



# City of Chicago



O2019-9399

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 12/18/2019

**Sponsor(s):** Lightfoot (Mayor)

**Type:** Ordinance

**Title:** Amendment of Municipal Code Titles 4 and 7 by adding new Chapter 4-52, and modifying Chapters 4-5 and 7-32 regarding licensing and regulation of cannabis consumption establishments

**Committee(s) Assignment:** Committee on License and Consumer Protection



OFFICE OF THE MAYOR  
CITY OF CHICAGO

LORI E. LIGHTFOOT  
MAYOR

December 18, 2019

TO THE HONORABLE, THE CITY COUNCIL  
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Business Affairs and Consumer Protection, I transmit herewith an ordinance amending various provisions of the Municipal Code regarding licensing of cannabis consumption establishments.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

A handwritten signature in black ink that reads "Lori E. Lightfoot".

Mayor

# ORDINANCE

## BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

**SECTION 1.** Section 4-5-010 of the Municipal Code of Chicago is hereby amended by deleting the language struck through and by inserting the language underscored, as follows:

**4-5-010 Establishment of license fees.**

This chapter shall establish fees for various licenses created by this title unless otherwise provided. The following fees shall apply for the specified licenses. The chapter in which each fee requirement is created is also provided. Unless otherwise stated, fees shall be assessed every two years. For every license application which includes fingerprinting of the applicant as part of the application process, a fingerprint fee sufficient to cover the cost of processing fingerprints will be assessed in addition to the below fees. The fingerprint fee will be assessed regardless of whether the license applied for is issued or denied. The amount of the fee will be set forth by regulation promulgated by the Commissioner of Business Affairs and Consumer Protection.

*(Omitted text is not affected by this ordinance)*

(19) <del>Reserved</del> <u>Cannabis Consumption Business Establishment (4-52)</u>	<u>\$4,400.00</u>
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*(Omitted text is not affected by this ordinance)*

**SECTION 2.** Title 4 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 4-52, as follows:

### CHAPTER 4-52 CANNABIS CONSUMPTION BUSINESS ESTABLISHMENTS

#### ARTICLE I. GENERAL

**4-52-100 Definitions.**

For purposes of this Chapter, the following definitions shall apply:

"Advertise" or "advertising" means to engage in promotional activities including, but not limited to, newspaper, radio, Internet and electronic media, and television advertising; the distribution of fliers and circulars; billboard advertising; and the display of window and interior

signs. "Advertise" or "advertising" does not mean exterior signage displaying only the name of the licensed cannabis consumption business establishment.

"Alcoholic liquor" means and includes alcohol, spirits, wine and beer.

"Cannabis" means marijuana, hashish, and other substances that are identified as including any parts of the plant *Cannabis sativa* and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not; the seeds thereof, the resin extracted from any part of the plant; and any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; however, "cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake, or the sterilized seed of the plant that is incapable of germination. "Cannabis" does not include industrial hemp as defined and authorized under the Industrial Hemp Act (505 ILCS 89/1 et seq.). "Cannabis" also means cannabis flower, concentrate, and cannabis-infused products.

"Cannabis consumption" means "smoking cannabis consumption" and "non-smoking cannabis consumption."

"Cannabis consumption business establishment" means a business establishment licensed by the City under this Chapter to allow cannabis consumption on-premises of such business establishment.

"Cannabis-infused product" means a beverage, food, oil, ointment, tincture, topical formulation, or another product containing cannabis or cannabis concentrate that is not intended to be smoked.

"Commissioner" means the Commissioner of Business Affairs and Consumer Protection or the Commissioner's designee.

"Deleterious impact" means an adverse effect on the value of any property, an increased risk of violations of law, or a risk of a substantial increase in noise, litter, or vehicular congestion.

"Department" means the Department of Business Affairs and Consumer Protection.

"Legal voter" means a person who has registered to vote and whose name appears on a poll list compiled by the Chicago Board of Elections Commissioners since the last preceding election regardless of whether primary, general or special.

"Minor cannabis offense" means a violation of Section 4 or 5 of the Cannabis Control Act concerning not more than 30 grams of any substance containing cannabis, provided the violation did not include a penalty enhancement under Section 7 of the Illinois Cannabis Control Act (720 ILCS 550/7) and is not associated with an arrest, conviction or other disposition for a

violent crime as defined in subsection (c) of Section 3 of the Rights of Crime Victims and Witnesses Act (725 ILCS 120/3(c)).

"Non-smoking cannabis consumption" means consumption of a beverage, food, oil, ointment, tincture, topical formulation, or another product containing cannabis by any other means than smoking.

"Officer of the licensee" means the members of a partnership, the officers or directors of a club, the officers, directors, managers or shareholders of a corporation, or the managers or managing members of a limited liability company or other legal entity licensed pursuant to this Chapter.

"Outdoor enclosed area" means an outdoor area, including outdoor patios and rooftops, which is enclosed in such a manner that a person inside the area could not reasonably be expected to be observed by another person who is outside the area.

"Premises" means: (i) an indoor place; or (ii) an outdoor enclosed area, of business described in a cannabis consumption business establishment license where cannabis may be consumed by the customers of the business establishment.

"School" means any public, private, or parochial elementary, middle, or secondary school in the City of Chicago.

"Smoking" means the inhalation of smoke or vapor caused by the combustion, heating, or aerosolization of cannabis.

"Smoking cannabis consumption" means consumption of cannabis by inhalation of smoke or vapor caused by the combustion, heating, or aerosolization of cannabis.

"Tincture" means a cannabis-infused solution, typically comprised of alcohol, glycerin, or vegetable oils, derived either directly from the cannabis plant or from a processed cannabis extract. A tincture is not alcoholic liquor. A tincture shall include a calibrated dropper or other similar device capable of accurately measuring servings.

**4-52-110 Restricted area -- cannabis consumption business establishment license.**

(a) No cannabis consumption business establishment license shall be issued in the area in and around the central business district described in subsection (b) which, because of its unique character, configuration and intensive pedestrian, tourism and entertainment related traffic, presents a higher level of congestion, public safety, and security concerns.

(b) The area in which a cannabis consumption business establishment license prohibited is bounded by the parcels adjacent to the north side of Division Street to the north, Lake Michigan to the east, the parcels adjacent to the south side of Van Buren Street to the south, the South Branch of the Chicago River to the west and the parcels adjacent to the west side of State Street to the west when north of the Main Branch of the Chicago River.

#### **4-52-120 Distance from schools and each other.**

(a) No cannabis consumption business establishment shall be located closer than 500 feet from any school; such distance shall be measured on a straight line from the property line containing the premises to the property line of the school.

(b) No cannabis consumption business establishment shall be located closer than 500 feet from any other cannabis consumption business establishment; such distance shall be measured on a straight line from the property line containing the premises of one cannabis consumption business establishment to the property line containing the premises of another cannabis consumption business establishment.

#### **4-52-130 Eligibility -- cannabis consumption business establishment license.**

A cannabis consumption business establishment license may only be issued for cannabis consumption at or in a retail tobacco store (as defined in Section 10 of the Smoke Free Illinois Act) located in the City.

### **ARTICLE II. LICENSING REQUIREMENTS AND PROCEDURES.**

#### **4-52-200 License – Requirements.**

(a) *License required.* No person shall engage in a business activity of providing an indoor place or outdoor enclosed area to customers for cannabis consumption on the premises of such person without first having obtained a cannabis consumption business establishment license under this Chapter 4-52.

(b) *Separate license required for each separate location.* A separate cannabis consumption business license shall be required for each separate cannabis consumption location.

(c) *License – Form of license.* Every cannabis consumption business license shall contain the following information:

(1) the name of the licensee, and, if the licensee is a corporation, the names of the directors and manager of the corporation;

(2) a description of the premises covered by such license where cannabis consumption is allowed; and

(3) the type of cannabis consumption allowed on the premises covered by such license.

#### **4-52-210 License application.**

(a) In addition to the requirements set forth in Section 4-4-050, an application for, and, if requested, a renewal of, a cannabis consumption business establishment license under this Chapter shall be accompanied by the following information:

(1) a statement identifying the type of cannabis consumption (smoking consumption, non-smoking consumption or both) that the applicant intends to allow under the license;

(2) the location and the floor plan of the premises where the covered business activity will take place, and a description of those premises where cannabis consumption is allowed;

(3) a statement whether the applicant or licensee, as applicable, or any person with a substantial ownership or controlling interest in the applicant or licensee, has ever had any license under this Code revoked for cause, and, if so, the date of such revocation;

(4) a statement whether the applicant or licensee, as applicable, or any person with a substantial ownership or controlling interest in the applicant or licensee: (A) has ever been convicted, in custody, under parole, or under any other non-custodial supervision resulting from an adjudication of guilt in any judicial or administrative proceeding in any jurisdiction of: (i) a felony of any kind including but not limited to any violation of the Illinois Drug Paraphernalia Control Act or its equivalent in another jurisdiction, or (ii) a criminal offense of whatever degree; or (B) has ever admitted guilt in connection with any such felony or criminal offense under circumstances where such admission of guilt is a matter of record. Provided, however, no statement shall be required regarding a minor cannabis offense committed before June 25, 2019; and

(5) any other information that the Commissioner may reasonably require in connection with the issuance or renewal of a license under this Chapter.

(b) If a change in any information required in this Section occurs at any time during a license period, the licensee shall file a statement, executed in the same manner as an application, indicating the nature and effective date of the change. The supplemental statement shall be filed within ten days after the change takes effect.

**4-52-220 Notice of license application.**

(a) Within five days after the license fee was paid for a cannabis consumption business establishment license, the Commissioner shall:

(1) serve written notice by first class mail on all legal voters residing within 250 feet of the location for which the license is sought. The measurement of such area shall be made from the boundaries of the premises described in the application for which the license is sought, to a radius of 250 feet away; and

(2) post notice on the Department's publicly accessible website.

The notice shall state the name of the applicant, the street number and location of the premises for which the license is sought, the type of consumption the applicant intends to allow and the date on which the license fee was paid. The notice shall also state that any objection to the granting of the license sought shall be made to the Commissioner, in writing, signed by the

objector and delivered to the Commissioner within 35 days after the date the license fee was paid, as indicated on the notice, and shall set forth the specific grounds for the objection.

(b) Within five days after payment of the license fee for a cannabis consumption business establishment license, the applicant shall cause to be posted at the location of the premises described in the application, in a place clearly visible from the public way, a notice in the form prescribed by the Commissioner providing the information specified in subsection (a). The applicant shall maintain the notice in place until the Commissioner has made a decision on the application.

(c) Within five days after payment of the license fee for a cannabis consumption business establishment license, the Commissioner shall cause a written notice to be issued to the Chicago Department of Police, including the District Commander of the district in which the premises described in the application is located, and the alderman of the ward in which the premises described in the application is located, providing the information specified in subsection (a) and the applicant's contact information.

#### **4-52-230 License issuance procedure.**

(a) No later than 30 days after payment of the license fee, the applicant shall submit to the Department all required documentation, as prescribed in this Chapter and rules promulgated thereunder, that are necessary to complete the cannabis consumption business establishment license application. If the applicant fails to submit all required documentation in a timely manner, the Commissioner shall deem the application to be incomplete and shall suspend all further processing of the application unless the applicant reactivates the application within six months after payment of the license fee by: (i) submitting all required documentation necessary to complete the application process, and (ii) paying a \$500.00 license application reactivation fee. If the applicant reactivates the license application in accordance with this subsection, the Commissioner shall review the application materials and any written objections to the granting of the license and shall approve or deny the application within 60 days after all required documentation has been submitted and the license application reactivation fee has been paid. If the Commissioner deems the license application to be incomplete and the applicant fails to reactivate the application in accordance with this subsection, or, if the applicant withdraws the application, the application shall expire and the applicant shall forfeit the license fee and, if applicable, the license application reactivation fee.

(b) If the applicant submits all required documentation in a timely manner as provided in subsection (a), the Commissioner shall review the application materials and any written objections to the granting of the license. The review period for the license shall be no fewer than 35 days and no longer than 90 days after the date the license fee is paid. The Commissioner shall deny an application for a cannabis consumption business establishment license if the applicant fails to satisfy the requirements of this Chapter, and may deny an application for a cannabis consumption business establishment license if the issuance of such license would have a deleterious impact, unless the applicant has adopted a plan of operation

that will provide reasonable assurance that the issuance of the license will not have a deleterious impact.

If the applicant is seeking a cannabis consumption business establishment license for a premises and the Commissioner finds that, for the subject premises identified in the application within the previous two years, a license application has been denied under this subsection (b) because the Commissioner has determined that issuance of the license would have a deleterious impact, the application must be denied unless the applicant can prove by clear and convincing evidence that he has devised a plan of operation that will provide reasonable assurance that the issuance of the license will not have a deleterious impact.

In any case in which the Commissioner finds that an application must be denied under this subsection (b), he shall notify the applicant of that finding and afford the applicant 20 days in which to submit a plan of operation, and the time for a final ruling on the application shall be stayed until 35 days after the period in which the plan may be submitted has expired. The plan may include conditions upon the applicant's operation of the premises that are useful or necessary to mitigate deleterious impact, including but not limited to providing security personnel, restricted hours of operation, providing outdoor lighting, the display of signs, providing trash pickup services, or any other reasonable restrictions on business practices. An applicant's failure to adhere to a written plan of operation approved by the Commissioner pursuant to this section shall constitute a basis to impose a fine and to suspend or revoke any cannabis consumption business establishment license subsequently issued, as appropriate. Nothing in this subsection (b) authorizes the issuance of a license when such issuance is prohibited under Section 4-52-520.

(c) Prior to the approval or renewal of a cannabis consumption business establishment license, an applicant or licensee shall provide proof to the Department that the applicant or licensee has obtained insurance as provided in Section 4-52-260.

(d) No original or renewal cannabis consumption business establishment license shall be issued to any applicant or licensee if any person owning, either directly or indirectly, more than five percent of the interest in the applicant or licensee owes a debt within the meaning of Section 4-4-150(a) of this Code.

#### **4-52-240 License issuance prohibited when.**

No cannabis consumption business establishment license shall be issued to:

(a) A person who knowingly files false or incomplete information on a cannabis consumption business establishment license application;

(b) A person who is not a resident of the City of Chicago;

(c) A person who is not of good character and reputation in the community in which he resides or in the community in which his premises are located;

(d) A person who has been convicted of a felony under any federal or state law, if the Commissioner determines, after investigation, that such person has not been sufficiently rehabilitated to warrant the public trust;

(e) A person who has been convicted of being the keeper or is keeping a house of ill fame;

(f) A person who has been convicted of pandering or other crime or misdemeanor opposed to decency and morality;

(g) A person whose license issued under this Chapter has been revoked for cause;

(h) A person who at the time of application or renewal of a license issued pursuant to this Chapter would not be eligible for such license upon a first application;

(i) A partnership, if any member of the partnership would not be eligible to receive a license hereunder for any reason other than residence within the city;

(j) A limited liability company or any other legal entity, if any manager or managing member of the company or entity would not be eligible to receive a license hereunder for any reason other than residence within the City; a corporation, if any officer, manager or director thereof or any stockholder owning in the aggregate more than five percent of the stock of such corporation would not be eligible to receive a license hereunder for any reason other than residence within the City; provided, however, that nothing contained herein shall prohibit the issuance of a license to a corporation based on the application of Section 4-52-230(e) of this Chapter to an officer, director or manager of the corporation unless such person also owns more than five percent of the stock of the corporation;

(k) A corporation unless it is incorporated in Illinois, or unless it is a foreign corporation which is qualified under the "Business Corporation Act of 1983" to transact business in Illinois;

(l) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the qualifications required to obtain a license; provided, however, that a manager or agent need not reside within the City;

(m) A person who has been convicted of a violation of any federal or state law concerning the manufacture, possession or sale of cannabis, narcotics or other controlled substances, or who has forfeited bond to appear in court to answer charges for any such violation. Provided, however, no conviction for minor cannabis offense committed before June 25, 2019 shall disqualify the person from obtaining a license under this Chapter;

(n) A person who does not beneficially own the premises for which a license is sought, or does not have a lease thereon;

(o) Any elected public official of local government, or any non-elected law enforcing official or employee of the City of Chicago who has police, investigative or inspection authority to enforce this Chapter;

(p) A person who is not a beneficial owner of the business to be operated by the licensee;

(q) A person who has been convicted of a gambling offense as prescribed by any of subsections (a)(3) through (a)(10) of Section 28-1 of, or as prescribed by Section 28-3 of, the Criminal Code of 2012, codified at 720 ILCS 5/28-1 and 720 ILCS 5/28-3, respectively, or as proscribed by a substantially equivalent statute to the aforesaid statutory provisions;

(r) Any person who is married to an individual who is disqualified from obtaining a license under this Chapter, unless the person can establish by clear and convincing proof that the disqualified individual will not have any direct or indirect beneficial interest in any cannabis consumption business establishment license issued to the person under this Chapter; provided, however, that if the disqualified individual was denied such license pursuant to subsections (c), (d), (e), (f), (m) or (q) of this section, the person who is married to the disqualified individual shall not be required to comply with this subsection (r) if the Commissioner determines, after investigation, that the disqualified individual has been sufficiently rehabilitated to warrant the public trust.

#### **4-52-250 License fees.**

The fee for a cannabis consumption business establishment license under this Chapter shall be as set forth in Section 4-5-010.

#### **4-52-260 Insurance -- Required.**

Each licensee under this Chapter shall furnish proof of insurance, evidencing commercial general liability insurance, with limits of not less than 1,000,000.00 per occurrence, for bodily injury, personal injury, and property damage arising in any way from the issuance of the license or activities conducted pursuant to the license. Each policy of insurance required under this section shall: (1) be issued by an insurer authorized to insure in the State of Illinois; (2) name the City of Chicago as additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the licensee's operations; and (3) include a provision requiring 30 days' advance notice to the commissioner prior to cancellation or lapse of the policy. The licensee shall maintain the insurance required under this section in full force and effect throughout the duration of the license period. Upon request by any authorized city official, proof of insurance shall be made available for inspection by such city official.

#### **4-52-270 Safety Plan – Required.**

(a) (1) Every application for a cannabis consumption business establishment license must be accompanied by a safety plan meeting the requirements of this Section.

(2) The safety plan must prevent the following conditions:

(A) excessive noise caused by customers leaving or entering the premises;

(B) loitering or littering by such customers;

(C) fighting or other criminal activity by such customers; and

(D) the congregation of departing customers in such numbers so as to unreasonably impede traffic flow.

(E) overcrowding of the premises. To this effect, the licensee shall post and comply with, in a conspicuous place, maximum capacity signs in accordance with Section 14A-8-802 and seating diagrams in accordance with Section 14A-8-804; and

(3) The safety plan shall include evidence satisfactory to the Commissioner that:

(i) adequate exterior lighting will be installed that: (A) is sufficient to enable the surveillance cameras required under this Section to produce easily discernible images; (B) illuminates the front and sides of each entry and exit way used by patrons of the licensee; and (C) meets requirements prescribed by Rule by the Commissioner;

(ii) video surveillance cameras will be installed and maintained at each building exit utilized by customers, employed and lighted in such a manner to identify persons entering or exiting the building, and at interior public areas where cannabis consumption is allowed. Surveillance cameras shall meet the following requirements and other requirements reasonably prescribed by the Commissioner, as applicable:

A. The interior surveillance cameras shall be of sufficient number, type, placement and location to view and record all activity in the public areas of the cannabis business establishment where cannabis consumption is allowed. The exterior surveillance cameras shall be of sufficient number, type, placement and location to view and record all activity in the front and on all sides of each entry and exit way used by patrons of the licensee for a distance of 15 feet, as measured from the point of entry or exit; and

B. The surveillance cameras shall be sufficiently light sensitive and provide sufficient image resolution (supported by additional lighting, if necessary) to produce easily discernible images; and

C. The images recorded by each surveillance camera shall be capable of being transferred to, and viewed through, a portable form of media; and

D. The surveillance cameras shall not have an audio capability; and

- E. The surveillance cameras shall be maintained in good working condition; and
- F. Except as otherwise required by law or under the terms of a written plan of operation submitted pursuant to Section 4-52-230, at a minimum the surveillance cameras shall be in operation and recording continuously during the business operation hours of the establishment as provided in Section 4-52-320; and
- G. All recordings made by the required surveillance cameras shall be indexed by date and time; shall be preserved by the licensee for at least 30 days; and, upon request, shall be made available by the licensee for inspection by the Chicago Department of Police, the Commissioner or other authorized government personnel. At all times during the business operation hours of the establishment, the licensee shall have on staff or otherwise available without undue delay a person capable of operating the required surveillance cameras to produce any requested recorded image(s) and to transfer those images to a portable form of media; and
- H. All recordings made by the required surveillance cameras shall be stored by the licensee on the licensed premises in a locked receptacle located in a controlled access area accessible only to authorized personnel or shall otherwise be secured in a manner accessible only to authorized personnel. The licensee shall enter into a log book all instances of requests for, access to, and dissemination and use of any recorded material made or captured by the required exterior and interior surveillance cameras, including the date and time such entry was made, the reason why such entry was made, and the name of the person making the request or accessing, disseminating or using the recorded material. The licensee shall make copies of the log book available, upon request, for inspection by the Commissioner, the Department of Police or other authorized government personnel; and
- I. The licensee shall post signage, in a conspicuous manner and at appropriate locations, notifying the public that video surveillance cameras are in operation; and

(iii) adequately trained security personnel will be employed, in compliance with the following requirements and other requirements prescribed by the Commissioner:

- A. Each person providing security at the licensed cannabis consumption business establishment has successfully completed a Responsible Vendor Program provided pursuant to Section 15-40 of the Cannabis Regulation and Tax Act, codified at 410 ILCS 705/15-40, and such person has provided proof of compliance with this requirement to the licensee; and
- B. Each person providing security at the licensed cannabis consumption business establishment has been trained by the licensee to report all incidents of illegal

activity at the licensed establishment to the Chicago Department of Police in conformity with Section 4-52-340, and such person has certified in writing that such training was received; and

- C. Each person providing security at the licensed cannabis consumption business establishment has been trained by the licensee to record all incidents of illegal activity at the licensed establishment in a log book in conformity with this Section, and such person has certified in writing that such training was received; and
- D. Each person providing security at the licensed cannabis consumption business establishment has been trained by the licensee: (i) not to exceed the establishment's legal maximum occupancy; and (ii) in the fundamentals of the licensed establishment's fire safety, emergency preparedness and emergency evacuation procedures, and such person has certified in writing that such training was received; and
- E. The licensee or at least one person authorized by the licensee to provide security at the licensed cannabis consumption business establishment attends each Chicago Alternative Policing Strategy (CAPS) beat community meeting held in the police district where the licensed establishment is located. The licensee shall maintain written records identifying the date and time of each such CAPS beat community meeting and the name of the person attending such CAPS beat community meeting; and
- F. The licensee maintains on file, for a period of at least two years, any proof of compliance, certification, log or records required under this Section. Such documents shall be made available, upon request, for inspection by the Chicago Police Department, the Commissioner or other authorized government personnel.

(b) The licensee shall post, in a conspicuous place, a floor plan of the establishment, drawn to scale. At a minimum, the floor plan shall include exit diagrams, all entrances to and exits from the establishment identifying all means of egress from the establishment, including the location of all available exits and, if applicable, all floor-by-floor corridors, stairways, evacuation routes, areas of rescue assistance and elevator lobbies. Each floor plan shall measure not less than 11 inches in width by 17 inches in height, and shall be: (i) made of durable material; (ii) illuminated; and (iii) substantially secured to a wall or partition.

(c) The Commissioner, in consultation with the Superintendent of Police, shall determine the sufficiency of such safety plan, considering the size and occupancy of the premises of the business establishment, activities conducted at or in conjunction with the premises, and any reports of criminal activity in the area.

(d) Notwithstanding any other ordinance to the contrary, the City shall not impose a fee for any video surveillance camera or associated equipment, such as wiring or lighting,

installed pursuant to this subsection (a)(4) of this Section, regardless of whether the camera or its associated equipment is in any portion of the public way.

(e) The failure to submit an adequate safety plan as required by this Section shall be grounds to deny an application for a cannabis consumption business establishment license or renewal thereof. The failure to adequately implement or maintain an adequate safety plan under this Section shall be grounds for suspension or revocation of the cannabis consumption business establishment license for the premises. The existence of the conditions specified in subsection (a)(2) of this Section shall be prima facie proof that the safety plan has not been adequately implemented and maintained. The failure to adequately implement and maintain a plan under this Section shall be grounds for the City to recover its costs resulting from such failure under Chapter 1-20 of this Code.

#### **4-52-280 Concealed carry of a firearm.**

A cannabis consumption business establishment license applicant must show proof satisfactory to the Commissioner that the carrying of concealed firearms shall not be permitted on the property that contains the premises described in the application. Such proof may be shown by a duly executed agreement between the license applicant and the owner of the property, in which the owner of the property, for the duration of the license, agrees to:

(1) prohibit the carrying of concealed firearms on the property pursuant to subsection a-10 of Section 65 of the Firearm Concealed Carry Act, codified at 430 ILCS 66/65, except for: (i) individuals authorized to carry a firearm under Section 24-2 of the Illinois Criminal Code of 2012, and (ii) retired law enforcement officers qualified under federal law to carry a concealed firearm;

(2) post a sign indicating that firearms are prohibited on the property in accordance with subsection (d) of Section 65 of the Firearm Concealed Carry Act, codified at 430 ILCS 66/65.

#### **4-52-290 Change of location – New license required.**

(a) A person licensed pursuant to this Chapter is authorized to allow cannabis consumption on the premises described in the application and license.

(b) If the licensee desires to change the location of the licensed cannabis consumption business establishment, the licensee shall, prior to occupying or using the changed location to conduct any activity regulated under this Chapter, obtain a cannabis consumption business establishment license from the Commissioner in accordance with Section 4-4-170. It shall be unlawful for a licensee to conduct any activity regulated under this Chapter at a changed location without first having obtained a new cannabis consumption business establishment license for that location.

#### **4-52-300 Change of officers.**

(a) Whenever any changes occur in the officers of the licensee, the licensee shall notify the Department in accordance with subsection (b), (c), or (d) of this Section.

(b) If any officer of the licensee is removed from office in accordance with the bylaws, operating agreement, partnership agreement for the licensee, pursuant to law or court order, by reason of death, or for any other reason, and such officer is not replaced, then the licensee shall notify the Department of the change by notarized letter within 30 days of the effective date of the change; provided, however, that if the person removed from office but not replaced owned five percent or more of the interest in the licensee at the time of his or her removal from office, the licensee shall comply with subsection (d) of this Section. The licensee shall submit any additional information pertaining to the removal of any officer requested by the Commissioner within 10 days of such request.

(c) If any officer of the licensee is removed from office in accordance with the bylaws, operating agreement or partnership agreement for the licensee, pursuant to law or court order, by reason of death or for any other reason, and the person removed from office is replaced by a person who has no ownership interest in the licensee or who owns less than five percent of the ownership interest in the licensee, then the licensee shall notify the Department of the change by filing with the Department a change of officer form provided by the Department within 30 days of the effective date of the change.

(d) If any officer of the licensee owning directly or beneficially more than five percent of the interest in the licensee is removed from office in accordance with the bylaws, operating agreement or partnership agreement for the licensee, pursuant to law or court order, by reason of death or for any other reason, and such officer is replaced, or if five percent or more of the ownership interest in the licensee changes hands or is transferred to a non-licensee, the licensee shall notify the Department by submitting to the Department within 30 days of the effective date of the change: (i) officers of the licensee change approval application; and (ii) a fee of \$2,000.00. All new partners, officers, directors, managers, managing members, shareholders or any other person owning directly or beneficially more than five percent of the interest in a licensee shall satisfy all eligibility requirements for a cannabis consumption business establishment license provided in this Chapter. A change of officers/shareholders under this Section shall not be effective unless approved by the Commissioner. Failure to comply with the requirements of this subsection shall be grounds for revocation of any cannabis consumption business establishment license held by such licensee.

### **ARTICLE III. OPERATIONAL REQUIREMENTS**

#### **4-52-310 Chicago Department of Public Health – Recommendation.**

The Chicago Department of Public Health shall make a recommendation to the Commissioner on appropriate health warnings to be posted on-premises of a cannabis consumption business establishment. Upon receiving such recommendation, the Commissioner

may, by rule, require the posting of such warnings by a cannabis consumption business establishment licensee, and provide standards for the posting of such warnings. Cannabis consumption business establishment licensees shall comply with the warning posting requirements of this section and rules promulgated hereunder.

**4-52-320 Hours of operation.**

(a) *General.* No person licensed under this chapter shall allow the consumption of cannabis in the licensed establishment between the hours of 2:00 a.m. and 7:00 a.m. on Mondays through Saturdays and between the hours of 3:00 a.m. and 11:00 a.m. on Sundays.

(b) *Outdoor enclosed areas.* Notwithstanding subsection (a) of this section, no person licensed under this chapter shall allow the consumption of cannabis in outdoor enclosed areas of the licensed premises between the hours of 11:00 P.M. and 7:00 a.m. on Sundays through Thursdays and between 12:01 a.m. and 7:00 a.m. on Fridays and Saturdays.

**4-52-330 Prohibited activities.**

(a) (1) It shall be unlawful for any licensee or any officer, associate, member, representative, agent or employee of such licensee to:

- (i) allow consumption of cannabis by any person under the age of 21 years on the licensed premises; or
- (ii) engage or employ or permit any person under the age of 21 years to work or to entertain, or to act as host or hostess in or upon the licensed premises, while such premises are open for allowing on-premises consumption of cannabis.

(2) It shall be unlawful for any person licensed to allow cannabis consumption to permit any person under 21 years of age to enter or remain within the licensed premises.

(b) No licensee or employee of a licensee shall:

- (1) give, sell, expose or offer cannabis to any patron of the licensed establishment; or
- (2) allow consumption of cannabis at a location other than the premise described in the license;
- (3) allow the storage of cannabis at the premises of the licensed establishment;
- (4) knowingly allow any person to sell or expose for sale cannabis to any person in the licensed establishment;
- (5) give, sell, expose or offer alcoholic liquor at the premises where the licensee allows consumption of cannabis; or

(6) allow any patron to bring alcoholic liquor at the premises where the licensee allows the consumption of cannabis.

(c) No person licensed under this chapter shall permit any employee, entertainer or patron to engage in any live act, demonstration, dance or exhibition on the licensed premises which exposes to public view:

(1) His or her genitals, pubic hair, buttocks, perineum and anal region or pubic hair region; or

(2) Any device, costume or covering which gives the appearance of or simulates the genitals, pubic hair, buttocks, perineum, anal region or pubic hair region;

(3) Any portion of the female breast at or below the areola thereof.

For purposes of this section, any of the items described in subsections (c)(1) through (c)(3) shall be considered exposed to public view if it is uncovered or is less than completely and opaquely covered.

(d) Pursuant to the agreement referenced in Section 4-52-280, no licensee or any officer, associate, member, representative, agent or employee of such licensee shall permit any person to carry a concealed firearm on the licensed premises, except for: (i) individuals authorized to carry a firearm under Section 24-2 of the Illinois Criminal Code of 2012, and (ii) retired law enforcement officers qualified under federal law to carry a concealed firearm.

**4-52-340 Illegal conduct on licensed premises – Cooperation with police.**

(a) No licensee shall permit or allow any illegal activity on the licensed premises.

(b) It is the affirmative duty of a licensee to report promptly to the Chicago Department of Police all illegal activity reported to or observed by the licensee on or within sight of the licensed premises; to answer fully and truthfully all questions of an identified police officer who inquires or investigates concerning persons or events in or around the licensed business; to cooperate with the police in any such inquiry or investigation, including the giving of oral or written statements to the police at reasonable times and locations in the course of investigations; and to sign a complaint against any person whom the licensee observes in any illegal conduct or activity on or within sight of the licensed premises.

(c) For purposes of this section, "licensee" includes an employee or agent of a licensee.

**4-52-350 Advertising.**

No cannabis consumption business establishment licensee shall engage in advertising that violates Section 55-20 of the Cannabis Regulation and Tax Act, codified at 410 ILCS 705/55-20.

## ARTICLE IV. ON-PREMISES SMOKING CANNABIS CONSUMPTION

### 4-52-400 On-premises smoking cannabis consumption – additional requirements.

(a) On-premises smoking cannabis consumption is allowed in a cannabis consumption business establishment only if such establishment is located in a freestanding building occupied solely by the cannabis business establishment and smoke from the establishment's smoking area does not migrate into an enclosed area where smoking is prohibited. For purposes of this section, a "freestanding building" means a building that is separated from all other buildings and structures by uncovered outdoor areas on the same lot as the building and at least 5 feet wide measured horizontally and perpendicular to the exterior walls of the building.

(b) A cannabis consumption business establishment licensed to allow on-premises smoking cannabis consumption must comply with the following mechanical ventilation system requirements:

(1) the smoking area is provided with a mechanical ventilation system that is separate and distinct from any mechanical ventilation system used for any portion of the building where smoking is prohibited;

(2) the mechanical ventilation system is certified by an Illinois-licensed professional engineer as complying with the requirements of the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 62.1-2016 applicable to buildings containing environmental tobacco smoke (ETS) areas.

(c) A cannabis consumption business establishment licensed to allow on-premises smoking cannabis consumption must:

(1) maintain a specially designated area for heating, burning, smoking, or lighting cannabis;

(2) limit access to individuals who are 21 or older; and

(3) maintain a locked door or barrier to any specially designated area for heating, burning, smoking, or lighting cannabis.

(d) The Department of Buildings shall inspect each cannabis consumption business establishment to be licensed to allow on-premises smoking cannabis consumption before any such initial license is issued for such establishment. Thereafter, either the Department of Buildings or Fire Department, pursuant to a coordinated inspection schedule, shall inspect the establishment once every two years to determine whether the establishment complies with all applicable requirements of this Code. If, within the 12-month period prior to the date of any inspection required under this section, the establishment was inspected either by the Department of Buildings or Fire Department in connection with a permit inspection, periodic inspection, code compliance inspection or certificate of occupancy, such inspection shall be

deemed to meet the applicable inspection requirement set forth herein. The Department of Buildings and Fire Department are authorized to conduct such additional inspections as they deem necessary to maintain health and safety.

## **ARTICLE V. ENFORCEMENT**

### **4-52-500 License revocation – Authorized.**

In addition to any other penalty provided by law, any cannabis consumption business establishment license issued under this Chapter may be revoked by the Commissioner in accordance with Section 4-4-280.

### **4-52-510 License revocation – Required when.**

In addition to any other penalty provided by law, if a person commits or has committed any combination of three or more violations within any 24-month period of Sections 4-52-270, 4-52-280, 4-52-310, 4-52-320, 4-52-330, 4-52-340, and 4-52-350, the Commissioner shall revoke that person's licenses. For purposes of this section: (1) "licenses" includes any and all licenses issued by the City of Chicago to engage in business operations at the location at which the violations occurred; (2) multiple offenses occurring on the same date shall be deemed a single violation while offenses occurring on separate dates shall be deemed separate violations; and (3) a "violation" may include a finding of liability or a finding sustaining the offense or offenses charged in the same or in any contemporaneous proceeding or evidence of any previously resolved final disposition against the licensee on a charge brought pursuant to one of the Code provisions listed above including but not limited to any finding of liability after adjudication on the merits, any default finding of liability, any uncontested finding of liability, any negotiated pre-hearing settlement of the charge, and any voluntary payment of the fine corresponding to the charge. A person subject to revocation pursuant to this subsection shall be entitled to the process described in Section 4-4-280, with the condition that any revocation hearing shall be limited to the issue of whether the licensee's record and the resolution of any pending charges in the same or contemporaneous proceedings, if applicable, accurately reflect the existence of a sufficient number of violations to support the revocation decision. The licensee shall not be permitted to challenge the previously resolved violations themselves, nor any underlying facts asserted or determined therein.

### **4-52-520 License revocation – Effect of revocation.**

(a) Any person whose cannabis consumption business establishment license is revoked shall thereafter be ineligible for the issuance of any new cannabis consumption business establishment license pursuant to this Chapter.

(b) Any person who has a significant ownership interest or control of an entity whose cannabis consumption business establishment license is revoked shall thereafter be ineligible for the issuance of any new cannabis consumption business establishment license pursuant to this Chapter. This ineligibility shall also apply to the issuance of a new cannabis consumption business establishment license to any other entity in which the disqualified person has

significant ownership or control. As used in this section, "significant ownership or control" means: (1) ownership of more than 5% of the entity, or ownership of more than 5% voting shares of stock if the entity is a corporation; or (2) holding a position as a principal officer or serving on the board of directors or as a manager of the entity.

(c) The parent, child, sibling, spouse or domestic partner of a person who is ineligible for the issuance of a cannabis consumption business establishment license under subsection (a) or (b) of this Section shall be ineligible for the issuance of a new cannabis consumption business establishment license under this Chapter for any premises that are at the same location as the licensed premises that were subject to the revocation that caused the ineligibility under subsection (a) or (b) of the Section for one year following the date that the order of revocation became effective.

**4-52-530 Violation – Penalty.**

Any person who violates this Chapter or any rule promulgated thereunder shall be fined not less than \$1,000.00 nor more than \$5,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

**4-52-540 Rules.**

The Commissioner is authorized to promulgate rules to implement, administer and enforce this Chapter.

**SECTION 3.** Section 7-32-035 of the Municipal Code of Chicago is hereby amended by inserting the language underscored, as follows:

**7-32-035 Exemptions.**

Notwithstanding any other provision of this chapter, smoking is allowed in the following areas:

*(Omitted text is not affected by this ordinance)*

(4) Cannabis consumption business establishments may allow smoking consumption of cannabis in accordance with, and to the extent permitted under, Chapter 4-52 of this Code.

In addition, theatre actors shall be allowed to use nicotine-free electronic cigarettes within performance spaces.

**SECTION 4.** This ordinance shall take effect 10 days after passage and publication.