

SB3492



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3492

Introduced 2/14/2020, by Sen. Donald P. DeWitte

SYNOPSIS AS INTRODUCED:

410 ILCS 705/15-15

Amends the Cannabis Regulation and Tax Act. Provides that, notwithstanding any restrictions on relocation otherwise set forth in the Act, an Early Approval Adult Use Dispensing Organization License holder shall be permitted, upon application to the Department of Financial and Professional Regulation, to relocate within the same medical district as its existing location under specified circumstances. Effective immediately.

LRB101 20641 CPF 70292 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 Section 15-15 as follows:

6 (410 ILCS 705/15-15)

7 Sec. 15-15. Early Approval Adult Use Dispensing
8 Organization License.

9 (a) Any medical cannabis dispensing organization holding a
10 valid registration under the Compassionate Use of Medical
11 Cannabis Program Act as of the effective date of this Act may,
12 within 60 days of the effective date of this Act, apply to the
13 Department for an Early Approval Adult Use Dispensing
14 Organization License to serve purchasers at any medical
15 cannabis dispensing location in operation on the effective date
16 of this Act, pursuant to this Section.

17 (b) A medical cannabis dispensing organization seeking
18 issuance of an Early Approval Adult Use Dispensing Organization
19 License to serve purchasers at any medical cannabis dispensing
20 location in operation as of the effective date of this Act
21 shall submit an application on forms provided by the
22 Department. The application must be submitted by the same
23 person or entity that holds the medical cannabis dispensing

1 organization registration and include the following:

2 (1) Payment of a nonrefundable fee of \$30,000 to be
3 deposited into the Cannabis Regulation Fund;

4 (2) Proof of registration as a medical cannabis
5 dispensing organization that is in good standing;

6 (3) Certification that the applicant will comply with
7 the requirements contained in the Compassionate Use of
8 Medical Cannabis Program Act except as provided in this
9 Act;

10 (4) The legal name of the dispensing organization;

11 (5) The physical address of the dispensing
12 organization;

13 (6) The name, address, social security number, and date
14 of birth of each principal officer and board member of the
15 dispensing organization, each of whom must be at least 21
16 years of age;

17 (7) A nonrefundable Cannabis Business Development Fee
18 equal to 3% of the dispensing organization's total sales
19 between June 1, 2018 to June 1, 2019, or \$100,000,
20 whichever is less, to be deposited into the Cannabis
21 Business Development Fund; and

22 (8) Identification of one of the following Social
23 Equity Inclusion Plans to be completed by March 31, 2021:

24 (A) Make a contribution of 3% of total sales from
25 June 1, 2018 to June 1, 2019, or \$100,000, whichever is
26 less, to the Cannabis Business Development Fund. This

1 is in addition to the fee required by item (7) of this
2 subsection (b);

3 (B) Make a grant of 3% of total sales from June 1,
4 2018 to June 1, 2019, or \$100,000, whichever is less,
5 to a cannabis industry training or education program at
6 an Illinois community college as defined in the Public
7 Community College Act;

8 (C) Make a donation of \$100,000 or more to a
9 program that provides job training services to persons
10 recently incarcerated or that operates in a
11 Disproportionately Impacted Area;

12 (D) Participate as a host in a cannabis business
13 establishment incubator program approved by the
14 Department of Commerce and Economic Opportunity, and
15 in which an Early Approval Adult Use Dispensing
16 Organization License holder agrees to provide a loan of
17 at least \$100,000 and mentorship to incubate, for at
18 least a year, a Social Equity Applicant intending to
19 seek a license or a licensee that qualifies as a Social
20 Equity Applicant. As used in this Section, "incubate"
21 means providing direct financial assistance and
22 training necessary to engage in licensed cannabis
23 industry activity similar to that of the host licensee.
24 The Early Approval Adult Use Dispensing Organization
25 License holder or the same entity holding any other
26 licenses issued pursuant to this Act shall not take an

1 ownership stake of greater than 10% in any business
2 receiving incubation services to comply with this
3 subsection. If an Early Approval Adult Use Dispensing
4 Organization License holder fails to find a business to
5 incubate to comply with this subsection before its
6 Early Approval Adult Use Dispensing Organization
7 License expires, it may opt to meet the requirement of
8 this subsection by completing another item from this
9 subsection; or

10 (E) Participate in a sponsorship program for at
11 least 2 years approved by the Department of Commerce
12 and Economic Opportunity in which an Early Approval
13 Adult Use Dispensing Organization License holder
14 agrees to provide an interest-free loan of at least
15 \$200,000 to a Social Equity Applicant. The sponsor
16 shall not take an ownership stake in any cannabis
17 business establishment receiving sponsorship services
18 to comply with this subsection.

19 (b-5) Notwithstanding any restrictions on relocation
20 otherwise set forth in this Act, an Early Approval Adult Use
21 Dispensing Organization License holder shall be permitted,
22 upon application to the Department, to relocate within the same
23 medical district as its existing location if:

24 (1) it is located within the boundaries of a unit of
25 local government that prohibited the sale of adult use
26 cannabis; or

1 (2) it has obtained the approval of the unit of local
2 government where it is located to move to another location
3 within that unit of local government.

4 (c) The license fee required by paragraph (1) of subsection
5 (b) of this Section shall be in addition to any license fee
6 required for the renewal of a registered medical cannabis
7 dispensing organization license.

8 (d) Applicants must submit all required information,
9 including the requirements in subsection (b) of this Section,
10 to the Department. Failure by an applicant to submit all
11 required information may result in the application being
12 disqualified.

13 (e) If the Department receives an application that fails to
14 provide the required elements contained in subsection (b), the
15 Department shall issue a deficiency notice to the applicant.
16 The applicant shall have 10 calendar days from the date of the
17 deficiency notice to submit complete information. Applications
18 that are still incomplete after this opportunity to cure may be
19 disqualified.

20 (f) If an applicant meets all the requirements of
21 subsection (b) of this Section, the Department shall issue the
22 Early Approval Adult Use Dispensing Organization License
23 within 14 days of receiving a completed application unless:

24 (1) The licensee or a principal officer is delinquent
25 in filing any required tax returns or paying any amounts
26 owed to the State of Illinois;

1 (2) The Secretary of Financial and Professional
2 Regulation determines there is reason, based on documented
3 compliance violations, the licensee is not entitled to an
4 Early Approval Adult Use Dispensing Organization License;
5 or

6 (3) Any principal officer fails to register and remain
7 in compliance with this Act or the Compassionate Use of
8 Medical Cannabis Program Act.

9 (g) A registered medical cannabis dispensing organization
10 that obtains an Early Approval Adult Use Dispensing
11 Organization License may begin selling cannabis,
12 cannabis-infused products, paraphernalia, and related items to
13 purchasers under the rules of this Act no sooner than January
14 1, 2020.

15 (h) A dispensing organization holding a medical cannabis
16 dispensing organization license issued under the Compassionate
17 Use of Medical Cannabis Program Act must maintain an adequate
18 supply of cannabis and cannabis-infused products for purchase
19 by qualifying patients, caregivers, provisional patients, and
20 Opioid Alternative Pilot Program participants. For the
21 purposes of this subsection, "adequate supply" means a monthly
22 inventory level that is comparable in type and quantity to
23 those medical cannabis products provided to patients and
24 caregivers on an average monthly basis for the 6 months before
25 the effective date of this Act.

26 (i) If there is a shortage of cannabis or cannabis-infused

1 products, a dispensing organization holding both a dispensing
2 organization license under the Compassionate Use of Medical
3 Cannabis Program Act and this Act shall prioritize serving
4 qualifying patients, caregivers, provisional patients, and
5 Opioid Alternative Pilot Program participants before serving
6 purchasers.

7 (j) Notwithstanding any law or rule to the contrary, a
8 person that holds a medical cannabis dispensing organization
9 license issued under the Compassionate Use of Medical Cannabis
10 Program Act and an Early Approval Adult Use Dispensing
11 Organization License may permit purchasers into a limited
12 access area as that term is defined in administrative rules
13 made under the authority in the Compassionate Use of Medical
14 Cannabis Program Act.

15 (k) An Early Approval Adult Use Dispensing Organization
16 License is valid until March 31, 2021. A dispensing
17 organization that obtains an Early Approval Adult Use
18 Dispensing Organization License shall receive written or
19 electronic notice 90 days before the expiration of the license
20 that the license will expire, and that informs the license
21 holder that it may apply to renew its Early Approval Adult Use
22 Dispensing Organization License on forms provided by the
23 Department. The Department shall renew the Early Approval Adult
24 Use Dispensing Organization License within 60 days of the
25 renewal application being deemed complete if:

26 (1) the dispensing organization submits an application

1 and the required nonrefundable renewal fee of \$30,000, to
2 be deposited into the Cannabis Regulation Fund;

3 (2) the Department has not suspended or permanently
4 revoked the Early Approval Adult Use Dispensing
5 Organization License or a medical cannabis dispensing
6 organization license on the same premises for violations of
7 this Act, the Compassionate Use of Medical Cannabis Program
8 Act, or rules adopted pursuant to those Acts;

9 (3) the dispensing organization has completed a Social
10 Equity Inclusion Plan as provided by parts (A), (B), and
11 (C) of paragraph (8) of subsection (b) of this Section or
12 has made substantial progress toward completing a Social
13 Equity Inclusion Plan as provided by parts (D) and (E) of
14 paragraph (8) of subsection (b) of this Section; and

15 (4) the dispensing organization is in compliance with
16 this Act and rules.

17 (1) The Early Approval Adult Use Dispensing Organization
18 License renewed pursuant to subsection (k) of this Section
19 shall expire March 31, 2022. The Early Approval Adult Use
20 Dispensing Organization Licensee shall receive written or
21 electronic notice 90 days before the expiration of the license
22 that the license will expire, and that informs the license
23 holder that it may apply for an Adult Use Dispensing
24 Organization License on forms provided by the Department. The
25 Department shall grant an Adult Use Dispensing Organization
26 License within 60 days of an application being deemed complete

1 if the applicant has met all of the criteria in Section 15-36.

2 (m) If a dispensing organization fails to submit an
3 application for renewal of an Early Approval Adult Use
4 Dispensing Organization License or for an Adult Use Dispensing
5 Organization License before the expiration dates provided in
6 subsections (k) and (l) of this Section, the dispensing
7 organization shall cease serving purchasers and cease all
8 operations until it receives a renewal or an Adult Use
9 Dispensing Organization License, as the case may be.

10 (n) A dispensing organization agent who holds a valid
11 dispensing organization agent identification card issued under
12 the Compassionate Use of Medical Cannabis Program Act and is an
13 officer, director, manager, or employee of the dispensing
14 organization licensed under this Section may engage in all
15 activities authorized by this Article to be performed by a
16 dispensing organization agent.

17 (o) If the Department suspends, permanently revokes, or
18 otherwise disciplines the Early Approval Adult Use Dispensing
19 Organization License of a dispensing organization that also
20 holds a medical cannabis dispensing organization license
21 issued under the Compassionate Use of Medical Cannabis Program
22 Act, the Department may consider the suspension, permanent
23 revocation, or other discipline of the medical cannabis
24 dispensing organization license.

25 (p) All fees collected pursuant to this Section shall be
26 deposited into the Cannabis Regulation Fund, unless otherwise

1 specified.

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

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.