

# 2021 ANNUAL REPORT

## Illinois Department of Financial and Professional Regulation



Mario Treto, Jr., Acting Secretary of IDFPR



**IDFPR**  
Illinois Department of  
Financial and Professional Regulation

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# SUMMARY

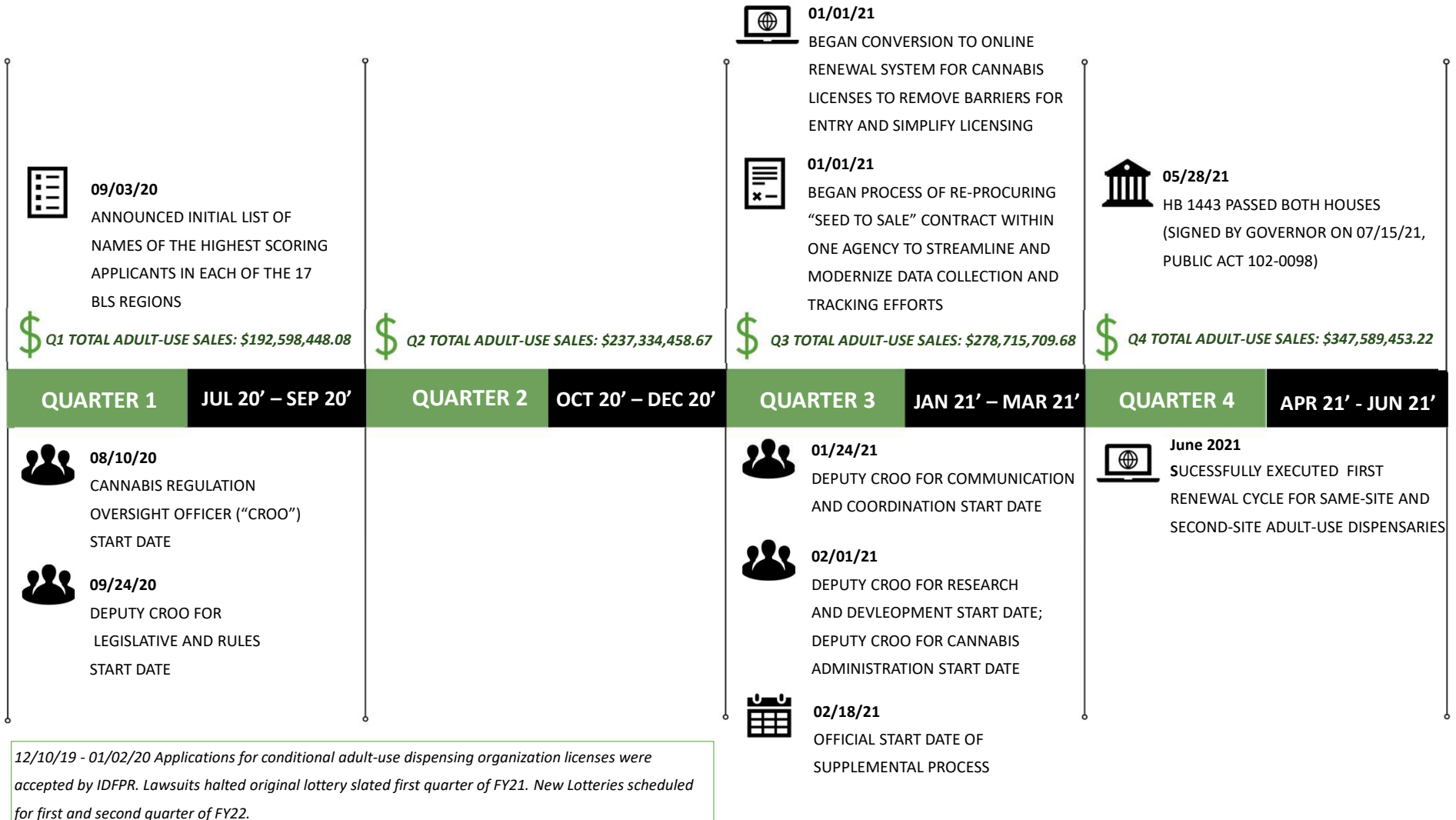
As the regulator of the dispensary-side of the cannabis regulatory framework, as created in the Cannabis Regulation and Tax Act, the Department is charged with implementing the adult-use cannabis license application process in a way that is fair, avoids any conflict of interest within the Department, and follows the statute during the scoring of applications, including social equity applications. No other state law contained the unique combination of requirements in the new act, including the limitations on the number of licenses that can be awarded, and the reduction of economic barriers. As a result, the Department received 2,588 applications and 4,418 licenses were sought. Of these 2,588 applications, 2,530 (or nearly 98%) were submitted as Social Equity Applicants. Of those Social Equity Applicants, nearly 83% applied under the Disproportionately Impacted Area; personal arrest, conviction or adjudication; or family member arrest, conviction or adjudication prongs. The third-party scorer conducted a substantive review of the 2,588 applications and scored nearly 44,000 exhibits.

In 2021, the Department undertook a supplemental review to provide all applicants more detailed information about how points are awarded for the application, and in some instances were given an opportunity to supplement their applications. As a result, the third-party scorer has conducted an additional review at the exhibit level, and then conducted an additional managerial-level quality control review for grading consistency across applications submitted by the same applicant.

During the pendency of the supplemental review, the General Assembly passed House Bill 1443, aimed at clarifying portions of the original Cannabis Act. As a result, the bill establishes a more comprehensive criteria to award 110 adult-use cannabis dispensary licenses. This bill created two new lotteries with increased applicant participation (85% cut score) and a narrower definition of social equity applicant to include only applicants who applied under the disproportionately impacted area or those that have personally been convicted or has a family member who have been convicted of a cannabis-related crime. The lottery dates for these additional, and the original, licenses took place in July and August of 2021.

We are reaching the end of this process and look forward to continuing our march forward in the implementation of the most equitable cannabis program in the country.

# FY21 Accomplishments



# FY22 Goals and Essential Projects

For FY22, the Department remains steadfast in our efforts to equitably distribute adult-use licenses. In addition, we aim to modernize and streamline application and renewal processes moving forward and align funds to avoid waste and ensure best fiscal and audit practices.

## Goals to achieve:

- Finalize “Seed to Sale” Contract
- Initiate Fund Alignment
- Implement HB1443 to conduct lotteries and award equitable conditional licenses
- Initiate and complete online license renewal process
- Onboard necessary and essential personnel for expeditious implementation of Cannabis Regulation and Tax Act

## Essential Projects



The initiation, construction and production of an online license renewal process to allow Department to review and approve renewals and new applicants to avoid transition delays and improve transparency.



Department efforts related to the modernization of “Seed to Sale” procurement contract to allow the cannabis-related agencies to remain nimble in the tracking of products from seed to point of sale. Additionally, by housing it in one area, we will moveably track and analyze data points relevant to implantation, health, education and other best practices.





Aligning internal cannabis fund structures within the Department with other funds, will allow the Department to more easily track use and obligations of the fund throughout all levels of the Department.


# Key Data Points | Application Process

These key data points reflect no action in FY21 due to the ongoing supplemental scoring process in the last two quarters of the fiscal year alongside the passage of HB1443 during the 102<sup>nd</sup> General Assembly. The numbers congruent to these key data points are potentially subject to change in FY22 following the scheduled lotteries and awarding of adult-use licenses.

 **December 10, 2019 -  
January 2, 2020**  
Date Applications  
Received

 **N/A**  
Date Licenses  
Available


 **N/A**  
Number of  
Deficiency Notice


 **55/55**  
Number of Dispensaries  
AU/MU (Secondary-  
Site/Same-Site)

 **N/A**  
Number of  
Supplemental  
Responses

 **N/A**  
% of Sufficient  
Responses

 **N/A**  
Number of  
Qualifying  
Applications

 **N/A**  
Number Selected  
in Lottery

 **N/A**  
% of Qualifying Applicants  
Selected from  
Qualifying/from Total

 **N/A**  
Statewide Map of  
Dispensaries

*IDFPR should be able to provide additional data related to application process in the future with our new online licensing system*

# Key Data Points | Licenses Issued

As of the date of this report, only adult-use licenses for same-site and secondary-site applicants have been issued. These licenses were awarded per the Cannabis Regulation and Tax Act.



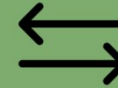
55

Same-Site Applications



55

Secondary-Site Applications



15

Number of Licenses Transferred



55

Same-Site Licenses Awarded



55

Secondary-Site Licenses Awarded



4

Number of Licenses Inactive

*Data as of 06/30/2021. See slide 11 and 12 for up-to-date demographics ownership*

# Adult-Use Dispensing Organization Licenses – FY20 vs FY21 Regions by County Groups

Due to the limited number of dispensaries in FY20 in each county (other than Cook), the Department was not reporting revenue on a per-county basis. As the state adds additional licenses under the statute, the Department intends to provide data for smaller sets of individual counties. For FY20 the Department divided the state into five (5) county groups for the purpose of reporting revenues (only counties with dispensaries are listed):

- 1. City of Chicago**
- 2. Suburban Cook County**
- 3. Non-Cook Suburban Counties:** DuPage, Grundy, Kane, Lake, Will
- 4. Northern Counties:** Champaign, Fulton, Knox, LaSalle, McLean, Peoria, Rock Island, Tazewell, Vermillion, Winnebago
- 5. Southern Counties:** Adams, Effingham, Jackson, Madison, Saline, Sangamon, St. Clair, Union, Williamson

For FY21, the Department further divided the state resulting in a total of eight (8) county groups. The new county groups, for the purpose of reporting revenues, are listed below (only counties with dispensaries are listed):

- 1. Chicago**
- 2. Suburban Cook**
- 3. DuPage**
- 4. Chicago BLS w/o Cook or DuPage:** Lake, McHenry, Kane, Grundy, Will, LaSalle
- 5. Northern Non-Metropolitan:** Jo Daviess, Winnebago, Whiteside, Rock Island
- 6. West Central:** Knox, McDonough, Fulton, Tazewell, Peoria, Adams, Sangamon
- 7. East Central:** McLean, Champaign, Coles, Vermillion, Effingham
- 8. Southern:** Montgomery, Madison, St. Clair, Saline, Jackson, Union, Williamson, Jefferson



# Adult-Use Dispensing Organization Licenses by Region Overview

Region	# of Adult-Use Dispensaries
Chicago	20
Suburban Cook	23
DuPage	11
<b>Chicago BLS w/o Cook or DuPage:</b> Lake, McHenry, Kane, Grundy, Will, LaSalle	15
<b>Northern Non-Metropolitan:</b> Jo Daviess, Winnebago, Whiteside, Rock Island	8
<b>West Central:</b> Knox, McDonough, Fulton, Tazewell, Peoria, Adams, Sangamon	14
<b>East Central:</b> McLean, Champaign, Coles, Vermillion, Effingham	8
<b>South:</b> Montgomery, Madison, St. Clair, Saline, Jackson, Union, Williamson, Jefferson	11

**TOTAL: 110**

# Adult-Use Dispensing Organization Licenses by County (except Cook)

Pursuant to Section 55-80 of the CRTA Act: The number of licenses issued to dispensing organizations by county, or, in counties with greater than 3,000,000 residents, by zip code.

County	# of Licenses	County	# of Licenses
Adams	3	McDonough	1
Champaign	3	McHenry	1
Coles	1	McLean	2
DuPage	11	Montgomery	1
Effingham	1	Peoria	2
Fulton	1	Rock Island	1
Grundy	1	Saline	1
Jackson	1	Sangamon	4
Jefferson	1	St. Clair	3
Jo Daviess	2	Tazewell	2
Kane	2	Union	1
Knox	1	Vermillion	1
Lake	6	Whiteside	1
LaSalle	1	Will	4
Madison	1	Williamson	1
Massac	1	Winnebago	4

**TOTAL: 67**

\*No adult-use dispensing organization licenses were issued in counties not listed.

# Adult-Use Dispensing Organization Licenses by Zip Code (Cook County)

Pursuant to Section 55-80 of the CRTA Act: The number of licenses issued to dispensing organizations by county, or, in counties with greater than 3,000,000 residents, by zip code.

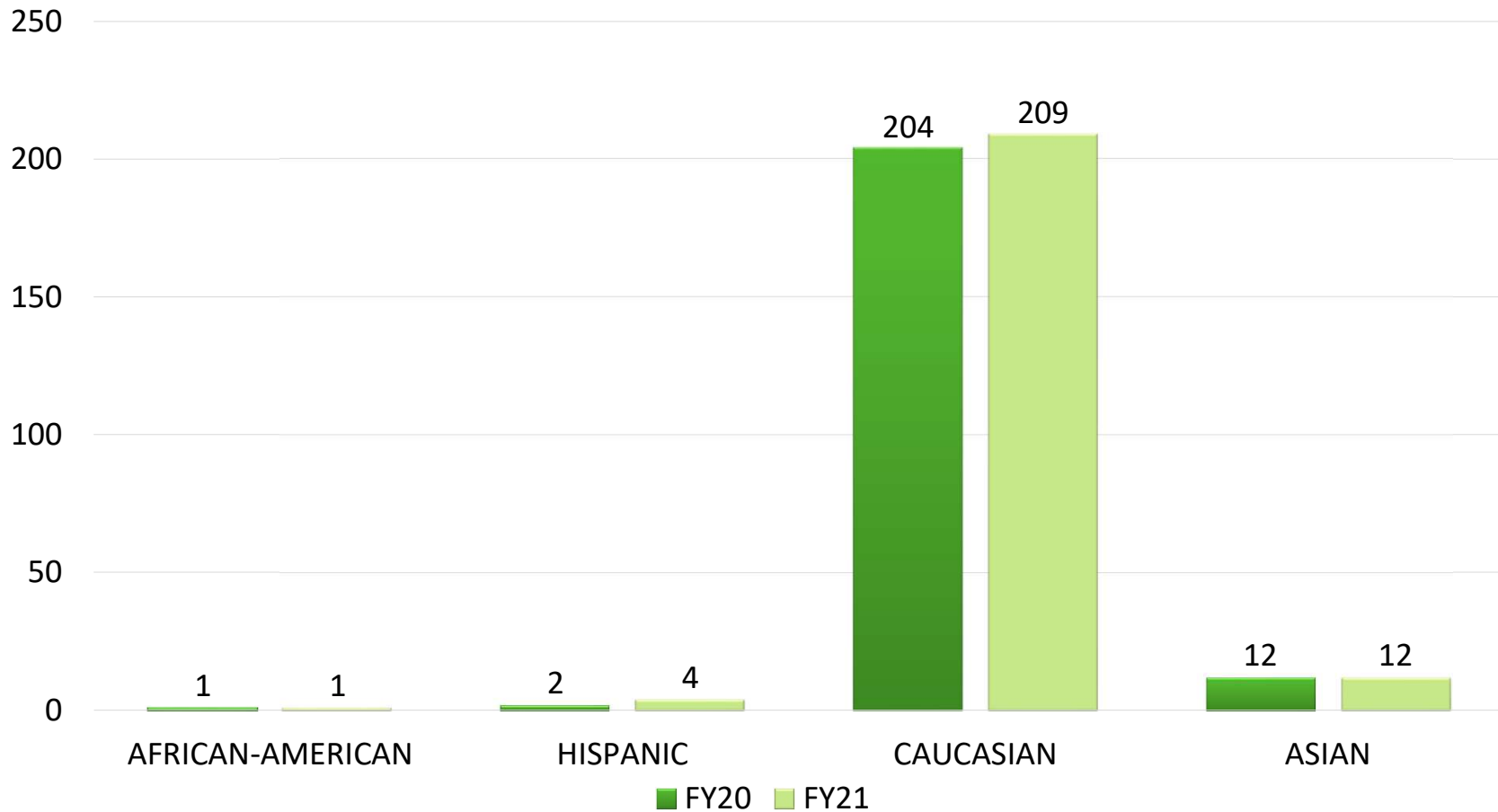
Zip Code	# of Licenses	Zip Code	# of Licenses
60005	1	60458	1
60008	1	60469	1
60015	1	60607	3
60018	2	60608	1
60053	1	60613	1
60056	1	60617	1
60077	1	60626	1
60089	1	60630	1
60154	1	60631	1
60160	1	60632	1
60173	2	60638	1
60194	1	60640	1
60201	1	60642	2
60301	1	60647	1
60409	1	60654	3
60415	1	60661	1
60425	1	60707	1
60430	1	60714	1

**TOTAL: 43**

\*No adult-use dispensing organization licenses were issued in zip codes not listed.

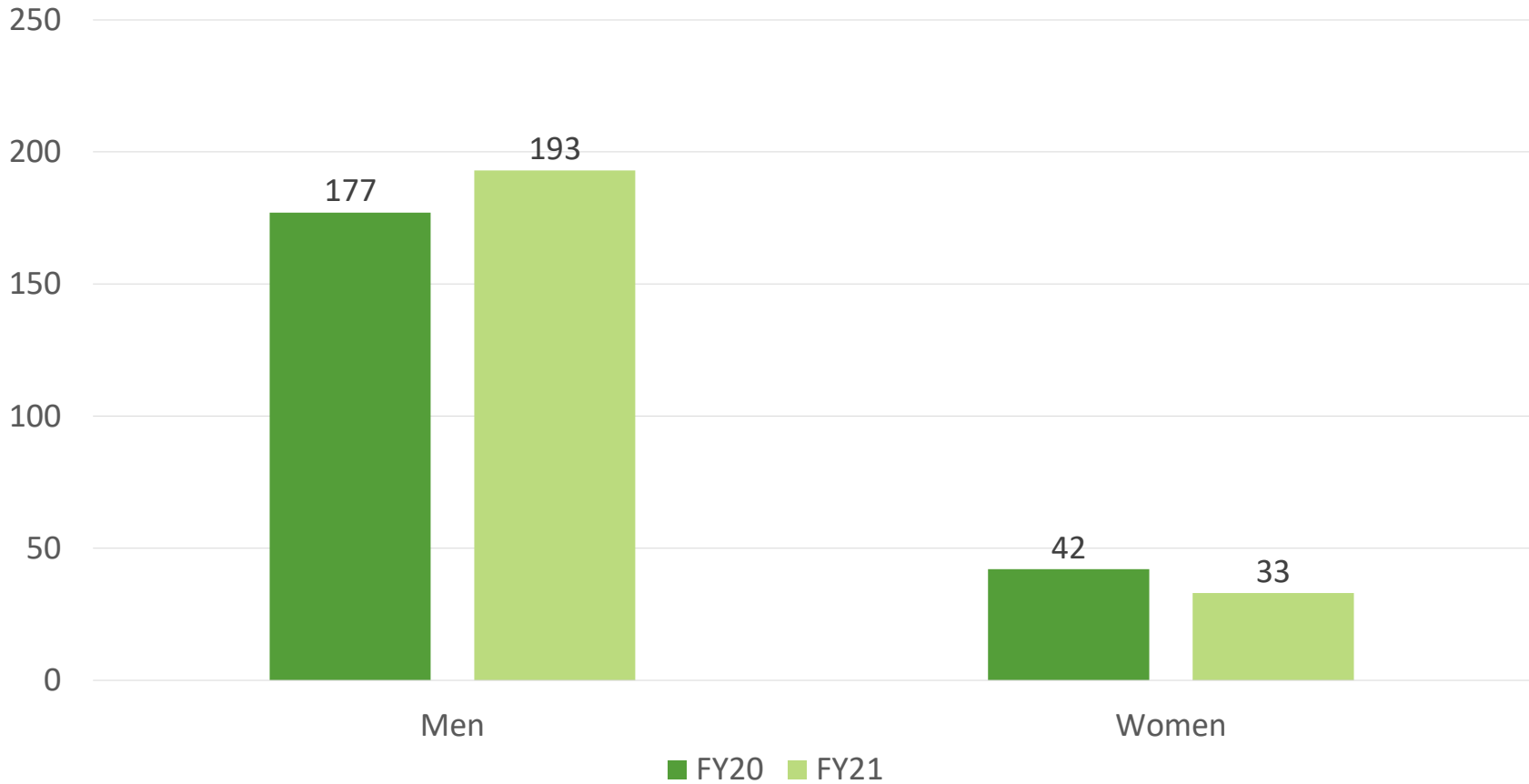
# Dispensing Organization Ownership Demographics

Persons with an Ownership Interest by Race/Ethnicity FY20 vs FY21



# Dispensing Organization Ownership Demographics

Persons with an Ownership by Gender FY20 vs FY21




# Key Data Points | Inspections

These numbers are subject to increase with the number of additional issued licenses following the results of the scheduled lotteries as contemplated in the original CRTA and HB1443. The Department also worked throughout FY21 to strategically post and hire investigators, licensing and testing employees and prosecutors to more fully regulate this burgeoning industry. The Department plans to provide additional data related to inspections in the future with the Department's new online licensing system.

**6**  
 Number of Inspectors

**232**  
 Number of Inspections

**1**  
 Adult-Use Consent Orders

**0**  
 Adult-Use Non-Disciplinary Orders

**0**  
 Medical Dispensary Consent Orders

**21**  
 Medical Dispensary Non-Disciplinary Orders

**56**  
 Medical Dispensary Complaints opened by Complaint Intake Unit for FY21

**19**  
 Adult-Use Dispensary Complaints opened by Complaint Intake Unit for FY21

# Key Data Points | Sales Data

The data below reflects the preferences of adult-use consumers in their selection and use of cannabis and cannabis-related products.

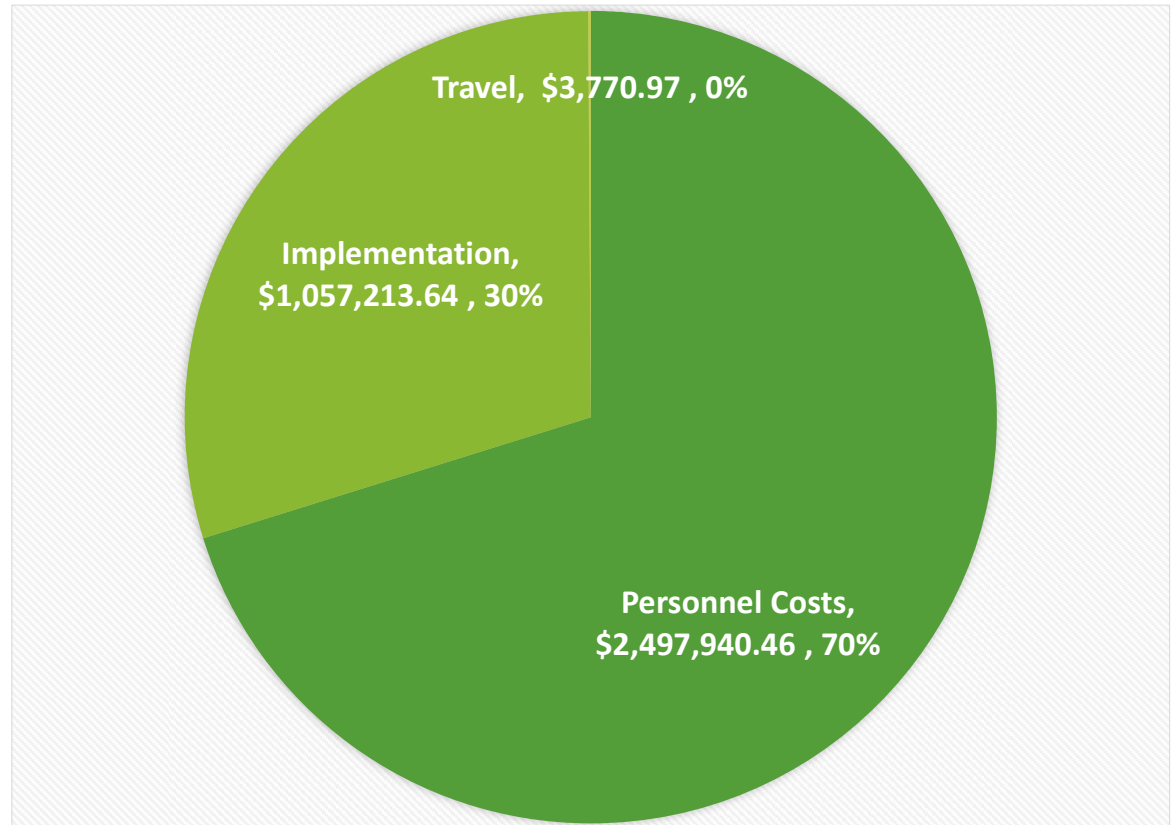
Product Type	Total FY21 Adult-Use Only Sales
Liquid Cannabis Infused Edible	\$12,495,608.71
Liquid Cannabis RSO	\$2,789,366.48
Cannabis Extract for Inhalation	\$354,122,605.22
Cannabis Infused Topicals	\$4,834,943.30
Cannabis Mix Infused	\$99,889.00
Cannabis Mix Packaged	\$5,938.02
Solid Cannabis Infused Edible	\$167,307,800.56
Usable Cannabis	\$514,581,437.13

# Funding Usage

For Fiscal Year 2021 the Department was appropriated \$4,265,100 for staff and operational costs for the implementation of the Adult-Use Cannabis program. Spending to date is \$3,558,925.07. Of this amount, 70% was spent on salaries and related costs, 30% on contractual costs for implementation of the program and less than 1% on travel.

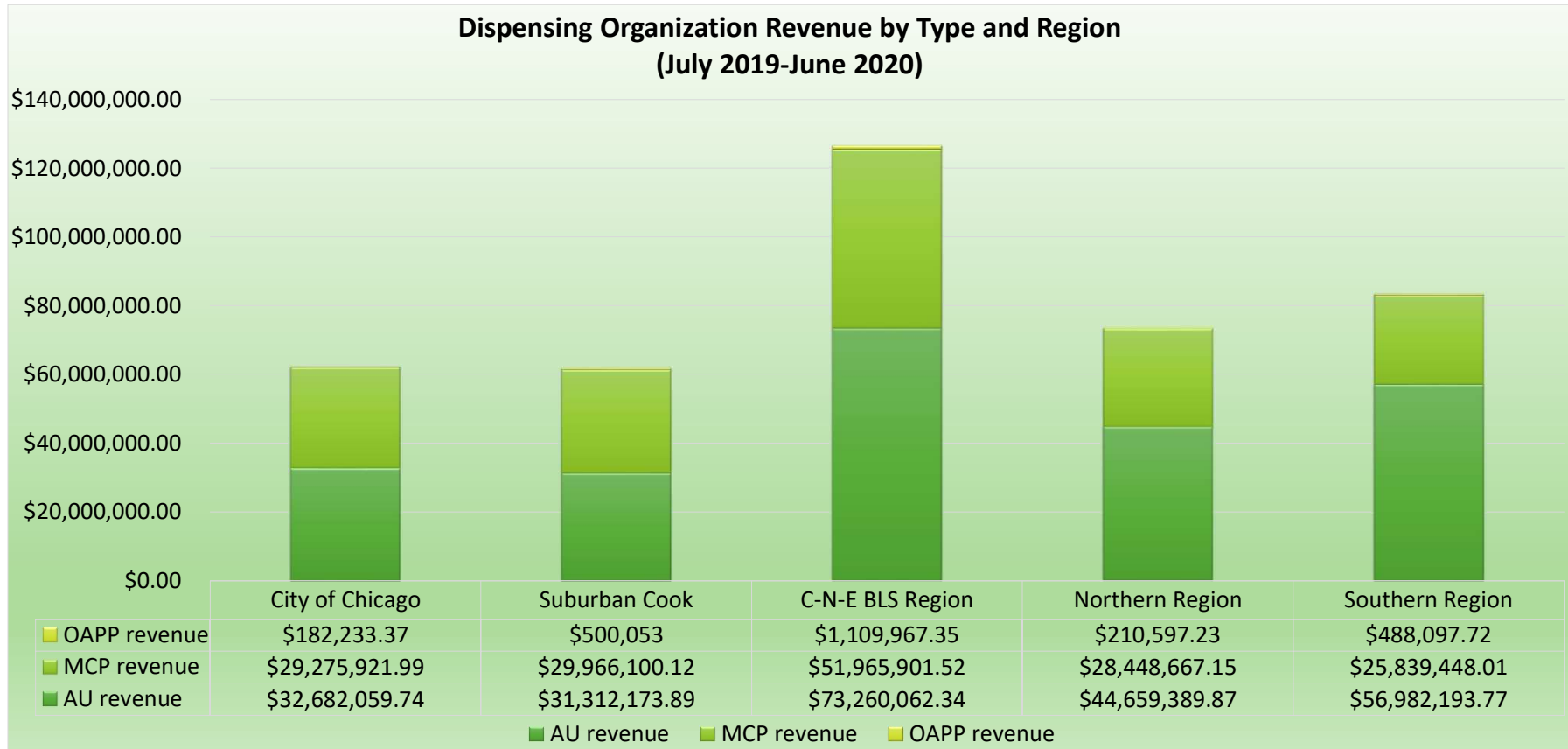
The 912 Cannabis Control Fund (shared) closing balance per Illinois Comptroller's SB05 as of June 30, 2021 =

**\$22,063,037.17**



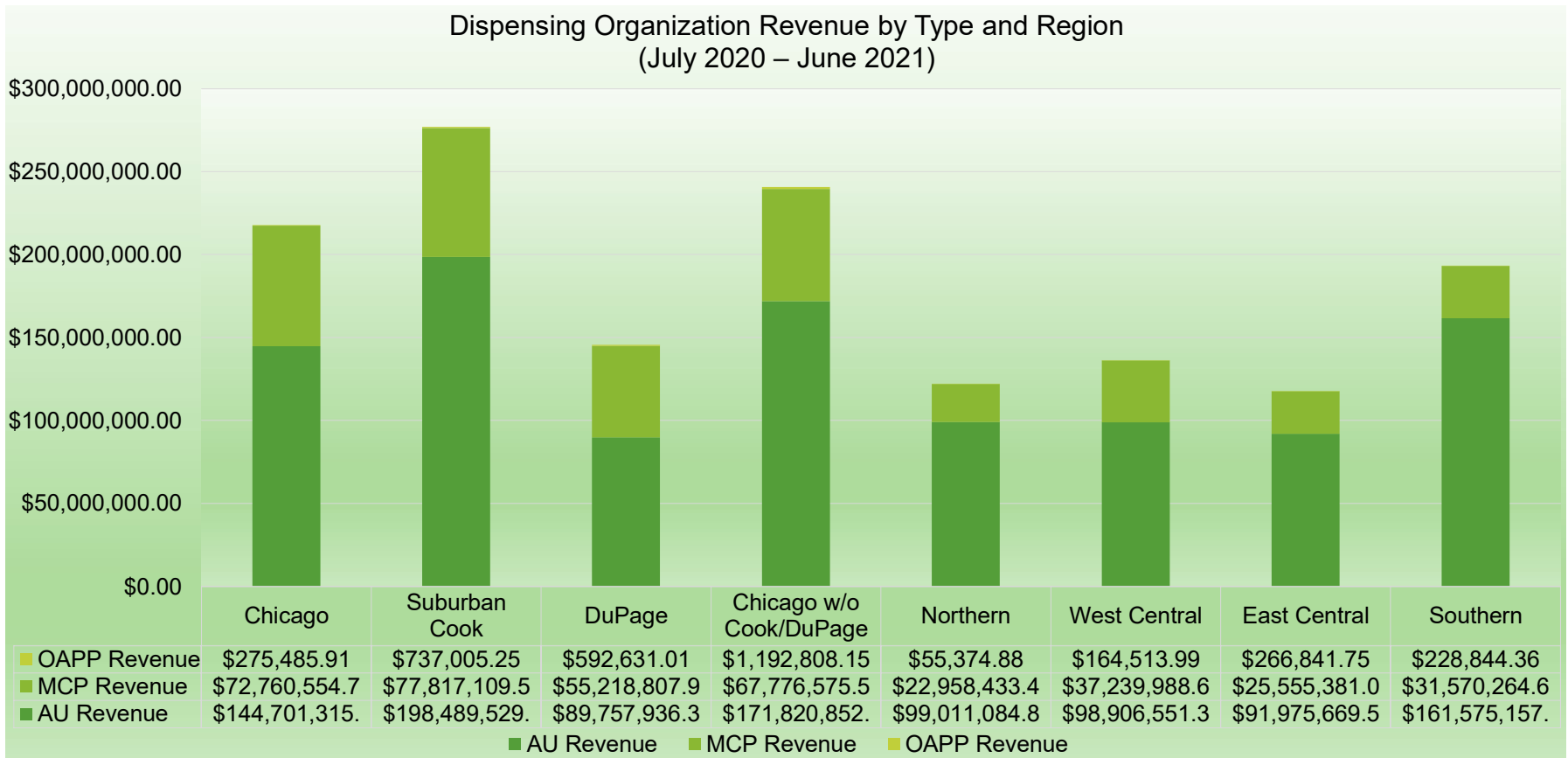


# Dispensing Organization Revenues FY20



*"AU" = Adult-Use*  
*"MCP" = Medical Cannabis Program*  
*"OAPP" = Opioid Alternative Patient Program*

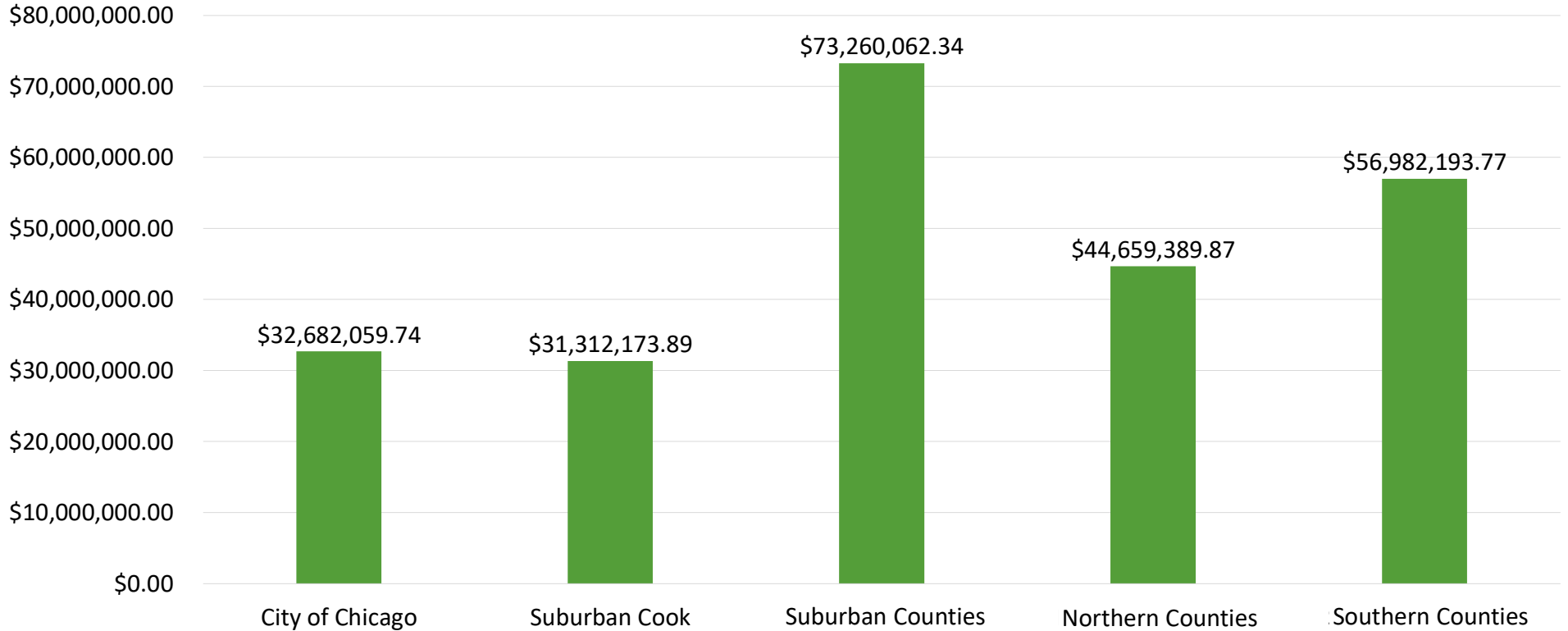
# Dispensing Organization Revenues FY21



"AU" = Adult-Use  
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 "OAPP" = Opioid Alternative Patient Program

# Dispensing Organization Revenues FY20

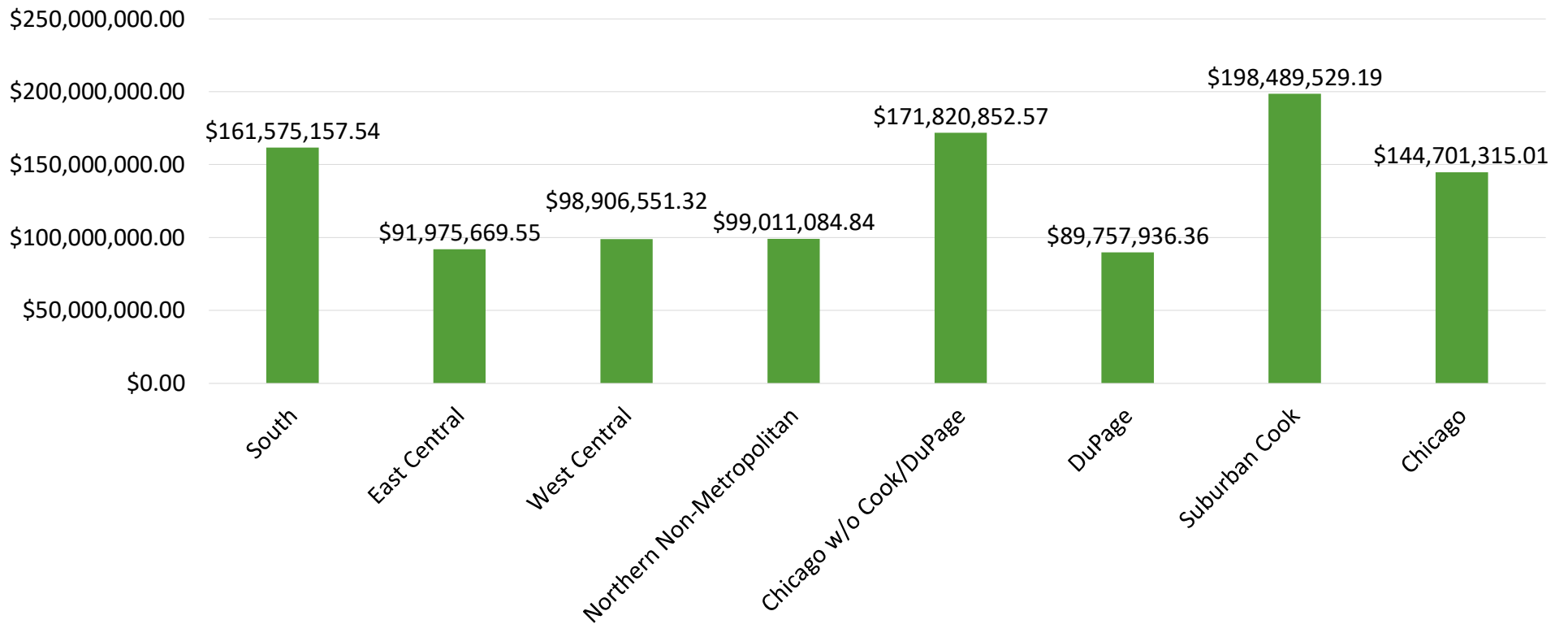
Adult-Use Cannabis Sales by County Groups  
January 2020 – June 2020



**Total Dispensary Sales: \$238,895,879.61**

# Dispensing Organization Revenues FY21

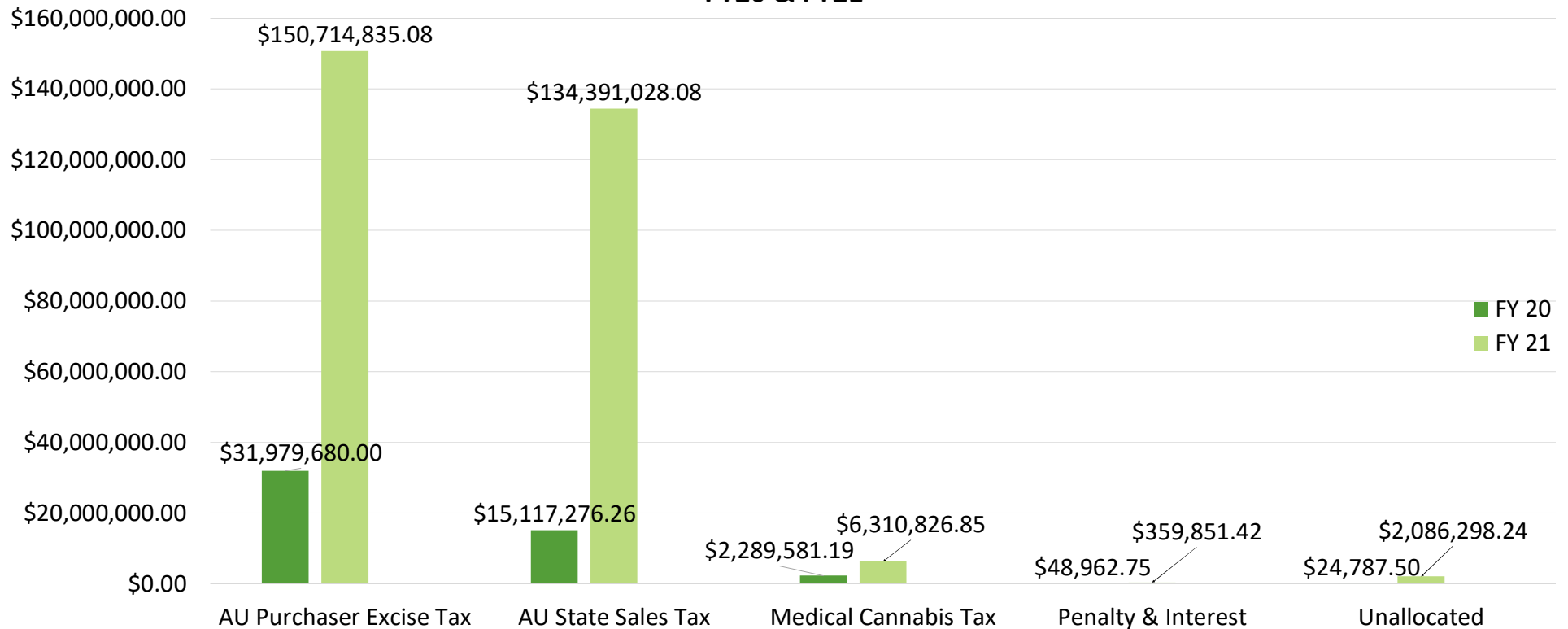
Adult-Use Cannabis Sales by County Groups  
July 2020 – June 2021



**Total Dispensary Sales: \$1,056,238,096.38**

# Dispensing Organization Revenues

State Cannabis Tax Revenues by Source  
FY20 & FY21



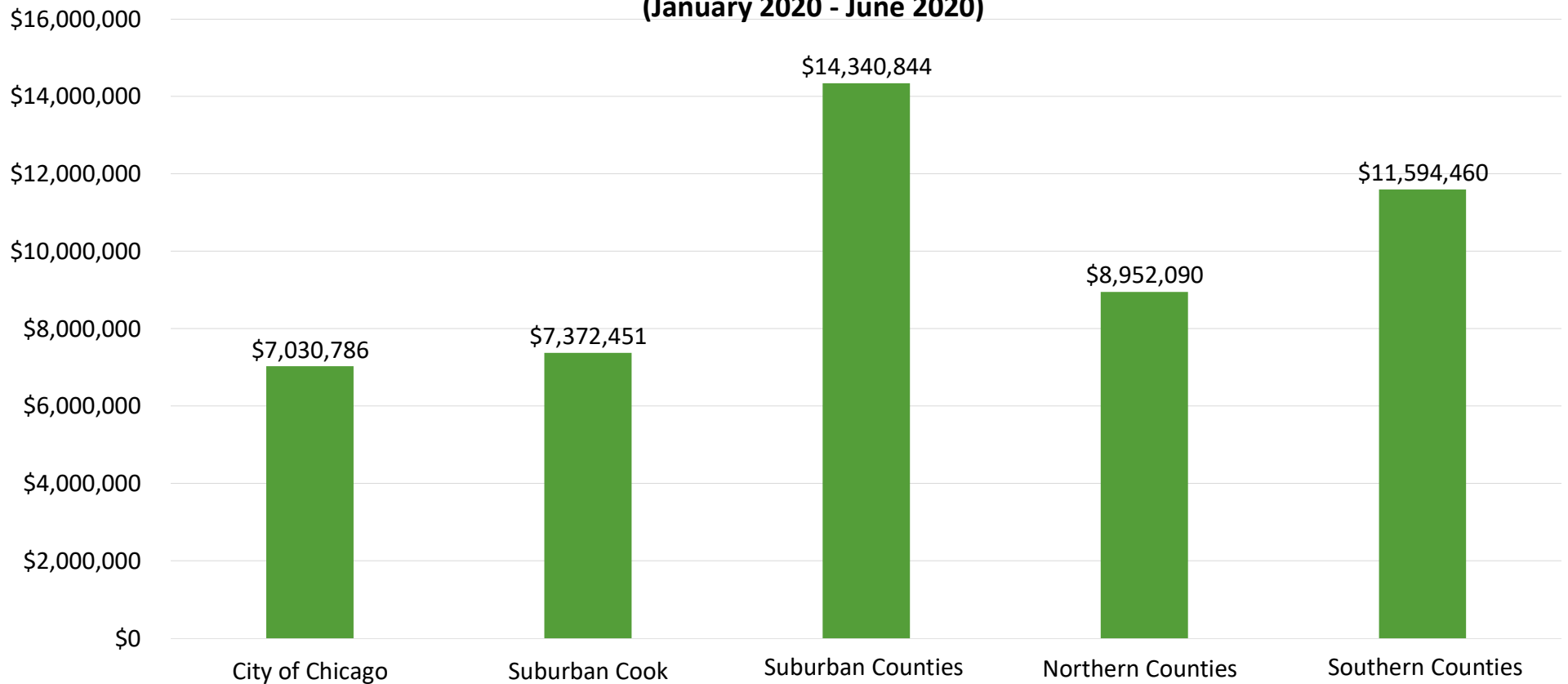
**FY20 Total Dispensary State Tax Revenues: \$49,460,287.70\***

**FY21 Total Dispensary State Tax Revenues: \$293,862,839.67\***

**Unallocated amounts include overpayments or credits not allocated to another type of tax liability**

# Dispensing Organization Revenues FY20

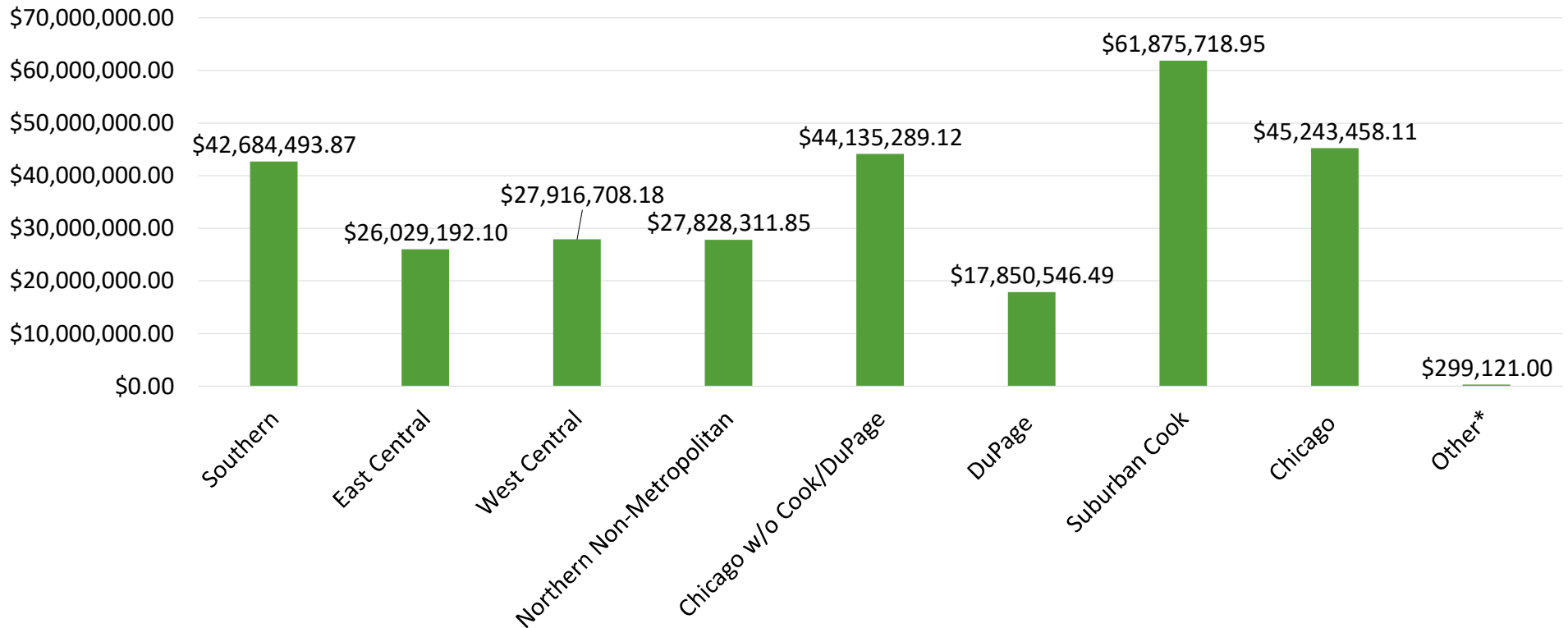
Cannabis State Tax Revenue Collected by County Groups  
(January 2020 - June 2020)



As of June 30, 2020, no dispensaries shared premises or majority ownership with a craft grower or infuser. As such, there is no revenue from such dispensaries.

# Dispensing Organization Revenues FY21

Cannabis State Tax Revenue Collected by County Groups  
(July 2020 – June 2021)



As of June 30, 2021, no dispensaries shared premises or majority ownership with a craft grower or infuser. As such, there is no revenue from such dispensaries.

\*Other includes tax revenues not allocable elsewhere

# Cannabis Regulation Fund/ Cannabis Business Development Fund

The Cannabis Regulation Fund (the “Fund”) was created by Public Act 101-0027. Revenue sources for the fund include: (1) license application fees, (2) licensing fees, (3) penalty fees and fines, and (4) state-levied excise taxes on wholesale and retail transactions. Both the Department of Agriculture and the Department of Financial and Professional Regulation contribute to the Fund. The revenues reported in this section reflect revenue raised by dispensing organization sales, licensing fees, and penalties, and exclude any revenue sources associated with cultivation centers, craft growers, infusers, or transporting organizations.

## **License Application Fees**

Application fees for new dispensing organization licenses were paid between December 10, 2019 and January 2, 2020. Application fees were \$2,500 for qualifying Social Equity Applicants and \$5,000 for non-qualifying Social Equity Applicants and any non-Social Equity Applicant applicants. Social Equity Applicants did not qualify for the reduced fee if they made \$750,000 or more in revenues in the previous year or already held two or more cannabis business establishment licenses in Illinois.

## **Licensing Fees**

Early Approval Adult-Use Dispensing Organization Licenses require a licensing fee of \$30,000 and expired on March 31, 2021. Licensing fees were also received from persons obtaining agent identification cards to serve as principal officers, agents-in-charge, and agents of dispensing organizations. Each of these fees is \$100. The Cannabis Regulation and Tax Act allows medical cannabis agents to use their medical cannabis agent cards to serve adult-use purchasers at adult-use facilities owned by the same entity that owns the medical cannabis facility. Most agents continued to use their medical cannabis dispensing organization agent cards rather than use the adult-use cards, so the Department received negligible revenue from adult-use agent cards in FY2020.

## **Penalty Fees and Fines**

The Department may assess non-disciplinary fees or disciplinary fines on licensees. Non-disciplinary fees that have been assessed are not made public on an individual licensee basis.

## **State-Levied Excise Taxes**

The Cannabis Regulation and Tax Act included a tiered taxing structure on the retail sales of cannabis. Illinois was the first state to do so. This taxing structure is similar to the taxing structure for alcohol, which taxes beer, wine, and liquor at varying rates depending on the alcohol by volume and fermenting process. The tiers are structured to assess a 10% excise tax on cannabis testing under 35% adjusted THC, a 20% excise tax on all cannabis-infused products, and a 25% excise tax on cannabis testing 35% or more adjusted THC. The numbers included in this section do not include taxes raised from ordinary sales tax or local cannabis excise or sales taxes.



# Cannabis Regulation Fund/ Cannabis Business Development Fund

## Cannabis Business Development Fund

The Cannabis Business Development Fund (the “CBD Fund”) was also created by Public Act 101-0027. The CBD Fund is funded by legacy medical cannabis cultivation center and dispensing organization registrants. Dispensing organizations were required to make a contribution to the CBD Fund of up to \$200,000 before obtaining an Early Approval Adult-Use Dispensing Organization License.

Application Fees for Conditional Adult-Use Dispensing Organization Licenses:	\$0
License Fees for Early Approval Adult-Use Dispensing Organization Licenses:	\$1,590,000.00
Fees Raised from Early Approval Adult-Use Dispensing Organization Licensees for the Cannabis Business Development Fund:	\$7,413,363.85
License fees for Adult-Use Dispensing Organization Principal Officers, Agents-in-Charge, and Agents:	\$56,500.00*
Other Fees:	\$0
Adult-Use Cannabis Cultivator Privilege and Purchaser Excise Taxes:	\$176,865,328.60
<b>Total:</b>	<b>\$185,925,192.45</b>

\*Agents can use their medical cannabis dispensing organization identification cards at the Early Approval Dispensing Organizations. As such, the only agents that have obtained an adult-use agent identification card are those that did so as part of the Department’s testing of the new online application process.

## Recommendations Related to Tax Rates

While the Cannabis Regulation and Tax Act directs the Department to provide recommendations related to the tax rates that have been applied, the Department has determined it is too early in the Adult-Use Cannabis Program to make any such recommendations. Further, six-months of data is insufficient for any meaningful analysis.

# Relevant Legislation, Updates, and Initiatives

HB1443 (sponsored by Representative Ford and Senator Lightford of the 102<sup>nd</sup> GA) passed both houses on May 28, 2021, now Public Act 102-0098, was signed by Governor Pritzker July 15, 2021.

The bill was trailer legislation to modify the Cannabis Regulation and Tax Act.

P.A. 102-0098 made the following changes:

- Created two new lotteries, in addition to the original lottery for 75 applicants with perfect scores.
  - Qualifying Applicant Lottery
  - Social Equity Justice Involved Lottery
  
- Expanded access to potential licenses for social equity applicants by reducing the required applicant score from 100% to 85% to qualify for the two new lotteries.
  
- Narrows definition of Social Equity Applicant.