

HB5527



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5527

by Rep. Arthur Turner

SYNOPSIS AS INTRODUCED:

410 ILCS 705/1-10
410 ILCS 705/20-30

Amends the Cannabis Regulation and Tax Act. Provides that a cultivation center may sell or distribute cannabis or cannabis-infused products to an independent dispensing organization. Provides that at least half of all cannabis and cannabis-infused products sold by a cultivation center must be sold to independent dispensing organizations. Defines "independent dispensing organization".

LRB101 17605 CPF 67026 b

A BILL FOR

1 AN ACT concerning health.

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 1-10 and 20-30 as follows:

6 (410 ILCS 705/1-10)

7 Sec. 1-10. Definitions. In this Act:

8 "Adult Use Cultivation Center License" means a license
9 issued by the Department of Agriculture that permits a person
10 to act as a cultivation center under this Act and any
11 administrative rule made in furtherance of this Act.

12 "Adult Use Dispensing Organization License" means a
13 license issued by the Department of Financial and Professional
14 Regulation that permits a person to act as a dispensing
15 organization under this Act and any administrative rule made in
16 furtherance of this Act.

17 "Advertise" means to engage in promotional activities
18 including, but not limited to: newspaper, radio, Internet and
19 electronic media, and television advertising; the distribution
20 of fliers and circulars; billboard advertising; and the display
21 of window and interior signs. "Advertise" does not mean
22 exterior signage displaying only the name of the licensed
23 cannabis business establishment.

1 "BLS Region" means a region in Illinois used by the United
2 States Bureau of Labor Statistics to gather and categorize
3 certain employment and wage data. The 17 such regions in
4 Illinois are: Bloomington, Cape Girardeau, Carbondale-Marion,
5 Champaign-Urbana, Chicago-Naperville-Elgin, Danville,
6 Davenport-Moline-Rock Island, Decatur, Kankakee, Peoria,
7 Rockford, St. Louis, Springfield, Northwest Illinois
8 nonmetropolitan area, West Central Illinois nonmetropolitan
9 area, East Central Illinois nonmetropolitan area, and South
10 Illinois nonmetropolitan area.

11 "Cannabis" means marijuana, hashish, and other substances
12 that are identified as including any parts of the plant
13 Cannabis sativa and including derivatives or subspecies, such
14 as indica, of all strains of cannabis, whether growing or not;
15 the seeds thereof, the resin extracted from any part of the
16 plant; and any compound, manufacture, salt, derivative,
17 mixture, or preparation of the plant, its seeds, or resin,
18 including tetrahydrocannabinol (THC) and all other naturally
19 produced cannabinol derivatives, whether produced directly or
20 indirectly by extraction; however, "cannabis" does not include
21 the mature stalks of the plant, fiber produced from the stalks,
22 oil or cake made from the seeds of the plant, any other
23 compound, manufacture, salt, derivative, mixture, or
24 preparation of the mature stalks (except the resin extracted
25 from it), fiber, oil or cake, or the sterilized seed of the
26 plant that is incapable of germination. "Cannabis" does not

1 include industrial hemp as defined and authorized under the
2 Industrial Hemp Act. "Cannabis" also means cannabis flower,
3 concentrate, and cannabis-infused products.

4 "Cannabis business establishment" means a cultivation
5 center, craft grower, processing organization, infuser
6 organization, dispensing organization, or transporting
7 organization.

8 "Cannabis concentrate" means a product derived from
9 cannabis that is produced by extracting cannabinoids,
10 including tetrahydrocannabinol (THC), from the plant through
11 the use of propylene glycol, glycerin, butter, olive oil or
12 other typical cooking fats; water, ice, or dry ice; or butane,
13 propane, CO₂, ethanol, or isopropanol and with the intended use
14 of smoking or making a cannabis-infused product. The use of any
15 other solvent is expressly prohibited unless and until it is
16 approved by the Department of Agriculture.

17 "Cannabis container" means a sealed, traceable, container,
18 or package used for the purpose of containment of cannabis or
19 cannabis-infused product during transportation.

20 "Cannabis flower" means marijuana, hashish, and other
21 substances that are identified as including any parts of the
22 plant Cannabis sativa and including derivatives or subspecies,
23 such as indica, of all strains of cannabis; including raw kief,
24 leaves, and buds, but not resin that has been extracted from
25 any part of such plant; nor any compound, manufacture, salt,
26 derivative, mixture, or preparation of such plant, its seeds,

1 or resin.

2 "Cannabis-infused product" means a beverage, food, oil,
3 ointment, tincture, topical formulation, or another product
4 containing cannabis or cannabis concentrate that is not
5 intended to be smoked.

6 "Cannabis paraphernalia" means equipment, products, or
7 materials intended to be used for planting, propagating,
8 cultivating, growing, harvesting, manufacturing, producing,
9 processing, preparing, testing, analyzing, packaging,
10 repackaging, storing, containing, concealing, ingesting, or
11 otherwise introducing cannabis into the human body.

12 "Cannabis plant monitoring system" or "plant monitoring
13 system" means a system that includes, but is not limited to,
14 testing and data collection established and maintained by the
15 cultivation center, craft grower, or processing organization
16 and that is available to the Department of Revenue, the
17 Department of Agriculture, the Department of Financial and
18 Professional Regulation, and the Department of State Police for
19 the purposes of documenting each cannabis plant and monitoring
20 plant development throughout the life cycle of a cannabis plant
21 cultivated for the intended use by a customer from seed
22 planting to final packaging.

23 "Cannabis testing facility" means an entity registered by
24 the Department of Agriculture to test cannabis for potency and
25 contaminants.

26 "Clone" means a plant section from a female cannabis plant

1 not yet rootbound, growing in a water solution or other
2 propagation matrix, that is capable of developing into a new
3 plant.

4 "Community College Cannabis Vocational Training Pilot
5 Program faculty participant" means a person who is 21 years of
6 age or older, licensed by the Department of Agriculture, and is
7 employed or contracted by an Illinois community college to
8 provide student instruction using cannabis plants at an
9 Illinois Community College.

10 "Community College Cannabis Vocational Training Pilot
11 Program faculty participant Agent Identification Card" means a
12 document issued by the Department of Agriculture that
13 identifies a person as Community College Cannabis Vocational
14 Training Pilot Program faculty participant.

15 "Conditional Adult Use Dispensing Organization License"
16 means a license awarded to top-scoring applicants for an Adult
17 Use Dispensing Organization License that reserves the right to
18 an Adult Use Dispensing Organization License if the applicant
19 meets certain conditions described in this Act, but does not
20 entitle the recipient to begin purchasing or selling cannabis
21 or cannabis-infused products.

22 "Conditional Adult Use Cultivation Center License" means a
23 license awarded to top-scoring applicants for an Adult Use
24 Cultivation Center License that reserves the right to an Adult
25 Use Cultivation Center License if the applicant meets certain
26 conditions as determined by the Department of Agriculture by

1 rule, but does not entitle the recipient to begin growing,
2 processing, or selling cannabis or cannabis-infused products.

3 "Craft grower" means a facility operated by an organization
4 or business that is licensed by the Department of Agriculture
5 to cultivate, dry, cure, and package cannabis and perform other
6 necessary activities to make cannabis available for sale at a
7 dispensing organization or use at a processing organization. A
8 craft grower may contain up to 5,000 square feet of canopy
9 space on its premises for plants in the flowering state. The
10 Department of Agriculture may authorize an increase or decrease
11 of flowering stage cultivation space in increments of 3,000
12 square feet by rule based on market need, craft grower
13 capacity, and the licensee's history of compliance or
14 noncompliance, with a maximum space of 14,000 square feet for
15 cultivating plants in the flowering stage, which must be
16 cultivated in all stages of growth in an enclosed and secure
17 area. A craft grower may share premises with a processing
18 organization or a dispensing organization, or both, provided
19 each licensee stores currency and cannabis or cannabis-infused
20 products in a separate secured vault to which the other
21 licensee does not have access or all licensees sharing a vault
22 share more than 50% of the same ownership.

23 "Craft grower agent" means a principal officer, board
24 member, employee, or other agent of a craft grower who is 21
25 years of age or older.

26 "Craft Grower Agent Identification Card" means a document

1 issued by the Department of Agriculture that identifies a
2 person as a craft grower agent.

3 "Cultivation center" means a facility operated by an
4 organization or business that is licensed by the Department of
5 Agriculture to cultivate, process, transport (unless otherwise
6 limited by this Act), and perform other necessary activities to
7 provide cannabis and cannabis-infused products to cannabis
8 business establishments.

9 "Cultivation center agent" means a principal officer,
10 board member, employee, or other agent of a cultivation center
11 who is 21 years of age or older.

12 "Cultivation Center Agent Identification Card" means a
13 document issued by the Department of Agriculture that
14 identifies a person as a cultivation center agent.

15 "Currency" means currency and coin of the United States.

16 "Dispensary" means a facility operated by a dispensing
17 organization at which activities licensed by this Act may
18 occur.

19 "Dispensing organization" means a facility operated by an
20 organization or business that is licensed by the Department of
21 Financial and Professional Regulation to acquire cannabis from
22 a cultivation center, craft grower, processing organization,
23 or another dispensary for the purpose of selling or dispensing
24 cannabis, cannabis-infused products, cannabis seeds,
25 paraphernalia, or related supplies under this Act to purchasers
26 or to qualified registered medical cannabis patients and

1 caregivers. As used in this Act, "dispensing organization"
2 includes a registered medical cannabis organization as defined
3 in the Compassionate Use of Medical Cannabis Program Act or its
4 successor Act that has obtained an Early Approval Adult Use
5 Dispensing Organization License.

6 "Dispensing organization agent" means a principal officer,
7 employee, or agent of a dispensing organization who is 21 years
8 of age or older.

9 "Dispensing organization agent identification card" means
10 a document issued by the Department of Financial and
11 Professional Regulation that identifies a person as a
12 dispensing organization agent.

13 "Disproportionately Impacted Area" means a census tract or
14 comparable geographic area that satisfies the following
15 criteria as determined by the Department of Commerce and
16 Economic Opportunity, that:

17 (1) meets at least one of the following criteria:

18 (A) the area has a poverty rate of at least 20%
19 according to the latest federal decennial census; or

20 (B) 75% or more of the children in the area
21 participate in the federal free lunch program
22 according to reported statistics from the State Board
23 of Education; or

24 (C) at least 20% of the households in the area
25 receive assistance under the Supplemental Nutrition
26 Assistance Program; or

1 (D) the area has an average unemployment rate, as
2 determined by the Illinois Department of Employment
3 Security, that is more than 120% of the national
4 unemployment average, as determined by the United
5 States Department of Labor, for a period of at least 2
6 consecutive calendar years preceding the date of the
7 application; and

8 (2) has high rates of arrest, conviction, and
9 incarceration related to the sale, possession, use,
10 cultivation, manufacture, or transport of cannabis.

11 "Early Approval Adult Use Cultivation Center License"
12 means a license that permits a medical cannabis cultivation
13 center licensed under the Compassionate Use of Medical Cannabis
14 Program Act as of the effective date of this Act to begin
15 cultivating, infusing, packaging, transporting (unless
16 otherwise provided in this Act), processing and selling
17 cannabis or cannabis-infused product to cannabis business
18 establishments for resale to purchasers as permitted by this
19 Act as of January 1, 2020.

20 "Early Approval Adult Use Dispensing Organization License"
21 means a license that permits a medical cannabis dispensing
22 organization licensed under the Compassionate Use of Medical
23 Cannabis Program Act as of the effective date of this Act to
24 begin selling cannabis or cannabis-infused product to
25 purchasers as permitted by this Act as of January 1, 2020.

26 "Early Approval Adult Use Dispensing Organization at a

1 secondary site" means a license that permits a medical cannabis
2 dispensing organization licensed under the Compassionate Use
3 of Medical Cannabis Program Act as of the effective date of
4 this Act to begin selling cannabis or cannabis-infused product
5 to purchasers as permitted by this Act on January 1, 2020 at a
6 different dispensary location from its existing registered
7 medical dispensary location.

8 "Enclosed, locked facility" means a room, greenhouse,
9 building, or other enclosed area equipped with locks or other
10 security devices that permit access only by cannabis business
11 establishment agents working for the licensed cannabis
12 business establishment or acting pursuant to this Act to
13 cultivate, process, store, or distribute cannabis.

14 "Enclosed, locked space" means a closet, room, greenhouse,
15 building or other enclosed area equipped with locks or other
16 security devices that permit access only by authorized
17 individuals under this Act. "Enclosed, locked space" may
18 include:

19 (1) a space within a residential building that (i) is
20 the primary residence of the individual cultivating 5 or
21 fewer cannabis plants that are more than 5 inches tall and
22 (ii) includes sleeping quarters and indoor plumbing. The
23 space must only be accessible by a key or code that is
24 different from any key or code that can be used to access
25 the residential building from the exterior; or

26 (2) a structure, such as a shed or greenhouse, that

1 lies on the same plot of land as a residential building
2 that (i) includes sleeping quarters and indoor plumbing and
3 (ii) is used as a primary residence by the person
4 cultivating 5 or fewer cannabis plants that are more than 5
5 inches tall, such as a shed or greenhouse. The structure
6 must remain locked when it is unoccupied by people.

7 "Financial institution" has the same meaning as "financial
8 organization" as defined in Section 1501 of the Illinois Income
9 Tax Act, and also includes the holding companies, subsidiaries,
10 and affiliates of such financial organizations.

11 "Flowering stage" means the stage of cultivation where and
12 when a cannabis plant is cultivated to produce plant material
13 for cannabis products. This includes mature plants as follows:

14 (1) if greater than 2 stigmas are visible at each
15 internode of the plant; or

16 (2) if the cannabis plant is in an area that has been
17 intentionally deprived of light for a period of time
18 intended to produce flower buds and induce maturation, from
19 the moment the light deprivation began through the
20 remainder of the marijuana plant growth cycle.

21 "Independent dispensing organization" means a licensed
22 dispensing organization whose principal officers and owners
23 are not principal officers of a licensed cultivation center and
24 do not own more than 1% of a licensed cultivation center.

25 "Individual" means a natural person.

26 "Infuser organization" or "infuser" means a facility

1 operated by an organization or business that is licensed by the
2 Department of Agriculture to directly incorporate cannabis or
3 cannabis concentrate into a product formulation to produce a
4 cannabis-infused product.

5 "Kief" means the resinous crystal-like trichomes that are
6 found on cannabis and that are accumulated, resulting in a
7 higher concentration of cannabinoids, untreated by heat or
8 pressure, or extracted using a solvent.

9 "Labor peace agreement" means an agreement between a
10 cannabis business establishment and any labor organization
11 recognized under the National Labor Relations Act, referred to
12 in this Act as a bona fide labor organization, that prohibits
13 labor organizations and members from engaging in picketing,
14 work stoppages, boycotts, and any other economic interference
15 with the cannabis business establishment. This agreement means
16 that the cannabis business establishment has agreed not to
17 disrupt efforts by the bona fide labor organization to
18 communicate with, and attempt to organize and represent, the
19 cannabis business establishment's employees. The agreement
20 shall provide a bona fide labor organization access at
21 reasonable times to areas in which the cannabis business
22 establishment's employees work, for the purpose of meeting with
23 employees to discuss their right to representation, employment
24 rights under State law, and terms and conditions of employment.
25 This type of agreement shall not mandate a particular method of
26 election or certification of the bona fide labor organization.

1 "Limited access area" means a room or other area under the
2 control of a cannabis dispensing organization licensed under
3 this Act and upon the licensed premises where cannabis sales
4 occur with access limited to purchasers, dispensing
5 organization owners and other dispensing organization agents,
6 or service professionals conducting business with the
7 dispensing organization, or, if sales to registered qualifying
8 patients, caregivers, provisional patients, and Opioid
9 Alternative Pilot Program participants licensed pursuant to
10 the Compassionate Use of Medical Cannabis Program Act are also
11 permitted at the dispensary, registered qualifying patients,
12 caregivers, provisional patients, and Opioid Alternative Pilot
13 Program participants.

14 "Member of an impacted family" means an individual who has
15 a parent, legal guardian, child, spouse, or dependent, or was a
16 dependent of an individual who, prior to the effective date of
17 this Act, was arrested for, convicted of, or adjudicated
18 delinquent for any offense that is eligible for expungement
19 under this Act.

20 "Mother plant" means a cannabis plant that is cultivated or
21 maintained for the purpose of generating clones, and that will
22 not be used to produce plant material for sale to an infuser or
23 dispensing organization.

24 "Ordinary public view" means within the sight line with
25 normal visual range of a person, unassisted by visual aids,
26 from a public street or sidewalk adjacent to real property, or

1 from within an adjacent property.

2 "Ownership and control" means ownership of at least 51% of
3 the business, including corporate stock if a corporation, and
4 control over the management and day-to-day operations of the
5 business and an interest in the capital, assets, and profits
6 and losses of the business proportionate to percentage of
7 ownership.

8 "Person" means a natural individual, firm, partnership,
9 association, joint stock company, joint venture, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian, or other representative appointed
12 by order of any court.

13 "Possession limit" means the amount of cannabis under
14 Section 10-10 that may be possessed at any one time by a person
15 21 years of age or older or who is a registered qualifying
16 medical cannabis patient or caregiver under the Compassionate
17 Use of Medical Cannabis Program Act.

18 "Principal officer" includes a cannabis business
19 establishment applicant or licensed cannabis business
20 establishment's board member, owner with more than 1% interest
21 of the total cannabis business establishment or more than 5%
22 interest of the total cannabis business establishment of a
23 publicly traded company, president, vice president, secretary,
24 treasurer, partner, officer, member, manager member, or person
25 with a profit sharing, financial interest, or revenue sharing
26 arrangement. The definition includes a person with authority to

1 control the cannabis business establishment, a person who
2 assumes responsibility for the debts of the cannabis business
3 establishment and who is further defined in this Act.

4 "Primary residence" means a dwelling where a person usually
5 stays or stays more often than other locations. It may be
6 determined by, without limitation, presence, tax filings;
7 address on an Illinois driver's license, an Illinois
8 Identification Card, or an Illinois Person with a Disability
9 Identification Card; or voter registration. No person may have
10 more than one primary residence.

11 "Processing organization" or "processor" means a facility
12 operated by an organization or business that is licensed by the
13 Department of Agriculture to either extract constituent
14 chemicals or compounds to produce cannabis concentrate or
15 incorporate cannabis or cannabis concentrate into a product
16 formulation to produce a cannabis product.

17 "Processing organization agent" means a principal officer,
18 board member, employee, or agent of a processing organization.

19 "Processing organization agent identification card" means
20 a document issued by the Department of Agriculture that
21 identifies a person as a processing organization agent.

22 "Purchaser" means a person 21 years of age or older who
23 acquires cannabis for a valuable consideration. "Purchaser"
24 does not include a cardholder under the Compassionate Use of
25 Medical Cannabis Program Act.

26 "Qualified Social Equity Applicant" means a Social Equity

1 Applicant who has been awarded a conditional license under this
2 Act to operate a cannabis business establishment.

3 "Resided" means an individual's primary residence was
4 located within the relevant geographic area as established by 2
5 of the following:

6 (1) a signed lease agreement that includes the
7 applicant's name;

8 (2) a property deed that includes the applicant's name;

9 (3) school records;

10 (4) a voter registration card;

11 (5) an Illinois driver's license, an Illinois
12 Identification Card, or an Illinois Person with a
13 Disability Identification Card;

14 (6) a paycheck stub;

15 (7) a utility bill;

16 (8) tax records; or

17 (9) any other proof of residency or other information
18 necessary to establish residence as provided by rule.

19 "Smoking" means the inhalation of smoke caused by the
20 combustion of cannabis.

21 "Social Equity Applicant" means an applicant that is an
22 Illinois resident that meets one of the following criteria:

23 (1) an applicant with at least 51% ownership and
24 control by one or more individuals who have resided for at
25 least 5 of the preceding 10 years in a Disproportionately
26 Impacted Area;

1 (2) an applicant with at least 51% ownership and
2 control by one or more individuals who:

3 (i) have been arrested for, convicted of, or
4 adjudicated delinquent for any offense that is
5 eligible for expungement under this Act; or

6 (ii) is a member of an impacted family;

7 (3) for applicants with a minimum of 10 full-time
8 employees, an applicant with at least 51% of current
9 employees who:

10 (i) currently reside in a Disproportionately
11 Impacted Area; or

12 (ii) have been arrested for, convicted of, or
13 adjudicated delinquent for any offense that is
14 eligible for expungement under this Act or member of an
15 impacted family.

16 Nothing in this Act shall be construed to preempt or limit
17 the duties of any employer under the Job Opportunities for
18 Qualified Applicants Act. Nothing in this Act shall permit an
19 employer to require an employee to disclose sealed or expunged
20 offenses, unless otherwise required by law.

21 "Tincture" means a cannabis-infused solution, typically
22 comprised of alcohol, glycerin, or vegetable oils, derived
23 either directly from the cannabis plant or from a processed
24 cannabis extract. A tincture is not an alcoholic liquor as
25 defined in the Liquor Control Act of 1934. A tincture shall
26 include a calibrated dropper or other similar device capable of

1 accurately measuring servings.

2 "Transporting organization" or "transporter" means an
3 organization or business that is licensed by the Department of
4 Agriculture to transport cannabis or cannabis-infused product
5 on behalf of a cannabis business establishment or a community
6 college licensed under the Community College Cannabis
7 Vocational Training Pilot Program.

8 "Transporting organization agent" means a principal
9 officer, board member, employee, or agent of a transporting
10 organization.

11 "Transporting organization agent identification card"
12 means a document issued by the Department of Agriculture that
13 identifies a person as a transporting organization agent.

14 "Unit of local government" means any county, city, village,
15 or incorporated town.

16 "Vegetative stage" means the stage of cultivation in which
17 a cannabis plant is propagated to produce additional cannabis
18 plants or reach a sufficient size for production. This includes
19 seedlings, clones, mothers, and other immature cannabis plants
20 as follows:

21 (1) if the cannabis plant is in an area that has not
22 been intentionally deprived of light for a period of time
23 intended to produce flower buds and induce maturation, it
24 has no more than 2 stigmas visible at each internode of the
25 cannabis plant; or

26 (2) any cannabis plant that is cultivated solely for

1 the purpose of propagating clones and is never used to
2 produce cannabis.

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

4 (410 ILCS 705/20-30)

5 Sec. 20-30. Cultivation center requirements; prohibitions.

6 (a) The operating documents of a cultivation center shall
7 include procedures for the oversight of the cultivation center
8 a cannabis plant monitoring system including a physical
9 inventory recorded weekly, accurate recordkeeping, and a
10 staffing plan.

11 (b) A cultivation center shall implement a security plan
12 reviewed by the Department of State Police that includes, but
13 is not limited to: facility access controls, perimeter
14 intrusion detection systems, personnel identification systems,
15 24-hour surveillance system to monitor the interior and
16 exterior of the cultivation center facility and accessibility
17 to authorized law enforcement, the Department of Public Health
18 where processing takes place, and the Department of Agriculture
19 in real time.

20 (c) All cultivation of cannabis by a cultivation center
21 must take place in an enclosed, locked facility at the physical
22 address provided to the Department of Agriculture during the
23 licensing process. The cultivation center location shall only
24 be accessed by the agents working for the cultivation center,
25 the Department of Agriculture staff performing inspections,

1 the Department of Public Health staff performing inspections,
2 local and State law enforcement or other emergency personnel,
3 contractors working on jobs unrelated to cannabis, such as
4 installing or maintaining security devices or performing
5 electrical wiring, transporting organization agents as
6 provided in this Act, individuals in a mentoring or educational
7 program approved by the State, or other individuals as provided
8 by rule.

9 (d) A cultivation center may not sell or distribute any
10 cannabis or cannabis-infused products to any person other than
11 a dispensing organization, craft grower, infuser organization,
12 transporter, or as otherwise authorized by rule. At least half
13 of all cannabis and cannabis-infused products sold by a
14 cultivation center must be sold to independent dispensing
15 organizations.

16 (e) A cultivation center may not either directly or
17 indirectly discriminate in price between different dispensing
18 organizations, craft growers, or infuser organizations that
19 are purchasing a like grade, strain, brand, and quality of
20 cannabis or cannabis-infused product. Nothing in this
21 subsection (e) prevents a cultivation centers from pricing
22 cannabis differently based on differences in the cost of
23 manufacturing or processing, the quantities sold, such as
24 volume discounts, or the way the products are delivered.

25 (f) All cannabis harvested by a cultivation center and
26 intended for distribution to a dispensing organization must be

1 entered into a data collection system, packaged and labeled
2 under Section 55-21, and placed into a cannabis container for
3 transport. All cannabis harvested by a cultivation center and
4 intended for distribution to a craft grower or infuser
5 organization must be packaged in a labeled cannabis container
6 and entered into a data collection system before transport.

7 (g) Cultivation centers are subject to random inspections
8 by the Department of Agriculture, the Department of Public
9 Health, local safety or health inspectors, and the Department
10 of State Police.

11 (h) A cultivation center agent shall notify local law
12 enforcement, the Department of State Police, and the Department
13 of Agriculture within 24 hours of the discovery of any loss or
14 theft. Notification shall be made by phone or in person, or by
15 written or electronic communication.

16 (i) A cultivation center shall comply with all State and
17 any applicable federal rules and regulations regarding the use
18 of pesticides on cannabis plants.

19 (j) No person or entity shall hold any legal, equitable,
20 ownership, or beneficial interest, directly or indirectly, of
21 more than 3 cultivation centers licensed under this Article.
22 Further, no person or entity that is employed by, an agent of,
23 has a contract to receive payment in any form from a
24 cultivation center, is a principal officer of a cultivation
25 center, or entity controlled by or affiliated with a principal
26 officer of a cultivation shall hold any legal, equitable,

1 ownership, or beneficial interest, directly or indirectly, in a
2 cultivation that would result in the person or entity owning or
3 controlling in combination with any cultivation center,
4 principal officer of a cultivation center, or entity controlled
5 or affiliated with a principal officer of a cultivation center
6 by which he, she, or it is employed, is an agent of, or
7 participates in the management of, more than 3 cultivation
8 center licenses.

9 (k) A cultivation center may not contain more than 210,000
10 square feet of canopy space for plants in the flowering stage
11 for cultivation of adult use cannabis as provided in this Act.

12 (l) A cultivation center may process cannabis, cannabis
13 concentrates, and cannabis-infused products.

14 (m) Beginning July 1, 2020, a cultivation center shall not
15 transport cannabis or cannabis-infused products to a craft
16 grower, dispensing organization, infuser organization, or
17 laboratory licensed under this Act, unless it has obtained a
18 transporting organization license.

19 (n) It is unlawful for any person having a cultivation
20 center license or any officer, associate, member,
21 representative, or agent of such licensee to offer or deliver
22 money, or anything else of value, directly or indirectly to any
23 person having an Early Approval Adult Use Dispensing
24 Organization License, a Conditional Adult Use Dispensing
25 Organization License, an Adult Use Dispensing Organization
26 License, or a medical cannabis dispensing organization license

1 issued under the Compassionate Use of Medical Cannabis Program
2 Act, or to any person connected with or in any way
3 representing, or to any member of the family of, such person
4 holding an Early Approval Adult Use Dispensing Organization
5 License, a Conditional Adult Use Dispensing Organization
6 License, an Adult Use Dispensing Organization License, or a
7 medical cannabis dispensing organization license issued under
8 the Compassionate Use of Medical Cannabis Program Act, or to
9 any stockholders in any corporation engaged in the retail sale
10 of cannabis, or to any officer, manager, agent, or
11 representative of the Early Approval Adult Use Dispensing
12 Organization License, a Conditional Adult Use Dispensing
13 Organization License, an Adult Use Dispensing Organization
14 License, or a medical cannabis dispensing organization license
15 issued under the Compassionate Use of Medical Cannabis Program
16 Act to obtain preferential placement within the dispensing
17 organization, including, without limitation, on shelves and in
18 display cases where purchasers can view products, or on the
19 dispensing organization's website.

20 (o) A cultivation center must comply with any other
21 requirements or prohibitions set by administrative rule of the
22 Department of Agriculture.

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