



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3499

Introduced 2/17/2023, by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

410 ILCS 705/15-70
410 ILCS 705/20-30

Amends the Cannabis Regulation and Tax Act. Provides that, notwithstanding any other provision of law, dispensing organizations and cultivation centers must have at least 40% of ancillary services required for their operation, including accounting, janitorial, and printing services, provided under contract with at least one business that has received certification under the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

LRB103 27239 CPF 53610 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 changing Sections 15-70 and 20-30 as follows:

6 (410 ILCS 705/15-70)

7 Sec. 15-70. Operational requirements; prohibitions.

8 (a) A dispensing organization shall operate in accordance
9 with the representations made in its application and license
10 materials. It shall be in compliance with this Act and rules.

11 (b) A dispensing organization must include the legal name
12 of the dispensary on the packaging of any cannabis product it
13 sells.

14 (c) All cannabis, cannabis-infused products, and cannabis
15 seeds must be obtained from an Illinois registered adult use
16 cultivation center, craft grower, infuser, or another
17 dispensary.

18 (d) Dispensing organizations are prohibited from selling
19 any product containing alcohol except tinctures, which must be
20 limited to containers that are no larger than 100 milliliters.

21 (e) A dispensing organization shall inspect and count
22 product received from a transporting organization, adult use
23 cultivation center, craft grower, infuser organization, or

1 other dispensing organization before dispensing it.

2 (f) A dispensing organization may only accept cannabis
3 deliveries into a restricted access area. Deliveries may not
4 be accepted through the public or limited access areas unless
5 otherwise approved by the Department.

6 (g) A dispensing organization shall maintain compliance
7 with State and local building, fire, and zoning requirements
8 or regulations.

9 (h) A dispensing organization shall submit a list to the
10 Department of the names of all service professionals that will
11 work at the dispensary. The list shall include a description
12 of the type of business or service provided. Changes to the
13 service professional list shall be promptly provided. No
14 service professional shall work in the dispensary until the
15 name is provided to the Department on the service professional
16 list.

17 (i) A dispensing organization's license allows for a
18 dispensary to be operated only at a single location.

19 (j) A dispensary may operate between 6 a.m. and 10 p.m.
20 local time.

21 (k) A dispensing organization must keep all lighting
22 outside and inside the dispensary in good working order and
23 wattage sufficient for security cameras.

24 (l) A dispensing organization must keep all air treatment
25 systems that will be installed to reduce odors in good working
26 order.

1 (m) A dispensing organization must contract with a private
2 security contractor that is licensed under Section 10-5 of the
3 Private Detective, Private Alarm, Private Security,
4 Fingerprint Vendor, and Locksmith Act of 2004 to provide
5 on-site security at all hours of the dispensary's operation.

6 (n) A dispensing organization shall ensure that any
7 building or equipment used by a dispensing organization for
8 the storage or sale of cannabis is maintained in a clean and
9 sanitary condition.

10 (o) The dispensary shall be free from infestation by
11 insects, rodents, or pests.

12 (p) A dispensing organization shall not:

13 (1) Produce or manufacture cannabis;

14 (2) Accept a cannabis product from an adult use
15 cultivation center, craft grower, infuser, dispensing
16 organization, or transporting organization unless it is
17 pre-packaged and labeled in accordance with this Act and
18 any rules that may be adopted pursuant to this Act;

19 (3) Obtain cannabis or cannabis-infused products from
20 outside the State of Illinois;

21 (4) Sell cannabis or cannabis-infused products to a
22 purchaser unless the dispensing organization is licensed
23 under the Compassionate Use of Medical Cannabis Program
24 Act, and the individual is registered under the
25 Compassionate Use of Medical Cannabis Program or the
26 purchaser has been verified to be 21 years of age or older;

1 (5) Enter into an exclusive agreement with any adult
2 use cultivation center, craft grower, or infuser.
3 Dispensaries shall provide consumers an assortment of
4 products from various cannabis business establishment
5 licensees such that the inventory available for sale at
6 any dispensary from any single cultivation center, craft
7 grower, processor, transporter, or infuser entity shall
8 not be more than 40% of the total inventory available for
9 sale. For the purpose of this subsection, a cultivation
10 center, craft grower, processor, or infuser shall be
11 considered part of the same entity if the licensees share
12 at least one principal officer. The Department may request
13 that a dispensary diversify its products as needed or
14 otherwise discipline a dispensing organization for
15 violating this requirement;

16 (6) Refuse to conduct business with an adult use
17 cultivation center, craft grower, transporting
18 organization, or infuser that has the ability to properly
19 deliver the product and is permitted by the Department of
20 Agriculture, on the same terms as other adult use
21 cultivation centers, craft growers, infusers, or
22 transporters with whom it is dealing;

23 (7) Operate drive-through windows;

24 (8) Allow for the dispensing of cannabis or
25 cannabis-infused products in vending machines;

26 (9) Transport cannabis to residences or other

1 locations where purchasers may be for delivery;

2 (10) Enter into agreements to allow persons who are
3 not dispensing organization agents to deliver cannabis or
4 to transport cannabis to purchasers;

5 (11) Operate a dispensary if its video surveillance
6 equipment is inoperative;

7 (12) Operate a dispensary if the point-of-sale
8 equipment is inoperative;

9 (13) Operate a dispensary if the State's cannabis
10 electronic verification system is inoperative;

11 (14) Have fewer than 2 people working at the
12 dispensary at any time while the dispensary is open;

13 (15) Be located within 1,500 feet of the property line
14 of a pre-existing dispensing organization, unless the
15 applicant is a Social Equity Applicant or Social Equity
16 Justice Involved Applicant located or seeking to locate
17 within 1,500 feet of a dispensing organization licensed
18 under Section 15-15 or Section 15-20;

19 (16) Sell clones or any other live plant material;

20 (17) Sell cannabis, cannabis concentrate, or
21 cannabis-infused products in combination or bundled with
22 each other or any other items for one price, and each item
23 of cannabis, concentrate, or cannabis-infused product must
24 be separately identified by quantity and price on the
25 receipt;

26 (18) Violate any other requirements or prohibitions

1 set by Department rules.

2 (q) It is unlawful for any person having an Early Approval
3 Adult Use Cannabis Dispensing Organization License, a
4 Conditional Adult Use Cannabis Dispensing Organization, an
5 Adult Use Dispensing Organization License, or a medical
6 cannabis dispensing organization license issued under the
7 Compassionate Use of Medical Cannabis Program Act or any
8 officer, associate, member, representative, or agent of such
9 licensee to accept, receive, or borrow money or anything else
10 of value or accept or receive credit (other than merchandising
11 credit in the ordinary course of business for a period not to
12 exceed 30 days) directly or indirectly from any adult use
13 cultivation center, craft grower, infuser, or transporting
14 organization in exchange for preferential placement on the
15 dispensing organization's shelves, display cases, or website.
16 This includes anything received or borrowed or from any
17 stockholders, officers, agents, or persons connected with an
18 adult use cultivation center, craft grower, infuser, or
19 transporting organization.

20 (r) It is unlawful for any person having an Early Approval
21 Adult Use Cannabis Dispensing Organization License, a
22 Conditional Adult Use Cannabis Dispensing Organization, an
23 Adult Use Dispensing Organization License, or a medical
24 cannabis dispensing organization license issued under the
25 Compassionate Use of Medical Cannabis Program to enter into
26 any contract with any person licensed to cultivate, process,

1 or transport cannabis whereby such dispensing organization
2 agrees not to sell any cannabis cultivated, processed,
3 transported, manufactured, or distributed by any other
4 cultivator, transporter, or infuser, and any provision in any
5 contract violative of this Section shall render the whole of
6 such contract void and no action shall be brought thereon in
7 any court.

8 (s) Notwithstanding any other provision of law, a
9 dispensing organization must have at least 40% of ancillary
10 services required for its operation, including, but not
11 limited to, accounting, janitorial, and printing services,
12 provided under contract with at least one business that has
13 received certification under the Business Enterprise for
14 Minorities, Women, and Persons with Disabilities Act.

15 In this subsection:

16 "Business" has the same meaning as provided in Section 2
17 of the Business Enterprise for Minorities, Women, and Persons
18 with Disabilities Act.

19 "Certification" has the same meaning as provided in
20 Section 2 of the Business Enterprise for Minorities, Women,
21 and Persons with Disabilities Act.

22 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
23 102-98, eff. 7-15-21.)

24 (410 ILCS 705/20-30)

25 Sec. 20-30. Cultivation center requirements; prohibitions.

1 (a) The operating documents of a cultivation center shall
2 include procedures for the oversight of the cultivation
3 center, a cannabis plant monitoring system including a
4 physical inventory recorded weekly, accurate recordkeeping,
5 and a staffing plan.

6 (b) A cultivation center shall implement a security plan
7 reviewed by the Illinois State Police that includes, but is
8 not limited to: facility access controls, perimeter intrusion
9 detection systems, personnel identification systems, 24-hour
10 surveillance system to monitor the interior and exterior of
11 the cultivation center facility and accessibility to
12 authorized law enforcement, the Department of Public Health
13 where processing takes place, and the Department of
14 Agriculture in real time.

15 (c) All cultivation of cannabis by a cultivation center
16 must take place in an enclosed, locked facility at the
17 physical address provided to the Department of Agriculture
18 during the licensing process. The cultivation center location
19 shall only be accessed by the agents working for the
20 cultivation center, the Department of Agriculture staff
21 performing inspections, the Department of Public Health staff
22 performing inspections, local and State law enforcement or
23 other emergency personnel, contractors working on jobs
24 unrelated to cannabis, such as installing or maintaining
25 security devices or performing electrical wiring, transporting
26 organization agents as provided in this Act, individuals in a

1 mentoring or educational program approved by the State, or
2 other individuals as provided by rule.

3 (d) A cultivation center may not sell or distribute any
4 cannabis or cannabis-infused products to any person other than
5 a dispensing organization, craft grower, infuser organization,
6 transporter, or as otherwise authorized by rule.

7 (e) A cultivation center may not either directly or
8 indirectly discriminate in price between different dispensing
9 organizations, craft growers, or infuser organizations that
10 are purchasing a like grade, strain, brand, and quality of
11 cannabis or cannabis-infused product. Nothing in this
12 subsection (e) prevents a cultivation center from pricing
13 cannabis differently based on differences in the cost of
14 manufacturing or processing, the quantities sold, such as
15 volume discounts, or the way the products are delivered.

16 (f) All cannabis harvested by a cultivation center and
17 intended for distribution to a dispensing organization must be
18 entered into a data collection system, packaged and labeled
19 under Section 55-21, and placed into a cannabis container for
20 transport. All cannabis harvested by a cultivation center and
21 intended for distribution to a craft grower or infuser
22 organization must be packaged in a labeled cannabis container
23 and entered into a data collection system before transport.

24 (g) Cultivation centers are subject to random inspections
25 by the Department of Agriculture, the Department of Public
26 Health, local safety or health inspectors, the Illinois State

1 Police, or as provided by rule.

2 (h) A cultivation center agent shall notify local law
3 enforcement, the Illinois State Police, and the Department of
4 Agriculture within 24 hours of the discovery of any loss or
5 theft. Notification shall be made by phone or in person, or by
6 written or electronic communication.

7 (i) A cultivation center shall comply with all State and
8 any applicable federal rules and regulations regarding the use
9 of pesticides on cannabis plants.

10 (j) No person or entity shall hold any legal, equitable,
11 ownership, or beneficial interest, directly or indirectly, of
12 more than 3 cultivation centers licensed under this Article.
13 Further, no person or entity that is employed by, an agent of,
14 has a contract to receive payment in any form from a
15 cultivation center, is a principal officer of a cultivation
16 center, or entity controlled by or affiliated with a principal
17 officer of a cultivation shall hold any legal, equitable,
18 ownership, or beneficial interest, directly or indirectly, in
19 a cultivation that would result in the person or entity owning
20 or controlling in combination with any cultivation center,
21 principal officer of a cultivation center, or entity
22 controlled or affiliated with a principal officer of a
23 cultivation center by which he, she, or it is employed, is an
24 agent of, or participates in the management of, more than 3
25 cultivation center licenses.

26 (k) A cultivation center may not contain more than 210,000

1 square feet of canopy space for plants in the flowering stage
2 for cultivation of adult use cannabis as provided in this Act.

3 (l) A cultivation center may process cannabis, cannabis
4 concentrates, and cannabis-infused products.

5 (m) Beginning July 1, 2020, a cultivation center shall not
6 transport cannabis or cannabis-infused products to a craft
7 grower, dispensing organization, infuser organization, or
8 laboratory licensed under this Act, unless it has obtained a
9 transporting organization license.

10 (n) It is unlawful for any person having a cultivation
11 center license or any officer, associate, member,
12 representative, or agent of such licensee to offer or deliver
13 money, or anything else of value, directly or indirectly to
14 any person having an Early Approval Adult Use Dispensing
15 Organization License, a Conditional Adult Use Dispensing
16 Organization License, an Adult Use Dispensing Organization
17 License, or a medical cannabis dispensing organization license
18 issued under the Compassionate Use of Medical Cannabis Program
19 Act, or to any person connected with or in any way
20 representing, or to any member of the family of, such person
21 holding an Early Approval Adult Use Dispensing Organization
22 License, a Conditional Adult Use Dispensing Organization
23 License, an Adult Use Dispensing Organization License, or a
24 medical cannabis dispensing organization license issued under
25 the Compassionate Use of Medical Cannabis Program Act, or to
26 any stockholders in any corporation engaged in the retail sale

1 of cannabis, or to any officer, manager, agent, or
2 representative of the Early Approval Adult Use Dispensing
3 Organization License, a Conditional Adult Use Dispensing
4 Organization License, an Adult Use Dispensing Organization
5 License, or a medical cannabis dispensing organization license
6 issued under the Compassionate Use of Medical Cannabis Program
7 Act to obtain preferential placement within the dispensing
8 organization, including, without limitation, on shelves and in
9 display cases where purchasers can view products, or on the
10 dispensing organization's website.

11 (o) A cultivation center must comply with any other
12 requirements or prohibitions set by administrative rule of the
13 Department of Agriculture.

14 (p) Notwithstanding any other provision of law, a
15 cultivation center must have at least 40% of ancillary
16 services required for its operation, including, but not
17 limited to, accounting, janitorial, and printing services,
18 provided under contract with at least one business that has
19 received certification under the Business Enterprise for
20 Minorities, Women, and Persons with Disabilities Act.

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2 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
3 102-98, eff. 7-15-21; 102-538, eff. 8-20-21; 102-813, eff.
4 5-13-22.)