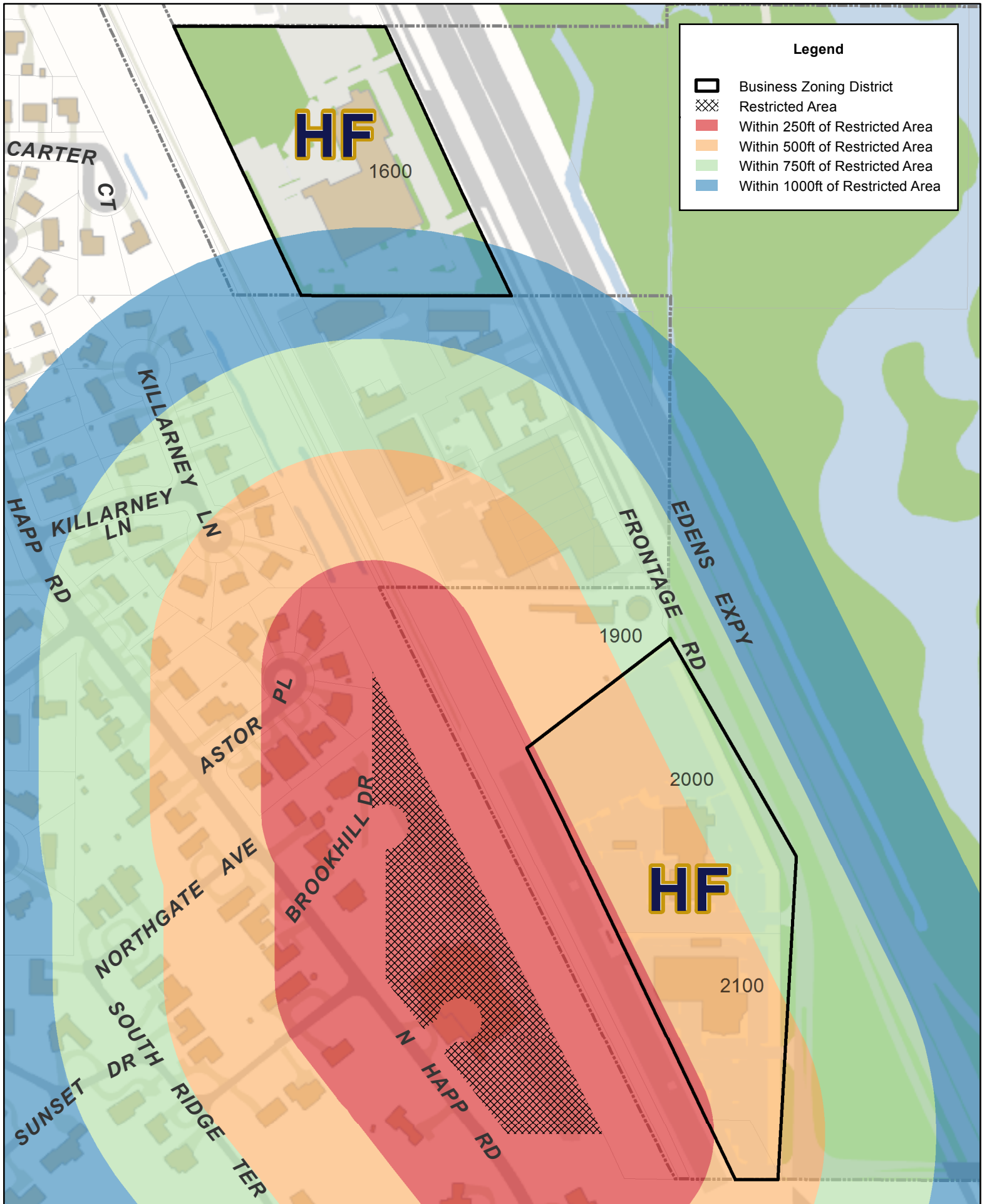




Legend

- Business Zoning District
- Restricted Area
- Within 250ft of Restricted Area
- Within 500ft of Restricted Area
- Within 750ft of Restricted Area
- Within 1000ft of Restricted Area





Attachment 4



VILLAGE OF GLENCOE MEMORANDUM

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www.villageofglencoe.org

Date: August 15, 2019

Staff Contact: Sharon Tanner, Assistant Village Manager, Village Manager's Office

Agenda Item: *5.1. – Discussion Regarding the Illinois Cannabis Regulation and Tax Act*

Earlier this year, the Cannabis Regulation and Tax Act (the “Act”) was signed into State law. Under the Act, effective January 1, 2020, adults age 21 and older may lawfully purchase cannabis products from licensed dispensaries for recreational use. The purpose of this memorandum is to provide the Village Board with a summary of the Act and municipal regulatory, zoning, public safety and financial considerations as the Village Board considers whether to implement municipal ordinances and regulations pertaining to recreational cannabis. At the August 15 Committee of the Whole meeting, staff will request the Village Board’s initial feedback regarding potentially allowing or prohibiting the operation of recreational cannabis businesses in the Village, which will guide any subsequent research that staff may conduct and development of draft recommendations for future consideration.

Summary of the Act

Beginning January 1, 2020, adults age 21 and older will be able to lawfully purchase, possess and consume recreational cannabis. The Act sets forth regulations regarding the amount of cannabis that may be purchased and possessed by Illinois residents and non-residents, where cannabis may be lawfully consumed and licensing requirements for cannabis-related businesses. Illinois adults may possess up to 30 grams of raw cannabis, 5 grams of cannabis concentrate or cannabis-infused products containing up to 500 mg of tetrahydrocannabinol (the principal psychoactive constituent of cannabis, abbreviated “THC.”); non-resident adults may possess smaller quantities. Lawful recreational cannabis products may only be purchased from dispensaries licensed by the State of Illinois. Cannabis may only be consumed on private property away from minors. Pursuant to the Act, private property includes private residences and may include on-premises consumption in licensed dispensaries if permitted by the local municipality. The Act restricts home cultivation of cannabis to Illinois adults who are registered medical cannabis patients and restricts the number of plants to five per household.

Unlike alcohol-related businesses, which require both State and local liquor licenses, cannabis businesses will be licensed exclusively by the State; however, cannabis businesses must comply with local municipal zoning and generally applicable business registration requirements. The Act envisions multiple phases of cannabis license issuances. In the first phase, beginning January 1, 2020, up to 56 “early approval” licenses may be issued to existing, licensed medical cannabis dispensaries and cultivation centers to permit those businesses to sell or cultivate recreational cannabis. Additionally,

existing, licensed medical cannabis dispensaries may apply for a “secondary site” license, which would permit that business to open a secondary location engaged in the sale of recreational cannabis. After the first phase of licenses, there will be a staggered issuance of new licenses, up to a maximum of 500 licenses throughout the State by 2022. The Act also creates licensing requirements for cannabis transporters, infusers, processors and craft growers (which engage in small-scale cultivation and may have an onsite dispensary, similar to a craft brewery or craft distillery that produces small quantities of alcoholic beverages).

The Act also sets forth a series of prohibited cannabis-related activity, including the following:

- Consumption of cannabis in a public place (which is defined in the Act as “any place where a person could reasonably be expected to be observed by others,” excluding private residences)
- Consumption of cannabis on school grounds, in close proximity to minors or in any place where smoking is prohibited by the Smoke Free Illinois Act (such as hospitals, restaurants, retail stores, offices, within 15 feet of the public entrance to a building, etc.)
- Sale of cannabis to minors under age 21; possession or consumption of cannabis by minors under age 21 (except lawful medical cannabis patients)
- Home delivery of cannabis
- Possession of cannabis in a motor vehicle, unless the cannabis product is sealed in an odor-proof, child-resistant, tamper-evident sealed container that is reasonably inaccessible
- Driving under the influence of cannabis

The Act sets forth municipal regulatory and zoning authority, State and municipal taxation regulations and public safety requirements, which are detailed further in the sections below.

Municipal Regulation and Zoning

All municipalities may prohibit or significantly limit the location of cannabis businesses by ordinance through the local zoning code or relevant municipal codes. Municipalities may enact reasonable regulations that do not conflict with the Act, such as regulation by zoning district, parking requirements, hours of operation, proximity to other cannabis businesses, proximity to schools or parks, etc. It is noteworthy that while the Act uses the term “reasonable” regulations, the Act does not define it. Therefore, the extent to which municipalities may regulate cannabis beyond the express provisions of the Act is unclear - for example, the Act provides that cannabis dispensaries may operate between the hours of 6 a.m. and 10 p.m.; however, it is unclear the extent to which a municipality may further limit the hours of operation. Municipalities may allow specific types of cannabis businesses to operate and prohibit others (for example, a municipality may allow dispensaries and prohibit cultivation centers, or allow transportation businesses and prohibit dispensaries, etc.).

Municipalities may require local business registration and may utilize special use or conditional use permits to further regulate the location, number and hours of operation of cannabis businesses; however, it is unclear whether a municipality may limit the number of special use or conditional permits that may be issued (similar to limiting the number of local liquor licenses that may be issued). Additionally, municipalities that allow recreational cannabis dispensaries or craft growers with dispensaries may opt to allow such facilities to offer on-premises consumption of cannabis as an accessory use to the dispensary (similar to a cigar shop that allows cigar smoking or a craft brewery that serves alcohol for on-premises consumption). Municipalities may create a local license for this type of use, conduct periodic inspections of the business for code compliance and may implement building or environmental regulations (such as HVAC requirements), security requirements or location restrictions.

As noted above, municipalities may prohibit the operation of recreational cannabis businesses within the municipality by adopting a local ordinance.

Many municipalities in the Chicago area are evaluating local regulation and/or prohibition of cannabis businesses (including a ban on the retail sale of cannabis); however, formal action to do so has not yet been taken. While several of Glencoe's neighboring communities have not formally considered whether to allow or prohibit the operation of recreational cannabis businesses, the Village of Northbrook's village board discussed a series of regulatory options for recreational cannabis in June and indicated that Northbrook's zoning code should be amended to allow cannabis dispensaries by special permit. Northbrook's July 23 village board meeting agenda contained a preliminary review of a recreational cannabis business at 755 Skokie Boulevard. The City of Lake Forest's city council discussed recreational cannabis in a recent council workshop and concurred that the Lake Forest would take the position of a complete ban on the sale of cannabis; however, no formal action has been taken yet.

At the June 20 Glencoe Village Board meeting, the Village Board approved a resolution that directs the Zoning Commission to conduct a public hearing on Zoning Code amendments to define, classify and impose permissible regulatory conditions on the operation of recreational cannabis businesses. This is necessary as the current Zoning Code is silent on the operation of recreational cannabis businesses. The Board's approval of the "red flag" resolution does not have the effect of allowing or prohibiting the operation of cannabis businesses; rather, it commences the process of reviewing the Village's Zoning Code and requires the Zoning Commission to schedule a public hearing on any potential Zoning Code amendments no later than September 19, 2019. The Village Board's feedback and guidance on whether and how to permit recreational cannabis businesses to operate in the Village is a necessary step in this process.

If the Village Board wishes to allow the operation of cannabis businesses within the Village, no legislative action is immediately required to affirm that such businesses are permitted; however, the Zoning Code must be amended to impose appropriate regulations on these facilities, including potentially the location, hours of operation and types of cannabis businesses that may operate within the community. If the Village Board opts to allow the operation of recreational cannabis businesses within the community, it may exercise local authority to determine the location(s) in which such businesses may be permitted to operate. Presently, the Village allows the operation of medical cannabis dispensaries; however, there are none in the community. The Village's Zoning Code currently allows medical cannabis dispensaries to be located in the B-1 Central Business District (the downtown) or the B-2 Residential Business Districts (which includes the Hubbard Woods Plaza shopping center); however, such businesses may not be located within 1,000 feet of the property line of a school (preschool or elementary) or day care facility, and such businesses may not be located in a house, apartment or condominium. Effectively, this limits the potential locations of medical cannabis facilities to specific properties within the Village. Review of the Village's Zoning Code and business license regulations would be required prior to a Village Board discussion of specific regulation recommendations.

Regardless of whether the Village opts to allow the operation of recreational cannabis businesses within the Village, adults may lawfully consume recreational cannabis in the Village in accordance with the Act. Therefore, staff will evaluate potential code enforcement implications, such as nuisance odor or property-related complaints, that may emerge after the Act becomes effective.

Taxation

The Act creates a multi-layered taxation structure for cannabis products, which will be subject to existing State, county and municipal general merchandise sales taxes for products sold at retail by dispensaries and at wholesale by cultivation centers. Additionally, the following new taxes may be implemented:

- State Cannabis Purchaser Excise Tax: 10-25% depending on potency
- Cook County Retailers Occupation Tax: Up to 3% tax on dispensary sales
- Municipal Retailers Occupation Tax: Up to 3% (in 0.25% increments) on dispensary sales

State, county and municipal taxes will be collected by the State and are to be disbursed to municipalities in the same fashion as sales taxes are presently disbursed. The Act provides that State funds utilized for this disbursement are to be protected from State budgetary sweeps. A portion of tax revenue generated from state cannabis taxes and license fees (8% of revenue received) will be deposited into the Local Government Distributive Fund (LGDF) and will be subsequently disbursed to local governments for the explicit purpose of funding crime prevention, interdiction, and law enforcement training related to cannabis. Using cannabis sales data from the Departments of Revenue for Colorado and Washington, and converting it to an Illinois equivalent using population, staff estimates that this distribution could be approximately \$2.00- \$3.00 per capita. If the local share is distributed in this manner, staff anticipates that the annual receipts of this portion of the revenue to be approximately \$20,000.

Presently, the sales tax rate for general merchandise sold within the Village is 9%. This rate includes the State's 6.25% sales tax, the Regional Transportation Authority's 1% sales tax and Cook County's 1.75% sales tax. If the Village chooses to allow the retail sale of recreational cannabis products, those sales would be subject to the 9% general merchandise tax, plus any retailers' occupation tax that may be implemented by Cook County and/or the Village. Therefore, the maximum total tax on retail sales of recreational cannabis products may be up to 40%.

If the Village allows recreational cannabis businesses to be located within the Village, a policy decision that the Village Board may consider is whether to implement a retailers' occupation tax (up to a maximum of 3%). While it is difficult to predict average annual sales of a recreational cannabis dispensary of the size and scale that could potentially locate within the Village, a preliminary review of limited industry data suggests that the average annual sales of a dispensary could range from \$500,000 to \$1 million per year on the lower end, to \$1 million to \$3 million on the higher end.

To illustrate the possible impact of a municipal retailers' occupation tax, the table below depicts tax several tax revenue estimate scenarios based on a municipal retailers' occupation tax of 1%, 2% or 3% and average annual dispensary retail sales in \$250,000, \$500,000 and \$1 million increments. It is important to note that the table below is provided for illustrative purposes only, as there is limited data available with which to develop more precise estimates at this time. It is also important to note that the municipal retailers occupation tax would only apply to dispensaries located within the corporate limits of the Village and therefore, if no dispensaries locate within the Village, the Village will not derive any municipal retailers occupation tax revenue (however, the Village would receive a portion of State-shared revenues derived from recreational cannabis sales State-wide).

Table 1: Municipal Retailers' Occupation Tax Revenue Scenarios

Average Annual Dispensary Retail Sales	Municipal Retailers' Occupation Tax Rate		
	1%	2%	3%
\$250,000	\$2,500	\$5,000	\$7,500
\$500,000	\$5,000	\$10,000	\$15,000
\$1,000,000	\$10,000	\$20,000	\$30,000

Public Safety

The Act sets forth requirements for law enforcement agencies to automatically expunge criminal records (including arrests and convictions) for “minor cannabis offenses” (i.e., offenses that pertain to no more than 30 grams of substances containing cannabis and are not associated with violent crimes). While the Act establishes that the Illinois State Police will take a lead role in record expungement, it is anticipated that local law enforcement agencies, such as the Village, will be required to complete extensive records searches and expungement work. The amount of Village resources required to complete this effort is unknown at this time, as review of the volume of local records related to qualified cannabis offenses must be undertaken prior to initiating expungements by the mandated date of January 1, 2021.

While the Village cannot enact local regulations that exceed those established by the Act, the Village may adopt local ordinances that reiterate the regulatory provisions contained within the Act. Doing so may afford the Village with additional local enforcement authority and the authority to adjudicate recreational cannabis-related offenses (excluding DUI) in circuit court a local administrative adjudication program, should an adjudication program exist in the future.

Regardless of whether the Village allows operation of recreational cannabis businesses within the Village, staff anticipates that the lawful consumption of recreational cannabis will have public safety implications, including:

- **DUI Enforcement** - The Act reiterates DUI impairment thresholds that are currently established under the Illinois Vehicle Code. However, there is not currently reliable field sobriety testing technology that can be used in traffic stops (similar to Breathalyzer technology for alcohol); therefore, law enforcement officers must continue to rely on drug recognition training and other related training to assess impairment.
- **Drug Recognition Training** - Presently, the Public Safety Department has six officers who have received advanced, specialized training in recognizing impairment in drivers under the influence of drugs other than, or in addition to, alcohol. The Department will continue to evaluate its future training needs in this area.
- **Enforcement of Prohibited Consumption in Public Places** - While the Act establishes that cannabis may not be consumed in public places, enforcement of these regulations may be challenging under certain circumstances, particularly if it is not readily apparent to law enforcement whether a product being consumed by an individual in public contains cannabis (e.g., edibles, liquids, etc.).

It is unclear at this time whether the legalization of recreational cannabis will impact the demands placed on Public Safety services within the Village, particularly in the areas of DUI enforcement and emergency medical services. Staff will monitor and evaluate the demands for Public Safety services

following the effective date of the Act.

Village Board Discussion and Next Steps

At the August 15 Committee of the Whole meeting, staff will request the Village Board's initial feedback regarding allowing or prohibiting the operation of recreational cannabis businesses within the Village. Should the Village Board wish to consider allowing the operation of such businesses, staff recommends that additional research be conducted in order to develop specific recommendations regarding local regulation and taxation of recreational cannabis. The Village Board's feedback and any additional staff research requested by the Board may be considered by the Zoning Commission as it reviews the Village's Zoning Code and makes recommendations regarding any potential Zoning Code amendments. Staff and the Village Attorney will be present at the Committee of the Whole meeting and will be prepared to respond to questions from the Village Board.



Recreational Cannabis

Committee of the Whole

August 15, 2019

Introduction

- Illinois Cannabis Regulation and Tax Act
- Municipal Regulation and Zoning
- Taxation
- Public Safety
- Village Board Discussion



Cannabis Regulation and Tax Act

Effective January 1, 2020, the Act will allow:

- Purchase and possession of recreational cannabis by adults
- Consumption by adults on private property
- State licensure of recreational cannabis dispensaries, cultivation centers and related businesses
- Municipal zoning regulations – time, place and location of recreational cannabis businesses
- State, county and municipal taxation
- Home grow for medical cannabis patients (five plants/household)



Cannabis Regulation and Tax Act

Prohibitions:

- Consumption of cannabis in a public place, school grounds, in close proximity to minors or in any place where smoking is prohibited under the Smoke Free Illinois Act
- Sale of cannabis to minors under 21; possession or consumption by minors (except lawful medical patients)
- Home delivery of cannabis
- Possession of cannabis in a motor vehicle, unless in a sealed, odor-proof, child-resistant, tamper-evident, reasonably inaccessible container
- Driving under the influence of cannabis



New and Existing Considerations

New

- Zoning
- Business regulation
- Taxation
- Records expungement

Existing

- DUI enforcement
- Illegal possession and consumption enforcement
- Drug recognition training



Municipal Regulation and Zoning

Municipal regulations allowed under the Act:

- Prohibit or limit the operation of recreational cannabis businesses – time, place and location
- Type(s) of cannabis business(es) permitted
- Business registration/general business license
- Special use or conditional use permit
- Number of cannabis businesses



Recreational Cannabis Business Regulation in the North Shore Region

Allow

- Northbrook
(informal consensus)

Prohibit

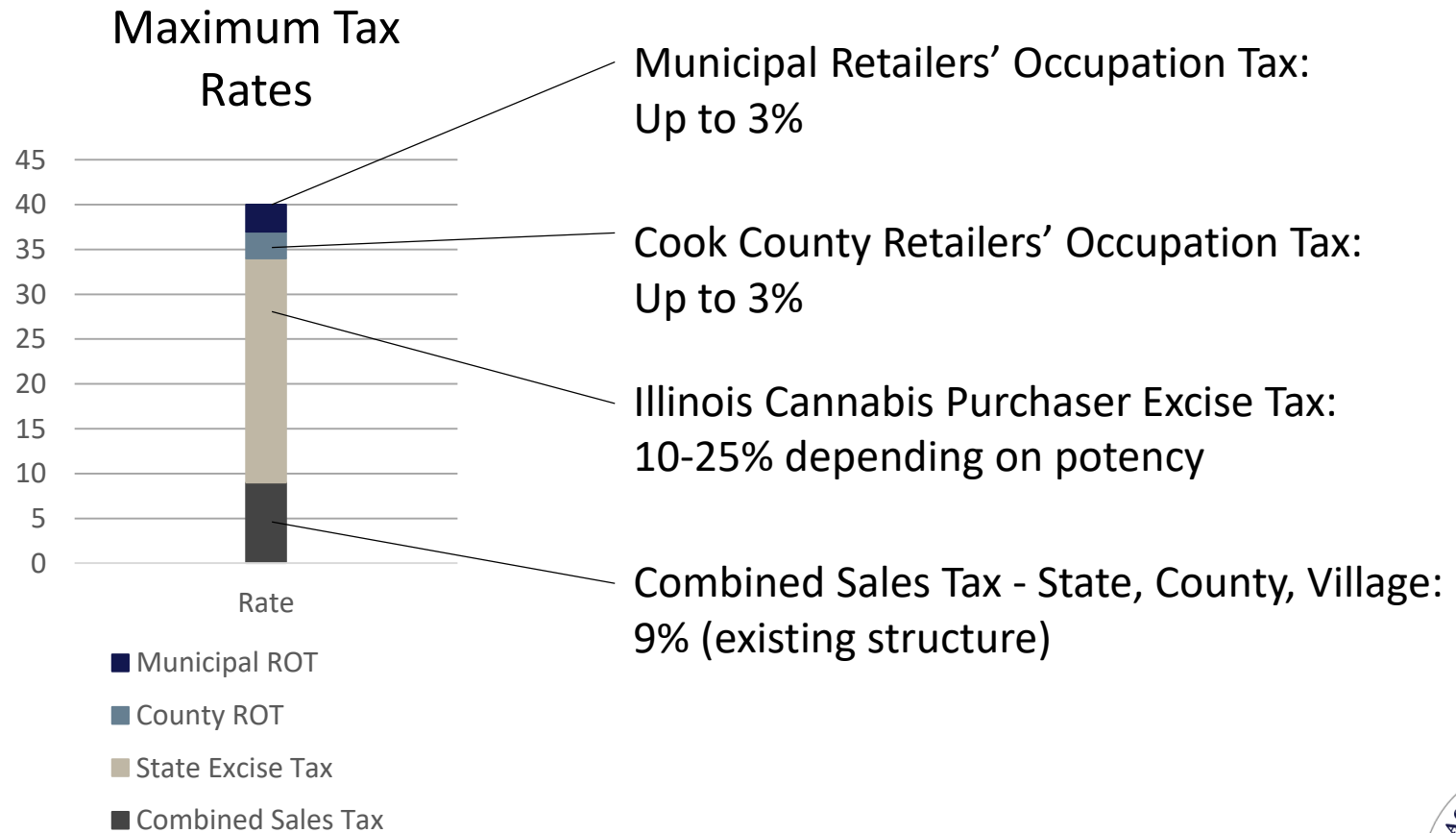
- Highland Park
- Lake Forest
(informal consensus)

To Be Considered

- Deerfield
- Glenview
- Northfield
- Wilmette
- Winnetka



Taxation



Preliminary Revenue Estimate Scenario*

	Type	Annual Estimate	Basis of Estimate
Per Capita	State Excise Tax Disbursement	\$20,000	\$2-\$3 per capita, based on recreational and medical sales data from Colorado and Washington
Sales in Village	Municipal Retailers' Occupation Tax (1% Increment)	\$10,000	Per \$1 million of retail sales of recreational cannabis
	Municipal Sales Tax (Existing Structure)	\$10,000	Per \$1 million of retail sales of recreational cannabis

**For illustrative purposes only; more precise revenue estimates are difficult to develop due to limited availability of industry data*



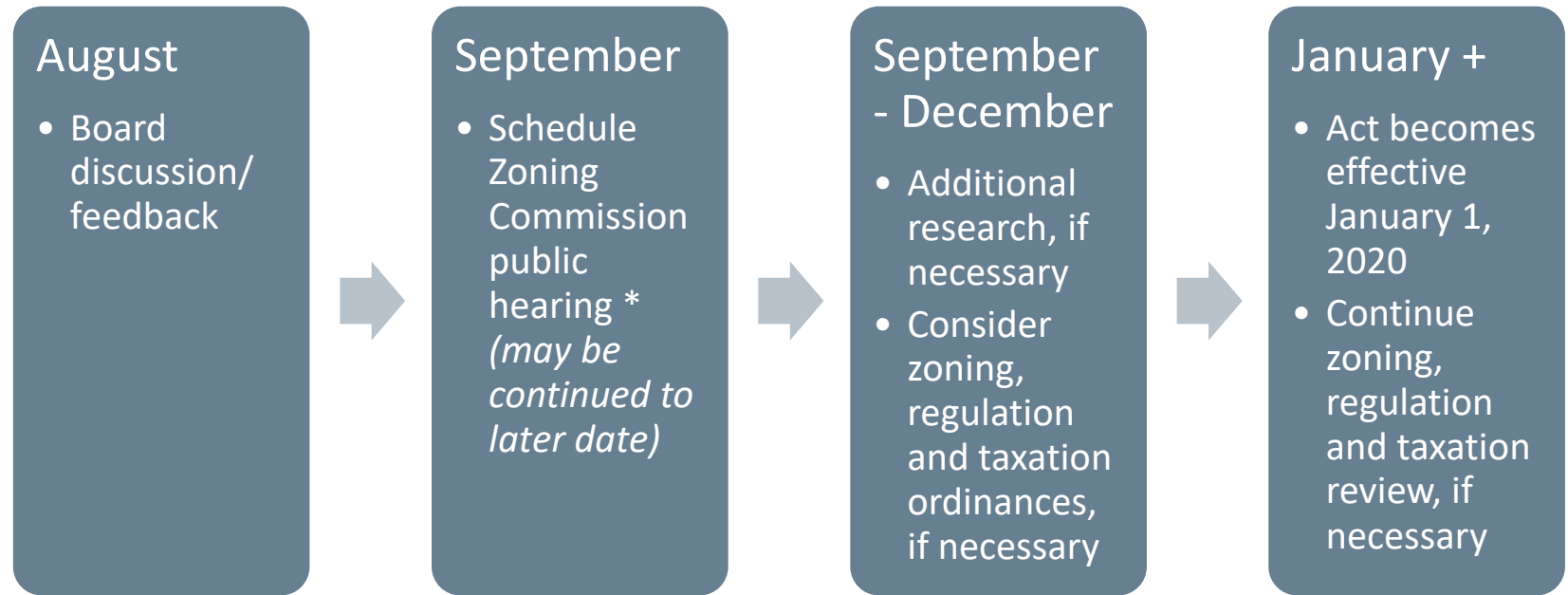
Public Safety

Operational considerations:

- Initiate expungement of “minor cannabis offenses” by January 1, 2021
- Local adoption of the Act’s regulations allows local ordinance enforcement (including business inspection), most violations eligible for administrative adjudication



Timeline



**Red Flag resolution directed Zoning Commission to schedule hearing by September 19, 2019, which may be continued to a later date*



Village Board Discussion

- Preliminary feedback to allow or prohibit operation of recreational cannabis businesses
 - Zoning Commission public hearing on Zoning Code amendment(s)
 - Type(s) of recreational cannabis business(es)
- Future research and discussion (if necessary)
 - Taxation
 - Adopt the Act's regulations by local ordinance
 - Zoning regulations – location, number, hours
 - General business license requirements



Questions



Attachment 5



VILLAGE OF GLENCOE MEMORANDUM

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www.villageofglencoe.org

Date: September 12, 2019

Staff Contact: Sharon Tanner, Assistant Village Manager, Village Manager's Office

Agenda Item: *5.1. – Discussion Regarding Recreational Cannabis Zoning Regulation Options*

As the Board is aware, the Cannabis Regulation and Tax Act (the “**Act**”) was signed into State law earlier this year. Under the Act, effective January 1, 2020, adults age 21 and older may lawfully purchase cannabis products from licensed dispensaries for recreational use. At the July 15, 2019 Committee of the Whole meeting, the Village Board discussed municipal regulatory, zoning, public safety and financial considerations related to legalized recreational cannabis and directed staff to prepare information regarding conceptual zoning regulations to allow the sale of recreational cannabis products within the Village.

Following the Village Board’s discussion at the September 12 Committee of the Whole meeting, staff will request the Village Board’s feedback on conceptual zoning regulations, which will be used to give direction to the Zoning Commission for its consideration of potential amendments to the Zoning Code to allow the sale of recreational cannabis products in the Village.

The Village Board discussed the Act at the July 15 Committee of the Whole meeting and received a presentation from staff and the Village Attorney on the key provisions of the Act, municipal regulation and zoning considerations, taxation and public safety implications of the Act. A summary of major discussion points is below, including those that staff recommends that the Village Board discuss further at a later date if the Village ultimately permits the sale of recreational cannabis in the Village.

- **Zoning Regulations:** The Village Board gave preliminary input on possible zoning regulations to allow the sale of recreational cannabis products in the Village. The Village Board directed staff to develop conceptual zoning regulations, which are discussed in detail in this memorandum.
- **Local Business License Requirements:** If the Village Board approves regulations that will allow the sale of recreational cannabis products, staff recommends that the Village Board consider amending the business license chapter of the Village Code accordingly, either in conjunction with consideration of amendments to the Zoning Code or shortly thereafter. Although the Village’s authority to impose strict licensing regulations on Cannabis Businesses is limited by the Act, the Village may enforce generally applicable licensing and code inspection requirements on cannabis business establishments.

- **Adoption of the Act in the Village Code:** Similarly, if the Village allows the sale of recreational cannabis, staff recommends that the Village Board consider adopting the Act by reference in the Village Code, either in conjunction with consideration of amendments to the Zoning Code or shortly thereafter. Local adoption of the Act will create authority for the Village to locally enforce provisions of the Act regarding illegal sale, possession and consumption.
- **Taxation:** At the July 15 Committee of the Whole meeting, staff presented a preliminary review of municipal taxation of recreational cannabis sales as allowed under the Act. If the Village ultimately allows the sale of recreational cannabis products in the Village, staff recommends that the Village Board consider any municipal taxation structure in conjunction with formal approval of Zoning Code amendments, or shortly thereafter, before the Act's January 1, 2020 effective date. The Illinois Department of Revenue has noted that for local taxes to begin being collected on January 1, 2020, local tax ordinances would need to be adopted and filed with the state no later than October 1, 2019.
- **On-premises Consumption of Cannabis:** The Act allows municipalities to permit on-premises consumption of cannabis in "social use" spaces, which the Act's sponsors have indicated can be businesses that allow the consumption of recreational cannabis by adults. These spaces may be existing establishments that choose to allow consumption of cannabis (e.g. cafes, yoga studios, spas) or may be new establishments dedicated solely to social use of cannabis (similar to cigar lounges) provided that such establishments are excepted from the Smoke Free Illinois Act, which prohibits smoking tobacco in certain types of businesses. The law allows for dispensaries or other licensed cannabis businesses to offer on-premises consumption if permitted by local ordinance. Should the Village Board wish to consider allowing recreational cannabis in social use spaces, staff recommends that this discussion be deferred to a later date, potentially after the Act's January 1, 2020 effective date. Presently, there is very little regulatory guidance and industry information available about how on-premises consumption may be structured, including State public health regulations, best practices in facility/building code requirements, best practices in municipal permitting and inspection of on-premises consumption businesses and how the recreational cannabis industry will propose on-premises consumption. Therefore, staff recommends that if the Village Board wishes to consider allowing on-premises consumption, that such discussion take place in the future when additional regulatory and industry information is available to inform the discussion.
- **Regulation of Home Grow for Medical Patients:** The Act allows registered medical cannabis patients to home grow up to five cannabis plants per household. At the July 15 Committee of the Whole discussion, a question was raised regarding municipal regulation of home grow. Staff and the Village Attorney are researching if or how the State will regulate home grow for medical patients and whether municipalities will have authority to regulate home grow within the parameters of the Act. Staff will provide the findings of this research once complete. Since this research does not impact the Board's discussion regarding possible zoning regulations for the sale of recreational cannabis products, staff recommends that this discussion take place at a later date.

Zoning Considerations

In June, the Village Board approved a “red flag” resolution that directed the Zoning Commission to conduct a public hearing on potential amendments to the Zoning Code, related to the operation of recreational cannabis businesses. At the Board’s direction, staff prepared potential zoning regulations to permit the sale of recreational cannabis products within the Village for discussion at the September 12, 2019 Committee of the Whole meeting. While the Village Board will not take formal action on any potential regulations at that time, staff will request that the Village Board provide guidance to the Zoning Commission regarding potential Zoning Code amendments, which the Zoning Commission may begin considering as early as October. Once the Zoning Commission has conducted a public hearing on potential Zoning Code amendments, the Zoning Commission will make a formal recommendation to the Village Board with respect to potential Zoning Code amendments.

The Act provides all municipalities with broad local zoning authority related to recreational cannabis businesses, including the authority to regulate the hours of operation, location and types of cannabis businesses within a community. As such, staff has prepared a set of zoning issues for the Village Board’s consideration and direction, summarized below, along with potential alternatives that the Village Board may consider.

Types of Cannabis Businesses

At the July 15 Committee of the Whole meeting, the Board expressed interest in potentially allowing the operation of recreational cannabis dispensaries within the Village. Due to the non-industrial nature of the Village’s commercial districts, staff recommends that the Village Board consider allowing only dispensaries and classifying other types of cannabis businesses (including craft growers, transporters, processors, infusers and cultivation centers) as non-permitted uses.

Definition of “Dispensary”

The Village’s existing Zoning Code defines and allows medical cannabis dispensaries. In order to regulate medical and recreational cannabis dispensaries in a consistent manner, staff recommends creating a single definition of “dispensary” to include medical and recreational cannabis dispensaries. It is expected that all new dispensaries that will be licensed by the State going forward will serve both the recreational and medical markets.

Zoning Districts

The Act allows municipalities to determine which, if any, municipal zoning districts allow operation of recreational cannabis businesses.

Presently, the Village’s Zoning Code allows operation of medical cannabis dispensaries in the B-1 (downtown/Central Business District) and B-2 (Hubbard Woods Plaza shopping center) commercial districts. The Village Board expressed preliminary interest in allowing recreational cannabis dispensaries in the B-2 commercial district and the HF highway frontage commercial district (adjacent to the Edens Expressway). Presently, the Zoning Code does not allow medical cannabis dispensaries in the HF district.

Separation/Distance Requirements

The Act allows municipalities to establish minimum separation/distance requirements that prohibit recreational cannabis businesses from operating within a designated radius of specific land uses in the zoning district. In addition to any locally enacted distance requirements, the Act imposes a minimum separation of 1,500 feet between recreational cannabis dispensaries. The State law regulating medical

cannabis has been amended to remove setback requirements for medical cannabis dispensaries in relationship to sensitive uses; therefore, only locally adopted setback requirements and the Act's 1,500-foot separation requirement between dispensaries will apply to any dispensaries located in the Village.

Presently, the Village's Zoning Code includes a minimum distance setback of 1,000 feet between medical dispensaries and schools, day care centers and parks. The Village Board may wish to consider applying the existing medical cannabis dispensary setbacks to all dispensaries or amending the setbacks to increase or decrease the distance and/or the protected "sensitive" land uses. For example, the existing Zoning Code does not require a medical cannabis dispensary to maintain a setback from a religious institution; whereas some municipalities may include religious institutions in their setback requirements. Since setbacks from sensitive uses will be regulated solely by municipalities, municipalities also have the authority to determine whether a setback applies to sensitive uses within the municipality's corporate boundaries or sensitive uses in neighboring municipalities (for example, a municipality can determine whether a setback requirement of 1,000 feet from schools applies to only schools within the municipality or whether it also applies to schools outside of the corporate limits that are near municipal boundaries). Maps depicting setbacks of 250 feet, 500 feet, 750 feet and 1,000 feet from schools, day care centers and parks are included as Appendix 1.

Permitted Use or Special Use

The Act allows municipalities to determine whether recreational cannabis businesses will be allowed as either permitted uses or special uses within a zoning district. The Act also allows municipalities to cap the number of recreational cannabis-related special use permits that may be issued.

Permitted uses are land uses that are allowed within a zoning district by right, provided that the development complies with all other aspects of the Village Code and Zoning Code. Permitted uses do not require any additional zoning review, public hearing or special zoning permission to operate within the zoning district. Special uses are distinct in that they are considered generally compatible with other uses in the zoning district, but due to potential impacts on neighboring properties, they warrant an additional level of scrutiny and review. Special use permits provide the Village with the ability to conduct a preliminary review of the proposed use to determine whether it is compatible with other land uses in the zoning district and whether they will impose undue negative impacts on neighboring properties (e.g. noise, traffic or parking overflows).

Glencoe's special use process requires applicants (typically a developer or business owner) to apply for a special use permit. The Village's Zoning Commission conducts a public hearing on the application and makes a formal recommendation to the Village Board on whether the special use permit should be granted, denied or granted subject to specific conditions, which can include operational requirements for the proposed business. If the Village Board grants a special use, this action is done by ordinance and includes any additional, special operating requirements set forth by the Village Board. Once approved, special use permits are generally attached to the location of the special use and can be transferred to subsequent property owners.

Presently, the Village's Zoning Code allows operation of medical cannabis dispensaries as a permitted use in the B-1 and B-2 commercial districts. Special use permits are required in the B-1 and B-2 commercial districts for bank drive-thrus, gas stations, housing for seniors and handicapped persons, residential use below the second floor in the B-1 district, projecting signs and relief for buildings in the business districts that do not meet parking requirements set forth in the Village Code.

In the HF district, permitted uses are limited to open space, municipal buildings and uses, and car dealerships. Special use permits are required in the HF district for business, professional and administrative offices, as well as buildings and structures devoted to a Village use that do not meet certain requirements of the Zoning Code.

Staff and the Village Attorney believe that the special use permit process is appropriate for recreational cannabis uses given the uniqueness of recreational cannabis dispensaries. Since recreational cannabis dispensaries are a new land use in Illinois, the special use permit process provides the Plan Commission and the Village Board with the opportunity to review the suitability of a dispensary to operate in a specific location and whether any additional operating conditions are appropriate.

If the Village Board recommends that cannabis dispensaries require a special use permit, staff recommends that the Village Board also consider whether it desires to set a cap on the number of special use permits that may be issued for recreational cannabis businesses.

Hours of Operation

The Village may limit the hours of operation of recreational cannabis businesses as a component of the Zoning Code. The Act generally allows the operation of recreational cannabis businesses from 6 a.m. until 10 p.m.; however, the Village may impose more restrictive hours of operation. While the existing Zoning Code does not define the allowed hours of operation for medical cannabis dispensaries, the Village's liquor license code is an example of hours of operation restrictions imposed on certain types of businesses by the Village.

Parking Requirements

The Village's Zoning Code establishes parking requirements for various land uses in the B-1, B-2 and HF districts. The Village may implement parking requirements specific to recreational cannabis dispensaries in the Zoning Code. Since there is limited data available about recommended best practices for suburban dispensary parking regulations, staff recommends requiring dispensaries to abide by parking regulations applicable to retail businesses in each respective zoning district; however, if the Village Board opts to require dispensaries to obtain special use permits, parking requirements for an individual dispensary may be reviewed as part of the special use process.

Signage, Imagery and Advertising

If allowed to operate in the Village, recreational cannabis businesses would be subject to the Village's existing sign code regulations which limit the size, type, illumination and display of signage in the B-1, B-2 and HF zoning districts. The Village's sign code prohibits advertising signs, attention-getting signs (such as banners, flags or flashing lights), changeable message signs (except when accessory to a theater), animated or moving signs, portable signs (except when approved in conjunction with temporary uses), projecting signs (except when approved by special use permit) and roof signs. In addition to the sign code requirements, special uses may have additional sign regulations and requirements imposed.

The Act prohibits recreational cannabis advertising that includes the image of a cannabis leaf or bud and advertising includes any image designed or likely to appeal to minors (such as cartoons, toys, animals, children and other images, depictions or phrases designed to appeal to minors). The Act also prohibits advertising that depicts actual consumption of cannabis, consumption of cannabis by minors, promotes overconsumption of cannabis, false or misleading advertisement and claims of health, medicinal or

therapeutic claims about cannabis.

If the Village Board recommends requiring special use permits for cannabis dispensaries, signage requirements for an individual dispensary may be reviewed as part of the special use process.

Other Requirements

If the Village allows the operation of recreational cannabis dispensaries, the Village may consider creating other facility and/or operational requirements as part of the Zoning Code or special use permit. For example, requirements related to the use of security cameras on various parts of the premises, building/construction materials, requirements regarding operation in free-standing buildings or shared-wall buildings or other facility requirements may be reviewed as part of the special use process.

Facility Requirements

In addition to local building code requirements, the State imposes numerous regulations on the construction and operation of cannabis businesses, including dispensaries. A summary of the existing operational regulations that apply to medical dispensaries is attached hereto as Attachment 2. If the Village allows operation of recreational cannabis dispensaries, the location in which a dispensary may operate will be determined based on both the Village's Zoning Code requirements and facility requirements set forth in the Act. For example, if the Village's Zoning Code allows dispensaries in a certain zoning district, a dispensary business may only locate on a property if the physical structure complies with the Act, unless a prospective developer or business owner completes facility modifications to bring a structure into compliance with the Act.

Next Steps

At the September 12 Committee of the Whole meeting, staff requests that the Village Board consider potential zoning considerations to allow or prohibit the operation of recreational cannabis businesses in the Village. Should the Village Board reach concurrence on a set of zoning recommendations and direct the Zoning Commission to consider the issue, staff would then share the Board's recommendations with the Zoning Commission. The Zoning Commission would conduct a public hearing on any potential amendments to the Zoning Code, as early as October 7, and make formal recommendations to the Village Board regarding any Zoning Code amendments.

Should the Zoning Commission recommend amending the Zoning Code, such amendments will be brought to the Village Board for formal consideration later this fall. While it is not required that the Village amend its Zoning Code before January 1, 2020 when the Act becomes effective, recreational cannabis businesses may begin seeking the requisite State licenses beginning January 1, 2020. Staff and the Village Attorney will be present at the September 12 Committee of the Whole meeting to present information to the Village Board and respond to questions.

ATTACHMENTS:

1. Zoning District Separation/Distance Maps
2. Existing Regulations for Medical Cannabis Dispensaries

EXISTING REGULATIONS FOR MEDICAL CANNABIS DISPENSARIES

The state Departments of Agriculture (IDOA) and Financial and Professional Regulation (IDFPR) are in the process of drafting administrative regulations governing the various types of CBEs under their jurisdiction. Draft rules have not been released. However, municipalities can look to the state's existing rules governing medical cannabis facilities to understand the level of scrutiny CBEs will likely operate under. *Source: 68 ILL.ADMIN. 1290.300*

- **General Operating Requirements for Dispensaries**
 - A dispensary shall inspect and count product received from the cultivation center before dispensing it.
 - A dispensary may only accept medical cannabis deliveries into a restricted access area. Deliveries may not be accepted through the public or limited access areas unless otherwise approved by the Division.
 - A dispensary shall maintain compliance with State and local building, fire and zoning requirements or regulations.
 - A dispensary shall submit a list to the IDFPR of the names of all service professionals who will work at the dispensary. The list shall include a description of the type of business or service provided. Changes to the service professional list shall be promptly provided. No service professional shall work in the dispensary until the name is provided to the IDFPR on the service professional list.
 - A dispensary must keep all lighting outside and inside the dispensary in good working order and wattage sufficient for security cameras.
 - A dispensary shall not:
 - Produce or manufacture cannabis;
 - Allow consumption of cannabis at the dispensary;
 - Accept a cannabis product from a cultivation center unless it is pre-packaged and labeled in accordance with this Part, 8 Ill. Adm. Code 1000 and 77 Ill. Adm. Code 946;
 - Sell cannabis or cannabis-infused products to a consumer unless the individual presents an active registered qualifying patient, provisional patient, OAPP participant or designated caregiver card issued by DPH;
 - Operate a drive-through window;
 - Transport cannabis to residences of registered qualifying patients, provisional patients, OAPP participants or designated caregivers;
 - Operate a dispensary if its video surveillance equipment is inoperative;
 - Operate a dispensary if the point of sale equipment is inoperative;
 - Operate a dispensary if the State verification system or the Illinois Cannabis Tracking System is inoperative;
 - Have fewer than two people working at the dispensary at any time while the dispensary is open.

- Dispensary Access: No persons, except the following, are permitted entry into the restricted access areas in the dispensary:
 - Dispensary agents, the IDFPR or the IDFPR's authorized representative, ISP, or other federal or State officials performing duties as required by federal or State law;
 - Cultivation center agents with cultivation center agent identification cards may deliver medical cannabis to a dispensary;
 - Emergency personnel when necessary to perform official duties;
 - A dispensary may allow service professionals to enter when working on a job that requires their presence at the dispensary, such as installing or maintaining security devices or providing construction services; and
 - Any person, other than a dispensary agent, authorized to be at a dispensary pursuant to this subsection (a) and with access to the restricted access area must be accompanied at all times by a dispensary agent.
- Inventory: A dispensary agent-in-charge shall have primary oversight of the dispensary's State verification system, its point of sale system, and Illinois Cannabis Tracking System. The inventory point of sale system shall be real-time, web-based and accessible by the IDFPR 24 hours a day, seven days a week. The tracking system must track transactions, wholesale purchases from cultivation centers, disposal of cannabis and method of disposal.
- Storage: All cannabis must be stored in a restricted access area. Cannabis shall be sold in a sealed container.
- Security Requirements:
 - Dispensary must submit floor plans and security plan to ISP.
 - There must be a locked door or barrier between the facility entrance and limited access area.
 - During hours of operation, cannabis must be dispensed from the restricted access area. During operational hours, cannabis shall be stored in an enclosed locked room or cabinet.
 - When the dispensary is closed all cannabis and currency must be kept in a reinforced vault room in the restricted access area.
 - The reinforced vault room and any other equipment or cannabis storage areas must be kept securely locked and protected from unauthorized entry;
 - An electronic daily log of dispensary agents with access to the reinforced vault room and knowledge of the access code or combination must be kept;
 - All locks and security equipment must be kept in good working order;

- The security and alarm system shall be operational at all times.
- Prohibit keys, if applicable, from being left in the locks, or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibit accessibility of security measures, including combination numbers, passwords or electronic or biometric security systems to persons other than specifically authorized agents;
- Ensure the dispensary interior and exterior premises are sufficiently lit to facilitate surveillance;
- Ensure that trees, bushes and other foliage outside of the dispensary premises do not allow for a person or persons to conceal themselves from sight;
- Develop emergency policies and procedures for securing all product and currency following any instance of diversion, theft or loss of cannabis, and conduct an assessment to determine whether additional safeguards are necessary; and
- Develop sufficient additional safeguards in response to any special security concerns, or as required by the IDFP.
- ISP can request additional security measures as may be necessary.
- Security and Alarm: There must be an adequate security plan and security system to prevent and detect diversion, theft, or loss of cannabis. Security system must include a perimeter alarm on all entry points, glass break protection on perimeter windows, failure notification system, panic buttons directly connected to the local PSAP, and electronic locks on doors. The ISP shall have the ability to monitor all security and surveillance systems.
- Video Surveillance/Monitoring: Electronic video monitoring must include the following:
 - Unobstructed video surveillance of all enclosed dispensary areas, unless prohibited by law, including all points of entry and exit that shall be appropriate for the normal lighting conditions of the area under surveillance. The cameras shall be directed so all areas are captured, including, but not limited to, safes, vaults, sales areas and areas where cannabis is stored, handled, dispensed or destroyed.
 - Unobstructed video surveillance of outside areas, the storefront and the parking lot, that shall be appropriate for the normal lighting conditions of the area under surveillance. Cameras shall be angled so as to allow for the capture of facial recognition, clear and certain identification of any person entering or exiting the dispensary, the immediate surrounding area, and license plates of vehicles in the parking lot.
 - Twenty-four-hour recordings from all video cameras available for immediate viewing by the IDFP upon request. Recordings shall not be destroyed or altered and shall be retained for at least 90 days.

- All electronic video surveillance monitoring must record at least the equivalent of eight frames per second and be available to the IDFPR and ISP 24 hours a day in real-time via a secure web-based portal with reverse functionality.

Recreational Cannabis Legalization Zoning, Tax, and Regulations

Village of Glencoe
Committee of the Whole
September 12, 2019

Classes of Cannabis Business Establishments

- ▶ **Cultivation Center:** Large scale industrial growing facility licensed by Dept. of Agriculture. Completely enclosed. High utility demand. Odors can be a nuisance.
- ▶ **Craft Grower (NEW):** Smaller cultivation operation (5,000-14,000 sq ft). Can co-located with a dispensary or other licensed cannabis business.
- ▶ **Dispensary:** Retail business licensed by IDFPR to sell cannabis & cannabis derived products to persons over age of 21 and qualifying medical patients.
- ▶ **Processor (NEW):** A light industrial/manufacturing facility that extracts constituent chemicals or compounds to produce cannabis concentrate in a resin, oil, or other form. Sells products to both Dispensaries and Infusers.
- ▶ **Infuser (NEW):** Facility that produces cannabis-infused products (e.g. edibles, gummies, and lotions). Infusers are similar to commercial kitchens.
- ▶ **Other CBEs:**
 - ▶ Testing Facility: Facilities that will test cannabis for potency and contaminants must register with the Illinois Department of Agriculture.
 - ▶ Transporter: Trucking delivery companies that service cannabis business establishments.

Survey of Other Communities

Opting Out

- ▶ Naperville*
- ▶ La Grange Park
- ▶ Lincolnwood
- ▶ Bloomingdale
- ▶ Bolingbrook
- ▶ Frankfort
- ▶ Glenview
(currently drafting a ban)

Still Considering

- ▶ Northbrook
(preparing for a public hearing with drafted regulations to allow sales)
- ▶ Oswego
(preparing for a public hearing with drafted regulations to allow sales)
- ▶ Glencoe
(discussing at Board Level)
- ▶ Des Plaines
(referred to Planning and Zoning Board)
- ▶ Highland Park
(leaning towards “opt out”)
- ▶ Libertyville
(leaning towards “opt out”)
- ▶ Clarendon Hills
(leaning towards “opt out”)

Approved

- ▶ Skokie
(approved regulations on 9/3)
- ▶ Joliet*
(drafting regulations for public hearing, likely to approve)
- ▶ Chicago*
(likely to allow)

Other Communities

(Have had some Board input but are still assessing and seeking public input)

- ▶ Oak Park
- ▶ Tinley Park
- ▶ North Aurora*
- ▶ Buffalo Grove*
- ▶ Arlington Heights*
- ▶ Elburn
- ▶ St. Charles*

*Municipality currently has a medical dispensary

Regulations being considered

- ▶ **Skokie** (Approved at 9/3 Meeting)
 - ▶ Combines definitions of “Medical Cannabis Dispensaries” and “Recreational Cannabis Dispensaries” into one “Cannabis Dispensary” definition.
 - ▶ Dispensaries classified as permitted use in retail business districts
 - ▶ Separation requirement from schools, child care centers, parks, libraries, & rec centers
 - ▶ Prohibits on-premises consumption or in dispensary parking lots
 - ▶ Dispensaries only permitted in stand-alone buildings
 - ▶ Sets maximum limit on the number of retail licenses available at two (2)
- ▶ **Des Plaines** (City Council direction to Planning and Zoning Board at 9/3 Meeting)
 - ▶ Allow all classes of CBE’s
 - ▶ Classify as conditional uses
 - ▶ Numerical cap should be imposed and decided by City Council
 - ▶ Distance requirements should be applied on a case-by-case basis

Questions for Discussion

▶ Allow or prohibit CBEs in Village?

- ▶ If prohibit - Prohibit all classes or just retail dispensaries?
- ▶ If allow - Must determine appropriate zoning through public hearing process

▶ What districts?

- ▶ Distinguish between retail, non-retail commercial, and industrial uses

▶ Permitted vs. Special Use?

- ▶ Special use permits require public hearing and review by Plan Commission and adoption of ordinance by Village Board

▶ Impose a cap on the number of CBEs?

- ▶ Act allows Village to regulate the “time, place, manner, and number” of CBEs
- ▶ Can set maximum number of special uses that may be approved for each class of CBE

Questions for Discussion

▶ **Distance/Separation requirements?**

- ▶ Act requires 1,500 foot separation between dispensaries
- ▶ Medical Act requires 2,500 foot separation between cultivation centers and sensitive uses
- ▶ Village can adopt reasonable distance requirements from sensitive uses

▶ **Hours of Operation?**

- ▶ Act permits dispensaries to operate from 6 a.m. to 10 p.m.
- ▶ Village can impose stricter/narrower hours of operation

▶ **Parking?**

- ▶ Advise applying generally applicable parking standards for use type (retail, non-retail commercial, industrial)

▶ **Signage?**

- ▶ Act prohibits CBEs from using any image of cannabis leaf or bud, or image designed or likely to appeal to minors
- ▶ Sign/appearance review process?

Questions for Discussion

▶ **Security/Lighting**

- ▶ Extensive state regulations for medical dispensaries
 - ▶ All product must be stored in restricted access areas with vaults/safes
 - ▶ All loading and unloading must be done in restricted access area
 - ▶ All portions of interior/exterior of premises must be viewable by surveillance system
 - ▶ ISP and IDFPR have access at any time to security and surveillance systems
- ▶ Village can request copies of all plans and documentation submitted to the state as part of special use application

▶ **On-Premises Consumption/Social Use**

- ▶ Completely within local authority to prohibit, allow, or allow with strict regulations
- ▶ Accessory to a cannabis business establishment or “BYOC”
- ▶ Few communities have decided to adopt

▶ **Impose a local retailers’ occupation tax?**