

Considerations for New Dispensaries in Preparation for Recreational Cannabis in Illinois

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As a result of recent legislation in Illinois, beginning January 1, 2020, recreational cannabis will be legal for those 21 years or older. The Cannabis Regulation and Tax Act defines a dispensing organization as “a facility operated by an organization or business that is licensed by the Department of Financial and Professional Regulation to acquire cannabis from a cultivation center, craft grower, processing organization, or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia, or related supplies under this Act to purchasers or to qualified registered medical cannabis patients and caregivers.”

Any person or entity interested in a dispensary license may apply for a license. The license application will involve a competitive process and ranking system of all applications. Licenses will only be issued on a conditional basis, until approved by the Illinois Department of Financial and Professional Regulation.

License Overview

- **Licenses Issued By:** The Illinois Department of Financial and Professional Regulation.
- **Number of Licenses available:**
 - Up to 75 licenses by May 1, 2020.
 - NOTE: There are a limited number of licenses available per BLS Region. The BLS Regions are: Bloomington (1); Cape Girardeau (1); Carbondale-Marion (1); Champaign-Urbana (1); Chicago-Naperville-Elgin (47); Danville (1); Davenport-Moline-Rock Island (1); Decatur (1); Kankakee (1); Peoria (3); Rockford (2); St. Louis (4); Springfield (1); Northwest Illinois nonmetropolitan (3); West Central Illinois nonmetropolitan (3); East Central Illinois nonmetropolitan (2); South Illinois nonmetropolitan (2).
 - Up to 110 licenses by December 21, 2021.
- **Deadlines:**
 - For licenses issued by May 1, 2020: applications open no later than October 1, 2019 and are due no later than January 1, 2020.
 - For licenses issued by December 21, 2021: deadlines to be determined.
- **Approximate Costs:**
 - **Application:** \$5,000
 - **If approved:**
 - Payment of \$60,000, AND
 - Completion of a Social Equity Inclusion Plan. This requirement is an effort to reduce barriers for those impacted by the enforcement of Cannabis-related laws and an investment by a cannabis business of at least \$100,000.

- **Renewal:** \$60,000 (annually)
- **Licenses Valid Until:** March 31 of even-numbered years. For example, if a license is issued February 12, 2020, it will expire March 31, 2022.
- **Applicants Most Likely to be Approved:**
 - Those that score the highest in the categories of:
 - “Security and Recordkeeping,”
 - “Business Plan, Financials, Operating and Floor Plan,” and
 - “Status as a Social Equity Applicant.”

Application Requirements

- Identification of all officers and board members, who must be 21 years or older.
- Information on whether any principal officer has held or currently holds ownership in a cannabis business, any business or nonprofit.
- Disclosure of any bankruptcy filed.
- Disclosure of the number of licenses applying for in every region.
- Proposed location must not be within 1,500 feet of another dispensary.
- Estimated volume of cannabis it plans to store.

If you have additional questions regarding recent cannabis legislation and its impact on dispensaries, contact Adam Fayne (Adam.Fayne@saul.com) or Robin Dusek (Robin.Dusek@saul.com) at Saul Ewing Arnstein & Lehr LLP.

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