



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5570

Introduced 1/31/2022, by Rep. La Shawn K. Ford

SYNOPSIS AS INTRODUCED:

410 ILCS 705/Art. 43 heading new
410 ILCS 705/43-1 new
410 ILCS 705/43-5 new
410 ILCS 705/43-10 new
410 ILCS 705/43-15 new
410 ILCS 705/43-20 new
410 ILCS 705/43-25 new
410 ILCS 705/43-27 new
410 ILCS 705/43-30 new
410 ILCS 705/43-35 new
410 ILCS 705/43-40 new

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 Illinois 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 25088 CPF 34348 b

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, 43-1, 43-3, 43-5, 43-10, 43-15, 43-20,
6 43-25, 43-27, 43-30, 43-35, and 43-40 as follows:

7 (410 ILCS 705/Art. 43 heading new)

8 ARTICLE 43.

9 License and Regulation of

10 Cannabis Delivery Organizations.

11 (410 ILCS 705/43-1 new)

12 Sec. 43-1. Definitions.

13 In this Article:

14 "Cannabis courier" means a person or entity licensed to
15 deliver cannabis, a cannabis-infused product, or cannabis
16 paraphernalia from a dispensing organization directly to
17 purchasers or directly to qualified registered medical
18 cannabis patients and caregivers, but is not authorized to
19 sell cannabis, a cannabis-infused product, or cannabis
20 paraphernalia directly to purchasers or qualified registered
21 medical cannabis patients and caregivers.

22 "Cannabis delivery operator" means a person or entity

1 licensed to purchase cannabis, cannabis-infused products, or
2 cannabis paraphernalia from a cannabis business establishment
3 and sell and deliver cannabis, cannabis-infused products, or
4 cannabis paraphernalia from a cannabis business establishment
5 directly to purchasers, but is not authorized to repackage
6 cannabis, cannabis-infused products, or cannabis paraphernalia
7 or operate a storefront under a cannabis delivery organization
8 license. A "cannabis delivery operator" only performs the
9 limited delivery of cannabis, cannabis-infused products, or
10 cannabis paraphernalia directly to purchasers.

11 "Cannabis delivery organization license" means a license
12 issued by the Department to a person or entity to operate as a
13 cannabis courier licensee or a cannabis delivery operator
14 licensee for the limited delivery of cannabis, a
15 cannabis-infused product, or cannabis paraphernalia to
16 purchasers.

17 "Cannabis delivery organization licensee" means either a
18 cannabis courier or a cannabis delivery operator licensed by
19 the Department to deliver cannabis, cannabis-infused products,
20 or cannabis paraphernalia directly to consumers, and, as
21 permitted by the Department, to patients and caregivers.

22 "Department" means the Department of Financial and
23 Professional Regulation.

24 (410 ILCS 705/43-5 new)

25 Sec. 43-5. Issuance of licenses.

1 (a) The Department shall issue cannabis delivery
2 organization licenses through a process provided for in this
3 Article and by rule.

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

6 (410 ILCS 705/43-10 new)

7 Sec. 43-10. Application.

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

11 (1) the nonrefundable application fee of \$2,500 or,
12 after January 1, 2023, another amount as set by rule by the
13 Department, to be deposited into the Cannabis Regulation
14 Fund;

15 (2) the legal name of the cannabis delivery
16 organization;

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

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

23 (5) the details of any administrative or judicial
24 proceeding in which any of the principal officers or board
25 members of the cannabis delivery organization (i) pled

1 guilty, were convicted, fined, or had a registration or
2 license suspended or revoked, or (ii) managed or served on
3 the board of a business or nonprofit organization that
4 pled guilty, was convicted, fined, or had a registration
5 or license suspended or revoked;

6 (6) verification from the Illinois State Police that
7 all background checks of the prospective principal
8 officers, board members, and agents of the cannabis
9 delivery organization have been conducted;

10 (7) a copy of the current local zoning ordinance or
11 permit and verification that the proposed cannabis
12 delivery organization is in compliance with the local
13 zoning rules and distance limitations established by the
14 local jurisdiction, if the cannabis delivery organization
15 has a business address;

16 (8) proposed employment practices, in which the
17 applicant must demonstrate a plan of action to inform,
18 hire, and educate minorities, women, veterans, and persons
19 with disabilities, engage in fair labor practices, and
20 provide worker protections;

21 (9) whether an applicant can demonstrate experience in
22 or business practices that promote economic empowerment in
23 Disproportionately Impacted Areas;

24 (10) the identity of every person having a financial
25 or voting interest of 5% or more in the cannabis delivery
26 organization with respect to which the license is sought,

1 whether a trust, corporation, partnership, limited
2 liability company, or sole proprietorship, including the
3 name and address of each person; and

4 (11) any other information required by rule.

5 (b) Applicants must submit all required information,
6 including the information required in Section 43-35, to the
7 Department. Failure by an applicant to submit all required
8 information may result in the application being disqualified.

9 (c) If the Department receives an application with missing
10 information, the Department may issue a deficiency notice to
11 the applicant. The applicant shall have 10 calendar days from
12 the date of the deficiency notice to resubmit the incomplete
13 information. Applications that are still incomplete after this
14 opportunity to cure will not be scored and will be
15 disqualified.

16 (410 ILCS 705/43-15 new)

17 Sec. 43-15. Issuing licenses.

18 (a) The Department shall by rule develop a system to score
19 cannabis delivery applications to administratively rank
20 applications based on the clarity, organization, and quality
21 of the applicant's responses to required information.
22 Applicants shall be awarded points based on the following
23 categories:

24 (1) suitability of employee training plan;

25 (2) security and recordkeeping plan;

- 1 (3) business plan;
- 2 (4) labor and employment practices, which shall
3 constitute no less than 2% of total available points;
- 4 (5) environmental plan that demonstrates an
5 environmental plan of action to minimize the carbon
6 footprint, environmental impact, and resource needs for
7 the cannabis delivery organization.
- 8 (6) the applicant is 51% or more owned and controlled
9 by an individual or individuals who have been an Illinois
10 resident for the past 5 years as proved by tax records or 2
11 of the following:
- 12 (A) a signed lease agreement that includes the
13 applicant's name;
- 14 (B) a property deed that includes the applicant's
15 name;
- 16 (C) school records;
- 17 (D) a voter registration card;
- 18 (E) an Illinois driver's license, an Illinois
19 Identification Card, or an Illinois Person with a
20 Disability Identification Card;
- 21 (F) a paycheck stub;
- 22 (G) a utility bill; or
- 23 (H) any other proof of residency or other
24 information necessary to establish residence as
25 provided by rule; and
- 26 (7) a diversity plan that includes a narrative of not

1 more than 2,500 words that establishes a goal of diversity
2 in ownership, management, employment, and contracting to
3 ensure that diverse participants and groups are afforded
4 equality of opportunity; and

5 (8) any other criteria the Department may set by rule
6 for points.

7 (b) Applicants must qualify as a social equity applicant
8 in order to be awarded a cannabis delivery organization
9 license.

10 (c) Should an applicant be awarded a cannabis delivery
11 organization license, the information and plans that the
12 applicant provided in its application, including any plans
13 submitted for the acquiring of bonus points, shall be a
14 mandatory condition of the permit. Any variation from or
15 failure to perform such plans may result in discipline,
16 including the revocation or nonrenewal of a license.

17 (d) Should an applicant be awarded a cannabis delivery
18 organization license, the applicant shall pay a prorated fee
19 of \$5,000 prior to receiving the license, to be deposited into
20 the Cannabis Regulation Fund. The Department may by rule
21 adjust the fee in this Section after January 1, 2023.

22 (410 ILCS 705/43-20 new)

23 Sec. 43-20. Denial of application.

24 An application for a cannabis delivery organization
25 license shall be denied if any of the following conditions are

1 met:

2 (1) the applicant failed to submit the materials
3 required by this Article;

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

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

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

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

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

18 (410 ILCS 705/43-25 new)

19 Sec. 43-25. Cannabis delivery organization requirements;
20 prohibitions.

21 (a) The operating documents of a cannabis delivery
22 organization shall include procedures for the oversight of the
23 organization, an inventory monitoring system including a
24 physical inventory recorded weekly, accurate recordkeeping,
25 and a staffing plan.

1 (b) All cannabis delivered by a cannabis delivery
2 organization must be entered into a data collection system and
3 placed into a cannabis container for transport.

4 (c) Cannabis delivery organizations are subject to random
5 inspections by the Department, the Department of Public
6 Health, and the Illinois State Police.

7 (d) A cannabis delivery organization agent shall notify
8 local law enforcement, the Illinois State Police, and the
9 Department of Agriculture within 24 hours of the discovery of
10 any loss or theft. Notification shall be made by phone, in
11 person, or by written or electronic communication.

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

14 (f) No person or individual who is not a cannabis delivery
15 organization agent shall be in a vehicle while transporting
16 cannabis goods.

17 (g) A cannabis delivery organization agent must keep his
18 or her identification card visible at all times when on the
19 property of a cannabis business establishment and during the
20 transportation of cannabis when acting under his or her duties
21 as a cannabis delivery organization agent. During these times,
22 the cannabis delivery organization agent must also provide the
23 identification card upon request of any law enforcement
24 officer engaged in his or her official duties.

25 (h) A copy of the cannabis delivery organization's
26 registration and a manifest for the delivery shall be present

1 in any vehicle transporting cannabis.

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

4 (j) A vehicle transporting cannabis must not bear any
5 markings to indicate the vehicle contains cannabis or bear the
6 name or logo of the cannabis business establishment.

7 (k) Cannabis must be transported in an enclosed, locked
8 storage compartment that is secured or affixed to the vehicle.

9 (l) The Department may, by rule, impose any other
10 requirements or prohibitions on the transportation of
11 cannabis.

12 (410 ILCS 705/43-27 new)

13 Sec. 43-27. Procurement of cannabis products. A cannabis
14 delivery organization may obtain cannabis products from any
15 cannabis business organization licensed in the State.

16 (410 ILCS 705/43-30 new)

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

18 (a) The Department shall:

19 (1) establish by rule the information required in an
20 initial application or renewal application for an agent
21 identification card submitted under this Article and the
22 nonrefundable fee to accompany the initial application or
23 renewal application;

24 (2) verify the information contained in an initial

1 application or renewal application for an agent
2 identification card submitted under this Article and
3 approve or deny an application within 30 days of receiving
4 a completed initial application or renewal application and
5 all supporting documentation required by rule;

6 (3) issue an agent identification card to a qualifying
7 agent within 15 business days of approving the initial
8 application or renewal application;

9 (4) enter the license number of the cannabis delivery
10 organization where the agent works; and

11 (5) allow for an electronic initial application and
12 renewal application process and provide a confirmation by
13 electronic or other methods that an application has been
14 submitted. The Department may by rule require prospective
15 agents to file their applications by electronic means and
16 provide notices to the agents by electronic means.

17 (b) An agent must keep his or her identification card
18 visible at all times when on the property of a cannabis
19 business establishment, including the cannabis delivery
20 organization for which he or she is an agent.

21 (c) The agent identification cards shall contain the
22 following:

23 (1) the name of the cardholder;

24 (2) the date of issuance and expiration date of the
25 identification card;

26 (3) a random 10-digit alphanumeric identification

1 number containing at least 4 numbers and at least 4
2 letters that is unique to the holder;

3 (4) a photograph of the cardholder; and

4 (5) the legal name of the cannabis delivery
5 organization employing the agent.

6 (d) An agent identification card shall be immediately
7 returned to the cannabis delivery organization of the agent
8 upon termination of his or her employment.

9 (e) Any agent identification card lost by a cannabis
10 delivery agent shall be reported to the Department of State
11 Police and the Department immediately upon discovery of the
12 loss.

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

17 (410 ILCS 705/43-35 new)

18 Sec. 43-35. Cannabis delivery organization background
19 checks.

20 (a) Through the Illinois State Police, the Department
21 shall conduct a background check of the prospective principal
22 officers, board members, and agents of a cannabis delivery
23 organization applying for a license or identification card
24 under this Article. The Illinois State Police shall charge a
25 fee set by rule for conducting the criminal history record

1 check, which shall be deposited into the State Police Services
2 Fund and shall not exceed the actual cost of the record check.
3 In order to carry out this provision, each cannabis delivery
4 organization's prospective principal officer, board member, or
5 agent shall submit a full set of fingerprints to the Illinois
6 State Police for the purpose of obtaining a State and federal
7 criminal records check. These fingerprints shall be checked
8 against the fingerprint records now and hereafter, to the
9 extent allowed by law, filed in the Illinois State Police and
10 Federal Bureau of Investigation criminal history records
11 databases. The Illinois State Police shall furnish, following
12 positive identification, all conviction information to the
13 Department.

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

18 (410 ILCS 705/43-40 new)

19 Sec. 43-40. Renewal of cannabis delivery organization
20 licenses and agent identification cards.

21 (a) Licenses and identification cards issued under this
22 Article shall be renewed annually. A cannabis delivery
23 organization shall receive written or electronic notice 90
24 days before the expiration of its current license that the
25 license will expire. The Department shall grant a renewal

1 within 45 days of submission of a renewal application if:

2 (1) the cannabis delivery organization submits a
3 renewal application and the required nonrefundable renewal
4 fee of \$5,000, or after January 1, 2023, another amount
5 set by rule by the Department, to be deposited into the
6 Cannabis Regulation Fund;

7 (2) the Department has not suspended or revoked the
8 license of the cannabis delivery organization for
9 violating this Act or rules adopted under this Act;

10 (3) the cannabis delivery organization has continued
11 to operate in accordance with all plans submitted as part
12 of its application and approved by the Department or any
13 amendments thereto that have been approved by the
14 Department; and

15 (4) the cannabis delivery organization has submitted
16 an agent, employee, contracting, and subcontracting
17 diversity report as required by the Department.

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

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

25 (d) Any cannabis delivery organization that continues to
26 operate, or any cannabis delivery organization agent who

1 continues to work as an agent, after the applicable license or
2 identification card has expired without renewal is subject to
3 the penalties provided under Section 45-5.

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