



<b>Meeting Date:</b>	July 11, 2022
<b>Submitter:</b>	Tony Budzikowski, AICP, Community & Economic Development Director
<b>Department:</b>	Community & Economic Development
<b>Agenda Item:</b>	Adult-Use Recreational Cannabis - Discussion

**Summary:** Staff was asked to revisit the topic of adult-use recreational cannabis as a permitted or special use in the City of Crest Hill (“City”). This discussion is being reconsidered because of potential sales tax revenue and also because it has become somewhat more mainstream in the last several years and warrants another look. Staff has conducted some initial due diligence on this subject matter and is providing the following information for review and reference purposes.

Zoning

- The City adopted Ordinance No. 1645 on October 7, 2013 to permit and allow Medical Cannabis Dispensing Facilities as a special use permit in the B-3 District. Ordinance No. 1645 also included Medical Cannabis Cultivation Centers as a special use permit in the M-1 District.
- No Medical Cannabis Dispensing Facilities or Medical Cannabis Cultivation Centers have been approved, licensed or are in operation in the City at this time.
- A policy change to permit and allow an adult-use recreational cannabis dispensary will require that a text amendment be processed for a special use permit in either a commercial/business district, industrial/manufacturing district or possibly both if the City Council deems appropriate.
- Any newly adopted zoning regulations should also include distance requirements from residential homes, libraries, schools, daycares, pre-schools and other cannabis dispensaries.

Ancillary Issues

- Initial dispensary openings in neighboring communities have generated more customer traffic due to the novelty in a new location. This depends on the business location and proximity to other dispensaries in the area.
- Off-street parking and traffic monitoring should occur at the specified location to ensure public safety. In 2020, some dispensary locations needed to provide shuttle service to off-site parking lots to accommodate customers.
- Anticipated issues such as police service calls, criminal activities or other similar complaints have not been shown to be evident in neighboring communities that have licensed dispensaries.

### Local Revenue from a Cannabis Tax

- Adult use cannabis is subject to the 6.25% State Retailer's Occupation Tax as well as local retailers' occupation taxes in the same manner as other general merchandise. Counties and municipalities may impose, by ordinance, a local retailer's occupation tax on the gross receipts from sales of adult use cannabis. The rate imposed under the Municipal Cannabis Retailers' Occupation Tax may not exceed 3%.
- In review of the FY 2022-2023 budgets for Naperville, Romeoville, Buffalo Grove, Homewood and Oakbrook Terrace, the annual revenue projected for a single adult use cannabis license in any one of these communities was not less than \$400,000. Naperville's projected annual revenue for two (2) such licenses was \$1,120,000 total.

### Licensed Dispensaries

- The Illinois Department of Financial and Professional Regulation ("IDFPR") website identifies that 111 cannabis dispensary licenses have been issued in Illinois.
- 55 of these licensed dispensaries serve medical patients.
- Local communities in close proximity to Crest Hill that have adult use cannabis licenses issued by IDFPR include Joliet (Rise), Romeoville (Verilife) and Mokena (Curaleaf).

The topic of adult use recreational cannabis dispensaries is being raised again to determine if the City Council would like to revisit its policy and consider zoning changes and licensing to permit and allow recreational cannabis dispensaries. From a monetary standpoint, the 3% local retailer's occupation tax could be a new revenue source to assist in the City's efforts in maintaining a balanced budget. In addition, information received from neighboring communities indicates that the criminal activity initially thought to be associated with cannabis dispensaries may have been exaggerated and has not become commonplace. Police Chief Clark will be available for any questions related to police service calls and associated criminal activity at the July 11<sup>th</sup> meeting.

**Recommended Council Action:** If the Mayor and City Council are amenable and concur with allowing adult use recreational cannabis, I would ask that you authorize staff to begin preparation of the necessary text amendment to permit and allow adult-use recreational cannabis for specific commercial and industrial zoning districts and subject to specific distance requirements, off-street parking and other ancillary regulations to protect the public health, safety and general well-being.

### **Financial Impact:**

**Funding Source:** N/A

**Budgeted Amount:** N/A

### **Attachments:**

- Ordinance No. 1645 Approving Medical Cannabis Dispensing Facilities and Cultivation Centers approved October 7, 2013