

# INFORMATION PAPER



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Planning, Building and Development  
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## **SUBJ: RECREATIONAL CANNABIS MORATORIUM UPDATE**

**Summary:** Following the legalization of adult use recreational cannabis on January 1, 2020, the Lake County Board approved an ordinance on February 11, 2020, enacting a one-year moratorium on all recreational cannabis business establishments in unincorporated Lake County. The purpose of the moratorium was to allow additional time to collect data and research community impacts of recreational cannabis usage across four key subject areas: economic impacts; public safety and law enforcement issues; public health; and input from Lake County residents. Prior to the expiration of the moratorium on February 10, 2021, in anticipation of re-engaging with the Board for discussion and direction on next steps, staff has prepared a summary of research and an update on the status of the recreational cannabis industry in Illinois.

### **Background:**

- Shortly after the moratorium was enacted, the state of Illinois issued a Disaster Declaration in response to the COVID-19 outbreak, which resulted in a state-wide stay-at-home order and a series of subsequent, modified restrictions in place since that time. These efforts to curb the spread of disease have drastically affected normal, daily activities and routines for both residents and businesses.
- The disruptions to the public's movements and habits, and as well as the impacts on the state's cannabis industry, have limited staff's ability to conduct data collection and analysis as originally proposed in conjunction with the moratorium, and further, have greatly skewed the limited information collected to the degree that it is difficult to draw any meaningful conclusions. Various law enforcement and health impact studies have been completed in other states with varying results.
- The analysis below is a brief summary of information compiled by staff on the four key topics as well as updates on the status of the state's licensing program.

### **Analysis:**

#### *Economic Impacts*

- Throughout 2020, overall sales of recreational cannabis have been strong and with two exceptions, continue to increase month over month<sup>1</sup>. There was a slight dip in February, most likely due to supply issues, and November sales were slightly less than October. According to purchasing trends from January through November, it is estimated that Illinois will exceed 1 billion dollars in total recreational cannabis sales by the end of December<sup>2</sup>. These record-setting sales figures have resulted in tax revenue earnings for the state exceeding originally budgeted estimates. By mid-October, the state had collected over \$100 million from cannabis tax revenue.<sup>3</sup> Illinois' legalization efforts have resulted in the largest first year revenue stream of all states that have previously allowed recreational use.
- Although it is difficult to project future sales trends for Illinois from 2020 data, given the impact of the pandemic, sales trends in Colorado, where recreational use has been legal since 2014, would indicate revenues continuing to increase year over year.<sup>4</sup>

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<sup>1</sup> IDFPR statistics, 12/2/20

<sup>2</sup> T. Schuba, Chicago Sun-Times, 12/2/20

<sup>3</sup> R. Channick, Chicago Tribune 10/14/20

<sup>4</sup> CDOR, data, 12/21/20

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### *Public Safety and Law Enforcement Issues*

- Vehicular traffic counts and crashes were down considerably due to lack of travel and movement during the stay-at-home order this spring. Staff has thus far collected only anecdotal data from local law enforcement agencies, and it has been noted that impacts from the recreational use dispensary currently in operation in Mundelein is mostly related to parking issues.
- According to a 2015 study on the impacts of legalization in Colorado, the unintended public safety effects of legal recreational cannabis use can be difficult to analyze. One such challenge relates to the limited data available regarding cannabis' impact on crime and safety. Another issue is specifically related to challenges with detecting cannabis related DUIs due to the lack of a similar technology to a breathalyzer that can economically and efficiently detect cannabis use in the field. It was estimated that associated costs with law enforcement training for drug detection and sobriety testing in Colorado would cost \$1.24 million in 2016 alone.<sup>5</sup>
- A study published by the Justice Research and Statistics Association in 2019, which includes information from 11 states, points to continued and widespread issues with data analysis on the impacts on law enforcement associated with legalization due to lack of tracking and/or reporting.
- The Illinois DUI Cannabis Task Force was originally scheduled to meet at least three times in early 2020 and issue a report with recommendation by July 1, 2020; to date, the group had yet to convene because of the pandemic. It is unclear at this time when their report will be issued.

### *Public Health*

- As previously stated, efforts to gather and analysis data related to the potential public health impacts of recreational cannabis legalization have been hampered by the COVID-19 pandemic. An example of such a disruption to research efforts is the impacts on the collection of responses to the 2020 Illinois Youth Survey, a primary data source related to substance use and abuse among adolescents and teens. Staff is unable to make direct comparisons between 2020 and 2018 data, as approximately only half of the students took the survey in 2020, as compared to 2018; as a result, the sample size is less statistically reliable.
- While 2020 does appear to show a downward trend in cannabis use among students, without a larger population sample, it is difficult to determine whether the 2020 numbers are truly indicative of the use of recreational cannabis among students following legalization among adults. Thus far, health impact analysis has been further hampered by the inability to gather hospital or urgent care data related to cannabis use during the pandemic.

### *Public Engagement*

- Per the original work plan, staff intended to schedule a series of town hall-style meetings in multiple locations across the county to solicit input from residents; as a result of restrictions on in-person gatherings, this plan had to be put on hold. If the Board chooses to extend the moratorium, staff recommends that the public be invited to provide written input either through an online survey or public comment portal. Depending upon the Board's chosen path forward, there will be additional public engagement opportunities throughout the regulatory process.

### *State Licensing Process*

- Upon legalization in January, 55 existing medical dispensaries were allowed to begin recreation sales at the same location with the option to open a second adult-use store elsewhere. Currently, there are 78 adult-use dispensaries operating across the state; one of which is located in Lake County, within the

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<sup>5</sup> Colorado's Legalization of Marijuana and the Impact on Public Safety, National Police Foundation, 5/2015.

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village of Mundelein<sup>6</sup>. Once the license rollout has been fully completed, there will be potentially up to 185 recreational dispensaries in operation across the state.

- The Illinois Department of Financial and Professional Regulation was set to issue 75 Conditional Adult Use Dispensing Organization Licenses in July 2020, but due to the COVID-19 pandemic, the issuance of those licenses was delayed. In September 2020, after a lottery process, select applicants were notified they were potentially eligible for the lottery. Since that time, concerns were raised about the process that had been employed to score applications and issue licenses.
- To address the issues that were raised, applicants who did not receive the maximum number of points were offered the opportunity to correct deficiencies and resubmit their applications to be rescored. Following the resubmittal and re-review process, the 75 Conditional Licenses will be awarded among those applicants who are tied with the highest scores. In early November, officials stated the second review would be completed 'in the coming weeks', with no specific timeframe or deadline to issue licenses released as of yet.
- The Illinois Department of Agriculture, authorized to license up to 40 craft growers, 40 infusers, and unlimited transporters on July 1, 2020, suspended indefinitely the distribution of licenses following Executive Order 2020-45 and has not set a new timeframe or date for issuance. An announcement in October indicated the department was still engaged in the licensing scoring process with applicants being given the opportunity to address deficiencies.
- The additional cultivation center licenses and additional craft grower and infuser licenses originally planned for rollout by the Illinois Department of Agriculture in 2021 are also on hold at this time.

### **Options for Next Steps:**

- Option 1: Consider regulations to allow one or more recreational cannabis business uses in the unincorporated areas, beginning with discussion of draft UDO text amendments at the next PWPT Committee.
- Option 2: Extend the existing moratorium for three months to allow additional time for research and policy consideration. Action to extend the moratorium would be taken at the February 9 Board meeting.
- Option 3: Enact a permanent ban on all recreational cannabis business uses, with final action occurring on February 9, prior to the current moratorium expiration.

### **Recommendation:**

- Staff is seeking direction from the Lake County Board on next steps.

COORDINATION & ALIGNMENT	Staff Coordination	Strategic Initiatives			2019 Strategic Goals					2019 Strategic Themes								
	✓ CAO ✓ FAS /Purchasing ✓ HR ✓ IT/ET ✓ Const. & Facility ✓ PB&D ✓ SAO ✓ LCSO ✓ Workforce ✓ etc....	X	X		X	X			X		X	X					X	X
		Regional Leadership	Fiscal Responsibility	Exceptional Service and Operational Excellence	Public Safety & Justice	Econ. Opportunities	Infrastructure	Sustainable Enviro.	Build Healthy Communities	Inter-Org. Coop.	Quality of Life	Econ. Development	Infrastructure	Enviro. Sustain.	Sustainability	County Branding	Mental Health	Specialty Funding
																		Diversity & Inclusion

**Attachments:** (1) Status of Recreational Cannabis Regulation by Municipality

<sup>6</sup> IDPFR data, 12/21/20