

1 dispensing organization that also holds a medical cannabis
2 dispensing organization license issued under the Compassionate
3 Use of Medical Cannabis Pilot Program Act, the Department may
4 consider the suspension or revocation as grounds to take
5 disciplinary action against the medical cannabis dispensing
6 organization.

7 (t) All fees or fines collected from an Early Approval
8 Adult Use Dispensary Organization License at a secondary site
9 holder as a result of a disciplinary action in the enforcement
10 of this Act shall be deposited into the Cannabis Regulation
11 Fund and be appropriated to the Department for the ordinary and
12 contingent expenses of the Department in the administration and
13 enforcement of this Section.

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

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

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

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

1 population:

2 (1) Bloomington: 1

3 (2) Cape Girardeau: 1

4 (3) Carbondale-Marion: 1

5 (4) Champaign-Urbana: 1

6 (5) Chicago-Naperville-Elgin: 47

7 (6) Danville: 1

8 (7) Davenport-Moline-Rock Island: 1

9 (8) Decatur: 1

10 (9) Kankakee: 1

11 (10) Peoria: 3

12 (11) Rockford: 2

13 (12) St. Louis: 4

14 (13) Springfield: 1

15 (14) Northwest Illinois nonmetropolitan: 3

16 (15) West Central Illinois nonmetropolitan: 3

17 (16) East Central Illinois nonmetropolitan: 2

18 (17) South Illinois nonmetropolitan: 2

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

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

1 (2) Certification that the applicant will comply with
2 the requirements contained in this Act;

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

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

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

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

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

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

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

26 (8) A description of the training and education that

1 will be provided to dispensing organization agents;

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

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

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

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

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

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

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

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

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

26 (14) The name, address, social security number, and

1 date of birth of each principal officer and board member of
2 the dispensing organization; each of those individuals
3 shall be at least 21 years of age;

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

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

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

19 (18) A plan for community engagement;

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

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

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

1 with Disabilities Act;

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

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

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

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

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

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

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

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

26 (30) Other information deemed necessary by the

1 Illinois Cannabis Regulation Oversight Officer to conduct
2 the disparity and availability study referenced in
3 subsection (e) of Section 5-45.

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

1 concrete 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 awarded
5 a conditional license, the Department shall rescind the
6 conditional license and award it to the next highest scoring
7 applicant in the BLS Region for which the license was assigned,
8 provided the applicant receiving the license: (i) confirms a
9 continued interest in operating a dispensing organization;
10 (ii) can provide evidence that the applicant continues to meet
11 the financial requirements provided in subsection (c) of this
12 Section; and (iii) has not otherwise become ineligible to be
13 awarded a dispensing organization license. If the new awardee
14 is unable to accept the Conditional Adult Use Dispensing
15 Organization License, the Department shall award the
16 Conditional Adult Use Dispensing Organization License to the
17 next highest scoring applicant in the same manner. The new
18 awardee shall be subject to the same required deadlines as
19 provided in this subsection.

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

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

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

12 (1) the Department has inspected the dispensary site
13 and proposed operations and verified that they are in
14 compliance with this Act and local zoning laws; and

15 (2) the Conditional Adult Use Dispensing Organization
16 License holder has paid a registration fee of \$60,000, or a
17 prorated amount accounting for the difference of time
18 between when the Adult Use Dispensing Organization License
19 is issued and March 31 of the next even-numbered year.

20 (g) The Department shall conduct a background check of the
21 prospective organization agents in order to carry out this
22 Article. The Department of State Police shall charge the
23 applicant a fee for conducting the criminal history record
24 check, which shall be deposited into the State Police Services
25 Fund and shall not exceed the actual cost of the record check.
26 Each person applying as a dispensing organization agent shall

1 submit a full set of fingerprints to the Department of State
2 Police for the purpose of obtaining a State and federal
3 criminal records check. These fingerprints shall be checked
4 against the fingerprint records now and hereafter, to the
5 extent allowed by law, filed in the Department of State Police
6 and Federal Bureau of Identification criminal history records
7 databases. The Department of State Police shall furnish,
8 following positive identification, all Illinois conviction
9 information to the Department.

10 Section 15-30. Selection criteria for conditional licenses
11 awarded under Section 15-25.

12 (a) Applicants for a Conditional Adult Use Dispensing
13 Organization License must submit all required information,
14 including the information required in Section 15-25, to the
15 Department. Failure by an applicant to submit all required
16 information may result in the application being disqualified.

17 (b) If the Department receives an application that fails to
18 provide the required elements contained in this Section, the
19 Department shall issue a deficiency notice to the applicant.
20 The applicant shall have 10 calendar days from the date of the
21 deficiency notice to resubmit the incomplete information.
22 Applications that are still incomplete after this opportunity
23 to cure will not be scored and will be disqualified.

24 (c) The Department will award up to 250 points to complete
25 applications based on the sufficiency of the applicant's

1 responses to required information. Applicants will be awarded
2 points based on a determination that the application
3 satisfactorily includes the following elements:

4 (1) Suitability of Employee Training Plan (15 points).

5 The plan includes an employee training plan that
6 demonstrates that employees will understand the rules
7 and laws to be followed by dispensary employees, have
8 knowledge of any security measures and operating
9 procedures of the dispensary, and are able to advise
10 purchasers on how to safely consume cannabis and use
11 individual products offered by the dispensary.

12 (2) Security and Recordkeeping (65 points).

13 (A) The security plan accounts for the prevention
14 of the theft or diversion of cannabis. The security
15 plan demonstrates safety procedures for dispensary
16 agents and purchasers, and safe delivery and storage of
17 cannabis and currency. It demonstrates compliance with
18 all security requirements in this Act and rules.

19 (B) A plan for recordkeeping, tracking, and
20 monitoring inventory, quality control, and other
21 policies and procedures that will promote standard
22 recordkeeping and discourage unlawful activity. This
23 plan includes the applicant's strategy to communicate
24 with the Department and the Department of State Police
25 on the destruction and disposal of cannabis. The plan
26 must also demonstrate compliance with this Act and

1 rules.

2 (C) The security plan shall also detail which
3 private security contractor licensed under Section
4 10-5 of the Private Detective, Private Alarm, Private
5 Security, Fingerprint Vendor, and Locksmith Act of
6 2004 the dispensary will contract with in order to
7 provide adequate security at its facility.

8 (3) Applicant's Business Plan, Financials, Operating
9 and Floor Plan (65 points).

10 (A) The business plan shall describe, at a minimum,
11 how the dispensing organization will be managed on a
12 long-term basis. This shall include a description of
13 the dispensing organization's point-of-sale system,
14 purchases and denials of sale, confidentiality, and
15 products and services to be offered. It will
16 demonstrate compliance with this Act and rules.

17 (B) The operating plan shall include, at a minimum,
18 best practices for day-to-day dispensary operation and
19 staffing. The operating plan may also include
20 information about employment practices, including
21 information about the percentage of full-time
22 employees who will be provided a living wage.

23 (C) The proposed floor plan is suitable for public
24 access, the layout promotes safe dispensing of
25 cannabis, is compliant with the Americans with
26 Disabilities Act and the Environmental Barriers Act,

1 and facilitates safe product handling and storage.

2 (4) Knowledge and Experience (30 points).

3 (A) The applicant's principal officers must
4 demonstrate experience and qualifications in business
5 management or experience with the cannabis industry.
6 This includes ensuring optimal safety and accuracy in
7 the dispensing and sale of cannabis.

8 (B) The applicant's principal officers must
9 demonstrate knowledge of various cannabis product
10 strains or varieties and describe the types and
11 quantities of products planned to be sold. This
12 includes confirmation of whether the dispensing
13 organization plans to sell cannabis paraphernalia or
14 edibles.

15 (C) Knowledge and experience may be demonstrated
16 through experience in other comparable industries that
17 reflect on applicant's ability to operate a cannabis
18 business establishment.

19 (5) Status as a Social Equity Applicant (50 points).

20 The applicant meets the qualifications for a
21 Social Equity Applicant as set forth in this Act.

22 (6) Labor and employment practices (5 points): The
23 applicant may describe plans to provide a safe, healthy,
24 and economically beneficial working environment for its
25 agents, including, but not limited to, codes of conduct,
26 health care benefits, educational benefits, retirement

1 benefits, living wage standards, and entering a labor peace
2 agreement with employees.

3 (7) Environmental Plan (5 points): The applicant may
4 demonstrate an environmental plan of action to minimize the
5 carbon footprint, environmental impact, and resource needs
6 for the dispensary, which may include, without limitation,
7 recycling cannabis product packaging.

8 (8) Illinois owner (5 points): The applicant is 51% or
9 more owned and controlled by an Illinois resident, who can
10 prove residency in each of the past 5 years with tax
11 records.

12 (9) Status as veteran (5 points): The applicant is 51%
13 or more controlled and owned by an individual or
14 individuals who meet the qualifications of a veteran as
15 defined by Section 45-57 of the Illinois Procurement Code.

16 (10) A diversity plan (5 points): that includes a
17 narrative of not more than 2,500 words that establishes a
18 goal of diversity in ownership, management, employment,
19 and contracting to ensure that diverse participants and
20 groups are afforded equality of opportunity.

21 (d) The Department may also award up to 2 bonus points for
22 a plan to engage with the community. The applicant may
23 demonstrate a desire to engage with its community by
24 participating in one or more of, but not limited to, the
25 following actions: (i) establishment of an incubator program
26 designed to increase participation in the cannabis industry by

1 persons who would qualify as Social Equity Applicants; (ii)
2 providing financial assistance to substance abuse treatment
3 centers; (iii) educating children and teens about the potential
4 harms of cannabis use; or (iv) other measures demonstrating a
5 commitment to the applicant's community. Bonus points will only
6 be awarded if the Department receives applications that receive
7 an equal score for a particular region.

8 (e) The Department may verify information contained in each
9 application and accompanying documentation to assess the
10 applicant's veracity and fitness to operate a dispensing
11 organization.

12 (f) The Department may, in its discretion, refuse to issue
13 an authorization to any applicant:

14 (1) Who is unqualified to perform the duties required
15 of the applicant;

16 (2) Who fails to disclose or states falsely any
17 information called for in the application;

18 (3) Who has been found guilty of a violation of this
19 Act, or whose medical cannabis dispensing organization,
20 medical cannabis cultivation organization, or Early
21 Approval Adult Use Dispensing Organization License, or
22 Early Approval Adult Use Dispensing Organization License
23 at a secondary site, or Early Approval Cultivation Center
24 License was suspended, restricted, revoked, or denied for
25 just cause, or the applicant's cannabis business
26 establishment license was suspended, restricted, revoked,