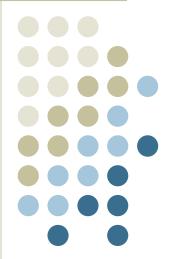
Illinois Marijuana Laws: What Employers Need to Know

December 4, 2019

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The Illinois Cannabis Regulation & Tax Act



Overview

- Jan. 1, 2020 Adults (21 & over) can possess and purchase cannabis for recreational use
- Authorizes business licenses for dispensaries and permits limited home cultivation for medical users
- Taxes all sales revenue distributed to schools, mental health services, drug abuse programs, law enforcement
- Automatically expunges criminal records for prior convictions for up to 30 grams (for 30-500 grams, clemency can be petitioned)











The Cold Hard Truth...



- NO ONE Truly Knows.
 - It is unclear how the courts or arbitrators will decide cases of wrongful termination or refusal to hire under newly created laws (medicinal <u>and</u> recreational).
- Guidance outside of Illinois:
 - Initially cases PRO-Employer
 - Trend: PRO-Employee





The Truth....



This topic is **UNIQUE** to **YOUR** Operations! **YOUR** Risk Tolerance!

You must evaluate what Your risk tolerance is and what You are willing to tolerate or not tolerate (FOR YOUR OPERATIONS).

The opinions expressed in this presentation are solely those of the presenter.



Roll Call: State Survey – Adult/Recreational Use



<u>Lawful in 11 States + DC</u> – Alaska; California; Colorado; Illinois; Maine; Massachusetts; Michigan; Nevada; Oregon; Washington; District of Columbia; Vermont

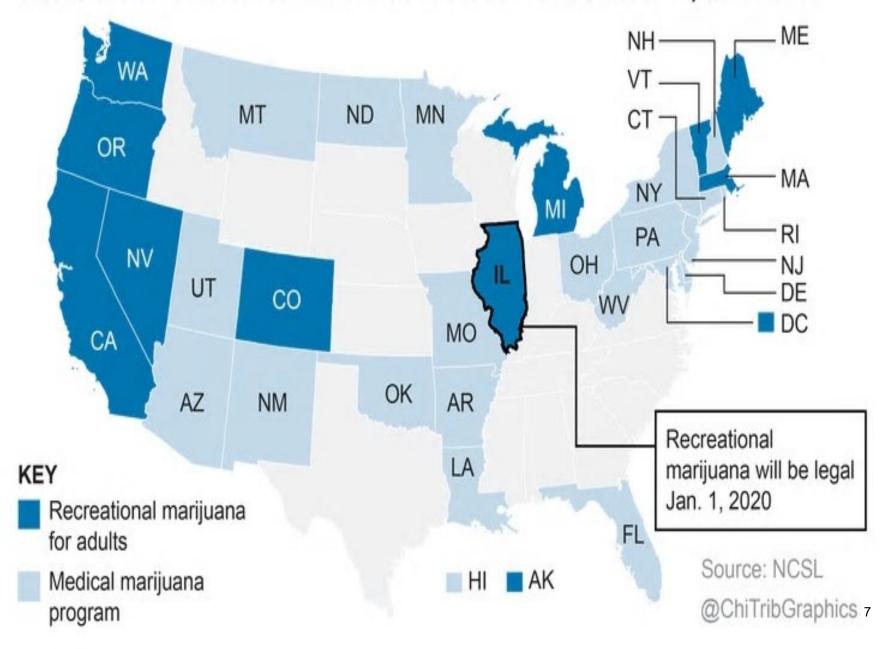
<u>result in civil offense, not a criminal offense</u>) – Connecticut; Minnesota; Missouri; North Carolina; Maryland; Delaware; Illinois; Ohio; Rhode Island; Nebraska; Mississippi; New York; New Hampshire; New Mexico

<u>Misdemeanor in 12 states</u> – Kansas; South Dakota; Utah; Virginia; West Virginia; Wyoming; Idaho; Tennessee; Kentucky; Wisconsin; Indiana; South Carolina;

**Excludes local ordinances decriminalizing/reducing penalties for marijuana use/possession.



WHERE RECREATIONAL AND MEDICAL POT IS LEGAL, as of 2019









Stepping Back ... What are we even talking about?



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Marijuana – "It's Not what Cheech and Chong Smoked"

- Marijuana is cannabis plant with more than 0.3% THC
- "Flower" aka bud...how traditionally viewed.
 - Delta-9-Tetrahydrocannabinol (THC), causes hallucinogenic, euphoric, or "high" feeling.
 - 1970s THC potency of approx. 1%.
 - 1990s THC potency of approx. 3-4%.
 - 2000s THC potency of approx. 10-12%
 - Present Street level THC potency range from 10-20%.
 - Medical THC potencies can be greater than +30%
- "Concentrates" aka Shatter, Wax, Sugar, Butter, Oil
 - THC potency of upwards of <u>+90%</u>







Hemp....."Definitely NOT what Cheech and Chong Smoked"

- Hemp is cannabis plant with less than 0.3% THC
 - Hemp is LEGAL under federal law.
- Cannabidiol aka "CBD"
 - CBD causes feeling of relaxed/heavy or "stoned".
 - CBD does have a psychoactive component, but it is MUCH different than THC (i.e. not as apparent)
 - Currently <u>Legal</u> IF made from <u>Hemp</u>.
 - Currently <u>ILLEGAL</u> IF made from Marijuana.



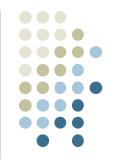


How it is Used...

NOT JUST BEING SMOKED ANY MORE!

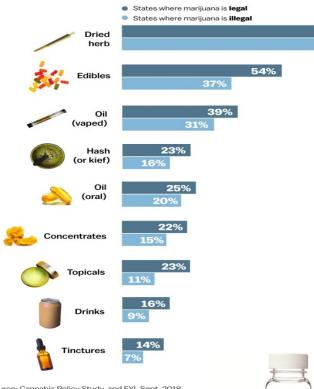
- Food products including brownies, candy bars, chocolate, cookies, and candies (lollipops, hard candy)
- Waxes/Oils/Liquid to be put in Vaporizers/E-Cigs
- Drinks including sodas and teas
- Pills, lotions, sprays, tinctures and oils

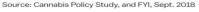




Vaping THC is the third-most popular way to use cannabis

Percentage of cannabis products used in a 12-month period in the US







Use Impacts Effects....



Effects and Period of Impairment depends on how consumed:

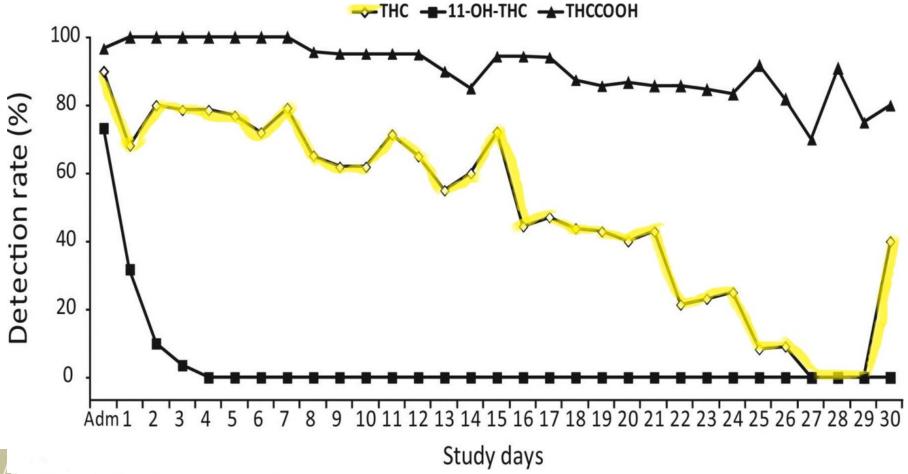
- Smoking: Immediate absorption through lungs, peaks in blood within minutes and causes "high" that can last 2-3+ hours.
 - o Most behavioral and physiological effects return to baseline levels within 4-6 hours after drug use, residual effects have been shown in behaviors up to 24-48+ hours after use.
- **Eating**: Slower absorption rate over several hours, metabolized in the liver within 1-2 hours and causes a "high" that can last anywhere from <u>2-8+ hours</u>.
 - Most behavioral and physiological effects return to baseline levels within 9-11+ hours after drug use, residual effects have been shown in behaviors 24-48+ hours after use.



Elimination from the System...

30 DAY URINE LEVELS OF CHRONIC USERS WHO STOPPED ON DAY 1





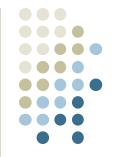
IL Cannabis Law



HB 1438 – Cannabis Regulation and Tax Act

- Legalizes sale of Cannabis for recreational use January 1, 2020...DON'T Expect any Delay
- 610 pages long...BUT less than 10 for employers
- 21+ yrs old may legally purchase/possess/use marijuana
 - Medical $-2 \frac{1}{2}$ Oz = 70 grams over 14 days (5 gm/day).
 - IL Residents 30 grams of flower, 500 milligrams of THC infused products, 5 grams of concentrate.
 - Non-Residents 15 grams of flower, 250 milligrams of THC infused products, 2.5 grams of concentrate.





410 ILCS 705/10-50. Employment: Employer Liability

- Nothing in this Act shall prohibit an Employer from:
 - Enforcing drug testing policies, including Zero
 Tolerance and drug free workplace, if applied in a non-discriminatory fashion.
 - Prohibiting employees from using, possessing, or being impaired while in the Workplace, Performing Job or while On Call.
 - Disciplining or terminating an employee for violating an employer's employment policies or workplace drug policy.







So what does that mean?

- But what is ZERO TOLERANCE in this context?
 - It may not mean what some may think it means.
- It's probably not "do whatever you want!"





- "Workplace" = Not just your Building.
 - Includes buildings, real property, and parking areas under the control of the employer or area used by an employee while in performance of the employee's job duties, and vehicles, whether leased, rented, or owned.
 - "Workplace" may be further defined by the employer's written employment policy, provided that the policy is consistent with the underlying law.
 - 410 ILCS 705/10-50(h)



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- "On Call" Workers 410 ILCS 705/10-50(i)
 - When employee is scheduled with at least <u>24 hours'</u> <u>notice</u> from the Employer to be on standby or otherwise responsible for performing tasks related to his or her employment
 - Either at the employer's premises or other previously designated location, by his or her employer to perform a work-related task.



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Right to Privacy in Workplace Act (820 ILCS 55/5)

- Except as provided in Section 10-50 of Cannabis Act, it is:
 - UNLAWFUL for Employers to refuse to hire, terminate or treat an individual differently based on their use of lawful products off the premises of the employer during nonworking and non-call hours.
- Lawful products means products legal <u>under State law</u>.
- Does not apply to non-profit organizations, that one of the primary purpose is to discourage the use of one or more lawful products.

*** THIS CREATES RISK! ***





Right to Privacy in Workplace Act (Cont'd) -

Administrative Regulations-56 III. Adm. Code § 360.110(g)

- (g) "Lawful Products" shall include, but shall not be limited to:
 - all tobacco products;
 - all alcoholic beverages;
 - all food products;
 - all over-the-counter drugs; and
 - any drugs lawfully prescribed by employee's own physician.

Provided, that <u>Any Use or Overconsumption</u> of these lawful products <u>that Directly Impairs the Performance</u> of the employee at the workplace <u>Shall NOT be Protected</u> under this Act.



What was the Legislative Saying??



"The Right to Privacy in the Workplace Act provides that an employer is restricted from applying its employment policies to "lawful products" away from the workplace. The changes being made to the Act are:

- A. adding that cannabis is a lawful product;
- B. adding two exceptions to the Act:
 - 1. on-call employees, which are defined
 - 2. Section 10-50 of the Cannabis Regulation & Tax Act

To clarify the purpose of the second exception...<u>is this addition of the reference to Section 10-50 meant to allow employers who provide a zero tolerance or drug-free workplace policy to implement and enforce their policy without fear of violating the Right to Privacy in the Workplace Act?"</u>

Response from the Senate Sponsor: "Yes".



What was the Legislative Saying??



"For purposes of legislative intent: Are actions of discipline or termination of an employee by an employer for failing a drug test, including a random test, protected from litigation under this law?"

Response from the House sponsor was "Yes".





410 ILCS 705/10-50(e) -

- Nothing in Act shall be construed to create or imply a cause of action against an employer for:
 - actions, including but not limited to <u>subjecting</u> <u>employee or applicant to reasonable drug and</u> <u>alcohol testing</u> under the employer's workplace drug policy...
 - including an employee's refusal to be tested or to cooperate in testing procedures or disciplining or termination of employment.



410 ILCS 705/10-50(e) — Nothing in Act shall be construed to create or imply a cause of action against an employer for:

- 2. Actions, including discipline or termination, based on the Employer's "Good Faith Belief" that
 - Use/Possession while in the Workplace, Performing Job, or On Call; or
 - Impairment or Under the Influence.
- 3. Third parties MAY have claims against Employers for damages/injuries caused by employee if the Employer <u>knew</u> or had reason to know the Employee was impaired.





Medical Cannabis Law

410 ILCS 130/30 – Limitations and Penalties – (a) This Act does NOT permit any person to engage in, and does NOT prevent the imposition of any civil, criminal or other penalties for engaging in the following conduct:

- (9) the use of medical cannabis by an active law enforcement officer, corrections officer, probation officer, or firefighter while on duty; or
- (10) the use of medical cannabis by a person who has a school bus permit or a Commercial Driver's License while on duty.

Recreational Cannabis Law

410 ILCS 705/10-35 – Limitations and Penalties – (a) Act does NOT permit any person to engage in, or prevent civil, criminal or other penalties, for engaging in, any of the following conduct:

- (8) the use of cannabis by a law enforcement officer, corrections officer, probation officer, or firefighter while on duty; or
- (9) the use of cannabis by a person who has a school bus permit or a Commercial Driver's License while on duty.



Major Problems with Illinois Law

- 1. Defines Marijuana as a "Legal Product" under the Illinois Right to Privacy in the Workplace Act (820 ILCS 55/5).
- 2. Law's focus is on **Impairment**...while current drug testing is focused on **Use**.
- 3. Law does **NOT** provide for Employer immunity or limit civil claims against Employers if an Employee with THC in their system harms himself or others.
- 4. Law does NOT clearly state whether Employers can drug test...and what they can do with results...
 - * Potential exposure here is **HUGE**.







Legal Exposure and Claims



- Negligent Hiring/Retention
- Right to Privacy in the Workplace Act
 - File a complaint with the IDOL
 - Complaint must be filed "within <u>180 days</u> after termination or the complained of incident." Ill. Admin. Code tit. 56, § 360.120(a).
 - After IDOL has tried to resolve, can file lawsuit
 - Hampton v. Vill. of Washburn, (4th Dist. 2000) Cannot file a lawsuit until exhausted administrative remedies by filing charge with the IDOL.



Legal Exposure and Claims



- Right to Privacy in the Workplace
 - Damages
 - Actual damages, plus costs.
 - For willful and knowing violation Actual damages, \$200, costs AND reasonable attorney's fees.
- Other Risks…
 - Potential class action vehicle.



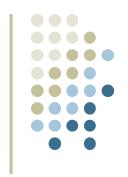
Clarity Coming?



- SB 1557 Passed both Houses…
- Section 10-50(e) Nothing in this Act shall be construed to create or imply a cause of action against an employer for:
 - o (1) actions taken pursuant to an employer's reasonable workplace drug policy, including but not limited to subjecting an employee or applicant to reasonable drug and alcohol testing, reasonable and nondiscriminatory random drug testing, and discipline, termination of employment, or withdrawal of a job offer due to a failure of a drug test; , including but not limited to subjecting an employee or applicant to reasonable drug and alcohol testing under the employer's workplace drug policy, including an employee's refusal to be tested or to cooperate in testing procedures or disciplining or termination of employment,







Still Shift from Use to Impairment

- Use does not automatically equate to impairment.
- BEST DEFENSE when taking adverse action against someone you believe is using marijuana/drugs:
 - Documented "Symptoms" by Trained management personnel; AND
 - A Confirmed <u>Positive Drug Test</u> through an MRO, where proper collection, chain-of-custody and lab procedures have been followed.



Symptoms of Marijuana Use...



410 ILCS 705/10-50 — Can discipline/terminate if "Good Faith Belief" employee manifests specific, articulable symptoms while working:

- Decrease or lessen the employee's performance of the duties or tasks of the employee's job position
- Symptoms of speech, physical dexterity, agility, coordination,
- Demeanor, irrational or unusual behavior, or
- Negligence or carelessness in <u>operating equipment or machinery</u>
- Disregard for the safety of the employee or others,
- Involvement in any accident that results in serious damage to equipment or property;
- <u>Disruption of a production or manufacturing process; or</u>
 <u>carelessness that results in any injury to the employee or others.</u>



Interaction with Federal Law



Schedule 1 Illegal Substances – Marijuana, Heroin, LSD, Mescaline, Peyote, and others with no medical use....

- Dept. of Justice is still prosecuting
- Dept. of Transportation (DOT) has made clear that a positive drug test for marijuana is still a violation/illegal.
 - DOT regulations specifically PROHIBITS USE of cannabis,
 EVEN IF Off Duty.
 - REMEMBER Not all employees of business will be in "Safety Sensitive" positions or subject to DOT drug testing regulations....



INTERACTION WITH ADA & IHRA "Disability" Protections



- The IHRA applies to ALL Employers.
- The ADA & IHRA include "disability" protections.
- The ADA & IHRA prohibit "Perceived" or "Regarded as" disabled.
- The ADA & IHRA (currently) do <u>NOT</u> protect anyone using an illegal drug (IL <u>or</u> Federal law).
 - No "reasonable accommodation" to use cannabis (currently) under the ADA or IHRA...BUT maybe time off due to the disability/medical condition....
- Symptoms are same as disabilities/medical conditions



Carve Out.... For Federal Contracts and Funding... BUT



- What do Federal Contracts state....
 - Drug Free Workplace Act (DFWA) only requires federal grant recipients and federal contractors adopt a zero tolerance policy and certify workplaces are drug free.
 - Noffsinger v. SSC Niantic Operating Co., LLC DFWA does not require drug testing or prohibit federal contractors from employing someone who uses illegal drugs/medical marijuana outside of the workplace. Employer's decision to have a zero tolerance drug testing policy does NOT mean it is "required by federal law or required to obtain federal funding."



Drug Testing Facts



CRITICAL:

NO SUBSTANCE TEST MEASURES IMPAIRMENT!!!

- These are NOT "Field Sobriety Tests"
- Types of Tests:
 - Urine tests Most common
 - Tests for the non-psychoactive metabolite THC-COOH (non-active), showing whether marijuana has been used, not impairment.
 - Blood tests can show levels of active psychoactive component.
 - Saliva tests can show use within several hours (approximately 6 to 12 hours) by testing for active THC. Reliability is still a question, but more research is leading to better tests.
 - "Field Sobriety Tests" or Behavioral test No proven tests for Marijuana yet...





- IL Vehicle Code Provides useful tool....
- IL set levels for Driving While Impaired (DWI)
 - Presumption of Impairment IF THC levels of 5
 nanograms or more in whole blood or 10 nanograms
 or more in any other bodily substance.
 - No Presumption, but... IF THC levels are less than 5 nanograms in whole blood or less than 10 nanograms in any other bodily substance,
 - "but such fact may be considered with other competent evidence in determining whether the person was under the influence of cannabis"



Drug Testing Situations – Levels of Risk....



- 1. Pre-employment
- 2. Random
- 3. Return to Duty
- 4. Follow Up
- 5. Reasonable Suspicion / Post Accident
 - Caught in Act "green light to fire on spot? = NO!"

Distinctions -

- Safety Sensitive vs. Non-Safety Sensitive
- Type of Test (Urine vs. Saliva)
- Levels you are testing for (IL Vehicle Code)



What to do if you Suspect Someone is Impaired/"High"/Post Accident



- Fill out Reasonable Suspicion checklist.
- Follow Drug Testing procedures.
- IMPORTANT Providing Reasonable Opportunity
 - Medical Marijuana User MUST provide Employee a reasonable opportunity to explain impairment before making ultimate decision.
 - Recreational User If discipline based on employee being under the influence or impaired by cannabis MUST provide a reasonable opportunity to contest the basis of the determination.

Unemployment



Understand defenses to Unemployment Claims

- Use on premises a violation of employment policy?
- Impairment at work?... Impacted performance?

Eastham v. Housing Authority of Jefferson County – IL Court held that employee terminated for admitted drug use while on vacation was eligible for unemployment because it

- (1) was not a violation of the employer's drug policy;
- o (2) was not "in the course of employment"; and
- (3) did not constitute "misconduct" under the IL Unemployment Insurance Act.



IL Workers' Compensation Act



IL Workers' Compensation Act language still provides that when an employee is "intoxicated" on cannabis, the injury is presumed to be related to the intoxication, rather than work.

- <u>FOCUS</u> Law could impact meaning of "intoxicated".
- STILL Some States have held that even where the employee has used medical marijuana and was injured at work the injury is compensable.
- <u>Example</u> Montana Supreme Court upheld a Workers' Compensation Court ruling that about \$65,000 in medical bills incurred by a man who was mauled while feeding the bears at a tourist attraction should be covered by workers' compensation, despite the fact the man had smoked marijuana the morning of the attack.



CAUTION: Union Employers



- Employers who are signatory to a union contract must recognize that labor law dictates that drug/alcohol testing is generally a subject for <u>Mandatory Bargaining</u>.
 - Drug/Alcohol Testing is "germane to the working environment" and is NOT within the scope of managerial decision making.
 - ➢ Johnson-Bateman Co., 295 NLRB 180, 131 LRRM 1393 (1989);
 Allied Aviation Fueling of Dallas, LP, 347 NLRB No. 22, 180
 LRRM 1255 (2006)(employer's admitted unilateral change in the company drug-testing policy violated Section 8(a)(5) of the NLRA).

WARNING: Know Your CBA!



- No Universal language or method...
- Which can be Problematic
 - **EXAMPLE**: "The Parties herein adopt the provisions and requirements of the federal Drug-Free Workplace Act of 1988."
 - ***Problem = Drug Free Workplace Act of 1988 does NOT require or detail any component of actual drug TESTING!!!

Case Law



- Emerald Steel Fabricators v. Bur. of Labor & Ind. (2010)
 Oregon Sup. Ct. held disability discrimination law did <u>NOT</u> require Employer to accommodate medical marijuana.
- <u>Steele v. Stallion Rockies Ltd</u> (2015) CO Fed. Crt. held being a medical marijuana user was <u>NOT</u> a protected status under either federal or state anti-discrimination laws by virtue of his medical marijuana use. <u>Terminating employee</u> for the use of medical marijuana was not discrimination.
 - Anti-discrimination law did <u>NOT</u> shield a disabled employee from standard policies against misconduct.



Case Law



Callaghan v. Darlington Fabrics Corp. (2017) – Intern alleged discrimination based on Company revoking her internship offer because she was a medical marijuana card holder and used marijuana.

- Revoking a job offer based on employee being a medical marijuana user and admitting to marijuana use was a violation of state medical marijuana law and civil rights statute.
- Federal law did not preempt Rhode Island statute



Case Law



Barbuto v. Advantage Sales and Marketing (2017) – MA Employee hired for entry level position disclosed Crohn's disease and use of medical marijuana. Employee tested positive for marijuana and was terminated. Trial Court dismissed

- MA Supreme Court reversed finding Employee had stated a prima facie case of discrimination because use of medical marijuana recommended by her doctor was a reasonable accommodation.
- However....Supreme Court held MA medical marijuana act did NOT provide private cause of action and dismissed wrongful termination claim.



Newer Case Law



Whitmire v. Wal-Mart Stores, Inc. (2019) – AZ Employee was a registered medical marijuana user. She was involved in an accident and tested positive for marijuana. Walmart terminated her based on positive result.

- Federal court said NO CAN DO! and held:
 - AZ medical marijuana act provided a private cause of action; and
 - Termination of employee based <u>SOLELY</u> on Drug Test <u>WITHOUT</u> any evidence of use or impairment at work was violation of discrimination statute.
- Drug test result alone could NOT SUPPORT the employer's good faith belief the person was impaired at work (no expert testimony was provided).



Newer Case Law (Cont'd)



Smith v. Jensen Fabricating Engineers, Inc. (2019) – CT Applicant was a registered medical marijuana user. He was offered a job, but failed drug test and job offer was revoked.

- State court said NO CAN DO! And held:
 - State Law required that employer to "butt out," of employee's medical marijuana use so long as that use has no effect on an employee's job performance or the workplace."
 - Revoking offer based SOLELY on drug test WITHOUT any evidence of use/impairment at work was sufficient to allege discrimination claim.



Changes to Consider in Drug Testing Policy or Procedures

- Make Changes or Institute New Drug Police? YES!!!!!
- If prohibiting, cannabis perhaps treat similar to alcohol?
- Clarify position on Cannabis and Medical Cannabis. BE CLEAR!
- Clarify position on use/consumption, storage, and timekeeping requirements (i.e. not while working or on breaks).
- Address Impairment/Under the Influence and define?
- Define "Workplace" and "While working"
- Define and Distinguish Safety Sensitive Positions.
- What about a 30 day (or, less) Marijuana Testing Practice?
- Add a EEO and ADA Disclaimer to Drug Policy
- Add language providing Opportunity to Explain before Discipline.
- Testing triggers updated? Specifically, NEAR MISS DEFINED? POST ACCIDENT DEFINED? RANDOM? REASONABLE SUSPICION? ANY OTHER TRIGGERS WARRANTED?



Train Employees on Your Position Towards Cannabis



- Provide clear information on the Employer's position of Cannabis in your drug and alcohol testing policy.
- Address Cannabis use and impairment in Safety Training and/or Orientation.
 - Go through the potentially dangerous impairing effects of Cannabis in the workplace.
- Address any changes to policies and procedures.
- Get NEW Acknowledgment to any policy updates.
- Address ADA and reasonable accommodation concerns.



Train Supervisors on Policy Changes and Drug Impairment



- Make sure familiar with changes in policies, procedures and any new forms.
- Reasonable Suspicion Training.
- Address procedure for responding to questions.
 - Who is a registered user for medical Cannabis; or
 - About the Co.'s position on Cannabis.
- Make clear Confidential Medical nature of employees /applicants who are registered medical user
- Safety Threats/Concerns created by Cannabis use.
- EAP program services (if available).



Best Practices, Recommendations & Strategies

- Update your policy, practices, and training.
 - Consider a 15/20 day introductory period.
 - Be Aware of ADA/Disability Implications.
- No Discrimination! Be consistent...
- Remember often multiple reasons for termination...
 Choose the path of least resistance.
 - **EXAMPLE**: Henry drives Forklift into product, destroying \$5,000 worth of product. Can terminate Henry for safety issues and destroying \$5,000 worth of product (assuming no issues with basic EEO law, etc...).
- Seek advice of Employment Counsel with difficult employees or potentially risky discipline/termination.



Q&A

Questions....











Thank You!!



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