



**DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES**

*Planning Division*

m e m o r a n d u m

**TO:** The Urbana Plan Commission  
**FROM:** Kevin Garcia, AICP, Planner II  
**DATE:** September 13, 2019  
**SUBJECT:** Plan Case 2358- T-19: An application by the Urbana Zoning Administrator to amend the Urbana Zoning Ordinance to add definitions and regulations for recreational cannabis.

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**Introduction**

The Zoning Administrator requests an amendment to Articles II and V of the Zoning Ordinance to add definitions and establish use provisions for non-medical, adult use cannabis businesses. The proposed amendment would add definitions to Article II; add non-medical cannabis uses to Table V-1, Table of Uses; and amend Section V-13, Regulation of Medical Cannabis Uses.

On June 25, 2019, Governor Pritzker signed the Cannabis Regulation and Tax Act (410 ILCS 705/) into law, making Illinois the 11<sup>th</sup> state to legalize non-medical, adult use cannabis and the first to do so by the legislative process, rather than through a ballot initiative. The Act will take effect on January 1, 2020, making it legal for all adults 21 and older to possess and consume cannabis for nonmedicinal purposes. The Act established regulations for the cultivation, processing, distribution, and use of cannabis, adds taxing provisions, and includes social equity components that are generally lacking in other states that have legalized non-medical, adult use cannabis.

On September 3, the City Council passed a three percent Municipal Cannabis Retailers’ Occupation Tax.

Since non-medical, adult use cannabis will not be legal in Illinois until January 1, 2020, there are no definitions or use regulations in the Zoning Ordinance governing adult use cannabis businesses. The Zoning Administrator requests this text amendment to establish guidelines for such uses. The proposal would add regulations to allow non-medical cannabis uses as permitted or conditional uses in some business, industrial, and agricultural districts.<sup>1</sup>

The Plan Commission should review the proposed Zoning Ordinance text amendment and make a recommendation for City Council to adopt or deny the proposed changes. The Urbana City Council will make the final decision regarding which districts and under what circumstances non-medical cannabis uses should be allowed in the City.

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<sup>1</sup> While the Act allows local governments to regulate “on-premise consumption” (e.g., cannabis smoking lounges), the proposal does not include regulations for such uses. The State is expected to release guidance to help clarify how on-premise consumption may be regulated. At that time, the City of Urbana may choose to address the issue.

## Background

On June 25, 2019, Governor Pritzker signed the Cannabis Regulation and Tax Act (410 ILCS 705/) (“the Act”), making it legal for adults 21 and older to purchase, possess, and consume cannabis for nonmedicinal purposes. In addition, the Act regulates how cannabis may be cultivated, transported, processed, and sold, and restricts the number of dispensing businesses that will be allowed in each region of the state. The Act prohibits consumption of cannabis in public places, in motor vehicles, on school grounds, and near people under the age of 21, and prohibits smoking of cannabis in any place where smoking is prohibited under the Smoke Free Illinois Act.<sup>1</sup>

The Act grants local governments the authority to adopt reasonable zoning controls to regulate...

“...the time, place, manner, and number of cannabis business establishment operations, including minimum distance limitations between cannabis business establishments and locations it deems sensitive, including colleges and universities, through the use of conditional use permits.”<sup>2</sup>

Any regulations that a local government enacts cannot be more strict than the Act allows. For instance, dispensaries may operate between 6:00 AM and 10:00 PM. A local government could not further restrict the operating hours to, say, 8:00 AM to 8:00 PM.

Regarding distance limitations, the Act provides the following minimum distance requirements for cannabis businesses:

- No dispensary shall be located on a parcel whose property line is within 1,500 feet of the property line of a pre-existing dispensary.
- No craft grower shall be located on a parcel whose property line is within 1,500 feet of the property line of another craft grower or cultivation center.

On September 3, 2019, the Urbana City Council passed Ord. No. 2019-08-047, which established a three percent Municipal Cannabis Retailers’ Occupation Tax. The tax would apply to all non-medical cannabis sales in Urbana. The proposed text amendment is a necessary step to identify where cannabis businesses may locate.

## Discussion

There are no specific use regulations for non-medical cannabis cultivation, processing, transportation, or sale in Urbana, since these are all new business types in Illinois. These uses should be defined in Article II and their locations regulated in Article V of the Zoning Ordinance.

The State defines six types of cannabis business: craft growers, cultivation centers, dispensaries, infusers, processors, and transporters. Each is described below. *For complete definitions, see Exhibit A.*

- Craft growers are small-scale growing facilities (up to 5,000 sq.ft.<sup>3</sup>) that can grow, process, and package cannabis for sale at dispensaries or to processors. They may share also premises with dispensaries or processors (or both).

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<sup>1</sup> Cannabis consumption is not limited to smoking, hence the specific reference to prohibiting smoking.

<sup>2</sup> Cannabis Regulation and Tax Act (410 ILCS 705/55-25 – Local Ordinances).

<sup>3</sup> Craft growers may increase their growing area up to 14,000 sq. ft., in increments of 3,000 sq. ft., based on market need, craft grower capacity, and the licensee's history.

- Cultivation centers are larger-scale growing facilities (up to 210,000 sq.ft. of “canopy space”) that can grow, process, and transport cannabis to other cannabis businesses.
- Dispensaries sell cannabis, cannabis-infused products, cannabis seeds, and paraphernalia.
- Infusers make cannabis-infused products like oils, tinctures, food, and beverages.
- Processors extract chemicals or compounds from cannabis to produce cannabis concentrate or cannabis products.
- Transporters transport cannabis for other cannabis businesses.<sup>1</sup>

In Article II, the proposed amendment adds a general definition, “Cannabis business,” which lists each type of cannabis business permitted by the State and refers to the Act for specific definitions. This “incorporation by reference” is preferable to defining each use separately, primarily because it ensures that Urbana’s Zoning Ordinance will always be consistent with the State statute. If the State changes the definition for any cannabis business, the Zoning Ordinance will automatically reflect the change. This will save time and effort since future text amendments will not be required if the State simply changes their definitions. Having a general definition is also more efficient: one definition is preferable to six.

In Article V, the proposed amendment adds distance requirements that mirror the requirements found in the Act. While the Zoning Ordinance could simply refer to the Act (as is proposed for definitions), in this case the day-to-day use and administration of the ordinance will be easier if the distance requirements are explicitly stated, even if that means in the future the ordinance may need to be changed if the State changes the Act.

The specific zoning districts that are proposed for each cannabis business are presented below, in the “Proposed Changes” section. In general, dispensaries, craft growers, and infusers are proposed as permitted uses in the more intense business zones and industrial zones, and cultivation centers, processors, and transporters are proposed as permitted uses in industrial zones.

## **Comprehensive Plan**

The following goals and objectives of the 2005 Urbana Comprehensive Plan relate to this case:

### **Goal 24.0 Enhance Urbana’s commercial areas.**

- 24.1 Use a variety of economic development tools to improve and redevelop Urbana’s existing commercial areas.

### **Goal 28.0 Develop a diversified and broad, stable tax base.**

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<sup>1</sup> In less-densely populated areas, like Champaign-Urbana, cannabis businesses can transport their products up to 15 miles, which will likely reduce the need for transporter businesses in the area.

- 28.3 Promote an expanded tax base through aggressive marketing and development efforts aimed at attracting new business, retaining and expanding existing business, and annexation.

**Goal 32.0 Promote new and expanded business opportunities.**

The proposed text amendment would help accomplish these goals and objectives in several ways. This amendment would allow an entirely new job- and tax-generating industry to be established in Urbana. On September 3, 2019, the City Council passed a three percent Municipal Cannabis Retailers' Occupation Tax<sup>1</sup>, a tax on retail cannabis sales, which the Finance Department estimates would generate between \$275,000 and \$550,000 per year in tax revenue for the City of Urbana. In addition to the taxes generated from cannabis sales, cannabis businesses could help to fill vacant storefronts and vacant lots, and the businesses will provide jobs. There should also be some property tax benefits that occur once cannabis businesses are established.

**Proposed Text Changes**

The proposed changes are listed below, using a strikethrough and underline notation system. A strikethrough is used to indicate ~~deleted language~~, while an underline is used to indicate added language. Commentary on the proposed changes follow each proposed change and is listed *in italics*.

**Section II-3. Definitions**

*Cannabis Business: A craft grower, cultivation center, dispensary, infuser, processor or transporter, as defined by the Cannabis Regulation and Tax Act, 410 ILCS 705/ 1-1 et seq., as amended.*

*This change would add a definition to include all Cannabis Businesses. The definition refers to specific business types defined in the Cannabis Regulation and Tax Act (410 ILCS 705/). See Exhibit X for full definitions of each of these business types.*

**Section V-13. Regulation of ~~Medical~~ Cannabis Uses**

*The title of this section should be changed so the section can include all cannabis uses.*

- A. ~~Medical cannabis uses listed as permitted in Table V-1 shall only be permitted as provided herein so that these uses will not unduly interfere with or adversely affect the public health, safety, comfort, adjacent land uses, property values, or general welfare of the community.~~

*This paragraph was added to the Zoning Ordinance in the text amendment that added medical cannabis uses to the Zoning Ordinance. It was copied from the opening paragraph in the "Adult Entertainment Uses" section of the Zoning Ordinance. However, nothing to date suggests that medical cannabis affects public health, safety, comfort, adjacent land uses, property values, or general welfare of the community, so this paragraph serves no real purpose.*

- A. Medical cannabis uses shall only be allowed in locations that are consistent with the Compassionate Use of Medical Cannabis ~~Pilot~~ Program Act (410 ILCS 130/1 et seq., as amended):

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<sup>1</sup> Ord. No. 2019-08-047.

1. No medical cannabis cultivation center shall be located or established in a building or structure within 2,500 feet of the property line of a pre-existing public or private preschool or elementary school or secondary school or day care center, day care home, group day care home, part day child care facility, or on any lot in an R-1, R-2, R-3, R-4, R-5, R-6, R-6B, R-7, B-3U or MOR Zoning District. State law reference ~~(410 ILCS 130/105(c).)~~
2. No medical cannabis dispensary shall be located or established in a building or structure within 1,000 feet of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, or part day child care facility, or in a house, apartment, or condominium, or on any lot in an R-1, R-2, R-3, R-4, R-5, R-6, R-6B, R-7, B-3U or MOR Zoning District. State law reference ~~(410 ILCS 130/130(d).)~~

*On August 9, 2019, Public Act 101-0363 took effect, deleting the word "Pilot" from the name of the Compassionate Use of Medical Cannabis Program Act. This change reflects that, and cleans up references to State law.*

**B. Cannabis business uses shall only be allowed in locations that are consistent with the Cannabis Regulation and Tax Act, 410 ILCS 705/ 1-1 et seq., as amended:**

1. No dispensary shall be located on a parcel whose property line is within 1,500 feet of the property line of a pre-existing dispensary. State law references 410 ILCS 705/15-20(b); 410 ILCS 705/15-70(n)(15).
2. No craft grower shall be located on a parcel whose property line is within 1,500 feet of the property line of another craft grower or cultivation center. State law reference 410 ILCS 705/30-30(o).

*These proposed distance requirements mirror the requirements in the Act. If the distances in the Act ever change, this section will most likely need to be updated. It is best to explicitly include these distances in the Zoning Ordinance, however, rather than refer to the Act, as the distance requirements are difficult to find within the Act.*

**Table V-1. Table of Uses**

Principal Uses	R-1	R-2	R-3	R-4	R-5	R-6	R-6B	R-7	AG	B-1	B-2	B-3	B-3U	B-4	B-4E	CCD	CRE	MOR	IN-1	IN-2	
<u>Cannabis Business</u>																					
<u>Craft Grower</u>													P	P	P	P				P	P
<u>Cultivation Center (Non-Dispensary (Non-Medical))</u>									C											P	P
<u>Infuser</u>													P	P*	P*	P				P	P
<u>Processor</u>																				P	P
<u>Transporter</u>																				P	P
<u>Medical Cannabis</u>																					
<u>Medical Cannabis Cultivation</u>									C											S	P
<u>Medical Cannabis Dispensary</u>													P		P					P	

*\*Use permitted by Right when the gross square footage of the use is 3,500 square feet or less per floor, and by Conditional Use when the gross square footage is greater than 3,500 square feet per floor.*

*Note: Changes are not being proposed for medical cannabis uses except to consolidate them under a “Medical Cannabis” heading in the use table.*

*Craft Growers are proposed as by right uses in the higher business zones and industrial zones. Since craft growers can share premises with dispensaries or processors, the allowed districts overlap with the zones proposed for those uses.*

*Cultivation Centers are proposed as by right uses in industrial zones and with a conditional use permit in agricultural districts. Cultivation centers are usually indoor facilities that are more industrial than agricultural in nature, so in the AG – Agriculture district, a conditional use permit will help ensure they are compatible with surrounding uses.*

*Dispensaries are proposed as by right uses in the higher business zones and the light industrial zone. They are essentially retail uses.*

*Infusers are proposed as by right uses in B-3, General Business and B-4E, Central Business-Expansion, and industrial zones. Smaller infusers (less than 3,500 square feet per floor) are proposed as by right uses in the B-3U, General Business-University and B-4, Central Business districts, and as conditional uses in those same districts. This would allow, for example, a small cannabis bakery downtown by right, while a larger, more industrial-type operation would require a conditional use permit.*

*Processors and Transporters are proposed as by right uses in industrial districts only.*

## **Summary of Staff Findings**

1. The Zoning Administrator proposes a text amendment to the Zoning Ordinance to add definitions and establish use provisions for non-medical, adult use cannabis businesses.
2. Adult use cannabis will be legal in Illinois on January 1, 2020 and its use is regulated by the provisions of the Cannabis Regulation and Tax Act (410 ILCS 705/) (“the Act”). The Act also regulates where and how adult use cannabis businesses can operate.
3. The proposed amendment will modify Articles II and V of the Urbana Zoning Ordinance to define and allow cannabis businesses in limited districts.
4. The proposed amendment would prohibit dispensaries from being located on a parcel whose property line is within 1,500 feet of the property line of a pre-existing dispensary.
5. The proposed amendment would prohibit craft growers from being located on a parcel whose property line is within 1,500 feet of the property line of another craft grower or cultivation center.
6. The proposed amendment would allow Craft Growers in the B-3, General Business; B-3U, General Business-University; B-4, Central Business; B-4E, Central Business-Expansion; IN-1, Light Industrial/Office; and IN-2, Heavy Industrial zoning districts.
7. The proposed amendment would allow Cultivation Centers in the IN-1, Light Industrial/Office and IN-2, Heavy Industrial zoning districts, and as a conditional use in the AG-Agriculture zoning district.
8. The proposed amendment would allow Dispensaries in the B-3, General Business; B-3U, General Business-University; B-4, Central Business; B-4E, Central Business-Expansion; and IN-1, Light Industrial/Office zoning districts.
9. The proposed amendment would allow Infusers in the B-3, General Business; B-4E, Central Business-Expansion; IN-1, Light Industrial/Office; and IN-2, Heavy Industrial zoning

districts, and as a conditional use in the B-3U, General Business-University and B-4, Central Business zoning districts.

10. The proposed amendment would allow Processors in the IN-1, Light Industrial/Office and IN-2, Heavy Industrial zoning districts.
11. The proposed amendment would allow Transporters in the IN-1, Light Industrial/Office and IN-2, Heavy Industrial zoning districts.
12. The proposed amendment is consistent with the goals and objectives of the 2005 Urbana Comprehensive Plan to enhance Urbana's commercial areas, develop a diversified and broad, stable tax base, and promote new and expanded business opportunities.
13. The proposed amendment conforms to notification and other requirements for the Zoning Ordinances as required by the State Zoning Act (65 ILCS 5/11-13-14).

## Options

The Plan Commission has the following options for recommendations to the City Council regarding Plan Case 2285-T-19:

1. Recommend approval of the text amendment as presented herein;
2. Recommend approval of the text amendment as modified by specific suggested changes; or
3. Recommend disapproval of the text amendment.

## Staff Recommendation

Based on the evidence presented in the discussion above, and without the benefit of considering additional evidence that may be presented at the public hearing, staff recommends that the Plan Commission make a recommendation to City Council to **APPROVE** the proposed text amendment as presented herein.

Attachments:

- Exhibit A: Cannabis Business Definitions
- Exhibit B: Local Zoning Authority
- Exhibit C: Illinois Municipal League Adult-Use Cannabis Fact Sheet
- Exhibit D: Municipal Cannabis Retailers' Occupation Tax (Ord. No. 2019-08-047)
- Exhibit E: Map – Proposed locations for Craft Growers
- Exhibit F: Map – Proposed locations for Cultivation Centers
- Exhibit G: Map – Proposed locations for Dispensaries
- Exhibit H: Map – Proposed locations for Infusers
- Exhibit I: Map – Proposed locations for Processors and Transporters

– Exhibit A –

**Cannabis Business Definitions from the  
Cannabis Regulation and Tax Act**

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

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

**"Dispensary"** means a facility operated by a dispensing organization at which activities licensed by this Act may occur.

**"Dispensing organization"** means a facility operated by an organization or business that is licensed by the 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 this Act to purchasers or to qualified registered medical cannabis patients and caregivers. As used in this Act, dispensary organization shall include a registered medical cannabis organization as defined in the Compassionate Use of Medical Cannabis Pilot Program Act or its successor Act that has obtained an Early Approval Adult Use Dispensing Organization License.

**"Infuser"** means a facility operated by an organization or business that is licensed by the Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product. "Cannabis-infused product" means a beverage, food, oil, ointment, tincture, topical formulation, or another product containing cannabis that is not intended to be smoked.

**"Processor"** means a facility operated by an organization or business that is licensed by the 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.

**"Transporter"** means an organization or business that is licensed by the Department of Agriculture to transport cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program.

– Exhibit B –

## Local Zoning Authority from the Cannabis Regulation and Tax Act

Sec. 55-25. Local ordinances. Unless otherwise provided under this Act or otherwise in accordance with State law:

(1) A unit of local government, including a home rule unit or any non-home rule county within the unincorporated territory of the county, may enact reasonable zoning ordinances or resolutions, not in conflict with this Act or rules adopted pursuant to this Act, regulating cannabis business establishments. No unit of local government, including a home rule unit or any non-home rule county within the unincorporated territory of the county, may prohibit home cultivation or unreasonably prohibit use of cannabis authorized by this Act.

(2) A unit of local government, including a home rule unit or any non-home rule county within the unincorporated territory of the county, may enact ordinances or rules not in conflict with this Act or with rules adopted pursuant to this Act governing the time, place, manner, and number of cannabis business establishment operations, including minimum distance limitations between cannabis business establishments and locations it deems sensitive, including colleges and universities, through the use of conditional use permits. A unit of local government, including a home rule unit, may establish civil penalties for violation of an ordinance or rules governing the time, place, and manner of operation of a cannabis business establishment or a conditional use permit in the jurisdiction of the unit of local government. No unit of local government, including a home rule unit or non-home rule county within an unincorporated territory of the county, may unreasonably restrict the time, place, manner, and number of cannabis business establishment operations authorized by this Act.

(3) A unit of local government, including a home rule unit, or any non-home rule county within the unincorporated territory of the county may regulate the on-premises consumption of cannabis at or in a cannabis business establishment within its jurisdiction in a manner consistent with this Act. A cannabis business establishment or other entity authorized or permitted by a unit of local government to allow on-site consumption shall not be deemed a public place within the meaning of the Smoke Free Illinois Act.

(4) A unit of local government, including a home rule unit or any non-home rule county within the unincorporated territory of the county, may not regulate the activities described in paragraph (1), (2), or (3) in a manner more restrictive than the regulation of those activities by the State under this Act. This Section is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule units of powers and functions exercised by the State.

(5) A unit of local government, including a home rule unit or any non-home rule county within the unincorporated territory of the county, may enact ordinances to prohibit or significantly limit a cannabis business establishment's location.

(Source: P.A. 101-27, eff. 6-25-19.)

# FACT SHEET

## Adult-Use Cannabis

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

7/15/19

### LOCAL REGULATION OF CONSUMPTION

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

### HOME GROW LIMITED TO MEDICAL PROGRAM PARTICIPANTS

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



### ZONING

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

### BUSINESS REGULATION

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



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



### SMOKE FREE ILLINOIS ACT

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

### EMPLOYER PROVISIONS

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

### STATE LICENSING

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

### GRANTS AND INVESTMENT

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

### SOCIAL EQUITY

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

### DECRIMINALIZATION AND EXPUNGEMENTS

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

### STATE REVENUE

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



**ORDINANCE NO. 2019-08-047**

**AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER 22 BY  
ADDING ARTICLE II, SECTIONS 22-16 THROUGH 22-19**

**(Municipal Cannabis Retailers' Occupation Tax)**

**WHEREAS**, the City of Urbana, Illinois (the "City") is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, 5 ILCS 220/1 *et seq.*, and may exercise any power and perform any function pertaining to its government and affairs, including the power to regulate for the protection of the public health, safety, and welfare; and

**WHEREAS**, on June 25, 2019, the Illinois Governor signed into law the Cannabis Regulation and Tax Act (Public Act 101-0027; 410 ILCS 705/1-1 *et seq.*) (the "Act"); and

**WHEREAS**, the Act legalizes the sale by a state-issued licensed dispensing organization and the personal consumption and possession of cannabis in certain quantities by persons age of 21 years or older as more fully provided for in the Act; and

**WHEREAS**, the Act allows municipalities such as the City to regulate the retail sale of cannabis for personal consumption and possession of cannabis in certain quantities so long as such regulations are not inconsistent with the Act; and

**WHEREAS**, the Act permits the City to impose a municipal cannabis retailers' occupation tax on the sale of cannabis for personal consumption and possession with such tax not to exceed three percent (3%) of the purchase price; and

**WHEREAS**, the Act requires the City to amend certain of its Ordinances including those pertaining to the possession of cannabis and cannabis and drug paraphernalia; and

**WHEREAS**, this Ordinance amends certain sections of the Urbana City Code as provided in the Exhibit appended hereto and incorporated herein.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Urbana, Illinois as follows:

**Section 1.** Urbana City Code Chapter 22, "Taxation" shall be and hereby is amended by adding a new ARTICLE II, "HOME RULE MUNICIPAL RETAILERS' OCCUPATION TAX ON CANNABIS SALES, Sections 22-16 to 22-29 as follows:

UCC CHAPTER 22. – TAXATION

ARTICLE II. – MUNICIPAL CANNABIS RETAILERS' OCCUPATION TAX

Sec. 22-16. – Imposition of Municipal Cannabis Retailer's Occupation Tax.

A tax is hereby imposed upon all persons engaged in the business of selling cannabis or cannabis-infused products, other than cannabis sold pursuant to a legally issued prescription pursuant to the Compassionate Use of Medical Cannabis Program Act, at retail within the city at the rate of 3% of the gross receipts from these sales made in the course of that business with this tax being imposed in accordance with the provisions of Sections 8-11-22, of the Illinois Municipal Code (65 ILCS 5/8-11-22). The tax shall also be imposed upon the sale of any food and/or beverage for human consumption where such food and/or beverage is infused with cannabis as defined in 410 ILCS 705/65-5.

Sec. 22-17. Collection and enforcement.

The tax imposed by this article, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. Such Department of Revenue shall have full power to administer and enforce the provisions of this article. Any tax required to be collected pursuant to or as authorized by section 22-16 of this article and any such tax collected by such retailer and required to be remitted to such Department of Revenue shall constitute a debt owed by the retailer to the State of Illinois. Retailers may reimburse themselves for their seller's tax liability hereunder by separately stating that tax as an additional charge, which charge may be stated in combination, in a single amount, with any State tax that sellers are required to collect as provided in 65 ILCS 5/8-11-22.

Sec. 22-18. – Severability.

If any provision of section 22-16 of this article, or the application of any provision of the said section, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable, unless otherwise provided by this article.

Sec. 22-19. – Effective date.

Exhibit D - Municipal Cannabis Retailers' Occupancy Tax

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

Secs. 22-20–22.29. – Reserved.

**Section 2.** This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

**Section 3.** The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities. Further, the City Clerk shall cause a certified copy of this Ordinance to be filed with the Illinois Department of Revenue by no later than September 30, 2019.

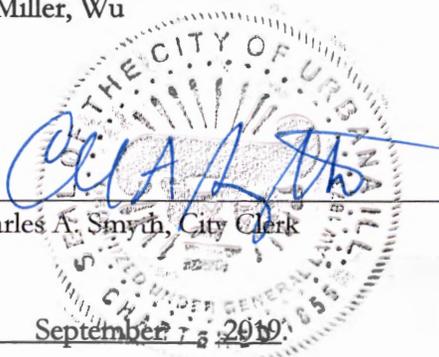
This Ordinance is hereby passed by the affirmative vote, the “ayes” and “nays” being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

**PASSED BY THE CITY COUNCIL** this 3<sup>rd</sup> day of September, 2019.

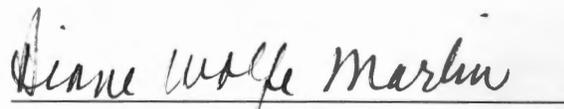
AYES: Brown, Hazen, Hursey, Jakobsson, Miller, Wu

NAYS:

ABSTENTIONS:

  
\_\_\_\_\_  
Charles A. Smyth, City Clerk

**APPROVED BY THE MAYOR** this 4<sup>th</sup> day of September, 2019.

  
\_\_\_\_\_  
Diane Wolfe Marlin, Mayor



## CERTIFICATE OF PUBLICATION IN PAMPHLET FORM



I, Charles A. Smyth, certify that I am the duly elected and acting Municipal Clerk of the City of Urbana, Champaign County, Illinois. I certify that on the 3<sup>rd</sup> day of September 2019 the City Council of the City of Urbana passed and approved Ordinance No. 2019-08-047, entitled:

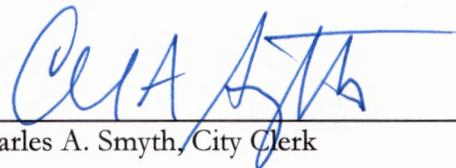
**AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER 22 BY  
ADDING ARTICLE II, SECTIONS 22-16 THROUGH 22-19 (MUNICIPAL CANNABIS  
RETAILERS' OCCUPATION TAX)**

which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 2019-08-047 was prepared, and a copy of such Ordinance was posted in the Urbana City Building commencing on the 5<sup>th</sup> day of September 2019, and continuing for at least ten (10) days thereafter. Copies of such Ordinance were also available for public inspection upon request at the Office of the City Clerk.

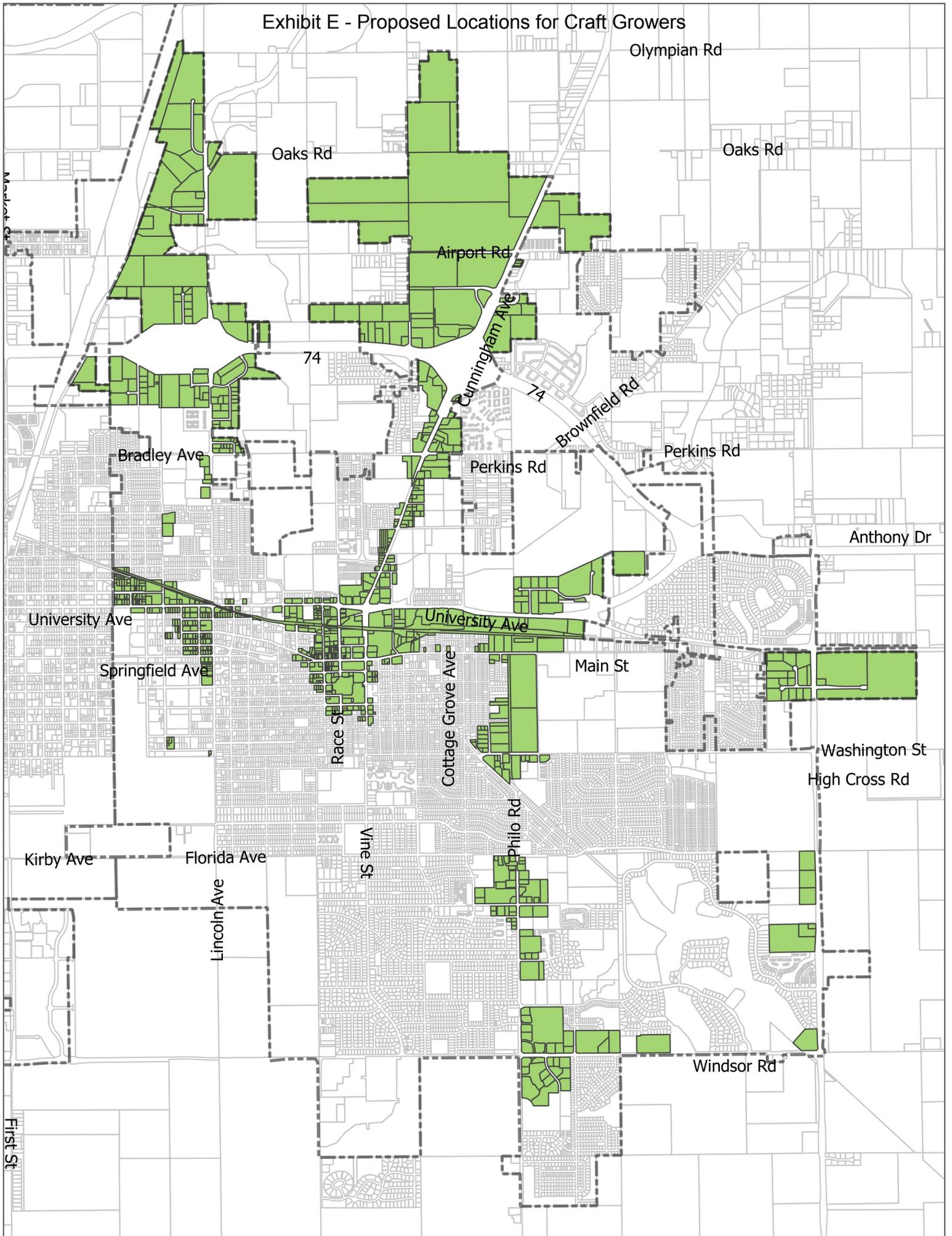
Dated at Urbana, Illinois, this 5<sup>th</sup> day of September, 2019.



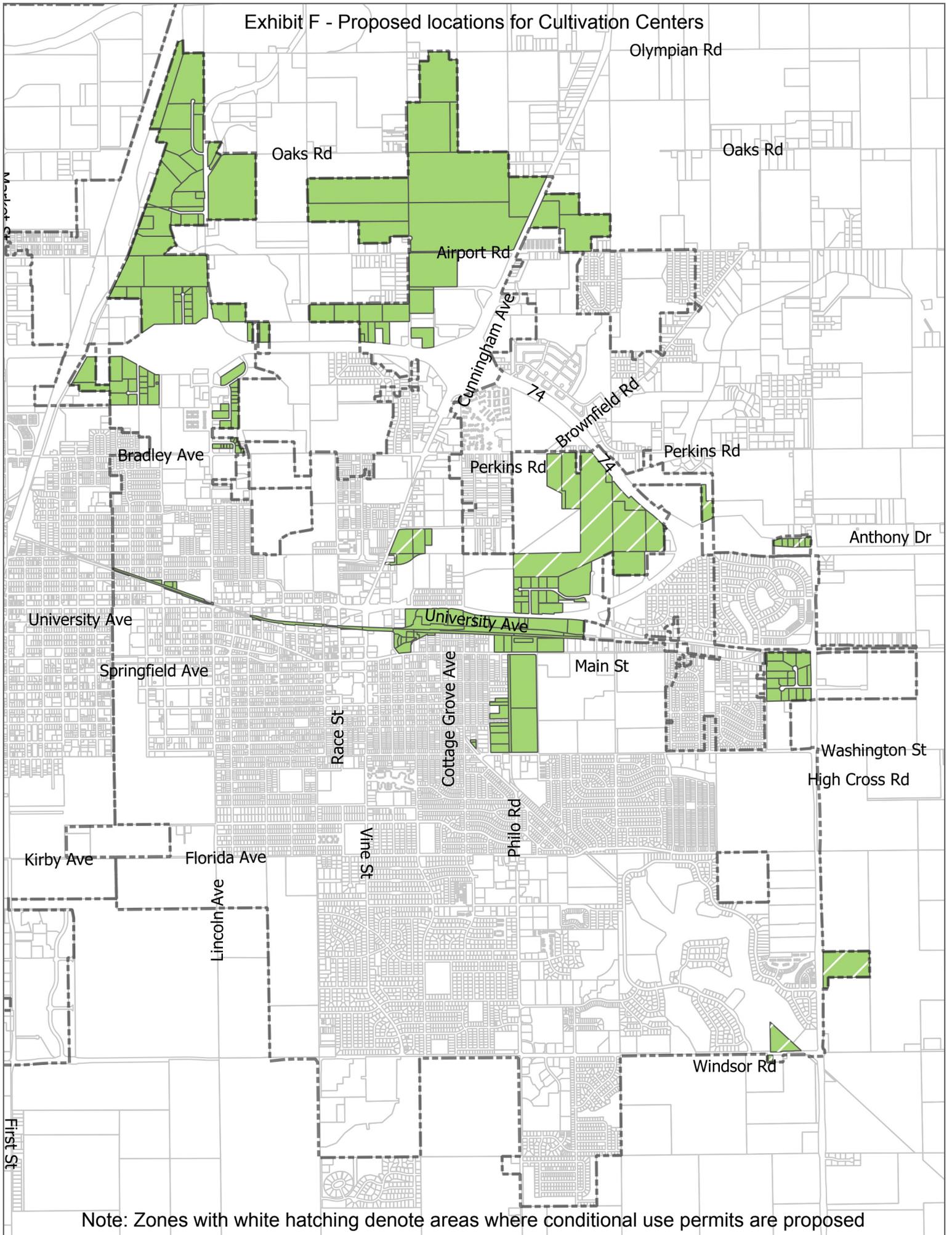


Charles A. Smyth, City Clerk

# Exhibit E - Proposed Locations for Craft Growers

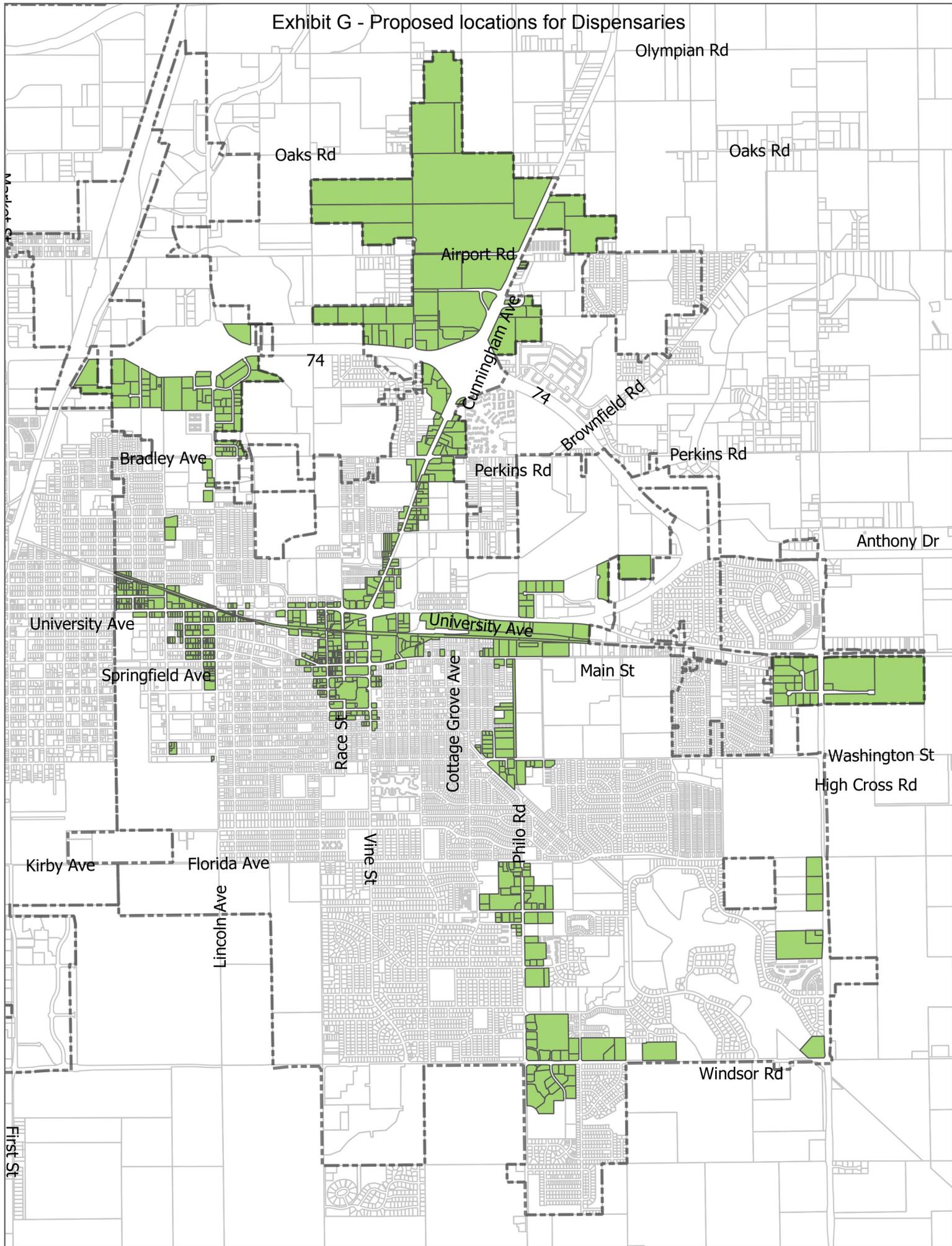


# Exhibit F - Proposed locations for Cultivation Centers

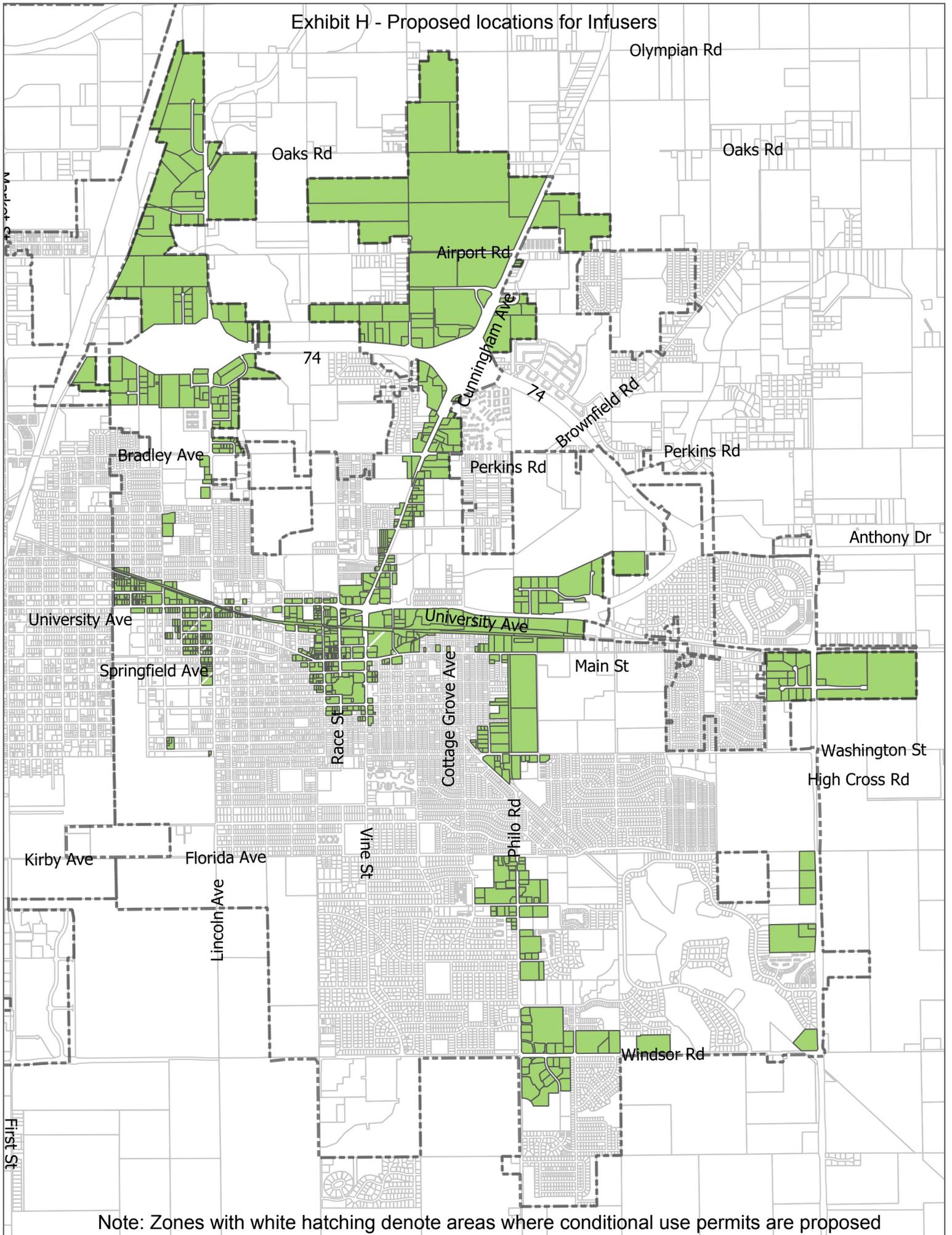


Note: Zones with white hatching denote areas where conditional use permits are proposed

# Exhibit G - Proposed locations for Dispensaries



# Exhibit H - Proposed locations for Infusers



Note: Zones with white hatching denote areas where conditional use permits are proposed

Exhibit I – Proposed locations for Processors and Transporters

