



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB0312

Introduced 1/29/2021, by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

See Index

Amends the Cannabis Regulation and Tax Act. Requires the Department of Financial and Professional Regulation to issue cannabis delivery organization licenses. Contains provisions regarding applications for cannabis delivery organization licenses. Requires the Department to develop a system to score applications for cannabis delivery licenses. Provides that applicants must qualify as social equity applicants in order to be awarded a cannabis delivery organization license. Requires applicants to pay a \$2,500 application fee and a prorated fee of \$5,000 prior to receiving a license, to be deposited into the Cannabis Regulation Fund. Contains requirements and prohibitions for cannabis delivery organizations. Provides that cannabis delivery organizations may obtain cannabis products from any cannabis business organization licensed in the State. Contains requirements for the issuance of cannabis delivery agent identification cards. Requires the Department to conduct a background check through the Department of State Police of specified individuals of cannabis delivery organizations. Contains provisions regarding the renewal of cannabis delivery organization licenses and agent identification cards. Contains other provisions.

LRB102 10202 CPF 15525 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 adding Article 43 as follows:

6 (410 ILCS 705/Art. 43 heading new)

7 ARTICLE 43.

8 License and Regulation of
9 Cannabis Delivery Organizations.

10 (410 ILCS 705/43-1 new)

11 Sec. 43-1. Definition. In this Article, "Department" means
12 the Department of Financial and Professional Regulation.

13 (410 ILCS 705/43-5 new)

14 Sec. 43-5. Issuance of licenses.

15 (a) The Department shall issue cannabis delivery
16 organization licenses through a process provided for in this
17 Article and by rule.

18 (b) The Department shall make the application for cannabis
19 delivery organization licenses at a time set by rule.

20 (410 ILCS 705/43-10 new)

1 Sec. 43-10. Application.

2 (a) When applying for a cannabis delivery organization
3 license, the applicant shall submit the following in such form
4 as the Department may direct:

5 (1) the nonrefundable application fee of \$2,500 or,
6 after January 1, 2022, another amount as set by rule by the
7 Department, to be deposited into the Cannabis Regulation
8 Fund;

9 (2) the legal name of the cannabis delivery
10 organization;

11 (3) the proposed physical address of the cannabis
12 delivery organization, if one is proposed;

13 (4) the name, address, social security number, and
14 date of birth of each principal officer and board member
15 of the cannabis delivery organization; each principal
16 officer and board member shall be at least 21 years of age;

17 (5) the details of any administrative or judicial
18 proceeding in which any of the principal officers or board
19 members of the cannabis delivery organization (i) pled
20 guilty, were convicted, fined, or had a registration or
21 license suspended or revoked, or (ii) managed or served on
22 the board of a business or nonprofit organization that
23 pled guilty, was convicted, fined, or had a registration
24 or license suspended or revoked;

25 (6) verification from the Department of State Police
26 that all background checks of the prospective principal

1 officers, board members, and agents of the cannabis
2 delivery organization have been conducted;

3 (7) a copy of the current local zoning ordinance or
4 permit and verification that the proposed cannabis
5 delivery organization is in compliance with the local
6 zoning rules and distance limitations established by the
7 local jurisdiction, if the cannabis delivery organization
8 has a business address;

9 (8) proposed employment practices, in which the
10 applicant must demonstrate a plan of action to inform,
11 hire, and educate minorities, women, veterans, and persons
12 with disabilities, engage in fair labor practices, and
13 provide worker protections;

14 (9) whether an applicant can demonstrate experience in
15 or business practices that promote economic empowerment in
16 Disproportionately Impacted Areas;

17 (10) the identity of every person having a financial
18 or voting interest of 5% or more in the cannabis delivery
19 organization with respect to which the license is sought,
20 whether a trust, corporation, partnership, limited
21 liability company, or sole proprietorship, including the
22 name and address of each person; and

23 (11) any other information required by rule.

24 (b) Applicants must submit all required information,
25 including the information required in Section 43-35, to the
26 Department. Failure by an applicant to submit all required

1 information may result in the application being disqualified.

2 (c) If the Department receives an application with missing
3 information, the Department may issue a deficiency notice to
4 the applicant. The applicant shall have 10 calendar days from
5 the date of the deficiency notice to resubmit the incomplete
6 information. Applications that are still incomplete after this
7 opportunity to cure will not be scored and will be
8 disqualified.

9 (410 ILCS 705/43-15 new)

10 Sec. 43-15. Issuing licenses.

11 (a) The Department shall by rule develop a system to score
12 cannabis delivery applications to administratively rank
13 applications based on the clarity, organization, and quality
14 of the applicant's responses to required information.
15 Applicants shall be awarded points based on the following
16 categories:

17 (1) suitability of employee training plan;

18 (2) security and recordkeeping plan;

19 (3) business plan;

20 (4) labor and employment practices, which shall
21 constitute no less than 2% of total available points;

22 (5) environmental plan that demonstrates an
23 environmental plan of action to minimize the carbon
24 footprint, environmental impact, and resource needs for
25 the cannabis delivery organization.

1 (6) the applicant is 51% or more owned and controlled
2 by an individual or individuals who have been an Illinois
3 resident for the past 5 years as proved by tax records or 2
4 of the following:

5 (A) a signed lease agreement that includes the
6 applicant's name;

7 (B) a property deed that includes the applicant's
8 name;

9 (C) school records;

10 (D) a voter registration card;

11 (E) an Illinois driver's license, an Illinois
12 Identification Card, or an Illinois Person with a
13 Disability Identification Card;

14 (F) a paycheck stub;

15 (G) a utility bill; or

16 (H) any other proof of residency or other
17 information necessary to establish residence as
18 provided by rule; and

19 (7) a diversity plan that includes a narrative of not
20 more than 2,500 words that establishes a goal of diversity
21 in ownership, management, employment, and contracting to
22 ensure that diverse participants and groups are afforded
23 equality of opportunity; and

24 (8) any other criteria the Department may set by rule
25 for points.

26 (b) Applicants must qualify as a social equity applicant

1 in order to be awarded a cannabis delivery organization
2 license.

3 (c) Should an applicant be awarded a cannabis delivery
4 organization license, the information and plans that the
5 applicant provided in its application, including any plans
6 submitted for the acquiring of bonus points, shall be a
7 mandatory condition of the permit. Any variation from or
8 failure to perform such plans may result in discipline,
9 including the revocation or nonrenewal of a license.

10 (d) Should an applicant be awarded a cannabis delivery
11 organization license, the applicant shall pay a prorated fee
12 of \$5,000 prior to receiving the license, to be deposited into
13 the Cannabis Regulation Fund. The Department may by rule
14 adjust the fee in this Section after January 1, 2022.

15 (410 ILCS 705/43-20 new)

16 Sec. 43-20. Denial of application.

17 An application for a cannabis delivery organization
18 license shall be denied if any of the following conditions are
19 met:

20 (1) the applicant failed to submit the materials
21 required by this Article;

22 (2) the applicant would not be in compliance with
23 local zoning rules or permit requirements;

24 (3) one or more of the prospective principal officers
25 or board members causes a violation of Section 43-25;

1 (4) one or more of the principal officers or board
2 members is under 21 years of age;

3 (5) the person has submitted an application for a
4 license under this Article that contains false
5 information; or

6 (6) the licensee, principal officer, board member, or
7 person having a financial or voting interest of 5% or
8 greater in the licensee is delinquent in filing any
9 required tax returns or paying any amounts owed to the
10 State of Illinois.

11 (410 ILCS 705/43-25 new)

12 Sec. 43-25. Cannabis delivery organization requirements;
13 prohibitions.

14 (a) The operating documents of a cannabis delivery
15 organization shall include procedures for the oversight of the
16 organization, an inventory monitoring system including a
17 physical inventory recorded weekly, accurate recordkeeping,
18 and a staffing plan.

19 (b) All cannabis delivered by a cannabis delivery
20 organization must be entered into a data collection system and
21 placed into a cannabis container for transport.

22 (c) Cannabis delivery organizations are subject to random
23 inspections by the Department, the Department of Public
24 Health, and the Department of State Police.

25 (d) A cannabis delivery organization agent shall notify

1 local law enforcement, the Department of State Police, and the
2 Department of Agriculture within 24 hours of the discovery of
3 any loss or theft. Notification shall be made by phone, in
4 person, or by written or electronic communication.

5 (e) No person under the age of 21 years shall be in a
6 vehicle transporting cannabis goods.

7 (f) No person or individual who is not a cannabis delivery
8 organization agent shall be in a vehicle while transporting
9 cannabis goods.

10 (g) A cannabis delivery organization agent must keep his
11 or her identification card visible at all times when on the
12 property of a cannabis business establishment and during the
13 transportation of cannabis when acting under his or her duties
14 as a cannabis delivery organization agent. During these times,
15 the cannabis delivery organization agent must also provide the
16 identification card upon request of any law enforcement
17 officer engaged in his or her official duties.

18 (h) A copy of the cannabis delivery organization's
19 registration and a manifest for the delivery shall be present
20 in any vehicle transporting cannabis.

21 (i) Cannabis shall be transported so it is not visible or
22 recognizable from outside the vehicle.

23 (j) A vehicle transporting cannabis must not bear any
24 markings to indicate the vehicle contains cannabis or bear the
25 name or logo of the cannabis business establishment.

26 (k) Cannabis must be transported in an enclosed, locked

1 storage compartment that is secured or affixed to the vehicle.

2 (1) The Department may, by rule, impose any other
3 requirements or prohibitions on the transportation of
4 cannabis.

5 (410 ILCS 705/43-27 new)

6 Sec. 43-27. Procurement of cannabis products. A cannabis
7 delivery organization may obtain cannabis products from any
8 cannabis business organization licensed in the State.

9 (410 ILCS 705/43-30 new)

10 Sec. 43-30. Cannabis delivery agent identification card.

11 (a) The Department shall:

12 (1) establish by rule the information required in an
13 initial application or renewal application for an agent
14 identification card submitted under this Article and the
15 nonrefundable fee to accompany the initial application or
16 renewal application;

17 (2) verify the information contained in an initial
18 application or renewal application for an agent
19 identification card submitted under this Article and
20 approve or deny an application within 30 days of receiving
21 a completed initial application or renewal application and
22 all supporting documentation required by rule;

23 (3) issue an agent identification card to a qualifying
24 agent within 15 business days of approving the initial

- 1 application or renewal application;
- 2 (4) enter the license number of the cannabis delivery
3 organization where the agent works; and
- 4 (5) allow for an electronic initial application and
5 renewal application process and provide a confirmation by
6 electronic or other methods that an application has been
7 submitted. The Department may by rule require prospective
8 agents to file their applications by electronic means and
9 provide notices to the agents by electronic means.
- 10 (b) An agent must keep his or her identification card
11 visible at all times when on the property of a cannabis
12 business establishment, including the cannabis delivery
13 organization for which he or she is an agent.
- 14 (c) The agent identification cards shall contain the
15 following:
- 16 (1) the name of the cardholder;
- 17 (2) the date of issuance and expiration date of the
18 identification card;
- 19 (3) a random 10-digit alphanumeric identification
20 number containing at least 4 numbers and at least 4
21 letters that is unique to the holder;
- 22 (4) a photograph of the cardholder; and
- 23 (5) the legal name of the cannabis delivery
24 organization employing the agent.
- 25 (d) An agent identification card shall be immediately
26 returned to the cannabis delivery organization of the agent

1 upon termination of his or her employment.

2 (e) Any agent identification card lost by a cannabis
3 delivery agent shall be reported to the Department of State
4 Police and the Department immediately upon discovery of the
5 loss.

6 (f) An application for an agent identification card shall
7 be denied if the applicant is delinquent in filing any
8 required tax returns or paying any amounts owed to the State of
9 Illinois.

10 (410 ILCS 705/43-35 new)

11 Sec. 43-35. Cannabis delivery organization background
12 checks.

13 (a) Through the Department of State Police, the Department
14 shall conduct a background check of the prospective principal
15 officers, board members, and agents of a cannabis delivery
16 organization applying for a license or identification card
17 under this Article. The Department of State Police shall
18 charge a fee set by rule for conducting the criminal history
19 record check, which shall be deposited into the State Police
20 Services Fund and shall not exceed the actual cost of the
21 record check. In order to carry out this provision, each
22 cannabis delivery organization's prospective principal
23 officer, board member, or agent shall submit a full set of
24 fingerprints to the Department of State Police for the purpose
25 of obtaining a State and federal criminal records check. These

1 fingerprints shall be checked against the fingerprint records
2 now and hereafter, to the extent allowed by law, filed in the
3 Department of State Police and Federal Bureau of Investigation
4 criminal history records databases. The Department of State
5 Police shall furnish, following positive identification, all
6 conviction information to the Department.

7 (b) When applying for the initial license or
8 identification card, the background checks for all prospective
9 principal officers, board members, and agents shall be
10 completed before submitting the application to the Department.

11 (410 ILCS 705/43-40 new)

12 Sec. 43-40. Renewal of cannabis delivery organization
13 licenses and agent identification cards.

14 (a) Licenses and identification cards issued under this
15 Article shall be renewed annually. A cannabis delivery
16 organization shall receive written or electronic notice 90
17 days before the expiration of its current license that the
18 license will expire. The Department shall grant a renewal
19 within 45 days of submission of a renewal application if:

20 (1) the cannabis delivery organization submits a
21 renewal application and the required nonrefundable renewal
22 fee of \$5,000, or after January 1, 2022, another amount
23 set by rule by the Department, to be deposited into the
24 Cannabis Regulation Fund;

25 (2) the Department has not suspended or revoked the

1 license of the cannabis delivery organization for
2 violating this Act or rules adopted under this Act;

3 (3) the cannabis delivery organization has continued
4 to operate in accordance with all plans submitted as part
5 of its application and approved by the Department or any
6 amendments thereto that have been approved by the
7 Department; and

8 (4) the cannabis delivery organization has submitted
9 an agent, employee, contracting, and subcontracting
10 diversity report as required by the Department.

11 (b) If a cannabis delivery organization fails to renew its
12 license before expiration, it shall cease operations until its
13 license is renewed.

14 (c) If a cannabis delivery organization agent fails to
15 renew his or her identification card before its expiration, he
16 or she shall cease to work as an agent of the cannabis delivery
17 organization until his or her identification card is renewed.

18 (d) Any cannabis delivery organization that continues to
19 operate, or any cannabis delivery organization agent who
20 continues to work as an agent, after the applicable license or
21 identification card has expired without renewal is subject to
22 the penalties provided under Section 45-5.

23 (e) The Department shall not renew a license or an agent
24 identification card if the applicant is delinquent in filing
25 any required tax returns or paying any amounts owed to the
26 State of Illinois.

1 INDEX

2 Statutes amended in order of appearance

3 410 ILCS 705/Art. 43

4 heading new

5 410 ILCS 705/43-1 new

6 410 ILCS 705/43-5 new

7 410 ILCS 705/43-10 new

8 410 ILCS 705/43-15 new

9 410 ILCS 705/43-20 new

10 410 ILCS 705/43-25 new

11 410 ILCS 705/43-27 new

12 410 ILCS 705/43-30 new

13 410 ILCS 705/43-35 new

14 410 ILCS 705/43-40 new