

## ADVISORY NOTICE

This document reflects the Department's answers to questions received by 5:00 p.m. on November 15, 2019 regarding the application and application process for a Conditional License. The Department does not intend to respond to additional questions. In this document the Department has addressed questions not previously answered in the first round of questions and answers. In some instances, the Department has summarized related or repetitive questions.

**PLEASE NOTE: In this document the Department has provided clarification or additional information regarding the requirements and/or scoring of certain sections of the application, including Exhibit L (Plan for Community Engagement), Exhibit M (Diversity Plan), Exhibit N (Knowledge and Experience of Principal Officers), Exhibit Q (Labor and Employment Practices Plan), and Exhibit R (Environmental Plan). Please review the questions and answers regarding these sections carefully before submitting your application.**

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## Application Submission Process

- **Can you please explain the difference between a Conditional Adult Use Dispensing Organization License awarded prior to January 1, 2021 (Section 15-25), a Conditional Adult Use Dispensing Organization License awarded after January 1, 2021 (Section 15-35), and an Adult Use Dispensing Organization License (Section 15-36)?**

Pursuant to Section 15-25 of the Cannabis Regulation and Tax Act, the Department will award “Conditional Adult Use Dispensing Organization Licenses” to up to 75 applicants by May 1, 2020. In addition, Section 15-35 of the Act permits the Department to award Conditional Licenses to up to 110 applicants by December 21, 2021. Between the May 2020 and December 2021 rounds of awarding licenses, the State will conduct a disparity and availability study that may impact the license awarding process for December 2021, potentially making it different from the May 2020 round. Conditional Licenses **DO NOT** entitle the recipient to buy or sell cannabis in Illinois.

A Conditional License issued during either the May 2020 or December 2021 application rounds permits the recipient to obtain an “Adult Use Dispensing Organization License” pursuant to Section 15-36 of the Act, provided the Conditional License holder meets certain conditions. To obtain an Adult Use License, a Conditional License holder will be required to submit additional materials to the Department such as zoning approval for the dispensary location and satisfy other requirements of the Act. The Department will release the application process for an Adult Use License after the May 2020 Conditional Licenses have been awarded, but, at minimum, the Act requires the Department to inspect the premises of the proposed dispensary before awarding an Adult Use License. Only after obtaining an Adult Use License can a person or entity legally purchase and sell cannabis in Illinois.

- **What is the application and renewal fee for each license?**

Applicants for a Conditional Adult Use Dispensing Organization License must pay an application fee of \$5,000 when submitting the application.

If an applicant is awarded a Conditional Adult Use Dispensing Organization License, it must pay a fee of either \$60,000 or a prorated amount based on the number of months between when it is awarded an Adult Use License and March 31, 2022. Adult Use License renewals, which will begin in 2022, are currently \$60,000 every two years.

Application fees, but not renewal fees, are reduced by 50% for Social Equity Applicants that have not exceeded the income or cannabis business license restrictions found in Section 7-20 of the Act.

- **Can a Social Equity Applicant submit the reduced application fee for each license sought or is there a cap on the number of application fees that can be submitted at the reduced rate?**

There is no cap on the number of reduced application fees that can be submitted by a Social Equity Applicant.

- **If I apply on December 10, can I amend my application before the submission deadline of January 2, 2020?**

Once submitted, an application may not be amended, except that an applicant must disclose any adverse material changes to an application submitted to the Department. An adverse material change is one that has the potential to negatively impact the applicant’s application score or qualification for a license. Notice of any adverse material change must be submitted to the Department via email to [fpr.adultusecannabis@illinois.gov](mailto:fpr.adultusecannabis@illinois.gov) with the following subject line: “Adverse Material Change to Application of [Applicant Name].” Failure to disclose an adverse material change to the Department may result in denial or revocation of a license. All application fees are non-refundable.

- **If I am in line at the Department of Financial and Professional Regulation on January 2, 2020 at 12:00 noon with a numbered ticket and my application is not yet turned in, will my application be accepted?**

Yes, an applicant that is in line with a numbered ticket as of Noon on January 2, 2020 will be considered a timely applicant.

- **Do I need to submit the Notice of Proper Zoning form with my Conditional Adult Use Dispensing Organization License Application?**

No. Zoning forms are not required until after an applicant is awarded a Conditional License.

- **Section 15-25(d)(3) requires the application to include any information “deemed necessary by the Illinois Cannabis Regulation Oversight Officer.” Has the Cannabis Regulation Oversight Officer deemed any information necessary that must be included?**

No additional information is currently required beyond that identified in the Conditional License Application and the Act.

- **Can we submit addenda to the exhibits without violating the page limits? For example, if in the employee training section, we say we are going to train our employees on our recall, quarantine, and destruction procedures, can we attach Exhibit G (Recall, Quarantine, and Destruction Plan) as addendum to Exhibit D (Dispensing Organization Agent Training and Education)?**

The page limits are inclusive of any addenda. Any addendum offered beyond the page limit will not be considered during the scoring process.

- **The Department's Advisory Notice addresses several questions regarding whether the page limits are single or double spaced, but answers only as to font size, not spacing. Do the page limits stated in the application refer to single or double spacing?**

All submitted materials should be readable in a business appropriate format. Single- or double-spaced materials are permissible

## Scoring Process

- **How can an applicant obtain 2 points for its Plan for Community Engagement?**

Points awarded for Exhibit L (Plan for Community Engagement) will be awarded on a binary basis, in which applicants meeting all of the requirements will receive 2 points and applicants that do not complete all of the requirements will receive 0 points. To receive 2 points the Plan must include specific information on how the applicant will engage the community in a beneficial manner.

- **How can an applicant obtain 5 points for its Diversity Plan?**

Points awarded for Exhibit M (Diversity Plan) will be awarded on a binary basis, in which applicants that complete all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, a Diversity Plan must be a narrative of not more than 2,500 words, including titles or section headings, that establishes a goal of ensuring that diverse participants and groups are afforded equality of opportunity in: (1) ownership, (2) management, (3) employment, and (4) contracting.

- **How can an applicant obtain 5 points for its Labor and Employment Practices Plan?**

Points awarded for Exhibit Q (Labor and Employment Practices Plan) will be awarded on a binary basis, in which applicants that complete all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, the applicant must provide a Labor and Employment Practices Plan. The plan may include, without limitation, any of the following components: (1) a code of conduct; (2) employer provided health benefits; (3) employer provided educational benefits; (4) employer provided retirement benefits; (5) a commitment to provide a living wage; (6) an executed labor peace agreement as that term is defined in the Act; or (7) a specific and verifiable employee benefit other than those identified above that the applicant will provide to employees.

- **How can an applicant obtain 5 points for its Environmental Plan?**

Points awarded for Exhibit R (Environmental Plan) will be awarded on a binary basis, in which applicants meeting all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, the applicant must provide an Environmental Plan. The Plan may demonstrate a plan of action to minimize the carbon footprint, environmental impact, and resource needs for the dispensary. The plan may include, without limitation, how the dispensary will recycle cannabis product packaging.

- **How can an applicant obtain 30 points for its principal officers' knowledge and experience?**

Points for Exhibit N (Knowledge and Experience of Principal Officers) for both the knowledge and experience elements of this Exhibit will be awarded on a binary basis, meaning applicants will receive either 15 points or 0 points for demonstrating knowledge of cannabis and either 15 points or 0 points for demonstrating experience and qualifications in business management or experience with the cannabis industry.

To receive points for knowledge, the applicant must demonstrate its principal officers' knowledge of various cannabis product strains or varieties; describe the types and estimated quantities of products planned to be sold; and indicate whether the applicant plans to sell cannabis paraphernalia or edibles. Knowledge of principal officers may be demonstrated through experience in cannabis or other comparable industries that reflect on an applicant's ability to operate a cannabis business establishment. This element will be satisfied if at least half of the applicant's principal officers demonstrate the knowledge required by the Act.

To receive points for experience, the applicant must demonstrate its principal officers' experience and qualifications in business management or experience with the cannabis industry. Experience in business management may be demonstrated through experience in other comparable industries that reflect on an applicant's ability to operate a cannabis business establishment. Applicants will satisfy the requirement for experience if at least half of the applicant's principal officers meet one of the following experience criteria: (1) twelve months working in the cannabis industry; (2) twelve months owning a business that sells products or services directly to the public; (3) twelve months managing at least three employees at a business that sells products or services directly to the public; or (4) twenty-four months working for a business that sells products or services directly to the public.

- **I am a State of Illinois employee and would like to apply for a Conditional License. Will being a state employee help or hurt my chances of being awarded a license?**

Being an employee of the State of Illinois will have no impact on the scoring of your application and will not help or hurt your chances of being awarded a Conditional License.

- **If an applicant identifies a site in the application (even though not required) pursuant to a contingent purchase and sale agreement, option agreement, or similar type agreement, will it be considered a material adverse event that must be disclosed to the Department if the agreement is terminated after the application is submitted and before licenses are awarded (sometime between January 3 and May 1)?**

Because no points are awarded based on the applicant having identified a location before submitting a Conditional License application, this would not be an adverse material change.

- **If I apply for multiple licenses in one region, can I win anything less than all the licenses I applied for? For example, if I apply for three licenses in the Chicago BLS Region, could I get one licenses, or is it three or zero?**

If you apply for more than one license in a region, you may be awarded all, some, or none of the licenses you applied for. Applicants are not required to accept all licenses for which they apply.



## Application Form

[NO QUESTIONS SUBMITTED FOR THIS SECTION]

## Exhibit B – Principal Officer Application Form(s)

- **If I am a principal officer who comes to believe the dispensing organization with which I am associated is not being compliant, can I resign as a principal officer and avoid any liability for the actions of the dispensing organization? What about actions taken after I have resigned?**

Principal officers who are licensed by the Department may be held liable and individually disciplined for violations committed by the dispensing organization while the principal officer was associated with a dispensing organization. Resigning as a principal officer before the Department takes action regarding those violations will not void the principal officer's liability. Depending on the facts of the individual case, a principal officer may be held liable and disciplined for violations committed after the principal officer resigns.

- **Do applicants have to include the name of their proposed Agent-in-Charge with the application?**

No, applicants are not required to identify a proposed Agent-in-Charge.

- **Persons who have profit sharing arrangements with a cannabis business establishment are considered principal officers. "Person" is defined in the Act to include corporations. If a corporation has a profit-sharing arrangement in the cannabis business establishment, does every owner of that corporation need to fill out a principal officer application, no matter the number of owners? Or is it sufficient for the CEO to fill out the principal officer application?**

In the context of a relationship that is limited exclusively to a corporation having a profit-sharing arrangement with a cannabis business establishment, the CEO of the corporation may submit an Application for Proposed Principal Officer of an Adult Use Dispensing Organization in Exhibit B. In addition, anyone with any financial interest in the corporation must be disclosed in Exhibit C.

- **In a question in the Round 1 Q&A regarding Exhibit C, the question was asked whether investors need to be disclosed on the application. Is an investor considered a lender that does not have any ownership or interest in the license, but the terms of the loan is based on whether the conditional license is received?**

The Act requires applicants to disclose all proposed principal officers and business entities that, directly or indirectly, manage, own or control the interests or assets of the license holder. Privately held businesses should disclose all investors regardless of the investor's percentage of ownership or control. This includes anyone that has extended credit that is secured by an interest in the license or assets of the license holder.

- **The Application for Proposed Principal Officer of an Adult Use Dispensary asks whether principal officers have ever been a principal officer, owner, manager, board member or owner of a business or not-for-profit organization, other than a cannabis business, that had its license or registration “censured.” What do you mean by “censured”?**

A censure is a regulatory disciplinary action taken against a person or business, the meaning of which may vary by jurisdiction.

- **What does "type of ownership" mean in the Principal Officer Form?**

Type of ownership in the Principal Officer Form reflects the basis by which the applicant qualifies as a potential principal officer. This may be as a result of the principal officer having a direct ownership interest, an indirect ownership interest, or profit-sharing interest. It may also be as a result of the principal officer’s relationship with the applicant, such as being a board member or senior executive, or participating in a management contract. The proposed principal officer should enter the specific type of ownership or specific relationship with the applicant on the form.

- **Do we need to include the resumes of every single proposed principal officer, or do we only need to include resumes of the proposed principal officers that will actively participate in the day to day operations of the business?**

Each principal officer must submit all the items required by the Application for Proposed Principal Officer of an Adult Use Dispensing Organization.

- **Will every principal officer need an adult use agent identification card, even if they are out-of-state and will never be in the dispensary?**

Once a proposed principal officer is approved by the Department, the principal officer is required to submit an online application for an adult use agent identification card as specified in Section 15-50(e) the Act. All principal officers must obtain agent identification cards regardless of whether they will ever enter the dispensary.

- **If a principal officer is applying for multiple licenses with separate corporations, must the principal officer be fingerprinted for each corporation?**

A proposed principal officer must submit a separate Fingerprint Consent Form for each application, however only one set of fingerprints is required if the fingerprints are submitted within 30 days of submission of the application. It is the proposed principal officer’s responsibility to ensure that all applications are submitted within 30 days of being fingerprinted.

- **In the application we must disclose all owners as principal officers which "includes a cannabis business establishment applicant or licensed cannabis business establishment's board member, owner with more than 1% interest of the total cannabis business establishment..." Are those owners (with less than 51% ownership) required to have filed a certain number of years of tax returns? For example, if a 10% owner in the LLC, that intends to be listed on the application for license, did not file tax returns for tax years 2013 and 2014 and would have been in a refund position - would that be an issue with the application? If so, until what date does the officer have to file their returns? Also, how many years back are required to be filed?**

Principal officer applications will be denied if the principal officer is delinquent in filing any required tax returns or paying any amounts owed to the state of Illinois.

- **Would cannabis consulting firms that have been secured by the applicant for future training and strategic advice should a license be awarded be disclosed as principal officers as they may have considerable influence over dispensary operations particularly as the business is starting up?**

A principal officer is defined as: (1) a cannabis business establishment applicant or licensed cannabis business establishment's board member; (2) an owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company; (3) a president, vice president, secretary, treasurer, partner, officer, member, and manager member; (4) a person with a profit sharing, financial interest, or revenue sharing arrangement; (5) a person with authority to control the cannabis business establishment; or (6) a person who assumes responsibility for the debts of the cannabis business establishment. If the cannabis consulting firm meets one or more elements of this definition the consulting firm must be disclosed as a principal officer.

- **If a principal officer is already registered with 10 Early Approval Adult Use Dispensing Organization Licenses and an applicant submits a Conditional Adult Use Dispensing Organization License application listing that principal officer, will the Department score that application, or will it deny the application before scoring it? If the applicant in this scenario were to be the highest scoring applicant in the BLS region, would the Department give the principal officer an opportunity to abandon one of the Early Approval Adult Use Dispensing Organizations and retain the Conditional Adult Use Dispensing Organization License?**

Yes, the Department will score the application. Pursuant to Section 15-36 (d) of the Act, "[i]f a person or entity is awarded a Conditional Adult Use Dispensing Organization License that would cause the person or entity to be in violation of this subsection, he, she, or it shall choose which license application it wants to abandon, and such licenses shall become available to the next qualified applicant in the region in which the abandoned license was awarded."

- **Will applying to be a principal officer of an adult use cannabis dispensary prevent an individual from procuring a Government Security clearance, or prevent an individual from engaging in future military service?**

This question should be directed to the government agency granting the security clearance or the branch of military in which the proposed principal officer intends to serve.

- **Can a medical cannabis dispensing organization principal officer hold five (5) medical cannabis dispensing organization license plus ten (10) adult use licenses (early approval or conditional)?**

Yes

- **On the Application for a Proposed Principal Officer of an Adult Use Dispensing Organization, an applicant is asked to disclose the following: “Other than the proposed dispensing organization related to this application, provide the name of any other Illinois cannabis business establishments with which the Applicant is associated.” Please confirm this question relates to current associations and not interests in previously owned Illinois cannabis business establishments.**

Yes, this requirement is only for currently held licenses.

- **Do I need to submit a certificate of good standing for any of my businesses with the Conditional Adult Use Dispensing Organization License Application?**

No

- **If I hold a medical cannabis patient card can I become a principal officer of an Adult Use Dispensing Organization?**

Yes

## Exhibit C – Operating Agreement/Table of Organization

- **Does an investor that intends to invest in the dispensary after the license has been obtained need to be disclosed in the application? If so, what portions of the application will apply to this investor? Would a letter of intent be sufficient?**

The Act requires applicants to disclose all proposed principal officers and business entities that, directly or indirectly, manage, own or control the interests or assets of the license holder. Privately held businesses should disclose all investors regardless of the investor's percentage of ownership or control. This includes anyone that has extended credit that is secured by an interest in the license or assets of the license holder. After a Conditional License is awarded, any new proposed principal officer must submit an Application for Proposed Principal Officer of an Adult Use Dispensing Organization, and cannot directly or indirectly, manage, own or control the interests or assets of a license holder until approved by the Department.

- **Do any and all sources of third-party financing, regardless of the amount, (like mortgages, business loans, lines of credit, or home equity lines of credit from financial institutions or private parties, or proceeds from a trust, etc.) to a proposed principal officer or business entity, other than the applicant entity, in order to fund the proposed principal officer's or business entity's ownership interest in the applicant entity have to be disclosed? If so, are those third parties considered a person who must apply to be a principal officer?**

The Act requires applicants to disclose all proposed principal officers and business entities that, directly or indirectly, manage, own or control the interests or assets of the license holder. Privately held businesses should disclose all investors regardless of the investor's percentage of ownership or control. This includes anyone that has extended credit that is secured by an interest in the license or assets of the license holder.

- **Can a trust hold any interest in a dispensing organization?**

Yes, but there are disclosure requirements under the Act.

- **Must all principal officers be listed on the operating agreement registered with the State?**

It is not a requirement under the Act that all principal officers be listed on an operating agreement registered with the State. The Department does not offer advice on how to start or structure a business.

- **Would a person like an attorney or consultant whose fees are contingent upon receiving a license have a financial interest in a license? If so, does that mean an attorney can't be an attorney for more than 10 licensees?**

“Financial interest” means any actual or future right to ownership, investment or compensation arrangement, either directly or indirectly, through business, investment, spouse, parent or child, in the dispensing organization. A future right to compensation includes a compensation arrangement that is contingent upon an applicant receiving a license. An attorney or consultant with such a financial interest must be disclosed by the applicant in Exhibit C. They also would be required to register as a proposed principal officer in Exhibit B if the compensation to be received would make the recipient an owner with more than a 1% interest in the total cannabis business establishment or more than 5% interest in the total cannabis establishment of a publicly traded company.

No person or entity shall have a direct or indirect financial interest in more than 10 licenses. Section 15-30(k) of the Act states that the Department shall deny an application if granting that application would result in a single person or entity having a direct or indirect financial interest in more than 10 licenses.

## Exhibit D – Agent Training and Education

- **Can I hire staff from states other than Illinois?**

Yes.

- **Are dispensing agents, agents-in-charge, and principal officers required to take the 1-hour sexual harassment prevention training required after January 1, 2020 pursuant to 20 ILCS 2105/2105-15.5? If so, does that training count toward the 8 hours of annual training required of all dispensing agents, agents-in-charge, and principal officers?**

Yes, all adult use dispensing organization agents, Agents-in-Charge, and principal officers must receive sexual harassment prevention training before renewing their agent/principal officer identification cards. The training will count toward the 8 hours of required annual training.

- **Does the 8-hour annual training requirement apply to all principal officers?**

Yes. Documentation of such training must be kept at the dispensary.



## Exhibit E – Purchaser Education Plan

[NO QUESTIONS ANSWERED FOR THIS SECTION]

## Exhibit F – Business Plan

- **Can I use an ultraviolet flashlight as the “electronic scanning device” used to scan IDs? What is required for an electronic scanning device?**

No. An electronic scanning device must be capable of scanning the bar code on the back of a state-issued driver’s license or identification card.

- **Section 15-70(b) of the Act states a dispensary must include the legal name of the dispensary on the packaging of any cannabis product it sells. Does this need to be in the form of an additional label on the primary packaging, or can it be in the form of an exit bag with the dispensary’s name on it?**

The dispensary’s name must be affixed to the primary packaging for the product; a label on the bag the customer uses to carry the product out of the dispensary is insufficient.

- **Do I have to name the solid waste facility at which I will dispose cannabis waste?**

No. Applicants should indicate that their waste will be disposed of at a permitted solid waste facility, but applicants are not expected to identify which facility they may ultimately use.

- **Can registered medical cannabis patients that are minors enter an adult use only store?**

Yes. Pursuant to Section 15-65(i)(1) of the Act, no minors are permitted on the premises of an adult use only store unless the minor is a minor qualifying patient under the Compassionate Use of Medical Cannabis Program Act

- **Can an adult use dispensary offer discounted products to certain populations such as veterans?**

Yes. Adult Use Dispensing Organizations may not offer free product, but they may offer discounts.

- **For the annual compilation report required to be filed with the Department, does the letter written by the certified public accountant have to come from an independent, third-party CPA?**

No, the Act requires the letter to come from a licensed public accountant, but not an independent, third-party CPA

- **Does SB1557 allow any dispensary to offer an on-site consumption lounge? If an applicant plans to offer on-site consumption in our dispensary, should we include that in our application?**

Neither a Conditional License nor an Adult Use License entitles the holder to allow on-site consumption. Dispensaries must receive approval from the local jurisdiction to allow on-site consumption. The Department does not license on-site consumption facilities. This is unchanged by SB1557.

If an applicant plans to seek permission to allow on-site consumption at its location, it should include this in Exhibit F (Business Plan) when it describes the products and services to be offered.

## Exhibit G – Recalls, Quarantine, and Destruction Plan

[NO QUESTIONS ANSWERED FOR THIS SECTION]

## Exhibit H – Security Plan

- **Can security guards at dispensaries be armed?**

The Act does not prohibit armed guards at dispensaries. However, applicants must follow all applicable state and federal laws regarding the presence of armed guards in their facilities.

- **Must the security plan submitted with Exhibit H be designed by a licensed private alarm contractor?**

No.

- **Does my security plan need to be reviewed by the Illinois State Police?**

No, dispensing organization security plans do not need to be reviewed by the Illinois State Police.

- **You state that information should be anonymous. Then you state that we should leave the security firm's name unredacted. What about other 3<sup>rd</sup> party providers who are key to the success of the application? Should we list the names of our law firm, accounting firm, SOP writers, etc. or should those be anonymous as well?**

The names of security contractors must be disclosed in Exhibit H so the Department can verify the contractor is properly licensed under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004. Applicants should not disclose the identity of other third-party consultants or vendors, unless the consultant or vendor is a principal officer or has a financial interest in the applicant.

- **I am asking for confirmation regarding having a security officer on duty at all times? The security portion of the law does not state this as a requirement but in the Round 1 Q&A it was identified as one.**

Applicants must submit a contract with a private security contractor that is licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004. The contract must provide for a security guard to be onsite during operating hours. This requirement was recently confirmed by changes made to Section 15-70 of the Act by SB 1557.

- **Does the State of Illinois have any Cyber Security regulations in place to which dispensaries must adhere?**

No

## Exhibit I – Inventory Monitoring and Recordkeeping Plan

- **Can a vertically integrated dispensary have more than 40% of its inventory come from a cultivation center or craft grower owned by the same company?**

No, pursuant to Section 15-70(n)(5) of the Act.

- **What is the maximum amount of cannabis that can be stored at any dispensary?**

The Act does not limit the amount of cannabis that can be stored in a dispensary.

- **For required documentation related to record keeping, are physical copies required to be stored or can reports be retained electronically?**

Section 15-110 of the Act includes a list of records that must be maintained and made available for inspection by the Department upon request. These documents may be maintained electronically if they are readily available to the Department. Section 15-65(c) of the Act requires a hard copy of the dispensary's policies and procedures to be kept at the dispensary.

## Exhibit J – Proposed Floor Plan

- **Will the Department accept video presentations with the application?**

No, video presentations will not be accepted.

- **Can my dispensary be mobile, like a food truck?**

No, dispensaries must be at a stationary location.

- **In the last round of question responses, the Department referred to vault specifications provided by the DEA. However, to be uniform with vault specifications for existing Illinois dispensaries, please provide those Department approved specifications so that new dispensaries can comply with state requirements.**

The vault specifications provided for adult use dispensaries in the Round 1 Q&A posted on November 1, 2019 are consistent with the guidance provided to current medical cannabis licensees.

- **Do you have a link or pdf file that shows building layout and requirements for a Dispensary location? (construction materials, door or safe door requirements, etc.)**

Minimum building layout requirements can be found by reading the Act, the Conditional Adult Use Dispensing Organization License Application, and the guidance provided by this office on its website: <https://www.idfpr.com/profs/adultusecan.asp>.

- **Section 15-30(c)(3)(C) of the Act requires the floor plan to be compliant with the Environmental Barriers Act, but the list of items on the Conditional License Application does not require this information to be included in Exhibit J. Can you please clarify whether we must show that the floor plan is compliant with the Environmental Barriers Act?**

Applicants must demonstrate in Exhibit J that their floor plan will be compliant with the Environmental Barriers Act, as required by Section 15-30(c)(3)(C) of the Act and the paragraph included in Exhibit J.

- **Can such letters of community support be used in Exhibit J as a “reasonable assurance the issuance of a license will not have a detrimental impact on the community”? If they are used in Exhibit J, must they be anonymous?**

Letters of community support are not required. They may be submitted as part of Exhibit J. They will not impact an applicant’s score. If submitted by an applicant, the letters must be anonymous.

- **The Round 1 Q&A states, “Does the barrier between the facility's entrance and the limited access area have to be floor to ceiling? The barrier between the public access area and limited access area should be a solid barrier that prevents an individual from easily accessing the limited access area. All counters separating limited access areas from restricted access areas should be at least 48” in height, except that spans of counters up to 36” in width may be reduced to 36” in height.” Are you referring to width or depth? This is difficult to conceptualize.**

The barrier between the public access area and limited access area should be a solid barrier that prevents an individual from easily accessing the limited access area. All counters separating limited access areas from restricted access areas should be at least 48” in height, except that spans of counters up to 36” in width may be reduced to 36” in height. The 36” high counter span refers to the width, not the depth of the counter.

- **Are facilities required to have purchasers exit the limited access area through a different door than the one they entered?**

No

- **Do the regulations limit the number of purchasers that can be in the dispensary at any given time or is there a ratio of agents to purchasers we must maintain?**

The Act does not limit the number of purchasers that may be in a dispensary at any one time. However, local laws or zoning regulations that limit the number of people that are permitted in a building at any one time may apply.

- **Should our Proposed Floor Plan contemplate exterior items like parking and/or landscaping?**

The proposed Floor Plan may address exterior items such as parking or landscaping to demonstrate compliance with the requirements of the Act and other state or federal laws, such as the Americans With Disabilities Act and the Environmental Barriers Act.



## Exhibit K – Operating Plan

[NO QUESTIONS ANSWERED FOR THIS SECTION]

## Exhibit L – Plan for Community Engagement

- **How can an applicant obtain 2 points for its Plan for Community Engagement?**  
[IDENTICAL Q&A INCLUDED IN SCORING PROCESS SECTION]

Points awarded for Exhibit L (Plan for Community Engagement) will be awarded on a binary basis, in which applicants meeting all of the requirements will receive 2 points and applicants that do not complete all of the requirements will receive 0 points. To receive 2 points the Plan must include specific information on how the applicant will engage the community in a beneficial manner.

- **If the applicant is submitting multiple Plans for Community Engagement as part of Exhibit L, how should the applicant name the Exhibit L file on the USB drive?**

The applicant must name the file “Exhibit L.”

- **For Exhibit L, (Plan for Community Engagement), does the outreach platform need to be related to cannabis or can it be a general platform that gives back to the community?**

The outreach platform is not required to be directly related to cannabis.

- **Page 56 (Exhibit L) of the Round 1 Q&A states applicants “may provide letters of community support, but such letters are not required,” yet page 102 states letters of community support “will not impact an applicant’s score and should not be submitted with the application.” Can you please clarify whether we can submit letters of community support? Does it make a difference if the letter is from an elected official or a non-profit we plan to benefit? In either case, do the letters have to be anonymous?**

Letters of community support are not required. They may be submitted as part of Exhibit L, and such letters will count toward the 10-page limit. They will not impact an applicant’s score. If submitted by an applicant, the letters must be anonymous.

## Exhibit M – Diversity Plan

- **How can an applicant obtain 5 points for its Diversity Plan?**  
[IDENTICAL Q&A INCLUDED IN SCORING PROCESS SECTION]

Points awarded for Exhibit M (Diversity Plan) will be awarded on a binary basis, in which applicants that complete all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, a Diversity Plan must be a narrative of not more than 2,500 words, including titles or section headings, that establishes a goal of ensuring that diverse participants and groups are afforded equality of opportunity in: (1) ownership, (2) management, (3) employment, and (4) contracting.

- **What if I am a white, male owned business with no plans to give up equity in my business at any point in the future? How can I set a goal of achieving diversity in ownership?**

A plan may propose ways to achieve diversity in ownership, management, employment, and contracting in the cannabis industry beyond the applicant's own business.

## Exhibit N – Knowledge and Experience of Principal Officers

- **How can an applicant obtain 30 points for its principal officers' knowledge and experience?** [IDENTICAL Q&A INCLUDED IN SCORING PROCESS SECTION]

Points for Exhibit N (Knowledge and Experience of Principal Officers) for both the knowledge and experience elements of this Exhibit will be awarded on a binary basis, meaning applicants will receive either 15 points or 0 points for demonstrating knowledge of cannabis and either 15 points or 0 points for demonstrating experience and qualifications in business management or experience with the cannabis industry.

To receive points for knowledge, the applicant must demonstrate its principal officers' knowledge of various cannabis product strains or varieties; describe the types and estimated quantities of products planned to be sold; and indicate whether the applicant plans to sell cannabis paraphernalia or edibles. Knowledge of principal officers may be demonstrated through experience in cannabis or other comparable industries that reflect on an applicant's ability to operate a cannabis business establishment. This element will be satisfied if at least half of the applicant's principal officers demonstrate the knowledge required by the Act.

To receive points for experience, the applicant must demonstrate its principal officers' experience and qualifications in business management or experience with the cannabis industry. Experience in business management may be demonstrated through experience in other comparable industries that reflect on an applicant's ability to operate a cannabis business establishment. Applicants will satisfy the requirement for experience if at least half of the applicant's principal officers meet one of the following experience criteria: (1) twelve months working in the cannabis industry; (2) twelve months owning a business that sells products or services directly to the public; (3) twelve months managing at least three employees at a business that sells products or services directly to the public; or (4) twenty-four months working for a business that sells products or services directly to the public.

- **In the Round 1 Q&A you indicated the applicant, in Exhibit N (ANONYMOUS Knowledge and Experience of Principal Officers) may provide 3 separate pages at the beginning of the Exhibit that describe the types of products to be sold. So, if we have 3 principal officers are you saying we would be allowed nine (9) pages plus the three (3) separate pages at the beginning of the Exhibit for a total of twelve (12) pages?**

Yes. The page limit for Exhibit N is three (3) pages per principal officer, plus an additional three (3) pages to describe products to be sold.

- **For Exhibit N (Knowledge and Experience of Principal Officers) can we disclose consultants we plan to work with to demonstrate knowledge and experience?**

Pursuant to Section 15-30 of the Act, applications will be scored on the knowledge and experience of its principal officers. The Act does not permit scoring the application based on the knowledge and experience of consultants or other individuals.

- **The Department indicated that experience in “comparable industries” may be used to obtain the maximum points in Exhibit N. Can you give examples of “comparable industries”?**

Examples of comparable industries may include businesses that sell products or services directly to the public such as, but not limited to, liquor stores, pharmacies, grocery stores, tobacco stores, restaurants, or retail stores.

- **Can you recommend a format for applicants to use when submitting the list of products to be sold required in Exhibit N (ANONYMOUS Knowledge and Experience of Principal Officers)?**

Applicants are not expected to provide an exhaustive list of products specifically naming every strain and product they intend to offer for sale. A short paragraph on each type of product will meet the requirement. The applicant does not need to identify which cultivators or processors the products will be sourced from. For example, the applicant may state it intends to offer topical products and explain the uses of topical products, including whether they will be CBD or THC dominant.

## Exhibit O – Financial Information

- **Are there restrictions on the form of investment a license can receive?**

No, but some forms of investment may prevent an applicant from qualifying as a Social Equity Applicant, Veteran Owned Company, or Illinois Owned Company to the extent that the investment impacts the distribution of ownership or control of the dispensing organization.

- **The Round 1 Q&A states that Exhibit O is not anonymous, however the text also states: “Applicants must redact any information that would reveal personally identifying information including, but not limited to, name, address, and social security number.” The FAQ responses also state that the only Exhibit to be redacted is Exhibit H. If Exhibit O is not supposed to be anonymous, for what reason should the personal information be redacted? Should information in Exhibit O be redacted? Can we have some more clarification on the formatting of submission for this Exhibit? Can you provide an explicit list of what items must be redacted and what exhibits are not required to be redacted as well as any additional instructions for particular redactions specific to each exhibit?**

For Exhibit O, there is no requirement that an applicant show any minimum level of liquid assets. An applicant need only provide a statement demonstrating that the applicant will have access to sufficient funds to own and operate any and all Adult Use Cannabis Dispensing Organization Licenses it may be awarded. Applicants may also provide any documentation supporting its statement. Such supporting documentation is not required and will not result in an applicant receiving additional points. If an applicant chooses to submit supporting documentation for Exhibit O, it must redact any information that would reveal personally identifying information including, but not limited to, name, address, and social security number. Because any supplied supplemental information will have no effect on the applicant’s score, failure to redact this information will also have no effect on the applicant’s score.

## Exhibit P – Status as a Social Equity Applicant

- **Can a principal officer still be a “member of an impacted family” if the member of the family with the cannabis-related arrest, conviction, or adjudication is deceased?**

Yes, unless the deceased person is a spouse who was divorced from the principal officer before the spouse’s death.

- **Can a principal officer still be a “member of an impacted family” if the member of the family with the cannabis-related arrest, conviction, or adjudication is an ex-spouse or emancipated child?**

An emancipated child may be a member of an impacted family, as is a current spouse. An ex-spouse is not a family member, unless they also qualify as a legal dependent.

- **Can an investor receive a return of the investor’s investment either before the social equity applicant receives his/her portion of the distributions/profits of the business?**
- **Can an investor receive a return of the investor’s investment in an amount in excess of 49% of the profits of the business (even for just a limited period of time after commencement of the business?) Can the applicant repay a loan (with interest) prior to repayment of any profits to the social equity applicant?**

The Department will not express an opinion as to whether particular hypothetical ownership or control structures are acceptable.

- **If new crime and poverty statistics are released prior to January 2, 2020, could the Disproportionately Impacted Areas set by the Department of Commerce and Economic Development be altered?**

No. The Disproportionately Impacted Areas will not change before January 2, 2020.

- **Do arrests made by university police count in terms of complying with SEA requirements?**

Yes, if the arresting officer had the powers of municipal peace officers and county sheriffs, and the arrest was for an offense that was made eligible for expungement under Public Act 101-0027.

- **Does a “civil law violation” that was expunged automatically pursuant to Section 900-12 (2.5) of the Act qualify a person as a Social Equity Applicant? Is a cannabis related “civil law violation” a “cannabis related offense eligible for expungement under the Act” and thus qualify a person as a Social Equity Applicant?**

No. Civil law violations were not made eligible for expungement under Public Act 101-0027.

- **For Social Equity Applicants, what if the arrest record does not state the amount of cannabis a person possessed?**

The Department must be able to verify the documentation submitted qualifies the applicant as a Social Equity Applicant. The arrest record may identify the offense as one eligible for expungement under Public Act 101-0027.

- **How many forms of proof per year does a social equity applicant need to provide to show they lived in a Disproportionately Impacted Area?**

Residency in a Disproportionately Impacted Area during a given year can be established by an applicant providing two of the following: (1) a signed lease agreement that includes the principal officer's name; (2) a property deed that includes the principal officer's name; (3) school records; (4) a voter registration card; (5) a valid Illinois Driver's license; (6) a valid Illinois State ID; (7) a paycheck stub; (8) a utility bill; or (9) a tax record for the year.

- **If I use an Illinois Driver's license to show residency, does it show residency for each year in which the license was valid?**

Yes



## Exhibit Q – Labor and Employment Practices Plan

- **How can an applicant obtain 5 points for its Labor and Employment Practices Plan?** [IDENTICAL Q&A INCLUDED IN SCORING PROCESS SECTION]

Points awarded for Exhibit Q (Labor and Employment Practices Plan) will be awarded on a binary basis, in which applicants that complete all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, the applicant must provide a Labor and Employment Practices Plan. The plan may include, without limitation, any of the following components: (1) a code of conduct; (2) employer provided health benefits; (3) employer provided educational benefits; (4) employer provided retirement benefits; (5) a commitment to provide a living wage; (6) an executed labor peace agreement as that term is defined in the Act; or (7) a specific and verifiable employee benefit other than those identified above that the applicant will provide to employees.

- **What does “attestation” mean in Exhibit Q?**

In Exhibit Q a labor peace agreement attestation is a written document confirming that the applicant has entered into a labor peace agreement.

## Exhibit R – Environmental Plan

- **How can an applicant obtain 5 points for its Environmental Plan?**  
[IDENTICAL Q&A INCLUDED IN SCORING PROCESS SECTION]

Points awarded for Exhibit R (Environmental Plan) will be awarded on a binary basis, in which applicants meeting all of the requirements will receive 5 points and applicants that do not complete all of the requirements will receive 0 points. To receive 5 points, the applicant must provide an Environmental Plan. The Plan may demonstrate a plan of action to minimize the carbon footprint, environmental impact, and resource needs for the dispensary. The plan may include, without limitation, how the dispensary will recycle cannabis product packaging.

- **Will the Department ask for an environmental impact assessment before a dispensing organization develops a location?**

No. As part of an Environmental Plan an applicant may commit to performing an environmental impact assessment, but it is not required.

## Exhibit S – Evidence of Status as an Illinois Owner

- **The Round 1 Q&A stated: "Applicants must include copies of pages 1 and 2 of their IL-1040 tax forms submitted to the State of Illinois for each of the last 5 years." Because applications are due January 2, 2020, can you please confirm which years are included in "the last 5 years"?**

To qualify as an Illinois Owner by providing tax forms alone, applicants must provide IL-1040 tax forms for tax years 2014-2018.

- **How many forms of proof per year does an applicant need to provide to show Evidence of Status as an Illinois Owner?**

Illinois residency in a given year can be established by an applicant providing either a tax record for the year or two of the following: (1) a signed lease agreement that includes the principal officer's name; (2) a property deed that includes the principal officer's name; (3) school records; (4) a voter registration card; (5) a valid Illinois Driver's license; (6) a valid Illinois State ID; (7) a paycheck stub; or (8) a utility bill.

- **If I use an Illinois Driver's license to show residency, does it show residency for each year in which the license was valid?**

Yes

## Exhibit T – Evidence of Status as a Veteran

[NO QUESTIONS ANSWERED FOR THIS SECTION]

## General Questions

- **How do I start a business or entity that will apply for a dispensing organization license?**

The Department does not offer advice on how to start or structure a business.

- **Can units of local government impose their own business license fees?**

Units of local government may require fees to obtain zoning approval, obtain a business license, or to provide other services. However, units of local government cannot establish their own licensing structures for dispensaries regarding cannabis sales.

- **Will the Department consider slightly altering the boundaries of the BLS regions for locations just outside the prescribed boundaries?**

No. All dispensaries must be located within the prescribed boundaries of the BLS region where the license is designated.

- **I am trying to confirm if the town of Tilton is located in Danville BLS region or East Central Illinois? The mayor of Tilton said he is in East Central Illinois not in Danville. Could you confirm?**

Please consult the BLS region map available on our website:

<https://www.idfpr.com/profs/adultusecan.asp>

- **Section 55-20(d) of the Regulation and Tax Act reads: "No cannabis business establishment nor any other person or entity may encourage the sale of cannabis or cannabis products by giving away cannabis or cannabis products, by conducting games or competitions related to the consumption of cannabis or cannabis products, or by providing promotional materials or activities of a manner or type that would be appealing to children." Does this prohibit all games or competitions for the purpose of promoting cannabis, or just games and competitions that would be appealing to children? Does this prohibit the giving away of cannabis and cannabis products in general, or just in a manner or type appealing to children?**

Section 55-20(d) prohibits all games and competitions and the giving away of cannabis or cannabis products, regardless of the intended audience.

- **Can advertising use the term "dispensary"?**

Yes.

- **Can you define hashish, or cold-pressed and heat-pressed, or solvent-less resin/oil?**

The Act does not define these terms.

- **In the Round 1 Q&A, the Department posted the following:**
  - Q: Can a person/business apply for all these different licenses (Dispensary, Cultivation, Infuser, Transporter, Craft Grower) and be able to monopolize the cannabis industry?**
  - A: An applicant may apply for and participate in ownership of any or all types of cannabis business establishments.**
  - Can the Department clarify its answer as it relates to the ownership of Cultivation and Craft Grower licenses?**

Section 30-20 of the Act identifies ownership restrictions regarding cultivation center and craft grower licenses. Additional questions should be directed to the Department of Agriculture.

- **How can a dispensary get suppliers' products confirmed by a third party if the third party can't open the product due to the fact that it must be destroyed after?**

A dispensary is permitted to confirm a supplier's representation of grade and quality via third party testing. Any product sent to a third party must be recorded in the State's verification system. If a product is opened for testing by a third party or otherwise, it must be destroyed pursuant to the Act.

## After May 1

- **If I build a dispensary from the ground up, will I have more than 360 days from the date the Conditional Adult Use Dispensing Organization License is awarded to begin operations?**

Section 15-25 of the Act requires an applicant who is awarded a Conditional License to find a suitable location within 180 days after being issued the Conditional License. The Department may extend this period by another 180 days if the Conditional License holder demonstrates concrete attempts to secure a location and a hardship. If the Department denies the extension or the Conditional License holder is unable to find a location or become operational within 360 days of being awarded a Conditional License, the Department shall rescind the Conditional License.

- **If an LLC is awarded a license, what information regarding that firm will be publicly posted? Just company name. or will principal owners also be disclosed?**

Section 55-30 of the Act states that each “Department responsible for licensure shall publish on the Department's website a list of the ownership information of cannabis business establishment licensees under the Department's jurisdiction. The list shall include but is not limited to: the name of the person or entity holding each cannabis business establishment license; and the address at which the entity is operating under this Act.” For an example of what is currently posted on the Department’s website, please see the list of adult use dispensaries currently on the website: <https://www.idfpr.com/LicenseLookup/AdultUseDispensaries.pdf>. In addition, the names of principal officers, agents, and Agents-in-Charge will be publicly available through the Department’s License Lookup tool.

- **Before opening the dispensary, there will be a state inspection. How much does the inspection cost?**

The Department does not charge a fee for the inspection.