



IDFPR

Illinois Department of
Financial and Professional Regulation

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These Frequently Asked Questions were prepared by the Department of Financial and Professional Regulation (“DFPR” or “the Department”) to provide information about the lottery processes for awarding Conditional Adult Use Dispensing Organization Licenses (“Conditional License”) pursuant to the Cannabis Regulation and Tax Act (“CRTA”). Any references to “applicants” or “applicant groups” mean entities that applied between December 10, 2019 and January 2, 2020. The State is not currently accepting new applications for cannabis dispensary licenses.

Who is eligible for the Conditional License lotteries?

HB1443, which was signed by the Governor on July 15, 2021, established three lotteries through which dispensary licenses will be awarded. The lotteries are as follows:

- The Qualifying Applicant Lottery (55 Conditional Licenses). Any application receiving at least 213 points will be automatically entered into the Qualifying Applicant Lottery in any BLS Region in which the application received those points. The Department will award up to 55 Conditional Licenses among [the 17 BLS Regions](#) through the Qualifying Applicant Lottery.
- The Social Equity Justice Involved Lottery (55 Conditional Licenses). Any application receiving at least 213 points that also received points as a Qualifying Social Equity Justice Involved Applicant will be automatically entered into the Social Equity Justice Involved Lottery. A Qualifying Social Equity Justice Involved Applicant is a social equity applicant that qualified under criteria one (residency in DIA) or two (eligible conviction) of the definition of Social Equity Applicant. 705 ILCS 410/1-10. This means applicants that qualified as a Social Equity Applicant by hiring a requisite number of qualified individuals are not eligible for this lottery. The Department will award up to 55 Conditional Licenses among [the 17 BLS Regions](#) through the Social Equity Justice Involved Lottery.
- The Tied Applicant Lottery (75 Conditional Licenses). Any applicant receiving 252 points on their application is eligible to participate in the Tied Applicant Lottery. The Department will award up to 75 Conditional Licenses among [the 17 BLS Regions](#) through the Tied Applicant Lottery. **Applicants that do have a duty to decline an application’s participation in the Tied Application Lottery will be automatically entered into the Tied Applicant Lottery.** Unlike the first two lotteries, in the Tied Applicant Lottery, individual principal officers and applicants are limited in the number of entries they may have in any BLS Regional lottery. No individual principal officer or applicant may have more entries in a BLS Region’s lottery than the number of licenses to be distributed in that BLS Region. Applicants (through their primary or alternate contacts) or principal officers **MUST** notify the

Department using the Department's [Declination Form](#) if they have a principal officer that causes them to exceed the limitations on entering the Tied Applicant Lottery. See below for more information or click the link to the Declination Form above.

Can I participate in all three lotteries?

It is possible to participate in all three lotteries if you meet the criteria for entry into each lottery.

How will I know which lotteries I'm participating in?

The Department will send an e-mail to each applicant's primary and alternate contact once the scoring is complete. The e-mail will provide the score for each unique application and provide additional instructions for each of the lotteries.

The Department also will post lists on its website of the applicants that are eligible to participate in the Qualifying Applicant Lottery, Social Equity Justice Involved Lottery, and Tied Applicant Lottery. These postings will include the drawing number that will be associated with each application during the lottery process.

The Department will not answer individual questions from applicants about the list of participants in the lotteries.

Will I be able to watch the lotteries?

No. The lotteries described above will be conducted by the Illinois Lottery using the Illinois Lottery's procedures, including its auditing procedures. The procedure is substantially similar to the process it uses for its daily lottery drawings. Additional information about the lotteries is available [here](#).

How will I be notified if my application is selected in a lottery?

After each lottery, the Department will post on its website the list of applicants who were selected in the lottery and who may be awarded a Conditional License available in a specific BLS region. The Department will also be sending a link with the list of results to the primary and alternate contacts of those applicants selected in the lottery. Some applicants identified on this list may not receive a Conditional License depending on the license limitations and other administrative steps that must be completed prior to the awarding of a Conditional License. In such a case, the Department will contact the next application that was drawn in the lottery.

What are the reasons an applicant selected in the Qualifying Applicant Lottery, Social Equity Justice Involved Lottery, or Tied Applicant Lottery may ultimately not be eligible to receive a license?

1. The Qualifying Applicant and Social Equity Justice Involved Lottery each have a limit on the number of Conditional Licenses that any individual principal officer or applicant group can receive during the lottery. No individual principal officer or applicant can receive more than two Conditional Licenses in either lottery (four total). In the event a principal officer or applicant group has an application selected more than two times in either the Qualifying Applicant or Social Equity Justice involved lottery, the principal officer or the applicant group must complete the Department's [Abandonment Form](#) to notify the Department of the BLS Region in which the applicant will be declining a Conditional License. Failure to submit the Abandonment Form within 5 business days after the Department posts the results of the lotteries will result in the denial of all Conditional Licenses from that lottery to all applicants associated with the principal officer or applicant group that is over the limit.
2. At the conclusion of the three lotteries, no individual principal officer or applicant can receive more than ten total Conditional Licenses, Adult Use Dispensing Organization Licenses, and Early Approval Adult Use Dispensing Organization Licenses, or any combination thereof. As such, if an applicant is associated with a principal officer that would exceed this 10-license limit if the applicant selected in the lottery were awarded the license, one or more of the applicants associated with the principal officer must complete the Department's [Abandonment Form](#) to notify the Department of the BLS Region in which the applicant will be declining the Conditional License. If following the conclusion of any lottery, an applicant exceeds the 10 licenses limitation, and fails to properly abandon (within 5 business days after the Department posts the results of the lottery) the requisite number of licenses, the applicant shall forfeit the opportunity for conditional licenses in the most recently held lottery.
3. Before awarding a Conditional License, the Department must perform a tax compliance check of each principal officer and confirm that no amounts are owed to the State of Illinois. Pursuant to [68 Ill. Adm. Code 1291.95](#), if the Illinois Department of Revenue determines a principal officer is not compliant, DFPR will notify the principal officer via e-mail and the principal officer will have 60 days to provide proof of compliance from the Illinois Department of Revenue or the applicant will be denied the Conditional License and the next drawn applicant from the lottery will be notified of its eligibility for a Conditional License. DFPR will also notify the applicant group with whom the principal officer is associated that one of its principal officers has been found by the Illinois Department of Revenue to be tax delinquent or owing any amounts to the State of Illinois. The Department must deny all of the applicant entity's Conditional Licenses if one or more principal officers is unable to come into compliance within the timeframe provided in 68 Ill. Adm. Code 1291.95(c).
4. Any other reason allowed by law.

To avoid having to abandon an application following a lottery, can a principal officer simply withdraw from the application?

No. If a principal offer withdraws from any application after the announcement of the scores and before that applicant's Conditional License could be issued, the applicant will be denied all Conditional Licenses it may otherwise have been eligible for.

How will I be notified if I am awarded a Conditional License?

At the conclusion of the statutory abandonment periods, the Department will contact the final winners of all Conditional Licenses per BLS Region who will be issued a Conditional License. The Department will also post the name of applicants awarded a Conditional License on its website. Please be aware that replacement selections may be identified if some applicants selected from the lottery do not proceed to a Conditional License.

What are some things applicants should be aware of regarding the Social Equity Justice Involved Lottery and the Qualifying Applicant Lottery?

Pursuant to the CRTA, applicants eligible for the Qualifying Applicant or Social Justice Involved lotteries do not need to take any action prior to DFPR conducting the lotteries. However, all applicants should be aware that there are steps they may need to take at the conclusion of the lottery process to preserve their ability to be awarded a Conditional License.

The CRTA prohibits any principal officer on an application from receiving more than two Conditional Licenses from the Qualifying Applicant Lottery and Social Equity Justice Involved Lottery (four (4) Conditional Licenses in total). Pursuant to Sections 15-35(b)(7) and 15-35.10(b)(7), if an individual becomes aware that he/she/they has been selected for three or more Conditional Licenses in either lottery, the principal officer or any applicants associated with that principal officer, must inform the Department of its intent to abandon any potential licenses within five (5) business days of the Department posting the list of results from either the Qualifying Applicant Lottery and/or the Social Equity Justice Involved Lottery. Applicants must abandon the requisite number of applications if a principal officer would exceed the license limits for the Qualifying Applicant Lottery and if a principal officer would exceed the license limits of the Social Equity Justice Involved Lottery. Such notification by the applicant or principal officer must be made using the [Abandonment Form](#) provided by the Department and e-mailed to FPR.CannabisAdministration@Illinois.gov before 11:59 p.m. Central Time on the fifth business day following the first the Department's posting of the lottery selections. **If a principal officer or applicant fails to timely submit a properly completed Abandonment Form, all applicants associated with that principal officer which were selected in the lottery will be denied all Conditional Licenses they may have been selected for in the most recently held lottery.** Pursuant to 15-35(b)(4) and 15-35.10(b)(4), applicants cannot withdraw individual principal officers between the time period beginning with the sending of final scores and before that applicant's Conditional License could be issued.

Pursuant to Section 15-35(i) and 15-35.10(i) of the CRTA, the Department must ensure all principal officers of an applicant have paid all taxes due and amounts owed to the state

of Illinois before the Department can issue the applicant a Conditional License. If the Department of Revenue finds that any principal officer is not in compliance with Illinois tax laws, DFPR will send out two notifications: 1) a notification to the individual principal officer who was reported as being delinquent or owing money to the State of Illinois that provides information for how to contact the Department of Revenue to remedy the situation; and 2) a notification to the applicant group with whom the principal officer is associated that one of its principal officers has been found by the Illinois Department of Revenue to be tax delinquent or owing any amounts to the State of Illinois. The Department must deny a Conditional License if one or more principal officer is unable to come into compliance within the timeframe provided in 68 Ill. Adm. Code 1291.95(c). As such, anyone who applied as a principal officer should be monitoring the e-mail account the individual principal officer identified on their principal officer application form for any notifications from DFPR regarding tax compliance.

What are some things applicants should be aware of regarding the Tied Applicant Lottery?

While applicants eligible for the Qualifying Applicant Lottery and Social Equity Justice Involved Lottery may enter those lotteries without any further action after the Department sends the results of the final scores, **Tied Applicants may need to take steps to preserve their eligibility for the Tied Applicant Lottery.** Applicants will be provided a notice with their score and provided additional information about what steps may need to be taken.

Pursuant to 68 Ill. Admin. Code 1291.50(a)(1), no individual principal officer may have more entries in the Tied Applicant Lottery of a BLS Region than the number of remaining licenses available in that BLS Region. Please note, during the application period, applicants were able to submit a single application to seek multiple licenses within a BLS Region by paying multiple application fees and indicating on their application form the number of licenses they were seeking in that BLS Region. Also, each application fee paid by an applicant could qualify the applicant for an entry into the lottery, which may be a higher number than the number of applications submitted by the application. As such, principal officers are not limited on their entries into the lottery by the number of applications they submitted, but rather by the number of application fees they paid. This means that if a principal officer is associated with one or more applicants that alone or collectively are seeking the following number of licenses in each BLS Region, the applicant will need to participate in the Declination Process described in the following paragraph if they are identified as eligible for the Tied Applicant Lottery:

- 48 or more Conditional Licenses in the Chicago-Naperville-Elgin BLS Region;
- 5 or more Conditional Licenses in the St. Louis BLS Region;
- 4 or more Conditional Licenses in the Northwest or West Central Non-Metropolitan or Peoria BLS Regions;
- 3 or more Conditional Licenses in the South or East Central Non-Metropolitan or Rockford BLS Regions; or

- 2 or more Conditional Licenses in the Bloomington, Cape Girardeau, Carbondale-Marion, Champaign-Urbana, Danville, Davenport-Moline-Rock Island, Decatur, Kankakee, or Springfield BLS Region.

All applications associated with a principal officer who exceeds the lottery entry limits following the declination period described in the previous paragraph will be excluded from the Tied Applicant Lottery. 68 IAC 1291.50(a)(3). Further, applicants that withdraw a principal officer after the conclusion of the scoring period will be denied any Conditional Licenses they may otherwise have been entitled. 68 IAC 1291.50(a)(2). To ensure their entries into the Tied Applicant Lotteries are not excluded, any principal officer or applicant with a principal officer impacted by the limitations set forth in 68 IAC 1290.50 must submit the Department's [Declination Form](#) by 11:59 p.m. Central Time to FPR.CannabisAdministration@Illinois.gov on the fifth business day starting the day after the Department sends a notification of final score to the applicant. The Declination Form will enable the principal officer/applicant to indicate which applications for which it declines participation in the Tied Applicant Lottery. Principal officers may decline to include different applications filed with different applicant groups; for example, if John Doe submitted three application fees in the Peoria BLS Region (where three Conditional Licenses are available) with each of the following applicant groups: 123 Corp, ABC Corp, and XYZ Corp, John Doe may elect to decline two entries from 123 Corp, two entries from ABC Corp, and two entries from XYZ Corp, giving John Doe a total three lottery entries personally, but with three different independent applicant groups. Likewise, John can proceed with all three entries with 123 Corp and decline to have ABC Corp or XYZ Corp participate in the lottery at all. In any case, if John Doe does not decline six of his potential lottery entries, he will be denied all nine entries into the Peoria lottery. **APPLICANTS HAVE FIVE BUSINESS DAYS FROM THE DAY AFTER THE FINAL SCORE NOTIFICATION IS SENT TO SUBMIT THE NECESSARY DECLINATION FORMS.**

After the Department confirms no applicant has more lottery entries in a BLS Region than the law allows, the Department will post a list of "Eligible Applicants" on its website (<https://www.idfpr.com/profs/adultusecan.asp>). These are the final applicants that will be entering the Tied Applicant Lottery. The Tied Applicant Lottery cannot take place until at least five business days after the Eligible Applicant list is published. Applicants are advised to check the website on a daily basis to see when the list of Eligible Applicants is posted.

Even if an applicant is selected in the Tied Applicant Lottery, there are steps applicants need to take before receiving a Conditional License. The CRTA prohibits any principal officer of owning more than 10 Conditional Licenses, Early Approval Adult Use Dispensing Organization Licenses, or Adult Use Dispensing Organization Licenses, or any combination thereof. As such, following the Department's public posting of applicants selected in the Tied Applicant Lottery, applicants that have principal officers who, if awarded all the Conditional Licenses for which they were selected in the lottery would possess more than 10 dispensary licenses, must notify the Department of its intent to abandon any licenses that would cause the principal officer to exceed the 10-license limit. Such notification by the applicant or principal officer must be made using the

[Abandonment Form](#) provided by the Department and e-mailed to FPR.CannabisAdministration@Illinois.gov before 11:59 p.m. Central Time on the fifth business day following the first business day after the Department posts the list of applicants selected in the Tied Applicant Lottery. **If a principal officer or applicant fails to timely submit a properly completed Abandonment Form, all applicants associated with that principal officer which were selected in the lottery will be denied all Conditional Licenses they may have been selected for in the most recently held lottery.** 68 IAC 1291.50(c)(6).

Principal officers that are selected for ten (10) or fewer total adult use dispensary licenses at the conclusion of all three lotteries do not need to participate in the abandonment process described in the prior paragraph. However, there are steps principal officers may need to take after the lottery is held before receiving a Conditional License. Pursuant to Section 15-30(g) of the CRTA, the Department must ensure all principal officers of an applicant have paid all taxes due and owned to the state of Illinois before the Department can issue the applicant a Conditional License. If the Department finds that any principal officer is not in compliance with Illinois tax laws, it will reach out to the principal officers directly to advise them on how to remediate their situation. As such, anyone who applied as a principal officer should be monitoring the e-mail account the individual principal officer identified on their principal officer application form for any notifications from DFPR regarding tax compliance.

Will I have any opportunity to correct tax delinquency issues before being denied a Conditional License?

Yes. DFPR will notify individual principal officers by email at the email listed on their principal officer application form if the Department of Revenue finds that that person is tax delinquent or owes money to the State of Illinois. DFPR also will notify the applicant group associated with that principal officer, that one or more of its principal officers was found to be tax delinquent or owes money to the State of Illinois.

Pursuant to 68 IAC 1291.95(c), "Upon notification of tax delinquency being sent by the Department to the applicant or licensee, the applicant or licensee shall have 60 days to provide the Department proof that the applicant or licensee is no longer delinquent in filing any required tax return or paying any amount owed to the State of Illinois, as determined by the Illinois Department of Revenue."

Please be aware that 68 IAC 1291.95(d) states, "If after 60 days the applicant or licensee has not provided the Department proof that the applicant or licensee is no longer delinquent in filing any tax return or paying any amount owed to the State of Illinois, the Department shall deny issuance of a Conditional Adult Use Dispensing Organization License or Adult Use Organization License."

This means that principal officers and applicants have 60 days to provide proof of tax compliance from the Illinois Department of Revenue to DFPR if an issue is identified. The

notification from the Department identifying any tax issue will include contact information for the Illinois Department of Revenue for how to resolve the issue.

Will the Department be answering individual questions from applicants?

No. The Department will not answer any individual questions related to scoring or why particular scores were received.

Applicants may be eligible for technical assistance through the Illinois Department of Commerce and Economic Opportunity. See here for additional information:

<https://www2.illinois.gov/dceo/CannabisEquity/Pages/default.aspx>.

If I am awarded a Conditional Adult Use Dispensing Organization License, can I sell it?

No. Conditional Licenses cannot be sold, transferred, or assigned.

What will I need to do after I am awarded a Conditional Adult Use Dispensing Organization License?

The Department will send additional information to those who are awarded a Conditional License regarding next steps. For example, Conditional License holders have 180 days from date of award to identify a proposed location and must receive an Adult Use Dispensing Organization License before licensees may begin to sell cannabis.