

1 relating to the recommendation of policy changes. The Illinois
2 Cannabis Regulation Oversight Officer may direct the
3 Department of Agriculture, Department of Financial and
4 Professional Regulation, Department of Public Health,
5 Department of Human Services, and Department of Commerce and
6 Economic Opportunity to assist in the compilation, collection,
7 and data gathering authorized pursuant to this subsection. The
8 Illinois Cannabis Regulation Oversight Officer shall compile
9 all of the data into a single report and submit the report to
10 the Governor and the General Assembly and publish the report on
11 its website.

12 ARTICLE 7.

13 SOCIAL EQUITY IN THE CANNABIS INDUSTRY

14 Section 7-1. Findings.

15 (a) The General Assembly finds that the medical cannabis
16 industry, established in 2014 through the Compassionate Use of
17 Medical Cannabis Pilot Program Act, has shown that additional
18 efforts are needed to reduce barriers to ownership. Through
19 that program, 55 licenses for dispensing organizations and 20
20 licenses for cultivation centers have been issued. Those
21 licenses are held by only a small number of businesses, the
22 ownership of which does not sufficiently meet the General
23 Assembly's interest in business ownership that reflects the
24 population of the State of Illinois and that demonstrates the

1 need to reduce barriers to entry for individuals and
2 communities most adversely impacted by the enforcement of
3 cannabis-related laws.

4 (b) In the interest of establishing a legal cannabis
5 industry that is equitable and accessible to those most
6 adversely impacted by the enforcement of drug-related laws in
7 this State, including cannabis-related laws, the General
8 Assembly finds and declares that a social equity program should
9 be established.

10 (c) The General Assembly also finds and declares that
11 individuals who have been arrested or incarcerated due to drug
12 laws suffer long-lasting negative consequences, including
13 impacts to employment, business ownership, housing, health,
14 and long-term financial well-being.

15 (d) The General Assembly also finds and declares that
16 family members, especially children, and communities of those
17 who have been arrested or incarcerated due to drug laws, suffer
18 from emotional, psychological, and financial harms as a result
19 of such arrests or incarcerations.

20 (e) Furthermore, the General Assembly finds and declares
21 that certain communities have disproportionately suffered the
22 harms of enforcement of cannabis-related laws. Those
23 communities face greater difficulties accessing traditional
24 banking systems and capital for establishing businesses.

25 (f) The General Assembly also finds that individuals who
26 have resided in areas of high poverty suffer negative

1 consequences, including barriers to entry in employment,
2 business ownership, housing, health, and long-term financial
3 well-being.

4 (g) The General Assembly also finds and declares that
5 promotion of business ownership by individuals who have resided
6 in areas of high poverty and high enforcement of
7 cannabis-related laws furthers an equitable cannabis industry.

8 (h) Therefore, in the interest of remedying the harms
9 resulting from the disproportionate enforcement of
10 cannabis-related laws, the General Assembly finds and declares
11 that a social equity program should offer, among other things,
12 financial assistance and license application benefits to
13 individuals most directly and adversely impacted by the
14 enforcement of cannabis-related laws who are interested in
15 starting cannabis business establishments.

16 Section 7-10. Cannabis Business Development Fund.

17 (a) There is created in the State treasury a special fund,
18 which shall be held separate and apart from all other State
19 moneys, to be known as the Cannabis Business Development Fund.
20 The Cannabis Business Development Fund shall be exclusively
21 used for the following purposes:

22 (1) to provide low-interest rate loans to Social Equity
23 Applicants to pay for ordinary and necessary expenses to
24 start and operate a cannabis business establishment
25 permitted by this Act;

1 (2) to provide grants to Qualified Social Equity
2 Applicants to pay for ordinary and necessary expenses to
3 start and operate a cannabis business establishment
4 permitted by this Act;

5 (3) to compensate the Department of Commerce and
6 Economic Opportunity for any costs related to the provision
7 of low-interest loans and grants to Qualified Social Equity
8 Applicants;

9 (4) to pay for outreach that may be provided or
10 targeted to attract and support Social Equity Applicants;

11 (5) (blank);

12 (6) to conduct any study or research concerning the
13 participation of minorities, women, veterans, or people
14 with disabilities in the cannabis industry, including,
15 without limitation, barriers to such individuals entering
16 the industry as equity owners of cannabis business
17 establishments;

18 (7) (blank); and

19 (8) to assist with job training and technical
20 assistance for residents in Disproportionately Impacted
21 Areas.

22 (b) All moneys collected under Sections 15-15 and 15-20 for
23 Early Approval Adult Use Dispensing Organization Licenses
24 issued before January 1, 2021 and remunerations made as a
25 result of transfers of permits awarded to Qualified Social
26 Equity Applicants shall be deposited into the Cannabis Business

1 Development Fund.

2 (c) As soon as practical after July 1, 2019, the
3 Comptroller shall order and the Treasurer shall transfer
4 \$12,000,000 from the Compassionate Use of Medical Cannabis Fund
5 to the Cannabis Business Development Fund.

6 (d) Notwithstanding any other law to the contrary, the
7 Cannabis Business Development Fund is not subject to sweeps,
8 administrative charge-backs, or any other fiscal or budgetary
9 maneuver that would in any way transfer any amounts from the
10 Cannabis Business Development Fund into any other fund of the
11 State.

12 Section 7-15. Loans and grants to Social Equity Applicants.

13 (a) The Department of Commerce and Economic Opportunity
14 shall establish grant and loan programs, subject to
15 appropriations from the Cannabis Business Development Fund,
16 for the purposes of providing financial assistance, loans,
17 grants, and technical assistance to Social Equity Applicants.

18 (b) The Department of Commerce and Economic Opportunity has
19 the power to:

20 (1) provide Cannabis Social Equity loans and grants
21 from appropriations from the Cannabis Business Development
22 Fund to assist Social Equity Applicants in gaining entry
23 to, and successfully operating in, the State's regulated
24 cannabis marketplace;

25 (2) enter into agreements that set forth terms and

1 conditions of the financial assistance, accept funds or
2 grants, and engage in cooperation with private entities and
3 agencies of State or local government to carry out the
4 purposes of this Section;

5 (3) fix, determine, charge, and collect any premiums,
6 fees, charges, costs and expenses, including application
7 fees, commitment fees, program fees, financing charges, or
8 publication fees in connection with its activities under
9 this Section;

10 (4) coordinate assistance under these loan programs
11 with activities of the Illinois Department of Financial and
12 Professional Regulation, the Illinois Department of
13 Agriculture, and other agencies as needed to maximize the
14 effectiveness and efficiency of this Act;

15 (5) provide staff, administration, and related support
16 required to administer this Section;

17 (6) take whatever actions are necessary or appropriate
18 to protect the State's interest in the event of bankruptcy,
19 default, foreclosure, or noncompliance with the terms and
20 conditions of financial assistance provided under this
21 Section, including the ability to recapture funds if the
22 recipient is found to be noncompliant with the terms and
23 conditions of the financial assistance agreement;

24 (7) establish application, notification, contract, and
25 other forms, procedures, or rules deemed necessary and
26 appropriate; and

1 (8) utilize vendors or contract work to carry out the
2 purposes of this Act.

3 (c) Loans made under this Section:

4 (1) shall only be made if, in the Department's
5 judgment, the project furthers the goals set forth in this
6 Act; and

7 (2) shall be in such principal amount and form and
8 contain such terms and provisions with respect to security,
9 insurance, reporting, delinquency charges, default
10 remedies, and other matters as the Department shall
11 determine appropriate to protect the public interest and to
12 be consistent with the purposes of this Section. The terms
13 and provisions may be less than required for similar loans
14 not covered by this Section.

15 (d) Grants made under this Section shall be awarded on a
16 competitive and annual basis under the Grant Accountability and
17 Transparency Act. Grants made under this Section shall further
18 and promote the goals of this Act, including promotion of
19 Social Equity Applicants, job training and workforce
20 development, and technical assistance to Social Equity
21 Applicants.

22 (e) Beginning January 1, 2021 and each year thereafter, the
23 Department shall annually report to the Governor and the
24 General Assembly on the outcomes and effectiveness of this
25 Section that shall include the following:

26 (1) the number of persons or businesses receiving

1 financial assistance under this Section;

2 (2) the amount in financial assistance awarded in the
3 aggregate, in addition to the amount of loans made that are
4 outstanding and the amount of grants awarded;

5 (3) the location of the project engaged in by the
6 person or business; and

7 (4) if applicable, the number of new jobs and other
8 forms of economic output created as a result of the
9 financial assistance.

10 (f) The Department of Commerce and Economic Opportunity
11 shall include engagement with individuals with limited English
12 proficiency as part of its outreach provided or targeted to
13 attract and support Social Equity Applicants.

14 Section 7-20. Fee waivers.

15 (a) For Social Equity Applicants, the Department of
16 Financial and Professional Regulation and the Department of
17 Agriculture shall waive 50% of any nonrefundable license
18 application fees, any nonrefundable fees associated with
19 purchasing a license to operate a cannabis business
20 establishment, and any surety bond or other financial
21 requirements, provided a Social Equity Applicant meets the
22 following qualifications at the time the payment is due:

23 (1) the applicant, including all individuals and
24 entities with 10% or greater ownership and all parent
25 companies, subsidiaries, and affiliates, has less than a

1 total of \$750,000 of income in the previous calendar year;
2 and

3 (2) the applicant, including all individuals and
4 entities with 10% or greater ownership and all parent
5 companies, subsidiaries, and affiliates, has no more than 2
6 other licenses for cannabis business establishments in the
7 State of Illinois.

8 (b) The Department of Financial and Professional
9 Regulation and the Department of Agriculture may require Social
10 Equity Applicants to attest that they meet the requirements for
11 a fee waiver as provided in subsection (a) and to provide
12 evidence of annual total income in the previous calendar year.

13 (c) If the Department of Financial and Professional
14 Regulation or the Department of Agriculture determines that an
15 applicant who applied as a Social Equity Applicant is not
16 eligible for such status, the applicant shall be provided an
17 additional 10 days to provide alternative evidence that he or
18 she qualifies as a Social Equity Applicant. Alternatively, the
19 applicant may pay the remainder of the waived fee and be
20 considered as a non-Social Equity Applicant. If the applicant
21 cannot do either, then the Departments may keep the initial
22 application fee and the application shall not be graded.

23 Section 7-25. Transfer of license awarded to Social Equity
24 Applicant.

25 (a) In the event a Social Equity Applicant seeks to

1 transfer, sell, or grant a cannabis business establishment
2 license within 5 years after it was issued to a person or
3 entity that does not qualify as a Social Equity Applicant, the
4 transfer agreement shall require the new license holder to pay
5 the Cannabis Business Development Fund an amount equal to:

6 (1) any fees that were waived by any State agency based
7 on the applicant's status as a Social Equity Applicant, if
8 applicable;

9 (2) any outstanding amount owed by the Qualified Social
10 Equity Applicant for a loan through the Cannabis Business
11 Development Fund, if applicable; and

12 (3) the full amount of any grants that the Qualified
13 Social Equity Applicant received from the Department of
14 Commerce and Economic Opportunity, if applicable.

15 (b) Transfers of cannabis business establishment licenses
16 awarded to a Social Equity Applicant are subject to all other
17 provisions of this Act, the Compassionate Use of Medical
18 Cannabis Pilot Program Act, and rules regarding transfers.

19 Section 7-30. Reporting. By January 1, 2021, and on January
20 1 of every year thereafter, or upon request by the Illinois
21 Cannabis Regulation Oversight Officer, each cannabis business
22 establishment licensed under this Act shall report to the
23 Illinois Cannabis Regulation Oversight Officer, on a form to be
24 provided by the Illinois Cannabis Regulation Oversight
25 Officer, information that will allow it to assess the extent of

1 diversity in the medical and adult use cannabis industry and
2 methods for reducing or eliminating any identified barriers to
3 entry, including access to capital. The information to be
4 collected shall be designed to identify the following:

5 (1) the number and percentage of licenses provided to
6 Social Equity Applicants and to businesses owned by
7 minorities, women, veterans, and people with disabilities;

8 (2) the total number and percentage of employees in the
9 cannabis industry who meet the criteria in (3)(i) or
10 (3)(ii) in the definition of Social Equity Applicant or who
11 are minorities, women, veterans, or people with
12 disabilities;

13 (3) the total number and percentage of contractors and
14 subcontractors in the cannabis industry that meet the
15 definition of a Social Equity Applicant or who are owned by
16 minorities, women, veterans, or people with disabilities,
17 if known to the cannabis business establishment; and

18 (4) recommendations on reducing or eliminating any
19 identified barriers to entry, including access to capital,
20 in the cannabis industry.

21 ARTICLE 10.

22 PERSONAL USE OF CANNABIS

23 Section 10-5. Personal use of cannabis; restrictions on
24 cultivation; penalties.