

The University of Chicago

In the Weeds:

The Policy Decisions by Municipal Governments in Kane and DuPage Counties in Reaction to Illinois' Legalization of Recreational Cannabis

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Abstract

In June of 2019, Illinois became the 11th state in the United States to legalize cannabis for recreational uses. Under the Cannabis Regulation and Tax Act, municipalities in Illinois have the power to determine where in their jurisdiction to allow cannabis business establishments or to not allow them at all. In the western suburbs of Chicago, focusing on Kane and DuPage Counties, I interviewed 19 municipal administrators and collected public record data from municipal websites, archives and news articles for the other 44 municipalities in those counties. Using this data, I determined the initial policy outcomes for the 63 municipalities. The interviews found that policy makers in general either opposed allowing cannabis business establishments because of philosophical objections or were in favor of them because of their likely positive economic impact. In some municipalities, the question of allowing cannabis business establishments was a very controversial issue and community engagement varied widely. While most municipalities crafted their policies through their 'normal' processes, some took extra measures, such as community surveys and referenda. In total, the number of municipalities that chose to not allow cannabis business establishments was approximately equivalent to the number of municipalities that opted to allow them in some capacity. I provide recommendations for data collection and analysis that will assist municipalities to make better informed decisions.

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Introduction

On June 25th, 2019, Governor Pritzker signed into law the Cannabis Regulation and Tax Act (hereafter referred to as the Act), legalizing cannabis for recreational purposes within the state. This marked the first state legalization of a regulated cannabis market in the United States exclusively through the legislative process, as the other states with legal recreational cannabis legalized by voter initiative. In the Act, municipal governments are given the authority to create local ordinances to regulate the ‘time, place, manner, and number’ of cannabis business establishments: cultivation centers, craft growers, processing organizations, dispensing organizations, infuser organizations, or transporting organizations (Cannabis Regulation and Tax Act, 2019). Municipal governments were also given limited taxing authority. In theory, this discretion provides municipal governments the ability to create a broad range of policy options about what, if any, cannabis related businesses would be allowed to operate. Municipal governments were left with less than 6 months to discuss, draft, and pass local ordinances before the state law went into effect. The Act delegated the ultimate responsibility of determining the number and the placement of all cannabis business establishments to the municipal governments of the state, which work independently, within their own frameworks, and with limited state oversight.

The discretion granted to local governments by the Act and the lack of a standardized municipal policy process framework made handling this policy issue, which required a response, unusually charged, both economically and philosophically. This paper examines the municipal policy decisions that occurred in Kane and DuPage counties and the influential factors behind those decisions for municipal policy makers, using interviews with local government officials and public record examination.

Background

Overview of Cannabis Policy and Attitudes in the U.S.

The 1937 Marihuana Tax Act marked the first federal prohibitory regulation of cannabis in the United States, and it was implemented through the taxing power of the federal government (Musto, 1991). In a *Scientific American* article from 1991, Musto argues that cannabis became widely introduced to the U.S. in the 1920s with the surge of immigrants from Mexico who came looking for work in the agriculture business, therefore, the American public grew to associate cannabis with these immigrants, who grew more and more unwelcome as the Great Depression brought extreme economic hardship. Musto points to policy makers, such as Harry Anslinger, as wielding large influence over the public opinion of drugs. Anslinger was the first Commissioner of the Federal Bureau of Narcotics – a direct predecessor of the current Drug Enforcement Agency (DEA) – from 1930 to 1962, and during this time the agency propagated anti-cannabis sentiment and legislation such as the 1937 Marihuana Tax Act (Musto, 1991). Anslinger was instrumental in the creation and passage of this law, which prohibited cannabis through the levy of a required transfer tax stamp (Musto, 1991). This legislation regulated the cultivation, importation, distribution and possession of cannabis by creating a transfer tax stamp that required a tax to be paid and names to be registered in order for the transfer of cannabis between two parties to be legal. It criminalized possession of cannabis without a transfer tax stamp in section 8 of the Marihuana Tax Act of 1937. It states,

“It shall be unlawful for any person who is a transferee required to pay the transfer tax imposed by section 7 to acquire or otherwise obtain any marihuana without having paid such tax; and proof that any person shall have had in his possession any marihuana and shall have failed, after reasonable notice and demand by the collector, to produce the order form required by section 6 to be retained by him,

shall be presumptive evidence of guilt under this section and of liability for the tax imposed by section 7.”

The law allowed for distribution of cannabis by several parties, such as physicians, but a transfer tax stamp for the transfer of cannabis between private citizens was never created.

Therefore, if individuals were found to possess cannabis and couldn’t provide or locate the documents to prove that they had legally acquired the cannabis, it was confiscated and they were prosecuted, thus the possession of cannabis for recreational uses became effectively illegal by the Marihuana Tax Act of 1937 (Musto, 1991).

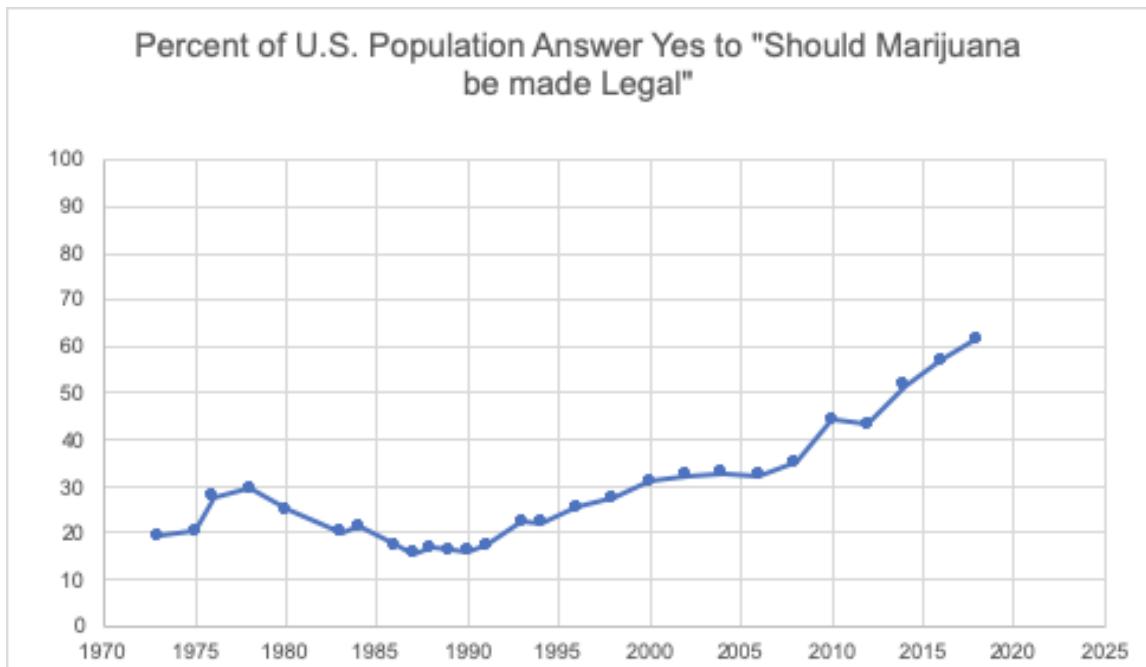
There were several other important pieces of drug policy legislation both before and after 1937, but the landmark legislation still in effect today on the federal level is the Controlled Substances Act. This Act took effect in 1971 and classified cannabis and cannabinoids as “Schedule One” drugs, meaning they have a high likelihood of abuse, no accepted medical uses, and a high potential for addiction such that it is not safe for use even under medical supervision (Controlled Substances Act, 1970). Advocacy groups, such as the Drug Policy Alliance, say that this categorization of cannabis was a part of the Nixon Administration’s ‘war on drugs’.

While cannabis is still federally illegal in the United States today and has been essentially outlawed since the 1930s, attitudes towards the drug have fluctuated over this period. Harry Anslinger was active in the cannabis prohibition movement of the time outside of his official role in the Federal Bureau of Narcotics as well. He wrote an article called “Marijuana, Assassin of Youth” in 1937 which argued that the drug endangered white women and children by describing incidents of death associated with cannabis as murder by the drug (Krebs, 1975), furthering his anti-cannabis agenda with the public. Musto, in his 1991 article, states that during the 1960s and 1970s there was a shift towards tolerance because of cannabis’s presence in the counterculture of the time, and in 1977 the Carter Administration advocated for the legalization of the drug in

small amounts. This legalization did not occur and incarceration rates for drug related crimes skyrocketed in the 1980s and 1990s due to the Reagan Administration's continuation of the 'war on drugs' ('A Brief History of the Drug War', 2019).

The public's opinion on cannabis legalization shifted with the federal government's perspective on drugs. The question "Should marijuana be made legal" appeared in the General Social Survey 27 times from 1973 to 2018 and shows that the opinion of the public and the stance of the federal government on cannabis legalization varied together, at least superficially, during this period of time.

There was an uptick from 1975 to 1979 of almost 10% more of Americans supporting legalization, to peak at almost 30%. Then, during the late 1980s and early 1990s, the percentage of Americans who supported legalization was steadily below 20%. From 1993's survey to 2018's however, the percentage of Americans who support legalization has increased substantially, with



Smith, Tom W., Davern, Michael, Freese, Jeremy, and Morgan, Stephen, General Social Surveys, 1972-2018 [machine-readable data file] /Principal Investigator, Smith, Tom W.; Co-Principal Investigators, Michael Davern, Jeremy Freese, and Stephen Morgan; Sponsored by National Science Foundation. --NORC ed.-- Chicago: NORC, 2018: NORC at the University of Chicago [producer and distributor]. Data accessed from the GSS Data Explorer website at gssdataexplorer.norc.org.

Figure 1

61% of the population supporting cannabis legalization in 2018 (General Social Survey, 1972-2017).

Between 1973 and 1977, eleven states decriminalized cannabis, which was the first wave of more tolerant policies on the state level towards the drug in the U.S. Twenty years passed before medical cannabis or patient medical access laws began to be adopted, with California's medical legalization in 1996 leading the way ("A Brief History of the Drug War", 2019). As of January 2020, 33 states and the District of Columbia have legalized medical cannabis, with an additional six states having legalized medical usage of CBD (Cannabidiol) oil (Berke, 2020).

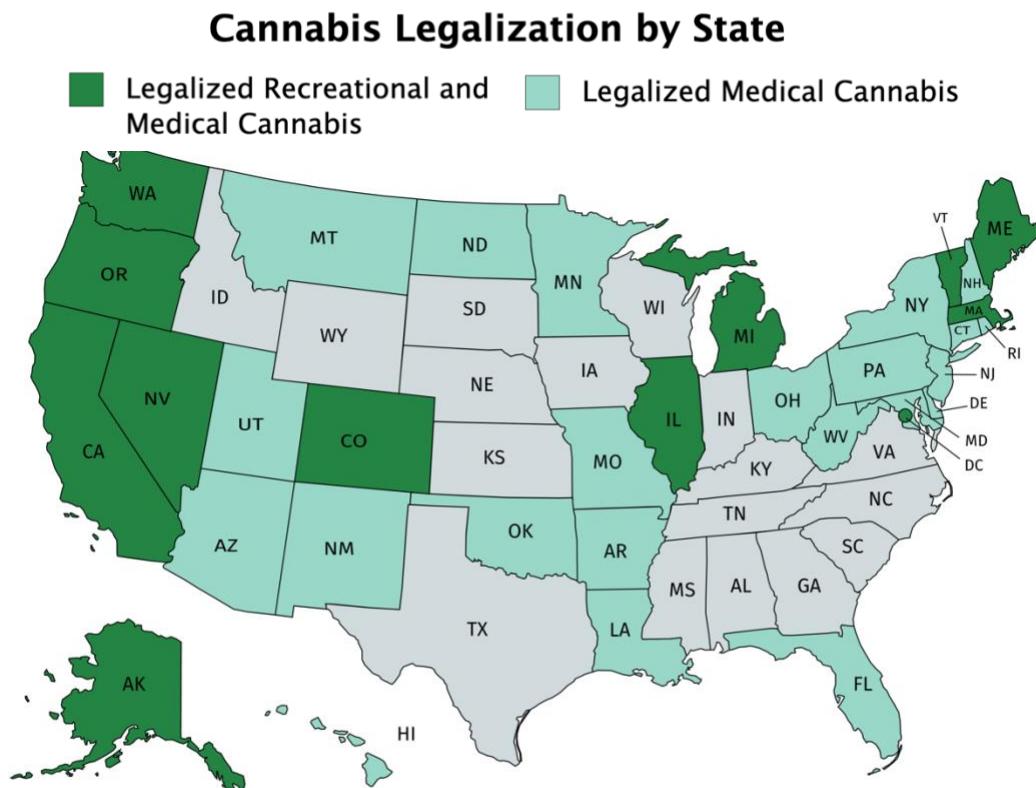


Figure 2

Created with mapchart.net ©

Medical cannabis legalization has been influential in the legalization of recreational cannabis, and the tools used to create the medical cannabis policies hold lessons for recreational

legalization as well, according to a paper by Pacula and Smart (2017). They find that medical cannabis state policies can be categorized temporally into three different eras, the ballot era (1996-2000), the early legislative era (2000-2009), and the late legislative era (2009-present). The seven “ballot era” states enacted medical cannabis policies through ballot initiatives in a manner similar to the way states have been legalizing recreational cannabis in more recent years. These ballot initiative medical cannabis laws were found to be vague, leading to ambiguity in the legality of different activities, which in turn led to confusion among law enforcement and patients about what ‘legal participation’ was (Pacula and Smart 2017).

When Illinois passed and signed into law the Act, it became the first state to legalize recreational commercial sale of cannabis through an action of the state legislature (Hansen, 2019). Illinois also had an existing medical cannabis market that was highly regulated since medical cannabis usage went into effect in 2014. The rollout of the recreational system is being done through the existing medical market: the first licenses granted in the state were given to existing medical cannabis dispensaries, and applications for organizations that do not already operate medical dispensaries closed January 2nd, the day after recreational cannabis legalization went into effect in Illinois (Meadows, 2019). This method is different, for example, from Washington state. Washington state legalized medical cannabis in 1998, during the so called “ballot era” (Pacula and Smart, 2017) and legalized recreational cannabis in 2012 through voter initiative 502, making it one of the first two states to do so. It had a medical cannabis market that provided broad access and was otherwise loosely regulated and actually used its creation of a retail market for the recreational market to strengthen its regulation of the medical market.

Illinois is the first state to legalize a regulated cannabis market through the legislative process rather than a voter initiative. Vermont is the only other state to have legalized

recreational cannabis through its legislature rather than a ballot initiative; however, it exclusively legalized the limited possession, use, and cultivation of cannabis by individuals and did not establish any sales, revenue, or regulatory provisions. The new Illinois legislation is unprecedented in the United States, because while other states with ballot initiatives depended on community approval, the process in Illinois occurred independently from the individuals and communities in the state.

Illinois' Cannabis Regulation and Tax Act

The Illinois Municipal League has published documents on their website that explain the intricacies of the law pertinent to municipal usage. These are primarily in Article 55-25: Local Ordinances (“Adult-Use Cannabis Resources”). Broadly, the Act legalizes, for residents of Illinois over the age of 21, the possession and private usage of cannabis. The Act went into effect on January 1st, 2020, and municipal governments across the state are required to decide how they will exercise the authorities provided to them in the act to adopt and implement this policy for the communities they govern. Municipalities have been granted a wide range of authority that, in practice, allows for vastly different implementations across communities. While municipalities are not allowed to restrict the private usage of cannabis by local regulation or ordinance, and the Act prohibits the use of cannabis in a variety of areas, such as schools, public places and child care facilities, municipalities are allowed to regulate possession and public consumption of cannabis through local ordinances establishing regulations and penalties consistent with the Act. In addition, municipalities have the authority to establish and enforce civil penalties for violations of local ordinances and regulations.

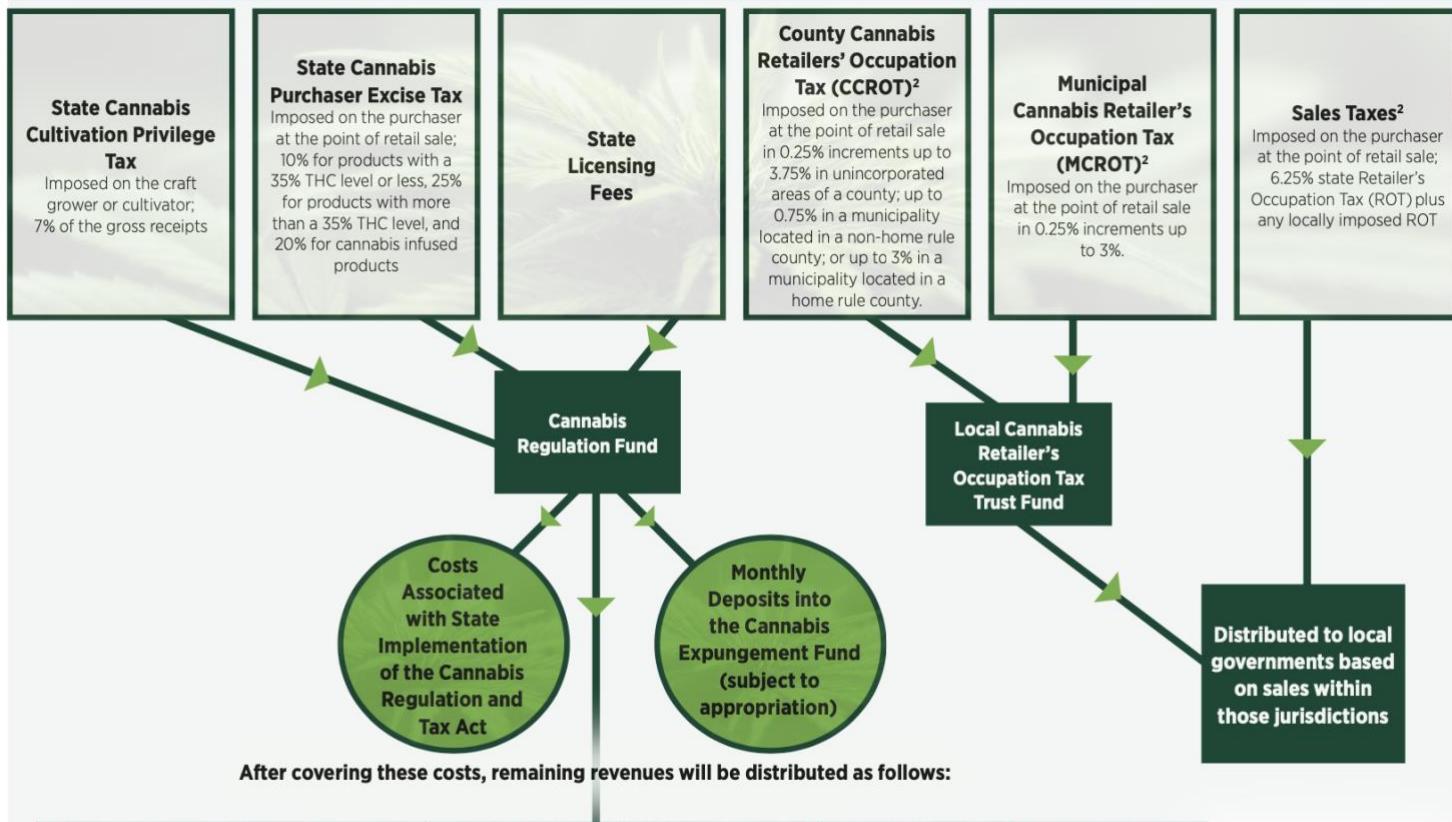
Local zoning authority is left to municipal governments under the Act, and this grants municipalities the power to decide whether to allow cannabis business establishments (ex.

dispensaries) within their jurisdiction. The Act explicitly authorizes municipal governments to prohibit or significantly limit, through ordinances, the location of cannabis businesses, which gives municipalities the authority to completely opt out of commercial distribution and/or production through zoning ordinances. They may also regulate the time, place, manner, and number of cannabis business operations through conditional use permits, which allows them to set operating hours, distances between establishments, and signage (“Adult-Use Cannabis Resources”).

In addition to zoning authority, municipalities are granted taxing authority on adult-use cannabis products. Figure 3, on the next page, illustrates the distribution of taxing powers between the state, counties, and municipalities. The state of Illinois taxes adult-use cannabis through four different avenues and municipalities are given two. Both levy sales taxes at the point of purchase and the municipalities can impose the Municipal Cannabis Retailer’s Occupation Tax (MCROT) at a rate of up to 3%, which is paid by the purchaser. The state also imposes a State Cannabis Purchaser Excise Tax (SCPET), which is comparable to the MCROT in that it is levied on the purchaser. However, where the MCROT is capped at 3%, the SCPET has two tiers of taxation based on the concentration of THC (tetrahydrocannabinol, the primary compound in cannabis that gives the ‘high’ feeling) in the product being purchased. Products with under 35% concentrations are taxed at a rate of 10% by the SCPET and products with THC concentrations over 35% are taxed at a rate of 25% by the SCPET (“Adult Use Cannabis Resources”). In comparison, municipalities are given relatively little taxing power and, therefore, relatively small economic incentive to allow dispensing organizations in their communities.

Cannabis Regulation and Tax Act (P.A. 101-0027¹) Tax & Fee Revenue Distribution

12/10/19



After covering these costs, remaining revenues will be distributed as follows:

2% to the state's Drug Treatment Fund	8% to local governments per capita through LGDF for crime prevention, training and interdiction efforts	25% to the Criminal Justice Information Projects Fund	10% to the State Budget Stabilization Fund	20% to the IL Department of Human Services Community Services Fund	35% to the State General Revenue Fund
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¹As amended by P.A. 101-0593

²Locally imposed sales taxes, including the MCROT, are subject to the state's 1.5% sales tax administrative fee.

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Figure 3

Literature Review

The state-level legalization of cannabis is a relatively recent phenomenon, and there is a rapidly growing body of literature, as research is conducted on many aspects of the process. Research, from other states that legalized cannabis, perspectives on implementation at lower level, and on local government dynamics with their communities provides information and context for Kane and DuPage counties.

Dilley et al. (2017) looked at municipal implementation policies in Washington State, in particular the cannabis-related ordinances relating to the regulation of the retail sale of cannabis in cities. This study found that 88% of cities had banned retail sales, primarily through zoning policy, but that only 30% of the state's population lived in a place where this was the case. This study was broad, looking at the whole of the state after the policies had gone into effect. While they postulated some factors that might motivate local entities to regulate cannabis, such as whether the population in their jurisdiction passed the measure, unknown public health effects, and the existing medical market, none of these were addressed or validated in the data they collected. That municipal governments in Washington tended towards an absolutist opt out policy for the retail sales of recreational cannabis is interesting and relevant because they were afforded similar discretionary powers as Illinois' municipal governments. Even though Washington's municipal governments had a lot of regulatory power over retail sales in their jurisdiction, many chose to not engage with the industry at all, although they still have to deal with the externalities that having the industry in the state incurs. The processes and reasonings behind these municipal decisions were not examined in that study, unlike a study conducted in Colorado that attempted to explore the local policy-maker perspective on this issue.

Johns (2015) collected survey data from local officials in Colorado regarding how they implemented recreational cannabis policies in their jurisdictions. The researcher then gave that data to a panel of six local officials from cities of varying sizes for additional feedback and personal input. Johns (2015) found that cultural factors and public opinion were cited by respondents who both allowed and prohibited cannabis sales, and policy diffusion from prior medical cannabis policies was particularly important in the early stages of municipal implementation. Many survey responses cited the vote margin of their communities on the state ballot initiative in their decision-making process and found that many of them were close. This data point is unavailable to municipal policy makers in Illinois due to the legislative nature of the state-level policy inception; however, they have other tools to gauge community interest that some municipalities have used, such as referenda.

Theories of policy implementation at the ‘ground-level’ and about the discretion given to agents on that implementation level may provide theoretical insight into the question faced by municipal policymakers. These theories typically examine how local governments function and interact with the communities they serve, and the relationship between community makeup, ultimate opinion and governmental decision regarding allowing recreational cannabis establishments.

In *Street-Level Bureaucracy: The Dilemmas of the Individual in Public Services* (2010), Michael Lipsky develops a theoretical framework concerning the role of public servants. While he concerns his analysis with public officials such as teachers, police officers, judges and others of similar power, much of his theory, specifically concerning the importance of discretionary power in policy making, is applicable to municipal government officials dealing with policy handed down from a higher level. “Street-Level Bureaucrats” are the lowest rung on the ladder

with regards to policy implementation, and though municipal aldermen, mayors and city officials are several levels above this in terms of authority, they share with ‘street-level bureaucrats’ a level of discretion over whether or not to implement policy at all. Just as police officers get to decide on an individual level whether or not to arrest someone for a crime, Illinois municipal policymakers choose whether to allow or prohibit dispensaries or other cannabis business establishments from their jurisdictions without repercussions or consequences from higher levels of government.

To extend this framework to the municipal governments in this case, each municipality is being given the discretion to exercise the powers they were granted in the Act however they see fit. Breaking down the structure of the city council further, city council members have discretion on how they vote on policy related to cannabis legalization implementation in their municipality, and they get to choose who and what to consult or not consult before making that decision. Therefore, the utilization of discretion by policy making agents is a key element of the processes occurring on this level of government. A check on their discretion is the level to which the residents of municipalities engage with the policy process and hold their local elected officials accountable.

Meetings of city councils are typically open to the public; however, the municipal administrators I spoke with reported that their governments typically receive very low engagement with the community. Issues as controversial as recreational cannabis sales can induce communities to be more active and municipalities can choose to perform additional outreach for community feedback. Trautman (2016) focuses on the importance of input and community engagement in small-town government, and the way smaller communities both hinder and facilitate communication between citizens and the government. She says “Often,

members of the policy-making body elected to do what is in the best interest of the community have difficulty resisting the pressure to cave to the narrow interests of the outspoken citizens...the outcome is that small-town ‘proximity’ can and often does impact, impede, or alter policy decisions.”

There is important discussion on how local policy makers must be willing to consider community feedback in the decision-making process, but that often what is done isn’t necessarily in line for the best interests of the whole community. Often, those in the community who are loudest are appeased at the local level, and proximity to policy makers has an outsized influence in smaller towns. Whether or not that is the case in the western suburbs of Chicago, which range in population dramatically, is a key question, and whether it is more or less true at different population sizes may also provide insight.

Methods and Data

Kane and DuPage Counties contain most of Chicago's western suburbs, and using Social Explorer I identified the 63 municipalities with area in Kane and/or DuPage. By searching municipal government websites, I found email addresses for municipal administrators. I emailed requests to the 48 administrators of municipalities with a population between 8,000 and 75,000 to be interviewed for this project and I scheduled and conducted 19 interviews. I chose these population boundaries because most municipalities below that threshold did not have administrators listed, and the four above that threshold were of substantial size and had good archival and news data.

I interviewed the 19 administrators about what decision their government made regarding whether or not to allow cannabis business establishments, the process their government followed in that decision, and what the influential factors were from the policy maker's perspective. I had a list of questions (Appendix 1) that served as my guideline for each interview. The interviews varied widely in the amount of content and data provided, with some administrators speaking with me for over 45 minutes and some for under 12 minutes. I chose to speak to administrators, instead of elected officials, because they are typically appointed municipal employees that oversee policy matters but do not have voting power on issues. Administrators also oversee the day to day operations of the municipality, providing insight into the effects of policies implemented. Further, they are actors in the policy process who are meant to provide facts to the 'policy makers' (elected officials) and might have insights into the dynamics between the elected officials that could influence which policy is ultimately chosen.

I conducted the interviews over the phone and typed notes during the interviews. I kept a spreadsheet with administrators answers that I updated after each interview and when all the

interviews had been conducted, I found that the arguments administrators cited as being influential for their policy makers fell into two categories, economic and perceptual/philosophical.

For the archival data, I only collected the official decision of the town's council or whether they pushed the issue to a referendum. I used board meeting agendas/minutes and ordinances to identify the decision of the 44 communities that I did not interview an administrator in. The news articles that I used to confirm my archival findings came from the Daily Herald, the Kane County Chronicle, and the Chicago Tribune. Through the University of Chicago, I have access to Social Explorer and American Community Survey 2017 data, and I gathered demographic variables by municipality including age, race, income, population, sex, and education and I looked for correlations between these variables and the policy outcomes after I conducted the interviews.

Findings and Analysis

Finding 1: *There were four types of policy decisions made by municipalities.*

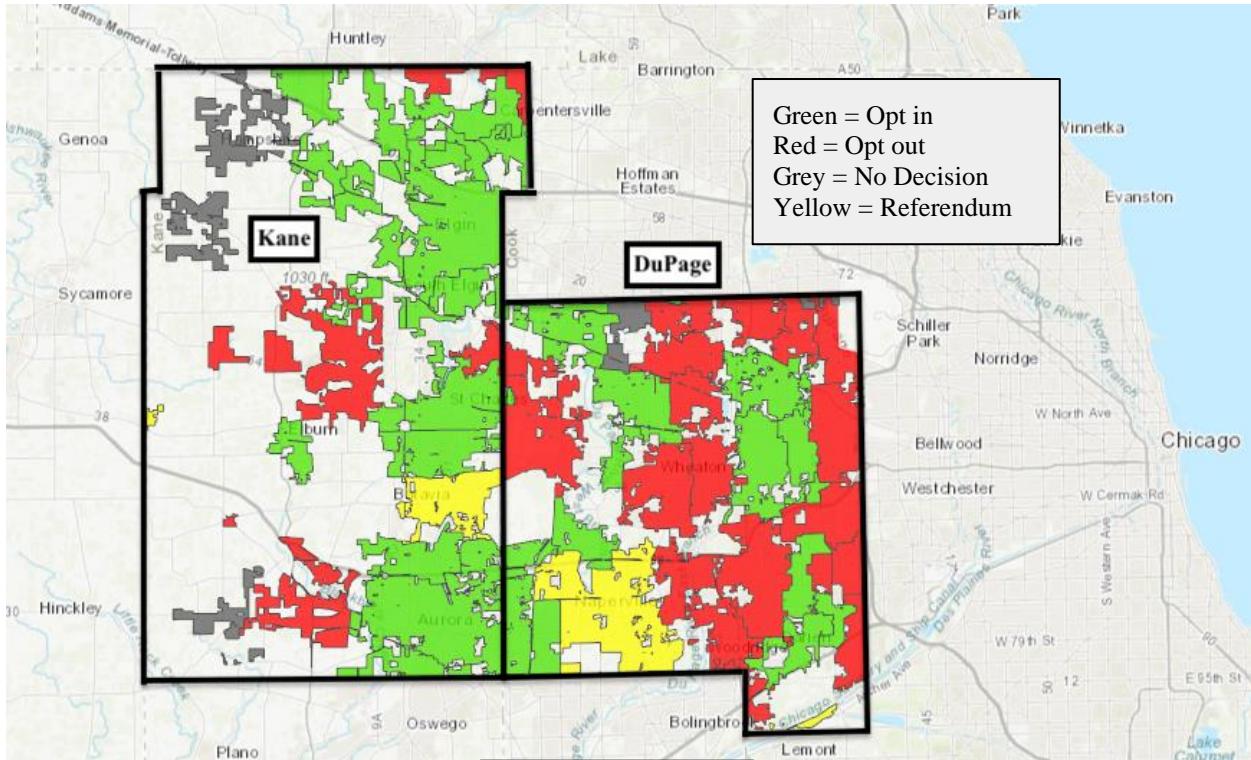


Figure 4

The policy responses of municipalities can be split into four categories. 1) *Opt in*: the municipalities in this category had their village board or city council vote on and pass an ordinance allowing at least one type of cannabis business establishment within their municipal boundaries. 2) *Opt out*: the municipalities in this category had their village board or elected officials vote on and pass an ordinance prohibiting all types of cannabis business establishment within their municipal boundaries. 3) *No decision*: the municipalities in this category, as of the end of February 2020, had not had their village board or city council vote on and pass an ordinance allowing or prohibiting any types of cannabis business establishments within their municipal boundaries. 4) *Referendum*: the municipalities in this category had their village board

or city council approve a ballot question for the residents of their municipality, and they will take up the issue again after the vote.

Opt in: 28 of the 63 municipalities in this study had opted in as of January 2020. 12 of these municipalities are in DuPage and 15 are in Kane county. The 28th town, Aurora, has significant portions in both Kane and DuPage Counties and therefore is in both columns in Table 1 but excluded from both counties for most analyses. The list of towns, by county, that opted in is in Table 1.

DuPage	Kane
Addison Aurora Bartlett Carol Stream Darien Lombard Oakbrook Terrace Schaumburg Villa Park Warrenville Westmont Willowbrook Winfield	Aurora Carpentersville East Dundee Elburn Elgin Geneva Gilberts Hoffman Estates Huntley Montgomery North Aurora Pingree Grove Sleepy Hollow South Elgin St. Charles West Dundee

Table 1

Splitting these municipalities by counties lends to some interesting comparisons. For example, excluding Aurora, the population of the towns in Kane that opted in sums to 376,136 which is 71% of Kane County's population of 529,402 (Social Explorer Tables). In contrast, only 340,449 of DuPage's population is in municipalities that opted in, just 36.5% of the population (931, 826) of the county. Aurora is excluded because it is split between DuPage, Kane, Kendall, and Will counties and is the 2nd most populous city in Illinois, with a population of 200,946 in 2017 (Social Explorer Tables). This difference in decision between counties is visualized in Figure 4 by land mass and proportions of red (opt out) to green (opt in) between the counties.

Of the 19 administrators I interviewed, 12 of them were from municipalities that opted in, and these municipalities are highlighted in blue in Table 1 (above). From these administrator's accounts, the discussion in their municipalities regarding whether to opt in or opt out was functionally a debate about whether to allow retail establishments (dispensaries) – much less focus was given to the other types of cannabis business establishments defined in the Act. These municipalities also all zoned cannabis business establishments as special use, which set boundaries about how close an establishment could be to places like schools and specifying in what part of their town these establishments could operate. The municipalities also still have control over the number of licenses they will give out and can decide what business to give those licenses to.

Only 44% of municipalities in these counties, combined, opted in; however, these municipalities make up 49% of the counties combined population (still excluding Aurora). There are no municipalities that are more than a 20-minute drive from one of these *opt in* municipalities (see Figure 4), so they are fairly well dispersed throughout the counties. An additional factor for three of the municipalities that opted in was their existing medical cannabis dispensaries. Addison had two existing dispensaries, and St. Charles and North Aurora both had one. In my interview with North Aurora's administrator, this factor was mentioned to have been influential in the decision to allow for retail sales. The North Aurora administrator cited the town and residents having had “no major issues with the dispensary during its exclusively medical stage”, and they also estimated their potential retail revenue in part based on their medical sales.

Opt out: 27 of the 63 municipalities in Kane and DuPage counties opted out. 18 of these municipalities are in DuPage County and 7 are in Kane County, and the municipalities with administrators I interviewed are highlighted in blue in Table 2.

DuPage	Kane
Bensenville Bloomingdale Bolingbrook Burr Ridge Clarendon Hills Downers Grove Elmhurst Glen Ellyn Glendale Heights Hinsdale Itasca Lisle Oak Brook Roselle Wayne West Chicago Wheaton Wood Dale Woodridge	Algonquin Barrington Hills Big Rock Campton Hills Kaneville Lily Lake Sugar Grove Virgil Wayne

Table 2

Wayne is split fairly evenly between the two counties, so it is included in both columns and excluded from the following analyses. Population wise, 53.8% of DuPage County's population lives in a municipality that opted out while only 10.7% of Kane County's population lives in a municipality that opted out. A municipality opting out means their Village Board or City Council voted on and passed an ordinance prohibiting cannabis business establishments in their municipal boundaries. The reasons administrators gave for this decision are expanded upon in the findings .

No Decision: Four of the 63 municipalities in Kane and DuPage counties have made no binding decision that is available on their website as of February 15th and I interviewed no administrators from this category of municipalities.

DuPage	Kane
Elk Grove Village Hanover Park	Burlington Hampshire

Table 3

Elk Grove Village is reportedly not going to take up the issue until approached by an interested business (“Illinois Weed Legalization Guide”). The Kane County Reporter still lists Hanover Park and Hampshire as undecided (Local Labs News Service), and the municipal websites of those municipalities also don’t provide any information on a decisive action on the topic. Burlington, at their January 21st Village Board Meeting, discussed and took action on an opt-out ordinance (“Village of Burlington”), however, only the agenda has been published online and there are no news articles regarding the outcome of that discussion and action so the outcome of that is unknown as of February 16th, 2020.

The DuPage County municipalities are substantially larger than the Kane County municipalities in this category. From Social Explorer’s most recent data (2017), Elk Grove Village has a population of 33,180, and Hanover Park has a population of 38,350. By comparison, Burlington has a population of 718, and Hampshire has a population of 5,763.

The implications of not having made a formal decision yet as a municipality are limited. The expectation, according to city administrator’s I interviewed, was that towns would update at least their current zoning ordinances to be definitionally compliant with the Act by January 1st, 2020: this means having the definitions of cannabis business establishments and other necessary

terms at least included in zoning definitions, regardless of where they are zoned to. In practice, this doesn't seem to matter very much. The decision to opt in or opt out was most important for towns with existing medical dispensaries to make before January 1st, 2020 because those were the only dispensaries that could operate retail sales that early. The state hasn't given out licenses to new dispensaries yet, therefore, whether or not this deadline was important for the vast majority of municipalities is debatable, but it was certainly framed as important by administrators whose municipalities made a decision in 2019.

Referendum: Four of the 63 municipalities in Kane and DuPage counties have decided to put the issue on a 2020 ballot, and I interviewed administrators in Lemont and Batavia (highlighted in blue in the table 4).

DuPage	Kane
Lemont Naperville	Batavia Maple Park

Table 4

Though all of these towns have decided to put the question of opting in or opting out to their residents, the reasons behind this decision vary drastically as do elements of the referenda themselves. In Lemont, the administrator cited the choice to have a referendum as a component of a 'wait and see' approach. He said that the elected officials were thinking about the benefits, like tax revenue, and the downsides, like public safety, but didn't know how to "appropriately weigh those against each other and therefore want to see how it plays out in other communities" and hold an advisory referendum on the March primary ballot. From the DuPage County website, Lemont's question is phrased as,

“Shall the Village of Lemont, in Counties of Cook, Will and DuPage, Illinois, allow the operation of a recreational cannabis (marijuana) dispensary within its jurisdiction?” on the ballot. Lemont’s population is 16,780 as of 2017 (Social Explorer).

Maple Park, with population 1,338 as of 2017 (Social Explorer), has also decided to place a non-binding referendum before their residents on the topic. From the Kane County Clerk, the question is phrased,

“Shall the corporate authorities of the Village of Maple Park permit the operation of Recreational Cannabis Businesses within the limits of the corporate boundaries of Maple Park, subject statutorily to permissible zoning restrictions and taxation?”

However, I could find no information on Maple Park’s municipal website about why they decided to hold a referendum.

Naperville, with a population of 146,431 (Social Explorer), is the second largest municipality in this study, after Aurora, and they originally decided to opt out in July (Wilson, 2019). However, Naperville’s city council also decided to put the issue on a non-binding referendum in March (Wilson, 2019) and reportedly will revisit the issue and possibly opt in if the voter’s want to opt in (Hegarty, 2019). There was a lot of public pressure as Naperville’s public meetings on this topic drew hundreds of people, both in opposition and in favor. The phrasing for Naperville’s advisory referendum is, from the DuPage County Website,

“Shall the City of Naperville, in light of state legislation legalizing the possession, consumption, and sale of recreational adult use cannabis, allow the sale of recreational adult use cannabis within its jurisdiction?”

The three towns mentioned in this category so far are having their referendums appear on the March 2020 primary ballot and their referendums are advisory, or non-binding, in nature. Neither of these are true for Batavia.

I interviewed Batavia's city administrator after the city's late decision to put a referendum on the ballot. Originally, Batavia had opted out, which was exceptionally easy for the town because of a years-old prohibition of medical cannabis establishments that preemptively included recreational cannabis establishments, so Batavia had only updated a few definitions. However, the administrator said that after a neighboring city, Geneva, opted in, Batavia's city council wanted to discuss the issue again because they were "surprised by Geneva's decision." They held a meeting in mid-January that was heavily attended compared to average turnout (over 60 residents attended) and the city council decided to place a binding referendum on the November 2020 ballot. This was an especially interesting decision considering the alder-people had announced their positions at the end of the meeting, and 10 out of the 14 were in support of opting in. However, the Mayor was adamantly against opting in, and the city administrator said this swayed the alderman to put the issue on the ballot and "let the voters decide."

In March 2020, Maple Park, Lemont, and Naperville held their referenda. Maple Park voters said yes to allowing recreational cannabis sales by a slim margin (Sarkauskas, 2020) as did Naperville voters (Schuba, 2020). Lemont voters said no (Schuba, 2020). However, due to the novel coronavirus, turnout in Illinois was significantly impacted (Garrison, 2020) and therefore I did not include these results in any further analysis nor draw any conclusions from these results.

Finding 2: Economic factors played a major role in policy decisions.

Financial incentives play an important role in municipal decision making, with governments struggling to find the balance between the desire by residents for high quality services and increasing tax burdens. In Illinois, municipal government revenue streams come primarily from property and sales taxes. One area that has seen taxation growth over the past two decades is the area of “sin taxes”, or public health taxes, such as alcohol, tobacco, and gambling. Cannabis falls into this category. Alcohol and gambling were both illegal at certain times within the past 100 years, and both are still heavily regulated and the path to legalization of cannabis in Illinois had some parallels with those activities. Arguments in favor of making them legal in all cases included an acceptance that the activities were continuing to happen in spite of being illegal, and that making them legal would at least give the chance to capture tax revenue from them. There are places where this argument has not influenced policy, as there are currently 83 “dry” counties in nine states that do not allow retail liquor sales (Comen, 2020). However, Illinois collected \$297M in liquor taxes and \$767M in cigarette taxes in 2019 (Illinois Department of Revenue) and stands to collect a lot of revenue from legalizing cannabis.

Gambling has also moved from being largely illegal to a regulated revenue source for state and local governments. Only Utah and Hawaii completely prohibit it, and there are a number of different types of gambling that are prohibited in many states. In Illinois, the Illinois Gaming Board provides detailed state and local revenues by month for casino, video, and sports gambling, and the state and communities collect in excess of \$1B per year in fees and taxes (Illinois Gaming Board). As was the case for alcohol and gambling, one rationale for legalization of cannabis in Illinois is the ability to tax the sale and thus increase state and local revenues.

Of the 19 administrators I interviewed, only Geneva’s administrator did not mention economic factors as playing a large role in the discussion by elected officials over whether to opt

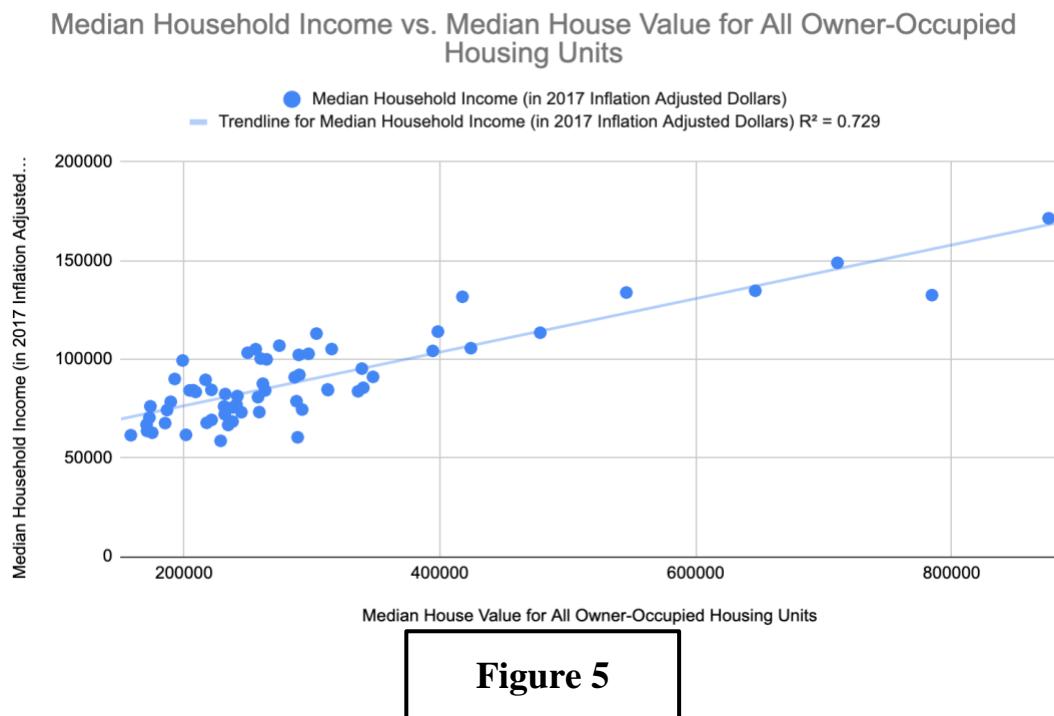
in or opt out. Geneva ended up opting in with a tied vote on their city council of 5 to 5, with the Mayor deciding in favor of opting in. Several towns cited high tax revenue estimates as being influential in the decision making process, with three towns providing specific numbers they'd seen. Willowbrook's administrator cited an estimate of \$150,000 per store per year and Winfield's cited an estimate of \$500,000. Lombard's administrator said they'd seen an estimate that predicted anywhere between \$450,000 and \$700,000 per year, and all three of these towns opted in.

With estimates that high, other economic factors, like the current tax base of the municipality had to be considered. Winfield's administrator said that Winfield has a very limited tax base and they "always have to be looking for revenue." Lombard's administrator said Lombard is a community based on sales tax, and there has been decline in sales tax revenue and the administrator cited recent events such as the 2018 closure of a flagship store in the largest shopping center in Lombard as a source of financial hardship for the municipal government.

In contrast with that viewpoint, there was also a group of administrators whose municipalities opted out who mentioned that the sales tax benefits were discussed, but not enough to overcome councilmembers' counterarguments. For example, Burr Ridge's administrator said that while "other towns couldn't afford to pass up this opportunity, Burr Ridge could and did." Algonquin's administrator cited already having a stable tax base and not needing the extra, however Algonquin did pass the full 3% MCROT tax rate before opting out. Bloomingdale's administrator said that elected officials had said that this was "not the type of tax revenue they want" to get, and they would rather look at the budget and find a way to meet or cut costs if necessary. West Chicago and Batavia's administrators also mentioned revenue while not opting in, and they said that elected officials had questioned whether the amount of revenue they

could collect from a retail cannabis establishment would actually cover the cost of the associated externalities.

From this perspective, there is a trend among the 63 municipalities of towns with higher property tax revenue and residents of higher income opting out. In my quantitative analysis, I looked at median home value as a proxy of property tax revenue, as that directly determines municipal property tax revenue. Figure 5 shows the strong positive relationship between these



two variables. Due to this relationship, I used Median House Value for further analysis as it can be used both as a measure of the wealth of the community and a measure of property tax revenue for the municipal government.

Figure 6 shows the 63 municipalities divided by median household income and placed in bins by the \$10,000. It shows that, in the bins below \$110,000, each bin has 7 municipalities that opted in, indicating that there was little difference in decision patterns at these median income

Policy Decision by Median Household Income

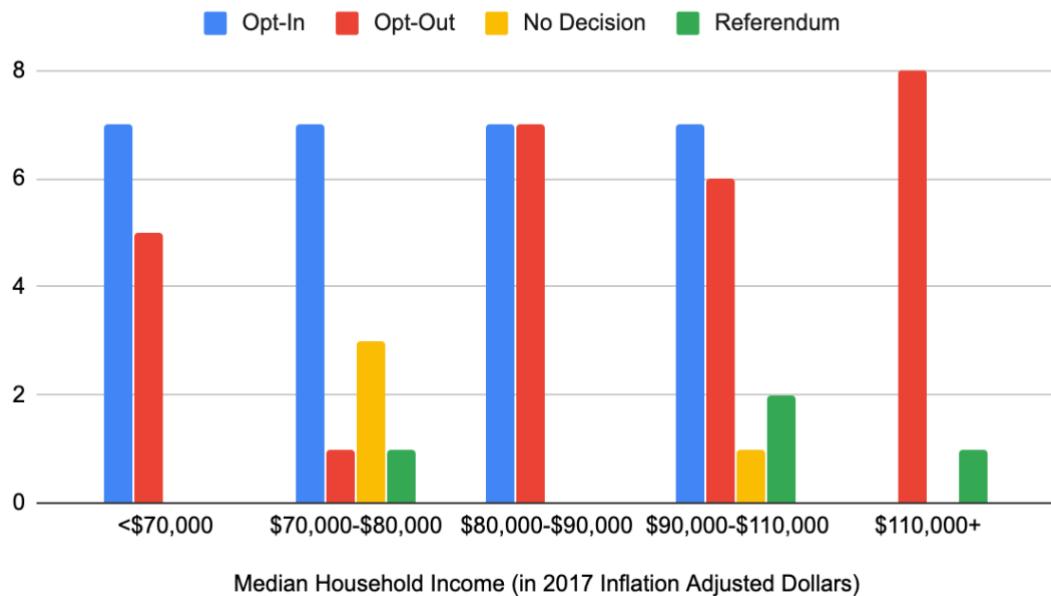


Figure 6

Policy Decision vs. Median House Value

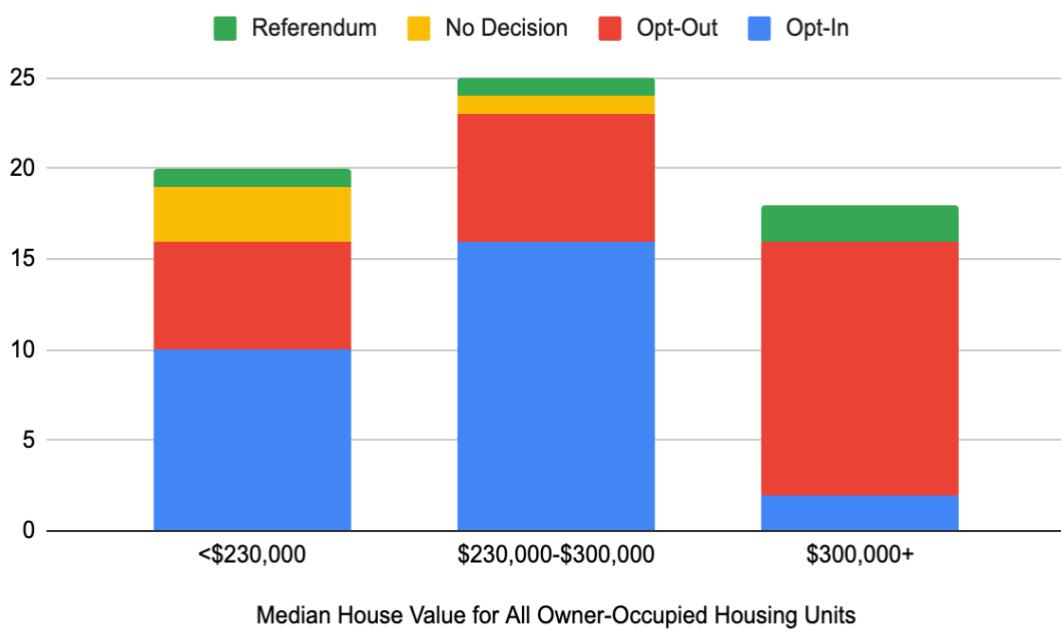


Figure 7

levels. However, in the highest bin, \$110,000+, there are no municipalities that opted in and there are 8 municipalities that opted out. The one referendum in the \$110,000+ bin, Naperville,

initially opted out before deciding to hold a referendum. The very wealthiest communities in Kane and DuPage opted out, while the rest had more variation in policy decision.

The same trend appears when the data are organized by each municipality's median house value, shown in Figure 7. Of the 18 municipalities in these counties with median house values above \$300,000, there are two referenda, two opt-in and 14 opt-outs. Among the 14 municipalities with median house value above \$330,000 there are no opt-ins. Not shown in the chart, but worth noting, is that among the 8 municipalities with the highest median home values (above \$400,000) there are only opt-outs.

Finding 3: Perceptual factors were influential in the decision-making process.

From the 19 interviews I conducted, administrators reported another category of arguments used by elected officials and residents who participated at municipal public meetings both for and against opting in to cannabis business establishments. These arguments weren't concerned with the potential revenue or differing legalities by state and federal levels, but all focused around their perception of cannabis. Nine of the 19 administrators I interviewed mentioned the effect on community image or community brand being an influential consideration for policy makers on their municipalities voting board. Although 3 of those municipalities did opt in, all of the reported arguments pertaining to a municipality's image or brand were used as validation for an opt out vote on recreational cannabis business establishments. The towns that saw this argument made, and did not opt in, were: Burr Ridge, Algonquin, West Chicago, Bloomingdale, Batavia and Lemont, the last two of which are holding referenda. The towns that had prominent arguments concerning cannabis as harmful to the community image, but that opted in, were Warrenville, Geneva, and Darien. All three of these

towns' councils had split votes on the opt in ordinances, with ties in both Geneva and Darien that required a tiebreaking vote by each town's mayor.

Administrators provided several anecdotes on how these perceptual arguments were framed. In Geneva, the administrator mentioned that an argument against opting in was Geneva's brand, citing specifically that a few years prior Geneva had prohibited video gambling within their municipality. However, the counterargument proposed at that meeting was that Geneva also has 85 liquor licenses and cannabis is now essentially as legal as alcohol. The administrator of Burr Ridge, which opted out, said that the residents who participated at public meetings communicated that they did not feel that a dispensary was an appropriate type of establishment for Burr Ridge and that there was a stigma attached to cannabis. Algonquin's administrator said that in Algonquin "it came down to values", and that's why they opted out. He said it was a discussion of how they wanted to position themselves as a place to live and work, and that they used this "as a type of marketing strategy as a conservative community." Elected officials in Darien were also cited by their administrator as saying allowing cannabis "doesn't promote a nice family image", although they ultimately opted in.

Another category of perceptual arguments mentioned by municipal administrators were concerning the perception that cannabis is a gateway drug and that legal recreational dispensaries would increase children's access to cannabis. Regardless of whether or not those are true, administrators framed these types of arguments by elected officials and residents as emotional and philosophically opposed to cannabis. In Warrenville, which opted in, the administrator said the "philosophical difference of cannabis being right or wrong" was at the forefront of discussions, and that there was discussion about the implication of allowing cannabis at all and how opting in may act as a message to children that drugs are condoned. At a Batavia city

council meeting, where they ultimately decided on a referendum, the administrator remembered a lot of discussion about the possibility of increasing underage access and quoted a resident who said, “sometimes we have to inhibit our freedoms to protect our children.”

Despite the emphasis of perceptual argument cited by administrators concerning children, there was essentially no difference in policy between towns with more or less homes with children despite a substantial amount of variation around the average rate of homes with children (34.74%) in the two counties, with the minimum of 17% of households having children in East Dundee and the maximum of 55.8% of households having children in Montgomery. Figure 8 shows how little of correlation there was between policy decisions. It demonstrates that municipalities with a higher percentage of households with children did not opt out at a higher rate than municipalities with less households with children. The three bins of less than 30%, 30-40%, and 50%+, in Figure 8, each have fairly similar rates of municipalities that opted in or made one of the other three policy decisions.

Opt-In Decisions by Percentage of Households with Children

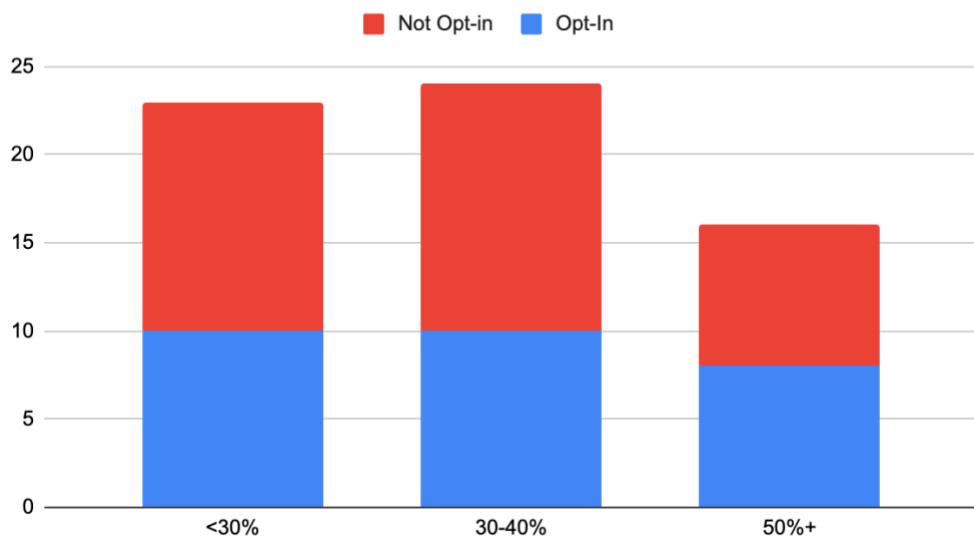


Figure 8

Discussion

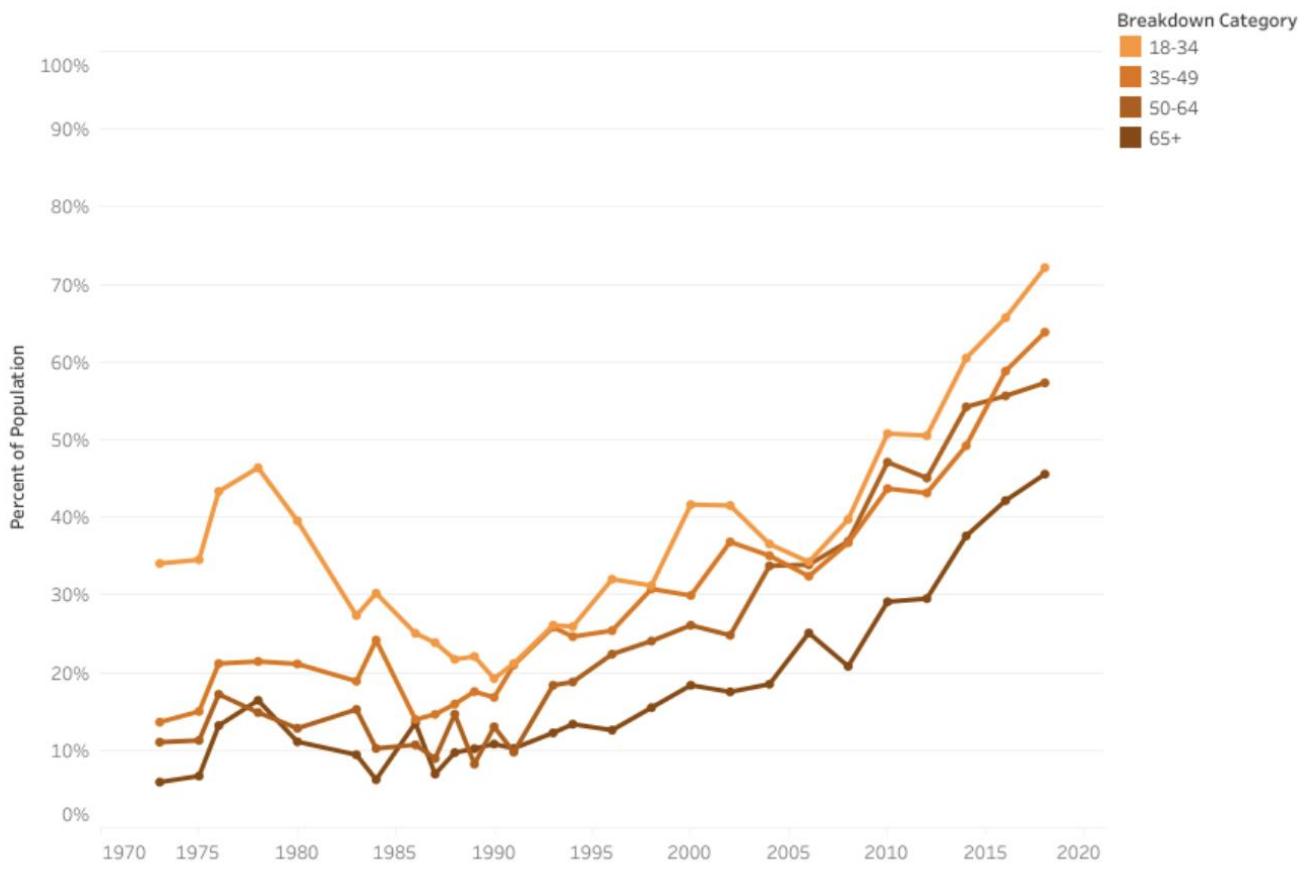
As a case study of Kane and DuPage, two majority white, upper-middle class suburban counties to the west of Chicago, this is a descriptive, non-generalizable, study. However, other states that have legalized recreational cannabis have allowed municipalities similar discretion over controlling the placement of cannabis business establishments. In Dilley et al. (2017), they found that across the state of Washington, localities had passed local ordinances to address recreational cannabis retail sales and the types of ordinances are similar to the ones found in Illinois. For example, Dilley et al. say, “communities most frequently enacted zoning policies explicitly regulated where marijuana businesses could be established”, which is exactly what happened in Kane and DuPage, where my terminology of ‘opt in’ and ‘opt out’ distinguishes between two types of zoning policy. In this Washington State study, the researchers also found that two years after the initial opening of the recreational retail market, only 30% of the state population lived in communities where the sale of recreational cannabis was not allowed, although they distinguished between permanent and temporary bans on sales, which I did not. Based on these findings, the variation in local policy regarding recreational cannabis sales is unsurprising. The most novel element in this finding is the use of referenda by municipalities, which didn’t occur in other states because all states before Illinois that legalized a recreational cannabis sales market did so through state-wide referendum.

According to General Social Survey (GSS) data, American attitudes in general are changing regarding the legalization of cannabis. As of 2017, the GSS shows that only 61% of Americans support cannabis legalization. However, when split into cohorts, people under the age of 34 support legalization the most at 72% while only 46% of people 65 years old and older support legalization, as shown in Figure 9.

Civil Liberties: Should marijuana be made legal

Response: Legal

Breakdown: Age°



Smith, Tom W., Davern, Michael, Freese, Jeremy, and Morgan, Stephen, General Social Surveys, 1972-2018 [machine-readable data file] /Principal Investigator, Smith, Tom W.; Co-Principal Investigators, Michael Davern, Jeremy Freese, and Stephen Morgan; Sponsored by National Science Foundation. --NORC ed.-- Chicago: NORC, 2018: NORC at the University of Chicago [producer and distributor]. Data accessed from the GSS Data Explorer website at gssdataexplorer.norc.org.

Figure 9

This generational gap can pose a problem for politicians because, due to the nature of their employment, if they make decisions that the majority of their voters don't agree with, they can easily be voted out of office. Therefore, local politicians might be more often erring on the side of opting out, especially if they know that young people vote less than older people (Gonchar, 2018).

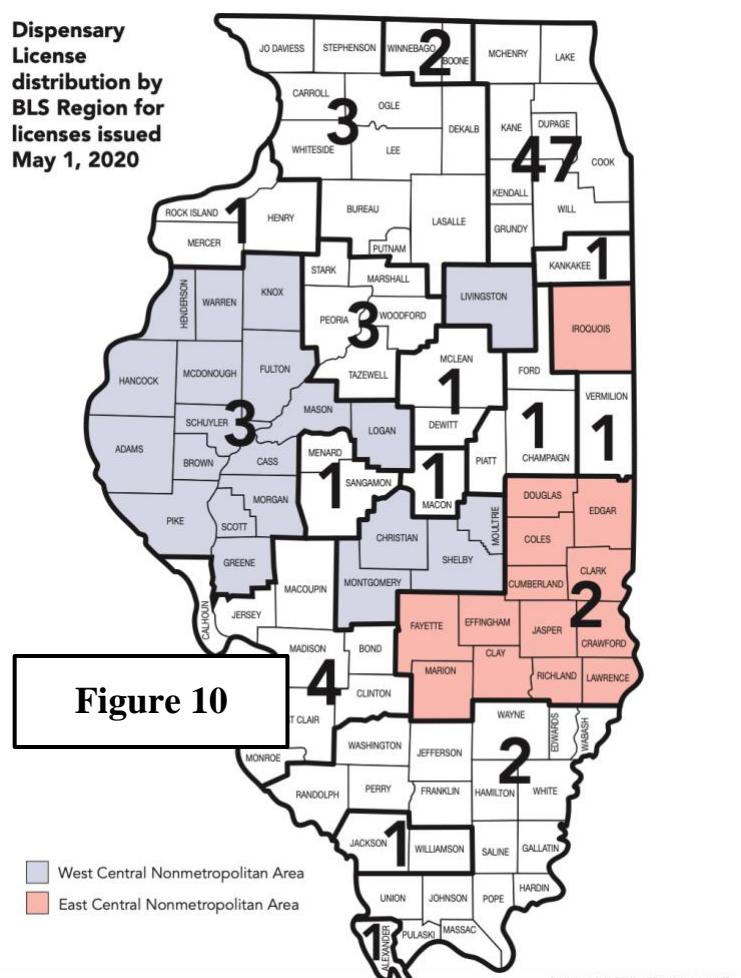
This political factor was only mentioned explicitly by one city administrator who said the policy makers didn't want to anger constituents and therefore chose a referendum; however, across the suburbs in Kane and DuPage Counties, the debate over opting in or out was a high profile issue, as evidenced by the high turnouts at some municipal council meetings. Out of the 19 administrators I interviewed, 9 mentioned getting above-average turnout to public meetings, with 6 of those 9 saying that at least one meeting had a resident turnout of at least 50 people. Some municipalities got closer to 100. Three administrators mentioned an element of organized attendance at their meetings and, anecdotally, the administrator of Winfield felt that a key element was organized residential protest at public meetings for towns that opted out though there wasn't much to substantiate that claim.

Two towns, out of the 19 I interviewed, dealt with the issue of not knowing their communities' preferences by holding online community surveys. Willowbrook and Darien both held online surveys before their councils made the decision to opt in. Willowbrook found 55.3% in favor of allowing vs. 44.7% in favor of prohibiting, and in Darien the results were nearly identical with 56% of respondents in favor of allowing and 44% of respondents in favor of prohibiting; however, the Darien survey received over double the response of the Willowbrook survey, with 521 responses and 197 responses respectively. While nice to have, both of these administrators acknowledged that there is no way to know if those were representative of their communities.

Anecdotally, from administrators, the discussion point that dominated this policy debate with both the policy makers and the community members was the sales of cannabis specifically through dispensaries, although under the law "Cannabis business establishment" is defined as six different types of businesses, with dispensaries as the only retail establishment. This focus,

combined with the content and prevalence of perceptual arguments, could suggest that the goal of prohibiting dispensaries was to limit the amount of cannabis consumption that takes place in their municipalities. Whether or not that was the goal, the distribution of municipalities geographically in Kane and DuPage means that one of the fundamental objections expressed against allowing dispensaries is not actually controllable by any one municipality. Since 44% of municipalities opted in, and they are fairly dispersed throughout the counties, in all likelihood new dispensaries will also be somewhat geographically distributed, and then there will be no tangible difference in any adult's ability to access and use it. For residents, it doesn't really matter whether or not their town allows cannabis dispensaries, because for every town that opted out, there is a neighboring town in some direction that opted in.

Illinois had 55 medical cannabis dispensaries prior to the passage of the Act (Schuba, 2019), and in order to open a dispensary, medical or recreational, a business requires a state issued license. The Act created adult-use cannabis licenses and also developed a timeline for their release. The only dispensaries that could apply for a license that would allow them to sell recreational cannabis on January 1st, 2020, were medical dispensaries. According to the “Adult Use Cannabis Summary” published on the State of Illinois’ website, the state is



dispensing licenses in two waves, not including the medical dispensaries granted the first licenses. By May 2020, the state will award licenses for up to 75 new dispensaries, and 47 of those new licenses will be awarded to business that will locate in the Chicago Metropolitan Region, of which Kane and DuPage are 2 of 8 counties. Since municipalities that opted in, almost across the board, zoned cannabis business establishments (and specifically dispensaries) as special use, that give municipalities a lot of power over where dispensaries can locate and how many dispensaries there can be in their municipality.

By December 2021, the state of Illinois will award up to 110 new licenses for dispensing organizations, and these will also be grouped by region. However, the number of licenses awarded by the State of Illinois to cannabis dispensaries will not, under current law, come anywhere close to the number of municipalities in the State of Illinois. In fact, some administrators I spoke with seemed to think that attracting a dispensary was going to be difficult. The municipal governments of Winfield and Hoffman Estates are, according to their administrators, currently doing outreach to companies to try to attract and open a dispensary. Winfield's administrator characterized the current activities as a footrace, as he perceives the number of municipalities who want a dispensary to currently outweigh the number of licenses that will be awarded. There are some municipalities, like Schaumberg, whose administrator said they had already been contacted by dispensaries who would like to locate there.

There are communities that were quick to opt out who were unlikely to ever get a dispensary anyway, as Clarendon Hill's administrator said, "in Clarendon Hills it's a philosophical question, we aren't likely to get one anyway. Not likely to make a bunch of money and a lot of people would be mad." Municipalities have to choose whether or not to have dispensaries, but dispensaries also get to choose between all the municipalities that opt in. A

good proportion of municipalities in Kane and DuPage who opted in are likely to get dispensaries eventually, as DuPage and Kane are the 2nd and 5th most populous counties in Illinois, and all residents of those counties who want to purchase recreational cannabis will be able to, they might just have to drive an extra 10 minutes.

Considering this, some economic arguments made in favor of allowing are persuasive. About a quarter of the administrators I interviewed mentioned tax revenue in the context of dealing with externalities that arise from the state having legalized cannabis. Among the non-revenue-based issues they mentioned were the possibility of more driving under the influence and the need for more police officers. With 44% of municipalities opting in, these are going to be societal issues all municipalities will have to deal with, regardless of whether or not that specific municipality prohibited cannabis business establishments. From this perspective, prohibiting or allowing was essentially a choice by municipalities if they wanted to try to pay for externalities with new sources of revenue or out of their same pot of money.

In Illinois the economic argument was listed as an important consideration for many of the local communities that opted in. From an article in Crain's Chicago Business titled "Illinois' Pot Debut Beat All States Except One, By This Measure", Illinois projected revenue rising from less than \$100M in 2021 to over \$350M by 2024. The overall tax revenue determines the amount local governments have to spend, and the effect that one activity has on another should be an important consideration. For example, if the cigarette or alcohol tax revenues drop because of increased cannabis use, the net increase from the cannabis tax revenues is what is important, but that was not mentioned as a consideration by any of the survey respondents. While the overall revenue collected is likely to increase in the communities that opted in, it is possible the overall

tax revenue in the towns that opted out will decline, rather than remain stable, if people in those communities purchase less alcohol and tobacco in those communities.

There are no available projections for this in Illinois, but a study done in Washington by Miller and Seo (2018) found a substantial impact on alcohol and tobacco revenues. Baggio, Chong and Kwon (2017) analyzed alcohol sales from 2006 to 2015 in more than 2,000 U.S. counties and found that alcohol purchases in states with medical cannabis law decreased by 12.4% percent after cannabis legalization laws were enacted, showing that alcohol and legal cannabis can act as substitutes in the market. This possibility was something no administrator mentioned, even though some administrators mentioned the similarity between the legal and moral implications of cannabis and alcohol. It will be interesting to see if, as more dispensaries open, municipalities without dispensaries start to experience lower sales tax revenues from liquor stores and if that will induce any municipalities to reverse their policy decision.

Limitations

As a case study, I looked only at one geographically limited area. While there is some variation among several dimensions between the municipalities included, they are also very similar. There are some larger cities, like Naperville, Aurora and Elgin, that are more racially diverse, but there are a lot of smaller, suburban/rural cities and villages that are very racially homogenous. The average median household income (in 2017 inflation adjusted dollars) is almost \$90,000, and only two municipalities (Addison and Westmont) fall below \$61,372, which was the median household income in 2017 nationally (Social Explorer). I also spoke to less than a third of administrators in these counties, and those interviews were based on who replied to my email, so they were not a random sample. However, they do provide insight into the decision-making process that went on in their municipalities, insight that is hard to glean from other

sources, as they provide a first-hand account and personally know and work with the policy makers.

Policy Recommendation

In the 63 municipalities of Kane and DuPage counties, perceptual, philosophical, and economic factors influenced policy outcomes regarding the allowance or prohibition of cannabis business establishments. In order to make effective and implementable policy choices, there needs to be a clear understanding of the objective solutions that can be implemented, and good data used in understanding the likely outcome of whatever policy is chosen. In the case of the Act, there were competing objectives in most of the municipalities. There were two competing and opposed objectives. The first was to increase the revenue available to the local government. The second was to limit access to cannabis locally, because the Act made recreational possession and use legal.

In order to make recommendations, it is helpful to consider the two competing objectives separately. The first is enhancement of revenue. In this case, the overall revenue each community is projecting to raise is based on analyses that varied considerably in their depth. One recommendation would be that when considering the economic impact of a policy to look carefully at the source of the direct projection and understand to what level it is applicable and accurate when applied to the individual municipality. In this case, some of the information came from the state of Illinois, who made a detailed set of estimates for revenue growth over a several year period, and some of the information was developed by municipal staff. State projections are not likely to be completely accurate or municipally applicable, but they can estimate overall demand, which is an advantage. However, in this regard municipalities in a geographically constrained area are at a disadvantage because each municipality's potential income is influenced by the decision of its neighbors. A municipality that was fortunate enough that no nearby municipality opted in could anticipate a population base larger than that of the municipality

alone. One that was surrounded by others who had opted in would have a different, and lower income projection. Not knowing in advance makes revenue estimation difficult.

The second recommendation would be to understand if there are other revenues that are impacted, either positively or negatively. If having cannabis businesses caused property values to decrease, since property taxes are a much larger source of income, it could be a net loss for the municipal revenues. Understanding this, and possible changes in alcohol and tobacco revenue, as well as any increased administrative costs, would help municipalities make economically sensible decisions. With so many variables and with such different staffing levels, it is almost certain that many of the municipalities were not in possession of accurate predictive data and were just “guessing” that opting in or out would be revenue positive. For the communities that opted in, a clear recommendation would be to assume net revenue projections on the low end of the estimates and to not spend the money before they have it. A strategy some municipalities employed was to lay out specific uses for any revenue made through the Municipal Cannabis Retailers Occupation Tax (MCROT). This allows for the automatic allocation of that revenue towards issues previously identified by the municipal governments as in need of bolstering because of the Act, such as emergency medical services.

Some administrators identified policy makers in their municipality that had the objective of minimizing the perceived negative impact of cannabis legislation. Again, having good data helps in making good decisions. Cannabis has been illegal in the US for many decades, and while widely used, its use is still a divisive topic: people having strong opinions, both for and against. Allowing economic decisions to be driven by arguments based on a preference for solutions that are not available (keeping personal possession and consumption illegal) is unlikely to result in policy outcomes that make residents happy or increase municipal revenues. The root

of the objection in many cases was that people considered cannabis as a drug that damages their families, property values, and community image. Municipalities have to be responsive to those concerns. The range of possible solutions, while not as wide as some residents would prefer, would have different impact levels. For the communities that opted out, it is not clear that the differing impact of the various kinds of cannabis businesses were considered. The zoning power applies to six different kinds of cannabis businesses establishments, and the policy recommendation is that they should attempt to look carefully at which ones might actually impact the community in the way some residents feared, and if there are some that would have no impact and communicate it effectively. For example, it is likely that a processing plant in an industrial area would not have the same social impact as allowing a dispensary in a pedestrian downtown or near a school.

In the absence of accurate predictive data, with a limited range of policy options and a subject that has strongly split opinions about solutions among residents, it is not clear that there are recommendations that solve the issues identified above fully, though there is a lot of opportunity for studies in the future on economic and social impacts of the Act at the municipal level.

Conclusion

Cannabis policy in the United States, for almost 100 years, has been used as a racist and discriminatory weapon, with origins in the Federal Bureau of Narcotics run by Harry Anslinger. In recent years, building off of a trend of legalizing medical cannabis, 11 states and Washington D.C. have legalized recreational cannabis markets, with Illinois being the most recent addition and the first to do so through the legislature, without a voter referendum first. As in other states, municipalities in Illinois still have the ability to pass local ordinances that determine what kind of cannabis business establishments they allow or prohibit, as well as time, place and manner of establishment operations.

Kane and DuPage counties contain parts of 63 municipalities, encompassing the western suburbs of Chicago and containing over 11% of the state's population. These counties have municipalities that range from fewer than 400 people to over 200,000, but they are, in general, upper-middle class and white. I interviewed 19 municipal administrators and collected archival data on the other 44 to determine the policy decisions on cannabis of the municipalities, and from the interviews I determined the influential arguments and factors for the policy makers. I then compared these to trends in the greater set of 63 municipalities to find that, in general, the municipalities that had higher median house values and higher property tax incomes opted out much more often than municipalities with lower median house values. This supported the framing of the economic arguments given by municipal administrators.

In competition with the economic incentives to opt in were a set of perceptual arguments made by policy makers and community members at public meetings. These other incentives concerned community image and the philosophical rights and wrongs of the drug itself, regardless of its newfound legality. In some cases, the administrator of Clarendon Hills was right to say, "there isn't any type of town saying yes or no, it comes down to the personal decisions of

public officials and who is willing to go out and fight against it, even if they're crazy." However, in others he was wrong, and decisions were thoughtfully weighed and voted on, and there does seem to be a dimension or two along which policy decisions matched the 'type' of place.

These decisions are the first, and in two cases the second, decisions these municipalities have made regarding this topic. There has been no turnover on municipal councils and the first dispensaries have been selling for less than five months, so there has been no time to judge the impact this will have on communities. Taking another look in 10 years at these municipalities and seeing if there have been any policy shifts and/or accompanying demographic shifts, would be a good avenue for future research.

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Appendices

1 – Interview Questions

1. What is your role in your municipal government?
2. What process or steps is your municipal government taking or planning to take in reaction to the passage of the Cannabis Regulation and Tax Act?
3. Where in this process are they?
4. What policies have been discussed and passed in response to the state law?
5. What is the intended outcome of these policies? What is their government trying to achieve? On what time scale?
6. What is being taken into account by the municipal policy makers in this decision-making process? What is influencing and directing the outcome that municipality is trying to achieve?
7. Has this been a particularly divisive or controversial topic within the municipal government? How influential have the different actors (mayor/village president, city council members) been in guiding the process and if there was debate what has it been over in specific?
8. Have other departments (police etc.) been particularly for or against? How have they expressed that?
9. Has the municipal government held any townhalls regarding their policies in response to the state law?
10. Have they engaged the community on this topic at all since the passage of the state law? How? Why or why not?

2 - Municipalities in Kane and DuPage Counties

Kane	DuPage
Algonquin village, Illinois	Addison village, Illinois
Aurora city, Illinois	Aurora city, Illinois
Barrington Hills village, Illinois	Bensenville village, Illinois
Bartlett village, Illinois	Bloomingdale village, Illinois
Batavia city, Illinois	Bolingbrook village, Illinois
Big Rock village, Illinois	Burr Ridge village, Illinois
Burlington village, Illinois	Carol Stream village, Illinois
Campton Hills village, Illinois	Clarendon Hills village, Illinois
Carpentersville village, Illinois	Darien city, Illinois
East Dundee village, Illinois	Downers Grove village, Illinois
Elburn village, Illinois	Elk Grove Village village, Illinois
Elgin city, Illinois	Elmhurst city, Illinois
Geneva city, Illinois	Glendale Heights village, Illinois
Gilberts village, Illinois	Glen Ellyn village, Illinois
Hampshire village, Illinois	Hanover Park village, Illinois
Hoffman Estates village, Illinois	Hinsdale village, Illinois
Huntley village, Illinois	Itasca village, Illinois
Kaneville village, Illinois	Lemont village, Illinois
Lily Lake village, Illinois	Lisle village, Illinois
Maple Park village, Illinois	Lombard village, Illinois
Montgomery village, Illinois	Naperville city, Illinois
North Aurora village, Illinois	Oak Brook village, Illinois
Pingree Grove village, Illinois	Oakbrook Terrace city, Illinois
Sleepy Hollow village, Illinois	Roselle village, Illinois
South Elgin village, Illinois	Schaumburg village, Illinois
St. Charles city, Illinois	Villa Park village, Illinois
Sugar Grove village, Illinois	Warrenville city, Illinois
Virgil village, Illinois	West Chicago city, Illinois
Wayne village, Illinois	West Dundee village, Illinois
West Dundee village, Illinois	Westmont village, Illinois
	Wheaton city, Illinois
	Willowbrook village, Illinois
	Winfield village, Illinois
	Wood Dale city, Illinois
	Woodridge village, Illinois