

SB1968



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1968

Introduced 2/26/2021, by Sen. Adriane Johnson

SYNOPSIS AS INTRODUCED:

410 ILCS 705/15-15

Amends the Cannabis Regulation and Tax Act. Allows specified medical cannabis dispensing organizations to change locations within the same medical district and BLS Region as the location of the existing registered medical cannabis dispensary associated with the Early Approval Adult Use Dispensing Organization License. Provides conditions for relocation and requirements for the applicant to submit to the Department of Public Health. Requires the Department to approve any application provided under the provisions upon receipt by the Department of the materials that meet the requirements. Contains other provisions. Effective immediately.

LRB102 16602 CPF 21999 b

FISCAL NOTE ACT
MAY APPLY

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
16 date of this Act, pursuant to this Section.

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

1 dispensing organization registration and include the
2 following:

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

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

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

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

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

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

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

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

25 (A) Make a contribution of 3% of total sales from
26 June 1, 2018 to June 1, 2019, or \$100,000, whichever is

1 less, to the Cannabis Business Development Fund. This
2 is in addition to the fee required by item (7) of this
3 subsection (b);

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

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

13 (D) Participate as a host in a cannabis business
14 establishment incubator program approved by the
15 Department of Commerce and Economic Opportunity, and
16 in which an Early Approval Adult Use Dispensing
17 Organization License holder agrees to provide a loan
18 of at least \$100,000 and mentorship to incubate, for
19 at least a year, a Social Equity Applicant intending
20 to seek a license or a licensee that qualifies as a
21 Social Equity Applicant. As used in this Section,
22 "incubate" means providing direct financial assistance
23 and training necessary to engage in licensed cannabis
24 industry activity similar to that of the host
25 licensee. The Early Approval Adult Use Dispensing
26 Organization License holder or the same entity holding

1 any other licenses issued pursuant to this Act shall
2 not take an ownership stake of greater than 10% in any
3 business receiving incubation services to comply with
4 this subsection. If an Early Approval Adult Use
5 Dispensing Organization License holder fails to find a
6 business to incubate to comply with this subsection
7 before its Early Approval Adult Use Dispensing
8 Organization License expires, it may opt to meet the
9 requirement of this subsection by completing another
10 item from this subsection; or

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

20 (c) The license fee required by paragraph (1) of
21 subsection (b) of this Section shall be in addition to any
22 license fee required for the renewal of a registered medical
23 cannabis dispensing organization license.

24 (d) Applicants must submit all required information,
25 including the requirements in subsection (b) of this Section,
26 to the Department. Failure by an applicant to submit all

1 required information may result in the application being
2 disqualified.

3 (e) If the Department receives an application that fails
4 to provide the required elements contained in subsection (b),
5 the Department shall issue a deficiency notice to the
6 applicant. The applicant shall have 10 calendar days from the
7 date of the deficiency notice to submit complete information.
8 Applications that are still incomplete after this opportunity
9 to cure may be disqualified.

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

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

17 (2) The Secretary of Financial and Professional
18 Regulation determines there is reason, based on documented
19 compliance violations, the licensee is not entitled to an
20 Early Approval Adult Use Dispensing Organization License;
21 or

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

25 (g) A registered medical cannabis dispensing organization
26 that obtains an Early Approval Adult Use Dispensing

1 Organization License may begin selling cannabis,
2 cannabis-infused products, paraphernalia, and related items to
3 purchasers under the rules of this Act no sooner than January
4 1, 2020.

5 (h) A dispensing organization holding a medical cannabis
6 dispensing organization license issued under the Compassionate
7 Use of Medical Cannabis Program Act must maintain an adequate
8 supply of cannabis and cannabis-infused products for purchase
9 by qualifying patients, caregivers, provisional patients, and
10 Opioid Alternative Pilot Program participants. For the
11 purposes of this subsection, "adequate supply" means a monthly
12 inventory level that is comparable in type and quantity to
13 those medical cannabis products provided to patients and
14 caregivers on an average monthly basis for the 6 months before
15 the effective date of this Act.

16 (i) If there is a shortage of cannabis or cannabis-infused
17 products, a dispensing organization holding both a dispensing
18 organization license under the Compassionate Use of Medical
19 Cannabis Program Act and this Act shall prioritize serving
20 qualifying patients, caregivers, provisional patients, and
21 Opioid Alternative Pilot Program participants before serving
22 purchasers.

23 (j) Notwithstanding any law or rule to the contrary, a
24 person that holds a medical cannabis dispensing organization
25 license issued under the Compassionate Use of Medical Cannabis
26 Program Act and an Early Approval Adult Use Dispensing

1 Organization License may permit purchasers into a limited
2 access area as that term is defined in administrative rules
3 made under the authority in the Compassionate Use of Medical
4 Cannabis Program Act.

5 (k) An Early Approval Adult Use Dispensing Organization
6 License is valid until March 31, 2021. A dispensing
7 organization that obtains an Early Approval Adult Use
8 Dispensing Organization License shall receive written or
9 electronic notice 90 days before the expiration of the license
10 that the license will expire, and that informs the license
11 holder that it may apply to renew its Early Approval Adult Use
12 Dispensing Organization License on forms provided by the
13 Department. The Department shall renew the Early Approval
14 Adult Use Dispensing Organization License within 60 days of
15 the renewal application being deemed complete if:

16 (1) the dispensing organization submits an application
17 and the required nonrefundable renewal fee of \$30,000, to
18 be deposited into the Cannabis Regulation Fund;

19 (2) the Department has not suspended or permanently
20 revoked the Early Approval Adult Use Dispensing
21 Organization License or a medical cannabis dispensing
22 organization license on the same premises for violations
23 of this Act, the Compassionate Use of Medical Cannabis
24 Program Act, or rules adopted pursuant to those Acts;

25 (3) the dispensing organization has completed a Social
26 Equity Inclusion Plan as provided by parts (A), (B), and

1 (C) of paragraph (8) of subsection (b) of this Section or
2 has made substantial progress toward completing a Social
3 Equity Inclusion Plan as provided by parts (D) and (E) of
4 paragraph (8) of subsection (b) of this Section; and

5 (4) the dispensing organization is in compliance with
6 this Act and rules.

7 (l) The Early Approval Adult Use Dispensing Organization
8 License renewed pursuant to subsection (k) of this Section
9 shall expire March 31, 2022. The Early Approval Adult Use
10 Dispensing Organization Licensee shall receive written or
11 electronic notice 90 days before the expiration of the license
12 that the license will expire, and that informs the license
13 holder that it may apply for an Adult Use Dispensing
14 Organization License on forms provided by the Department. The
15 Department shall grant an Adult Use Dispensing Organization
16 License within 60 days of an application being deemed complete
17 if the applicant has met all of the criteria in Section 15-36.

18 (m) If a dispensing organization fails to submit an
19 application for renewal of an Early Approval Adult Use
20 Dispensing Organization License or for an Adult Use Dispensing
21 Organization License before the expiration dates provided in
22 subsections (k) and (l) of this Section, the dispensing
23 organization shall cease serving purchasers and cease all
24 operations until it receives a renewal or an Adult Use
25 Dispensing Organization License, as the case may be.

26 (n) A dispensing organization agent who holds a valid

1 dispensing organization agent identification card issued under
2 the Compassionate Use of Medical Cannabis Program Act and is
3 an officer, director, manager, or employee of the dispensing
4 organization licensed under this Section may engage in all
5 activities authorized by this Article to be performed by a
6 dispensing organization agent.

7 (o) If the Department suspends, permanently revokes, or
8 otherwise disciplines the Early Approval Adult Use Dispensing
9 Organization License of a dispensing organization that also
10 holds a medical cannabis dispensing organization license
11 issued under the Compassionate Use of Medical Cannabis Program
12 Act, the Department may consider the suspension, permanent
13 revocation, or other discipline of the medical cannabis
14 dispensing organization license.

15 (p) All fees collected pursuant to this Section shall be
16 deposited into the Cannabis Regulation Fund, unless otherwise
17 specified.

18 (q) Notwithstanding any limitation set forth in
19 subsections (a) and (b) of this Section, any medical cannabis
20 dispensing organization holding a valid registration on June
21 25, 2019 under the Compassionate Use of Medical Cannabis
22 Program Act that has been awarded an Early Approval Adult Use
23 Dispensing Organization License may apply to the Department to
24 change its location. The new location must be located within
25 the same medical district and BLS Region as the location of the
26 existing registered medical cannabis dispensary associated

1 with the Early Approval Adult Use Dispensing Organization
2 License. The Early Approval Adult Use Dispensing Organization
3 may only apply to relocate under this subsection (q) if one of
4 the following conditions applies:

5 (1) The registered medical cannabis dispensing
6 organization is located in a unit of local government that
7 has restricted the sale of adult use cannabis pursuant to
8 paragraph (5) of Section 55-25 or Section 55-28.

9 (2) The unit of local government in which the Early
10 Approval Adult Use Dispensing Organization is located
11 requests, pursuant to local zoning approval and local
12 authority, that the State allow the Early Approval Adult
13 Use Dispensing Organization to move to a different
14 location within the same unit of local government due to
15 local zoning concerns or the inability of the Early
16 Approval Adult Use Dispensing Organization to service both
17 medical cannabis patients and adult use customers in an
18 orderly and safe manner.

19 (r) A holder of an Early Approval Adult Use Dispensing
20 Organization License applying to change locations under
21 subsection (q) of this Section shall submit the following to
22 the Department:

23 (1) A copy of the unit of local government's
24 ordinance, resolution, or other official document
25 demonstrating that the Early Approval Adult Use Dispensing
26 Organization meets the requirements of either paragraph

1 (1) or (2) of subsection (g).

2 (2) Proof of registration as a medical cannabis
3 dispensing organization that is in good standing.

4 (3) Submission of the application by the same person
5 or entity that holds the medical cannabis dispensing
6 organization registration.

7 (4) The legal name of the medical cannabis dispensing
8 organization.

9 (5) The physical address of the medical cannabis
10 dispensing organization and the proposed physical address
11 of the proposed new site.

12 (6) A copy of the current local zoning ordinance
13 provisions relevant to dispensary operations and
14 documentation of the approval or the conditional approval
15 of the status of a request for zoning approval from the
16 local zoning office that the proposed dispensary location
17 is in compliance with the local zoning rules.

18 (7) A plot plan of the dispensary drawn to scale. The
19 applicant shall submit general specifications of the
20 building exterior and interior layout.

21 (8) A statement that the medical cannabis dispensing
22 organization agrees to respond to the Department's
23 supplemental requests for information.

24 (9) For the building or land to be used as the proposed
25 dispensary:

26 (A) if the property is not owned by the applicant,

1 a written statement from the property owner and
2 landlord, if any, certifying consent that the
3 applicant may operate a dispensary on the premises; or

4 (B) if the property is owned by the applicant,
5 confirmation of ownership and a copy of the proposed
6 operating bylaws.

7 (10) A copy of the proposed business plan that
8 complies with the requirements of this Act, including, at
9 a minimum, the following:

10 (A) a description of services to be offered; and

11 (B) a description of the process of dispensing
12 cannabis.

13 (11) A copy of the proposed security plan that
14 complies with the requirements of this Article, including:

15 (A) a description of the delivery process by which
16 cannabis will be received from a transporting
17 organization, including receipt of manifests and
18 protocols that will be used to avoid diversion, theft,
19 or loss at the dispensary acceptance point;

20 (B) the process or controls that will be
21 implemented to monitor the dispensary, secure the
22 premises, agents, patients, and currency, and prevent
23 the diversion, theft, or loss of cannabis; and

24 (C) the process to ensure that access to the
25 restricted access areas is restricted to registered
26 agents, service professionals, transporting

1 organization agents, Department inspectors, and
2 security personnel.

3 (12) A proposed inventory control plan that complies
4 with this Section.

5 (13) The name, address, social security number, and
6 date of birth of each principal officer and board member
7 of the medical cannabis dispensing organization. Each of
8 those individuals must be at least 21 years of age.

9 (s) The Department shall approve any application provided
10 under subsection (q) of this Section upon receipt by the
11 Department of the materials that meet the requirements
12 outlined under subsection (r).

13 (t) An Early Approval Adult Use Dispensing Organization
14 License that has been approved for relocation pursuant to
15 subsection (q) of this Section may begin selling cannabis and
16 cannabis-infused products to purchasers at the approved
17 location and shall be subject to the renewal process under
18 subsections (k) and (l) of this Section.

19 (u) Relocation of an Early Approval Adult Use Dispensing
20 Organization License under subsection (q) shall not occur any
21 sooner than 90 days after awarding the first Conditional Adult
22 Use Dispensing Organization Licenses under Section 15-25.

23 (v) The new location of an Early Approval Adult Use
24 Dispensing Organization relocated under subsection (q) shall
25 comply with paragraph (5) of Section 55-25 and Section 55-28.

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

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.