

Establishment of regulations in
chapter 4-65 of the municipal code

Licensing

ORDINANCE

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

SECTION 1. Title 4 of the Municipal Code of Chicago is hereby amended by inserting a new Chapter 4-65, as follows:

CHAPTER 4-65 CANNABINOID HEMP AND KRATOM

ARTICLE I. DEFINITIONS

4-65-010 Definitions.

As used in this Chapter:

"Cannabinoid hemp product" means hemp or any product manufactured or derived from hemp, including hemp derived terpenes, in its final form, that is: (a) used for human consumption, including by ingestion, inhalation, or otherwise; and (b) capable of producing a psychoactive effect in a person who consumes it.

"Hemp" means the plant *Cannabis sativa* L. and any part of such plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, that is not cannabis regulated under the Compassionate Use Medical Cannabis Program Act (410 ILCS 130/1 et seq.) or the Cannabis Regulation and Tax Act (410 ILCS 705/1-1 et seq.).

"Kratom product" means any product, material, compound, moisture, or preparation containing the leaves, bark, or other parts of the *Mitragyna speciosa* tree, including Kratom, Herbal Speedball, Biak-Biak, Ketum, Kahum, Ithang, or Thorn.

"Product unit" means each individual cannabinoid hemp product or kratom product, as applicable, without regard to whether the product is sold as a single piece or as multiple pieces within the same package.

"Retailer" means any person who engages in the business of the retail sale of cannabinoid hemp products or kratom products.

"THC" means any naturally or artificially derived tetrahydrocannabinols or any structural, optical or geometric isomers, or analogs of tetrahydrocannabinols, including, but not limited to, Delta-1 tetrahydrocannabinol, Delta-6 tetrahydrocannabinol, Delta 3 tetrahydrocannabinol, Delta 4 tetrahydrocannabinol, Delta-8 tetrahydrocannabinol, Delta-9 tetrahydrocannabinol, Delta-10 tetrahydrocannabinol, or any other cannabinoid component of hemp capable of producing a psychoactive effect in a person who consumes it.

ARTICLE II. REGULATION

4-65-020 Legal duties and prohibited acts.

(a) *Persons under 21 years of age.*

(1) No retailer or their agent or employee shall sell, offer for sale, give away, barter, exchange, or otherwise furnish on the licensed premises any cannabinoid hemp product or kratom product, at retail or otherwise, to any individual under 21 years of age.

(2) Retailers may engage, employ, or permit a person under 21 years of age to work on the licensed premises, if the person under 21 years of age has no duties relating to the sale, dispensing, service, or delivery of any cannabinoid hemp product or kratom product on the premises. A retailer who engages, employs, or permits a person under 21 years of age to work pursuant to this subsection shall not assign or permit that person to perform any duties or acts relating to the sale, dispensing, service, or delivery of any cannabinoid hemp product or kratom product on the premises. A retailer who engages, employs, or permits persons under 21 years of age to work as allowed in this subsection shall be responsible for ensuring that such person does not consume, obtain, or possess any cannabinoid hemp product or kratom product on the licensed premises.

(b) *Required postings.* Retailers shall display, in accordance with rules promulgated by the Commissioner, a printed card which shall include the following warning:

WARNING

It Is A Violation Of The Law For Any Cannabinoid Hemp Product or Kratom Product To Be Sold To Any Person Under The Age Of 21. Any Person Who Violates This Law Is Subject To A Fine And Possible Imprisonment.

(c) *Prohibited packaging and marketing – labeling requirements.* No cannabinoid hemp product or kratom product shall be made attractive to children, imitate a candy label, widely available food label, or use fruit, cartoons, or other images popularly used to advertise to children or otherwise be marketed to children. No cannabinoid hemp product or kratom product shall be marketed, advertised, or offered for sale in a manner that would cause a reasonable consumer: (i) to be confused as to whether the cannabinoid hemp product or kratom product is trademarked, marked or labeled in a manner that violates any federal trademark law or regulation; or (ii) to believe that a cannabinoid hemp product is cannabis, or medical cannabis, or that a retailer is authorized to sell or dispense cannabis or medical cannabis, as those terms are defined in the Cannabis Regulation and Tax Act or the Compassionate Use of Medical Cannabis Program Act.

All cannabinoid hemp products and kratom products sold within the City shall include the following warnings on the product label or packaging, in a manner that is clear and conspicuous:

(1) this product must be kept out of the reach of children and pets;

(2) this product has not been evaluated or approved by the Food and Drug Administration for safety or efficacy;

(3) if you are pregnant or nursing you should consult your health care provider before use;

(4) for cannabinoid hemp products or kratom products intended to be inhaled or vaporized, a warning stating that smoking or vaping is hazardous to your health; and

(5) any other warning as may be required by rules jointly promulgated by the Commissioner and the Commissioner of Public Health.

(d) *Display of cannabinoid hemp products and kratom products.* It shall be unlawful for any retailer to display any cannabinoid hemp product or kratom product except: (i) behind a retail sales counter; and (ii) accessible only to the retailer or their agents or employees.

4-65-030 Enforcement.

Cannabinoid hemp products and kratom products – Enforcement.

(a) *Enforcement.* In addition to the authority of the Department of Business Affairs and Consumer Protection to enforce this article, the Department of Public Health is authorized to enforce this article.

(b) *Fines.* Except as otherwise specified in this subsection, any person who violates this article shall be punished by a fine of not less than \$200 nor more than \$500 for each offense. Any person who violates Section 4-65-020(a) shall be punished by a fine of not less than \$2,000 nor more than \$10,000 for each offense. Each day that a violation continues shall constitute a separate and distinct offense.

(c) *License Revocation.* In addition to any other penalty provided by law, and subject to the procedures described in this subsection, if a retailer commits or has committed three or more violations of this article, or any combination thereof, within any 24-month period, the Commissioner shall revoke that retailer's licenses. For purposes of this subsection: (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 retailer on a charge brought pursuant to this article, 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 retailer 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 retailer'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 retailer shall not be permitted to challenge the previously resolved violations themselves, nor any underlying facts asserted or determined therein.

(d) *Effect of revocation.* When a license is revoked under this section, no licenses shall be granted to any person for a period of one year thereafter for the premises described in such license, unless such revocation order was entered as to the retailer only. Any person who has a substantial ownership or controlling interest in an entity whose license is revoked pursuant to this section shall, for a period of one year thereafter, be ineligible for the issuance of a license at the same location.

(e) *Liability of retailer for violations.* Every act or omission which constitutes a violation of this article by an officer, director, manager or other agent or employee of any retailer shall be

deemed to be the act of such retailer, and such retailer shall be liable for all penalties and sanctions provided by this section in the same manner as if such act or omission had been done or omitted by the retailer personally.

ARTICLE III. TAXATION

4-65-040 Tax Imposed.

(a) *Tax Imposed.* Pursuant to the home rule power of the City and 65 ILCS 5/8-11-6a, a tax is hereby imposed on the privilege of purchasing or using, in the City, cannabinoid hemp products and kratom products purchased at retail. The tax herein levied shall be in addition to any and all other taxes. This tax shall be paid by the purchaser, and nothing in this article shall be construed to impose a tax on the occupation of retailer of cannabinoid hemp products or kratom products. The tax imposed by this article shall not apply to any product that has been specifically approved by the United States Food and Drug Administration for medical purposes, where such product is marketed and sold solely for such an approved purpose.

(b) *Tax Rate.* The tax on cannabinoid hemp products and kratom products shall be imposed at a rate of \$1.31 per product unit.

(c) *Rebuttable Presumption.* There shall be a rebuttable presumption that any goods, products, or merchandise is a cannabinoid hemp product or kratom product, as applicable, if a business holds out for sale any such goods, products, or merchandise: (1) as a cannabinoid hemp product or kratom product; or (2) containing or being intended to produce or simulate the psychoactive effects of hemp, cannabis, kratom, any derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers of hemp or cannabis, or any material, compound, moisture, or preparation containing kratom. Such presumption may be rebutted by submitting clear and convincing evidence that such goods, products, or merchandise do not contain the above compounds or are not intended to produce the above-described effects prepared by a "cannabis testing facility", as defined by the Cannabis Regulation and Tax Act or a duly licensed third-party testing facility that is accredited by a private laboratory accrediting organization.

(d) *Liability for payment.* The ultimate incidence and liability for payment of the tax imposed by this article is to be borne by the purchaser of cannabinoid hemp products or kratom products. It shall be a violation of this article for a retailer to fail to include the tax imposed herein in the sale price of the cannabinoid hemp product or kratom product.

(e) *Collection.* Except as otherwise provided herein, the tax imposed herein shall be collected by each wholesale dealer who sells cannabinoid hemp products or kratom products to a retailer located in the City. The wholesale dealer shall remit the tax and file returns in accordance with subsection (c) of this section. Any wholesale dealer required to remit the tax imposed by this article shall collect the tax from each retailer in the City to whom the sale of a cannabinoid hemp product or kratom product is made, and any such retailer shall in turn then collect the tax from the retail purchaser of said product. If any retailer receives or otherwise obtains a cannabinoid hemp product or kratom product upon which the tax imposed herein applies and has not been collected by any wholesale dealer, then the retailer shall collect such tax and remit it directly to the Department of Finance in accordance with subsection (c) of this section. If a wholesale dealer sells a cannabinoid hemp product or kratom product to a purchaser for use or consumption and not for resale, such wholesale dealer shall collect the tax imposed herein from such purchaser and remit it to the Department of Finance in the same manner as sales to retailers. Every person required to collect the tax imposed by this article shall secure the

payment of such tax when collecting the sale price of the cannabinoid hemp product or kratom product upon which the tax is applied.

(f) *Tax payment and returns.* 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) of this Code. All tax returns shall be filed with the Department of Finance on an annual basis on or before August 15 of each year, in accordance with Sections 3-4-186 and 3-4-189 of this Code.

4-65-050 Rules and regulations.

The Comptroller is authorized to adopt, promulgate and enforce rules and regulations pertaining to the administration and enforcement of the tax imposed by this article.

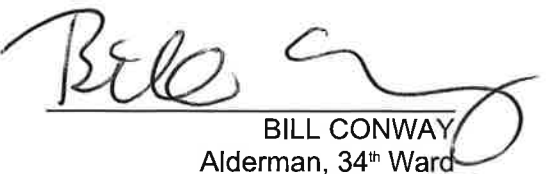
4-65-060 Books and records.

Every person required to pay or remit the tax to the Department of Finance shall keep accurate and complete books and records of its business or activity, including original source documents, such as purchase orders, invoices and receipts, and other documents listing, summarizing or pertaining to the transactions that gave rise, or may have given rise, to the tax liability or exemption that may be claimed. All such books, records and accounts shall be available for inspection by the Department of Finance at all reasonable times during business hours of the day.

4-65-070 Application of uniform revenue procedures ordinance.

Whenever not inconsistent with the provisions of this article, the provisions of the Uniform Revenue Procedures Ordinance, Chapter 3-4 of this Code, as amended, shall apply to and supplement this article.

SECTION 2. This ordinance takes effect on January 1, 2026.


BILL CONWAY
Alderman, 34th Ward