

Ordinance: Chicago Hemp Product Tax

Definitions

"City" means the City of Chicago.

"Comptroller" means the Comptroller of the City.

"Department" means the Department of Finance of the City.

"Hemp" means the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

"Hemp product" means a product that contains cannabinoids from hemp and complies with the definition of "hemp".

"Person" means an individual, firm, partnership, joint venture, association, corporation, estate, trust, trustee, or any other group or combination acting as a unit, excepting the United States of America, the State of Illinois, and any political subdivision thereof.

"Purchaser" means any person who purchases a hemp product in a retail hemp store.

"Retail hemp store" means a retail establishment that derives more than 20 percent of its gross revenue from the sale of hemp products.

"Retail tobacco dealer" means any person selling, offering for sale, exposing for sale or keeping with the intention of selling or exchanging at retail, tobacco products, electronic cigarette accessories, or tobacco accessories in the City.

"Retail vape store" means a retail establishment that derives more than 20 percent of its gross revenue from the sale, in any combination, of electronic cigarettes, liquid nicotine products, or electronic cigarette accessories.

"Retail sale" means any sale to any person for use or consumption, and not for resale.

"Sale" or "selling" means any transfer of ownership or possession, or both, or exchange or barter, conditional or otherwise, in any manner and by any means whatsoever for a valuable consideration.

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

Section 1. Tax imposed.

A tax is hereby imposed on the retail sale of hemp products in the City. The tax shall be paid by the user, and nothing in this chapter shall be construed to impose a tax on the occupation of a wholesaler of hemp products, retail hemp store, retail tobacco dealer, or retail vape store. The tax shall be imposed at the rate of three percent on the gross receipts from sales of all hemp products sold at retail by retail hemp stores, retail tobacco dealers, or retail vape stores.

Section 2. Liability for payment.

The ultimate incidence and liability for payment of the tax is to be borne by the purchaser. It shall be a violation of this ordinance for a retail hemp store, retail tobacco dealer, or retail vape store to fail to include the tax imposed herein in the sale price of hemp products.

Section 3. Collection, Remittance and Payment.

The tax shall be collected by each retail hemp store, retail tobacco dealer, or retail vape store who sells hemp products in the City. The retail hemp store, retail tobacco dealer, or retail vape store shall remit the tax and file returns in accordance with Section 4.

Section 4. Tax Payments and Returns.

A. All tax payments and remittances shall be made in accordance with either Section 3-4-187 (payment of actual tax liabilities) or Section 3-4-188 (payment of estimated taxes).

B. All tax returns shall be filed with the Department on an annual basis on or before August 15 of each year in accordance with Sections 3-4-186 and 3-4-189.

Section 5. Books and Records.

Every person required to collect the tax imposed by this ordinance shall keep accurate books and records of its business or activity, including original source documents and books of entry denoting the transaction that gave rise, or may have given rise, to the tax liability or any exemption that may be claimed. All such books and records shall be kept in the English language and, at all times during business hours of the day, shall be subject to and available for inspection by the department.

Section 6. Authority to Appoint Collection Agents.

The Comptroller may appoint one or more persons within or without the City as collection agents for the tax, and may enter into contracts with outside parties for that purpose, subject to the availability of duly appropriated funds.

Section 7. Payment of Tax Required.

The failure of the retail hemp store, retail tobacco dealer, or retail vape store to collect the tax shall not relieve the purchaser of hemp products, his or her duty to pay the tax directly to the Department in the same manner and form as a retail hemp store, retail tobacco dealer, or retail vape store that has sold hemp products.

Section 8. Exemptions.

A. The tax imposed by this chapter shall not apply to the extent it would violate the United States Constitution or the Constitution of the State of Illinois.

B. It shall be presumed that all sales of hemp products at retail hemp stores, retail tobacco dealers, or retail vape stores in the City are subject to tax under this ordinance until the contrary is established. The burden of proving that such is not taxable hereunder shall be upon the person so claiming.

Section 9. Registration.

Every retail hemp store, retail tobacco dealer, or retail vape store shall register with the Department within 30 days of the effective date of this ordinance, or within 30 days of commencing business, whichever is later.

Section 10. Supplementary Provisions

Whenever not inconsistent with the provisions of this chapter, or whenever this chapter is silent, the provisions of the Uniform Revenue Procedures Ordinance, Chapter 3-4 of the Municipal Code of Chicago, shall apply and supplement this ordinance.

Section 11. Deposit of Funds.

All proceeds resulting from the imposition of this tax, including interest and penalties, shall be deposited in the City's corporate fund.

Section 12. Effective Date

This ordinance shall take full force and effect upon its passage and publication, and shall remain in effect for four years following its effective date.