



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3503

Introduced 2/22/2021, by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

410 ILCS 705/5-45
410 ILCS 705/7-30
410 ILCS 705/15-25
410 ILCS 705/15-35
410 ILCS 705/20-5
410 ILCS 705/25-40
410 ILCS 705/30-5
410 ILCS 705/35-5
410 ILCS 705/35-31

Amends the Cannabis Regulation and Tax Act. Removes references to the Illinois Cannabis Regulation Oversight Officer and replaces them with references to the Office of Cannabis Regulation and Oversight. Makes conforming changes throughout the Act. Removes language providing that the Illinois Cannabis Regulation Oversight Officer is within the Department of Financial and Professional Regulation under the Secretary of Financial and Professional Regulation. Provides that the Director of the Office of Cannabis Regulation and Oversight shall be appointed by the Governor with the advice and consent of the Senate. Transfers all powers, duties, rights, responsibilities, personnel, and property of the Illinois Cannabis Regulation Oversight Officer to the Office of Cannabis Regulation and Oversight.

LRB102 13959 CPF 19311 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Cannabis Regulation and Tax Act is amended
5 by changing Sections 5-45, 7-30, 15-25, 15-35, 20-5, 25-40,
6 30-5, 35-5, and 35-31 as follows:

7 (410 ILCS 705/5-45)

8 Sec. 5-45. Office of Cannabis Regulation and Oversight
9 ~~Illinois Cannabis Regulation Oversight Officer.~~

10 (a) The Office of Cannabis Regulation and Oversight
11 ~~position of Illinois Cannabis Regulation Oversight Officer~~ is
12 created ~~within the Department of Financial and Professional~~
13 ~~Regulation under the Secretary of Financial and Professional~~
14 ~~Regulation.~~ The Director of the Office of Cannabis Regulation
15 and Oversight ~~Illinois Cannabis Regulation Oversight Officer~~
16 shall be appointed by the Governor with the advice and consent
17 of the Senate. The term of office of the Director ~~Officer~~ shall
18 expire on the third Monday of January in odd-numbered years
19 provided that he or she shall hold office until a successor is
20 appointed and qualified. In case of vacancy in office during
21 the recess of the Senate, the Governor shall make a temporary
22 appointment until the next meeting of the Senate, when the
23 Governor shall nominate some person to fill the office, and

1 any person so nominated who is confirmed by the Senate shall
2 hold office during the remainder of the term and until his or
3 her successor is appointed and qualified.

4 (b) Subject to appropriation, the Office of Cannabis
5 Regulation and Oversight ~~The Illinois Cannabis Regulation~~
6 ~~Oversight Officer~~ may:

7 (1) maintain a staff;

8 (2) make recommendations for policy, statute, and rule
9 changes;

10 (3) collect data both in Illinois and outside Illinois
11 regarding the regulation of cannabis;

12 (4) compile or assist in the compilation of any
13 reports required by this Act;

14 (5) ensure the coordination of efforts between various
15 State agencies involved in regulating and taxing the sale
16 of cannabis in Illinois; and

17 (6) encourage, promote, suggest, and report best
18 practices for ensuring diversity in the cannabis industry
19 in Illinois.

20 (c) The Office of Cannabis Regulation and Oversight
21 ~~Illinois Cannabis Regulation Oversight Officer~~ shall not:

22 (1) participate in the issuance of any business
23 licensing or the making of awards; or

24 (2) participate in any adjudicative decision-making
25 process involving licensing or licensee discipline.

26 (d) Any funding required for the Office of Cannabis

1 Regulation and Oversight Illinois Cannabis Regulation
2 ~~Oversight Officer~~, its staff, or its activities shall be drawn
3 from the Cannabis Regulation Fund.

4 (e) The Illinois Cannabis Regulation Oversight Officer
5 created under Public Act 101-27 shall commission and publish a
6 disparity and availability study by March 1, 2021 that: (1)
7 evaluates whether there exists discrimination in the State's
8 cannabis industry; and (2) if so, evaluates the impact of such
9 discrimination on the State and includes recommendations to
10 the Department of Financial and Professional Regulation and
11 the Department of Agriculture for reducing or eliminating any
12 identified barriers to entry in the cannabis market. The
13 Illinois Cannabis Regulation Oversight Officer shall forward a
14 copy of its findings and recommendations to the Department of
15 Financial and Professional Regulation, the Department of
16 Agriculture, the Department of Commerce and Economic
17 Opportunity, the General Assembly, and the Governor. The
18 Office of Cannabis Regulation and Oversight shall carry out
19 any duties that remain under this subsection on the effective
20 date of this amendatory Act of the 102nd General Assembly.

21 (f) The Office of Cannabis Regulation and Oversight
22 ~~Illinois Cannabis Regulation Oversight Officer~~ may compile,
23 collect, or otherwise gather data necessary for the
24 administration of this Act and to carry out the Officer's duty
25 relating to the recommendation of policy changes. The Office
26 of Cannabis Regulation and Oversight Illinois Cannabis

1 ~~Regulation Oversight Officer~~ may direct the Department of
2 Agriculture, Department of Financial and Professional
3 Regulation, Department of Public Health, Department of Human
4 Services, and Department of Commerce and Economic Opportunity
5 to assist in the compilation, collection, and data gathering
6 authorized pursuant to this subsection. The Office of Cannabis
7 Regulation and Oversight ~~Illinois Cannabis Regulation~~
8 ~~Oversight Officer~~ shall compile all of the data into a single
9 report and submit the report to the Governor and the General
10 Assembly and publish the report on its website.

11 (g) On the effective date of this amendatory Act of the
12 102nd General Assembly, all powers, duties, rights, and
13 responsibilities of the Illinois Cannabis Regulation Oversight
14 Officer within the Department of Financial and Professional
15 Regulation are transferred to the Office of Cannabis
16 Regulation and Oversight. The personnel of the Illinois
17 Cannabis Regulation Oversight Officer are transferred to the
18 Office of Cannabis Regulation and Oversight. The status and
19 rights of such personnel under the Personnel Code are not
20 affected by the transfer. The rights of the employees and the
21 State of Illinois and its agencies under the Personnel Code
22 and applicable collective bargaining agreements or under any
23 pension, retirement, or annuity plan are not affected by this
24 amendatory Act of the 102nd General Assembly. All books,
25 records, papers, documents, property (real and personal),
26 contracts, causes of action, and pending business pertaining

1 to the powers, duties, rights, and responsibilities
2 transferred by this amendatory Act of the 102nd General
3 Assembly from the Illinois Cannabis Regulation Oversight
4 Officer to the Office of Cannabis Regulation and Oversight,
5 including, but not limited to, material in electronic or
6 magnetic format and necessary computer hardware and software,
7 are transferred to the Office of Cannabis Regulation and
8 Oversight. The powers, duties, rights, and responsibilities
9 relating to the Illinois Cannabis Regulation Oversight Officer
10 transferred by this amendatory Act of the 102nd General
11 Assembly are vested in the Office of Cannabis Regulation and
12 Oversight. Whenever reports or notices are required to be made
13 or given or papers or documents furnished or served by any
14 person to or upon the Illinois Cannabis Regulation Oversight
15 Officer in connection with any of the powers, duties, rights,
16 and responsibilities transferred by this amendatory Act of the
17 102nd General Assembly, the Office of Cannabis Regulation and
18 Oversight shall make, give, furnish, or serve them. This
19 amendatory Act of the 102nd General Assembly does not affect
20 any act done, ratified, or canceled, any right occurring or
21 established, or any action or proceeding had or commenced in
22 an administrative, civil, or criminal cause by the Illinois
23 Cannabis Regulation Oversight Officer before the effective
24 date of this amendatory Act of the 102nd General Assembly.
25 Such actions or proceedings may be prosecuted and continued by
26 the Office of Cannabis Regulation and Oversight. Any rules

1 that relate to the powers, duties, rights, and
2 responsibilities of the Illinois Cannabis Regulation Oversight
3 Officer and are in force on the effective date of this
4 amendatory Act of the 102nd General Assembly become the rules
5 of the Office of Cannabis Regulation and Oversight. This
6 amendatory Act of the 102nd General Assembly does not affect
7 the legality of any such rules. Any proposed rules filed with
8 the Secretary of State by the Department of Financial and
9 Professional Regulation that are pending in the rulemaking
10 process on the effective date of this amendatory Act of the
11 102nd General Assembly and pertain to the transferred powers,
12 duties, rights, and responsibilities are deemed to have been
13 filed by the Office of Cannabis Regulation and Oversight. As
14 soon as practicable, the Office of Cannabis Regulation and
15 Oversight shall revise and clarify the rules transferred to it
16 under this amendatory Act of the 102nd General Assembly to
17 reflect the reorganization of powers, duties, rights, and
18 responsibilities affected by this amendatory Act of the 102nd
19 General Assembly, using the procedures for recodification of
20 rules available under the Illinois Administrative Procedure
21 Act, except that existing title, part, and section numbering
22 for the affected rules may be retained. The Office of Cannabis
23 Regulation and Oversight may propose and adopt under the
24 Illinois Administrative Procedure Act other rules of the
25 Department of Financial and Professional Regulation pertaining
26 to this amendatory Act of the 102nd General Assembly that are

1 administered by the Office of Cannabis Regulation and
2 Oversight.

3 (Source: P.A. 101-27, eff. 6-25-19.)

4 (410 ILCS 705/7-30)

5 Sec. 7-30. Reporting. By ~~January 1, 2021, and on~~ January 1
6 of every year ~~thereafter~~, or upon request by the Office of
7 Cannabis Regulation and Oversight ~~Illinois Cannabis Regulation~~
8 ~~Oversight Officer~~, each cannabis business establishment
9 licensed under this Act shall report to the Office of Cannabis
10 Regulation and Oversight ~~Illinois Cannabis Regulation~~
11 ~~Oversight Officer~~, on a form to be provided by the Office of
12 Cannabis Regulation and Oversight ~~Illinois Cannabis Regulation~~
13 ~~Oversight Officer~~, information that will allow it to assess
14 the extent of diversity in the medical and adult use cannabis
15 industry and methods for reducing or eliminating any
16 identified barriers to entry, including access to capital. The
17 information to be collected shall be designed to identify the
18 following:

19 (1) the number and percentage of licenses provided to
20 Social Equity Applicants and to businesses owned by
21 minorities, women, veterans, and people with disabilities;

22 (2) the total number and percentage of employees in
23 the cannabis industry who meet the criteria in (3)(i) or
24 (3)(ii) in the definition of Social Equity Applicant or
25 who are minorities, women, veterans, or people with

1 disabilities;

2 (3) the total number and percentage of contractors and
3 subcontractors in the cannabis industry that meet the
4 definition of a Social Equity Applicant or who are owned
5 by minorities, women, veterans, or people with
6 disabilities, if known to the cannabis business
7 establishment; and

8 (4) recommendations on reducing or eliminating any
9 identified barriers to entry, including access to capital,
10 in the cannabis industry.

11 (Source: P.A. 101-27, eff. 6-25-19.)

12 (410 ILCS 705/15-25)

13 Sec. 15-25. Awarding of Conditional Adult Use Dispensing
14 Organization Licenses prior to January 1, 2021.

15 (a) The Department shall issue up to 75 Conditional Adult
16 Use Dispensing Organization Licenses before May 1, 2020.

17 (b) The Department shall make the application for a
18 Conditional Adult Use Dispensing Organization License
19 available no later than October 1, 2019 and shall accept
20 applications no later than January 1, 2020.

21 (c) To ensure the geographic dispersion of Conditional
22 Adult Use Dispensing Organization License holders, the
23 following number of licenses shall be awarded in each BLS
24 Region as determined by each region's percentage of the
25 State's population:

- 1 (1) Bloomington: 1
- 2 (2) Cape Girardeau: 1
- 3 (3) Carbondale-Marion: 1
- 4 (4) Champaign-Urbana: 1
- 5 (5) Chicago-Naperville-Elgin: 47
- 6 (6) Danville: 1
- 7 (7) Davenport-Moline-Rock Island: 1
- 8 (8) Decatur: 1
- 9 (9) Kankakee: 1
- 10 (10) Peoria: 3
- 11 (11) Rockford: 2
- 12 (12) St. Louis: 4
- 13 (13) Springfield: 1
- 14 (14) Northwest Illinois nonmetropolitan: 3
- 15 (15) West Central Illinois nonmetropolitan: 3
- 16 (16) East Central Illinois nonmetropolitan: 2
- 17 (17) South Illinois nonmetropolitan: 2

18 (d) An applicant seeking issuance of a Conditional Adult
19 Use Dispensing Organization License shall submit an
20 application on forms provided by the Department. An applicant
21 must meet the following requirements:

22 (1) Payment of a nonrefundable application fee of
23 \$5,000 for each license for which the applicant is
24 applying, which shall be deposited into the Cannabis
25 Regulation Fund;

26 (2) Certification that the applicant will comply with

1 the requirements contained in this Act;

2 (3) The legal name of the proposed dispensing
3 organization;

4 (4) A statement that the dispensing organization
5 agrees to respond to the Department's supplemental
6 requests for information;

7 (5) From each principal officer, a statement
8 indicating whether that person:

9 (A) has previously held or currently holds an
10 ownership interest in a cannabis business
11 establishment in Illinois; or

12 (B) has held an ownership interest in a dispensing
13 organization or its equivalent in another state or
14 territory of the United States that had the dispensing
15 organization registration or license suspended,
16 revoked, placed on probationary status, or subjected
17 to other disciplinary action;

18 (6) Disclosure of whether any principal officer has
19 ever filed for bankruptcy or defaulted on spousal support
20 or child support obligation;

21 (7) A resume for each principal officer, including
22 whether that person has an academic degree, certification,
23 or relevant experience with a cannabis business
24 establishment or in a related industry;

25 (8) A description of the training and education that
26 will be provided to dispensing organization agents;

1 (9) A copy of the proposed operating bylaws;

2 (10) A copy of the proposed business plan that
3 complies with the requirements in this Act, including, at
4 a minimum, the following:

5 (A) A description of services to be offered; and

6 (B) A description of the process of dispensing
7 cannabis;

8 (11) A copy of the proposed security plan that
9 complies with the requirements in this Article, including:

10 (A) The process or controls that will be
11 implemented to monitor the dispensary, secure the
12 premises, agents, and currency, and prevent the
13 diversion, theft, or loss of cannabis; and

14 (B) The process to ensure that access to the
15 restricted access areas is restricted to, registered
16 agents, service professionals, transporting
17 organization agents, Department inspectors, and
18 security personnel;

19 (12) A proposed inventory control plan that complies
20 with this Section;

21 (13) A proposed floor plan, a square footage estimate,
22 and a description of proposed security devices, including,
23 without limitation, cameras, motion detectors, servers,
24 video storage capabilities, and alarm service providers;

25 (14) The name, address, social security number, and
26 date of birth of each principal officer and board member

1 of the dispensing organization; each of those individuals
2 shall be at least 21 years of age;

3 (15) Evidence of the applicant's status as a Social
4 Equity Applicant, if applicable, and whether a Social
5 Equity Applicant plans to apply for a loan or grant issued
6 by the Department of Commerce and Economic Opportunity;

7 (16) The address, telephone number, and email address
8 of the applicant's principal place of business, if
9 applicable. A post office box is not permitted;

10 (17) Written summaries of any information regarding
11 instances in which a business or not-for-profit that a
12 prospective board member previously managed or served on
13 were fined or censured, or any instances in which a
14 business or not-for-profit that a prospective board member
15 previously managed or served on had its registration
16 suspended or revoked in any administrative or judicial
17 proceeding;

18 (18) A plan for community engagement;

19 (19) Procedures to ensure accurate recordkeeping and
20 security measures that are in accordance with this Article
21 and Department rules;

22 (20) The estimated volume of cannabis it plans to
23 store at the dispensary;

24 (21) A description of the features that will provide
25 accessibility to purchasers as required by the Americans
26 with Disabilities Act;

1 (22) A detailed description of air treatment systems
2 that will be installed to reduce odors;

3 (23) A reasonable assurance that the issuance of a
4 license will not have a detrimental impact on the
5 community in which the applicant wishes to locate;

6 (24) The dated signature of each principal officer;

7 (25) A description of the enclosed, locked facility
8 where cannabis will be stored by the dispensing
9 organization;

10 (26) Signed statements from each dispensing
11 organization agent stating that he or she will not divert
12 cannabis;

13 (27) The number of licenses it is applying for in each
14 BLS Region;

15 (28) A diversity plan that includes a narrative of at
16 least 2,500 words that establishes a goal of diversity in
17 ownership, management, employment, and contracting to
18 ensure that diverse participants and groups are afforded
19 equality of opportunity;

20 (29) A contract with a private security contractor
21 that is licensed under Section 10-5 of the Private
22 Detective, Private Alarm, Private Security, Fingerprint
23 Vendor, and Locksmith Act of 2004 in order for the
24 dispensary to have adequate security at its facility; and

25 (30) Other information deemed necessary ~~by the~~
26 ~~Illinois Cannabis Regulation Oversight Officer~~ to conduct

1 the disparity and availability study referenced in
2 subsection (e) of Section 5-45.

3 (e) An applicant who receives a Conditional Adult Use
4 Dispensing Organization License under this Section has 180
5 days from the date of award to identify a physical location for
6 the dispensing organization retail storefront. Before a
7 conditional licensee receives an authorization to build out
8 the dispensing organization from the Department, the
9 Department shall inspect the physical space selected by the
10 conditional licensee. The Department shall verify the site is
11 suitable for public access, the layout promotes the safe
12 dispensing of cannabis, the location is sufficient in size,
13 power allocation, lighting, parking, handicapped accessible
14 parking spaces, accessible entry and exits as required by the
15 Americans with Disabilities Act, product handling, and
16 storage. The applicant shall also provide a statement of
17 reasonable assurance that the issuance of a license will not
18 have a detrimental impact on the community. The applicant
19 shall also provide evidence that the location is not within
20 1,500 feet of an existing dispensing organization. If an
21 applicant is unable to find a suitable physical address in the
22 opinion of the Department within 180 days of the issuance of
23 the Conditional Adult Use Dispensing Organization License, the
24 Department may extend the period for finding a physical
25 address another 180 days if the Conditional Adult Use
26 Dispensing Organization License holder demonstrates concrete

1 attempts to secure a location and a hardship. If the
2 Department denies the extension or the Conditional Adult Use
3 Dispensing Organization License holder is unable to find a
4 location or become operational within 360 days of being
5 awarded a conditional license, the Department shall rescind
6 the conditional license and award it to the next highest
7 scoring applicant in the BLS Region for which the license was
8 assigned, provided the applicant receiving the license: (i)
9 confirms a continued interest in operating a dispensing
10 organization; (ii) can provide evidence that the applicant
11 continues to meet all requirements for holding a Conditional
12 Adult Use Dispensing Organization License set forth in this
13 Act; and (iii) has not otherwise become ineligible to be
14 awarded a dispensing organization license. If the new awardee
15 is unable to accept the Conditional Adult Use Dispensing
16 Organization License, the Department shall award the
17 Conditional Adult Use Dispensing Organization License to the
18 next highest scoring applicant in the same manner. The new
19 awardee shall be subject to the same required deadlines as
20 provided in this subsection.

21 (e-5) If, within 180 days of being awarded a Conditional
22 Adult Use Dispensing Organization License, a dispensing
23 organization is unable to find a location within the BLS
24 Region in which it was awarded a Conditional Adult Use
25 Dispensing Organization License because no jurisdiction within
26 the BLS Region allows for the operation of an Adult Use

1 Dispensing Organization, the Department of Financial and
2 Professional Regulation may authorize the Conditional Adult
3 Use Dispensing Organization License holder to transfer its
4 license to a BLS Region specified by the Department.

5 (f) A dispensing organization that is awarded a
6 Conditional Adult Use Dispensing Organization License pursuant
7 to the criteria in Section 15-30 shall not purchase, possess,
8 sell, or dispense cannabis or cannabis-infused products until
9 the person has received an Adult Use Dispensing Organization
10 License issued by the Department pursuant to Section 15-36 of
11 this Act.

12 (g) The Department shall conduct a background check of the
13 prospective organization agents in order to carry out this
14 Article. The Department of State Police shall charge the
15 applicant a fee for conducting the criminal history record
16 check, which shall be deposited into the State Police Services
17 Fund and shall not exceed the actual cost of the record check.
18 Each person applying as a dispensing organization agent shall
19 submit a full set of fingerprints to the Department of State
20 Police for the purpose of obtaining a State and federal
21 criminal records check. These fingerprints shall be checked
22 against the fingerprint records now and hereafter, to the
23 extent allowed by law, filed in the Department of State Police
24 and Federal Bureau of Identification criminal history records
25 databases. The Department of State Police shall furnish,
26 following positive identification, all Illinois conviction

1 information to the Department.

2 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

3 (410 ILCS 705/15-35)

4 Sec. 15-35. Conditional Adult Use Dispensing Organization
5 License after January 1, 2021.

6 (a) In addition to any of the licenses issued in Sections
7 15-15, Section 15-20, or Section 15-25 of this Act, by
8 December 21, 2021, the Department shall issue up to 110
9 Conditional Adult Use Dispensing Organization Licenses,
10 pursuant to the application process adopted under this
11 Section. Prior to issuing such licenses, the Department may
12 adopt rules through emergency rulemaking in accordance with
13 subsection (gg) of Section 5-45 of the Illinois Administrative
14 Procedure Act. The General Assembly finds that the adoption of
15 rules to regulate cannabis use is deemed an emergency and
16 necessary for the public interest, safety, and welfare. Such
17 rules may:

18 (1) Modify or change the BLS Regions as they apply to
19 this Article or modify or raise the number of Adult
20 Conditional Use Dispensing Organization Licenses assigned
21 to each region based on the following factors:

22 (A) Purchaser wait times;

23 (B) Travel time to the nearest dispensary for
24 potential purchasers;

25 (C) Percentage of cannabis sales occurring in

1 Illinois not in the regulated market using data from
2 the Substance Abuse and Mental Health Services
3 Administration, National Survey on Drug Use and
4 Health, Illinois Behavioral Risk Factor Surveillance
5 System, and tourism data from the Illinois Office of
6 Tourism to ascertain total cannabis consumption in
7 Illinois compared to the amount of sales in licensed
8 dispensing organizations;

9 (D) Whether there is an adequate supply of
10 cannabis and cannabis-infused products to serve
11 registered medical cannabis patients;

12 (E) Population increases or shifts;

13 (F) Density of dispensing organizations in a
14 region;

15 (G) The Department's capacity to appropriately
16 regulate additional licenses;

17 (H) The findings and recommendations from the
18 disparity and availability study commissioned under ~~by~~
19 ~~the Illinois Cannabis Regulation Oversight Officer in~~
20 subsection (e) of Section 5-45 to reduce or eliminate
21 any identified barriers to entry in the cannabis
22 industry; and

23 (I) Any other criteria the Department deems
24 relevant.

25 (2) Modify or change the licensing application process
26 to reduce or eliminate the barriers identified in the

1 disparity and availability study commissioned under
2 subsection (e) of Section 5-45 ~~by the Illinois Cannabis~~
3 ~~Regulation Oversight Officer~~ and make modifications to
4 remedy evidence of discrimination.

5 (b) After January 1, 2022, the Department may by rule
6 modify or raise the number of Adult Use Dispensing
7 Organization Licenses assigned to each region, and modify or
8 change the licensing application process to reduce or
9 eliminate barriers based on the criteria in subsection (a). At
10 no time shall the Department issue more than 500 Adult Use
11 Dispensing Organization Licenses.

12 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

13 (410 ILCS 705/20-5)

14 Sec. 20-5. Issuance of licenses. On or after July 1, 2021,
15 the Department of Agriculture by rule may:

16 (1) Modify or change the number of cultivation center
17 licenses available, which shall at no time exceed 30
18 cultivation center licenses. In determining whether to
19 exercise the authority granted by this subsection, the
20 Department of Agriculture must consider the following
21 factors:

22 (A) The percentage of cannabis sales occurring in
23 Illinois not in the regulated market using data from
24 the Substance Abuse and Mental Health Services
25 Administration, National Survey on Drug Use and

1 Health, Illinois Behavioral Risk Factor Surveillance
2 System, and tourism data from the Illinois Office of
3 Tourism to ascertain total cannabis consumption in
4 Illinois compared to the amount of sales in licensed
5 dispensing organizations;

6 (B) Whether there is an adequate supply of
7 cannabis and cannabis-infused products to serve
8 registered medical cannabis patients;

9 (C) Whether there is an adequate supply of
10 cannabis and cannabis-infused products to serve
11 purchasers;

12 (D) Whether there is an oversupply of cannabis in
13 Illinois leading to trafficking of cannabis to any
14 other state;

15 (E) Population increases or shifts;

16 (F) Changes to federal law;

17 (G) Perceived security risks of increasing the
18 number or location of cultivation centers;

19 (H) The past security records of cultivation
20 centers;

21 (I) The Department of Agriculture's capacity to
22 appropriately regulate additional licensees;

23 (J) The findings and recommendations from the
24 disparity and availability study commissioned under ~~by~~
25 ~~the Illinois Cannabis Regulation Oversight Officer~~
26 ~~referenced in~~ subsection (e) of Section 5-45 to reduce

1 or eliminate any identified barriers to entry in the
2 cannabis industry; and

3 (K) Any other criteria the Department of
4 Agriculture deems relevant.

5 (2) Modify or change the licensing application process
6 to reduce or eliminate the barriers identified in the
7 disparity and availability study commissioned under
8 subsection (e) of Section 5-45 ~~commission by the Illinois~~
9 ~~Cannabis Regulation Oversight Officer~~ and shall make
10 modifications to remedy evidence of discrimination.

11 (Source: P.A. 101-27, eff. 6-25-19.)

12 (410 ILCS 705/25-40)

13 (Section scheduled to be repealed on July 1, 2026)

14 Sec. 25-40. Study. By December 31, 2025, the Office of
15 Cannabis Regulation and Oversight ~~Illinois Cannabis Regulation~~
16 ~~Oversight Officer~~, in coordination with the Board, must issue
17 a report to the Governor and the General Assembly which
18 includes, but is not limited to, the following:

19 (1) Number of security incidents or infractions at
20 each licensee and any action taken or not taken;

21 (2) Statistics, based on race, ethnicity, gender, and
22 participating community college of:

23 (A) students enrolled in career in cannabis
24 classes;

25 (B) successful completion rates by community

1 college students for the Certificate;

2 (C) postgraduate job placement of students who
3 obtained a Certificate, including both cannabis
4 business establishment jobs and non-cannabis business
5 establishment jobs; and

6 (3) Any other relevant information.

7 (Source: P.A. 101-27, eff. 6-25-19.)

8 (410 ILCS 705/30-5)

9 Sec. 30-5. Issuance of licenses.

10 (a) The Department of Agriculture shall issue up to 40
11 craft grower licenses by July 1, 2020. Any person or entity
12 awarded a license pursuant to this subsection shall only hold
13 one craft grower license and may not sell that license until
14 after December 21, 2021.

15 (b) By December 21, 2021, the Department of Agriculture
16 shall issue up to 60 additional craft grower licenses. Any
17 person or entity awarded a license pursuant to this subsection
18 shall not hold more than 2 craft grower licenses. The person or
19 entity awarded a license pursuant to this subsection or
20 subsection (a) of this Section may sell its craft grower
21 license subject to the restrictions of this Act or as
22 determined by administrative rule. Prior to issuing such
23 licenses, the Department may adopt rules through emergency
24 rulemaking in accordance with subsection (gg) of Section 5-45
25 of the Illinois Administrative Procedure Act, to modify or

1 raise the number of craft grower licenses and modify or change
2 the licensing application process to reduce or eliminate
3 barriers. The General Assembly finds that the adoption of
4 rules to regulate cannabis use is deemed an emergency and
5 necessary for the public interest, safety, and welfare. In
6 determining whether to exercise the authority granted by this
7 subsection, the Department of Agriculture must consider the
8 following factors:

9 (1) the percentage of cannabis sales occurring in
10 Illinois not in the regulated market using data from the
11 Substance Abuse and Mental Health Services Administration,
12 National Survey on Drug Use and Health, Illinois
13 Behavioral Risk Factor Surveillance System, and tourism
14 data from the Illinois Office of Tourism to ascertain
15 total cannabis consumption in Illinois compared to the
16 amount of sales in licensed dispensing organizations;

17 (2) whether there is an adequate supply of cannabis
18 and cannabis-infused products to serve registered medical
19 cannabis patients;

20 (3) whether there is an adequate supply of cannabis
21 and cannabis-infused products to serve purchasers;

22 (4) whether there is an oversupply of cannabis in
23 Illinois leading to trafficking of cannabis to states
24 where the sale of cannabis is not permitted by law;

25 (5) population increases or shifts;

26 (6) the density of craft growers in any area of the

1 State;

2 (7) perceived security risks of increasing the number
3 or location of craft growers;

4 (8) the past safety record of craft growers;

5 (9) the Department of Agriculture's capacity to
6 appropriately regulate additional licensees;

7 (10) the findings and recommendations from the
8 disparity and availability study commissioned under
9 subsection (e) of Section 5-45 ~~by the Illinois Cannabis~~
10 ~~Regulation Oversight Officer~~ to reduce or eliminate any
11 identified barriers to entry in the cannabis industry; and

12 (11) any other criteria the Department of Agriculture
13 deems relevant.

14 (c) After January 1, 2022, the Department of Agriculture
15 may by rule modify or raise the number of craft grower licenses
16 and modify or change the licensing application process to
17 reduce or eliminate barriers based on the criteria in
18 subsection (b). At no time may the number of craft grower
19 licenses exceed 150. Any person or entity awarded a license
20 pursuant to this subsection shall not hold more than 3 craft
21 grower licenses. A person or entity awarded a license pursuant
22 to this subsection or subsection (a) or subsection (b) of this
23 Section may sell its craft grower license or licenses subject
24 to the restrictions of this Act or as determined by
25 administrative rule.

26 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

1 (410 ILCS 705/35-5)

2 Sec. 35-5. Issuance of licenses.

3 (a) The Department of Agriculture shall issue up to 40
4 infuser licenses through a process provided for in this
5 Article no later than July 1, 2020.

6 (b) The Department of Agriculture shall make the
7 application for infuser licenses available on January 7, 2020,
8 or if that date falls on a weekend or holiday, the business day
9 immediately succeeding the weekend or holiday and every
10 January 7 or succeeding business day thereafter, and shall
11 receive such applications no later than March 15, 2020, or, if
12 that date falls on a weekend or holiday, the business day
13 immediately succeeding the weekend or holiday and every March
14 15 or succeeding business day thereafter.

15 (c) By December 21, 2021, the Department of Agriculture
16 may issue up to 60 additional infuser licenses. Prior to
17 issuing such licenses, the Department may adopt rules through
18 emergency rulemaking in accordance with subsection (gg) of
19 Section 5-45 of the Illinois Administrative Procedure Act, to
20 modify or raise the number of infuser licenses and modify or
21 change the licensing application process to reduce or
22 eliminate barriers. The General Assembly finds that the
23 adoption of rules to regulate cannabis use is deemed an
24 emergency and necessary for the public interest, safety, and
25 welfare.

1 In determining whether to exercise the authority granted
2 by this subsection, the Department of Agriculture must
3 consider the following factors:

4 (1) the percentage of cannabis sales occurring in
5 Illinois not in the regulated market using data from the
6 Substance Abuse and Mental Health Services Administration,
7 National Survey on Drug Use and Health, Illinois
8 Behavioral Risk Factor Surveillance System, and tourism
9 data from the Illinois Office of Tourism to ascertain
10 total cannabis consumption in Illinois compared to the
11 amount of sales in licensed dispensing organizations;

12 (2) whether there is an adequate supply of cannabis
13 and cannabis-infused products to serve registered medical
14 cannabis patients;

15 (3) whether there is an adequate supply of cannabis
16 and cannabis-infused products to serve purchasers;

17 (4) whether there is an oversupply of cannabis in
18 Illinois leading to trafficking of cannabis to any other
19 state;

20 (5) population increases or shifts;

21 (6) changes to federal law;

22 (7) perceived security risks of increasing the number
23 or location of infuser organizations;

24 (8) the past security records of infuser
25 organizations;

26 (9) the Department of Agriculture's capacity to

1 appropriately regulate additional licenses;

2 (10) the findings and recommendations from the
3 disparity and availability study commissioned under
4 subsection (e) of Section 5-45 ~~by the Illinois Cannabis~~
5 ~~Regulation Oversight Officer~~ to reduce or eliminate any
6 identified barriers to entry in the cannabis industry; and

7 (11) any other criteria the Department of Agriculture
8 deems relevant.

9 (d) After January 1, 2022, the Department of Agriculture
10 may by rule modify or raise the number of infuser licenses, and
11 modify or change the licensing application process to reduce
12 or eliminate barriers based on the criteria in subsection (c).

13 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

14 (410 ILCS 705/35-31)

15 Sec. 35-31. Ensuring an adequate supply of raw materials
16 to serve infusers.

17 (a) As used in this Section, "raw materials" includes, but
18 is not limited to, CO₂ hash oil, "crude", "distillate", or any
19 other cannabis concentrate extracted from cannabis flower by
20 use of a solvent or a mechanical process.

21 (b) The Department of Agriculture may by rule design a
22 method for assessing whether licensed infusers have access to
23 an adequate supply of reasonably affordable raw materials,
24 which may include but not be limited to: (i) a survey of
25 infusers; (ii) a market study on the sales trends of

1 cannabis-infused products manufactured by infusers; and (iii)
2 the costs cultivation centers and craft growers assume for the
3 raw materials they use in any cannabis-infused products they
4 manufacture.

5 (c) The Department of Agriculture shall perform an
6 assessment of whether infusers have access to an adequate
7 supply of reasonably affordable raw materials that shall start
8 no sooner than January 1, 2022 and shall conclude no later than
9 April 1, 2022. The Department of Agriculture may rely on data
10 from the Office of Cannabis Regulation and Oversight ~~Illinois~~
11 ~~Cannabis Regulation Oversight Officer~~ as part of this
12 assessment.

13 (d) The Department of Agriculture shall perform an
14 assessment of whether infusers have access to an adequate
15 supply of reasonably affordable raw materials that shall start
16 no sooner than January 1, 2023 and shall conclude no later than
17 April 1, 2023. The Department of Agriculture may rely on data
18 from the Office of Cannabis Regulation and Oversight ~~Cannabis~~
19 ~~Regulation Oversight Officer~~ as part of this assessment.

20 (e) The Department of Agriculture may by rule adopt
21 measures to ensure infusers have access to an adequate supply
22 of reasonably affordable raw materials necessary for the
23 manufacture of cannabis-infused products. Such measures may
24 include, but not be limited to (i) requiring cultivation
25 centers and craft growers to set aside a minimum amount of raw
26 materials for the wholesale market or (ii) enabling infusers

1 to apply for a processor license to extract raw materials from
2 cannabis flower.

3 (f) If the Department of Agriculture determines processor
4 licenses may be available to infuser organizations based upon
5 findings made pursuant to subsection (e), infuser
6 organizations may submit to the Department of Agriculture on
7 forms provided by the Department of Agriculture the following
8 information as part of an application to receive a processor
9 license:

10 (1) experience with the extraction, processing, or
11 infusing of oils similar to those derived from cannabis,
12 or other business practices to be performed by the
13 infuser;

14 (2) a description of the applicant's experience with
15 manufacturing equipment and chemicals to be used in
16 processing;

17 (3) expertise in relevant scientific fields;

18 (4) a commitment that any cannabis waste, liquid
19 waste, or hazardous waste shall be disposed of in
20 accordance with 8 Ill. Adm. Code 1000.460, except, to the
21 greatest extent feasible, all cannabis plant waste will be
22 rendered unusable by grinding and incorporating the
23 cannabis plant waste with compostable mixed waste to be
24 disposed of in accordance with Ill. Adm. Code
25 1000.460 (g) (1); and

26 (5) any other information the Department of

1 Agriculture deems relevant.

2 (g) The Department of Agriculture may only issue an
3 infuser organization a processor license if, based on the
4 information pursuant to subsection (f) and any other criteria
5 set by the Department of Agriculture, which may include but
6 not be limited an inspection of the site where processing
7 would occur, the Department of Agriculture is reasonably
8 certain the infuser organization will process cannabis in a
9 safe and compliant manner.

10 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)