

**Adult-use Cannabis
Q/A
Updated Wednesday, August 14, 2019**

Financial

- 1) Is it accurate that GTI's current medical dispensary on Quincy generates revenue of about \$7.0 million/year? If the \$7.0 million/year number is accurate, approximately how much does the City collect in taxes on that revenue? (Kelly)**

The 2018 numbers we have from the state show \$45K in sales tax received, which would reflect \$4.5M in sales. However, it does appear GTI increased sales between 2017 and 2018 by almost 55%. So, one could logically assume that they might be seeing an increase in sales in 2019 as well, but how much is unknown. (Mayer)

- 2) What is the total tax percentage that the City would collect on recreational sales? I know there is the 3.0% rec tax, but would we also collect our 1.0% home rule sales tax and/or any percentage of the state sales tax? Hypothetically, if a rec only dispensary generated revenue of \$10 million in a calendar year, how much tax would the City collect on that \$10 million? (Kelly)**

\$10 million in sales could potentially generate \$475,000 in revenues based on the max 3% recreational tax, 1% state sales tax, and .75% home rule sales tax. (Mayer)

- 3) How much sales tax (percentage-wise and an estimated dollar figure) do we collect on alcohol and tobacco that goes to the city (rather than the state or anywhere else)? I'm asking to compare to the 3% being allowed by the state for recreational cannabis. (Sullivan)**

The way that the City receives information related to sales tax statistics is from the Standard Industrial Classification (SIC) provided by the State of Illinois. On businesses ST-1 (sales tax filing) forms they are required to choose a SIC code for the sales of their organization. This methodology provides some limitations in the City's ability to determine the amount of sales associated with specific products.

For single purpose retail establishment (such as car dealerships), using the SIC code can provide information about total sales. However, for businesses that provide a variety of merchandise (Costco, Gas Stations, etc.), their sale information is grouped together under a single code and doesn't provide a breakdown of sales by product. Therefore, the amount of liquor or tobacco sales is indeterminable based upon information that the City has access to.

However, for businesses that have identified as "Liquor Stores," the four-year average of sales tax received by the City at 1% is \$305,631 (0.9% of overall sales tax) and for businesses that have identified as "Tobacco Stores and Stands," the four-year average of sales tax received at 1% is \$20,604 (0.06% of overall sales tax). Staff does not feel these are accurate representation of sales as people buy liquor and tobacco products at businesses that have identified as "General Merchandise" or "Gasoline Service Stations."

Naperville has the ability to implement local use taxes on both tobacco and liquor but each of those taxes are required to be administered locally including collection, auditing, and enforcement. The state would not provide resources for set-up or collection.

It probably is worth mentioning that we didn't even have access to individual business sales tax information until just a few years ago. It is our understanding that the lack of information is more about the proprietary nature of the data versus the process or the rate of tax being charged. The state requires us to submit confidentiality agreements and list the specific people who will be privy to the individual business information. (Mayer)

- 4) My understanding is that tobacco and liquor are taxed at a much higher rate than say food or clothes by the Feds and state - but perhaps none of those taxes are for the City? (Sullivan)**

The dollars Naperville receives are in aggregate form at a rate of 1% of the sales tax collected by the state from businesses within our jurisdiction. Additionally, there are state excise taxes on tobacco sales in which Naperville does not receive a portion of the taxes collected. (Mayer)

- 5) Don't both Chicago and Cook County get tax revenue directly from alcohol sales? Could you confirm? (Sullivan)**

Yes. Chicago and Cook County get tax revenue directly from alcohol and tobacco, but they have locally administered taxes. Additionally, Chicago and Cook County operate in a different environment than any other county or municipality in the state. They have a significant number of exemptions through state statute that allow them to tax in different capacities. (Mayer)

- 6) Beyond the 1% home rule sales tax, we do not specifically tax tobacco or alcohol sales an extra amount for the city, and if we did, we would have to figure that out all on our own - the state wouldn't get involved? (Sullivan)**

One clarification, the City's HRST is at a rate of .75% not 1.0%. But otherwise, your understanding is correct. Similar to how we currently administer the food & beverage tax, local gas tax, hotel motel, and real estate transfer taxes, there would be no state involvement. (Mayer)

- 7) If we were to take advantage of the up to 3% additional city tax on cannabis, we'd be on our own as far as collection, auditing and enforcement of those taxes as well, or is the State offering to do that for cities who opt-in? (Sullivan)**

Correct. Our current understanding is this would be solely administered by the municipality with no state assistance. (Mayer)

- 8) If the County were to lay on their additional .75% of taxes to municipalities who opt in for cannabis sales, would THEY then have to figure out how to collect on that independently as well? (Sullivan)**

Based on further research it looks like the State might be considering collecting the local tax and distributing it to the local entity similar to how they handle home rule sales tax. We will continue to monitor to determine final decision. (Mayer)

- 9) Is it fair to say that if we did decide to sell cannabis and implement a city tax, we have the personnel and systems already in place to collect and enforce it since we do that for the local food & beverage, hotel motel taxes, etc.? Would you anticipate increased variable costs and/or increased fixed costs associated with administering that if we were to add this tax? Any idea what those might look like? (Sullivan)

Based on what we know right now, Finance and Legal have the appropriate staffing and procedures in place to collect a local city tax and we do not anticipate significant increases in fixed or variable cost to administer the tax. (Mayer)

Process

- 1) Would anyone on staff be able to reach out to staff for the three cities that GTI mentioned where they recently transitioned from medical to medical+rec? I believe the three cities were Amherst, MA, Carson City, NV and I believe one other city in Nevada. How did staff/elected officials in those cities think the transition has gone and what suggestions they might have in the event that we consider opting in to rec sales? (Kelly)

Six questions focused on decision-making, municipality/community transition, revenue, zoning, and crime have been forwarded to municipalities where GTI operates. Staff has spoken with representatives from the City of Henderson and Carson City. Supplemental responses are listed below. (Gallahue)

Carson City, NV -- I spoke with Mayor Bob Crowell. They had two medical dispensaries and added two recreational dispensaries about 18 months ago that are co-located with the existing medical dispensaries. He said there have not been any crime problems related to the recreational dispensaries. The one potential negative impact he mentioned is that there have been more marijuana related hospital visits over the past two years, but they have not been able to connect the hospital visits to the dispensaries and suspect that the increase is related to the black market, which the state is apparently having a difficult time controlling. The two recreational dispensaries created about \$600,000 in taxes in 2018 and are on pace for about \$1.0 million in 2019. He said they have been battling the state and marijuana companies who want to add more dispensaries, but they have held firm at two recreational dispensaries, and he thinks that is the right answer for their city. (Kelly)

Supplemental information from Carson City, NV – Call with Adriana G. Fralick, Deputy City Manager and Lee Plemel, Community Development Director
Referendum – Statewide referendum to allow adult-use sales was passed by the state but the City of Carson City voted no. Council voted to allow adult-use sales by a split vote.

Ordinance – imposed a moratorium to develop the ordinance, two existing medicinal facilities and allowed two adult-use stores to co-locate. By law, adult-use four locations are permitted in Carson City but the Council has capped the licenses at two. Deliveries are allowed. No amendments to the ordinance have been requested since it's inception.

Community outreach – resident input was only allowed at part of regular Council meetings.

Crime – no noticeable difference from when medicinal businesses opened.

Zoning – follows state regulations regarding distance from schools and child-focused businesses. The two medicinal/adult-use establishments are located in commercially-zoned areas (on opposite ends of the city) and not allowed in the downtown.

Revenue – allowed 3% gross revenue and not currently earmarking any funds for a specific purpose. Businesses pay at City Hall by appointment only and an officer is present during the deposit and counting.

General advice – redundant communication to all stakeholders

(Gallahue)

Amherst, MA -- *I spoke with Geoff Kravitz, their Economic Development Director. Amherst opened their first recreational dispensary just three months ago. Their dispensary is owned by GTI, and Geoff said they deliberately chose to work with GTI because they "set the gold standard" in the industry. Their ordinance allows for up to eight recreational dispensaries, but they are only proceeding with the one for right now. He said they chose an ideal location "away from things" and spent a significant amount of time on outreach with residents, surrounding businesses, and their police before the opening. They plan to keep medical and recreational dispensaries separate. (Kelly)*

Northhampton, MA -- *I spoke with their finance director and Mayor David Narkewicz. They have had one recreational dispensary for about six months, and in the first six months, it generated tax revenue of about \$1.0 million at a total tax rate of 6%. Those numbers might be inflated, however, because they were the first recreational dispensary to open in the state, and are only about 20 miles from New York and Connecticut, where there are no recreational dispensaries at this point. Their city has also seen a 10% increase in meal taxes since the dispensary opened. Their dispensary is in a converted medical building, and at an extremely busy location near an interstate highway's interchange. They have not had any problems with crime, hospitals or schools, but their one issue has been traffic and parking, because the location has been busier than the property can really handle. They wound up getting the dispensary owner to agree to pay for overtime police to handle traffic control. In response to some of the problems seen in Colorado, they enacted strict advertising and signage rules, and the Mayor thinks the dispensary is more secure than any bank in their city. (Kelly)*

Henderson, NV -- *I spoke with Bristol Ellington, the deputy city manager/COO (who said he knew Naperville well because he interviewed for a job with the city about 20 years ago). Their city debated allowing recreational dispensaries for a significant amount of time, and wound up allowing them beginning in early 2018. (they allowed medical starting in 2015). They now have five dispensaries (all of which sell both medical and recreational at the same location) for a city of about 100 square miles and 300,000 people. Their tax revenue has outpaced projections, and between medical and recreational combined, they have received a little over \$3.0 million since 2015, a significant portion of which they have given to local schools and to fight homelessness. They consider themselves to be a more family friendly city than Las Vegas, and were careful about where to locate the dispensaries. So far, they have not had any crime/hospital/school problems, but have received a number of odor complaints, many of which*

have been residents complaining about neighbors smoking in their back yards. To date, they are receiving their tax payments in cash, and are trying to find a solution to that problem. (Kelly)

Supplemental information from Henderson, NV – *Call with Michael Tassi, Community Development Director.*

Ordinance – The City had medicinal cannabis and placed a moratorium on opening adult-use businesses for six months after it became legal. He said the Council approved adult-use cannabis two months before it became legal and it took four months to write the ordinance. Tassi believes the City crafted a stronger ordinance by waiting and watching other municipalities. The City does allow product delivery, but it is heavily regulated.

Community outreach – a consultant was hired to organize focus groups. The audience size was capped and participants were paid to attend. The groups gave a positive recommendation for the sale of adult-use cannabis.

Crime – recommend having heavy security measures in place, the City has experienced an assault in the business parking lot and a break-in through the adjacent building of the cannabis business.

Zoning – allowed in industrial and commercial and a co-location requirement. The following are distance separation requirements

- *1,000 ft from parks*
- *1,000 ft from schools*
- *500 ft from day care*
- *500 ft from businesses geared toward children*

Revenue – the following is the fee structure in Henderson

- *\$120,000 application/origination fee*
- *\$10,000 medicinal license fee*
- *\$1,000 adult-use license fee*
- *3% tax*
- *\$10,000 for each conditional use permit*

The City has found this structure is prohibitive for minorities and women.

30% of all revenue is made available to schools via a grant program for operational supplies and educational materials.

A room in their city hall has been converted into a “count room” with cameras. When a business brings a payment to the City, the money is taken to the room and there must be three witnesses present when it is counted. The City does not take appointments for payments and the room does contain stacks of cash.

General advice – if the City opts-in, partner with neighboring communities to create similar regulations.

(Gallahue)

2) Is there a deadline by which municipalities have to opt out via a vote by Council?

The Cannabis Regulation and Tax Act does not provide a specific deadline by when units of government must decide whether to opt-out. Currently, the City's zoning code does not allow adult-use cannabis businesses so unless Council acts, no adult-use cannabis business may operate within the City's jurisdiction. However, as of January 1, 2020, the operation of adult-use cannabis businesses in Illinois becomes legal. The City could be vulnerable to a legal challenge if it did nothing and essentially prohibited a legal enterprise by omission. The Cannabis Regulation and Tax Act specifically provides that municipalities may enact ordinances to prohibit, or significantly limit, a cannabis establishment's location. Therefore, it is recommended that the City Council enact ordinances to regulate or prohibit adult-use cannabis businesses within a reasonable time from the January 1, 2020 effective date.

As stated in the July 16 agenda item, if Council is uncertain whether to opt-in, or if Council prefers to wait before deciding to opt-in, it is recommended that Council consider opting-out. This is a better path and allows Council to opt-in when it is ready, rather than opt-in and then later decide to opt-out after businesses have invested resources in dispensaries. Separate from Council's decision to opt-in or out, staff will be preparing necessary text amendments to the municipal code repealing conflicting ordinances that prohibit adult cannabis possession and use and adding new ordinances to allow local enforcement of cannabis possession and public consumption consistent with the CRTA. Those ordinances will be provided for Council consideration prior to January 1, 2020. Additionally, staff will work internally to comply with other provisions of the CRTA concerning employee policies and criminal record expungements, as well as developing police training and best practices. (DiSanto)

Regulatory

- 1) Provide more information on what regulations the Department of Agriculture and/or IDFP are working on? When they will be ready? What impact will the forthcoming regulations have on dispensaries in municipalities that opt in? (Kelly)**

The new state law, Cannabis Regulation and Tax Act ("CRTA"), currently contains extensive regulations concerning the adult-use cannabis industry that are generally like the extensive regulations concerning the medicinal industry.

The CRTA assigns regulatory enforcement to several state agencies and generally assigns oversight over dispensaries to the Illinois Department of Financial and Professional Regulation and oversight over cultivators, growers, infusers, and transporting organizations to the Illinois Department of Agriculture.

The CRTA also provides that by December 23, 2019 (180 after the June 25 passage of the Act) the following state agencies must adopt permanent administrative rules in accordance with their responsibilities under this Act: the Department of Agriculture, the Department of State Police, the Department of Financial and Professional Regulation, the Department of Revenue, the Department of Commerce and Economic Opportunity, and the Treasurer's Office. Administrative rulemaking is part of the typical process of any significant legislation. Generally, the rulemaking will focus on how to administer and enforce the general regulations set forth by the General Assembly in the CRTA. The rules adopted by these state agencies will not be

substantially different than the regulations provided in the CRTA and are not expected to have any unanticipated impact on the administration of the adult-use cannabis program. (DiSanto)

2) Could Naperville regulate advertising within the city (billboards, etc) for dispensaries either within or outside of Naperville? (Kelly)

The CRTA also states that no unit of local government may unreasonably restrict the time, place, manner, and number of cannabis business establishment operations authorized by the CRTA nor in a manner more restrictive than the regulation of those activities by the State under this Act.

Therefore, it is staff's opinion the City may regulate advertising if the City's regulations are consistent with the CRTA, which already provides regulations for security protocols; advertising and promotions; and cannabis product packaging and labeling.

For example, the CRTA states that no cannabis business establishment nor any other person or entity shall: engage in advertising that contains any statement or illustration that: (1) is false or misleading; (2) promotes overconsumption of cannabis or cannabis products; (3) depicts the actual consumption of cannabis or cannabis products; (4) depicts a person under 21 years of age consuming cannabis; (5) makes any health, medicinal, or therapeutic claims about cannabis or cannabis-infused products; (6) includes the image of a cannabis leaf or bud; or (7) includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that is designed in any manner to be appealing to or encourage consumption of persons under 21 years of age.

Place or maintain, or cause to be placed or maintained, an advertisement of cannabis or a cannabis-infused product in any form or through any medium: (1) within 1,000 feet of the perimeter of school grounds, a playground, a recreation center or facility, a child care center, a public park or public library, or a game arcade to which admission is not restricted to persons 21 years of age or older; (2) on or in a public transit vehicle or public transit shelter; (3) on or in publicly owned or publicly operated property; or (4) that contains information that: (A) is false or misleading; (B) promotes excessive consumption; (C) depicts a person under 21 years of age consuming cannabis; (D) includes the image of a cannabis leaf; or (E) includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that are popularly used to advertise to children, or any imitation of candy packaging or labeling, or that promotes consumption of cannabis.

All cannabis products must contain warning statements established for purchasers, of a size that is legible and readily visible to a consumer inspecting a package, which may not be covered or obscured in any way. The Department of Public Health shall define and update appropriate health warnings for packages including specific labeling or warning requirements for specific cannabis products. (i) Unless modified by rule to strengthen or respond to new evidence and science, the following warnings shall apply to all cannabis products unless modified by rule: "This product contains cannabis and is intended for use by adults 21 and over. Its use can impair cognition and may be habit forming. This product should not be used by pregnant or breastfeeding women. It is unlawful to sell or provide this item to any individual, and it may not

be transported outside the State of Illinois. It is illegal to operate a motor vehicle while under the influence of cannabis. Possession or use of this product may carry significant legal penalties in some jurisdictions and under federal law." (j) Warnings for each of the following product types must be present on labels when offered for sale to a purchaser: (1) Cannabis that may be smoked must contain a statement that "Smoking is hazardous to your health." (2) Cannabis-infused products (other than those intended for topical application) must contain a statement "CAUTION: This product contains cannabis, and intoxication following use may be delayed 2 or more hours. This product was produced in a facility that cultivates cannabis, and that may also process common food allergens." (3) Cannabis-infused products intended for topical application must contain a statement "DO NOT EAT" in bold, capital letters. (k) Each cannabis-infused product intended for consumption must be individually packaged, must include the total milligram content of THC and CBD, and may not include more than a total of 100 milligrams of THC per package. A package may contain multiple servings of 10 milligrams of THC, and indicated by scoring, wrapping, or by other indicators designating individual serving sizes. The Department of Agriculture may change the total amount of THC allowed for each package, or the total amount of THC allowed for each serving size, by rule. (DiSanto)

- 3) Could we set our own limit for maximum THC and/or could we prohibit the sale of extracts? I know this has come up before and my recollection is that Mike did not think municipalities would have that level of control, but I could not remember if we ever got a definite answer. (Kelly)**

No. The CRTA states that a unit of government may enact ordinances or rules not in conflict with CRTA 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. However, the CRTA also states that no unit of local government may unreasonably restrict the time, place, manner, and number of cannabis business establishment operations authorized by the CRTA nor in a manner more restrictive than the regulation of those activities by the State under this Act.

Therefore, it is staff's opinion the City may regulate the location and number of local cannabis businesses and their hours of operation because such regulations are consistent with the Act. However, the City likely cannot regulate issues like customer age restrictions, which products can be sold at local stores, or purchase quantities per visit in a manner inconsistent than what is provided for under the CRTA. (DiSanto)

- 4) If we opted in, would the liquor commission handle regulation? Would there be a city license that we could suspend or revoke in addition to the state license? (Kelly)**

The City may choose to locally license the retail sale of adult-use cannabis similar to how the City licenses the retail sale of alcohol and tobacco, provided the City's licensing is consistent with the CRTA. Staff believes that if Council chooses to locally license the retail sale of adult-use cannabis it would make the most sense to assign licensing oversight to the Liquor Commissioner. If the

licensing scheme were enacted, it is expected that the police department would monitor retail cannabis licensees for compliance and that violations by retailers would subject licensees to penalties including the suspension and revocation of their local license. (DiSanto)

- 5) Is it still true that anyone who has an ownership interest in a bar within city limits cannot also serve on Council? If so, would that rule apply to anyone with an ownership interest in a dispensary within city limits? (Kelly)**

The City's Liquor Code used to contain a provision stating that no liquor license shall be issued to "[a]ny elected public official, Naperville officer or employee or member of any Naperville board or commission; and that no such official shall be interested in any way, either directly or indirectly, in the manufacture, sale or distribution of alcoholic liquor.

When the Liquor Code was repealed and replaced in 2016 that regulation was not carried over. So, now there is no specific prohibition on someone who has an interest in a liquor licensed establishment within city limits serving on Council. However, the question of whether one licensed by the City would be eligible to hold a City-issued license while serving on the City Council would be subject to the general applicable conflict of interest provisions. (DiSanto)

- 6) If we allow recreational dispensaries, could we prohibit on site consumption and/or deliveries? (Kelly)**

Yes. The Cannabis Regulation and Tax Act specifically states that a unit of government may enact ordinances or rules not in conflict with CRTA governing the time, place, manner, and number of cannabis business establishment operations. The CRTA specifically states that a local unit of government has discretion concerning whether to allow on-site consumption at adult-use cannabis businesses. It is staff's opinion that if the City prohibits adult-use cannabis deliveries that would be considered a reasonable, legally permissible, place and manner restriction.

- 7) Can you provide a brief summary of the current zoning restrictions for medical dispensaries? (Kelly)**

Per the 2014 Compassionate Use of Medical Cannabis Pilot Program Act, cultivation centers and dispensing facilities were permitted to locate within any municipality. If so desired, municipalities were permitted to impose more stringent zoning regulations pertaining to allowable locations of such facilities, provided that no local ordinance could prohibit these facilities outright. Accordingly, in 2013, Ordinance 13-162 (attached) was enacted by City Council to reflect the following:

- i. Cultivation centers are permitted as conditional uses in the RD, ORI, and I zoning districts;*
- ii. Dispensing organizations are permitted as conditional uses in the B2, B3, and HS districts;*
- iii. Dispensing organizations are permitted by right in the RD, ORI, and I zoning districts;*

- iv. *In any zoning district in which a dispensing organization may locate (either by right or through the conditional use process), said facility may not be located within 250 feet of the property line of an area zoned for residential use or within 1,000 feet of a pre-existing public or private school or daycare; and*
- v. *Drive-through facilities will be prohibited at dispensing organizations and retail sales within the dispensing organization shall be limited to 10% of the total square footage of the unit. (Gallahue)*

8) Can we create an ordinance clarifying that it will be considered a nuisance if marijuana use can be smelled from neighboring properties?

Response in progress.

Miscellaneous

1) Have you heard from GTI or Grassroots since last Tuesday's meeting? If they have shared anything, I am curious to know what their plans are at this point.

I received an email from Grassroots Cannabis on July 17 thanking us for the opportunity to speak and offering to make themselves available for any questions. (Gallahue)

2) What percentage of communities in states that sell recreational cannabis have opted out? (Gustin)

Response in progress.

3) Did Bellevue, WA opt out? (Gustin)

Washington Marijuana Legalization and Regulation, Initiative 502, was on the November 6, 2012 statewide ballot where it was approved by 55% of the voters. In Bellevue, more than 59% of the voters approved the initiative, and sales of recreational cannabis have been allowed since 2014. (Gallahue)

4) The IML fact sheets spoke to state sales tax going to an enterprise type fund for distribution to low income communities of color for cannabis businesses. Can you confirm? (Gustin)

The Illinois Municipal League (IML) Fact Sheet states the following, "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." It is attached for your reference. (Gallahue)

5) How many and what percentage of CO, CA communities have opted out of the sale of recreational marijuana. (Gustin)

Response in progress.

6) Please change the adult cannabis reference it can be consisting as adult can be 18-year olds. Most refer to recreational cannabis. (Gustin)

The Illinois Act is titled the “Cannabis Regulation and Tax Act” and The Illinois Municipal League Fact Sheet uses the term “adult-use cannabis.” In order to remain consistent with state materials, and avoid any ambiguity or confusion, staff recommends maintaining the “adult-use cannabis” reference. (Gallahue)

Public Safety

1) Information about crime/usage for municipalities that opt in vs. those that opt out. (Kelly)

The following questions were posed to all 30 Benchmark City Law Enforcement Partners:

- 1. For those cities in the states that have legalized recreational marijuana, has your city opted in or opted out of authorizing dispensaries in your community?
 - a. If your city opted in, what has been the impact on your community?*
 - b. If your city opted out, how has the state legalization impacted your community?**
- 2. Going a step further for those cities in states that have legalized recreational marijuana. What data/information do you have related to the impact on your community?
 - a. Changes in overall crime or specific types of crime (violent, DUI, traffic accidents w/ impaired drivers etc.)*
 - b. Changes in use for middle school or high school youth*
 - c. Changes in perception of marijuana in middle school or high school youth*
 - d. Changes in need for social services*
 - e. Changes in drug overdoses*
 - f. Any other data with regard to the recreational sale of marijuana**

The following responses have been received as of Wednesday, August 14. (Marshall)

Henderson, Nevada PD

In short, we’ve only had medical marijuana a short time and recreational was even more recently approved and enacted. We don’t have enough data at this time to answer your questions below because it’s too early. But one thing that does stick out – the banking issue. In short, if you require fees and taxes collected by establishments and remitted to your government, then this will impact you. It also forces establishments to pay with cash, have proper security, etc. This was new territory and we were all learning along the way.

<https://foxreno.com/news/marijuana-in-nevada/nevada-state-officials-implement-a-new-banking-system-for-marijuana-dispensaries>

Another issue: clearly defining where and when it is legal to consume. We have recreational use, so tourists come into town, however, they can’t smoke outside or in their hotel rooms or casino floors because state law disallows; the law only allows you to consume in your “private residence.” So, tourists are in a pickle. To address this, advocates have pushed for marijuana lounges, which are currently under review by county and city officials. It remains a controversial issue. The idea is to treat it like alcohol, which has bars. No anticipated timeframe.

<https://vegascannabislounge.com/>

Columbia, Missouri PD

The state of Missouri does not yet have legalized marijuana. Medical marijuana has just been legalized but not yet in effect. I would opine with Illinois being a border state to Missouri, this will affect our community and state with increased arrests, etc. like other border states have seen with legalized recreational marijuana in the states surrounding theirs.

Fort Collins, Colorado PD

Fort Collins voted to opt in for recreational sales of marijuana and currently has 10 dispensaries. The Police Department employs one full time marijuana compliance officer and does not have any crime data available at this time.

Walnut Creek, California PD (not a Benchmark City Partner but provided information)

Walnut Creek voted to opt out of recreational sales of marijuana. Surrounding communities which voted to opt in are seeing empowerment of the black-market marijuana sales as dealer prices are cheaper, robberies of delivery drivers transporting marijuana to dispensaries and long lines at dispensaries due to demand.

Boulder, Colorado PD

In general, the effect on our community is the amount of resources required for effective oversight of the marijuana licensees and the unintended/unexpected consequences that the city did not foresee which draw resources away from other areas. We have the third most marijuana business licenses in the state and effective oversight requires different city departments including Licensing, Police, Fire, Planning and Zoning and the City Attorney's Office. Each of these departments has individual members dedicated to marijuana and we operate as a team. We were recently granted marijuana tax revenue by City Council to increase our resources towards marijuana oversight because of the amount of resources it requires.

For the most part, marijuana-specific data at the local level is difficult to gather because most dispatch systems and report writing systems do not capture marijuana-specific information. Often, marijuana is lumped into a "narcotics" category which can encompass thousands of calls a year and is not feasible to glean through by hand. The State of Colorado is working on a new NIBRS code that will reflect marijuana-specific information which can be entered into police reports in order to help solve the problem of data gathering.

At the state level, there are statewide reports which outline the impact of marijuana legalization, but those reports require close scrutiny of the data source. For instance, youth use/perceptions are not reported to have changed in any meaningful way after legalization but those data sets rely on self-reporting by minors and are contradicted by information from School Resource Officers. In addition, statewide reports show an increase in traffic fatalities involving marijuana and those reports are gathered from coroners' reports which are more credible.

Our School Resource Officers report an increase in marijuana possession in the schools since legalization and they are writing more tickets for marijuana possession.

Social services such as homeless shelters are often reluctant to share some types of information with law enforcement but, anecdotally, our patrol officers report that our city's transient population sometimes refers to marijuana legalization as the reason they came to Colorado.

Anecdotally, our traffic officers report they are encountering more DUIs involving marijuana than prior to legalization. Our city has seen an increase in complaints about public consumption of marijuana, marijuana odor, dumpster break-ins and fake IDs at marijuana businesses. These complaints place a demand on patrol officers that did not exist before. As an example, at dispensaries, dayshift patrol officers are called to mitigate ID disputes for fake ID confiscation which used to be a function only night shift officers performed at bars.

A complication to managing marijuana businesses is the hemp industry and the recent federal legalization of hemp. For instance, we receive marijuana odor complaints which are actually caused by hemp businesses. Currently, the marijuana industry is heavily regulated while the hemp industry has little regulation and distinguishing between marijuana and hemp visually can be difficult.

A large amount of the work to oversee our marijuana business licenses is done by our Licensing Department. A helpful link to Licensing’s marijuana page is at <https://bouldercolorado.gov/tax-license>. I created a webpage for the public on our city’s website at <https://bouldercolorado.gov/marijuana> which has information specific to our city’s municipal codes.

In the City of Boulder the hours are 8am-10pm. Our hours used to be 8am-7pm with the idea that more crimes occur after dark but the industry lobbied City Council that they were less competitive with more restrictive hours. The state is less restrictive and allows 8am-midnight.

Not many businesses will pay for armed transport, so transport is often done in the personal vehicle of the employee which poses serious security risks.

Facilities allowed to sell anything other than the marijuana product itself. They can give away water. At first, they were not allowed to have anything but marijuana products but the industry lobbied City Council and said that sometimes their customers wait for long periods and they wanted to provide water, especially in medical marijuana facilities.

Business such as composting, waste pick-up, security companies, vending machines, air filtration systems, transport services, packaging manufacturers, loan financiers, compliance businesses, light manufacturers, alarm companies, camera maintenance have seen an uptick since legalization.

Benchmark Cities Law Enforcement Partners		
Bellevue, WA	Columbia, MO	Lincoln, NE
Boca Raton, FL	Coral Springs, FL	Naperville, IL
Boise, ID	Edmond, OK	Norman, OK
Boulder, CO	Fort Collins, CO	Olathe, KS
Broken Arrow, OK	Fremont, CA	Overland Park, KS
Carlsbad, CA	Garland, TX	Peoria, AZ
Cary, NC	Grand Prairie, TX	Plano, TX
Cedar Rapids, IA	Henderson, NV	Richardson, TX
Chesapeake, VA	Irving, TX	Rochester, MN
Chula Vista, CA	Lawrence, KS	Springfield, MO