**Section 651.25 Cannabis Business Sponsorship Program**

a) Through the Cannabis Business Sponsorship Program, the Department may approve sponsors that provide the following required services to licensees that qualify as a Social Equity Applicant. The sponsors shall:

1) *participate in the sponsorship program for at least 2 years*; and

2) *provide an interest-free loan of at least $200,000 to a Social Equity Applicant* [410 ILCS 705/15-20 (d)(5)], with a period of disbursement to the Social Equity Applicant over no longer than 2 years. Repayment terms shall be no less than 5 years, with the first payment being due no less than one year from the execution of the loan documents. Loan funds shall be used for day-to-day operating expenses and shall not be used for specialized purposes, including, but not limited to, legal expenses.

b) Ownership Interest. *An Early Approval Adult Use Dispensing Organization Licensee:*

1) *shall not take an ownership stake in the Social Equity Applicant* [410 ILCS 705/15-15(b)(8)(E)]; or

2) *that applies for a second site license shall not take more than a 10% ownership stake in any cannabis business establishment receiving sponsorship services* for that site. [410 ILCS 705/15-20(d)(5)]

c) The restriction on ownership contained in Sections 15-15 and 15-20 of the Act does not prohibit hosts from entering into agreements with Social Equity Applicants in which the sponsor receives payment for the services provided to the Social Equity Applicant. For example, a sponsor may enter into an agreement in which the Social Equity Applicant acquires cannabis product and packaging from the host in exchange for a 2% share of the Social Equity Applicant's revenue that represents a fair market value for products provided. Revenue sharing agreements could lead to a determination of ownership triggering the application of the statutory limit on ownership.

d) Sponsors with multiple licenses are allowed to combine the loan maximums of this Section to benefit a smaller number of Social Equity Applicants. For example, a sponsor that possesses 3 licenses may choose to combine the maximum loan allowed by this Section for the 3 licenses to provide a total of $600,000 in loans to one Social Equity Applicant.

e) Sponsors shall be required to document any support services provided to Social Equity Applicants. These records shall detail the hours and the services. These services include, but are not limited to, mentoring, training, networking, and assistance with real estate and with acquisition of financing. Additionally, sponsors shall keep records on loans provided to Social Equity Applicants, loan terms, and history of repayment.

1) This documentation shall be compiled into a final report to be submitted to the Department at the end of the two-year sponsorship program. After review, the Department shall issue a letter verifying the completion of the minimum requirements of the program.

2) All records shall be kept for a period of 5 years after award of the license that triggered the social equity inclusion plan requirement.

f) Sponsors are prohibited from charging fees for activities undertaken, which may include, but are not limited to, space allocation as a part of the sponsor's Social Equity Plan. Nothing in this Section shall be construed to prohibit the Social Equity Applicant and the sponsor from entering into separate agreements for services-for-fee arrangements outside the Sponsor's Social Equity Plan, but those arrangements shall in no instance be connected to, or required as a part of, the Social Equity Applicant's participation in the Cannabis Business Sponsorship Program.

g) Application Process

1) Applications. Complete formal applications will be reviewed on a first-come, first-served basis, in accordance with programmatic and application requirements.

2) Those applications that have been received by the Department and are incomplete shall not be reviewed until the complete application is received. Receipt of an incomplete application will not reserve an applicant's position in the Department's review process.

3) Staff Review. A staff review by the Department will be conducted to determine whether all the required information is contained in the application.

4) Submission of Required Information

A) The applications shall include the following elements:

1) The granting of an interest-free loan to the Social Equity Applicant in the amount of at least $200,000 for each license sought under Sections 15-15 and 15-20 of the Act.

2) Listing of additional loans provided to Social Equity Applicants, beyond those required by this Section, if any, and interest rates charged on those loans.

3) Any ongoing assistance to be offered to the Social Equity Applicant beyond the initial year of sponsorship.

B) Length of Review. Provided that all the required contents of the application are complete and adequate, the Department will notify the applicant, within 45 days after the receipt of the complete application, of its approval or denial.

h) Access to Legal Authorities; Audits. A sponsor must permit any agent authorized by the Department, the Illinois Department of Agriculture, the Illinois Department of Financial and Professional Regulation, the Illinois Attorney General, the Illinois Auditor General, or any other legal authority, upon presentation of credentials, to have full access to and the right to examine any documents, papers, and records of the sponsors involving transactions related to the Program. The Department, at its own discretion, shall require sponsors to submit to an audit of all documentation related to the Cannabis Business Sponsorship Program, including, but not limited to, all logs of time spent on mentorship activities.

i) Compliance with Laws; Notice to Department. All activities undertaken under this Section shall be performed in compliance with all applicable laws. Notice of any change in sponsorship status or participation in the Cannabis Business Sponsorship Program shall be sent to the Department in writing within 5 business days after the change takes effect.