

2023 ANNUAL CANNABIS REPORT

Illinois Department of Commerce
and Economic Opportunity



| Office of Minority Economic Empowerment

TABLE OF CONTENTS

Summary.....	2
2023 Accomplishments	3
2024 Goals	4
Key Data Points.....	5
Funding Usage	8
Legislation, Updates, and Initiatives	9

SUMMARY

“ At the core of DCEO’s Social Equity Loan program is an unwavering commitment to equity as the state works to ensure that entrepreneurs who have been adversely impacted by the war on drugs have a space in the growing cannabis industry.

DCEO has driven efforts to support social equity applicants and licensees through comprehensive technical assistance and financial support. In CY 23, DCEO has funded over \$20M in loans (\$2.1M via the Participation Loan Program and \$18.3M via the Direct Forgivable Loan Program) to craft growers, infusers, and transporters. Nearly \$60 million in funding will be made available in 2024, with dispensaries having an opportunity to apply early in the year.

The Department of Commerce and Economic Opportunity (DCEO) is responsible for two (2) main facets of the State of Illinois Cannabis Social Equity Program: Technical Assistance and Social Equity Loans.

In 2022, DCEO and its lender partners attempted to collaborate in providing low-cost loans to the first cohort of recipients in the DCEO social equity participation loan program (the “PLP”). Although the PLP had some success in attracting private capital to support social equity, broad challenges that impede the cannabis industry’s ability to access capital limited the PLP’s ability to effectively deliver funding to those who needed it most. In 2023, DCEO modified its social equity loan program into a direct forgivable loan program (the “DFL” program) in response to these challenges. As a result of the DFL, DCEO was able to deploy \$18.3 million in funding across the State to 33 social equity loan recipients.

Application information for the next round of the Cannabis Social Equity Loan Program will be released in 2024 and will be open to qualified social equity dispensaries (“Round 2”). DCEO anticipates awarding up to 50 loans in Round 2, ranging from \$225,000-\$250,000/loan. All social equity licensees will be able to apply for funding through the third round, and DCEO expects having approximately \$40 million available for that round (“Round 3”). Following Round 3, all funds in the Cannabis Business Development Fund will be exhausted.

2023 ACCOMPLISHMENTS

FEBRUARY 2023

- Three (3) licensees funded under the PLP
- Four (4) licensees funded under the DFL.

APRIL 2023

- One (1) additional payment funded through the PLP.
- Nineteen (19) licensees funded under the DFL.
- Secured a Grant Manager to support cannabis program.

JUNE 2023

- Twenty-three (23) licensees funded under the DFL.

AUGUST 2023

- Met with representatives from other States facilitating cannabis TA programs for feedback on best practices to shape a new round of TA; in addition to polling DFL program participants for insight into what they need from TA.

OCTOBER 2023

- Final (33rd) DFL licensee funded, Round 1 complete.
- DCEO secured contractual services to support improvements to DFL funding prioritization model.

DECEMBER 2023

- At the final stages of developing DFL Round 2 for dispensaries.

JANUARY 2023

- Most PLP recipients (34 of 37) expressed interest in partaking in the newly created DFL Program. Ultimately, thirty-three (33) accepted DFLs.

MARCH 2023

- Twelve (12) licensees funded under the DFL.
- Released Requests for Information (RFIs) to solicit feedback for Cannabis TA (mentorship program and pro bono/low bono services)

MAY 2023

- Requests for Information (RFIs) for Cannabis TA (mentorship program and pro bono/low bono services) closed, with six (6) responses from stakeholders received.

JULY 2023

- Thirty-two (32) licensees in total, funded under the DFL, with 23 receiving funding through the 1st DFL payment round (Jan-Apr 2023).
- Secured 2nd Grant Manager to support the cannabis program.

SEPTEMBER 2023

- Worked with IDFPR on prioritization model for Round 2 funding, in addition to meeting with lender partners to finalize terms for program phase out.

NOVEMBER 2023

- Began work with consultant to finalize criteria and streamline award process for Round 2 of the DFL Program.

2024 GOALS

Summary

- Launch Round 2 loan application for Adult-Use Dispensing social equity licensees in the first quarter Calendar Year (CY) 24.
- Launch a new round of technical assistance with a focus on post-license and legal assistance by the 2nd quarter of CY 24.
- Deploy funding to adult-use dispensing organizations through our DFL program by the 3rd quarter of CY 24. Launch Round 3 loan application for all license types by the 4th quarter of CY 24.

DCEO 2024 Goals




1. Significantly reduce the release time between Rounds 2 and 3 of the DFL Program compared to the release time between Rounds 1 and 2.
2. Develop selection criteria that balances the need for funding with the potential to become an operational cannabis business establishment.
3. Increase DCEO staffing for the Cannabis programs.
4. Deploy over \$40M in financial support.

DCEO 2024 Essential Projects

1. Releasing Round 2 of the DFL Program for dispensaries
2. Releasing Round 3 of the DFL Program for all cannabis social equity licensees
3. Release Cannabis TA Program NOFO

DCEO 2024 Metrics

Through the Direct Forgivable Loan (DFL) program, a total of \$18.3M was disbursed to a total of 33 social equity craft growers, infusers, and transporters. Round 2 of the DFL will focus solely on social equity dispensaries. DCEO expects to award up to 50 loans in Round 2, ranging from \$225,000-\$250,000/loan. Round 3 of the DFL will be open to all social equity licensees.

 <p>Participation Loan Program \$2.1M executed loan funding awarded this year</p>	 <p>Direct Forgivable Loan Program \$18.3M in in direct loans awarded this year</p>	 <p>200 # of SEAs/businesses served by TA this year</p>
---	---	---

KEY DATA POINTS

TECHNICAL ASSISTANCE PROVIDERS

DCEO managed a support network made up of community-based organizations and education institutions that developed and implemented technical assistance (TA) programs including virtual events, videos, e-books and workshops to assist social equity applicants in their quest to procure and retain a cannabis business license in Illinois. This technical assistance was critical for ensuring equitable representation of small and diverse businesses and entrepreneurs in the emerging cannabis industry.

It is notable that there was a significant decrease in technical assistance from CY 22 – CY 23 as:

1. Our TA partner pool dwindled from four (4) partners aiding social equity applicants/licenseses to two (2) partners whose main focus was to assist social equity applicants address licensing round deficiencies.
2. In CY 23, there was only one licensing application opportunity offered through IDFPR for social equity applicants to apply.
3. TA grants for our remaining 2 partners ended on June 30, 2023 and there are currently no active TA grantees in our pipeline.

DCEO intends to launch a TA NOFO during CY 24 to provide education and instructional training, in addition to legal services to social equity applicants to bolster knowledge and capacity to successfully apply for a cannabis social equity license. This new TA opportunity will also be a source for current cannabis social equity licensees to strengthen their business practices, as well as provide guidance to become a successful and sustainable cannabis business establishment in Illinois.

Technical Assistance Providers	Description of Services Provided
The Trep School	Legal Education and Consulting
Oakton Community College	Credit courses and Certificate programs

CANNABIS SOCIAL EQUITY LOAN PROGRAM

Loans provided by DCEO are offered exclusively to Qualified Social Equity Applicants. Under the CRTA, a Social Equity Applicant is an Illinois resident that meets at least one of the following criteria:

1. **Historical DIA Resident:** An applicant with at least 51% ownership and control by one or more individuals who have resided for at least 5 of the preceding 10 years in a Disproportionately Impacted Area
2. **Justice-Involved:** An applicant with at least 51% ownership and control by one or more individuals who:
 - a. have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under this Act; or
 - b. is a member of an impacted family.
3. **Employment:** For applicants with a minimum of 10 full-time employees, an applicant with at least 51% of current employees who:
 - a. currently reside in a Disproportionately Impacted Area; or
 - b. have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under this Act or member of an impacted family.

DIRECT FORGIVABLE LOAN PROGRAM

Round 1

A total of 33 Direct Forgivable Loans were provided to craft growers, infusers, and transporters during Round 1. Breakdown by licensee type and location (by county) is as follows:

10	11	12
Craft Growers funded in CY 2023	Infusers funded in CY 2023	Transporters funded in CY 2023
<ul style="list-style-type: none"> ○ 4 in Cook County ○ 3 in Will County ○ 1 in Kankakee County ○ 1 in Lake County ○ 1 in Sangamon County 	<ul style="list-style-type: none"> ○ 7 in Cook County ○ 1 in McLean County ○ 1 in Peoria County ○ 1 in Rock Island County ○ 1 in Winnebago County 	<ul style="list-style-type: none"> ○ 10 in Cook County ○ 1 in Sangamon County ○ 1 in Peoria County

Total DFL amount disbursed via Round 1 = \$18.3 million

- 3 Licensees decided not to pursue a DFL and 1 sold their license prior to launch of the DFL program.

Participation Loan Program

\$2,100,000

in loans issued in CY 2023

3

cannabis businesses awarded loans in CY 2023

Before the PLP phase-out in CY 23, DCEO issued \$2.1 million in loans (\$1.5 million of which was Department funding) through the PLP to two craft growers and one infuser.

Round 2

- Round 2 will accept applications for Direct Forgivable Loans from social equity dispensaries.
- DCEO anticipates awarding up to 50 loans in Round 2, ranging from \$225,000-\$250,000/loan.

Round 3

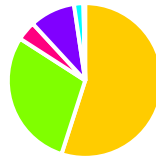
Round 3 applications will focus on Direct Forgivable Loans for all social equity cannabis licensees.

FUNDING USAGE

Summary

Fund	Fiscal Year	Appropriation	Expenditures (as of 12/15/2023)	Balance of Appropriation
0912	FY23	\$300,000	\$294,914.42	\$5,085.58
0898	FY23	\$36,000,000	\$21,115,176.48	\$14,884,823.52
0912	FY 24	\$1,530,000	\$293,118.00	\$1,236,882.00
0898	FY 24	\$76,000,000	\$125,000.00	\$75,875,000.00
0912 – Cannabis Regulation Fund 0898 – Cannabis Business Development Fund				

Calendar Year 2023 Fund 912 Expenditures



- 1120 - REGULAR POSITIONS
- 1161 - STATE EMPLOYEE RETIREMENT
- 1170 - SOC SEC/MEDICARE CONTRIBUTIONS
- 1180 - EMPLOYER CONTRB GRP INSURANCE
- 1289 - CONTRACTUAL SERVICES, N.E.C.
- 1291 - IN-STATE TRAVEL,EMPLOYEE REIMB
- 1292 - OUT-OF-STATE TRAVEL, EMPLOYEES

Calendar Year 2023 Fund 898 Expenditures



- 1245 - PROFESSIONAL/ARTISTIC SERV NEC
- 1289 - CONTRACTUAL SERVICES, N.E.C.
- 1298 - PURCHASE OF INVESTMENTS
- 4476 - EDUCATION GRANTS, HIGHER ED.
- 4488 - LOANS
- 4489 - NONTAXABLE GRANTS/AWARDS NEC

LEGISLATION, UPDATES, AND INITIATIVES

Summary of FY2023 Updates

DCEO's cannabis social equity initiatives were introduced as [House Amendment #1 to SB1559](#), but did not pass during the Spring 2023 Session or during the 2023 Fall Veto session.

Summary of FY2024 Initiatives

DCEO will continue to pursue legislative and administrative rule changes to facilitate the efficient disbursement of funds in future funding opportunities and allow for new funding models to incentivize private support for social equity licensees. These changes include a statutory/administrative rule amendment to affirmatively allow for the use of a lottery system to award funds and forgiveness of loans under DCEO's cannabis social equity programming.