



Rep. La Shawn K. Ford

Filed: 5/19/2023

10300SB1559ham001

LRB103 29878 BMS 62285 a

1 AMENDMENT TO SENATE BILL 1559

2 AMENDMENT NO. _____. Amend Senate Bill 1559 by replacing
3 everything after the enacting clause with the following:

4 "Article 1.

5 Section 1-5. The Cannabis Regulation and Tax Act is
6 amended by changing Section 1-10 as follows:

7 (410 ILCS 705/1-10)

8 Sec. 1-10. Definitions. In this Act:

9 "Adult Use Cultivation Center License" means a license
10 issued by the Department of Agriculture that permits a person
11 to act as a cultivation center under this Act and any
12 administrative rule made in furtherance of this Act.

13 "Adult Use Dispensing Organization License" means a
14 license issued by the Department of Financial and Professional
15 Regulation that permits a person to act as a dispensing

1 organization under this Act and any administrative rule made
2 in furtherance of this Act.

3 "Advertise" means to engage in promotional activities
4 including, but not limited to: newspaper, radio, Internet and
5 electronic media, and television advertising; the distribution
6 of fliers and circulars; billboard advertising; and the
7 display of window and interior signs. "Advertise" does not
8 mean exterior signage displaying only the name of the licensed
9 cannabis business establishment.

10 "Application points" means the number of points a
11 Dispensary Applicant receives on an application for a
12 Conditional Adult Use Dispensing Organization License.

13 "BLS Region" means a region in Illinois used by the United
14 States Bureau of Labor Statistics to gather and categorize
15 certain employment and wage data. The 17 such regions in
16 Illinois are: Bloomington (DeWitt County; McLean County), Cape
17 Girardeau (Alexander County), Carbondale-Marion (Jackson
18 County; Williamson County), Champaign-Urbana (Champaign
19 County; Ford County; Piatt County), Chicago-Naperville-Elgin
20 (Cook County; DeKalb County; DuPage County; Grundy County;
21 Kane County; Kendall County; Lake County; McHenry County; Will
22 County), Danville (Vermilion County), Davenport-Moline-Rock
23 Island (Henry County; Mercer County; Rock Island County),
24 Decatur (Macon County), Kankakee (Kankakee County), Peoria
25 (Marshall County; Peoria County; Stark County; Tazewell
26 County; Woodford County), Rockford (Boone County; Winnebago

1 County), St. Louis (Bond County; Calhoun County; Clinton
2 County; Jersey County; Madison County; Macoupin County; Monroe
3 County; St. Clair County), Springfield (Menard County;
4 Sangamon County), Northwest Illinois nonmetropolitan area
5 (Bureau County; Carroll County; Jo Daviess County; LaSalle
6 County; Lee County; Ogle County; Putnam County; Stephenson
7 County; Whiteside County), West Central Illinois
8 nonmetropolitan area (Adams County; Brown County; Cass County;
9 Christian County; Fulton County; Greene County; Hancock
10 County; Henderson County; Knox County; Livingston County;
11 Logan County; Mason County; McDonough County; Montgomery
12 County; Morgan County; Moultrie County; Pike County; Schuyler
13 County; Scott County; Shelby County; Warren County), East
14 Central Illinois nonmetropolitan area (Clark County; Clay
15 County; Coles County; Crawford County; Cumberland County;
16 Douglas County; Edgar County; Effingham County; Fayette
17 County; Iroquois County; Jasper County; Lawrence County;
18 Marion County; Richland County), and South Illinois
19 nonmetropolitan area (Edwards County; Franklin County;
20 Gallatin County; Hamilton County; Hardin County; Jefferson
21 County; Johnson County; Massac County; Perry County; Pope
22 County; Pulaski County; Randolph County; Saline County; Union
23 County; Wabash County; Washington County; Wayne County; White
24 County).

25 "By lot" means a randomized method of choosing between 2
26 or more Eligible Tied Applicants or 2 or more Qualifying

1 Applicants.

2 "Cannabis" means marijuana, hashish, and other substances
3 that are identified as including any parts of the plant
4 Cannabis sativa and including derivatives or subspecies, such
5 as indica, of all strains of cannabis, whether growing or not;
6 the seeds thereof, the resin extracted from any part of the
7 plant; and any compound, manufacture, salt, derivative,
8 mixture, or preparation of the plant, its seeds, or resin,
9 including tetrahydrocannabinol (THC) and all other naturally
10 produced cannabinol derivatives, whether produced directly or
11 indirectly by extraction; however, "cannabis" does not include
12 the mature stalks of the plant, fiber produced from the
13 stalks, oil or cake made from the seeds of the plant, any other
14 compound, manufacture, salt, derivative, mixture, or
15 preparation of the mature stalks (except the resin extracted
16 from it), fiber, oil or cake, or the sterilized seed of the
17 plant that is incapable of germination. "Cannabis" does not
18 include industrial hemp as defined and authorized under the
19 Industrial Hemp Act. "Cannabis" also means cannabis flower,
20 concentrate, and cannabis-infused products.

21 "Cannabis business establishment" means a cultivation
22 center, craft grower, processing organization, infuser
23 organization, dispensing organization, or transporting
24 organization.

25 "Cannabis concentrate" means a product derived from
26 cannabis that is produced by extracting cannabinoids,

1 including tetrahydrocannabinol (THC), from the plant through
2 the use of propylene glycol, glycerin, butter, olive oil, or
3 other typical cooking fats; water, ice, or dry ice; or butane,
4 propane, CO₂, ethanol, or isopropanol and with the intended
5 use of smoking or making a cannabis-infused product. The use
6 of any other solvent is expressly prohibited unless and until
7 it is approved by the Department of Agriculture.

8 "Cannabis container" means a sealed or resealable,
9 traceable, container, or package used for the purpose of
10 containment of cannabis or cannabis-infused product during
11 transportation.

12 "Cannabis flower" means marijuana, hashish, and other
13 substances that are identified as including any parts of the
14 plant Cannabis sativa and including derivatives or subspecies,
15 such as indica, of all strains of cannabis; including raw
16 kief, leaves, and buds, but not resin that has been extracted
17 from any part of such plant; nor any compound, manufacture,
18 salt, derivative, mixture, or preparation of such plant, its
19 seeds, or resin.

20 "Cannabis-infused product" means a beverage, food, oil,
21 ointment, tincture, topical formulation, or another product
22 containing cannabis or cannabis concentrate that is not
23 intended to be smoked.

24 "Cannabis paraphernalia" means equipment, products, or
25 materials intended to be used for planting, propagating,
26 cultivating, growing, harvesting, manufacturing, producing,

1 processing, preparing, testing, analyzing, packaging,
2 repackaging, storing, containing, concealing, ingesting, or
3 otherwise introducing cannabis into the human body.

4 "Cannabis plant monitoring system" or "plant monitoring
5 system" means a system that includes, but is not limited to,
6 testing and data collection established and maintained by the
7 cultivation center, craft grower, or processing organization
8 and that is available to the Department of Revenue, the
9 Department of Agriculture, the Department of Financial and
10 Professional Regulation, and the Illinois State Police for the
11 purposes of documenting each cannabis plant and monitoring
12 plant development throughout the life cycle of a cannabis
13 plant cultivated for the intended use by a customer from seed
14 planting to final packaging.

15 "Cannabis testing facility" means an entity registered by
16 the Department of Agriculture to test cannabis for potency and
17 contaminants.

18 "Clone" means a plant section from a female cannabis plant
19 not yet rootbound, growing in a water solution or other
20 propagation matrix, that is capable of developing into a new
21 plant.

22 "Community College Cannabis Vocational Training Pilot
23 Program faculty participant" means a person who is 21 years of
24 age or older, licensed by the Department of Agriculture, and
25 is employed or contracted by an Illinois community college to
26 provide student instruction using cannabis plants at an

1 Illinois Community College.

2 "Community College Cannabis Vocational Training Pilot
3 Program faculty participant Agent Identification Card" means a
4 document issued by the Department of Agriculture that
5 identifies a person as a Community College Cannabis Vocational
6 Training Pilot Program faculty participant.

7 "Conditional Adult Use Dispensing Organization License"
8 means a contingent license awarded to applicants for an Adult
9 Use Dispensing Organization License that reserves the right to
10 an Adult Use Dispensing Organization License if the applicant
11 meets certain conditions described in this Act, but does not
12 entitle the recipient to begin purchasing or selling cannabis
13 or cannabis-infused products.

14 "Conditional Adult Use Cultivation Center License" means a
15 license awarded to top-scoring applicants for an Adult Use
16 Cultivation Center License that reserves the right to an Adult
17 Use Cultivation Center License if the applicant meets certain
18 conditions as determined by the Department of Agriculture by
19 rule, but does not entitle the recipient to begin growing,
20 processing, or selling cannabis or cannabis-infused products.

21 "Craft grower" means a facility operated by an
22 organization or business that is licensed by the Department of
23 Agriculture to cultivate, dry, cure, and package cannabis and
24 perform other necessary activities to make cannabis available
25 for sale at a dispensing organization or use at a processing
26 organization. A craft grower may contain up to 14,000 ~~5,000~~

1 square feet of canopy space on its premises for plants in the
2 flowering state. ~~The Department of Agriculture may authorize~~
3 ~~an increase or decrease of flowering stage cultivation space~~
4 ~~in increments of 3,000 square feet by rule based on market~~
5 ~~need, craft grower capacity, and the licensee's history of~~
6 ~~compliance or noncompliance, with a maximum space of 14,000~~
7 ~~square feet for cultivating plants in the flowering stage,~~
8 which must be cultivated in all stages of growth in an enclosed
9 and secure area. A craft grower may share premises with a
10 processing organization or a dispensing organization, or both,
11 provided each licensee stores currency and cannabis or
12 cannabis-infused products in a separate secured vault to which
13 the other licensee does not have access or all licensees
14 sharing a vault share more than 50% of the same ownership.

15 "Craft grower agent" means a principal officer, board
16 member, employee, or other agent of a craft grower who is 21
17 years of age or older.

18 "Craft Grower Agent Identification Card" means a document
19 issued by the Department of Agriculture that identifies a
20 person as a craft grower agent.

21 "Cultivation center" means a facility operated by an
22 organization or business that is licensed by the Department of
23 Agriculture to cultivate, process, transport (unless otherwise
24 limited by this Act), and perform other necessary activities
25 to provide cannabis and cannabis-infused products to cannabis
26 business establishments.

1 "Cultivation center agent" means a principal officer,
2 board member, employee, or other agent of a cultivation center
3 who is 21 years of age or older.

4 "Cultivation Center Agent Identification Card" means a
5 document issued by the Department of Agriculture that
6 identifies a person as a cultivation center agent.

7 "Currency" means currency and coin of the United States.

8 "Dispensary" means a facility operated by a dispensing
9 organization at which activities licensed by this Act may
10 occur.

11 "Dispensary Applicant" means the Proposed Dispensing
12 Organization Name as stated on an application for a
13 Conditional Adult Use Dispensing Organization License.

14 "Dispensing organization" means a facility operated by an
15 organization or business that is licensed by the Department of
16 Financial and Professional Regulation to acquire cannabis from
17 a cultivation center, craft grower, processing organization,
18 or another dispensary for the purpose of selling or dispensing
19 cannabis, cannabis-infused products, cannabis seeds,
20 paraphernalia, or related supplies under this Act to
21 purchasers or to qualified registered medical cannabis
22 patients and caregivers. As used in this Act, "dispensing
23 organization" includes a registered medical cannabis
24 organization as defined in the Compassionate Use of Medical
25 Cannabis Program Act or its successor Act that has obtained an
26 Early Approval Adult Use Dispensing Organization License.

1 "Dispensing organization agent" means a principal officer,
2 employee, or agent of a dispensing organization who is 21
3 years of age or older.

4 "Dispensing organization agent identification card" means
5 a document issued by the Department of Financial and
6 Professional Regulation that identifies a person as a
7 dispensing organization agent.

8 "Disproportionately Impacted Area" means a census tract or
9 comparable geographic area that satisfies the following
10 criteria as determined by the Department of Commerce and
11 Economic Opportunity, that:

12 (1) meets at least one of the following criteria:

13 (A) the area has a poverty rate of at least 20%
14 according to the latest federal decennial census; or

15 (B) 75% or more of the children in the area
16 participate in the federal free lunch program
17 according to reported statistics from the State Board
18 of Education; or

19 (C) at least 20% of the households in the area
20 receive assistance under the Supplemental Nutrition
21 Assistance Program; or

22 (D) the area has an average unemployment rate, as
23 determined by the Illinois Department of Employment
24 Security, that is more than 120% of the national
25 unemployment average, as determined by the United
26 States Department of Labor, for a period of at least 2

1 consecutive calendar years preceding the date of the
2 application; and

3 (2) has high rates of arrest, conviction, and
4 incarceration related to the sale, possession, use,
5 cultivation, manufacture, or transport of cannabis.

6 "Early Approval Adult Use Cultivation Center License"
7 means a license that permits a medical cannabis cultivation
8 center licensed under the Compassionate Use of Medical
9 Cannabis Program Act as of the effective date of this Act to
10 begin cultivating, infusing, packaging, transporting (unless
11 otherwise provided in this Act), processing, and selling
12 cannabis or cannabis-infused product to cannabis business
13 establishments for resale to purchasers as permitted by this
14 Act as of January 1, 2020.

15 "Early Approval Adult Use Dispensing Organization License"
16 means a license that permits a medical cannabis dispensing
17 organization licensed under the Compassionate Use of Medical
18 Cannabis Program Act as of the effective date of this Act to
19 begin selling cannabis or cannabis-infused product to
20 purchasers as permitted by this Act as of January 1, 2020.

21 "Early Approval Adult Use Dispensing Organization at a
22 secondary site" means a license that permits a medical
23 cannabis dispensing organization licensed under the
24 Compassionate Use of Medical Cannabis Program Act as of the
25 effective date of this Act to begin selling cannabis or
26 cannabis-infused product to purchasers as permitted by this

1 Act on January 1, 2020 at a different dispensary location from
2 its existing registered medical dispensary location.

3 "Eligible Tied Applicant" means a Tied Applicant that is
4 eligible to participate in the process by which a remaining
5 available license is distributed by lot pursuant to a Tied
6 Applicant Lottery.

7 "Enclosed, locked facility" means a room, greenhouse,
8 building, or other enclosed area equipped with locks or other
9 security devices that permit access only by cannabis business
10 establishment agents working for the licensed cannabis
11 business establishment or acting pursuant to this Act to
12 cultivate, process, store, or distribute cannabis.

13 "Enclosed, locked space" means a closet, room, greenhouse,
14 building, or other enclosed area equipped with locks or other
15 security devices that permit access only by authorized
16 individuals under this Act. "Enclosed, locked space" may
17 include:

18 (1) a space within a residential building that (i) is
19 the primary residence of the individual cultivating 5 or
20 fewer cannabis plants that are more than 5 inches tall and
21 (ii) includes sleeping quarters and indoor plumbing. The
22 space must only be accessible by a key or code that is
23 different from any key or code that can be used to access
24 the residential building from the exterior; or

25 (2) a structure, such as a shed or greenhouse, that
26 lies on the same plot of land as a residential building

1 that (i) includes sleeping quarters and indoor plumbing
2 and (ii) is used as a primary residence by the person
3 cultivating 5 or fewer cannabis plants that are more than
4 5 inches tall, such as a shed or greenhouse. The structure
5 must remain locked when it is unoccupied by people.

6 "Financial institution" has the same meaning as "financial
7 organization" as defined in Section 1501 of the Illinois
8 Income Tax Act, and also includes the holding companies,
9 subsidiaries, and affiliates of such financial organizations.

10 "Flowering stage" means the stage of cultivation where and
11 when a cannabis plant is cultivated to produce plant material
12 for cannabis products. This includes mature plants as follows:

13 (1) if greater than 2 stigmas are visible at each
14 internode of the plant; or

15 (2) if the cannabis plant is in an area that has been
16 intentionally deprived of light for a period of time
17 intended to produce flower buds and induce maturation,
18 from the moment the light deprivation began through the
19 remainder of the marijuana plant growth cycle.

20 "Individual" means a natural person.

21 "Infuser organization" or "infuser" means a facility
22 operated by an organization or business that is licensed by
23 the Department of Agriculture to directly incorporate cannabis
24 or cannabis concentrate into a product formulation to produce
25 a cannabis-infused product.

26 "Kief" means the resinous crystal-like trichomes that are

1 found on cannabis and that are accumulated, resulting in a
2 higher concentration of cannabinoids, untreated by heat or
3 pressure, or extracted using a solvent.

4 "Labor peace agreement" means an agreement between a
5 cannabis business establishment and any labor organization
6 recognized under the National Labor Relations Act, referred to
7 in this Act as a bona fide labor organization, that prohibits
8 labor organizations and members from engaging in picketing,
9 work stoppages, boycotts, and any other economic interference
10 with the cannabis business establishment. This agreement means
11 that the cannabis business establishment has agreed not to
12 disrupt efforts by the bona fide labor organization to
13 communicate with, and attempt to organize and represent, the
14 cannabis business establishment's employees. The agreement
15 shall provide a bona fide labor organization access at
16 reasonable times to areas in which the cannabis business
17 establishment's employees work, for the purpose of meeting
18 with employees to discuss their right to representation,
19 employment rights under State law, and terms and conditions of
20 employment. This type of agreement shall not mandate a
21 particular method of election or certification of the bona
22 fide labor organization.

23 "Limited access area" means a room or other area under the
24 control of a cannabis dispensing organization licensed under
25 this Act and upon the licensed premises where cannabis sales
26 occur with access limited to purchasers, dispensing

1 organization owners and other dispensing organization agents,
2 or service professionals conducting business with the
3 dispensing organization, or, if sales to registered qualifying
4 patients, caregivers, provisional patients, and Opioid
5 Alternative Pilot Program participants licensed pursuant to
6 the Compassionate Use of Medical Cannabis Program Act are also
7 permitted at the dispensary, registered qualifying patients,
8 caregivers, provisional patients, and Opioid Alternative Pilot
9 Program participants.

10 "Member of an impacted family" means an individual who has
11 a parent, legal guardian, child, spouse, or dependent, or was
12 a dependent of an individual who, prior to the effective date
13 of this Act, was arrested for, convicted of, or adjudicated
14 delinquent for any offense that is eligible for expungement
15 under this Act.

16 "Mother plant" means a cannabis plant that is cultivated
17 or maintained for the purpose of generating clones, and that
18 will not be used to produce plant material for sale to an
19 infuser or dispensing organization.

20 "Ordinary public view" means within the sight line with
21 normal visual range of a person, unassisted by visual aids,
22 from a public street or sidewalk adjacent to real property, or
23 from within an adjacent property.

24 "Ownership and control" means ownership of at least 51% of
25 the business, including corporate stock if a corporation, and
26 control over the management and day-to-day operations of the

1 business and an interest in the capital, assets, and profits
2 and losses of the business proportionate to percentage of
3 ownership.

4 "Person" means a natural individual, firm, partnership,
5 association, joint stock company, joint venture, public or
6 private corporation, limited liability company, or a receiver,
7 executor, trustee, guardian, or other representative appointed
8 by order of any court.

9 "Possession limit" means the amount of cannabis under
10 Section 10-10 that may be possessed at any one time by a person
11 21 years of age or older or who is a registered qualifying
12 medical cannabis patient or caregiver under the Compassionate
13 Use of Medical Cannabis Program Act.

14 "Principal officer" includes a cannabis business
15 establishment applicant or licensed cannabis business
16 establishment's board member, owner with more than 1% interest
17 of the total cannabis business establishment or more than 5%
18 interest of the total cannabis business establishment of a
19 publicly traded company, president, vice president, secretary,
20 treasurer, partner, officer, member, manager member, or person
21 with a profit sharing, financial interest, or revenue sharing
22 arrangement. The definition includes a person with authority
23 to control the cannabis business establishment, a person who
24 assumes responsibility for the debts of the cannabis business
25 establishment and who is further defined in this Act.

26 "Primary residence" means a dwelling where a person

1 usually stays or stays more often than other locations. It may
2 be determined by, without limitation, presence, tax filings;
3 address on an Illinois driver's license, an Illinois
4 Identification Card, or an Illinois Person with a Disability
5 Identification Card; or voter registration. No person may have
6 more than one primary residence.

7 "Processing organization" or "processor" means a facility
8 operated by an organization or business that is licensed by
9 the Department of Agriculture to either extract constituent
10 chemicals or compounds to produce cannabis concentrate or
11 incorporate cannabis or cannabis concentrate into a product
12 formulation to produce a cannabis product.

13 "Processing organization agent" means a principal officer,
14 board member, employee, or agent of a processing organization.

15 "Processing organization agent identification card" means
16 a document issued by the Department of Agriculture that
17 identifies a person as a processing organization agent.

18 "Purchaser" means a person 21 years of age or older who
19 acquires cannabis for a valuable consideration. "Purchaser"
20 does not include a cardholder under the Compassionate Use of
21 Medical Cannabis Program Act.

22 "Qualifying Applicant" means an applicant that submitted
23 an application pursuant to Section 15-30 that received at
24 least 85% of 250 application points available under Section
25 15-30 as the applicant's final score and meets the definition
26 of "Social Equity Applicant" as set forth under this Section.

1 "Qualifying Social Equity Justice Involved Applicant"
2 means an applicant that submitted an application pursuant to
3 Section 15-30 that received at least 85% of 250 application
4 points available under Section 15-30 as the applicant's final
5 score and meets the criteria of either paragraph (1) or (2) of
6 the definition of "Social Equity Applicant" as set forth under
7 this Section.

8 "Qualified Social Equity Applicant" means a Social Equity
9 Applicant who has been awarded a conditional license under
10 this Act to operate a cannabis business establishment.

11 "Resided" means an individual's primary residence was
12 located within the relevant geographic area as established by
13 2 of the following:

14 (1) a signed lease agreement that includes the
15 applicant's name;

16 (2) a property deed that includes the applicant's
17 name;

18 (3) school records;

19 (4) a voter registration card;

20 (5) an Illinois driver's license, an Illinois
21 Identification Card, or an Illinois Person with a
22 Disability Identification Card;

23 (6) a paycheck stub;

24 (7) a utility bill;

25 (8) tax records; or

26 (9) any other proof of residency or other information

1 necessary to establish residence as provided by rule.

2 "Smoking" means the inhalation of smoke caused by the
3 combustion of cannabis.

4 "Social Equity Applicant" means an applicant that is an
5 Illinois resident that meets one of the following criteria:

6 (1) an applicant with at least 51% ownership and
7 control by one or more individuals who have resided for at
8 least 5 of the preceding 10 years in a Disproportionately
9 Impacted Area;

10 (2) an applicant with at least 51% ownership and
11 control by one or more individuals who:

12 (i) have been arrested for, convicted of, or
13 adjudicated delinquent for any offense that is
14 eligible for expungement under this Act; or

15 (ii) is a member of an impacted family;

16 (3) for applicants with a minimum of 10 full-time
17 employees, an applicant with at least 51% of current
18 employees who:

19 (i) currently reside in a Disproportionately
20 Impacted Area; or

21 (ii) have been arrested for, convicted of, or
22 adjudicated delinquent for any offense that is
23 eligible for expungement under this Act or member of
24 an impacted family.

25 Nothing in this Act shall be construed to preempt or limit
26 the duties of any employer under the Job Opportunities for

1 Qualified Applicants Act. Nothing in this Act shall permit an
2 employer to require an employee to disclose sealed or expunged
3 offenses, unless otherwise required by law.

4 "Tied Applicant" means an application submitted by a
5 Dispensary Applicant pursuant to Section 15-30 that received
6 the same number of application points under Section 15-30 as
7 the Dispensary Applicant's final score as one or more
8 top-scoring applications in the same BLS Region and would have
9 been awarded a license but for the one or more other
10 top-scoring applications that received the same number of
11 application points. Each application for which a Dispensary
12 Applicant was required to pay a required application fee for
13 the application period ending January 2, 2020 shall be
14 considered an application of a separate Tied Applicant.

15 "Tied Applicant Lottery" means the process established
16 under 68 Ill. Adm. Code 1291.50 for awarding Conditional Adult
17 Use Dispensing Organization Licenses pursuant to Sections
18 15-25 and 15-30 among Eligible Tied Applicants.

19 "Tincture" means a cannabis-infused solution, typically
20 comprised of alcohol, glycerin, or vegetable oils, derived
21 either directly from the cannabis plant or from a processed
22 cannabis extract. A tincture is not an alcoholic liquor as
23 defined in the Liquor Control Act of 1934. A tincture shall
24 include a calibrated dropper or other similar device capable
25 of accurately measuring servings.

26 "Transporting organization" or "transporter" means an

1 organization or business that is licensed by the Department of
2 Agriculture to transport cannabis or cannabis-infused product
3 on behalf of a cannabis business establishment or a community
4 college licensed under the Community College Cannabis
5 Vocational Training Pilot Program.

6 "Transporting organization agent" means a principal
7 officer, board member, employee, or agent of a transporting
8 organization.

9 "Transporting organization agent identification card"
10 means a document issued by the Department of Agriculture that
11 identifies a person as a transporting organization agent.

12 "Unit of local government" means any county, city,
13 village, or incorporated town.

14 "Vegetative stage" means the stage of cultivation in which
15 a cannabis plant is propagated to produce additional cannabis
16 plants or reach a sufficient size for production. This
17 includes seedlings, clones, mothers, and other immature
18 cannabis plants as follows:

19 (1) if the cannabis plant is in an area that has not
20 been intentionally deprived of light for a period of time
21 intended to produce flower buds and induce maturation, it
22 has no more than 2 stigmas visible at each internode of the
23 cannabis plant; or

24 (2) any cannabis plant that is cultivated solely for
25 the purpose of propagating clones and is never used to
26 produce cannabis.

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

4 Article 3.

5 Section 3-5. The Compassionate Use of Medical Cannabis
6 Program Act is amended by adding Section 136 as follows:

7 (410 ILCS 130/136 new)

8 Sec. 136. Pickup or drive-through locations. Registered
9 qualifying patients and designated caregivers under this Act
10 may use pickup or drive-through locations, as authorized under
11 subsection (d) of Section 15-85 of the Cannabis Regulation and
12 Tax Act.

13 Section 3-10. The Cannabis Regulation and Tax Act is
14 amended by changing Sections 15-15, 15-20, 15-70, 15-85, and
15 15-100 as follows:

16 (410 ILCS 705/15-15)

17 Sec. 15-15. Early Approval Adult Use Dispensing
18 Organization License.

19 (a) Any medical cannabis dispensing organization holding a
20 valid registration under the Compassionate Use of Medical
21 Cannabis Program Act as of the effective date of this Act may,

1 within 60 days of the effective date of this Act, apply to the
2 Department for an Early Approval Adult Use Dispensing
3 Organization License to serve purchasers at any medical
4 cannabis dispensing location in operation on the effective
5 date of this Act, pursuant to this Section.

6 (b) A medical cannabis dispensing organization seeking
7 issuance of an Early Approval Adult Use Dispensing
8 Organization License to serve purchasers at any medical
9 cannabis dispensing location in operation as of the effective
10 date of this Act shall submit an application on forms provided
11 by the Department. The application must be submitted by the
12 same person or entity that holds the medical cannabis
13 dispensing organization registration and include the
14 following:

15 (1) Payment of a nonrefundable fee of \$30,000 to be
16 deposited into the Cannabis Regulation Fund;

17 (2) Proof of registration as a medical cannabis
18 dispensing organization that is in good standing;

19 (3) Certification that the applicant will comply with
20 the requirements contained in the Compassionate Use of
21 Medical Cannabis Program Act except as provided in this
22 Act;

23 (4) The legal name of the dispensing organization;

24 (5) The physical address of the dispensing
25 organization;

26 (6) The name, address, social security number, and

1 date of birth of each principal officer and board member
2 of the dispensing organization, each of whom must be at
3 least 21 years of age;

4 (7) A nonrefundable Cannabis Business Development Fee
5 equal to 3% of the dispensing organization's total sales
6 between June 1, 2018 to June 1, 2019, or \$100,000,
7 whichever is less, to be deposited into the Cannabis
8 Business Development Fund; and

9 (8) Identification of one of the following Social
10 Equity Inclusion Plans to be completed by March 31, 2021:

11 (A) Make a contribution of 3% of total sales from
12 June 1, 2018 to June 1, 2019, or \$100,000, whichever is
13 less, to the Cannabis Business Development Fund. This
14 is in addition to the fee required by item (7) of this
15 subsection (b);

16 (B) Make a grant of 3% of total sales from June 1,
17 2018 to June 1, 2019, or \$100,000, whichever is less,
18 to a cannabis industry training or education program
19 at an Illinois community college as defined in the
20 Public Community College Act;

21 (C) Make a donation of \$100,000 or more to a
22 program that provides job training services to persons
23 recently incarcerated or that operates in a
24 Disproportionately Impacted Area;

25 (D) Participate as a host in a cannabis business
26 establishment incubator program approved by the

1 Department of Commerce and Economic Opportunity, and
2 in which an Early Approval Adult Use Dispensing
3 Organization License holder agrees to provide a loan
4 of at least \$100,000 and mentorship to incubate, for
5 at least a year, a Social Equity Applicant intending
6 to seek a license or a licensee that qualifies as a
7 Social Equity Applicant. As used in this Section,
8 "incubate" means providing direct financial assistance
9 and training necessary to engage in licensed cannabis
10 industry activity similar to that of the host
11 licensee. The Early Approval Adult Use Dispensing
12 Organization License holder or the same entity holding
13 any other licenses issued pursuant to this Act shall
14 not take an ownership stake of greater than 10% in any
15 business receiving incubation services to comply with
16 this subsection. If an Early Approval Adult Use
17 Dispensing Organization License holder fails to find a
18 business to incubate to comply with this subsection
19 before its Early Approval Adult Use Dispensing
20 Organization License expires, it may opt to meet the
21 requirement of this subsection by completing another
22 item from this subsection; or

23 (E) Participate in a sponsorship program for at
24 least 2 years approved by the Department of Commerce
25 and Economic Opportunity in which an Early Approval
26 Adult Use Dispensing Organization License holder

1 agrees to provide an interest-free loan of at least
2 \$200,000 to a Social Equity Applicant. The sponsor
3 shall not take an ownership stake in any cannabis
4 business establishment receiving sponsorship services
5 to comply with this subsection.

6 (b-5) Beginning 90 days after the effective date of this
7 amendatory Act of the 102nd General Assembly, an Early
8 Approval Adult Use Dispensing Organization licensee whose
9 license was issued pursuant to this Section may apply to
10 relocate within the same geographic district where its
11 existing associated medical cannabis dispensing organization
12 dispensary licensed under the Compassionate Use of Medical
13 Cannabis Act is authorized to operate. A request to relocate
14 under this subsection is subject to approval by the
15 Department. An Early Approval Adult Use Dispensing
16 Organization's application to relocate its license under this
17 subsection shall be deemed approved 30 days following the
18 submission of a complete application to relocate, unless
19 sooner approved or denied in writing by the Department. If an
20 application to relocate is denied, the Department shall
21 provide, in writing, the specific reason for denial.

22 An Early Approval Adult Use Dispensing Organization may
23 request to relocate under this subsection if:

- 24 (1) its existing location is within the boundaries of
25 a unit of local government that prohibits the sale of
26 adult use cannabis; or

1 (2) the Early Approval Adult Use Dispensing
2 Organization has obtained the approval of the municipality
3 or, if outside the boundaries of a municipality in an
4 unincorporated area of the county, the approval of the
5 county where the existing license is located to move to
6 another location within that unit of local government.

7 At no time may an Early Approval Adult Use Dispensing
8 Organization dispensary licensed under this Section operate in
9 a separate facility from its associated medical cannabis
10 dispensing organization dispensary licensed under the
11 Compassionate Use of Medical Cannabis Act. The relocation of
12 an Early Approval Adult Use Dispensing Organization License
13 under this subsection shall be subject to Sections 55-25 and
14 55-28 of this Act.

15 (c) The license fee required by paragraph (1) of
16 subsection (b) of this Section shall be in addition to any
17 license fee required for the renewal of a registered medical
18 cannabis dispensing organization license.

19 (d) Applicants must submit all required information,
20 including the requirements in subsection (b) of this Section,
21 to the Department. Failure by an applicant to submit all
22 required information may result in the application being
23 disqualified.

24 (e) If the Department receives an application that fails
25 to provide the required elements contained in subsection (b),
26 the Department shall issue a deficiency notice to the

1 applicant. The applicant shall have 10 calendar days from the
2 date of the deficiency notice to submit complete information.
3 Applications that are still incomplete after this opportunity
4 to cure may be disqualified.

5 (f) If an applicant meets all the requirements of
6 subsection (b) of this Section, the Department shall issue the
7 Early Approval Adult Use Dispensing Organization License
8 within 14 days of receiving a completed application unless:

9 (1) The licensee or a principal officer is delinquent
10 in filing any required tax returns or paying any amounts
11 owed to the State of Illinois;

12 (2) The Secretary of Financial and Professional
13 Regulation determines there is reason, based on documented
14 compliance violations, the licensee is not entitled to an
15 Early Approval Adult Use Dispensing Organization License;
16 or

17 (3) Any principal officer fails to register and remain
18 in compliance with this Act or the Compassionate Use of
19 Medical Cannabis Program Act.

20 (g) A registered medical cannabis dispensing organization
21 that obtains an Early Approval Adult Use Dispensing
22 Organization License may begin selling cannabis,
23 cannabis-infused products, paraphernalia, and related items to
24 purchasers under the rules of this Act no sooner than January
25 1, 2020.

26 (h) A dispensing organization holding a medical cannabis

1 dispensing organization license issued under the Compassionate
2 Use of Medical Cannabis Program Act must maintain an adequate
3 supply of cannabis and cannabis-infused products for purchase
4 by qualifying patients, caregivers, provisional patients, and
5 Opioid Alternative Pilot Program participants. For the
6 purposes of this subsection, "adequate supply" means a monthly
7 inventory level that is comparable in type and quantity to
8 those medical cannabis products provided to patients and
9 caregivers on an average monthly basis for the 6 months before
10 the effective date of this Act.

11 (i) If there is a shortage of cannabis or cannabis-infused
12 products or availability of pickup or drive-through options is
13 offered under Section 15-85, a dispensing organization holding
14 both a dispensing organization license under the Compassionate
15 Use of Medical Cannabis Program Act and this Act shall
16 prioritize serving qualifying patients, caregivers,
17 provisional patients, and Opioid Alternative Pilot Program
18 participants before serving purchasers, including by offering
19 dedicated parking or time slots for qualifying patients.

20 (j) Notwithstanding any law or rule to the contrary, a
21 person that holds a medical cannabis dispensing organization
22 license issued under the Compassionate Use of Medical Cannabis
23 Program Act and an Early Approval Adult Use Dispensing
24 Organization License may permit purchasers into a limited
25 access area as that term is defined in administrative rules
26 made under the authority in the Compassionate Use of Medical

1 Cannabis Program Act.

2 (k) An Early Approval Adult Use Dispensing Organization
3 License is valid until March 31, 2021. A dispensing
4 organization that obtains an Early Approval Adult Use
5 Dispensing Organization License shall receive written or
6 electronic notice 90 days before the expiration of the license
7 that the license will expire, and that informs the license
8 holder that it may apply to renew its Early Approval Adult Use
9 Dispensing Organization License on forms provided by the
10 Department. The Department shall renew the Early Approval
11 Adult Use Dispensing Organization License within 60 days of
12 the renewal application being deemed complete if:

13 (1) the dispensing organization submits an application
14 and the required nonrefundable renewal fee of \$30,000, to
15 be deposited into the Cannabis Regulation Fund;

16 (2) the Department has not suspended or permanently
17 revoked the Early Approval Adult Use Dispensing
18 Organization License or a medical cannabis dispensing
19 organization license on the same premises for violations
20 of this Act, the Compassionate Use of Medical Cannabis
21 Program Act, or rules adopted pursuant to those Acts;

22 (3) the dispensing organization has completed a Social
23 Equity Inclusion Plan as provided by parts (A), (B), and
24 (C) of paragraph (8) of subsection (b) of this Section or
25 has made substantial progress toward completing a Social
26 Equity Inclusion Plan as provided by parts (D) and (E) of

1 paragraph (8) of subsection (b) of this Section; and

2 (4) the dispensing organization is in compliance with
3 this Act and rules.

4 (l) The Early Approval Adult Use Dispensing Organization
5 License renewed pursuant to subsection (k) of this Section
6 shall expire March 31, 2022. The Early Approval Adult Use
7 Dispensing Organization Licensee shall receive written or
8 electronic notice 90 days before the expiration of the license
9 that the license will expire, and that informs the license
10 holder that it may apply for an Adult Use Dispensing
11 Organization License on forms provided by the Department. The
12 Department shall grant an Adult Use Dispensing Organization
13 License within 60 days of an application being deemed complete
14 if the applicant has met all of the criteria in Section 15-36.

15 (m) If a dispensing organization fails to submit an
16 application for renewal of an Early Approval Adult Use
17 Dispensing Organization License or for an Adult Use Dispensing
18 Organization License before the expiration dates provided in
19 subsections (k) and (l) of this Section, the dispensing
20 organization shall cease serving purchasers and cease all
21 operations until it receives a renewal or an Adult Use
22 Dispensing Organization License, as the case may be.

23 (n) A dispensing organization agent who holds a valid
24 dispensing organization agent identification card issued under
25 the Compassionate Use of Medical Cannabis Program Act and is
26 an officer, director, manager, or employee of the dispensing

1 organization licensed under this Section may engage in all
2 activities authorized by this Article to be performed by a
3 dispensing organization agent.

4 (o) If the Department suspends, permanently revokes, or
5 otherwise disciplines the Early Approval Adult Use Dispensing
6 Organization License of a dispensing organization that also
7 holds a medical cannabis dispensing organization license
8 issued under the Compassionate Use of Medical Cannabis Program
9 Act, the Department may consider the suspension, permanent
10 revocation, or other discipline of the medical cannabis
11 dispensing organization license.

12 (p) All fees collected pursuant to this Section shall be
13 deposited into the Cannabis Regulation Fund, unless otherwise
14 specified.

15 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
16 102-98, eff. 7-15-21.)

17 (410 ILCS 705/15-20)

18 Sec. 15-20. Early Approval Adult Use Dispensing
19 Organization License; secondary site.

20 (a) Any medical cannabis dispensing organization holding a
21 valid registration under the Compassionate Use of Medical
22 Cannabis Program Act as of the effective date of this Act may,
23 within 60 days of the effective date of this Act, apply to the
24 Department for an Early Approval Adult Use Dispensing
25 Organization License to operate a dispensing organization to

1 serve purchasers at a secondary site not within 1,500 feet of
2 another medical cannabis dispensing organization or adult use
3 dispensing organization. The Early Approval Adult Use
4 Dispensing Organization secondary site shall be within any BLS
5 Region that shares territory with the dispensing organization
6 district to which the medical cannabis dispensing organization
7 is assigned under the administrative rules for dispensing
8 organizations under the Compassionate Use of Medical Cannabis
9 Program Act.

10 (a-5) If, within 360 days of the effective date of this
11 Act, a dispensing organization is unable to find a location
12 within the BLS Regions prescribed in subsection (a) of this
13 Section in which to operate an Early Approval Adult Use
14 Dispensing Organization at a secondary site because no
15 jurisdiction within the prescribed area allows the operation
16 of an Adult Use Cannabis Dispensing Organization, the
17 Department of Financial and Professional Regulation may waive
18 the geographic restrictions of subsection (a) of this Section
19 and specify another BLS Region into which the dispensary may
20 be placed.

21 (b) (Blank).

22 (c) A medical cannabis dispensing organization seeking
23 issuance of an Early Approval Adult Use Dispensing
24 Organization License at a secondary site to serve purchasers
25 at a secondary site as prescribed in subsection (a) of this
26 Section shall submit an application on forms provided by the

1 Department. The application must meet or include the following
2 qualifications:

3 (1) a payment of a nonrefundable application fee of
4 \$30,000;

5 (2) proof of registration as a medical cannabis
6 dispensing organization that is in good standing;

7 (3) submission of the application by the same person
8 or entity that holds the medical cannabis dispensing
9 organization registration;

10 (4) the legal name of the medical cannabis dispensing
11 organization;

12 (5) the physical address of the medical cannabis
13 dispensing organization and the proposed physical address
14 of the secondary site;

15 (6) a copy of the current local zoning ordinance
16 Sections relevant to dispensary operations and
17 documentation of the approval, the conditional approval or
18 the status of a request for zoning approval from the local
19 zoning office that the proposed dispensary location is in
20 compliance with the local zoning rules;

21 (7) a plot plan of the dispensary drawn to scale. The
22 applicant shall submit general specifications of the
23 building exterior and interior layout;

24 (8) a statement that the dispensing organization
25 agrees to respond to the Department's supplemental
26 requests for information;

1 (9) for the building or land to be used as the proposed
2 dispensary:

3 (A) if the property is not owned by the applicant,
4 a written statement from the property owner and
5 landlord, if any, certifying consent that the
6 applicant may operate a dispensary on the premises; or

7 (B) if the property is owned by the applicant,
8 confirmation of ownership;

9 (10) a copy of the proposed operating bylaws;

10 (11) a copy of the proposed business plan that
11 complies with the requirements in this Act, including, at
12 a minimum, the following:

13 (A) a description of services to be offered; and

14 (B) a description of the process of dispensing
15 cannabis;

16 (12) a copy of the proposed security plan that
17 complies with the requirements in this Article, including:

18 (A) a description of the delivery process by which
19 cannabis will be received from a transporting
20 organization, including receipt of manifests and
21 protocols that will be used to avoid diversion, theft,
22 or loss at the dispensary acceptance point; and

23 (B) the process or controls that will be
24 implemented to monitor the dispensary, secure the
25 premises, agents, patients, and currency, and prevent
26 the diversion, theft, or loss of cannabis; and

1 (C) the process to ensure that access to the
2 restricted access areas is restricted to, registered
3 agents, service professionals, transporting
4 organization agents, Department inspectors, and
5 security personnel;

6 (13) a proposed inventory control plan that complies
7 with this Section;

8 (14) the name, address, social security number, and
9 date of birth of each principal officer and board member
10 of the dispensing organization; each of those individuals
11 shall be at least 21 years of age;

12 (15) a nonrefundable Cannabis Business Development Fee
13 equal to \$200,000, to be deposited into the Cannabis
14 Business Development Fund; and

15 (16) a commitment to completing one of the following
16 Social Equity Inclusion Plans in subsection (d).

17 (d) Before receiving an Early Approval Adult Use
18 Dispensing Organization License at a secondary site, a
19 dispensing organization shall indicate the Social Equity
20 Inclusion Plan that the applicant plans to achieve before the
21 expiration of the Early Approval Adult Use Dispensing
22 Organization License from the list below:

23 (1) make a contribution of 3% of total sales from June
24 1, 2018 to June 1, 2019, or \$100,000, whichever is less, to
25 the Cannabis Business Development Fund. This is in
26 addition to the fee required by paragraph (16) of

1 subsection (c) of this Section;

2 (2) make a grant of 3% of total sales from June 1, 2018
3 to June 1, 2019, or \$100,000, whichever is less, to a
4 cannabis industry training or education program at an
5 Illinois community college as defined in the Public
6 Community College Act;

7 (3) make a donation of \$100,000 or more to a program
8 that provides job training services to persons recently
9 incarcerated or that operates in a Disproportionately
10 Impacted Area;

11 (4) participate as a host in a cannabis business
12 establishment incubator program approved by the Department
13 of Commerce and Economic Opportunity, and in which an
14 Early Approval Adult Use Dispensing Organization License
15 at a secondary site holder agrees to provide a loan of at
16 least \$100,000 and mentorship to incubate, for at least a
17 year, a Social Equity Applicant intending to seek a
18 license or a licensee that qualifies as a Social Equity
19 Applicant. In this paragraph (4), "incubate" means
20 providing direct financial assistance and training
21 necessary to engage in licensed cannabis industry activity
22 similar to that of the host licensee. The Early Approval
23 Adult Use Dispensing Organization License holder or the
24 same entity holding any other licenses issued under this
25 Act shall not take an ownership stake of greater than 10%
26 in any business receiving incubation services to comply

1 with this subsection. If an Early Approval Adult Use
2 Dispensing Organization License at a secondary site holder
3 fails to find a business to incubate in order to comply
4 with this subsection before its Early Approval Adult Use
5 Dispensing Organization License at a secondary site
6 expires, it may opt to meet the requirement of this
7 subsection by completing another item from this subsection
8 before the expiration of its Early Approval Adult Use
9 Dispensing Organization License at a secondary site to
10 avoid a penalty; or

11 (5) participate in a sponsorship program for at least
12 2 years approved by the Department of Commerce and
13 Economic Opportunity in which an Early Approval Adult Use
14 Dispensing Organization License at a secondary site holder
15 agrees to provide an interest-free loan of at least
16 \$200,000 to a Social Equity Applicant. The sponsor shall
17 not take an ownership stake of greater than 10% in any
18 business receiving sponsorship services to comply with
19 this subsection.

20 (e) The license fee required by paragraph (1) of
21 subsection (c) of this Section is in addition to any license
22 fee required for the renewal of a registered medical cannabis
23 dispensing organization license.

24 (f) Applicants must submit all required information,
25 including the requirements in subsection (c) of this Section,
26 to the Department. Failure by an applicant to submit all

1 required information may result in the application being
2 disqualified. Principal officers shall not be required to
3 submit to the fingerprint and background check requirements of
4 Section 5-20.

5 (g) If the Department receives an application that fails
6 to provide the required elements contained in subsection (c),
7 the Department shall issue a deficiency notice to the
8 applicant. The applicant shall have 10 calendar days from the
9 date of the deficiency notice to submit complete information.
10 Applications that are still incomplete after this opportunity
11 to cure may be disqualified.

12 (h) Once all required information and documents have been
13 submitted, the Department will review the application. The
14 Department may request revisions and retains final approval
15 over dispensary features. Once the application is complete and
16 meets the Department's approval, the Department shall
17 conditionally approve the license. Final approval is
18 contingent on the build-out and Department inspection.

19 (i) Upon submission of the Early Approval Adult Use
20 Dispensing Organization at a secondary site application, the
21 applicant shall request an inspection and the Department may
22 inspect the Early Approval Adult Use Dispensing Organization's
23 secondary site to confirm compliance with the application and
24 this Act.

25 (j) The Department shall only issue an Early Approval
26 Adult Use Dispensing Organization License at a secondary site

1 after the completion of a successful inspection.

2 (k) If an applicant passes the inspection under this
3 Section, the Department shall issue the Early Approval Adult
4 Use Dispensing Organization License at a secondary site within
5 10 business days unless:

6 (1) The licensee, any principal officer or board
7 member of the licensee, or any person having a financial
8 or voting interest of 5% or greater in the licensee is
9 delinquent in filing any required tax returns or paying
10 any amounts owed to the State of Illinois; or

11 (2) The Secretary of Financial and Professional
12 Regulation determines there is reason, based on documented
13 compliance violations, the licensee is not entitled to an
14 Early Approval Adult Use Dispensing Organization License
15 at its secondary site.

16 (l) Once the Department has issued a license, the
17 dispensing organization shall notify the Department of the
18 proposed opening date.

19 (m) A registered medical cannabis dispensing organization
20 that obtains an Early Approval Adult Use Dispensing
21 Organization License at a secondary site may begin selling
22 cannabis, cannabis-infused products, paraphernalia, and
23 related items to purchasers under the rules of this Act no
24 sooner than January 1, 2020.

25 (n) If there is a shortage of cannabis or cannabis-infused
26 products or availability of pickup or drive-through options is

1 offered under Section 15-85, a dispensing organization holding
2 both a dispensing organization license under the Compassionate
3 Use of Medical Cannabis Program Act and this Article shall
4 prioritize serving qualifying patients and caregivers before
5 serving purchasers, including by offering dedicated parking or
6 time slots for qualifying patients.

7 (o) An Early Approval Adult Use Dispensing Organization
8 License at a secondary site is valid until March 31, 2021. A
9 dispensing organization that obtains an Early Approval Adult
10 Use Dispensing Organization License at a secondary site shall
11 receive written or electronic notice 90 days before the
12 expiration of the license that the license will expire, and
13 inform the license holder that it may renew its Early Approval
14 Adult Use Dispensing Organization License at a secondary site.
15 The Department shall renew an Early Approval Adult Use
16 Dispensing Organization License at a secondary site within 60
17 days of submission of the renewal application being deemed
18 complete if:

19 (1) the dispensing organization submits an application
20 and the required nonrefundable renewal fee of \$30,000, to
21 be deposited into the Cannabis Regulation Fund;

22 (2) the Department has not suspended or permanently
23 revoked the Early Approval Adult Use Dispensing
24 Organization License or a medical cannabis dispensing
25 organization license held by the same person or entity for
26 violating this Act or rules adopted under this Act or the

1 Compassionate Use of Medical Cannabis Program Act or rules
2 adopted under that Act; and

3 (3) the dispensing organization has completed a Social
4 Equity Inclusion Plan provided by paragraph (1), (2), or
5 (3) of subsection (d) of this Section or has made
6 substantial progress toward completing a Social Equity
7 Inclusion Plan provided by paragraph (4) or (5) of
8 subsection (d) of this Section.

9 (p) The Early Approval Adult Use Dispensing Organization
10 Licensee at a secondary site renewed pursuant to subsection
11 (o) shall receive written or electronic notice 90 days before
12 the expiration of the license that the license will expire,
13 and that informs the license holder that it may apply for an
14 Adult Use Dispensing Organization License on forms provided by
15 the Department. The Department shall grant an Adult Use
16 Dispensing Organization License within 60 days of an
17 application being deemed complete if the applicant has meet
18 all of the criteria in Section 15-36.

19 (q) If a dispensing organization fails to submit an
20 application for renewal of an Early Approval Adult Use
21 Dispensing Organization License or for an Adult Use Dispensing
22 Organization License before the expiration dates provided in
23 subsections (o) and (p) of this Section, the dispensing
24 organization shall cease serving purchasers until it receives
25 a renewal or an Adult Use Dispensing Organization License.

26 (r) A dispensing organization agent who holds a valid

1 dispensing organization agent identification card issued under
2 the Compassionate Use of Medical Cannabis Program Act and is
3 an officer, director, manager, or employee of the dispensing
4 organization licensed under this Section may engage in all
5 activities authorized by this Article to be performed by a
6 dispensing organization agent.

7 (s) If the Department suspends, permanently revokes, or
8 otherwise disciplines the Early Approval Adult Use Dispensing
9 Organization License of a dispensing organization that also
10 holds a medical cannabis dispensing organization license
11 issued under the Compassionate Use of Medical Cannabis Program
12 Act, the Department may consider the suspension, permanent
13 revocation, or other discipline as grounds to take
14 disciplinary action against the medical cannabis dispensing
15 organization.

16 (t) All fees collected pursuant to this Section shall be
17 deposited into the Cannabis Regulation Fund, unless otherwise
18 specified.

19 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

20 (410 ILCS 705/15-70)

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

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

25 (b) A dispensing organization must include the legal name

1 of the dispensary on the packaging of any cannabis product it
2 sells.

3 (c) All cannabis, cannabis-infused products, and cannabis
4 seeds must be obtained from an Illinois registered adult use
5 cultivation center, craft grower, infuser, or another
6 dispensary.

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

10 (e) A dispensing organization shall inspect and count
11 product received from a transporting organization, adult use
12 cultivation center, craft grower, infuser organization, or
13 other dispensing organization before dispensing it.

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

18 (g) A dispensing organization shall maintain compliance
19 with State and local building, fire, and zoning requirements
20 or regulations.

21 (h) A dispensing organization shall submit a list to the
22 Department of the names of all service professionals that will
23 work at the dispensary. The list shall include a description
24 of the type of business or service provided. Changes to the
25 service professional list shall be promptly provided. No
26 service professional shall work in the dispensary until the

1 name is provided to the Department on the service professional
2 list.

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

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

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

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

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

18 (n) A dispensing organization shall ensure that any
19 building or equipment used by a dispensing organization for
20 the storage or sale of cannabis is maintained in a clean and
21 sanitary condition.

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

24 (p) A dispensing organization shall not:

25 (1) Produce or manufacture cannabis;

26 (2) Accept a cannabis product from an adult use

1 cultivation center, craft grower, infuser, dispensing
2 organization, or transporting organization unless it is
3 pre-packaged and labeled in accordance with this Act and
4 any rules that may be adopted pursuant to this Act;

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

7 (4) Sell cannabis or cannabis-infused products to a
8 purchaser unless the dispensing organization is licensed
9 under the Compassionate Use of Medical Cannabis Program
10 Act, and the individual is registered under the
11 Compassionate Use of Medical Cannabis Program or the
12 purchaser has been verified to be 21 years of age or older;

13 (5) Enter into an exclusive agreement with any adult
14 use cultivation center, craft grower, or infuser.
15 Dispensaries shall provide consumers an assortment of
16 products from various cannabis business establishment
17 licensees such that the inventory available for sale at
18 any dispensary from any single cultivation center, craft
19 grower, processor, transporter, or infuser entity shall
20 not be more than 40% of the total inventory available for
21 sale. For the purpose of this subsection, a cultivation
22 center, craft grower, processor, or infuser shall be
23 considered part of the same entity if the licensees share
24 at least one principal officer. The Department may request
25 that a dispensary diversify its products as needed or
26 otherwise discipline a dispensing organization for

1 violating this requirement;

2 (6) Refuse to conduct business with an adult use
3 cultivation center, craft grower, transporting
4 organization, or infuser that has the ability to properly
5 deliver the product and is permitted by the Department of
6 Agriculture, on the same terms as other adult use
7 cultivation centers, craft growers, infusers, or
8 transporters with whom it is dealing;

9 (7) (Blank); ~~Operate drive-through windows;~~

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

12 (9) Transport cannabis to residences or transport
13 cannabis to other locations where purchasers may be for
14 delivery, except for the limited circumstances provided in
15 paragraph (5.5) of subsection (c) of Section 15-100;

16 (10) Enter into agreements to allow persons who are
17 not dispensing organization agents to deliver cannabis or
18 to transport cannabis to purchasers;

19 (11) Operate a dispensary if its video surveillance
20 equipment is inoperative;

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

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

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

1 (15) Be located within 1,500 feet of the property line
2 of a pre-existing dispensing organization, unless the
3 applicant is a Social Equity Applicant or Social Equity
4 Justice Involved Applicant located or seeking to locate
5 within 1,500 feet of a dispensing organization licensed
6 under Section 15-15 or Section 15-20;

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

8 (17) Sell cannabis, cannabis concentrate, or
9 cannabis-infused products in combination or bundled with
10 each other or any other items for one price, and each item
11 of cannabis, concentrate, or cannabis-infused product must
12 be separately identified by quantity and price on the
13 receipt;

14 (18) Violate any other requirements or prohibitions
15 set by Department rules.

16 (q) It is unlawful for any person having an Early Approval
17 Adult Use Cannabis Dispensing Organization License, a
18 Conditional Adult Use Cannabis Dispensing Organization, an
19 Adult Use Dispensing Organization License, or a medical
20 cannabis dispensing organization license issued under the
21 Compassionate Use of Medical Cannabis Program Act or any
22 officer, associate, member, representative, or agent of such
23 licensee to accept, receive, or borrow money or anything else
24 of value or accept or receive credit (other than merchandising
25 credit in the ordinary course of business for a period not to
26 exceed 30 days) directly or indirectly from any adult use

1 cultivation center, craft grower, infuser, or transporting
2 organization in exchange for preferential placement on the
3 dispensing organization's shelves, display cases, or website.
4 This includes anything received or borrowed or from any
5 stockholders, officers, agents, or persons connected with an
6 adult use cultivation center, craft grower, infuser, or
7 transporting organization.

8 (r) It is unlawful for any person having an Early Approval
9 Adult Use Cannabis Dispensing Organization License, a
10 Conditional Adult Use Cannabis Dispensing Organization, an
11 Adult Use Dispensing Organization License, or a medical
12 cannabis dispensing organization license issued under the
13 Compassionate Use of Medical Cannabis Program to enter into
14 any contract with any person licensed to cultivate, process,
15 or transport cannabis whereby such dispensing organization
16 agrees not to sell any cannabis cultivated, processed,
17 transported, manufactured, or distributed by any other
18 cultivator, transporter, or infuser, and any provision in any
19 contract violative of this Section shall render the whole of
20 such contract void and no action shall be brought thereon in
21 any court.

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

24 (410 ILCS 705/15-85)

25 Sec. 15-85. Dispensing cannabis.

1 (a) Before a dispensing organization agent dispenses
2 cannabis to a purchaser, the agent shall:

3 (1) Verify the age of the purchaser by checking a
4 government-issued identification card by use of an
5 electronic reader or electronic scanning device to scan a
6 purchaser's government-issued identification, if
7 applicable, to determine the purchaser's age and the
8 validity of the identification;

9 (2) Verify the validity of the government-issued
10 identification card by use of an electronic reader or
11 electronic scanning device to scan a purchaser's
12 government-issued identification, if applicable, to
13 determine the purchaser's age and the validity of the
14 identification;

15 (3) Offer any appropriate purchaser education or
16 support materials;

17 (4) Enter the following information into the State's
18 cannabis electronic verification system:

19 (i) The dispensing organization agent's
20 identification number, or if the agent's card
21 application is pending the Department's approval, a
22 temporary and unique identifier until the agent's card
23 application is approved or denied by the Department;

24 (ii) The dispensing organization's identification
25 number;

26 (iii) The amount, type (including strain, if

1 applicable) of cannabis or cannabis-infused product
2 dispensed;

3 (iv) The date and time the cannabis was dispensed.

4 (b) A dispensing organization shall refuse to sell
5 cannabis or cannabis-infused products to any person unless the
6 person produces a valid identification showing that the person
7 is 21 years of age or older. A medical cannabis dispensing
8 organization may sell cannabis or cannabis-infused products to
9 a person who is under 21 years of age if the sale complies with
10 the provisions of the Compassionate Use of Medical Cannabis
11 Program Act and rules.

12 (c) For the purposes of this Section, valid identification
13 must:

14 (1) Be valid and unexpired;

15 (2) Contain a photograph and the date of birth of the
16 person.

17 (d) Notwithstanding any other provision of law, a
18 dispensing organization may offer pickup or drive-through
19 locations of cannabis or cannabis-infused products in
20 accordance with Section 15-100.

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

23 (410 ILCS 705/15-100)

24 Sec. 15-100. Security.

25 (a) A dispensing organization shall implement security

1 measures to deter and prevent entry into and theft of cannabis
2 or currency.

3 (b) A dispensing organization shall submit any changes to
4 the floor plan or security plan to the Department for
5 pre-approval. All cannabis shall be maintained and stored in a
6 restricted access area during construction.

7 (c) The dispensing organization shall implement security
8 measures to protect the premises, purchasers, and dispensing
9 organization agents including, but not limited to the
10 following:

11 (1) Establish a locked door or barrier between the
12 facility's entrance and the limited access area;

13 (2) Prevent individuals from remaining on the premises
14 if they are not engaging in activity permitted by this Act
15 or rules;

16 (3) Develop a policy that addresses the maximum
17 capacity and purchaser flow in the waiting rooms and
18 limited access areas;

19 (4) Dispose of cannabis in accordance with this Act
20 and rules;

21 (5) During hours of operation, store ~~and dispense~~ all
22 cannabis in ~~from~~ the restricted access area. ~~During~~
23 ~~operational hours, cannabis shall be stored~~ in an enclosed
24 locked room or cabinet and accessible only to specifically
25 authorized dispensing organization agents;

26 (5.5) During hours of operation, dispense all cannabis

1 from the restricted access area, a drive-through window of
2 the restricted access area, or a pickup location in close
3 proximity to the restricted access area. All orders in a
4 pickup or drive-through location must be placed in
5 advance. No in-person or on-site ordering is permitted for
6 a pickup or drive-through location. Dispensing
7 organizations shall confirm that the purchaser, registered
8 qualifying patient, or designated caregiver complies with
9 Section 15-85. For purposes of this paragraph, "close
10 proximity" means an area contiguous to the real property
11 of the dispensary, such as a sidewalk or parking lot;

12 (6) When the dispensary is closed, store all cannabis
13 and currency in a reinforced vault room in the restricted
14 access area and in a manner as to prevent diversion,
15 theft, or loss;

16 (7) Keep the reinforced vault room and any other
17 equipment or cannabis storage areas securely locked and
18 protected from unauthorized entry;

19 (8) Keep an electronic daily log of dispensing
20 organization agents with access to the reinforced vault
21 room and knowledge of the access code or combination;

22 (9) Keep all locks and security equipment in good
23 working order;

24 (10) Maintain an operational security and alarm system
25 at all times;

26 (11) Prohibit keys, if applicable, from being left in

1 the locks, or stored or placed in a location accessible to
2 persons other than specifically authorized personnel;

3 (12) Prohibit accessibility of security measures,
4 including combination numbers, passwords, or electronic or
5 biometric security systems to persons other than
6 specifically authorized dispensing organization agents;

7 (13) Ensure that the dispensary interior and exterior
8 premises are sufficiently lit to facilitate surveillance;

9 (14) Ensure that trees, bushes, and other foliage
10 outside of the dispensary premises do not allow for a
11 person or persons to conceal themselves from sight;

12 (15) Develop emergency policies and procedures for
13 securing all product and currency following any instance
14 of diversion, theft, or loss of cannabis, and conduct an
15 assessment to determine whether additional safeguards are
16 necessary; and

17 (16) Develop sufficient additional safeguards in
18 response to any special security concerns, or as required
19 by the Department.

20 (d) The Department may request or approve alternative
21 security provisions that it determines are an adequate
22 substitute for a security requirement specified in this
23 Article. Any additional protections may be considered by the
24 Department in evaluating overall security measures.

25 (e) A dispensing organization may share premises with a
26 craft grower or an infuser organization, or both, provided

1 each licensee stores currency and cannabis or cannabis-infused
2 products in a separate secured vault to which the other
3 licensee does not have access or all licensees sharing a vault
4 share more than 50% of the same ownership.

5 (f) A dispensing organization shall provide additional
6 security as needed and in a manner appropriate for the
7 community where it operates.

8 (g) Restricted access areas.

9 (1) All restricted access areas must be identified by
10 the posting of a sign that is a minimum of 12 inches by 12
11 inches and that states "Do Not Enter - Restricted Access
12 Area - Authorized Personnel Only" in lettering no smaller
13 than one inch in height.

14 (2) All restricted access areas shall be clearly
15 described in the floor plan of the premises, in the form
16 and manner determined by the Department, reflecting walls,
17 partitions, counters, and all areas of entry and exit. The
18 floor plan shall show all storage, disposal, and retail
19 sales areas.

20 (3) All restricted access areas must be secure, with
21 locking devices that prevent access from the limited
22 access areas.

23 (h) Security and alarm.

24 (1) A dispensing organization shall have an adequate
25 security plan and security system to prevent and detect
26 diversion, theft, or loss of cannabis, currency, or

1 unauthorized intrusion using commercial grade equipment
2 installed by an Illinois licensed private alarm contractor
3 or private alarm contractor agency that shall, at a
4 minimum, include:

5 (i) A perimeter alarm on all entry points and
6 glass break protection on perimeter windows;

7 (ii) Security shatterproof tinted film on exterior
8 windows;

9 (iii) A failure notification system that provides
10 an audible, text, or visual notification of any
11 failure in the surveillance system, including, but not
12 limited to, panic buttons, alarms, and video
13 monitoring system. The failure notification system
14 shall provide an alert to designated dispensing
15 organization agents within 5 minutes after the
16 failure, either by telephone or text message;

17 (iv) A duress alarm, panic button, and alarm, or
18 holdup alarm and after-hours intrusion detection alarm
19 that by design and purpose will directly or indirectly
20 notify, by the most efficient means, the Public Safety
21 Answering Point for the law enforcement agency having
22 primary jurisdiction;

23 (v) Security equipment to deter and prevent
24 unauthorized entrance into the dispensary, including
25 electronic door locks on the limited and restricted
26 access areas that include devices or a series of

1 devices to detect unauthorized intrusion that may
2 include a signal system interconnected with a radio
3 frequency method, cellular, private radio signals or
4 other mechanical or electronic device.

5 (2) All security system equipment and recordings shall
6 be maintained in good working order, in a secure location
7 so as to prevent theft, loss, destruction, or alterations.

8 (3) Access to surveillance monitoring recording
9 equipment shall be limited to persons who are essential to
10 surveillance operations, law enforcement authorities
11 acting within their jurisdiction, security system service
12 personnel, and the Department. A current list of
13 authorized dispensing organization agents and service
14 personnel that have access to the surveillance equipment
15 must be available to the Department upon request.

16 (4) All security equipment shall be inspected and
17 tested at regular intervals, not to exceed one month from
18 the previous inspection, and tested to ensure the systems
19 remain functional.

20 (5) The security system shall provide protection
21 against theft and diversion that is facilitated or hidden
22 by tampering with computers or electronic records.

23 (6) The dispensary shall ensure all access doors are
24 not solely controlled by an electronic access panel to
25 ensure that locks are not released during a power outage.

26 (i) To monitor the dispensary, the dispensing organization

1 shall incorporate continuous electronic video monitoring
2 including the following:

3 (1) All monitors must be 19 inches or greater;

4 (2) Unobstructed video surveillance of all enclosed
5 dispensary areas, unless prohibited by law, including all
6 points of entry and exit that shall be appropriate for the
7 normal lighting conditions of the area under surveillance.
8 The cameras shall be directed so all areas are captured,
9 including, but not limited to, safes, vaults, sales areas,
10 and areas where cannabis is stored, handled, dispensed, or
11 destroyed. Cameras shall be angled to allow for facial
12 recognition, the capture of clear and certain
13 identification of any person entering or exiting the
14 dispensary area and in lighting sufficient during all
15 times of night or day;

16 (3) Unobstructed video surveillance of outside areas,
17 the storefront, and the parking lot, that shall be
18 appropriate for the normal lighting conditions of the area
19 under surveillance. Cameras shall be angled so as to allow
20 for the capture of facial recognition, clear and certain
21 identification of any person entering or exiting the
22 dispensary and the immediate surrounding area, and license
23 plates of vehicles in the parking lot;

24 (4) 24-hour recordings from all video cameras
25 available for immediate viewing by the Department upon
26 request. Recordings shall not be destroyed or altered and

1 shall be retained for at least 90 days. Recordings shall
2 be retained as long as necessary if the dispensing
3 organization is aware of the loss or theft of cannabis or a
4 pending criminal, civil, or administrative investigation
5 or legal proceeding for which the recording may contain
6 relevant information;

7 (5) The ability to immediately produce a clear, color
8 still photo from the surveillance video, either live or
9 recorded;

10 (6) A date and time stamp embedded on all video
11 surveillance recordings. The date and time shall be
12 synchronized and set correctly and shall not significantly
13 obscure the picture;

14 (7) The ability to remain operational during a power
15 outage and ensure all access doors are not solely
16 controlled by an electronic access panel to ensure that
17 locks are not released during a power outage;

18 (8) All video surveillance equipment shall allow for
19 the exporting of still images in an industry standard
20 image format, including .jpg, .bmp, and .gif. Exported
21 video shall have the ability to be archived in a
22 proprietary format that ensures authentication of the
23 video and guarantees that no alteration of the recorded
24 image has taken place. Exported video shall also have the
25 ability to be saved in an industry standard file format
26 that can be played on a standard computer operating

1 system. All recordings shall be erased or destroyed before
2 disposal;

3 (9) The video surveillance system shall be operational
4 during a power outage with a 4-hour minimum battery
5 backup;

6 (10) A video camera or cameras recording at each
7 point-of-sale location allowing for the identification of
8 the dispensing organization agent distributing the
9 cannabis and any purchaser. The camera or cameras shall
10 capture the sale, the individuals and the computer
11 monitors used for the sale;

12 (11) A failure notification system that provides an
13 audible and visual notification of any failure in the
14 electronic video monitoring system; and

15 (12) All electronic video surveillance monitoring must
16 record at least the equivalent of 8 frames per second and
17 be available as recordings to the Department and the
18 Illinois State Police 24 hours a day via a secure
19 web-based portal with reverse functionality.

20 (j) The requirements contained in this Act are minimum
21 requirements for operating a dispensing organization. The
22 Department may establish additional requirements by rule.

23 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
24 102-538, eff. 8-20-21.)

1 Section 4-5. The Compassionate Use of Medical Cannabis
2 Program Act is amended by changing Sections 10, 85, 105, 115,
3 and 120 and by adding Section 103 as follows:

4 (410 ILCS 130/10)

5 Sec. 10. Definitions. The following terms, as used in this
6 Act, shall have the meanings set forth in this Section:

7 (a) "Adequate supply" means:

8 (1) 2.5 ounces of usable cannabis during a period of
9 14 days and that is derived solely from an intrastate
10 source.

11 (2) Subject to the rules of the Department of Public
12 Health, a patient may apply for a waiver where a
13 certifying health care professional provides a substantial
14 medical basis in a signed, written statement asserting
15 that, based on the patient's medical history, in the
16 certifying health care professional's professional
17 judgment, 2.5 ounces is an insufficient adequate supply
18 for a 14-day period to properly alleviate the patient's
19 debilitating medical condition or symptoms associated with
20 the debilitating medical condition.

21 (3) This subsection may not be construed to authorize
22 the possession of more than 2.5 ounces at any time without
23 authority from the Department of Public Health.

24 (4) The pre-mixed weight of medical cannabis used in

1 making a cannabis infused product shall apply toward the
2 limit on the total amount of medical cannabis a registered
3 qualifying patient may possess at any one time.

4 (a-5) "Advanced practice registered nurse" means a person
5 who is licensed under the Nurse Practice Act as an advanced
6 practice registered nurse and has a controlled substances
7 license under Article III of the Illinois Controlled
8 Substances Act.

9 (b) "Cannabis" has the meaning given that term in Section
10 3 of the Cannabis Control Act.

11 (c) "Cannabis plant monitoring system" means a system that
12 includes, but is not limited to, testing and data collection
13 established and maintained by the registered cultivation
14 center and available to the Department for the purposes of
15 documenting each cannabis plant and for monitoring plant
16 development throughout the life cycle of a cannabis plant
17 cultivated for the intended use by a qualifying patient from
18 seed planting to final packaging.

19 (d) "Cardholder" means a qualifying patient or a
20 designated caregiver who has been issued and possesses a valid
21 registry identification card by the Department of Public
22 Health.

23 (d-5) "Certifying health care professional" means a
24 physician, an advanced practice registered nurse, or a
25 physician assistant.

26 (e) "Cultivation center" means a facility operated by an

1 organization or business that is registered by the Department
2 of Agriculture to perform necessary activities to provide only
3 registered medical cannabis dispensing organizations with
4 usable medical cannabis.

5 (f) "Cultivation center agent" has the same meaning as
6 "cultivation center agent" under the Cannabis Regulation and
7 Tax Act ~~means a principal officer, board member, employee, or~~
8 ~~agent of a registered cultivation center who is 21 years of age~~
9 ~~or older and has not been convicted of an excluded offense.~~

10 (g) "Cultivation center agent identification card" means a
11 document issued by the Department of Agriculture that
12 identifies a person as a cultivation center agent.

13 (h) "Debilitating medical condition" means one or more of
14 the following:

15 (1) cancer, glaucoma, positive status for human
16 immunodeficiency virus, acquired immune deficiency
17 syndrome, hepatitis C, amyotrophic lateral sclerosis,
18 Crohn's disease (including, but not limited to, ulcerative
19 colitis), agitation of Alzheimer's disease,
20 cachexia/wasting syndrome, muscular dystrophy, severe
21 fibromyalgia, spinal cord disease, including but not
22 limited to arachnoiditis, Tarlov cysts, hydromyelia,
23 syringomyelia, Rheumatoid arthritis, fibrous dysplasia,
24 spinal cord injury, traumatic brain injury and
25 post-concussion syndrome, Multiple Sclerosis,
26 Arnold-Chiari malformation and Syringomyelia,

1 Spinocerebellar Ataxia (SCA), Parkinson's, Tourette's,
2 Myoclonus, Dystonia, Reflex Sympathetic Dystrophy, RSD
3 (Complex Regional Pain Syndromes Type I), Causalgia, CRPS
4 (Complex Regional Pain Syndromes Type II),
5 Neurofibromatosis, Chronic Inflammatory Demyelinating
6 Polyneuropathy, Sjogren's syndrome, Lupus, Interstitial
7 Cystitis, Myasthenia Gravis, Hydrocephalus, nail-patella
8 syndrome, residual limb pain, seizures (including those
9 characteristic of epilepsy), post-traumatic stress
10 disorder (PTSD), autism, chronic pain, irritable bowel
11 syndrome, migraines, osteoarthritis, anorexia nervosa,
12 Ehlers-Danlos Syndrome, Neuro-Behcet's Autoimmune
13 Disease, neuropathy, polycystic kidney disease, superior
14 canal dehiscence syndrome, or the treatment of these
15 conditions;

16 (1.5) terminal illness with a diagnosis of 6 months or
17 less; if the terminal illness is not one of the qualifying
18 debilitating medical conditions, then the certifying
19 health care professional shall on the certification form
20 identify the cause of the terminal illness; or

21 (2) any other debilitating medical condition or its
22 treatment that is added by the Department of Public Health
23 by rule as provided in Section 45.

24 (i) "Designated caregiver" means a person who: (1) is at
25 least 21 years of age; (2) has agreed to assist with a
26 patient's medical use of cannabis; (3) has not been convicted

1 of an excluded offense; and (4) assists no more than one
2 registered qualifying patient with his or her medical use of
3 cannabis.

4 (j) "Dispensing organization agent identification card"
5 has the same meaning as "dispensing organization agent
6 identification card" under the Cannabis Regulation and Tax Act
7 ~~means a document issued by the Department of Financial and~~
8 ~~Professional Regulation that identifies a person as a medical~~
9 ~~cannabis dispensing organization agent.~~

10 (k) "Enclosed, locked facility" means a room, greenhouse,
11 building, or other enclosed area equipped with locks or other
12 security devices that permit access only by a cultivation
13 center's agents or a dispensing organization's agent working
14 for the registered cultivation center or the registered
15 dispensing organization to cultivate, store, and distribute
16 cannabis for registered qualifying patients.

17 (l) (Blank). ~~"Excluded offense" for cultivation center~~
18 ~~agents and dispensing organizations means:~~

19 ~~(1) a violent crime defined in Section 3 of the Rights~~
20 ~~of Crime Victims and Witnesses Act or a substantially~~
21 ~~similar offense that was classified as a felony in the~~
22 ~~jurisdiction where the person was convicted; or~~

23 ~~(2) a violation of a state or federal controlled~~
24 ~~substance law, the Cannabis Control Act, or the~~
25 ~~Methamphetamine Control and Community Protection Act that~~
26 ~~was classified as a felony in the jurisdiction where the~~

1 ~~person was convicted, except that the registering~~
2 ~~Department may waive this restriction if the person~~
3 ~~demonstrates to the registering Department's satisfaction~~
4 ~~that his or her conviction was for the possession,~~
5 ~~cultivation, transfer, or delivery of a reasonable amount~~
6 ~~of cannabis intended for medical use. This exception does~~
7 ~~not apply if the conviction was under state law and~~
8 ~~involved a violation of an existing medical cannabis law.~~
9 ~~For purposes of this subsection, the Department of Public~~
10 ~~Health shall determine by emergency rule within 30 days after~~
11 ~~the effective date of this amendatory Act of the 99th General~~
12 ~~Assembly what constitutes a "reasonable amount".~~

13 (1-5) (Blank).

14 (1-10) "Illinois Cannabis Tracking System" means a
15 web-based system established and maintained by the Department
16 of Public Health that is available to the Department of
17 Agriculture, the Department of Financial and Professional
18 Regulation, the Illinois State Police, and registered medical
19 cannabis dispensing organizations on a 24-hour basis to upload
20 written certifications for Opioid Alternative Pilot Program
21 participants, to verify Opioid Alternative Pilot Program
22 participants, to verify Opioid Alternative Pilot Program
23 participants' available cannabis allotment and assigned
24 dispensary, and the tracking of the date of sale, amount, and
25 price of medical cannabis purchased by an Opioid Alternative
26 Pilot Program participant.

1 (m) "Medical cannabis cultivation center registration"
2 means a registration issued by the Department of Agriculture.

3 (n) "Medical cannabis container" means a sealed,
4 traceable, food compliant, tamper resistant, tamper evident
5 container, or package used for the purpose of containment of
6 medical cannabis from a cultivation center to a dispensing
7 organization.

8 (o) "Medical cannabis dispensing organization", or
9 "dispensing organization", or "dispensary organization" means
10 a facility operated by an organization or business that is
11 registered by the Department of Financial and Professional
12 Regulation to acquire medical cannabis from a registered
13 cultivation center for the purpose of dispensing cannabis,
14 paraphernalia, or related supplies and educational materials
15 to registered qualifying patients, individuals with a
16 provisional registration for qualifying patient cardholder
17 status, or an Opioid Alternative Pilot Program participant.

18 (p) ~~"Dispensing Medical cannabis dispensing organization~~
19 ~~agent" or "dispensing organization agent" has the same meaning~~
20 ~~as "dispensing organization agent" under the Cannabis~~
21 ~~Regulation and Tax Act means a principal officer, board~~
22 ~~member, employee, or agent of a registered medical cannabis~~
23 ~~dispensing organization who is 21 years of age or older and has~~
24 ~~not been convicted of an excluded offense.~~

25 (q) "Medical cannabis infused product" means food, oils,
26 ointments, or other products containing usable cannabis that

1 are not smoked.

2 (r) "Medical use" means the acquisition; administration;
3 delivery; possession; transfer; transportation; or use of
4 cannabis to treat or alleviate a registered qualifying
5 patient's debilitating medical condition or symptoms
6 associated with the patient's debilitating medical condition.

7 (r-5) "Opioid" means a narcotic drug or substance that is
8 a Schedule II controlled substance under paragraph (1), (2),
9 (3), or (5) of subsection (b) or under subsection (c) of
10 Section 206 of the Illinois Controlled Substances Act.

11 (r-10) "Opioid Alternative Pilot Program participant"
12 means an individual who has received a valid written
13 certification to participate in the Opioid Alternative Pilot
14 Program for a medical condition for which an opioid has been or
15 could be prescribed by a certifying health care professional
16 based on generally accepted standards of care.

17 (s) "Physician" means a doctor of medicine or doctor of
18 osteopathy licensed under the Medical Practice Act of 1987 to
19 practice medicine and who has a controlled substances license
20 under Article III of the Illinois Controlled Substances Act.
21 It does not include a licensed practitioner under any other
22 Act including but not limited to the Illinois Dental Practice
23 Act.

24 (s-1) "Physician assistant" means a physician assistant
25 licensed under the Physician Assistant Practice Act of 1987
26 and who has a controlled substances license under Article III

1 of the Illinois Controlled Substances Act.

2 (s-5) "Provisional registration" means a document issued
3 by the Department of Public Health to a qualifying patient who
4 has submitted: (1) an online application and paid a fee to
5 participate in Compassionate Use of Medical Cannabis Program
6 pending approval or denial of the patient's application; or
7 (2) a completed application for terminal illness.

8 (t) "Qualifying patient" means a person who has been
9 diagnosed by a certifying health care professional as having a
10 debilitating medical condition.

11 (u) "Registered" means licensed, permitted, or otherwise
12 certified by the Department of Agriculture, Department of
13 Public Health, or Department of Financial and Professional
14 Regulation.

15 (v) "Registry identification card" means a document issued
16 by the Department of Public Health that identifies a person as
17 a registered qualifying patient or registered designated
18 caregiver.

19 (w) "Usable cannabis" means the seeds, leaves, buds, and
20 flowers of the cannabis plant and any mixture or preparation
21 thereof, but does not include the stalks, and roots of the
22 plant. It does not include the weight of any non-cannabis
23 ingredients combined with cannabis, such as ingredients added
24 to prepare a topical administration, food, or drink.

25 (x) "Verification system" means a Web-based system
26 established and maintained by the Department of Public Health

1 that is available to the Department of Agriculture, the
2 Department of Financial and Professional Regulation, law
3 enforcement personnel, and registered ~~medical—cannabis~~
4 dispensing organization agents on a 24-hour basis for the
5 verification of registry identification cards, the tracking of
6 delivery of medical cannabis to medical cannabis dispensing
7 organizations, and the tracking of the date of sale, amount,
8 and price of medical cannabis purchased by a registered
9 qualifying patient.

10 (y) "Written certification" means a document dated and
11 signed by a certifying health care professional, stating (1)
12 that the qualifying patient has a debilitating medical
13 condition and specifying the debilitating medical condition
14 the qualifying patient has; and (2) that (A) the certifying
15 health care professional is treating or managing treatment of
16 the patient's debilitating medical condition; or (B) an Opioid
17 Alternative Pilot Program participant has a medical condition
18 for which opioids have been or could be prescribed. A written
19 certification shall be made only in the course of a bona fide
20 health care professional-patient relationship, after the
21 certifying health care professional has completed an
22 assessment of either a qualifying patient's medical history or
23 Opioid Alternative Pilot Program participant, reviewed
24 relevant records related to the patient's debilitating
25 condition, and conducted a physical examination.

26 (z) "Bona fide health care professional-patient

1 relationship" means a relationship established at a hospital,
2 certifying health care professional's office, or other health
3 care facility in which the certifying health care professional
4 has an ongoing responsibility for the assessment, care, and
5 treatment of a patient's debilitating medical condition or a
6 symptom of the patient's debilitating medical condition.

7 A veteran who has received treatment at a VA hospital
8 shall be deemed to have a bona fide health care
9 professional-patient relationship with a VA certifying health
10 care professional if the patient has been seen for his or her
11 debilitating medical condition at the VA Hospital in
12 accordance with VA Hospital protocols.

13 A bona fide health care professional-patient relationship
14 under this subsection is a privileged communication within the
15 meaning of Section 8-802 of the Code of Civil Procedure.

16 (Source: P.A. 100-1114, eff. 8-28-18; 101-363, eff. 8-9-19.)

17 (410 ILCS 130/85)

18 Sec. 85. Issuance and denial of medical cannabis
19 cultivation permit.

20 (a) The Department of Agriculture may register up to 22
21 cultivation center registrations for operation. The Department
22 of Agriculture may not issue more than one registration per
23 each Illinois State Police District boundary as specified on
24 the date of January 1, 2013. The Department of Agriculture may
25 not issue less than the 22 registrations if there are

1 qualified applicants who have applied with the Department.

2 (b) The registrations shall be issued and renewed annually
3 as determined by administrative rule.

4 (c) The Department of Agriculture shall determine a
5 registration fee by rule.

6 (d) A cultivation center may only operate if it has been
7 issued a valid registration from the Department of
8 Agriculture. When applying for a cultivation center
9 registration, the applicant shall submit the following in
10 accordance with Department of Agriculture rules:

11 (1) the proposed legal name of the cultivation center;

12 (2) the proposed physical address of the cultivation
13 center and description of the enclosed, locked facility as
14 it applies to cultivation centers where medical cannabis
15 will be grown, harvested, manufactured, packaged, or
16 otherwise prepared for distribution to a dispensing
17 organization;

18 (3) the name, address, and date of birth of each
19 principal officer and board member of the cultivation
20 center, provided that all those individuals shall be at
21 least 21 years of age;

22 (4) any instance in which a business that any of the
23 prospective board members of the cultivation center had
24 managed or served on the board of the business and was
25 convicted, fined, censured, or had a registration or
26 license suspended or revoked in any administrative or

1 judicial proceeding;

2 (5) cultivation, inventory, and packaging plans;

3 (6) proposed operating by-laws that include procedures
4 for the oversight of the cultivation center, development
5 and implementation of a plant monitoring system, medical
6 cannabis container tracking system, accurate record
7 keeping, staffing plan, and security plan reviewed by the
8 Illinois State Police that are in accordance with the
9 rules issued by the Department of Agriculture under this
10 Act. A physical inventory shall be performed of all plants
11 and medical cannabis containers on a weekly basis;

12 (7) experience with agricultural cultivation
13 techniques and industry standards;

14 (8) any academic degrees, certifications, or relevant
15 experience with related businesses;

16 (9) the identity of every person, association, trust,
17 or corporation having any direct or indirect pecuniary
18 interest in the cultivation center operation with respect
19 to which the registration is sought. If the disclosed
20 entity is a trust, the application shall disclose the
21 names and addresses of the beneficiaries; if a
22 corporation, the names and addresses of all stockholders
23 and directors; if a partnership, the names and addresses
24 of all partners, both general and limited;

25 (10) verification from the Illinois State Police that
26 all background checks of the principal officer, board

1 members, and registered agents have been conducted ~~and~~
2 ~~those individuals have not been convicted of an excluded~~
3 ~~offense;~~

4 (11) provide a copy of the current local zoning
5 ordinance to the Department of Agriculture and verify that
6 proposed cultivation center is in compliance with the
7 local zoning rules issued in accordance with Section 140;

8 (12) an application fee set by the Department of
9 Agriculture by rule; and

10 (13) any other information required by Department of
11 Agriculture rules, including, but not limited to a
12 cultivation center applicant's experience with the
13 cultivation of agricultural or horticultural products,
14 operating an agriculturally related business, or operating
15 a horticultural business.

16 (e) An application for a cultivation center permit must be
17 denied if any of the following conditions are met:

18 (1) the applicant failed to submit the materials
19 required by this Section, including if the applicant's
20 plans do not satisfy the security, oversight, inventory,
21 or recordkeeping rules issued by the Department of
22 Agriculture;

23 (2) the applicant would not be in compliance with
24 local zoning rules issued in accordance with Section 140;

25 (3) (blank) ~~one or more of the prospective principal~~
26 ~~officers or board members has been convicted of an~~

1 ~~excluded offense;~~

2 (4) one or more of the prospective principal officers
3 or board members has served as a principal officer or
4 board member for a registered dispensing organization or
5 cultivation center that has had its registration revoked;

6 (5) one or more of the principal officers or board
7 members is under 21 years of age;

8 (6) (blank) ~~a principal officer or board member of the~~
9 ~~cultivation center has been convicted of a felony under~~
10 ~~the laws of this State, any other state, or the United~~
11 ~~States;~~

12 (7) (blank) ~~a principal officer or board member of the~~
13 ~~cultivation center has been convicted of any violation of~~
14 ~~Article 28 of the Criminal Code of 2012, or substantially~~
15 ~~similar laws of any other jurisdiction; or~~

16 (8) the person has submitted an application for a
17 certificate under this Act which contains false
18 information.

19 (Source: P.A. 102-538, eff. 8-20-21.)

20 (410 ILCS 130/103 new)

21 Sec. 103. Cultivation center agent identification cards
22 and dispensing organization agent identification cards.

23 (a) The Department of Agriculture shall follow the
24 requirements set forth in Section 20-35 of the Cannabis
25 Regulation and Tax Act regarding the issuance and

1 administration of cultivation center agent identification
2 cards under this Act.

3 (b) The Department of Financial and Professional
4 Regulation shall follow the requirements set forth in Section
5 15-40 of the Cannabis Regulation and Tax Act regarding the
6 issuance and administration of dispensing organization agent
7 identification cards under this Act.

8 (410 ILCS 130/105)

9 Sec. 105. Requirements; prohibitions; penalties for
10 cultivation centers.

11 (a) The operating documents of a registered cultivation
12 center shall include procedures for the oversight of the
13 cultivation center, a cannabis plant monitoring system
14 including a physical inventory recorded weekly, a cannabis
15 container system including a physical inventory recorded
16 weekly, accurate record keeping, and a staffing plan.

17 (b) A registered cultivation center shall implement a
18 security plan reviewed by the Illinois State Police and
19 including but not limited to: facility access controls,
20 perimeter intrusion detection systems, personnel
21 identification systems, 24-hour surveillance system to monitor
22 the interior and exterior of the registered cultivation center
23 facility and accessible to authorized law enforcement and the
24 Department of Agriculture in real-time.

25 (c) A registered cultivation center may not be located

1 within 2,500 feet of the property line of a pre-existing
2 public or private preschool or elementary or secondary school
3 or day care center, day care home, group day care home, part
4 day child care facility, or an area zoned for residential use.

5 (d) All cultivation of cannabis for distribution to a
6 registered dispensing organization must take place in an
7 enclosed, locked facility as it applies to cultivation centers
8 at the physical address provided to the Department of
9 Agriculture during the registration process. The cultivation
10 center location shall only be accessed by the cultivation
11 center agents working for the registered cultivation center,
12 Department of Agriculture staff performing inspections,
13 Department of Public Health staff performing inspections, law
14 enforcement or other emergency personnel, and contractors
15 working on jobs unrelated to medical cannabis, such as
16 installing or maintaining security devices or performing
17 electrical wiring.

18 (e) A cultivation center may not sell or distribute any
19 cannabis to any individual or entity other than another
20 cultivation center, a dispensing organization registered under
21 this Act, or a laboratory licensed by the Department of
22 Agriculture.

23 (f) All harvested cannabis intended for distribution to a
24 dispensing organization must be packaged in a labeled medical
25 cannabis container and entered into a data collection system.

26 (g) (Blank). ~~No person who has been convicted of an~~

1 ~~excluded offense may be a cultivation center agent.~~

2 (h) Registered cultivation centers are subject to random
3 inspection by the Illinois State Police.

4 (i) Registered cultivation centers are subject to random
5 inspections by the Department of Agriculture and the
6 Department of Public Health.

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

12 (k) A cultivation center shall comply with all State and
13 federal rules and regulations regarding the use of pesticides.
14 (Source: P.A. 101-363, eff. 8-9-19; 102-538, eff. 8-20-21.)

15 (410 ILCS 130/115)

16 Sec. 115. Registration of dispensing organizations.

17 (a) The Department of Financial and Professional
18 Regulation may issue up to 60 dispensing organization
19 registrations for operation. The Department of Financial and
20 Professional Regulation may not issue less than the 60
21 registrations if there are qualified applicants who have
22 applied with the Department of Financial and Professional
23 Regulation. The organizations shall be geographically
24 dispersed throughout the State to allow all registered
25 qualifying patients reasonable proximity and access to a

1 dispensing organization.

2 (a-5) The Department of Financial and Professional
3 Regulation shall adopt rules to create a registration process
4 for Social Equity Justice Involved Applicants and Qualifying
5 Applicants, a streamlined application, and a Social Equity
6 Justice Involved Medical Lottery under Section 115.5 to issue
7 the remaining available 5 dispensing organization
8 registrations for operation. For purposes of this Section:

9 "Disproportionately Impacted Area" means a census tract or
10 comparable geographic area that satisfies the following
11 criteria as determined by the Department of Commerce and
12 Economic Opportunity, that:

13 (1) meets at least one of the following criteria:

14 (A) the area has a poverty rate of at least 20%
15 according to the latest federal decennial census; or

16 (B) 75% or more of the children in the area
17 participate in the federal free lunch program
18 according to reported statistics from the State Board
19 of Education; or

20 (C) at least 20% of the households in the area
21 receive assistance under the Supplemental Nutrition
22 Assistance Program; or

23 (D) the area has an average unemployment rate, as
24 determined by the Illinois Department of Employment
25 Security, that is more than 120% of the national
26 unemployment average, as determined by the United

1 States Department of Labor, for a period of at least 2
2 consecutive calendar years preceding the date of the
3 application; and

4 (2) has high rates of arrest, conviction, and
5 incarceration related to sale, possession, use,
6 cultivation, manufacture, or transport of cannabis.

7 "Qualifying Applicant" means an applicant that: (i)
8 submitted an application pursuant to Section 15-30 of the
9 Cannabis Regulation and Tax Act that received at least 85% of
10 250 application points available under Section 15-30 of the
11 Cannabis Regulation and Tax Act as the applicant's final
12 score; (ii) received points at the conclusion of the scoring
13 process for meeting the definition of a "Social Equity
14 Applicant" as set forth under the Cannabis Regulation and Tax
15 Act; and (iii) is an applicant that did not receive a
16 Conditional Adult Use Dispensing Organization License through
17 a Qualifying Applicant Lottery pursuant to Section 15-35 of
18 the Cannabis Regulation and Tax Act or any Tied Applicant
19 Lottery conducted under the Cannabis Regulation and Tax Act.

20 "Social Equity Justice Involved Applicant" means an
21 applicant that is an Illinois resident and one of the
22 following:

23 (1) an applicant with at least 51% ownership and
24 control by one or more individuals who have resided for at
25 least 5 of the preceding 10 years in a Disproportionately
26 Impacted Area;

1 (2) an applicant with at least 51% of ownership and
2 control by one or more individuals who have been arrested
3 for, convicted of, or adjudicated delinquent for any
4 offense that is eligible for expungement under subsection
5 (i) of Section 5.2 of the Criminal Identification Act; or

6 (3) an applicant with at least 51% ownership and
7 control by one or more members of an impacted family.

8 (b) A dispensing organization may only operate if it has
9 been issued a registration from the Department of Financial
10 and Professional Regulation. The Department of Financial and
11 Professional Regulation shall adopt rules establishing the
12 procedures for applicants for dispensing organizations.

13 (c) When applying for a dispensing organization
14 registration, the applicant shall submit, at a minimum, the
15 following in accordance with Department of Financial and
16 Professional Regulation rules:

17 (1) a non-refundable application fee established by
18 rule;

19 (2) the proposed legal name of the dispensing
20 organization;

21 (3) the proposed physical address of the dispensing
22 organization;

23 (4) the name, address, and date of birth of each
24 principal officer and board member of the dispensing
25 organization, provided that all those individuals shall be
26 at least 21 years of age;

1 (5) (blank);

2 (6) (blank); and

3 (7) (blank).

4 (d) The Department of Financial and Professional
5 Regulation shall conduct a background check of the prospective
6 dispensing organization agents in order to carry out this
7 Section. The Department of State Police shall charge a fee for
8 conducting the criminal history record check, which shall be
9 deposited in the State Police Services Fund and shall not
10 exceed the actual cost of the record check. Each person
11 applying as a dispensing organization agent shall submit a
12 full set of fingerprints to the Department of State Police for
13 the purpose of obtaining a State and federal criminal records
14 check. These fingerprints shall be checked against the
15 fingerprint records now and hereafter, to the extent allowed
16 by law, filed in the Department of State Police and Federal
17 Bureau of Investigation criminal history records databases.
18 The Department of State Police shall furnish, following
19 positive identification, all Illinois conviction information
20 to the Department of Financial and Professional Regulation.

21 (e) A dispensing organization must pay a registration fee
22 set by the Department of Financial and Professional
23 Regulation.

24 (f) An application for a medical cannabis dispensing
25 organization registration must be denied if any of the
26 following conditions are met:

1 (1) the applicant failed to submit the materials
2 required by this Section, including if the applicant's
3 plans do not satisfy the security, oversight, or
4 recordkeeping rules issued by the Department of Financial
5 and Professional Regulation;

6 (2) the applicant would not be in compliance with
7 local zoning rules issued in accordance with Section 140;

8 (3) the applicant does not meet the requirements of
9 Section 130;

10 (4) (blank); ~~one or more of the prospective principal~~
11 ~~officers or board members has been convicted of an~~
12 ~~excluded offense;~~

13 (5) one or more of the prospective principal officers
14 or board members has served as a principal officer or
15 board member for a registered medical cannabis dispensing
16 organization that has had its registration revoked; and

17 (6) one or more of the principal officers or board
18 members is under 21 years of age.

19 (Source: P.A. 101-363, eff. 8-9-19; 102-98, eff. 7-15-21.)

20 (410 ILCS 130/120)

21 Sec. 120. Dispensing organization agent identification
22 card.

23 (a) The Department of Financial and Professional
24 Regulation shall:

25 (1) verify the information contained in an application

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

6 (2) issue a dispensing organization agent
7 identification card to a qualifying agent within 15
8 business days of approving the application or renewal;

9 (3) enter the registry identification number of the
10 dispensing organization where the agent works; and

11 (4) allow for an electronic application process, and
12 provide a confirmation by electronic or other methods that
13 an application has been submitted.

14 (b) A dispensing agent must keep his or her identification
15 card visible at all times when on the property of a dispensing
16 organization.

17 (c) The dispensing organization agent identification cards
18 shall contain the following:

19 (1) the name of the cardholder;

20 (2) the date of issuance and expiration date of the
21 dispensing organization agent identification cards;

22 (3) a random 10 digit alphanumeric identification
23 number containing at least 4 numbers and at least 4
24 letters; that is unique to the holder; and

25 (4) a photograph of the cardholder.

26 (d) The dispensing organization agent identification cards

1 shall be immediately returned to the dispensing organization
2 upon termination of employment.

3 (e) Any card lost by a dispensing organization agent shall
4 be reported to the Illinois State Police and the Department of
5 Financial and Professional Regulation immediately upon
6 discovery of the loss.

7 (f) (Blank). ~~An applicant shall be denied a dispensing~~
8 ~~organization agent identification card if he or she has been~~
9 ~~convicted of an excluded offense.~~

10 (Source: P.A. 98-122, eff. 1-1-14; 98-1172, eff. 1-12-15.)

11 (410 ILCS 130/100 rep.)

12 Section 4-10. The Compassionate Use of Medical Cannabis
13 Program Act is amended by repealing Section 100.

14 Section 4-15. The Cannabis Regulation and Tax Act is
15 amended by changing Section 15-40 as follows:

16 (410 ILCS 705/15-40)

17 Sec. 15-40. Dispensing organization agent identification
18 card; agent training.

19 (a) The Department shall:

20 (1) verify the information contained in an application
21 or renewal for a dispensing organization agent
22 identification card submitted under this Article, and
23 approve or deny an application or renewal, within 30 days

1 of receiving a completed application or renewal
2 application and all supporting documentation required by
3 rule;

4 (2) issue a dispensing organization agent
5 identification card to a qualifying agent within 15
6 business days of approving the application or renewal;

7 (3) enter the registry identification number of the
8 dispensing organization where the agent works;

9 (4) within one year from the effective date of this
10 Act, allow for an electronic application process and
11 provide a confirmation by electronic or other methods that
12 an application has been submitted; and

13 (5) collect a \$100 nonrefundable fee from the
14 applicant to be deposited into the Cannabis Regulation
15 Fund.

16 (b) A dispensing organization agent must keep his or her
17 identification card visible at all times when in the
18 dispensary.

19 (c) The dispensing organization agent identification cards
20 shall contain the following:

21 (1) the name of the cardholder;

22 (2) the date of issuance and expiration date of the
23 dispensing organization agent identification cards;

24 (3) a random 10-digit alphanumeric identification
25 number containing at least 4 numbers and at least 4
26 letters that is unique to the cardholder; and

1 (4) a photograph of the cardholder.

2 (d) The dispensing organization agent identification cards
3 shall be immediately returned to the dispensing organization
4 upon termination of employment.

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

8 (f) Any card lost by a dispensing organization agent shall
9 be reported to the Illinois State Police and the Department
10 immediately upon discovery of the loss.

11 (g) An applicant shall be denied a dispensing organization
12 agent identification card renewal if he or she fails to
13 complete the training provided for in this Section.

14 (h) A dispensing organization agent shall only be required
15 to hold one card for the same employer regardless of what type
16 of dispensing organization license the employer holds.

17 (i) Cannabis retail sales training requirements.

18 (1) Within 90 days of September 1, 2019, or 90 days of
19 employment, whichever is later, all owners, managers,
20 employees, and agents involved in the handling or sale of
21 cannabis or cannabis-infused product employed by an adult
22 use dispensing organization or medical cannabis dispensing
23 organization as defined in Section 10 of the Compassionate
24 Use of Medical Cannabis Program Act shall attend and
25 successfully complete a Responsible Vendor Program.

26 (2) Each owner, manager, employee, and agent of an

1 adult use dispensing organization or medical cannabis
2 dispensing organization shall successfully complete the
3 program annually.

4 (3) Responsible Vendor Program Training modules shall
5 include at least 2 hours of instruction time approved by
6 the Department including:

7 (i) Health and safety concerns of cannabis use,
8 including the responsible use of cannabis, its
9 physical effects, onset of physiological effects,
10 recognizing signs of impairment, and appropriate
11 responses in the event of overconsumption.

12 (ii) Training on laws and regulations on driving
13 while under the influence and operating a watercraft
14 or snowmobile while under the influence.

15 (iii) Sales to minors prohibition. Training shall
16 cover all relevant Illinois laws and rules.

17 (iv) Quantity limitations on sales to purchasers.
18 Training shall cover all relevant Illinois laws and
19 rules.

20 (v) Acceptable forms of identification. Training
21 shall include:

22 (I) How to check identification; and

23 (II) Common mistakes made in verification;

24 (vi) Safe storage of cannabis;

25 (vii) Compliance with all inventory tracking
26 system regulations;

- 1 (viii) Waste handling, management, and disposal;
2 (ix) Health and safety standards;
3 (x) Maintenance of records;
4 (xi) Security and surveillance requirements;
5 (xii) Permitting inspections by State and local
6 licensing and enforcement authorities;
7 (xiii) Privacy issues;
8 (xiv) Packaging and labeling requirement for sales
9 to purchasers; and
10 (xv) Other areas as determined by rule.

11 (j) Blank.

12 (k) Upon the successful completion of the Responsible
13 Vendor Program, the provider shall deliver proof of completion
14 either through mail or electronic communication to the
15 dispensing organization, which shall retain a copy of the
16 certificate.

17 (l) The license of a dispensing organization or medical
18 cannabis dispensing organization whose owners, managers,
19 employees, or agents fail to comply with this Section may be
20 suspended or permanently revoked under Section 15-145 or may
21 face other disciplinary action.

22 (m) The regulation of dispensing organization and medical
23 cannabis dispensing employer and employee training is an
24 exclusive function of the State, and regulation by a unit of
25 local government, including a home rule unit, is prohibited.
26 This subsection (m) is a denial and limitation of home rule

1 powers and functions under subsection (h) of Section 6 of
2 Article VII of the Illinois Constitution.

3 (n) Persons seeking Department approval to offer the
4 training required by paragraph (3) of subsection (i) may apply
5 for such approval between August 1 and August 15 of each
6 odd-numbered year in a manner prescribed by the Department.

7 (o) Persons seeking Department approval to offer the
8 training required by paragraph (3) of subsection (i) shall
9 submit a nonrefundable application fee of \$2,000 to be
10 deposited into the Cannabis Regulation Fund or a fee as may be
11 set by rule. Any changes made to the training module shall be
12 approved by the Department.

13 (p) The Department shall not unreasonably deny approval of
14 a training module that meets all the requirements of paragraph
15 (3) of subsection (i). A denial of approval shall include a
16 detailed description of the reasons for the denial.

17 (q) Any person approved to provide the training required
18 by paragraph (3) of subsection (i) shall submit an application
19 for re-approval between August 1 and August 15 of each
20 odd-numbered year and include a nonrefundable application fee
21 of \$2,000 to be deposited into the Cannabis Regulation Fund or
22 a fee as may be set by rule.

23 (r) All persons applying to become or renewing their
24 registrations to be agents, including agents-in-charge and
25 principal officers, shall disclose any disciplinary action
26 taken against them that may have occurred in Illinois, another

1 state, or another country in relation to their employment at a
2 cannabis business establishment or at any cannabis cultivation
3 center, processor, infuser, dispensary, or other cannabis
4 business establishment.

5 (s) An agent applicant may begin employment at a
6 dispensing organization while the agent applicant's
7 identification card application is pending. Upon approval, the
8 Department shall issue the agent's identification card to the
9 agent. If denied, the dispensing organization and the agent
10 applicant shall be notified and the agent applicant must cease
11 all activity at the dispensing organization immediately.

12 (t) All notifications of acceptance or denial for
13 applications under this Section shall be sent electronically
14 to the agent applicant within 30 days after the submission of a
15 completed application.

16 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
17 102-98, eff. 7-15-21; 102-538, eff. 8-20-21; 102-813, eff.
18 5-13-22.)

19 Article 5.

20 Section 5-5. The Compassionate Use of Medical Cannabis
21 Program Act is amended by changing Section 35 as follows:

22 (410 ILCS 130/35)

23 Sec. 35. Certifying health care professional requirements.

1 (a) A certifying health care professional who certifies a
2 debilitating medical condition for a qualifying patient shall
3 comply with all of the following requirements:

4 (1) The certifying health care professional shall be
5 currently licensed under the Medical Practice Act of 1987
6 to practice medicine in all its branches, the Nurse
7 Practice Act, or the Physician Assistant Practice Act of
8 1987, shall be in good standing, and must hold a
9 controlled substances license under Article III of the
10 Illinois Controlled Substances Act.

11 (2) A certifying health care professional certifying a
12 patient's condition shall comply with generally accepted
13 standards of medical practice, the provisions of the Act
14 under which he or she is licensed and all applicable
15 rules.

16 (3) The physical examination required by this Act may
17 ~~not~~ be performed by remote means, including telemedicine.

18 (4) The certifying health care professional shall
19 maintain a record-keeping system for all patients for whom
20 the certifying health care professional has certified the
21 patient's medical condition. These records shall be
22 accessible to and subject to review by the Department of
23 Public Health and the Department of Financial and
24 Professional Regulation upon request.

25 (b) A certifying health care professional may not:

26 (1) accept, solicit, or offer any form of remuneration

1 from or to a qualifying patient, primary caregiver,
2 cultivation center, or dispensing organization, including
3 each principal officer, board member, agent, and employee,
4 to certify a patient, other than accepting payment from a
5 patient for the fee associated with the required
6 examination, except for the limited purpose of performing
7 a medical cannabis-related research study;

8 (1.5) accept, solicit, or offer any form of
9 remuneration from or to a medical cannabis cultivation
10 center or dispensary organization for the purposes of
11 referring a patient to a specific dispensary organization;

12 (1.10) engage in any activity that is prohibited under
13 Section 22.2 of the Medical Practice Act of 1987,
14 regardless of whether the certifying health care
15 professional is a physician, advanced practice registered
16 nurse, or physician assistant;

17 (2) offer a discount of any other item of value to a
18 qualifying patient who uses or agrees to use a particular
19 primary caregiver or dispensing organization to obtain
20 medical cannabis;

21 (3) conduct a personal physical examination of a
22 patient for purposes of diagnosing a debilitating medical
23 condition at a location where medical cannabis is sold or
24 distributed or at the address of a principal officer,
25 agent, or employee or a medical cannabis organization;

26 (4) hold a direct or indirect economic interest in a

1 cultivation center or dispensing organization if he or she
2 recommends the use of medical cannabis to qualified
3 patients or is in a partnership or other fee or
4 profit-sharing relationship with a certifying health care
5 professional who recommends medical cannabis, except for
6 the limited purpose of performing a medical
7 cannabis-related research study;

8 (5) serve on the board of directors or as an employee
9 of a cultivation center or dispensing organization;

10 (6) refer patients to a cultivation center, a
11 dispensing organization, or a registered designated
12 caregiver; or

13 (7) advertise in a cultivation center or a dispensing
14 organization.

15 (c) The Department of Public Health may with reasonable
16 cause refer a certifying health care professional, who has
17 certified a debilitating medical condition of a patient, to
18 the Illinois Department of Financial and Professional
19 Regulation for potential violations of this Section.

20 (d) Any violation of this Section or any other provision
21 of this Act or rules adopted under this Act is a violation of
22 the certifying health care professional's licensure act.

23 (e) A certifying health care professional who certifies a
24 debilitating medical condition for a qualifying patient may
25 notify the Department of Public Health in writing: (1) if the
26 certifying health care professional has reason to believe

1 either that the registered qualifying patient has ceased to
2 suffer from a debilitating medical condition; (2) that the
3 bona fide health care professional-patient relationship has
4 terminated; or (3) that continued use of medical cannabis
5 would result in contraindication with the patient's other
6 medication. The registered qualifying patient's registry
7 identification card shall be revoked by the Department of
8 Public Health after receiving the certifying health care
9 professional's notification.

10 (f) Nothing in this Act shall preclude a certifying health
11 care professional from referring a patient for health
12 services, except when the referral is limited to certification
13 purposes only, under this Act.

14 (Source: P.A. 101-363, eff. 8-9-19; 102-558, eff. 8-20-21.)

15 Article 6.

16 Section 6-5. The Cannabis Regulation and Tax Act is
17 amended by changing Sections 1-10 and 50-5 as follows:

18 (410 ILCS 705/1-10)

19 Sec. 1-10. Definitions. In this Act:

20 "Adult Use Cultivation Center License" means a license
21 issued by the Department of Agriculture that permits a person
22 to act as a cultivation center under this Act and any
23 administrative rule made in furtherance of this Act.

1 "Adult Use Dispensing Organization License" means a
2 license issued by the Department of Financial and Professional
3 Regulation that permits a person to act as a dispensing
4 organization under this Act and any administrative rule made
5 in furtherance of this Act.

6 "Advertise" means to engage in promotional activities
7 including, but not limited to: newspaper, radio, Internet and
8 electronic media, and television advertising; the distribution
9 of fliers and circulars; billboard advertising; and the
10 display of window and interior signs. "Advertise" does not
11 mean exterior signage displaying only the name of the licensed
12 cannabis business establishment.

13 "Application points" means the number of points a
14 Dispensary Applicant receives on an application for a
15 Conditional Adult Use Dispensing Organization License.

16 "BLS Region" means a region in Illinois used by the United
17 States Bureau of Labor Statistics to gather and categorize
18 certain employment and wage data. The 17 such regions in
19 Illinois are: Bloomington, Cape Girardeau, Carbondale-Marion,
20 Champaign-Urbana, Chicago-Naperville-Elgin, Danville,
21 Davenport-Moline-Rock Island, Decatur, Kankakee, Peoria,
22 Rockford, St. Louis, Springfield, Northwest Illinois
23 nonmetropolitan area, West Central Illinois nonmetropolitan
24 area, East Central Illinois nonmetropolitan area, and South
25 Illinois nonmetropolitan area.

26 "By lot" means a randomized method of choosing between 2

1 or more Eligible Tied Applicants or 2 or more Qualifying
2 Applicants.

3 "Cannabis" means marijuana, hashish, and other substances
4 that are identified as including any parts of the plant
5 Cannabis sativa and including derivatives or subspecies, such
6 as indica, of all strains of cannabis, whether growing or not;
7 the seeds thereof, the resin extracted from any part of the
8 plant; and any compound, manufacture, salt, derivative,
9 mixture, or preparation of the plant, its seeds, or resin,
10 including tetrahydrocannabinol (THC) and all other naturally
11 produced cannabinol derivatives, whether produced directly or
12 indirectly by extraction; however, "cannabis" does not include
13 the mature stalks of the plant, fiber produced from the
14 stalks, oil or cake made from the seeds of the plant, any other
15 compound, manufacture, salt, derivative, mixture, or
16 preparation of the mature stalks (except the resin extracted
17 from it), fiber, oil or cake, or the sterilized seed of the
18 plant that is incapable of germination. "Cannabis" does not
19 include industrial hemp as defined and authorized under the
20 Industrial Hemp Act. "Cannabis" also means cannabis flower,
21 concentrate, and cannabis-infused products.

22 "Cannabis business establishment" means a cultivation
23 center, craft grower, processing organization, infuser
24 organization, dispensing organization, or transporting
25 organization.

26 "Cannabis concentrate" means a product derived from

1 cannabis that is produced by extracting cannabinoids,
2 including tetrahydrocannabinol (THC), from the plant through
3 the use of propylene glycol, glycerin, butter, olive oil, or
4 other typical cooking fats; water, ice, or dry ice; or butane,
5 propane, CO₂, ethanol, or isopropanol and with the intended
6 use of smoking or making a cannabis-infused product. The use
7 of any other solvent is expressly prohibited unless and until
8 it is approved by the Department of Agriculture.

9 "Cannabis container" means a sealed or resealable,
10 traceable, container, or package used for the purpose of
11 containment of cannabis or cannabis-infused product during
12 transportation.

13 "Cannabis flower" means marijuana, hashish, and other
14 substances that are identified as including any parts of the
15 plant Cannabis sativa and including derivatives or subspecies,
16 such as indica, of all strains of cannabis; including raw
17 kief, leaves, and buds, but not resin that has been extracted
18 from any part of such plant; nor any compound, manufacture,
19 salt, derivative, mixture, or preparation of such plant, its
20 seeds, or resin.

21 "Cannabis-infused product" means a beverage, food, oil,
22 ointment, tincture, topical formulation, or another product
23 containing cannabis or cannabis concentrate that is not
24 intended to be smoked.

25 "Cannabis paraphernalia" means equipment, products, or
26 materials intended to be used for planting, propagating,

1 cultivating, growing, harvesting, manufacturing, producing,
2 processing, preparing, testing, analyzing, packaging,
3 repackaging, storing, containing, concealing, ingesting, or
4 otherwise introducing cannabis into the human body.

5 "Cannabis plant monitoring system" or "plant monitoring
6 system" means a system that includes, but is not limited to,
7 testing and data collection established and maintained by the
8 cultivation center, craft grower, or processing organization
9 and that is available to the Department of Revenue, the
10 Department of Agriculture, the Department of Financial and
11 Professional Regulation, and the Illinois State Police for the
12 purposes of documenting each cannabis plant and monitoring
13 plant development throughout the life cycle of a cannabis
14 plant cultivated for the intended use by a customer from seed
15 planting to final packaging.

16 "Cannabis testing facility" means an entity licensed
17 ~~registered~~ by the Department of Agriculture to test cannabis
18 for potency and contaminants. Licensed cannabis testing
19 facilities are authorized under this Act to transport cannabis
20 from licensed cannabis business establishments to the licensed
21 cannabis testing facility and are exempt from the transporting
22 organization license requirements.

23 "Clone" means a plant section from a female cannabis plant
24 not yet rootbound, growing in a water solution or other
25 propagation matrix, that is capable of developing into a new
26 plant.

1 "Community College Cannabis Vocational Training Pilot
2 Program faculty participant" means a person who is 21 years of
3 age or older, licensed by the Department of Agriculture, and
4 is employed or contracted by an Illinois community college to
5 provide student instruction using cannabis plants at an
6 Illinois Community College.

7 "Community College Cannabis Vocational Training Pilot
8 Program faculty participant Agent Identification Card" means a
9 document issued by the Department of Agriculture that
10 identifies a person as a Community College Cannabis Vocational
11 Training Pilot Program faculty participant.

12 "Conditional Adult Use Dispensing Organization License"
13 means a contingent license awarded to applicants for an Adult
14 Use Dispensing Organization License that reserves the right to
15 an Adult Use Dispensing Organization License if the applicant
16 meets certain conditions described in this Act, but does not
17 entitle the recipient to begin purchasing or selling cannabis
18 or cannabis-infused products.

19 "Conditional Adult Use Cultivation Center License" means a
20 license awarded to top-scoring applicants for an Adult Use
21 Cultivation Center License that reserves the right to an Adult
22 Use Cultivation Center License if the applicant meets certain
23 conditions as determined by the Department of Agriculture by
24 rule, but does not entitle the recipient to begin growing,
25 processing, or selling cannabis or cannabis-infused products.

26 "Craft grower" means a facility operated by an

1 organization or business that is licensed by the Department of
2 Agriculture to cultivate, dry, cure, and package cannabis and
3 perform other necessary activities to make cannabis available
4 for sale at a dispensing organization or use at a processing
5 organization. A craft grower may contain up to 5,000 square
6 feet of canopy space on its premises for plants in the
7 flowering state. The Department of Agriculture may authorize
8 an increase or decrease of flowering stage cultivation space
9 in increments of 3,000 square feet by rule based on market
10 need, craft grower capacity, and the licensee's history of
11 compliance or noncompliance, with a maximum space of 14,000
12 square feet for cultivating plants in the flowering stage,
13 which must be cultivated in all stages of growth in an enclosed
14 and secure area. A craft grower may share premises with a
15 processing organization or a dispensing organization, or both,
16 provided each licensee stores currency and cannabis or
17 cannabis-infused products in a separate secured vault to which
18 the other licensee does not have access or all licensees
19 sharing a vault share more than 50% of the same ownership.

20 "Craft grower agent" means a principal officer, board
21 member, employee, or other agent of a craft grower who is 21
22 years of age or older.

23 "Craft Grower Agent Identification Card" means a document
24 issued by the Department of Agriculture that identifies a
25 person as a craft grower agent.

26 "Cultivation center" means a facility operated by an

1 organization or business that is licensed by the Department of
2 Agriculture to cultivate, process, transport (unless otherwise
3 limited by this Act), and perform other necessary activities
4 to provide cannabis and cannabis-infused products to cannabis
5 business establishments.

6 "Cultivation center agent" means a principal officer,
7 board member, employee, or other agent of a cultivation center
8 who is 21 years of age or older.

9 "Cultivation Center Agent Identification Card" means a
10 document issued by the Department of Agriculture that
11 identifies a person as a cultivation center agent.

12 "Currency" means currency and coin of the United States.

13 "Dispensary" means a facility operated by a dispensing
14 organization at which activities licensed by this Act may
15 occur.

16 "Dispensary Applicant" means the Proposed Dispensing
17 Organization Name as stated on an application for a
18 Conditional Adult Use Dispensing Organization License.

19 "Dispensing organization" means a facility operated by an
20 organization or business that is licensed by the Department of
21 Financial and Professional Regulation to acquire cannabis from
22 a cultivation center, craft grower, processing organization,
23 or another dispensary for the purpose of selling or dispensing
24 cannabis, cannabis-infused products, cannabis seeds,
25 paraphernalia, or related supplies under this Act to
26 purchasers or to qualified registered medical cannabis

1 patients and caregivers. As used in this Act, "dispensing
2 organization" includes a registered medical cannabis
3 organization as defined in the Compassionate Use of Medical
4 Cannabis Program Act or its successor Act that has obtained an
5 Early Approval Adult Use Dispensing Organization License.

6 "Dispensing organization agent" means a principal officer,
7 employee, or agent of a dispensing organization who is 21
8 years of age or older.

9 "Dispensing organization agent identification card" means
10 a document issued by the Department of Financial and
11 Professional Regulation that identifies a person as a
12 dispensing organization agent.

13 "Disproportionately Impacted Area" means a census tract or
14 comparable geographic area that satisfies the following
15 criteria as determined by the Department of Commerce and
16 Economic Opportunity, that:

17 (1) meets at least one of the following criteria:

18 (A) the area has a poverty rate of at least 20%
19 according to the latest federal decennial census; or

20 (B) 75% or more of the children in the area
21 participate in the federal free lunch program
22 according to reported statistics from the State Board
23 of Education; or

24 (C) at least 20% of the households in the area
25 receive assistance under the Supplemental Nutrition
26 Assistance Program; or

1 (D) the area has an average unemployment rate, as
2 determined by the Illinois Department of Employment
3 Security, that is more than 120% of the national
4 unemployment average, as determined by the United
5 States Department of Labor, for a period of at least 2
6 consecutive calendar years preceding the date of the
7 application; and

8 (2) has high rates of arrest, conviction, and
9 incarceration related to the sale, possession, use,
10 cultivation, manufacture, or transport of cannabis.

11 "Early Approval Adult Use Cultivation Center License"
12 means a license that permits a medical cannabis cultivation
13 center licensed under the Compassionate Use of Medical
14 Cannabis Program Act as of the effective date of this Act to
15 begin cultivating, infusing, packaging, transporting (unless
16 otherwise provided in this Act), processing, and selling
17 cannabis or cannabis-infused product to cannabis business
18 establishments for resale to purchasers as permitted by this
19 Act as of January 1, 2020.

20 "Early Approval Adult Use Dispensing Organization License"
21 means a license that permits a medical cannabis dispensing
22 organization licensed under the Compassionate Use of Medical
23 Cannabis Program Act as of the effective date of this Act to
24 begin selling cannabis or cannabis-infused product to
25 purchasers as permitted by this Act as of January 1, 2020.

26 "Early Approval Adult Use Dispensing Organization at a

1 secondary site" means a license that permits a medical
2 cannabis dispensing organization licensed under the
3 Compassionate Use of Medical Cannabis Program Act as of the
4 effective date of this Act to begin selling cannabis or
5 cannabis-infused product to purchasers as permitted by this
6 Act on January 1, 2020 at a different dispensary location from
7 its existing registered medical dispensary location.

8 "Eligible Tied Applicant" means a Tied Applicant that is
9 eligible to participate in the process by which a remaining
10 available license is distributed by lot pursuant to a Tied
11 Applicant Lottery.

12 "Enclosed, locked facility" means a room, greenhouse,
13 building, or other enclosed area equipped with locks or other
14 security devices that permit access only by cannabis business
15 establishment agents working for the licensed cannabis
16 business establishment or acting pursuant to this Act to
17 cultivate, process, store, or distribute cannabis.

18 "Enclosed, locked space" means a closet, room, greenhouse,
19 building, or other enclosed area equipped with locks or other
20 security devices that permit access only by authorized
21 individuals under this Act. "Enclosed, locked space" may
22 include:

- 23 (1) a space within a residential building that (i) is
24 the primary residence of the individual cultivating 5 or
25 fewer cannabis plants that are more than 5 inches tall and
26 (ii) includes sleeping quarters and indoor plumbing. The

1 space must only be accessible by a key or code that is
2 different from any key or code that can be used to access
3 the residential building from the exterior; or

4 (2) a structure, such as a shed or greenhouse, that
5 lies on the same plot of land as a residential building
6 that (i) includes sleeping quarters and indoor plumbing
7 and (ii) is used as a primary residence by the person
8 cultivating 5 or fewer cannabis plants that are more than
9 5 inches tall, such as a shed or greenhouse. The structure
10 must remain locked when it is unoccupied by people.

11 "Financial institution" has the same meaning as "financial
12 organization" as defined in Section 1501 of the Illinois
13 Income Tax Act, and also includes the holding companies,
14 subsidiaries, and affiliates of such financial organizations.

15 "Flowering stage" means the stage of cultivation where and
16 when a cannabis plant is cultivated to produce plant material
17 for cannabis products. This includes mature plants as follows:

18 (1) if greater than 2 stigmas are visible at each
19 internode of the plant; or

20 (2) if the cannabis plant is in an area that has been
21 intentionally deprived of light for a period of time
22 intended to produce flower buds and induce maturation,
23 from the moment the light deprivation began through the
24 remainder of the marijuana plant growth cycle.

25 "Individual" means a natural person.

26 "Infuser organization" or "infuser" means a facility

1 operated by an organization or business that is licensed by
2 the Department of Agriculture to directly incorporate cannabis
3 or cannabis concentrate into a product formulation to produce
4 a cannabis-infused product.

5 "Kief" means the resinous crystal-like trichomes that are
6 found on cannabis and that are accumulated, resulting in a
7 higher concentration of cannabinoids, untreated by heat or
8 pressure, or extracted using a solvent.

9 "Labor peace agreement" means an agreement between a
10 cannabis business establishment and any labor organization
11 recognized under the National Labor Relations Act, referred to
12 in this Act as a bona fide labor organization, that prohibits
13 labor organizations and members from engaging in picketing,
14 work stoppages, boycotts, and any other economic interference
15 with the cannabis business establishment. This agreement means
16 that the cannabis business establishment has agreed not to
17 disrupt efforts by the bona fide labor organization to
18 communicate with, and attempt to organize and represent, the
19 cannabis business establishment's employees. The agreement
20 shall provide a bona fide labor organization access at
21 reasonable times to areas in which the cannabis business
22 establishment's employees work, for the purpose of meeting
23 with employees to discuss their right to representation,
24 employment rights under State law, and terms and conditions of
25 employment. This type of agreement shall not mandate a
26 particular method of election or certification of the bona

1 fide labor organization.

2 "Limited access area" means a room or other area under the
3 control of a cannabis dispensing organization licensed under
4 this Act and upon the licensed premises where cannabis sales
5 occur with access limited to purchasers, dispensing
6 organization owners and other dispensing organization agents,
7 or service professionals conducting business with the
8 dispensing organization, or, if sales to registered qualifying
9 patients, caregivers, provisional patients, and Opioid
10 Alternative Pilot Program participants licensed pursuant to
11 the Compassionate Use of Medical Cannabis Program Act are also
12 permitted at the dispensary, registered qualifying patients,
13 caregivers, provisional patients, and Opioid Alternative Pilot
14 Program participants.

15 "Member of an impacted family" means an individual who has
16 a parent, legal guardian, child, spouse, or dependent, or was
17 a dependent of an individual who, prior to the effective date
18 of this Act, was arrested for, convicted of, or adjudicated
19 delinquent for any offense that is eligible for expungement
20 under this Act.

21 "Mother plant" means a cannabis plant that is cultivated
22 or maintained for the purpose of generating clones, and that
23 will not be used to produce plant material for sale to an
24 infuser or dispensing organization.

25 "Ordinary public view" means within the sight line with
26 normal visual range of a person, unassisted by visual aids,

1 from a public street or sidewalk adjacent to real property, or
2 from within an adjacent property.

3 "Ownership and control" means ownership of at least 51% of
4 the business, including corporate stock if a corporation, and
5 control over the management and day-to-day operations of the
6 business and an interest in the capital, assets, and profits
7 and losses of the business proportionate to percentage of
8 ownership.

9 "Person" means a natural individual, firm, partnership,
10 association, joint stock company, joint venture, public or
11 private corporation, limited liability company, or a receiver,
12 executor, trustee, guardian, or other representative appointed
13 by order of any court.

14 "Possession limit" means the amount of cannabis under
15 Section 10-10 that may be possessed at any one time by a person
16 21 years of age or older or who is a registered qualifying
17 medical cannabis patient or caregiver under the Compassionate
18 Use of Medical Cannabis Program Act.

19 "Principal officer" includes a cannabis business
20 establishment applicant or licensed cannabis business
21 establishment's board member, owner with more than 1% interest
22 of the total cannabis business establishment or more than 5%
23 interest of the total cannabis business establishment of a
24 publicly traded company, president, vice president, secretary,
25 treasurer, partner, officer, member, manager member, or person
26 with a profit sharing, financial interest, or revenue sharing

1 arrangement. The definition includes a person with authority
2 to control the cannabis business establishment, a person who
3 assumes responsibility for the debts of the cannabis business
4 establishment and who is further defined in this Act.

5 "Primary residence" means a dwelling where a person
6 usually stays or stays more often than other locations. It may
7 be determined by, without limitation, presence, tax filings;
8 address on an Illinois driver's license, an Illinois
9 Identification Card, or an Illinois Person with a Disability
10 Identification Card; or voter registration. No person may have
11 more than one primary residence.

12 "Processing organization" or "processor" means a facility
13 operated by an organization or business that is licensed by
14 the Department of Agriculture to either extract constituent
15 chemicals or compounds to produce cannabis concentrate or
16 incorporate cannabis or cannabis concentrate into a product
17 formulation to produce a cannabis product.

18 "Processing organization agent" means a principal officer,
19 board member, employee, or agent of a processing organization.

20 "Processing organization agent identification card" means
21 a document issued by the Department of Agriculture that
22 identifies a person as a processing organization agent.

23 "Purchaser" means a person 21 years of age or older who
24 acquires cannabis for a valuable consideration. "Purchaser"
25 does not include a cardholder under the Compassionate Use of
26 Medical Cannabis Program Act.

1 "Qualifying Applicant" means an applicant that submitted
2 an application pursuant to Section 15-30 that received at
3 least 85% of 250 application points available under Section
4 15-30 as the applicant's final score and meets the definition
5 of "Social Equity Applicant" as set forth under this Section.

6 "Qualifying Social Equity Justice Involved Applicant"
7 means an applicant that submitted an application pursuant to
8 Section 15-30 that received at least 85% of 250 application
9 points available under Section 15-30 as the applicant's final
10 score and meets the criteria of either paragraph (1) or (2) of
11 the definition of "Social Equity Applicant" as set forth under
12 this Section.

13 "Qualified Social Equity Applicant" means a Social Equity
14 Applicant who has been awarded a conditional license under
15 this Act to operate a cannabis business establishment.

16 "Resided" means an individual's primary residence was
17 located within the relevant geographic area as established by
18 2 of the following:

19 (1) a signed lease agreement that includes the
20 applicant's name;

21 (2) a property deed that includes the applicant's
22 name;

23 (3) school records;

24 (4) a voter registration card;

25 (5) an Illinois driver's license, an Illinois
26 Identification Card, or an Illinois Person with a

1 Disability Identification Card;

2 (6) a paycheck stub;

3 (7) a utility bill;

4 (8) tax records; or

5 (9) any other proof of residency or other information
6 necessary to establish residence as provided by rule.

7 "Smoking" means the inhalation of smoke caused by the
8 combustion of cannabis.

9 "Social Equity Applicant" means an applicant that is an
10 Illinois resident that meets one of the following criteria:

11 (1) an applicant with at least 51% ownership and
12 control by one or more individuals who have resided for at
13 least 5 of the preceding 10 years in a Disproportionately
14 Impacted Area;

15 (2) an applicant with at least 51% ownership and
16 control by one or more individuals who:

17 (i) have been arrested for, convicted of, or
18 adjudicated delinquent for any offense that is
19 eligible for expungement under this Act; or

20 (ii) is a member of an impacted family;

21 (3) for applicants with a minimum of 10 full-time
22 employees, an applicant with at least 51% of current
23 employees who:

24 (i) currently reside in a Disproportionately
25 Impacted Area; or

26 (ii) have been arrested for, convicted of, or

1 adjudicated delinquent for any offense that is
2 eligible for expungement under this Act or member of
3 an impacted family.

4 Nothing in this Act shall be construed to preempt or limit
5 the duties of any employer under the Job Opportunities for
6 Qualified Applicants Act. Nothing in this Act shall permit an
7 employer to require an employee to disclose sealed or expunged
8 offenses, unless otherwise required by law.

9 "Tied Applicant" means an application submitted by a
10 Dispensary Applicant pursuant to Section 15-30 that received
11 the same number of application points under Section 15-30 as
12 the Dispensary Applicant's final score as one or more
13 top-scoring applications in the same BLS Region and would have
14 been awarded a license but for the one or more other
15 top-scoring applications that received the same number of
16 application points. Each application for which a Dispensary
17 Applicant was required to pay a required application fee for
18 the application period ending January 2, 2020 shall be
19 considered an application of a separate Tied Applicant.

20 "Tied Applicant Lottery" means the process established
21 under 68 Ill. Adm. Code 1291.50 for awarding Conditional Adult
22 Use Dispensing Organization Licenses pursuant to Sections
23 15-25 and 15-30 among Eligible Tied Applicants.

24 "Tincture" means a cannabis-infused solution, typically
25 comprised of alcohol, glycerin, or vegetable oils, derived
26 either directly from the cannabis plant or from a processed

1 cannabis extract. A tincture is not an alcoholic liquor as
2 defined in the Liquor Control Act of 1934. A tincture shall
3 include a calibrated dropper or other similar device capable
4 of accurately measuring servings.

5 "Transporting organization" or "transporter" means an
6 organization or business that is licensed by the Department of
7 Agriculture to transport cannabis or cannabis-infused product
8 on behalf of a cannabis business establishment or a community
9 college licensed under the Community College Cannabis
10 Vocational Training Pilot Program.

11 "Transporting organization agent" means a principal
12 officer, board member, employee, or agent of a transporting
13 organization.

14 "Transporting organization agent identification card"
15 means a document issued by the Department of Agriculture that
16 identifies a person as a transporting organization agent.

17 "Unit of local government" means any county, city,
18 village, or incorporated town.

19 "Vegetative stage" means the stage of cultivation in which
20 a cannabis plant is propagated to produce additional cannabis
21 plants or reach a sufficient size for production. This
22 includes seedlings, clones, mothers, and other immature
23 cannabis plants as follows:

- 24 (1) if the cannabis plant is in an area that has not
25 been intentionally deprived of light for a period of time
26 intended to produce flower buds and induce maturation, it

1 has no more than 2 stigmas visible at each internode of the
2 cannabis plant; or

3 (2) any cannabis plant that is cultivated solely for
4 the purpose of propagating clones and is never used to
5 produce cannabis.

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

9 (410 ILCS 705/50-5)

10 Sec. 50-5. Laboratory testing.

11 (a) Notwithstanding any other provision of law, the
12 following acts, when performed by a licensed cannabis testing
13 facility with a current, valid license ~~registration~~, or a
14 person 21 years of age or older who is acting in his or her
15 capacity as an owner, employee, or agent of a cannabis testing
16 facility, are not unlawful and shall not be an offense under
17 Illinois law or be a basis for seizure or forfeiture of assets
18 under Illinois law:

19 (1) possessing, repackaging, transporting, storing, or
20 displaying cannabis or cannabis-infused products;

21 (2) receiving or transporting cannabis or
22 cannabis-infused products from a cannabis business
23 establishment, a community college licensed under the
24 Community College Cannabis Vocational Training Pilot
25 Program, or a person 21 years of age or older; and

1 (3) returning or transporting cannabis or
2 cannabis-infused products to a cannabis business
3 establishment, a community college licensed under the
4 Community College Cannabis Vocational Training Pilot
5 Program, or a person 21 years of age or older.

6 (b)(1) No laboratory shall handle, test, or analyze
7 cannabis unless approved by the Department of Agriculture in
8 accordance with this Section.

9 (2) No laboratory shall be approved to handle, test, or
10 analyze cannabis unless the laboratory:

11 (A) is accredited by a private laboratory accrediting
12 organization;

13 (B) is independent from all other persons involved in
14 the cannabis industry in Illinois and no person with a
15 direct or indirect interest in the laboratory has a direct
16 or indirect financial, management, or other interest in an
17 Illinois cultivation center, craft grower, dispensary,
18 infuser, transporter, certifying physician, or any other
19 entity in the State that may benefit from the production,
20 manufacture, dispensing, sale, purchase, or use of
21 cannabis; and

22 (C) has employed at least one person to oversee and be
23 responsible for the laboratory testing who has earned,
24 from a college or university accredited by a national or
25 regional certifying authority, at least:

26 (i) a master's level degree in chemical or

1 biological sciences and a minimum of 2 years'
2 post-degree laboratory experience; or

3 (ii) a bachelor's degree in chemical or biological
4 sciences and a minimum of 4 years' post-degree
5 laboratory experience.

6 (3) Each independent testing laboratory that claims to be
7 accredited must provide the Department of Agriculture with a
8 copy of the most recent annual inspection report granting
9 accreditation and every annual report thereafter.

10 (c) Immediately before manufacturing or natural processing
11 of any cannabis or cannabis-infused product or packaging
12 cannabis for sale to a dispensary, each batch shall be made
13 available by the cultivation center, craft grower, or infuser
14 for an employee of an approved laboratory to select a random
15 sample, which shall be tested by the approved laboratory for:

16 (1) microbiological contaminants;

17 (2) mycotoxins;

18 (3) pesticide active ingredients;

19 (4) residual solvent; and

20 (5) an active ingredient analysis.

21 (d) The Department of Agriculture may select a random
22 sample that shall, for the purposes of conducting an active
23 ingredient analysis, be tested by the Department of
24 Agriculture for verification of label information.

25 (e) A laboratory shall immediately return or dispose of
26 any cannabis upon the completion of any testing, use, or

1 research. If cannabis is disposed of, it shall be done in
2 compliance with Department of Agriculture rule.

3 (f) If a sample of cannabis does not pass the
4 microbiological, mycotoxin, pesticide chemical residue, or
5 solvent residue test, based on the standards established by
6 the Department of Agriculture, the following shall apply:

7 (1) If the sample failed the pesticide chemical
8 residue test, the entire batch from which the sample was
9 taken shall, if applicable, be recalled as provided by
10 rule.

11 (2) If the sample failed any other test, the batch may
12 be used to make a CO₂-based or solvent based extract. After
13 processing, the CO₂-based or solvent based extract must
14 still pass all required tests.

15 (g) The Department of Agriculture shall establish
16 standards for microbial, mycotoxin, pesticide residue, solvent
17 residue, or other standards for the presence of possible
18 contaminants, in addition to labeling requirements for
19 contents and potency.

20 (h) The laboratory shall file with the Department of
21 Agriculture an electronic copy of each laboratory test result
22 for any batch that does not pass the microbiological,
23 mycotoxin, or pesticide chemical residue test, at the same
24 time that it transmits those results to the cultivation
25 center. In addition, the laboratory shall maintain the
26 laboratory test results for at least 5 years and make them

1 available at the Department of Agriculture's request.

2 (i) A cultivation center, craft grower, and infuser shall
3 provide to a dispensing organization the laboratory test
4 results for each batch of cannabis product purchased by the
5 dispensing organization, if sampled. Each dispensing
6 organization must have those laboratory results available upon
7 request to purchasers.

8 (j) The Department of Agriculture may adopt rules related
9 to testing in furtherance of this Act.

10 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

11 Article 9.

12 Section 9-5. The Cannabis Regulation and Tax Act is
13 amended by changing Sections 15-25, 15-35, and 15-35.10 as
14 follows:

15 (410 ILCS 705/15-25)

16 Sec. 15-25. Awarding of Conditional Adult Use Dispensing
17 Organization Licenses prior to January 1, 2021.

18 (a) The Department shall issue up to 75 Conditional Adult
19 Use Dispensing Organization Licenses before May 1, 2020.

20 (b) The Department shall make the application for a
21 Conditional Adult Use Dispensing Organization License
22 available no later than October 1, 2019 and shall accept
23 applications no later than January 1, 2020.

1 (c) To ensure the geographic dispersion of Conditional
2 Adult Use Dispensing Organization License holders, the
3 following number of licenses shall be awarded in each BLS
4 Region as determined by each region's percentage of the
5 State's population:

- 6 (1) Bloomington: 1
- 7 (2) Cape Girardeau: 1
- 8 (3) Carbondale-Marion: 1
- 9 (4) Champaign-Urbana: 1
- 10 (5) Chicago-Naperville-Elgin: 47
- 11 (6) Danville: 1
- 12 (7) Davenport-Moline-Rock Island: 1
- 13 (8) Decatur: 1
- 14 (9) Kankakee: 1
- 15 (10) Peoria: 3
- 16 (11) Rockford: 2
- 17 (12) St. Louis: 4
- 18 (13) Springfield: 1
- 19 (14) Northwest Illinois nonmetropolitan: 3
- 20 (15) West Central Illinois nonmetropolitan: 3
- 21 (16) East Central Illinois nonmetropolitan: 2
- 22 (17) South Illinois nonmetropolitan: 2

23 (d) An applicant seeking issuance of a Conditional Adult
24 Use Dispensing Organization License shall submit an
25 application on forms provided by the Department. An applicant
26 must meet the following requirements:

1 (1) Payment of a nonrefundable application fee of
2 \$5,000 for each license for which the applicant is
3 applying, which shall be deposited into the Cannabis
4 Regulation Fund;

5 (2) Certification that the applicant will comply with
6 the requirements contained in this Act;

7 (3) The legal name of the proposed dispensing
8 organization;

9 (4) A statement that the dispensing organization
10 agrees to respond to the Department's supplemental
11 requests for information;

12 (5) From each principal officer, a statement
13 indicating whether that person:

14 (A) has previously held or currently holds an
15 ownership interest in a cannabis business
16 establishment in Illinois; or

17 (B) has held an ownership interest in a dispensing
18 organization or its equivalent in another state or
19 territory of the United States that had the dispensing
20 organization registration or license suspended,
21 revoked, placed on probationary status, or subjected
22 to other disciplinary action;

23 (6) Disclosure of whether any principal officer has
24 ever filed for bankruptcy or defaulted on spousal support
25 or child support obligation;

26 (7) A resume for each principal officer, including

1 whether that person has an academic degree, certification,
2 or relevant experience with a cannabis business
3 establishment or in a related industry;

4 (8) A description of the training and education that
5 will be provided to dispensing organization agents;

6 (9) A copy of the proposed operating bylaws;

7 (10) A copy of the proposed business plan that
8 complies with the requirements in this Act, including, at
9 a minimum, the following:

10 (A) A description of services to be offered; and

11 (B) A description of the process of dispensing
12 cannabis;

13 (11) A copy of the proposed security plan that
14 complies with the requirements in this Article, including:

15 (A) The process or controls that will be
16 implemented to monitor the dispensary, secure the
17 premises, agents, and currency, and prevent the
18 diversion, theft, or loss of cannabis; and

19 (B) The process to ensure that access to the
20 restricted access areas is restricted to, registered
21 agents, service professionals, transporting
22 organization agents, Department inspectors, and
23 security personnel;

24 (12) A proposed inventory control plan that complies
25 with this Section;

26 (13) A proposed floor plan, a square footage estimate,

1 and a description of proposed security devices, including,
2 without limitation, cameras, motion detectors, servers,
3 video storage capabilities, and alarm service providers;

4 (14) The name, address, social security number, and
5 date of birth of each principal officer and board member
6 of the dispensing organization; each of those individuals
7 shall be at least 21 years of age;

8 (15) Evidence of the applicant's status as a Social
9 Equity Applicant, if applicable, and whether a Social
10 Equity Applicant plans to apply for a loan or grant issued
11 by the Department of Commerce and Economic Opportunity;

12 (16) The address, telephone number, and email address
13 of the applicant's principal place of business, if
14 applicable. A post office box is not permitted;

15 (17) Written summaries of any information regarding
16 instances in which a business or not-for-profit that a
17 prospective board member previously managed or served on
18 were fined or censured, or any instances in which a
19 business or not-for-profit that a prospective board member
20 previously managed or served on had its registration
21 suspended or revoked in any administrative or judicial
22 proceeding;

23 (18) A plan for community engagement;

24 (19) Procedures to ensure accurate recordkeeping and
25 security measures that are in accordance with this Article
26 and Department rules;

1 (20) The estimated volume of cannabis it plans to
2 store at the dispensary;

3 (21) A description of the features that will provide
4 accessibility to purchasers as required by the Americans
5 with Disabilities Act;

6 (22) A detailed description of air treatment systems
7 that will be installed to reduce odors;

8 (23) A reasonable assurance that the issuance of a
9 license will not have a detrimental impact on the
10 community in which the applicant wishes to locate;

11 (24) The dated signature of each principal officer;

12 (25) A description of the enclosed, locked facility
13 where cannabis will be stored by the dispensing
14 organization;

15 (26) Signed statements from each dispensing
16 organization agent stating that he or she will not divert
17 cannabis;

18 (27) The number of licenses it is applying for in each
19 BLS Region;

20 (28) A diversity plan that includes a narrative of at
21 least 2,500 words that establishes a goal of diversity in
22 ownership, management, employment, and contracting to
23 ensure that diverse participants and groups are afforded
24 equality of opportunity;

25 (29) A contract with a private security contractor
26 agency that is licensed under Section 10-5 of the Private

1 Detective, Private Alarm, Private Security, Fingerprint
2 Vendor, and Locksmith Act of 2004 in order for the
3 dispensary to have adequate security at its facility; and

4 (30) Other information deemed necessary by the
5 Illinois Cannabis Regulation Oversight Officer to conduct
6 the disparity and availability study referenced in
7 subsection (e) of Section 5-45.

8 (e) An applicant who receives a Conditional Adult Use
9 Dispensing Organization License under this Section has 180
10 days from the date of award to identify a physical location for
11 the dispensing organization retail storefront. The applicant
12 shall provide evidence that the location is not within 1,500
13 feet of an existing dispensing organization, unless the
14 applicant is a Social Equity Applicant or Social Equity
15 Justice Involved Applicant located or seeking to locate within
16 1,500 feet of a dispensing organization licensed under Section
17 15-15 or Section 15-20. If an applicant is unable to find a
18 suitable physical address in the opinion of the Department
19 within 180 days of the issuance of the Conditional Adult Use
20 Dispensing Organization License, the Department may extend the
21 period for finding a physical address an additional 540
22 ~~another 180~~ days if the Conditional Adult Use Dispensing
23 Organization License holder demonstrates concrete attempts to
24 secure a location and a hardship. If the Department denies the
25 extension or the Conditional Adult Use Dispensing Organization
26 License holder is unable to find a location or become

1 operational within 720 ~~360~~ days of being awarded a conditional
2 license, the Department shall rescind the conditional license
3 and award it to the next highest scoring applicant in the BLS
4 Region for which the license was assigned, provided the
5 applicant receiving the license: (i) confirms a continued
6 interest in operating a dispensing organization; (ii) can
7 provide evidence that the applicant continues to meet all
8 requirements for holding a Conditional Adult Use Dispensing
9 Organization License set forth in this Act; and (iii) has not
10 otherwise become ineligible to be awarded a dispensing
11 organization license. If the new awardee is unable to accept
12 the Conditional Adult Use Dispensing Organization License, the
13 Department shall award the Conditional Adult Use Dispensing
14 Organization License to the next highest scoring applicant in
15 the same manner. The new awardee shall be subject to the same
16 required deadlines as provided in this subsection.

17 (e-5) If, within 720 ~~180~~ days of being awarded a
18 Conditional Adult Use Dispensing Organization License, a
19 dispensing organization is unable to find a location within
20 the BLS Region in which it was awarded a Conditional Adult Use
21 Dispensing Organization License because no jurisdiction within
22 the BLS Region allows for the operation of an Adult Use
23 Dispensing Organization, the Department of Financial and
24 Professional Regulation may authorize the Conditional Adult
25 Use Dispensing Organization License holder to transfer its
26 license to a BLS Region specified by the Department.

1 (f) A dispensing organization that is awarded a
2 Conditional Adult Use Dispensing Organization License pursuant
3 to the criteria in Section 15-30 shall not purchase, possess,
4 sell, or dispense cannabis or cannabis-infused products until
5 the person has received an Adult Use Dispensing Organization
6 License issued by the Department pursuant to Section 15-36 of
7 this Act.

8 (g) The Department shall conduct a background check of the
9 prospective organization agents in order to carry out this
10 Article. The Illinois State Police shall charge the applicant
11 a fee for conducting the criminal history record check, which
12 shall be deposited into the State Police Services Fund and
13 shall not exceed the actual cost of the record check. Each
14 person applying as a dispensing organization agent shall
15 submit a full set of fingerprints to the Illinois State Police
16 for the purpose of obtaining a State and federal criminal
17 records check. These fingerprints shall be checked against the
18 fingerprint records now and hereafter, to the extent allowed
19 by law, filed in the Illinois State Police and Federal Bureau
20 of Identification criminal history records databases. The
21 Illinois State Police shall furnish, following positive
22 identification, all Illinois conviction information to the
23 Department.

24 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
25 102-98, eff. 7-15-21; 102-538, eff. 8-20-21; 102-813, eff.
26 5-13-22.)

1 (410 ILCS 705/15-35)

2 Sec. 15-35. Qualifying Applicant Lottery for Conditional
3 Adult Use Dispensing Organization Licenses.

4 (a) In addition to any of the licenses issued under
5 Section 15-15, Section 15-20, Section 15-25, Section 15-30.20,
6 or Section 15-35.10 of this Act, within 10 business days after
7 the resulting final scores for all scored applications
8 pursuant to Sections 15-25 and 15-30 are released, the
9 Department shall issue up to 55 Conditional Adult Use
10 Dispensing Organization Licenses by lot, pursuant to the
11 application process adopted under this Section. In order to be
12 eligible to be awarded a Conditional Adult Use Dispensing
13 Organization License by lot under this Section, a Dispensary
14 Applicant must be a Qualifying Applicant.

15 The licenses issued under this Section shall be awarded in
16 each BLS Region in the following amounts:

- 17 (1) Bloomington: 1.
18 (2) Cape Girardeau: 1.
19 (3) Carbondale-Marion: 1.
20 (4) Champaign-Urbana: 1.
21 (5) Chicago-Naperville-Elgin: 36.
22 (6) Danville: 1.
23 (7) Davenport-Moline-Rock Island: 1.
24 (8) Decatur: 1.
25 (9) Kankakee: 1.

- 1 (10) Peoria: 2.
- 2 (11) Rockford: 1.
- 3 (12) St. Louis: 3.
- 4 (13) Springfield: 1.
- 5 (14) Northwest Illinois nonmetropolitan: 1.
- 6 (15) West Central Illinois nonmetropolitan: 1.
- 7 (16) East Central Illinois nonmetropolitan: 1.
- 8 (17) South Illinois nonmetropolitan: 1.

9 (a-5) Prior to issuing licenses under subsection (a), the
10 Department may adopt rules through emergency rulemaking in
11 accordance with subsection (kk) of Section 5-45 of the
12 Illinois Administrative Procedure Act. The General Assembly
13 finds that the adoption of rules to regulate cannabis use is
14 deemed an emergency and necessary for the public interest,
15 safety, and welfare.

16 (b) The Department shall distribute the available licenses
17 established under this Section subject to the following:

18 (1) The drawing by lot for all available licenses
19 issued under this Section shall occur on the same day when
20 practicable.

21 (2) Within each BLS Region, the first Qualifying
22 Applicant drawn will have the first right to an available
23 license. The second Qualifying Applicant drawn will have
24 the second right to an available license. The same pattern
25 will continue for each subsequent Qualifying Applicant
26 drawn.

1 (3) The process for distributing available licenses
2 under this Section shall be recorded by the Department in
3 a format selected by the Department.

4 (4) A Dispensary Applicant is prohibited from becoming
5 a Qualifying Applicant if a principal officer resigns
6 after the resulting final scores for all scored
7 applications pursuant to Sections 15-25 and 15-30 are
8 released.

9 (5) No Qualifying Applicant may be awarded more than 2
10 Conditional Adult Use Dispensing Organization Licenses at
11 the conclusion of a lottery conducted under this Section.

12 (6) No individual may be listed as a principal officer
13 of more than 2 Conditional Adult Use Dispensing
14 Organization Licenses awarded under this Section.

15 (7) If, upon being selected for an available license
16 established under this Section, a Qualifying Applicant
17 exceeds the limits under paragraph (5) or (6), the
18 Qualifying Applicant must choose which license to abandon
19 and notify the Department in writing within 5 business
20 days. If the Qualifying Applicant does not notify the
21 Department as required, the Department shall refuse to
22 issue the Qualifying Applicant all available licenses
23 established under this Section obtained by lot in all BLS
24 Regions.

25 (8) If, upon being selected for an available license
26 established under this Section, a Qualifying Applicant has

1 a principal officer who is a principal officer in more
2 than 10 Early Approval Adult Use Dispensing Organization
3 Licenses, Conditional Adult Use Dispensing Organization
4 Licenses, Adult Use Dispensing Organization Licenses, or
5 any combination thereof, the licensees and the Qualifying
6 Applicant listing that principal officer must choose which
7 license to abandon pursuant to subsection (d) of Section
8 15-36 and notify the Department in writing within 5
9 business days. If the Qualifying Applicant or licensees do
10 not notify the Department as required, the Department
11 shall refuse to issue the Qualifying Applicant all
12 available licenses established under this Section obtained
13 by lot in all BLS Regions.

14 (9) All available licenses that have been abandoned
15 under paragraph (7) or (8) shall be distributed to the
16 next Qualifying Applicant drawn by lot.

17 Any and all rights conferred or obtained under this
18 Section shall be limited to the provisions of this Section.

19 (c) An applicant who receives a Conditional Adult Use
20 Dispensing Organization License under this Section has 180
21 days from the date it is awarded to identify a physical
22 location for the dispensing organization's retail storefront.
23 The applicant shall provide evidence that the location is not
24 within 1,500 feet of an existing dispensing organization,
25 unless the applicant is a Social Equity Applicant or Social
26 Equity Justice Involved Applicant located or seeking to locate

1 within 1,500 feet of a dispensing organization licensed under
2 Section 15-15 or Section 15-20. If an applicant is unable to
3 find a suitable physical address in the opinion of the
4 Department within 180 days from the issuance of the
5 Conditional Adult Use Dispensing Organization License, the
6 Department may extend the period for finding a physical
7 address an additional 540 ~~another 180~~ days if the Conditional
8 Adult Use Dispensing Organization License holder demonstrates
9 a concrete attempt to secure a location and a hardship. If the
10 Department denies the extension or the Conditional Adult Use
11 Dispensing Organization License holder is unable to find a
12 location or become operational within 720 ~~360~~ days of being
13 awarded a Conditional Adult Use Dispensing Organization
14 License under this Section, the Department shall rescind the
15 Conditional Adult Use Dispensing Organization License and
16 award it pursuant to subsection (b), provided the applicant
17 receiving the Conditional Adult Use Dispensing Organization
18 License: (i) confirms a continued interest in operating a
19 dispensing organization; (ii) can provide evidence that the
20 applicant continues to meet all requirements for holding a
21 Conditional Adult Use Dispensing Organization License set
22 forth in this Act; and (iii) has not otherwise become
23 ineligible to be awarded a Conditional Adult Use Dispensing
24 Organization License. If the new awardee is unable to accept
25 the Conditional Adult Use Dispensing Organization License, the
26 Department shall award the Conditional Adult Use Dispensing

1 Organization License pursuant to subsection (b). The new
2 awardee shall be subject to the same required deadlines as
3 provided in this subsection.

4 (d) If, within 720 ~~180~~ days of being awarded a Conditional
5 Adult Use Dispensing Organization License, a dispensing
6 organization is unable to find a location within the BLS
7 Region in which it was awarded a Conditional Adult Use
8 Dispensing Organization License because no jurisdiction within
9 the BLS Region allows for the operation of an Adult Use
10 Dispensing Organization, the Department may authorize the
11 Conditional Adult Use Dispensing Organization License holder
12 to transfer its Conditional Adult Use Dispensing Organization
13 License to a BLS Region specified by the Department.

14 (e) A dispensing organization that is awarded a
15 Conditional Adult Use Dispensing Organization License under
16 this Section shall not purchase, possess, sell, or dispense
17 cannabis or cannabis-infused products until the dispensing
18 organization has received an Adult Use Dispensing Organization
19 License issued by the Department pursuant to Section 15-36.

20 (f) The Department shall conduct a background check of the
21 prospective dispensing organization agents in order to carry
22 out this Article. The Illinois State Police shall charge the
23 applicant a fee for conducting the criminal history record
24 check, which shall be deposited into the State Police Services
25 Fund and shall not exceed the actual cost of the record check.
26 Each person applying as a dispensing organization agent shall

1 submit a full set of fingerprints to the Illinois State Police
2 for the purpose of obtaining a State and federal criminal
3 records check. These fingerprints shall be checked against the
4 fingerprint records now and hereafter, to the extent allowed
5 by law, filed with the Illinois State Police and the Federal
6 Bureau of Investigation criminal history records databases.
7 The Illinois State Police shall furnish, following positive
8 identification, all Illinois conviction information to the
9 Department.

10 (g) The Department may verify information contained in
11 each application and accompanying documentation to assess the
12 applicant's veracity and fitness to operate a dispensing
13 organization.

14 (h) The Department may, in its discretion, refuse to issue
15 authorization to an applicant who meets any of the following
16 criteria:

17 (1) An applicant who is unqualified to perform the
18 duties required of the applicant.

19 (2) An applicant who fails to disclose or states
20 falsely any information called for in the application.

21 (3) An applicant who has been found guilty of a
22 violation of this Act, who has had any disciplinary order
23 entered against the applicant by the Department, who has
24 entered into a disciplinary or nondisciplinary agreement
25 with the Department, whose medical cannabis dispensing
26 organization, medical cannabis cultivation organization,

1 Early Approval Adult Use Dispensing Organization License,
2 Early Approval Adult Use Dispensing Organization License
3 at a secondary site, Early Approval Cultivation Center
4 License, Conditional Adult Use Dispensing Organization
5 License, or Adult Use Dispensing Organization License was
6 suspended, restricted, revoked, or denied for just cause,
7 or whose cannabis business establishment license was
8 suspended, restricted, revoked, or denied in any other
9 state.

10 (4) An applicant who has engaged in a pattern or
11 practice of unfair or illegal practices, methods, or
12 activities in the conduct of owning a cannabis business
13 establishment or other business.

14 (i) The Department shall deny issuance of a license under
15 this Section if any principal officer, board member, or person
16 having a financial or voting interest of 5% or greater in the
17 licensee is delinquent in filing any required tax return or
18 paying any amount owed to the State of Illinois.

19 (j) The Department shall verify an applicant's compliance
20 with the requirements of this Article and rules adopted under
21 this Article before issuing a Conditional Adult Use Dispensing
22 Organization License under this Section.

23 (k) If an applicant is awarded a Conditional Adult Use
24 Dispensing Organization License under this Section, the
25 information and plans provided in the application, including
26 any plans submitted for bonus points, shall become a condition

1 of the Conditional Adult Use Dispensing Organization License
2 and any Adult Use Dispensing Organization License issued to
3 the holder of the Conditional Adult Use Dispensing
4 Organization License, except as otherwise provided by this Act
5 or by rule. A dispensing organization has a duty to disclose
6 any material changes to the application. The Department shall
7 review all material changes disclosed by the dispensing
8 organization and may reevaluate its prior decision regarding
9 the awarding of a Conditional Adult Use Dispensing
10 Organization License, including, but not limited to,
11 suspending or permanently revoking a Conditional Adult Use
12 Dispensing Organization License. Failure to comply with the
13 conditions or requirements in the application may subject the
14 dispensing organization to discipline up to and including
15 suspension or permanent revocation of its authorization or
16 Conditional Adult Use Dispensing Organization License by the
17 Department.

18 (1) If an applicant has not begun operating as a
19 dispensing organization within one year after the issuance of
20 the Conditional Adult Use Dispensing Organization License
21 under this Section, the Department may permanently revoke the
22 Conditional Adult Use Dispensing Organization License and
23 award it to the next highest scoring applicant in the BLS
24 Region if a suitable applicant indicates a continued interest
25 in the Conditional Adult Use Dispensing Organization License
26 or may begin a new selection process to award a Conditional

1 Adult Use Dispensing Organization License.

2 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
3 102-98, eff. 7-15-21.)

4 (410 ILCS 705/15-35.10)

5 Sec. 15-35.10. Social Equity Justice Involved Lottery for
6 Conditional Adult Use Dispensing Organization Licenses.

7 (a) In addition to any of the licenses issued under
8 Section 15-15, Section 15-20, Section 15-25, Section 15-30.20,
9 or Section 15-35, within 10 business days after the resulting
10 final scores for all scored applications pursuant to Sections
11 15-25 and 15-30 are released, the Department shall issue up to
12 55 Conditional Adult Use Dispensing Organization Licenses by
13 lot, pursuant to the application process adopted under this
14 Section. In order to be eligible to be awarded a Conditional
15 Adult Use Dispensing Organization License by lot, a Dispensary
16 Applicant must be a Qualifying Social Equity Justice Involved
17 Applicant.

18 The licenses issued under this Section shall be awarded in
19 each BLS Region in the following amounts:

- 20 (1) Bloomington: 1.
21 (2) Cape Girardeau: 1.
22 (3) Carbondale-Marion: 1.
23 (4) Champaign-Urbana: 1.
24 (5) Chicago-Naperville-Elgin: 36.
25 (6) Danville: 1.

- 1 (7) Davenport-Moline-Rock Island: 1.
- 2 (8) Decatur: 1.
- 3 (9) Kankakee: 1.
- 4 (10) Peoria: 2.
- 5 (11) Rockford: 1.
- 6 (12) St. Louis: 3.
- 7 (13) Springfield: 1.
- 8 (14) Northwest Illinois nonmetropolitan: 1.
- 9 (15) West Central Illinois nonmetropolitan: 1.
- 10 (16) East Central Illinois nonmetropolitan: 1.
- 11 (17) South Illinois nonmetropolitan: 1.

12 (a-5) Prior to issuing licenses under subsection (a), the
13 Department may adopt rules through emergency rulemaking in
14 accordance with subsection (kk) of Section 5-45 of the
15 Illinois Administrative Procedure Act. The General Assembly
16 finds that the adoption of rules to regulate cannabis use is
17 deemed an emergency and necessary for the public interest,
18 safety, and welfare.

19 (b) The Department shall distribute the available licenses
20 established under this Section subject to the following:

21 (1) The drawing by lot for all available licenses
22 established under this Section shall occur on the same day
23 when practicable.

24 (2) Within each BLS Region, the first Qualifying
25 Social Equity Justice Involved Applicant drawn will have
26 the first right to an available license. The second

1 Qualifying Social Equity Justice Involved Applicant drawn
2 will have the second right to an available license. The
3 same pattern will continue for each subsequent applicant
4 drawn.

5 (3) The process for distributing available licenses
6 under this Section shall be recorded by the Department in
7 a format selected by the Department.

8 (4) A Dispensary Applicant is prohibited from becoming
9 a Qualifying Social Equity Justice Involved Applicant if a
10 principal officer resigns after the resulting final scores
11 for all scored applications pursuant to Sections 15-25 and
12 15-30 are released.

13 (5) No Qualifying Social Equity Justice Involved
14 Applicant may be awarded more than 2 Conditional Adult Use
15 Dispensing Organization Licenses at the conclusion of a
16 lottery conducted under this Section.

17 (6) No individual may be listed as a principal officer
18 of more than 2 Conditional Adult Use Dispensing
19 Organization Licenses awarded under this Section.

20 (7) If, upon being selected for an available license
21 established under this Section, a Qualifying Social Equity
22 Justice Involved Applicant exceeds the limits under
23 paragraph (5) or (6), the Qualifying Social Equity Justice
24 Involved Applicant must choose which license to abandon
25 and notify the Department in writing within 5 business
26 days on forms prescribed by the Department. If the

1 Qualifying Social Equity Justice Involved Applicant does
2 not notify the Department as required, the Department
3 shall refuse to issue the Qualifying Social Equity Justice
4 Involved Applicant all available licenses established
5 under this Section obtained by lot in all BLS Regions.

6 (8) If, upon being selected for an available license
7 established under this Section, a Qualifying Social Equity
8 Justice Involved Applicant has a principal officer who is
9 a principal officer in more than 10 Early Approval Adult
10 Use Dispensing Organization Licenses, Conditional Adult
11 Use Dispensing Organization Licenses, Adult Use Dispensing
12 Organization Licenses, or any combination thereof, the
13 licensees and the Qualifying Social Equity Justice
14 Involved Applicant listing that principal officer must
15 choose which license to abandon pursuant to subsection (d)
16 of Section 15-36 and notify the Department in writing
17 within 5 business days on forms prescribed by the
18 Department. If the Dispensary Applicant or licensees do
19 not notify the Department as required, the Department
20 shall refuse to issue the Qualifying Social Equity Justice
21 Involved Applicant all available licenses established
22 under this Section obtained by lot in all BLS Regions.

23 (9) All available licenses that have been abandoned
24 under paragraph (7) or (8) shall be distributed to the
25 next Qualifying Social Equity Justice Involved Applicant
26 drawn by lot.

1 Any and all rights conferred or obtained under this
2 subsection shall be limited to the provisions of this
3 subsection.

4 (c) An applicant who receives a Conditional Adult Use
5 Dispensing Organization License under this Section has 180
6 days from the date of the award to identify a physical location
7 for the dispensing organization's retail storefront. The
8 applicant shall provide evidence that the location is not
9 within 1,500 feet of an existing dispensing organization,
10 unless the applicant is a Social Equity Applicant or Social
11 Equity Justice Involved Applicant located or seeking to locate
12 within 1,500 feet of a dispensing organization licensed under
13 Section 15-15 or Section 15-20. If an applicant is unable to
14 find a suitable physical address in the opinion of the
15 Department within 180 days from the issuance of the
16 Conditional Adult Use Dispensing Organization License, the
17 Department may extend the period for finding a physical
18 address an additional 540 ~~another 180~~ days if the Conditional
19 Adult Use Dispensing Organization License holder demonstrates
20 a concrete attempt to secure a location and a hardship. If the
21 Department denies the extension or the Conditional Adult Use
22 Dispensing Organization License holder is unable to find a
23 location or become operational within 720 ~~360~~ days of being
24 awarded a Conditional Adult Use Dispensing Organization
25 License under this Section, the Department shall rescind the
26 Conditional Adult Use Dispensing Organization License and

1 award it pursuant to subsection (b) and notify the new awardee
2 at the email address provided in the awardee's application,
3 provided the applicant receiving the Conditional Adult Use
4 Dispensing Organization License: (i) confirms a continued
5 interest in operating a dispensing organization; (ii) can
6 provide evidence that the applicant continues to meet all
7 requirements for holding a Conditional Adult Use Dispensing
8 Organization License set forth in this Act; and (iii) has not
9 otherwise become ineligible to be awarded a Conditional Adult
10 Use Dispensing Organization License. If the new awardee is
11 unable to accept the Conditional Adult Use Dispensing
12 Organization License, the Department shall award the
13 Conditional Adult Use Dispensing Organization License pursuant
14 to subsection (b). The new awardee shall be subject to the same
15 required deadlines as provided in this subsection.

16 (d) If, within 180 days of being awarded a Conditional
17 Adult Use Dispensing Organization License, a dispensing
18 organization is unable to find a location within the BLS
19 Region in which it was awarded a Conditional Adult Use
20 Dispensing Organization License under this Section because no
21 jurisdiction within the BLS Region allows for the operation of
22 an Adult Use Dispensing Organization, the Department may
23 authorize the Conditional Adult Use Dispensing Organization
24 License holder to transfer its Conditional Adult Use
25 Dispensing Organization License to a BLS Region specified by
26 the Department.

1 (e) A dispensing organization that is awarded a
2 Conditional Adult Use Dispensing Organization License under
3 this Section shall not purchase, possess, sell, or dispense
4 cannabis or cannabis-infused products until the dispensing
5 organization has received an Adult Use Dispensing Organization
6 License issued by the Department pursuant to Section 15-36.

7 (f) The Department shall conduct a background check of the
8 prospective dispensing organization agents in order to carry
9 out this Article. The Illinois State Police shall charge the
10 applicant a fee for conducting the criminal history record
11 check, which shall be deposited into the State Police Services
12 Fund and shall not exceed the actual cost of the record check.
13 Each person applying as a dispensing organization agent shall
14 submit a full set of fingerprints to the Illinois State Police
15 for the purpose of obtaining a State and federal criminal
16 records check. These fingerprints shall be checked against the
17 fingerprint records now and hereafter, to the extent allowed
18 by law, filed with the Illinois State Police and the Federal
19 Bureau of Investigation criminal history records databases.
20 The Illinois State Police shall furnish, following positive
21 identification, all Illinois conviction information to the
22 Department.

23 (g) The Department may verify information contained in
24 each application and accompanying documentation to assess the
25 applicant's veracity and fitness to operate a dispensing
26 organization.

1 (h) The Department may, in its discretion, refuse to issue
2 an authorization to an applicant who meets any of the
3 following criteria:

4 (1) An applicant who is unqualified to perform the
5 duties required of the applicant.

6 (2) An applicant who fails to disclose or states
7 falsely any information called for in the application.

8 (3) An applicant who has been found guilty of a
9 violation of this Act, who has had any disciplinary order
10 entered against the applicant by the Department, who has
11 entered into a disciplinary or nondisciplinary agreement
12 with the Department, whose medical cannabis dispensing
13 organization, medical cannabis cultivation organization,
14 Early Approval Adult Use Dispensing Organization License,
15 Early Approval Adult Use Dispensing Organization License
16 at a secondary site, Early Approval Cultivation Center
17 License, Conditional Adult Use Dispensing Organization
18 License, or Adult Use Dispensing Organization License was
19 suspended, restricted, revoked, or denied for just cause,
20 or whose cannabis business establishment license was
21 suspended, restricted, revoked, or denied in any other
22 state.

23 (4) An applicant who has engaged in a pattern or
24 practice of unfair or illegal practices, methods, or
25 activities in the conduct of owning a cannabis business
26 establishment or other business.

1 (i) The Department shall deny the license if any principal
2 officer, board member, or person having a financial or voting
3 interest of 5% or greater in the licensee is delinquent in
4 filing any required tax return or paying any amount owed to the
5 State of Illinois.

6 (j) The Department shall verify an applicant's compliance
7 with the requirements of this Article and rules adopted under
8 this Article before issuing a Conditional Adult Use Dispensing
9 Organization License.

10 (k) If an applicant is awarded a Conditional Adult Use
11 Dispensing Organization License under this Section, the
12 information and plans provided in the application, including
13 any plans submitted for bonus points, shall become a condition
14 of the Conditional Adult Use Dispensing Organization License
15 and any Adult Use Dispensing Organization License issued to
16 the holder of the Conditional Adult Use Dispensing
17 Organization License, except as otherwise provided by this Act
18 or by rule. Dispensing organizations have a duty to disclose
19 any material changes to the application. The Department shall
20 review all material changes disclosed by the dispensing
21 organization and may reevaluate its prior decision regarding
22 the awarding of a Conditional Adult Use Dispensing
23 Organization License, including, but not limited to,
24 suspending or permanently revoking a Conditional Adult Use
25 Dispensing Organization License. Failure to comply with the
26 conditions or requirements in the application may subject the

1 dispensing organization to discipline up to and including
2 suspension or permanent revocation of its authorization or
3 Conditional Adult Use Dispensing Organization License by the
4 Department.

5 (1) If an applicant has not begun operating as a
6 dispensing organization within one year after the issuance of
7 the Conditional Adult Use Dispensing Organization License
8 under this Section, the Department may permanently revoke the
9 Conditional Adult Use Dispensing Organization License and
10 award it to the next highest scoring applicant in the BLS
11 Region if a suitable applicant indicates a continued interest
12 in the Conditional Adult Use Dispensing Organization License
13 or may begin a new selection process to award a Conditional
14 Adult Use Dispensing Organization License.

15 (Source: P.A. 102-98, eff. 7-15-21.)

16 Article 12.

17 Section 12-5. The Cannabis Regulation and Tax Act is
18 amended by changing Section 40-5 as follows:

19 (410 ILCS 705/40-5)

20 Sec. 40-5. Issuance of licenses.

21 (a) The Department shall issue transporting licenses
22 through a process provided for in this Article no later than
23 July 1, 2020. Entities awarded a license under this Section

1 may defer paying the associated license fee for a period of no
2 more than 2 years.

3 (b) The Department shall make the application for
4 transporting organization licenses available on January 7,
5 2020 and shall receive such applications no later than March
6 15, 2020. The Department of Agriculture shall make available
7 such applications on every January 7 thereafter or if that
8 date falls on a weekend or holiday, the business day
9 immediately succeeding the weekend or holiday and shall
10 receive such applications no later than March 15 or the
11 succeeding business day thereafter.

12 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

13 Article 13.

14 Section 13-5. The Cannabis Regulation and Tax Act is
15 amended by changing Section 40-5 as follows:

16 (410 ILCS 705/40-5)

17 Sec. 40-5. Issuance of licenses.

18 (a) The Department shall issue transporting licenses
19 through a process provided for in this Article no later than
20 July 1, 2020.

21 (b) The Department shall make the application for
22 transporting organization licenses available on January 7,
23 2020 and shall receive such applications no later than March

1 15, 2020. The Department of Agriculture shall make available
2 such applications on every January 7 thereafter or if that
3 date falls on a weekend or holiday, the business day
4 immediately succeeding the weekend or holiday and shall
5 receive such applications no later than March 15 or the
6 succeeding business day thereafter.

7 (c) From January 1, 2024 through January 1, 2026, the
8 Department shall not issue any transporting licenses other
9 than those issued under subsection (a) before the effective
10 date of this amendatory Act of the 103rd General Assembly.

11 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

12 Article 14.

13 Section 14-5. The Illinois Income Tax Act is amended by
14 changing Section 203 as follows:

15 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

16 Sec. 203. Base income defined.

17 (a) Individuals.

18 (1) In general. In the case of an individual, base
19 income means an amount equal to the taxpayer's adjusted
20 gross income for the taxable year as modified by paragraph
21 (2).

22 (2) Modifications. The adjusted gross income referred
23 to in paragraph (1) shall be modified by adding thereto

1 the sum of the following amounts:

2 (A) An amount equal to all amounts paid or accrued
3 to the taxpayer as interest or dividends during the
4 taxable year to the extent excluded from gross income
5 in the computation of adjusted gross income, except
6 stock dividends of qualified public utilities
7 described in Section 305(e) of the Internal Revenue
8 Code;

9 (B) An amount equal to the amount of tax imposed by
10 this Act to the extent deducted from gross income in
11 the computation of adjusted gross income for the
12 taxable year;

13 (C) An amount equal to the amount received during
14 the taxable year as a recovery or refund of real
15 property taxes paid with respect to the taxpayer's
16 principal residence under the Revenue Act of 1939 and
17 for which a deduction was previously taken under
18 subparagraph (L) of this paragraph (2) prior to July
19 1, 1991, the retrospective application date of Article
20 4 of Public Act 87-17. In the case of multi-unit or
21 multi-use structures and farm dwellings, the taxes on
22 the taxpayer's principal residence shall be that
23 portion of the total taxes for the entire property
24 which is attributable to such principal residence;

25 (D) An amount equal to the amount of the capital
26 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the
2 computation of adjusted gross income;

3 (D-5) An amount, to the extent not included in
4 adjusted gross income, equal to the amount of money
5 withdrawn by the taxpayer in the taxable year from a
6 medical care savings account and the interest earned
7 on the account in the taxable year of a withdrawal
8 pursuant to subsection (b) of Section 20 of the
9 Medical Care Savings Account Act or subsection (b) of
10 Section 20 of the Medical Care Savings Account Act of
11 2000;

12 (D-10) For taxable years ending after December 31,
13 1997, an amount equal to any eligible remediation
14 costs that the individual deducted in computing
15 adjusted gross income and for which the individual
16 claims a credit under subsection (l) of Section 201;

17 (D-15) For taxable years 2001 and thereafter, an
18 amount equal to the bonus depreciation deduction taken
19 on the taxpayer's federal income tax return for the
20 taxable year under subsection (k) of Section 168 of
21 the Internal Revenue Code;

22 (D-16) If the taxpayer sells, transfers, abandons,
23 or otherwise disposes of property for which the
24 taxpayer was required in any taxable year to make an
25 addition modification under subparagraph (D-15), then
26 an amount equal to the aggregate amount of the

1 deductions taken in all taxable years under
2 subparagraph (Z) with respect to that property.

3 If the taxpayer continues to own property through
4 the last day of the last tax year for which a
5 subtraction is allowed with respect to that property
6 under subparagraph (Z) and for which the taxpayer was
7 allowed in any taxable year to make a subtraction
8 modification under subparagraph (Z), then an amount
9 equal to that subtraction modification.

10 The taxpayer is required to make the addition
11 modification under this subparagraph only once with
12 respect to any one piece of property;

13 (D-17) An amount equal to the amount otherwise
14 allowed as a deduction in computing base income for
15 interest paid, accrued, or incurred, directly or
16 indirectly, (i) for taxable years ending on or after
17 December 31, 2004, to a foreign person who would be a
18 member of the same unitary business group but for the
19 fact that foreign person's business activity outside
20 the United States is 80% or more of the foreign
21 person's total business activity and (ii) for taxable
22 years ending on or after December 31, 2008, to a person
23 who would be a member of the same unitary business
24 group but for the fact that the person is prohibited
25 under Section 1501(a)(27) from being included in the
26 unitary business group because he or she is ordinarily

1 required to apportion business income under different
2 subsections of Section 304. The addition modification
3 required by this subparagraph shall be reduced to the
4 extent that dividends were included in base income of
5 the unitary group for the same taxable year and
6 received by the taxpayer or by a member of the
7 taxpayer's unitary business group (including amounts
8 included in gross income under Sections 951 through
9 964 of the Internal Revenue Code and amounts included
10 in gross income under Section 78 of the Internal
11 Revenue Code) with respect to the stock of the same
12 person to whom the interest was paid, accrued, or
13 incurred.

14 This paragraph shall not apply to the following:

15 (i) an item of interest paid, accrued, or
16 incurred, directly or indirectly, to a person who
17 is subject in a foreign country or state, other
18 than a state which requires mandatory unitary
19 reporting, to a tax on or measured by net income
20 with respect to such interest; or

21 (ii) an item of interest paid, accrued, or
22 incurred, directly or indirectly, to a person if
23 the taxpayer can establish, based on a
24 preponderance of the evidence, both of the
25 following:

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest
2 to a person that is not a related member, and

3 (b) the transaction giving rise to the
4 interest expense between the taxpayer and the
5 person did not have as a principal purpose the
6 avoidance of Illinois income tax, and is paid
7 pursuant to a contract or agreement that
8 reflects an arm's-length interest rate and
9 terms; or

10 (iii) the taxpayer can establish, based on
11 clear and convincing evidence, that the interest
12 paid, accrued, or incurred relates to a contract
13 or agreement entered into at arm's-length rates
14 and terms and the principal purpose for the
15 payment is not federal or Illinois tax avoidance;
16 or

17 (iv) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer establishes by clear and convincing
20 evidence that the adjustments are unreasonable; or
21 if the taxpayer and the Director agree in writing
22 to the application or use of an alternative method
23 of apportionment under Section 304(f).

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act

1 for any tax year beginning after the effective
2 date of this amendment provided such adjustment is
3 made pursuant to regulation adopted by the
4 Department and such regulations provide methods
5 and standards by which the Department will utilize
6 its authority under Section 404 of this Act;

7 (D-18) An amount equal to the amount of intangible
8 expenses and costs otherwise allowed as a deduction in
9 computing base income, and that were paid, accrued, or
10 incurred, directly or indirectly, (i) for taxable
11 years ending on or after December 31, 2004, to a
12 foreign person who would be a member of the same
13 unitary business group but for the fact that the
14 foreign person's business activity outside the United
15 States is 80% or more of that person's total business
16 activity and (ii) for taxable years ending on or after
17 December 31, 2008, to a person who would be a member of
18 the same unitary business group but for the fact that
19 the person is prohibited under Section 1501(a)(27)
20 from being included in the unitary business group
21 because he or she is ordinarily required to apportion
22 business income under different subsections of Section
23 304. The addition modification required by this
24 subparagraph shall be reduced to the extent that
25 dividends were included in base income of the unitary
26 group for the same taxable year and received by the

1 taxpayer or by a member of the taxpayer's unitary
2 business group (including amounts included in gross
3 income under Sections 951 through 964 of the Internal
4 Revenue Code and amounts included in gross income
5 under Section 78 of the Internal Revenue Code) with
6 respect to the stock of the same person to whom the
7 intangible expenses and costs were directly or
8 indirectly paid, incurred, or accrued. The preceding
9 sentence does not apply to the extent that the same
10 dividends caused a reduction to the addition
11 modification required under Section 203(a)(2)(D-17) of
12 this Act. As used in this subparagraph, the term
13 "intangible expenses and costs" includes (1) expenses,
14 losses, and costs for, or related to, the direct or
15 indirect acquisition, use, maintenance or management,
16 ownership, sale, exchange, or any other disposition of
17 intangible property; (2) losses incurred, directly or
18 indirectly, from factoring transactions or discounting
19 transactions; (3) royalty, patent, technical, and
20 copyright fees; (4) licensing fees; and (5) other
21 similar expenses and costs. For purposes of this
22 subparagraph, "intangible property" includes patents,
23 patent applications, trade names, trademarks, service
24 marks, copyrights, mask works, trade secrets, and
25 similar types of intangible assets.

26 This paragraph shall not apply to the following:

1 (i) any item of intangible expenses or costs
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person who
4 is subject in a foreign country or state, other
5 than a state which requires mandatory unitary
6 reporting, to a tax on or measured by net income
7 with respect to such item; or

8 (ii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, if the taxpayer can establish, based
11 on a preponderance of the evidence, both of the
12 following:

13 (a) the person during the same taxable
14 year paid, accrued, or incurred, the
15 intangible expense or cost to a person that is
16 not a related member, and

17 (b) the transaction giving rise to the
18 intangible expense or cost between the
19 taxpayer and the person did not have as a
20 principal purpose the avoidance of Illinois
21 income tax, and is paid pursuant to a contract
22 or agreement that reflects arm's-length terms;
23 or

24 (iii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, from a transaction with a person if

1 the taxpayer establishes by clear and convincing
2 evidence, that the adjustments are unreasonable;
3 or if the taxpayer and the Director agree in
4 writing to the application or use of an
5 alternative method of apportionment under Section
6 304(f);

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment
9 otherwise allowed under Section 404 of this Act
10 for any tax year beginning after the effective
11 date of this amendment provided such adjustment is
12 made pursuant to regulation adopted by the
13 Department and such regulations provide methods
14 and standards by which the Department will utilize
15 its authority under Section 404 of this Act;

16 (D-19) For taxable years ending on or after
17 December 31, 2008, an amount equal to the amount of
18 insurance premium expenses and costs otherwise allowed
19 as a deduction in computing base income, and that were
20 paid, accrued, or incurred, directly or indirectly, to
21 a person who would be a member of the same unitary
22 business group but for the fact that the person is
23 prohibited under Section 1501(a)(27) from being
24 included in the unitary business group because he or
25 she is ordinarily required to apportion business
26 income under different subsections of Section 304. The

1 addition modification required by this subparagraph
2 shall be reduced to the extent that dividends were
3 included in base income of the unitary group for the
4 same taxable year and received by the taxpayer or by a
5 member of the taxpayer's unitary business group
6 (including amounts included in gross income under
7 Sections 951 through 964 of the Internal Revenue Code
8 and amounts included in gross income under Section 78
9 of the Internal Revenue Code) with respect to the
10 stock of the same person to whom the premiums and costs
11 were directly or indirectly paid, incurred, or
12 accrued. The preceding sentence does not apply to the
13 extent that the same dividends caused a reduction to
14 the addition modification required under Section
15 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
16 Act;

17 (D-20) For taxable years beginning on or after
18 January 1, 2002 and ending on or before December 31,
19 2006, in the case of a distribution from a qualified
20 tuition program under Section 529 of the Internal
21 Revenue Code, other than (i) a distribution from a
22 College Savings Pool created under Section 16.5 of the
23 State Treasurer Act or (ii) a distribution from the
24 Illinois Prepaid Tuition Trust Fund, an amount equal
25 to the amount excluded from gross income under Section
26 529(c)(3)(B). For taxable years beginning on or after

1 January 1, 2007, in the case of a distribution from a
2 qualified tuition program under Section 529 of the
3 Internal Revenue Code, other than (i) a distribution
4 from a College Savings Pool created under Section 16.5
5 of the State Treasurer Act, (ii) a distribution from
6 the Illinois Prepaid Tuition Trust Fund, or (iii) a
7 distribution from a qualified tuition program under
8 Section 529 of the Internal Revenue Code that (I)
9 adopts and determines that its offering materials
10 comply with the College Savings Plans Network's
11 disclosure principles and (II) has made reasonable
12 efforts to inform in-state residents of the existence
13 of in-state qualified tuition programs by informing
14 Illinois residents directly and, where applicable, to
15 inform financial intermediaries distributing the
16 program to inform in-state residents of the existence
17 of in-state qualified tuition programs at least
18 annually, an amount equal to the amount excluded from
19 gross income under Section 529(c)(3)(B).

20 For the purposes of this subparagraph (D-20), a
21 qualified tuition program has made reasonable efforts
22 if it makes disclosures (which may use the term
23 "in-state program" or "in-state plan" and need not
24 specifically refer to Illinois or its qualified
25 programs by name) (i) directly to prospective
26 participants in its offering materials or makes a

1 public disclosure, such as a website posting; and (ii)
2 where applicable, to intermediaries selling the
3 out-of-state program in the same manner that the
4 out-of-state program distributes its offering
5 materials;

6 (D-20.5) For taxable years beginning on or after
7 January 1, 2018, in the case of a distribution from a
8 qualified ABLE program under Section 529A of the
9 Internal Revenue Code, other than a distribution from
10 a qualified ABLE program created under Section 16.6 of
11 the State Treasurer Act, an amount equal to the amount
12 excluded from gross income under Section 529A(c)(1)(B)
13 of the Internal Revenue Code;

14 (D-21) For taxable years beginning on or after
15 January 1, 2007, in the case of transfer of moneys from
16 a qualified tuition program under Section 529 of the
17 Internal Revenue Code that is administered by the
18 State to an out-of-state program, an amount equal to
19 the amount of moneys previously deducted from base
20 income under subsection (a)(2)(Y) of this Section;

21 (D-21.5) For taxable years beginning on or after
22 January 1, 2018, in the case of the transfer of moneys
23 from a qualified tuition program under Section 529 or
24 a qualified ABLE program under Section 529A of the
25 Internal Revenue Code that is administered by this
26 State to an ABLE account established under an

1 out-of-state ABLE account program, an amount equal to
2 the contribution component of the transferred amount
3 that was previously deducted from base income under
4 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
5 Section;

6 (D-22) For taxable years beginning on or after
7 January 1, 2009, and prior to January 1, 2018, in the
8 case of a nonqualified withdrawal or refund of moneys
9 from a qualified tuition program under Section 529 of
10 the Internal Revenue Code administered by the State
11 that is not used for qualified expenses at an eligible
12 education institution, an amount equal to the
13 contribution component of the nonqualified withdrawal
14 or refund that was previously deducted from base
15 income under subsection (a)(2)(y) of this Section,
16 provided that the withdrawal or refund did not result
17 from the beneficiary's death or disability. For
18 taxable years beginning on or after January 1, 2018:

19 (1) in the case of a nonqualified withdrawal or
20 refund, as defined under Section 16.5 of the State
21 Treasurer Act, of moneys from a qualified tuition
22 program under Section 529 of the Internal Revenue Code
23 administered by the State, an amount equal to the
24 contribution component of the nonqualified withdrawal
25 or refund that was previously deducted from base
26 income under subsection (a)(2)(Y) of this Section, and

1 (2) in the case of a nonqualified withdrawal or refund
2 from a qualified ABLE program under Section 529A of
3 the Internal Revenue Code administered by the State
4 that is not used for qualified disability expenses, an
5 amount equal to the contribution component of the
6 nonqualified withdrawal or refund that was previously
7 deducted from base income under subsection (a)(2)(HH)
8 of this Section;

9 (D-23) An amount equal to the credit allowable to
10 the taxpayer under Section 218(a) of this Act,
11 determined without regard to Section 218(c) of this
12 Act;

13 (D-24) For taxable years ending on or after
14 December 31, 2017, an amount equal to the deduction
15 allowed under Section 199 of the Internal Revenue Code
16 for the taxable year;

17 (D-25) In the case of a resident, an amount equal
18 to the amount of tax for which a credit is allowed
19 pursuant to Section 201(p)(7) of this Act;

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (E) For taxable years ending before December 31,
23 2001, any amount included in such total in respect of
24 any compensation (including but not limited to any
25 compensation paid or accrued to a serviceman while a
26 prisoner of war or missing in action) paid to a

1 resident by reason of being on active duty in the Armed
2 Forces of the United States and in respect of any
3 compensation paid or accrued to a resident who as a
4 governmental employee was a prisoner of war or missing
5 in action, and in respect of any compensation paid to a
6 resident in 1971 or thereafter for annual training
7 performed pursuant to Sections 502 and 503, Title 32,
8 United States Code as a member of the Illinois
9 National Guard or, beginning with taxable years ending
10 on or after December 31, 2007, the National Guard of
11 any other state. For taxable years ending on or after
12 December 31, 2001, any amount included in such total
13 in respect of any compensation (including but not
14 limited to any compensation paid or accrued to a
15 serviceman while a prisoner of war or missing in
16 action) paid to a resident by reason of being a member
17 of any component of the Armed Forces of the United
18 States and in respect of any compensation paid or
19 accrued to a resident who as a governmental employee
20 was a prisoner of war or missing in action, and in
21 respect of any compensation paid to a resident in 2001
22 or thereafter by reason of being a member of the
23 Illinois National Guard or, beginning with taxable
24 years ending on or after December 31, 2007, the
25 National Guard of any other state. The provisions of
26 this subparagraph (E) are exempt from the provisions

1 of Section 250;

2 (F) An amount equal to all amounts included in
3 such total pursuant to the provisions of Sections
4 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
5 408 of the Internal Revenue Code, or included in such
6 total as distributions under the provisions of any
7 retirement or disability plan for employees of any
8 governmental agency or unit, or retirement payments to
9 retired partners, which payments are excluded in
10 computing net earnings from self employment by Section
11 1402 of the Internal Revenue Code and regulations
12 adopted pursuant thereto;

13 (G) The valuation limitation amount;

14 (H) An amount equal to the amount of any tax
15 imposed by this Act which was refunded to the taxpayer
16 and included in such total for the taxable year;

17 (I) An amount equal to all amounts included in
18 such total pursuant to the provisions of Section 111
19 of the Internal Revenue Code as a recovery of items
20 previously deducted from adjusted gross income in the
21 computation of taxable income;

22 (J) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act, and conducts

1 substantially all of its operations in a River Edge
2 Redevelopment Zone or zones. This subparagraph (J) is
3 exempt from the provisions of Section 250;

4 (K) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated
8 a High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (J) of paragraph (2) of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (K);

13 (L) For taxable years ending after December 31,
14 1983, an amount equal to all social security benefits
15 and railroad retirement benefits included in such
16 total pursuant to Sections 72(r) and 86 of the
17 Internal Revenue Code;

18 (M) With the exception of any amounts subtracted
19 under subparagraph (N), an amount equal to the sum of
20 all amounts disallowed as deductions by (i) Sections
21 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
22 and all amounts of expenses allocable to interest and
23 disallowed as deductions by Section 265(a)(1) of the
24 Internal Revenue Code; and (ii) for taxable years
25 ending on or after August 13, 1999, Sections
26 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the

1 Internal Revenue Code, plus, for taxable years ending
2 on or after December 31, 2011, Section 45G(e)(3) of
3 the Internal Revenue Code and, for taxable years
4 ending on or after December 31, 2008, any amount
5 included in gross income under Section 87 of the
6 Internal Revenue Code; the provisions of this
7 subparagraph are exempt from the provisions of Section
8 250;

9 (N) An amount equal to all amounts included in
10 such total which are exempt from taxation by this
11 State either by reason of its statutes or Constitution
12 or by reason of the Constitution, treaties or statutes
13 of the United States; provided that, in the case of any
14 statute of this State that exempts income derived from
15 bonds or other obligations from the tax imposed under
16 this Act, the amount exempted shall be the interest
17 net of bond premium amortization;

18 (O) An amount equal to any contribution made to a
19 job training project established pursuant to the Tax
20 Increment Allocation Redevelopment Act;

21 (P) An amount equal to the amount of the deduction
22 used to compute the federal income tax credit for
23 restoration of substantial amounts held under claim of
24 right for the taxable year pursuant to Section 1341 of
25 the Internal Revenue Code or of any itemized deduction
26 taken from adjusted gross income in the computation of

1 taxable income for restoration of substantial amounts
2 held under claim of right for the taxable year;

3 (Q) An amount equal to any amounts included in
4 such total, received by the taxpayer as an
5 acceleration in the payment of life, endowment or
6 annuity benefits in advance of the time they would
7 otherwise be payable as an indemnity for a terminal
8 illness;

9 (R) An amount equal to the amount of any federal or
10 State bonus paid to veterans of the Persian Gulf War;

11 (S) An amount, to the extent included in adjusted
12 gross income, equal to the amount of a contribution
13 made in the taxable year on behalf of the taxpayer to a
14 medical care savings account established under the
15 Medical Care Savings Account Act or the Medical Care
16 Savings Account Act of 2000 to the extent the
17 contribution is accepted by the account administrator
18 as provided in that Act;

19 (T) An amount, to the extent included in adjusted
20 gross income, equal to the amount of interest earned
21 in the taxable year on a medical care savings account
22 established under the Medical Care Savings Account Act
23 or the Medical Care Savings Account Act of 2000 on
24 behalf of the taxpayer, other than interest added
25 pursuant to item (D-5) of this paragraph (2);

26 (U) For one taxable year beginning on or after

1 January 1, 1994, an amount equal to the total amount of
2 tax imposed and paid under subsections (a) and (b) of
3 Section 201 of this Act on grant amounts received by
4 the taxpayer under the Nursing Home Grant Assistance
5 Act during the taxpayer's taxable years 1992 and 1993;

6 (V) Beginning with tax years ending on or after
7 December 31, 1995 and ending with tax years ending on
8 or before December 31, 2004, an amount equal to the
9 amount paid by a taxpayer who is a self-employed
10 taxpayer, a partner of a partnership, or a shareholder
11 in a Subchapter S corporation for health insurance or
12 long-term care insurance for that taxpayer or that
13 taxpayer's spouse or dependents, to the extent that
14 the amount paid for that health insurance or long-term
15 care insurance may be deducted under Section 213 of
16 the Internal Revenue Code, has not been deducted on
17 the federal income tax return of the taxpayer, and
18 does not exceed the taxable income attributable to
19 that taxpayer's income, self-employment income, or
20 Subchapter S corporation income; except that no
21 deduction shall be allowed under this item (V) if the
22 taxpayer is eligible to participate in any health
23 insurance or long-term care insurance plan of an
24 employer of the taxpayer or the taxpayer's spouse. The
25 amount of the health insurance and long-term care
26 insurance subtracted under this item (V) shall be

1 determined by multiplying total health insurance and
2 long-term care insurance premiums paid by the taxpayer
3 times a number that represents the fractional
4 percentage of eligible medical expenses under Section
5 213 of the Internal Revenue Code of 1986 not actually
6 deducted on the taxpayer's federal income tax return;

7 (W) For taxable years beginning on or after
8 January 1, 1998, all amounts included in the
9 taxpayer's federal gross income in the taxable year
10 from amounts converted from a regular IRA to a Roth
11 IRA. This paragraph is exempt from the provisions of
12 Section 250;

13 (X) For taxable year 1999 and thereafter, an
14 amount equal to the amount of any (i) distributions,
15 to the extent includible in gross income for federal
16 income tax purposes, made to the taxpayer because of
17 his or her status as a victim of persecution for racial
18 or religious reasons by Nazi Germany or any other Axis
19 regime or as an heir of the victim and (ii) items of
20 income, to the extent includible in gross income for
21 federal income tax purposes, attributable to, derived
22 from or in any way related to assets stolen from,
23 hidden from, or otherwise lost to a victim of
24 persecution for racial or religious reasons by Nazi
25 Germany or any other Axis regime immediately prior to,
26 during, and immediately after World War II, including,

1 but not limited to, interest on the proceeds
2 receivable as insurance under policies issued to a
3 victim of persecution for racial or religious reasons
4 by Nazi Germany or any other Axis regime by European
5 insurance companies immediately prior to and during
6 World War II; provided, however, this subtraction from
7 federal adjusted gross income does not apply to assets
8 acquired with such assets or with the proceeds from
9 the sale of such assets; provided, further, this
10 paragraph shall only apply to a taxpayer who was the
11 first recipient of such assets after their recovery
12 and who is a victim of persecution for racial or
13 religious reasons by Nazi Germany or any other Axis
14 regime or as an heir of the victim. The amount of and
15 the eligibility for any public assistance, benefit, or
16 similar entitlement is not affected by the inclusion
17 of items (i) and (ii) of this paragraph in gross income
18 for federal income tax purposes. This paragraph is
19 exempt from the provisions of Section 250;

20 (Y) For taxable years beginning on or after
21 January 1, 2002 and ending on or before December 31,
22 2004, moneys contributed in the taxable year to a
23 College Savings Pool account under Section 16.5 of the
24 State Treasurer Act, except that amounts excluded from
25 gross income under Section 529(c)(3)(C)(i) of the
26 Internal Revenue Code shall not be considered moneys

1 contributed under this subparagraph (Y). For taxable
2 years beginning on or after January 1, 2005, a maximum
3 of \$10,000 contributed in the taxable year to (i) a
4 College Savings Pool account under Section 16.5 of the
5 State Treasurer Act or (ii) the Illinois Prepaid
6 Tuition Trust Fund, except that amounts excluded from
7 gross income under Section 529(c)(3)(C)(i) of the
8 Internal Revenue Code shall not be considered moneys
9 contributed under this subparagraph (Y). For purposes
10 of this subparagraph, contributions made by an
11 employer on behalf of an employee, or matching
12 contributions made by an employee, shall be treated as
13 made by the employee. This subparagraph (Y) is exempt
14 from the provisions of Section 250;

15 (Z) For taxable years 2001 and thereafter, for the
16 taxable year in which the bonus depreciation deduction
17 is taken on the taxpayer's federal income tax return
18 under subsection (k) of Section 168 of the Internal
19 Revenue Code and for each applicable taxable year
20 thereafter, an amount equal to "x", where:

21 (1) "y" equals the amount of the depreciation
22 deduction taken for the taxable year on the
23 taxpayer's federal income tax return on property
24 for which the bonus depreciation deduction was
25 taken in any year under subsection (k) of Section
26 168 of the Internal Revenue Code, but not

1 including the bonus depreciation deduction;

2 (2) for taxable years ending on or before
3 December 31, 2005, "x" equals "y" multiplied by 30
4 and then divided by 70 (or "y" multiplied by
5 0.429); and

6 (3) for taxable years ending after December
7 31, 2005:

8 (i) for property on which a bonus
9 depreciation deduction of 30% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 30 and then divided by 70 (or "y" multiplied
12 by 0.429);

13 (ii) for property on which a bonus
14 depreciation deduction of 50% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 1.0;

17 (iii) for property on which a bonus
18 depreciation deduction of 100% of the adjusted
19 basis was taken in a taxable year ending on or
20 after December 31, 2021, "x" equals the
21 depreciation deduction that would be allowed
22 on that property if the taxpayer had made the
23 election under Section 168(k)(7) of the
24 Internal Revenue Code to not claim bonus
25 depreciation on that property; and

26 (iv) for property on which a bonus

1 depreciation deduction of a percentage other
2 than 30%, 50% or 100% of the adjusted basis
3 was taken in a taxable year ending on or after
4 December 31, 2021, "x" equals "y" multiplied
5 by 100 times the percentage bonus depreciation
6 on the property (that is, $100(\text{bonus}\%)$) and
7 then divided by 100 times 1 minus the
8 percentage bonus depreciation on the property
9 (that is, $100(1-\text{bonus}\%)$).

10 The aggregate amount deducted under this
11 subparagraph in all taxable years for any one piece of
12 property may not exceed the amount of the bonus
13 depreciation deduction taken on that property on the
14 taxpayer's federal income tax return under subsection
15 (k) of Section 168 of the Internal Revenue Code. This
16 subparagraph (Z) is exempt from the provisions of
17 Section 250;

18 (AA) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (D-15), then
22 an amount equal to that addition modification.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (Z) and for which the taxpayer was

1 required in any taxable year to make an addition
2 modification under subparagraph (D-15), then an amount
3 equal to that addition modification.

4 The taxpayer is allowed to take the deduction
5 under this subparagraph only once with respect to any
6 one piece of property.

7 This subparagraph (AA) is exempt from the
8 provisions of Section 250;

9 (BB) Any amount included in adjusted gross income,
10 other than salary, received by a driver in a
11 ridesharing arrangement using a motor vehicle;

12 (CC) The amount of (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction
15 with a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of that addition modification, and (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer
23 that is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of that

1 addition modification. This subparagraph (CC) is
2 exempt from the provisions of Section 250;

3 (DD) An amount equal to the interest income taken
4 into account for the taxable year (net of the
5 deductions allocable thereto) with respect to
6 transactions with (i) a foreign person who would be a
7 member of the taxpayer's unitary business group but
8 for the fact that the foreign person's business
9 activity outside the United States is 80% or more of
10 that person's total business activity and (ii) for
11 taxable years ending on or after December 31, 2008, to
12 a person who would be a member of the same unitary
13 business group but for the fact that the person is
14 prohibited under Section 1501(a)(27) from being
15 included in the unitary business group because he or
16 she is ordinarily required to apportion business
17 income under different subsections of Section 304, but
18 not to exceed the addition modification required to be
19 made for the same taxable year under Section
20 203(a)(2)(D-17) for interest paid, accrued, or
21 incurred, directly or indirectly, to the same person.
22 This subparagraph (DD) is exempt from the provisions
23 of Section 250;

24 (EE) An amount equal to the income from intangible
25 property taken into account for the taxable year (net
26 of the deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a
2 member of the taxpayer's unitary business group but
3 for the fact that the foreign person's business
4 activity outside the United States is 80% or more of
5 that person's total business activity and (ii) for
6 taxable years ending on or after December 31, 2008, to
7 a person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304, but
13 not to exceed the addition modification required to be
14 made for the same taxable year under Section
15 203(a)(2)(D-18) for intangible expenses and costs
16 paid, accrued, or incurred, directly or indirectly, to
17 the same foreign person. This subparagraph (EE) is
18 exempt from the provisions of Section 250;

19 (FF) An amount equal to any amount awarded to the
20 taxpayer during the taxable year by the Court of
21 Claims under subsection (c) of Section 8 of the Court
22 of Claims Act for time unjustly served in a State
23 prison. This subparagraph (FF) is exempt from the
24 provisions of Section 250;

25 (GG) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

1 add back any insurance premiums under Section
2 203(a)(2)(D-19), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense
5 or loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer
9 makes the election provided for by this subparagraph
10 (GG), the insurer to which the premiums were paid must
11 add back to income the amount subtracted by the
12 taxpayer pursuant to this subparagraph (GG). This
13 subparagraph (GG) is exempt from the provisions of
14 Section 250;

15 (HH) For taxable years beginning on or after
16 January 1, 2018 and prior to January 1, 2028, a maximum
17 of \$10,000 contributed in the taxable year to a
18 qualified ABLE account under Section 16.6 of the State
19 Treasurer Act, except that amounts excluded from gross
20 income under Section 529(c)(3)(C)(i) or Section
21 529A(c)(1)(C) of the Internal Revenue Code shall not
22 be considered moneys contributed under this
23 subparagraph (HH). For purposes of this subparagraph
24 (HH), contributions made by an employer on behalf of
25 an employee, or matching contributions made by an
26 employee, shall be treated as made by the employee;

1 ~~and~~

2 (II) For taxable years that begin on or after
3 January 1, 2021 and begin before January 1, 2026, the
4 amount that is included in the taxpayer's federal
5 adjusted gross income pursuant to Section 61 of the
6 Internal Revenue Code as discharge of indebtedness
7 attributable to student loan forgiveness and that is
8 not excluded from the taxpayer's federal adjusted
9 gross income pursuant to paragraph (5) of subsection
10 (f) of Section 108 of the Internal Revenue Code; ~~and~~ -

11 (JJ) For taxable years beginning on or after
12 January 1, 2023, for any cannabis establishment
13 operating in this State and licensed under the
14 Cannabis Regulation and Tax Act or any cannabis
15 cultivation center or medical cannabis dispensing
16 organization operating in this State and licensed
17 under the Compassionate Use of Medical Cannabis
18 Program Act, an amount equal to the deductions that
19 were disallowed under Section 280E of the Internal
20 Revenue Code for the taxable year and that would not be
21 added back under this subsection. The provisions of
22 this subparagraph (JJ) are exempt from the provisions
23 of Section 250.

24 (b) Corporations.

25 (1) In general. In the case of a corporation, base

1 income means an amount equal to the taxpayer's taxable
2 income for the taxable year as modified by paragraph (2).

3 (2) Modifications. The taxable income referred to in
4 paragraph (1) shall be modified by adding thereto the sum
5 of the following amounts:

6 (A) An amount equal to all amounts paid or accrued
7 to the taxpayer as interest and all distributions
8 received from regulated investment companies during
9 the taxable year to the extent excluded from gross
10 income in the computation of taxable income;

11 (B) An amount equal to the amount of tax imposed by
12 this Act to the extent deducted from gross income in
13 the computation of taxable income for the taxable
14 year;

15 (C) In the case of a regulated investment company,
16 an amount equal to the excess of (i) the net long-term
17 capital gain for the taxable year, over (ii) the
18 amount of the capital gain dividends designated as
19 such in accordance with Section 852(b)(3)(C) of the
20 Internal Revenue Code and any amount designated under
21 Section 852(b)(3)(D) of the Internal Revenue Code,
22 attributable to the taxable year (this amendatory Act
23 of 1995 (Public Act 89-89) is declarative of existing
24 law and is not a new enactment);

25 (D) The amount of any net operating loss deduction
26 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

3 (E) For taxable years in which a net operating
4 loss carryback or carryforward from a taxable year
5 ending prior to December 31, 1986 is an element of
6 taxable income under paragraph (1) of subsection (e)
7 or subparagraph (E) of paragraph (2) of subsection
8 (e), the amount by which addition modifications other
9 than those provided by this subparagraph (E) exceeded
10 subtraction modifications in such earlier taxable
11 year, with the following limitations applied in the
12 order that they are listed:

13 (i) the addition modification relating to the
14 net operating loss carried back or forward to the
15 taxable year from any taxable year ending prior to
16 December 31, 1986 shall be reduced by the amount
17 of addition modification under this subparagraph
18 (E) which related to that net operating loss and
19 which was taken into account in calculating the
20 base income of an earlier taxable year, and

21 (ii) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall not exceed the amount of
25 such carryback or carryforward;

26 For taxable years in which there is a net

1 operating loss carryback or carryforward from more
2 than one other taxable year ending prior to December
3 31, 1986, the addition modification provided in this
4 subparagraph (E) shall be the sum of the amounts
5 computed independently under the preceding provisions
6 of this subparagraph (E) for each such taxable year;

7 (E-5) For taxable years ending after December 31,
8 1997, an amount equal to any eligible remediation
9 costs that the corporation deducted in computing
10 adjusted gross income and for which the corporation
11 claims a credit under subsection (l) of Section 201;

12 (E-10) For taxable years 2001 and thereafter, an
13 amount equal to the bonus depreciation deduction taken
14 on the taxpayer's federal income tax return for the
15 taxable year under subsection (k) of Section 168 of
16 the Internal Revenue Code;

17 (E-11) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (E-10), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (T) with respect to that property.

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

1 under subparagraph (T) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (T), then an amount
4 equal to that subtraction modification.

5 The taxpayer is required to make the addition
6 modification under this subparagraph only once with
7 respect to any one piece of property;

8 (E-12) An amount equal to the amount otherwise
9 allowed as a deduction in computing base income for
10 interest paid, accrued, or incurred, directly or
11 indirectly, (i) for taxable years ending on or after
12 December 31, 2004, to a foreign person who would be a
13 member of the same unitary business group but for the
14 fact the foreign person's business activity outside
15 the United States is 80% or more of the foreign
16 person's total business activity and (ii) for taxable
17 years ending on or after December 31, 2008, to a person
18 who would be a member of the same unitary business
19 group but for the fact that the person is prohibited
20 under Section 1501(a)(27) from being included in the
21 unitary business group because he or she is ordinarily
22 required to apportion business income under different
23 subsections of Section 304. The addition modification
24 required by this subparagraph shall be reduced to the
25 extent that dividends were included in base income of
26 the unitary group for the same taxable year and

1 received by the taxpayer or by a member of the
2 taxpayer's unitary business group (including amounts
3 included in gross income pursuant to Sections 951
4 through 964 of the Internal Revenue Code and amounts
5 included in gross income under Section 78 of the
6 Internal Revenue Code) with respect to the stock of
7 the same person to whom the interest was paid,
8 accrued, or incurred.

9 This paragraph shall not apply to the following:

10 (i) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person who
12 is subject in a foreign country or state, other
13 than a state which requires mandatory unitary
14 reporting, to a tax on or measured by net income
15 with respect to such interest; or

16 (ii) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person if
18 the taxpayer can establish, based on a
19 preponderance of the evidence, both of the
20 following:

21 (a) the person, during the same taxable
22 year, paid, accrued, or incurred, the interest
23 to a person that is not a related member, and

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

5 (iii) the taxpayer can establish, based on
6 clear and convincing evidence, that the interest
7 paid, accrued, or incurred relates to a contract
8 or agreement entered into at arm's-length rates
9 and terms and the principal purpose for the
10 payment is not federal or Illinois tax avoidance;
11 or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act
22 for any tax year beginning after the effective
23 date of this amendment provided such adjustment is
24 made pursuant to regulation adopted by the
25 Department and such regulations provide methods
26 and standards by which the Department will utilize

1 its authority under Section 404 of this Act;

2 (E-13) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred, or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(b)(2)(E-12) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets.

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if
22 the taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an
26 alternative method of apportionment under Section

1 304(f);

2 Nothing in this subsection shall preclude the
3 Director from making any other adjustment
4 otherwise allowed under Section 404 of this Act
5 for any tax year beginning after the effective
6 date of this amendment provided such adjustment is
7 made pursuant to regulation adopted by the
8 Department and such regulations provide methods
9 and standards by which the Department will utilize
10 its authority under Section 404 of this Act;

11 (E-14) For taxable years ending on or after
12 December 31, 2008, an amount equal to the amount of
13 insurance premium expenses and costs otherwise allowed
14 as a deduction in computing base income, and that were
15 paid, accrued, or incurred, directly or indirectly, to
16 a person who would be a member of the same unitary
17 business group but for the fact that the person is
18 prohibited under Section 1501(a)(27) from being
19 included in the unitary business group because he or
20 she is ordinarily required to apportion business
21 income under different subsections of Section 304. The
22 addition modification required by this subparagraph
23 shall be reduced to the extent that dividends were
24 included in base income of the unitary group for the
25 same taxable year and received by the taxpayer or by a
26 member of the taxpayer's unitary business group

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the
5 stock of the same person to whom the premiums and costs
6 were directly or indirectly paid, incurred, or
7 accrued. The preceding sentence does not apply to the
8 extent that the same dividends caused a reduction to
9 the addition modification required under Section
10 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
11 Act;

12 (E-15) For taxable years beginning after December
13 31, 2008, any deduction for dividends paid by a
14 captive real estate investment trust that is allowed
15 to a real estate investment trust under Section
16 857(b)(2)(B) of the Internal Revenue Code for
17 dividends paid;

18 (E-16) An amount equal to the credit allowable to
19 the taxpayer under Section 218(a) of this Act,
20 determined without regard to Section 218(c) of this
21 Act;

22 (E-17) For taxable years ending on or after
23 December 31, 2017, an amount equal to the deduction
24 allowed under Section 199 of the Internal Revenue Code
25 for the taxable year;

26 (E-18) for taxable years beginning after December

1 31, 2018, an amount equal to the deduction allowed
2 under Section 250(a)(1)(A) of the Internal Revenue
3 Code for the taxable year;

4 (E-19) for taxable years ending on or after June
5 30, 2021, an amount equal to the deduction allowed
6 under Section 250(a)(1)(B)(i) of the Internal Revenue
7 Code for the taxable year;

8 (E-20) for taxable years ending on or after June
9 30, 2021, an amount equal to the deduction allowed
10 under Sections 243(e) and 245A(a) of the Internal
11 Revenue Code for the taxable year.

12 and by deducting from the total so obtained the sum of the
13 following amounts:

14 (F) An amount equal to the amount of any tax
15 imposed by this Act which was refunded to the taxpayer
16 and included in such total for the taxable year;

17 (G) An amount equal to any amount included in such
18 total under Section 78 of the Internal Revenue Code;

19 (H) In the case of a regulated investment company,
20 an amount equal to the amount of exempt interest
21 dividends as defined in subsection (b)(5) of Section
22 852 of the Internal Revenue Code, paid to shareholders
23 for the taxable year;

24 (I) With the exception of any amounts subtracted
25 under subparagraph (J), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

1 171(a)(2) and 265(a)(2) and amounts disallowed as
2 interest expense by Section 291(a)(3) of the Internal
3 Revenue Code, and all amounts of expenses allocable to
4 interest and disallowed as deductions by Section
5 265(a)(1) of the Internal Revenue Code; and (ii) for
6 taxable years ending on or after August 13, 1999,
7 Sections 171(a)(2), 265, 280C, 291(a)(3), and
8 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
9 for tax years ending on or after December 31, 2011,
10 amounts disallowed as deductions by Section 45G(e)(3)
11 of the Internal Revenue Code and, for taxable years
12 ending on or after December 31, 2008, any amount
13 included in gross income under Section 87 of the
14 Internal Revenue Code and the policyholders' share of
15 tax-exempt interest of a life insurance company under
16 Section 807(a)(2)(B) of the Internal Revenue Code (in
17 the case of a life insurance company with gross income
18 from a decrease in reserves for the tax year) or
19 Section 807(b)(1)(B) of the Internal Revenue Code (in
20 the case of a life insurance company allowed a
21 deduction for an increase in reserves for the tax
22 year); the provisions of this subparagraph are exempt
23 from the provisions of Section 250;

24 (J) An amount equal to all amounts included in
25 such total which are exempt from taxation by this
26 State either by reason of its statutes or Constitution

1 or by reason of the Constitution, treaties or statutes
2 of the United States; provided that, in the case of any
3 statute of this State that exempts income derived from
4 bonds or other obligations from the tax imposed under
5 this Act, the amount exempted shall be the interest
6 net of bond premium amortization;

7 (K) An amount equal to those dividends included in
8 such total which were paid by a corporation which
9 conducts business operations in a River Edge
10 Redevelopment Zone or zones created under the River
11 Edge Redevelopment Zone Act and conducts substantially
12 all of its operations in a River Edge Redevelopment
13 Zone or zones. This subparagraph (K) is exempt from
14 the provisions of Section 250;

15 (L) An amount equal to those dividends included in
16 such total that were paid by a corporation that
17 conducts business operations in a federally designated
18 Foreign Trade Zone or Sub-Zone and that is designated
19 a High Impact Business located in Illinois; provided
20 that dividends eligible for the deduction provided in
21 subparagraph (K) of paragraph 2 of this subsection
22 shall not be eligible for the deduction provided under
23 this subparagraph (L);

24 (M) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest

1 income from a loan or loans made by such taxpayer to a
2 borrower, to the extent that such a loan is secured by
3 property which is eligible for the River Edge
4 Redevelopment Zone Investment Credit. To determine the
5 portion of a loan or loans that is secured by property
6 eligible for a Section 201(f) investment credit to the
7 borrower, the entire principal amount of the loan or
8 loans between the taxpayer and the borrower should be
9 divided into the basis of the Section 201(f)
10 investment credit property which secures the loan or
11 loans, using for this purpose the original basis of
12 such property on the date that it was placed in service
13 in the River Edge Redevelopment Zone. The subtraction
14 modification available to the taxpayer in any year
15 under this subsection shall be that portion of the
16 total interest paid by the borrower with respect to
17 such loan attributable to the eligible property as
18 calculated under the previous sentence. This
19 subparagraph (M) is exempt from the provisions of
20 Section 250;

21 (M-1) For any taxpayer that is a financial
22 organization within the meaning of Section 304(c) of
23 this Act, an amount included in such total as interest
24 income from a loan or loans made by such taxpayer to a
25 borrower, to the extent that such a loan is secured by
26 property which is eligible for the High Impact

1 Business Investment Credit. To determine the portion
2 of a loan or loans that is secured by property eligible
3 for a Section 201(h) investment credit to the
4 borrower, the entire principal amount of the loan or
5 loans between the taxpayer and the borrower should be
6 divided into the basis of the Section 201(h)
7 investment credit property which secures the loan or
8 loans, using for this purpose the original basis of
9 such property on the date that it was placed in service
10 in a federally designated Foreign Trade Zone or
11 Sub-Zone located in Illinois. No taxpayer that is
12 eligible for the deduction provided in subparagraph
13 (M) of paragraph (2) of this subsection shall be
14 eligible for the deduction provided under this
15 subparagraph (M-1). The subtraction modification
16 available to taxpayers in any year under this
17 subsection shall be that portion of the total interest
18 paid by the borrower with respect to such loan
19 attributable to the eligible property as calculated
20 under the previous sentence;

21 (N) Two times any contribution made during the
22 taxable year to a designated zone organization to the
23 extent that the contribution (i) qualifies as a
24 charitable contribution under subsection (c) of
25 Section 170 of the Internal Revenue Code and (ii)
26 must, by its terms, be used for a project approved by

1 the Department of Commerce and Economic Opportunity
2 under Section 11 of the Illinois Enterprise Zone Act
3 or under Section 10-10 of the River Edge Redevelopment
4 Zone Act. This subparagraph (N) is exempt from the
5 provisions of Section 250;

6 (O) An amount equal to: (i) 85% for taxable years
7 ending on or before December 31, 1992, or, a
8 percentage equal to the percentage allowable under
9 Section 243(a)(1) of the Internal Revenue Code of 1986
10 for taxable years ending after December 31, 1992, of
11 the amount by which dividends included in taxable
12 income and received from a corporation that is not
13 created or organized under the laws of the United
14 States or any state or political subdivision thereof,
15 including, for taxable years ending on or after
16 December 31, 1988, dividends received or deemed
17 received or paid or deemed paid under Sections 951
18 through 965 of the Internal Revenue Code, exceed the
19 amount of the modification provided under subparagraph
20 (G) of paragraph (2) of this subsection (b) which is
21 related to such dividends, and including, for taxable
22 years ending on or after December 31, 2008, dividends
23 received from a captive real estate investment trust;
24 plus (ii) 100% of the amount by which dividends,
25 included in taxable income and received, including,
26 for taxable years ending on or after December 31,

1 1988, dividends received or deemed received or paid or
2 deemed paid under Sections 951 through 964 of the
3 Internal Revenue Code and including, for taxable years
4 ending on or after December 31, 2008, dividends
5 received from a captive real estate investment trust,
6 from any such corporation specified in clause (i) that
7 would but for the provisions of Section 1504(b)(3) of
8 the Internal Revenue Code be treated as a member of the
9 affiliated group which includes the dividend
10 recipient, exceed the amount of the modification
11 provided under subparagraph (G) of paragraph (2) of
12 this subsection (b) which is related to such
13 dividends. For taxable years ending on or after June
14 30, 2021, (i) for purposes of this subparagraph, the
15 term "dividend" does not include any amount treated as
16 a dividend under Section 1248 of the Internal Revenue
17 Code, and (ii) this subparagraph shall not apply to
18 dividends for which a deduction is allowed under
19 Section 245(a) of the Internal Revenue Code. This
20 subparagraph (O) is exempt from the provisions of
21 Section 250 of this Act;

22 (P) An amount equal to any contribution made to a
23 job training project established pursuant to the Tax
24 Increment Allocation Redevelopment Act;

25 (Q) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code;

4 (R) On and after July 20, 1999, in the case of an
5 attorney-in-fact with respect to whom an interinsurer
6 or a reciprocal insurer has made the election under
7 Section 835 of the Internal Revenue Code, 26 U.S.C.
8 835, an amount equal to the excess, if any, of the
9 amounts paid or incurred by that interinsurer or
10 reciprocal insurer in the taxable year to the
11 attorney-in-fact over the deduction allowed to that
12 interinsurer or reciprocal insurer with respect to the
13 attorney-in-fact under Section 835(b) of the Internal
14 Revenue Code for the taxable year; the provisions of
15 this subparagraph are exempt from the provisions of
16 Section 250;

17 (S) For taxable years ending on or after December
18 31, 1997, in the case of a Subchapter S corporation, an
19 amount equal to all amounts of income allocable to a
20 shareholder subject to the Personal Property Tax
21 Replacement Income Tax imposed by subsections (c) and
22 (d) of Section 201 of this Act, including amounts
23 allocable to organizations exempt from federal income
24 tax by reason of Section 501(a) of the Internal
25 Revenue Code. This subparagraph (S) is exempt from the
26 provisions of Section 250;

1 (T) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) of Section 168 of the Internal
5 Revenue Code and for each applicable taxable year
6 thereafter, an amount equal to "x", where:

7 (1) "y" equals the amount of the depreciation
8 deduction taken for the taxable year on the
9 taxpayer's federal income tax return on property
10 for which the bonus depreciation deduction was
11 taken in any year under subsection (k) of Section
12 168 of the Internal Revenue Code, but not
13 including the bonus depreciation deduction;

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied
24 by 0.429);

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0;

3 (iii) for property on which a bonus
4 depreciation deduction of 100% of the adjusted
5 basis was taken in a taxable year ending on or
6 after December 31, 2021, "x" equals the
7 depreciation deduction that would be allowed
8 on that property if the taxpayer had made the
9 election under Section 168(k)(7) of the
10 Internal Revenue Code to not claim bonus
11 depreciation on that property; and

12 (iv) for property on which a bonus
13 depreciation deduction of a percentage other
14 than 30%, 50% or 100% of the adjusted basis
15 was taken in a taxable year ending on or after
16 December 31, 2021, "x" equals "y" multiplied
17 by 100 times the percentage bonus depreciation
18 on the property (that is, $100(\text{bonus}\%)$) and
19 then divided by 100 times 1 minus the
20 percentage bonus depreciation on the property
21 (that is, $100(1-\text{bonus}\%)$).

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (T) is exempt from the provisions of
3 Section 250;

4 (U) If the taxpayer sells, transfers, abandons, or
5 otherwise disposes of property for which the taxpayer
6 was required in any taxable year to make an addition
7 modification under subparagraph (E-10), then an amount
8 equal to that addition modification.

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which a
11 subtraction is allowed with respect to that property
12 under subparagraph (T) and for which the taxpayer was
13 required in any taxable year to make an addition
14 modification under subparagraph (E-10), then an amount
15 equal to that addition modification.

16 The taxpayer is allowed to take the deduction
17 under this subparagraph only once with respect to any
18 one piece of property.

19 This subparagraph (U) is exempt from the
20 provisions of Section 250;

21 (V) The amount of: (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction
24 with a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

1 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
2 the amount of such addition modification, (ii) any
3 income from intangible property (net of the deductions
4 allocable thereto) taken into account for the taxable
5 year with respect to a transaction with a taxpayer
6 that is required to make an addition modification with
7 respect to such transaction under Section
8 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
9 203(d)(2)(D-8), but not to exceed the amount of such
10 addition modification, and (iii) any insurance premium
11 income (net of deductions allocable thereto) taken
12 into account for the taxable year with respect to a
13 transaction with a taxpayer that is required to make
14 an addition modification with respect to such
15 transaction under Section 203(a)(2)(D-19), Section
16 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
17 203(d)(2)(D-9), but not to exceed the amount of that
18 addition modification. This subparagraph (V) is exempt
19 from the provisions of Section 250;

20 (W) An amount equal to the interest income taken
21 into account for the taxable year (net of the
22 deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but
25 for the fact that the foreign person's business
26 activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for
2 taxable years ending on or after December 31, 2008, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304, but
9 not to exceed the addition modification required to be
10 made for the same taxable year under Section
11 203(b)(2)(E-12) for interest paid, accrued, or
12 incurred, directly or indirectly, to the same person.
13 This subparagraph (W) is exempt from the provisions of
14 Section 250;

15 (X) An amount equal to the income from intangible
16 property taken into account for the taxable year (net
17 of the deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but
20 for the fact that the foreign person's business
21 activity outside the United States is 80% or more of
22 that person's total business activity and (ii) for
23 taxable years ending on or after December 31, 2008, to
24 a person who would be a member of the same unitary
25 business group but for the fact that the person is
26 prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or
2 she is ordinarily required to apportion business
3 income under different subsections of Section 304, but
4 not to exceed the addition modification required to be
5 made for the same taxable year under Section
6 203(b)(2)(E-13) for intangible expenses and costs
7 paid, accrued, or incurred, directly or indirectly, to
8 the same foreign person. This subparagraph (X) is
9 exempt from the provisions of Section 250;

10 (Y) For taxable years ending on or after December
11 31, 2011, in the case of a taxpayer who was required to
12 add back any insurance premiums under Section
13 203(b)(2)(E-14), such taxpayer may elect to subtract
14 that part of a reimbursement received from the
15 insurance company equal to the amount of the expense
16 or loss (including expenses incurred by the insurance
17 company) that would have been taken into account as a
18 deduction for federal income tax purposes if the
19 expense or loss had been uninsured. If a taxpayer
20 makes the election provided for by this subparagraph
21 (Y), the insurer to which the premiums were paid must
22 add back to income the amount subtracted by the
23 taxpayer pursuant to this subparagraph (Y). This
24 subparagraph (Y) is exempt from the provisions of
25 Section 250; ~~and~~

26 (Z) The difference between the nondeductible

1 controlled foreign corporation dividends under Section
2 965(e)(3) of the Internal Revenue Code over the
3 taxable income of the taxpayer, computed without
4 regard to Section 965(e)(2)(A) of the Internal Revenue
5 Code, and without regard to any net operating loss
6 deduction. This subparagraph (Z) is exempt from the
7 provisions of Section 250; and ~~and~~

8 (AA) For taxable years beginning on or after
9 January 1, 2023, for any cannabis establishment
10 operating in this State and licensed under the
11 Cannabis Regulation and Tax Act or any cannabis
12 cultivation center or medical cannabis dispensing
13 organization operating in this State and licensed
14 under the Compassionate Use of Medical Cannabis
15 Program Act, an amount equal to the deductions that
16 were disallowed under Section 280E of the Internal
17 Revenue Code for the taxable year and that would not be
18 added back under this subsection. The provisions of
19 this subparagraph (AA) are exempt from the provisions
20 of Section 250.

21 (3) Special rule. For purposes of paragraph (2)(A),
22 "gross income" in the case of a life insurance company,
23 for tax years ending on and after December 31, 1994, and
24 prior to December 31, 2011, shall mean the gross
25 investment income for the taxable year and, for tax years
26 ending on or after December 31, 2011, shall mean all

1 amounts included in life insurance gross income under
2 Section 803(a)(3) of the Internal Revenue Code.

3 (c) Trusts and estates.

4 (1) In general. In the case of a trust or estate, base
5 income means an amount equal to the taxpayer's taxable
6 income for the taxable year as modified by paragraph (2).

7 (2) Modifications. Subject to the provisions of
8 paragraph (3), the taxable income referred to in paragraph
9 (1) shall be modified by adding thereto the sum of the
10 following amounts:

11 (A) An amount equal to all amounts paid or accrued
12 to the taxpayer as interest or dividends during the
13 taxable year to the extent excluded from gross income
14 in the computation of taxable income;

15 (B) In the case of (i) an estate, \$600; (ii) a
16 trust which, under its governing instrument, is
17 required to distribute all of its income currently,
18 \$300; and (iii) any other trust, \$100, but in each such
19 case, only to the extent such amount was deducted in
20 the computation of taxable income;

21 (C) An amount equal to the amount of tax imposed by
22 this Act to the extent deducted from gross income in
23 the computation of taxable income for the taxable
24 year;

25 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net
2 operating loss carried forward from a taxable year
3 ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating
5 loss carryback or carryforward from a taxable year
6 ending prior to December 31, 1986 is an element of
7 taxable income under paragraph (1) of subsection (e)
8 or subparagraph (E) of paragraph (2) of subsection
9 (e), the amount by which addition modifications other
10 than those provided by this subparagraph (E) exceeded
11 subtraction modifications in such taxable year, with
12 the following limitations applied in the order that
13 they are listed:

14 (i) the addition modification relating to the
15 net operating loss carried back or forward to the
16 taxable year from any taxable year ending prior to
17 December 31, 1986 shall be reduced by the amount
18 of addition modification under this subparagraph
19 (E) which related to that net operating loss and
20 which was taken into account in calculating the
21 base income of an earlier taxable year, and

22 (ii) the addition modification relating to the
23 net operating loss carried back or forward to the
24 taxable year from any taxable year ending prior to
25 December 31, 1986 shall not exceed the amount of
26 such carryback or carryforward;

1 For taxable years in which there is a net
2 operating loss carryback or carryforward from more
3 than one other taxable year ending prior to December
4 31, 1986, the addition modification provided in this
5 subparagraph (E) shall be the sum of the amounts
6 computed independently under the preceding provisions
7 of this subparagraph (E) for each such taxable year;

8 (F) For taxable years ending on or after January
9 1, 1989, an amount equal to the tax deducted pursuant
10 to Section 164 of the Internal Revenue Code if the
11 trust or estate is claiming the same tax for purposes
12 of the Illinois foreign tax credit under Section 601
13 of this Act;

14 (G) An amount equal to the amount of the capital
15 gain deduction allowable under the Internal Revenue
16 Code, to the extent deducted from gross income in the
17 computation of taxable income;

18 (G-5) For taxable years ending after December 31,
19 1997, an amount equal to any eligible remediation
20 costs that the trust or estate deducted in computing
21 adjusted gross income and for which the trust or
22 estate claims a credit under subsection (1) of Section
23 201;

24 (G-10) For taxable years 2001 and thereafter, an
25 amount equal to the bonus depreciation deduction taken
26 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of
2 the Internal Revenue Code; and

3 (G-11) If the taxpayer sells, transfers, abandons,
4 or otherwise disposes of property for which the
5 taxpayer was required in any taxable year to make an
6 addition modification under subparagraph (G-10), then
7 an amount equal to the aggregate amount of the
8 deductions taken in all taxable years under
9 subparagraph (R) with respect to that property.

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which a
12 subtraction is allowed with respect to that property
13 under subparagraph (R) and for which the taxpayer was
14 allowed in any taxable year to make a subtraction
15 modification under subparagraph (R), then an amount
16 equal to that subtraction modification.

17 The taxpayer is required to make the addition
18 modification under this subparagraph only once with
19 respect to any one piece of property;

20 (G-12) An amount equal to the amount otherwise
21 allowed as a deduction in computing base income for
22 interest paid, accrued, or incurred, directly or
23 indirectly, (i) for taxable years ending on or after
24 December 31, 2004, to a foreign person who would be a
25 member of the same unitary business group but for the
26 fact that the foreign person's business activity

1 outside the United States is 80% or more of the foreign
2 person's total business activity and (ii) for taxable
3 years ending on or after December 31, 2008, to a person
4 who would be a member of the same unitary business
5 group but for the fact that the person is prohibited
6 under Section 1501(a)(27) from being included in the
7 unitary business group because he or she is ordinarily
8 required to apportion business income under different
9 subsections of Section 304. The addition modification
10 required by this subparagraph shall be reduced to the
11 extent that dividends were included in base income of
12 the unitary group for the same taxable year and
13 received by the taxpayer or by a member of the
14 taxpayer's unitary business group (including amounts
15 included in gross income pursuant to Sections 951
16 through 964 of the Internal Revenue Code and amounts
17 included in gross income under Section 78 of the
18 Internal Revenue Code) with respect to the stock of
19 the same person to whom the interest was paid,
20 accrued, or incurred.

21 This paragraph shall not apply to the following:

22 (i) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person who
24 is subject in a foreign country or state, other
25 than a state which requires mandatory unitary
26 reporting, to a tax on or measured by net income

1 with respect to such interest; or

2 (ii) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer can establish, based on a
5 preponderance of the evidence, both of the
6 following:

7 (a) the person, during the same taxable
8 year, paid, accrued, or incurred, the interest
9 to a person that is not a related member, and

10 (b) the transaction giving rise to the
11 interest expense between the taxpayer and the
12 person did not have as a principal purpose the
13 avoidance of Illinois income tax, and is paid
14 pursuant to a contract or agreement that
15 reflects an arm's-length interest rate and
16 terms; or

17 (iii) the taxpayer can establish, based on
18 clear and convincing evidence, that the interest
19 paid, accrued, or incurred relates to a contract
20 or agreement entered into at arm's-length rates
21 and terms and the principal purpose for the
22 payment is not federal or Illinois tax avoidance;
23 or

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or
2 if the taxpayer and the Director agree in writing
3 to the application or use of an alternative method
4 of apportionment under Section 304(f).

5 Nothing in this subsection shall preclude the
6 Director from making any other adjustment
7 otherwise allowed under Section 404 of this Act
8 for any tax year beginning after the effective
9 date of this amendment provided such adjustment is
10 made pursuant to regulation adopted by the
11 Department and such regulations provide methods
12 and standards by which the Department will utilize
13 its authority under Section 404 of this Act;

14 (G-13) An amount equal to the amount of intangible
15 expenses and costs otherwise allowed as a deduction in
16 computing base income, and that were paid, accrued, or
17 incurred, directly or indirectly, (i) for taxable
18 years ending on or after December 31, 2004, to a
19 foreign person who would be a member of the same
20 unitary business group but for the fact that the
21 foreign person's business activity outside the United
22 States is 80% or more of that person's total business
23 activity and (ii) for taxable years ending on or after
24 December 31, 2008, to a person who would be a member of
25 the same unitary business group but for the fact that
26 the person is prohibited under Section 1501(a)(27)

1 from being included in the unitary business group
2 because he or she is ordinarily required to apportion
3 business income under different subsections of Section
4 304. The addition modification required by this
5 subparagraph shall be reduced to the extent that
6 dividends were included in base income of the unitary
7 group for the same taxable year and received by the
8 taxpayer or by a member of the taxpayer's unitary
9 business group (including amounts included in gross
10 income pursuant to Sections 951 through 964 of the
11 Internal Revenue Code and amounts included in gross
12 income under Section 78 of the Internal Revenue Code)
13 with respect to the stock of the same person to whom
14 the intangible expenses and costs were directly or
15 indirectly paid, incurred, or accrued. The preceding
16 sentence shall not apply to the extent that the same
17 dividends caused a reduction to the addition
18 modification required under Section 203(c)(2)(G-12) of
19 this Act. As used in this subparagraph, the term
20 "intangible expenses and costs" includes: (1)
21 expenses, losses, and costs for or related to the
22 direct or indirect acquisition, use, maintenance or
23 management, ownership, sale, exchange, or any other
24 disposition of intangible property; (2) losses
25 incurred, directly or indirectly, from factoring
26 transactions or discounting transactions; (3) royalty,

1 patent, technical, and copyright fees; (4) licensing
2 fees; and (5) other similar expenses and costs. For
3 purposes of this subparagraph, "intangible property"
4 includes patents, patent applications, trade names,
5 trademarks, service marks, copyrights, mask works,
6 trade secrets, and similar types of intangible assets.

7 This paragraph shall not apply to the following:

8 (i) any item of intangible expenses or costs
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person who
11 is subject in a foreign country or state, other
12 than a state which requires mandatory unitary
13 reporting, to a tax on or measured by net income
14 with respect to such item; or

15 (ii) any item of intangible expense or cost
16 paid, accrued, or incurred, directly or
17 indirectly, if the taxpayer can establish, based
18 on a preponderance of the evidence, both of the
19 following:

20 (a) the person during the same taxable
21 year paid, accrued, or incurred, the
22 intangible expense or cost to a person that is
23 not a related member, and

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

5 (iii) any item of intangible expense or cost
6 paid, accrued, or incurred, directly or
7 indirectly, from a transaction with a person if
8 the taxpayer establishes by clear and convincing
9 evidence, that the adjustments are unreasonable;
10 or if the taxpayer and the Director agree in
11 writing to the application or use of an
12 alternative method of apportionment under Section
13 304(f);

14 Nothing in this subsection shall preclude the
15 Director from making any other adjustment
16 otherwise allowed under Section 404 of this Act
17 for any tax year beginning after the effective
18 date of this amendment provided such adjustment is
19 made pursuant to regulation adopted by the
20 Department and such regulations provide methods
21 and standards by which the Department will utilize
22 its authority under Section 404 of this Act;

23 (G-14) For taxable years ending on or after
24 December 31, 2008, an amount equal to the amount of
25 insurance premium expenses and costs otherwise allowed
26 as a deduction in computing base income, and that were

1 paid, accrued, or incurred, directly or indirectly, to
2 a person who would be a member of the same unitary
3 business group but for the fact that the person is
4 prohibited under Section 1501(a)(27) from being
5 included in the unitary business group because he or
6 she is ordinarily required to apportion business
7 income under different subsections of Section 304. The
8 addition modification required by this subparagraph
9 shall be reduced to the extent that dividends were
10 included in base income of the unitary group for the
11 same taxable year and received by the taxpayer or by a
12 member of the taxpayer's unitary business group
13 (including amounts included in gross income under
14 Sections 951 through 964 of the Internal Revenue Code
15 and amounts included in gross income under Section 78
16 of the Internal Revenue Code) with respect to the
17 stock of the same person to whom the premiums and costs
18 were directly or indirectly paid, incurred, or
19 accrued. The preceding sentence does not apply to the
20 extent that the same dividends caused a reduction to
21 the addition modification required under Section
22 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
23 Act;

24 (G-15) An amount equal to the credit allowable to
25 the taxpayer under Section 218(a) of this Act,
26 determined without regard to Section 218(c) of this

1 Act;

2 (G-16) For taxable years ending on or after
3 December 31, 2017, an amount equal to the deduction
4 allowed under Section 199 of the Internal Revenue Code
5 for the taxable year;

6 and by deducting from the total so obtained the sum of the
7 following amounts:

8 (H) An amount equal to all amounts included in
9 such total pursuant to the provisions of Sections
10 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
11 of the Internal Revenue Code or included in such total
12 as distributions under the provisions of any
13 retirement or disability plan for employees of any
14 governmental agency or unit, or retirement payments to
15 retired partners, which payments are excluded in
16 computing net earnings from self employment by Section
17 1402 of the Internal Revenue Code and regulations
18 adopted pursuant thereto;

19 (I) The valuation limitation amount;

20 (J) An amount equal to the amount of any tax
21 imposed by this Act which was refunded to the taxpayer
22 and included in such total for the taxable year;

23 (K) An amount equal to all amounts included in
24 taxable income as modified by subparagraphs (A), (B),
25 (C), (D), (E), (F) and (G) which are exempt from
26 taxation by this State either by reason of its

1 statutes or Constitution or by reason of the
2 Constitution, treaties or statutes of the United
3 States; provided that, in the case of any statute of
4 this State that exempts income derived from bonds or
5 other obligations from the tax imposed under this Act,
6 the amount exempted shall be the interest net of bond
7 premium amortization;

8 (L) With the exception of any amounts subtracted
9 under subparagraph (K), an amount equal to the sum of
10 all amounts disallowed as deductions by (i) Sections
11 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
12 and all amounts of expenses allocable to interest and
13 disallowed as deductions by Section 265(a)(1) of the
14 Internal Revenue Code; and (ii) for taxable years
15 ending on or after August 13, 1999, Sections
16 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
17 Internal Revenue Code, plus, (iii) for taxable years
18 ending on or after December 31, 2011, Section
19 45G(e)(3) of the Internal Revenue Code and, for
20 taxable years ending on or after December 31, 2008,
21 any amount included in gross income under Section 87
22 of the Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

25 (M) An amount equal to those dividends included in
26 such total which were paid by a corporation which

1 conducts business operations in a River Edge
2 Redevelopment Zone or zones created under the River
3 Edge Redevelopment Zone Act and conducts substantially
4 all of its operations in a River Edge Redevelopment
5 Zone or zones. This subparagraph (M) is exempt from
6 the provisions of Section 250;

7 (N) An amount equal to any contribution made to a
8 job training project established pursuant to the Tax
9 Increment Allocation Redevelopment Act;

10 (O) An amount equal to those dividends included in
11 such total that were paid by a corporation that
12 conducts business operations in a federally designated
13 Foreign Trade Zone or Sub-Zone and that is designated
14 a High Impact Business located in Illinois; provided
15 that dividends eligible for the deduction provided in
16 subparagraph (M) of paragraph (2) of this subsection
17 shall not be eligible for the deduction provided under
18 this subparagraph (O);

19 (P) An amount equal to the amount of the deduction
20 used to compute the federal income tax credit for
21 restoration of substantial amounts held under claim of
22 right for the taxable year pursuant to Section 1341 of
23 the Internal Revenue Code;

24 (Q) For taxable year 1999 and thereafter, an
25 amount equal to the amount of any (i) distributions,
26 to the extent includible in gross income for federal

1 income tax purposes, made to the taxpayer because of
2 his or her status as a victim of persecution for racial
3 or religious reasons by Nazi Germany or any other Axis
4 regime or as an heir of the victim and (ii) items of
5 income, to the extent includible in gross income for
6 federal income tax purposes, attributable to, derived
7 from or in any way related to assets stolen from,
8 hidden from, or otherwise lost to a victim of
9 persecution for racial or religious reasons by Nazi
10 Germany or any other Axis regime immediately prior to,
11 during, and immediately after World War II, including,
12 but not limited to, interest on the proceeds
13 receivable as insurance under policies issued to a
14 victim of persecution for racial or religious reasons
15 by Nazi Germany or any other Axis regime by European
16 insurance companies immediately prior to and during
17 World War II; provided, however, this subtraction from
18 federal adjusted gross income does not apply to assets
19 acquired with such assets or with the proceeds from
20 the sale of such assets; provided, further, this
21 paragraph shall only apply to a taxpayer who was the
22 first recipient of such assets after their recovery
23 and who is a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim. The amount of and
26 the eligibility for any public assistance, benefit, or

1 similar entitlement is not affected by the inclusion
2 of items (i) and (ii) of this paragraph in gross income
3 for federal income tax purposes. This paragraph is
4 exempt from the provisions of Section 250;

5 (R) For taxable years 2001 and thereafter, for the
6 taxable year in which the bonus depreciation deduction
7 is taken on the taxpayer's federal income tax return
8 under subsection (k) of Section 168 of the Internal
9 Revenue Code and for each applicable taxable year
10 thereafter, an amount equal to "x", where:

11 (1) "y" equals the amount of the depreciation
12 deduction taken for the taxable year on the
13 taxpayer's federal income tax return on property
14 for which the bonus depreciation deduction was
15 taken in any year under subsection (k) of Section
16 168 of the Internal Revenue Code, but not
17 including the bonus depreciation deduction;

18 (2) for taxable years ending on or before
19 December 31, 2005, "x" equals "y" multiplied by 30
20 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied
2 by 0.429);

3 (ii) for property on which a bonus
4 depreciation deduction of 50% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 1.0;

7 (iii) for property on which a bonus
8 depreciation deduction of 100% of the adjusted
9 basis was taken in a taxable year ending on or
10 after December 31, 2021, "x" equals the
11 depreciation deduction that would be allowed
12 on that property if the taxpayer had made the
13 election under Section 168(k)(7) of the
14 Internal Revenue Code to not claim bonus
15 depreciation on that property; and

16 (iv) for property on which a bonus
17 depreciation deduction of a percentage other
18 than 30%, 50% or 100% of the adjusted basis
19 was taken in a taxable year ending on or after
20 December 31, 2021, "x" equals "y" multiplied
21 by 100 times the percentage bonus depreciation
22 on the property (that is, $100(\text{bonus}\%)$) and
23 then divided by 100 times 1 minus the
24 percentage bonus depreciation on the property
25 (that is, $100(1-\text{bonus}\%)$).

26 The aggregate amount deducted under this

1 subparagraph in all taxable years for any one piece of
2 property may not exceed the amount of the bonus
3 depreciation deduction taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code. This
6 subparagraph (R) is exempt from the provisions of
7 Section 250;

8 (S) If the taxpayer sells, transfers, abandons, or
9 otherwise disposes of property for which the taxpayer
10 was required in any taxable year to make an addition
11 modification under subparagraph (G-10), then an amount
12 equal to that addition modification.

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which a
15 subtraction is allowed with respect to that property
16 under subparagraph (R) and for which the taxpayer was
17 required in any taxable year to make an addition
18 modification under subparagraph (G-10), then an amount
19 equal to that addition modification.

20 The taxpayer is allowed to take the deduction
21 under this subparagraph only once with respect to any
22 one piece of property.

23 This subparagraph (S) is exempt from the
24 provisions of Section 250;

25 (T) The amount of (i) any interest income (net of
26 the deductions allocable thereto) taken into account

1 for the taxable year with respect to a transaction
2 with a taxpayer that is required to make an addition
3 modification with respect to such transaction under
4 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
5 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
6 the amount of such addition modification and (ii) any
7 income from intangible property (net of the deductions
8 allocable thereto) taken into account for the taxable
9 year with respect to a transaction with a taxpayer
10 that is required to make an addition modification with
11 respect to such transaction under Section
12 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
13 203(d)(2)(D-8), but not to exceed the amount of such
14 addition modification. This subparagraph (T) is exempt
15 from the provisions of Section 250;

16 (U) An amount equal to the interest income taken
17 into account for the taxable year (net of the
18 deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but
21 for the fact the foreign person's business activity
22 outside the United States is 80% or more of that
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(c)(2)(G-12) for
7 interest paid, accrued, or incurred, directly or
8 indirectly, to the same person. This subparagraph (U)
9 is exempt from the provisions of Section 250;

10 (V) An amount equal to the income from intangible
11 property taken into account for the taxable year (net
12 of the deductions allocable thereto) with respect to
13 transactions with (i) a foreign person who would be a
14 member of the taxpayer's unitary business group but
15 for the fact that the foreign person's business
16 activity outside the United States is 80% or more of
17 that person's total business activity and (ii) for
18 taxable years ending on or after December 31, 2008, to
19 a person who would be a member of the same unitary
20 business group but for the fact that the person is
21 prohibited under Section 1501(a)(27) from being
22 included in the unitary business group because he or
23 she is ordinarily required to apportion business
24 income under different subsections of Section 304, but
25 not to exceed the addition modification required to be
26 made for the same taxable year under Section

1 203(c)(2)(G-13) for intangible expenses and costs
2 paid, accrued, or incurred, directly or indirectly, to
3 the same foreign person. This subparagraph (V) is
4 exempt from the provisions of Section 250;

5 (W) in the case of an estate, an amount equal to
6 all amounts included in such total pursuant to the
7 provisions of Section 111 of the Internal Revenue Code
8 as a recovery of items previously deducted by the
9 decedent from adjusted gross income in the computation
10 of taxable income. This subparagraph (W) is exempt
11 from Section 250;

12 (X) an amount equal to the refund included in such
13 total of any tax deducted for federal income tax
14 purposes, to the extent that deduction was added back
15 under subparagraph (F). This subparagraph (X) is
16 exempt from the provisions of Section 250;

17 (Y) For taxable years ending on or after December
18 31, 2011, in the case of a taxpayer who was required to
19 add back any insurance premiums under Section
20 203(c)(2)(G-14), such taxpayer may elect to subtract
21 that part of a reimbursement received from the
22 insurance company equal to the amount of the expense
23 or loss (including expenses incurred by the insurance
24 company) that would have been taken into account as a
25 deduction for federal income tax purposes if the
26 expense or loss had been uninsured. If a taxpayer

1 makes the election provided for by this subparagraph
2 (Y), the insurer to which the premiums were paid must
3 add back to income the amount subtracted by the
4 taxpayer pursuant to this subparagraph (Y). This
5 subparagraph (Y) is exempt from the provisions of
6 Section 250; ~~and~~

7 (Z) For taxable years beginning after December 31,
8 2018 and before January 1, 2026, the amount of excess
9 business loss of the taxpayer disallowed as a
10 deduction by Section 461(1)(1)(B) of the Internal
11 Revenue Code; ~~and -~~

12 (AA) For taxable years beginning on or after
13 January 1, 2023, for any cannabis establishment
14 operating in this State and licensed under the
15 Cannabis Regulation and Tax Act or any cannabis
16 cultivation center or medical cannabis dispensing
17 organization operating in this State and licensed
18 under the Compassionate Use of Medical Cannabis
19 Program Act, an amount equal to the deductions that
20 were disallowed under Section 280E of the Internal
21 Revenue Code for the taxable year and that would not be
22 added back under this subsection. The provisions of
23 this subparagraph (AA) are exempt from the provisions
24 of Section 250.

25 (3) Limitation. The amount of any modification
26 otherwise required under this subsection shall, under

1 regulations prescribed by the Department, be adjusted by
2 any amounts included therein which were properly paid,
3 credited, or required to be distributed, or permanently
4 set aside for charitable purposes pursuant to Internal
5 Revenue Code Section 642(c) during the taxable year.

6 (d) Partnerships.

7 (1) In general. In the case of a partnership, base
8 income means an amount equal to the taxpayer's taxable
9 income for the taxable year as modified by paragraph (2).

10 (2) Modifications. The taxable income referred to in
11 paragraph (1) shall be modified by adding thereto the sum
12 of the following amounts:

13 (A) An amount equal to all amounts paid or accrued
14 to the taxpayer as interest or dividends during the
15 taxable year to the extent excluded from gross income
16 in the computation of taxable income;

17 (B) An amount equal to the amount of tax imposed by
18 this Act to the extent deducted from gross income for
19 the taxable year;

20 (C) The amount of deductions allowed to the
21 partnership pursuant to Section 707 (c) of the
22 Internal Revenue Code in calculating its taxable
23 income;

24 (D) An amount equal to the amount of the capital
25 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the
2 computation of taxable income;

3 (D-5) For taxable years 2001 and thereafter, an
4 amount equal to the bonus depreciation deduction taken
5 on the taxpayer's federal income tax return for the
6 taxable year under subsection (k) of Section 168 of
7 the Internal Revenue Code;

8 (D-6) If the taxpayer sells, transfers, abandons,
9 or otherwise disposes of property for which the
10 taxpayer was required in any taxable year to make an
11 addition modification under subparagraph (D-5), then
12 an amount equal to the aggregate amount of the
13 deductions taken in all taxable years under
14 subparagraph (O) with respect to that property.

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which a
17 subtraction is allowed with respect to that property
18 under subparagraph (O) and for which the taxpayer was
19 allowed in any taxable year to make a subtraction
20 modification under subparagraph (O), then an amount
21 equal to that subtraction modification.

22 The taxpayer is required to make the addition
23 modification under this subparagraph only once with
24 respect to any one piece of property;

25 (D-7) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

1 interest paid, accrued, or incurred, directly or
2 indirectly, (i) for taxable years ending on or after
3 December 31, 2004, to a foreign person who would be a
4 member of the same unitary business group but for the
5 fact the foreign person's business activity outside
6 the United States is 80% or more of the foreign
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304. The addition modification
15 required by this subparagraph shall be reduced to the
16 extent that dividends were included in base income of
17 the unitary group for the same taxable year and
18 received by the taxpayer or by a member of the
19 taxpayer's unitary business group (including amounts
20 included in gross income pursuant to Sections 951
21 through 964 of the Internal Revenue Code and amounts
22 included in gross income under Section 78 of the
23 Internal Revenue Code) with respect to the stock of
24 the same person to whom the interest was paid,
25 accrued, or incurred.

26 This paragraph shall not apply to the following:

1 (i) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person who
3 is subject in a foreign country or state, other
4 than a state which requires mandatory unitary
5 reporting, to a tax on or measured by net income
6 with respect to such interest; or

7 (ii) an item of interest paid, accrued, or
8 incurred, directly or indirectly, to a person if
9 the taxpayer can establish, based on a
10 preponderance of the evidence, both of the
11 following:

12 (a) the person, during the same taxable
13 year, paid, accrued, or incurred, the interest
14 to a person that is not a related member, and

15 (b) the transaction giving rise to the
16 interest expense between the taxpayer and the
17 person did not have as a principal purpose the
18 avoidance of Illinois income tax, and is paid
19 pursuant to a contract or agreement that
20 reflects an arm's-length interest rate and
21 terms; or

22 (iii) the taxpayer can establish, based on
23 clear and convincing evidence, that the interest
24 paid, accrued, or incurred relates to a contract
25 or agreement entered into at arm's-length rates
26 and terms and the principal purpose for the

1 payment is not federal or Illinois tax avoidance;

2 or

3 (iv) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person if
5 the taxpayer establishes by clear and convincing
6 evidence that the adjustments are unreasonable; or
7 if the taxpayer and the Director agree in writing
8 to the application or use of an alternative method
9 of apportionment under Section 304(f).

10 Nothing in this subsection shall preclude the
11 Director from making any other adjustment
12 otherwise allowed under Section 404 of this Act
13 for any tax year beginning after the effective
14 date of this amendment provided such adjustment is
15 made pursuant to regulation adopted by the
16 Department and such regulations provide methods
17 and standards by which the Department will utilize
18 its authority under Section 404 of this Act; and

19 (D-8) An amount equal to the amount of intangible
20 expenses and costs otherwise allowed as a deduction in
21 computing base income, and that were paid, accrued, or
22 incurred, directly or indirectly, (i) for taxable
23 years ending on or after December 31, 2004, to a
24 foreign person who would be a member of the same
25 unitary business group but for the fact that the
26 foreign person's business activity outside the United

1 States is 80% or more of that person's total business
2 activity and (ii) for taxable years ending on or after
3 December 31, 2008, to a person who would be a member of
4 the same unitary business group but for the fact that
5 the person is prohibited under Section 1501(a)(27)
6 from being included in the unitary business group
7 because he or she is ordinarily required to apportion
8 business income under different subsections of Section
9 304. The addition modification required by this
10 subparagraph shall be reduced to the extent that
11 dividends were included in base income of the unitary
12 group for the same taxable year and received by the
13 taxpayer or by a member of the taxpayer's unitary
14 business group (including amounts included in gross
15 income pursuant to Sections 951 through 964 of the
16 Internal Revenue Code and amounts included in gross
17 income under Section 78 of the Internal Revenue Code)
18 with respect to the stock of the same person to whom
19 the intangible expenses and costs were directly or
20 indirectly paid, incurred or accrued. The preceding
21 sentence shall not apply to the extent that the same
22 dividends caused a reduction to the addition
23 modification required under Section 203(d)(2)(D-7) of
24 this Act. As used in this subparagraph, the term
25 "intangible expenses and costs" includes (1) expenses,
26 losses, and costs for, or related to, the direct or

1 indirect acquisition, use, maintenance or management,
2 ownership, sale, exchange, or any other disposition of
3 intangible property; (2) losses incurred, directly or
4 indirectly, from factoring transactions or discounting
5 transactions; (3) royalty, patent, technical, and
6 copyright fees; (4) licensing fees; and (5) other
7 similar expenses and costs. For purposes of this
8 subparagraph, "intangible property" includes patents,
9 patent applications, trade names, trademarks, service
10 marks, copyrights, mask works, trade secrets, and
11 similar types of intangible assets;

12 This paragraph shall not apply to the following:

13 (i) any item of intangible expenses or costs
14 paid, accrued, or incurred, directly or
15 indirectly, from a transaction with a person who
16 is subject in a foreign country or state, other
17 than a state which requires mandatory unitary
18 reporting, to a tax on or measured by net income
19 with respect to such item; or

20 (ii) any item of intangible expense or cost
21 paid, accrued, or incurred, directly or
22 indirectly, if the taxpayer can establish, based
23 on a preponderance of the evidence, both of the
24 following:

25 (a) the person during the same taxable
26 year paid, accrued, or incurred, the

1 intangible expense or cost to a person that is
2 not a related member, and

3 (b) the transaction giving rise to the
4 intangible expense or cost between the
5 taxpayer and the person did not have as a
6 principal purpose the avoidance of Illinois
7 income tax, and is paid pursuant to a contract
8 or agreement that reflects arm's-length terms;
9 or

10 (iii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person if
13 the taxpayer establishes by clear and convincing
14 evidence, that the adjustments are unreasonable;
15 or if the taxpayer and the Director agree in
16 writing to the application or use of an
17 alternative method of apportionment under Section
18 304(f);

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act
22 for any tax year beginning after the effective
23 date of this amendment provided such adjustment is
24 made pursuant to regulation adopted by the
25 Department and such regulations provide methods
26 and standards by which the Department will utilize

1 its authority under Section 404 of this Act;

2 (D-9) For taxable years ending on or after
3 December 31, 2008, an amount equal to the amount of
4 insurance premium expenses and costs otherwise allowed
5 as a deduction in computing base income, and that were
6 paid, accrued, or incurred, directly or indirectly, to
7 a person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304. The
13 addition modification required by this subparagraph
14 shall be reduced to the extent that dividends were
15 included in base income of the unitary group for the
16 same taxable year and received by the taxpayer or by a
17 member of the taxpayer's unitary business group
18 (including amounts included in gross income under
19 Sections 951 through 964 of the Internal Revenue Code
20 and amounts included in gross income under Section 78
21 of the Internal Revenue Code) with respect to the
22 stock of the same person to whom the premiums and costs
23 were directly or indirectly paid, incurred, or
24 accrued. The preceding sentence does not apply to the
25 extent that the same dividends caused a reduction to
26 the addition modification required under Section

1 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

2 (D-10) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

6 (D-11) For taxable years ending on or after
7 December 31, 2017, an amount equal to the deduction
8 allowed under Section 199 of the Internal Revenue Code
9 for the taxable year;

10 and by deducting from the total so obtained the following
11 amounts:

12 (E) The valuation limitation amount;

13 (F) An amount equal to the amount of any tax
14 imposed by this Act which was refunded to the taxpayer
15 and included in such total for the taxable year;

16 (G) An amount equal to all amounts included in
17 taxable income as modified by subparagraphs (A), (B),
18 (C) and (D) which are exempt from taxation by this
19 State either by reason of its statutes or Constitution
20 or by reason of the Constitution, treaties or statutes
21 of the United States; provided that, in the case of any
22 statute of this State that exempts income derived from
23 bonds or other obligations from the tax imposed under
24 this Act, the amount exempted shall be the interest
25 net of bond premium amortization;

26 (H) Any income of the partnership which

1 constitutes personal service income as defined in
2 Section 1348(b)(1) of the Internal Revenue Code (as in
3 effect December 31, 1981) or a reasonable allowance
4 for compensation paid or accrued for services rendered
5 by partners to the partnership, whichever is greater;
6 this subparagraph (H) is exempt from the provisions of
7 Section 250;

8 (I) An amount equal to all amounts of income
9 distributable to an entity subject to the Personal
10 Property Tax Replacement Income Tax imposed by
11 subsections (c) and (d) of Section 201 of this Act
12 including amounts distributable to organizations
13 exempt from federal income tax by reason of Section
14 501(a) of the Internal Revenue Code; this subparagraph
15 (I) is exempt from the provisions of Section 250;

16 (J) With the exception of any amounts subtracted
17 under subparagraph (G), an amount equal to the sum of
18 all amounts disallowed as deductions by (i) Sections
19 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
20 and all amounts of expenses allocable to interest and
21 disallowed as deductions by Section 265(a)(1) of the
22 Internal Revenue Code; and (ii) for taxable years
23 ending on or after August 13, 1999, Sections
24 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
25 Internal Revenue Code, plus, (iii) for taxable years
26 ending on or after December 31, 2011, Section

1 45G(e)(3) of the Internal Revenue Code and, for
2 taxable years ending on or after December 31, 2008,
3 any amount included in gross income under Section 87
4 of the Internal Revenue Code; the provisions of this
5 subparagraph are exempt from the provisions of Section
6 250;

7 (K) An amount equal to those dividends included in
8 such total which were paid by a corporation which
9 conducts business operations in a River Edge
10 Redevelopment Zone or zones created under the River
11 Edge Redevelopment Zone Act and conducts substantially
12 all of its operations from a River Edge Redevelopment
13 Zone or zones. This subparagraph (K) is exempt from
14 the provisions of Section 250;

15 (L) An amount equal to any contribution made to a
16 job training project established pursuant to the Real
17 Property Tax Increment Allocation Redevelopment Act;

18 (M) An amount equal to those dividends included in
19 such total that were paid by a corporation that
20 conducts business operations in a federally designated
21 Foreign Trade Zone or Sub-Zone and that is designated
22 a High Impact Business located in Illinois; provided
23 that dividends eligible for the deduction provided in
24 subparagraph (K) of paragraph (2) of this subsection
25 shall not be eligible for the deduction provided under
26 this subparagraph (M);

1 (N) An amount equal to the amount of the deduction
2 used to compute the federal income tax credit for
3 restoration of substantial amounts held under claim of
4 right for the taxable year pursuant to Section 1341 of
5 the Internal Revenue Code;

6 (O) For taxable years 2001 and thereafter, for the
7 taxable year in which the bonus depreciation deduction
8 is taken on the taxpayer's federal income tax return
9 under subsection (k) of Section 168 of the Internal
10 Revenue Code and for each applicable taxable year
11 thereafter, an amount equal to "x", where:

12 (1) "y" equals the amount of the depreciation
13 deduction taken for the taxable year on the
14 taxpayer's federal income tax return on property
15 for which the bonus depreciation deduction was
16 taken in any year under subsection (k) of Section
17 168 of the Internal Revenue Code, but not
18 including the bonus depreciation deduction;

19 (2) for taxable years ending on or before
20 December 31, 2005, "x" equals "y" multiplied by 30
21 and then divided by 70 (or "y" multiplied by
22 0.429); and

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429);

4 (ii) for property on which a bonus
5 depreciation deduction of 50% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 1.0;

8 (iii) for property on which a bonus
9 depreciation deduction of 100% of the adjusted
10 basis was taken in a taxable year ending on or
11 after December 31, 2021, "x" equals the
12 depreciation deduction that would be allowed
13 on that property if the taxpayer had made the
14 election under Section 168(k)(7) of the
15 Internal Revenue Code to not claim bonus
16 depreciation on that property; and

17 (iv) for property on which a bonus
18 depreciation deduction of a percentage other
19 than 30%, 50% or 100% of the adjusted basis
20 was taken in a taxable year ending on or after
21 December 31, 2021, "x" equals "y" multiplied
22 by 100 times the percentage bonus depreciation
23 on the property (that is, $100(\text{bonus}\%)$) and
24 then divided by 100 times 1 minus the
25 percentage bonus depreciation on the property
26 (that is, $100(1-\text{bonus}\%)$).

1 The aggregate amount deducted under this
2 subparagraph in all taxable years for any one piece of
3 property may not exceed the amount of the bonus
4 depreciation deduction taken on that property on the
5 taxpayer's federal income tax return under subsection
6 (k) of Section 168 of the Internal Revenue Code. This
7 subparagraph (O) is exempt from the provisions of
8 Section 250;

9 (P) If the taxpayer sells, transfers, abandons, or
10 otherwise disposes of property for which the taxpayer
11 was required in any taxable year to make an addition
12 modification under subparagraph (D-5), then an amount
13 equal to that addition modification.

14 If the taxpayer continues to own property through
15 the last day of the last tax year for which a
16 subtraction is allowed with respect to that property
17 under subparagraph (O) and for which the taxpayer was
18 required in any taxable year to make an addition
19 modification under subparagraph (D-5), then an amount
20 equal to that addition modification.

21 The taxpayer is allowed to take the deduction
22 under this subparagraph only once with respect to any
23 one piece of property.

24 This subparagraph (P) is exempt from the
25 provisions of Section 250;

26 (Q) The amount of (i) any interest income (net of

1 the deductions allocable thereto) taken into account
2 for the taxable year with respect to a transaction
3 with a taxpayer that is required to make an addition
4 modification with respect to such transaction under
5 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
6 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
7 the amount of such addition modification and (ii) any
8 income from intangible property (net of the deductions
9 allocable thereto) taken into account for the taxable
10 year with respect to a transaction with a taxpayer
11 that is required to make an addition modification with
12 respect to such transaction under Section
13 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
14 203(d)(2)(D-8), but not to exceed the amount of such
15 addition modification. This subparagraph (Q) is exempt
16 from Section 250;

17 (R) An amount equal to the interest income taken
18 into account for the taxable year (net of the
19 deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but
22 for the fact that the foreign person's business
23 activity outside the United States is 80% or more of
24 that person's total business activity and (ii) for
25 taxable years ending on or after December 31, 2008, to
26 a person who would be a member of the same unitary

1 business group but for the fact that the person is
2 prohibited under Section 1501(a)(27) from being
3 included in the unitary business group because he or
4 she is ordinarily required to apportion business
5 income under different subsections of Section 304, but
6 not to exceed the addition modification required to be
7 made for the same taxable year under Section
8 203(d)(2)(D-7) for interest paid, accrued, or
9 incurred, directly or indirectly, to the same person.
10 This subparagraph (R) is exempt from Section 250;

11 (S) An amount equal to the income from intangible
12 property taken into account for the taxable year (net
13 of the deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but
16 for the fact that the foreign person's business
17 activity outside the United States is 80% or more of
18 that person's total business activity and (ii) for
19 taxable years ending on or after December 31, 2008, to
20 a person who would be a member of the same unitary
21 business group but for the fact that the person is
22 prohibited under Section 1501(a)(27) from being
23 included in the unitary business group because he or
24 she is ordinarily required to apportion business
25 income under different subsections of Section 304, but
26 not to exceed the addition modification required to be

1 made for the same taxable year under Section
2 203(d)(2)(D-8) for intangible expenses and costs paid,
3 accrued, or incurred, directly or indirectly, to the
4 same person. This subparagraph (S) is exempt from
5 Section 250; ~~and~~

6 (T) For taxable years ending on or after December
7 31, 2011, in the case of a taxpayer who was required to
8 add back any insurance premiums under Section
9 203(d)(2)(D-9), such taxpayer may elect to subtract
10 that part of a reimbursement received from the
11 insurance company equal to the amount of the expense
12 or loss (including expenses incurred by the insurance
13 company) that would have been taken into account as a
14 deduction for federal income tax purposes if the
15 expense or loss had been uninsured. If a taxpayer
16 makes the election provided for by this subparagraph
17 (T), the insurer to which the premiums were paid must
18 add back to income the amount subtracted by the
19 taxpayer pursuant to this subparagraph (T). This
20 subparagraph (T) is exempt from the provisions of
21 Section 250; and -

22 (U) For taxable years beginning on or after
23 January 1, 2023, for any cannabis establishment
24 operating in this State and licensed under the
25 Cannabis Regulation and Tax Act or any cannabis
26 cultivation center or medical cannabis dispensing

1 organization operating in this State and licensed
2 under the Compassionate Use of Medical Cannabis
3 Program Act, an amount equal to the deductions that
4 were disallowed under Section 280E of the Internal
5 Revenue Code for the taxable year and that would not be
6 added back under this subsection. The provisions of
7 this subparagraph (U) are exempt from the provisions
8 of Section 250.

9 (e) Gross income; adjusted gross income; taxable income.

10 (1) In general. Subject to the provisions of paragraph
11 (2) and subsection (b)(3), for purposes of this Section
12 and Section 803(e), a taxpayer's gross income, adjusted
13 gross income, or taxable income for the taxable year shall
14 mean the amount of gross income, adjusted gross income or
15 taxable income properly reportable for federal income tax
16 purposes for the taxable year under the provisions of the
17 Internal Revenue Code. Taxable income may be less than
18 zero. However, for taxable years ending on or after
19 December 31, 1986, net operating loss carryforwards from
20 taxable years ending prior to December 31, 1986, may not
21 exceed the sum of federal taxable income for the taxable
22 year before net operating loss deduction, plus the excess
23 of addition modifications over subtraction modifications
24 for the taxable year. For taxable years ending prior to
25 December 31, 1986, taxable income may never be an amount

1 in excess of the net operating loss for the taxable year as
2 defined in subsections (c) and (d) of Section 172 of the
3 Internal Revenue Code, provided that when taxable income
4 of a corporation (other than a Subchapter S corporation),
5 trust, or estate is less than zero and addition
6 modifications, other than those provided by subparagraph
7 (E) of paragraph (2) of subsection (b) for corporations or
8 subparagraph (E) of paragraph (2) of subsection (c) for
9 trusts and estates, exceed subtraction modifications, an
10 addition modification must be made under those
11 subparagraphs for any other taxable year to which the
12 taxable income less than zero (net operating loss) is
13 applied under Section 172 of the Internal Revenue Code or
14 under subparagraph (E) of paragraph (2) of this subsection
15 (e) applied in conjunction with Section 172 of the
16 Internal Revenue Code.

17 (2) Special rule. For purposes of paragraph (1) of
18 this subsection, the taxable income properly reportable
19 for federal income tax purposes shall mean:

20 (A) Certain life insurance companies. In the case
21 of a life insurance company subject to the tax imposed
22 by Section 801 of the Internal Revenue Code, life
23 insurance company taxable income, plus the amount of
24 distribution from pre-1984 policyholder surplus
25 accounts as calculated under Section 815a of the
26 Internal Revenue Code;

1 (B) Certain other insurance companies. In the case
2 of mutual insurance companies subject to the tax
3 imposed by Section 831 of the Internal Revenue Code,
4 insurance company taxable income;

5 (C) Regulated investment companies. In the case of
6 a regulated investment company subject to the tax
7 imposed by Section 852 of the Internal Revenue Code,
8 investment company taxable income;

9 (D) Real estate investment trusts. In the case of
10 a real estate investment trust subject to the tax
11 imposed by Section 857 of the Internal Revenue Code,
12 real estate investment trust taxable income;

13 (E) Consolidated corporations. In the case of a
14 corporation which is a member of an affiliated group
15 of corporations filing a consolidated income tax
16 return for the taxable year for federal income tax
17 purposes, taxable income determined as if such
18 corporation had filed a separate return for federal
19 income tax purposes for the taxable year and each
20 preceding taxable year for which it was a member of an
21 affiliated group. For purposes of this subparagraph,
22 the taxpayer's separate taxable income shall be
23 determined as if the election provided by Section
24 243(b)(2) of the Internal Revenue Code had been in
25 effect for all such years;

26 (F) Cooperatives. In the case of a cooperative

1 corporation or association, the taxable income of such
2 organization determined in accordance with the
3 provisions of Section 1381 through 1388 of the
4 Internal Revenue Code, but without regard to the
5 prohibition against offsetting losses from patronage
6 activities against income from nonpatronage
7 activities; except that a cooperative corporation or
8 association may make an election to follow its federal
9 income tax treatment of patronage losses and
10 nonpatronage losses. In the event such election is
11 made, such losses shall be computed and carried over
12 in a manner consistent with subsection (a) of Section
13 207 of this Act and apportioned by the apportionment
14 factor reported by the cooperative on its Illinois
15 income tax return filed for the taxable year in which
16 the losses are incurred. The election shall be
17 effective for all taxable years with original returns
18 due on or after the date of the election. In addition,
19 the cooperative may file an amended return or returns,
20 as allowed under this Act, to provide that the
21 election shall be effective for losses incurred or
22 carried forward for taxable years occurring prior to
23 the date of the election. Once made, the election may
24 only be revoked upon approval of the Director. The
25 Department shall adopt rules setting forth
26 requirements for documenting the elections and any

1 resulting Illinois net loss and the standards to be
2 used by the Director in evaluating requests to revoke
3 elections. Public Act 96-932 is declaratory of
4 existing law;

5 (G) Subchapter S corporations. In the case of: (i)
6 a Subchapter S corporation for which there is in
7 effect an election for the taxable year under Section
8 1362 of the Internal Revenue Code, the taxable income
9 of such corporation determined in accordance with
10 Section 1363(b) of the Internal Revenue Code, except
11 that taxable income shall take into account those
12 items which are required by Section 1363(b)(1) of the
13 Internal Revenue Code to be separately stated; and
14 (ii) a Subchapter S corporation for which there is in
15 effect a federal election to opt out of the provisions
16 of the Subchapter S Revision Act of 1982 and have
17 applied instead the prior federal Subchapter S rules
18 as in effect on July 1, 1982, the taxable income of
19 such corporation determined in accordance with the
20 federal Subchapter S rules as in effect on July 1,
21 1982; and

22 (H) Partnerships. In the case of a partnership,
23 taxable income determined in accordance with Section
24 703 of the Internal Revenue Code, except that taxable
25 income shall take into account those items which are
26 required by Section 703(a)(1) to be separately stated

1 but which would be taken into account by an individual
2 in calculating his taxable income.

3 (3) Recapture of business expenses on disposition of
4 asset or business. Notwithstanding any other law to the
5 contrary, if in prior years income from an asset or
6 business has been classified as business income and in a
7 later year is demonstrated to be non-business income, then
8 all expenses, without limitation, deducted in such later
9 year and in the 2 immediately preceding taxable years
10 related to that asset or business that generated the
11 non-business income shall be added back and recaptured as
12 business income in the year of the disposition of the
13 asset or business. Such amount shall be apportioned to
14 Illinois using the greater of the apportionment fraction
15 computed for the business under Section 304 of this Act
16 for the taxable year or the average of the apportionment
17 fractions computed for the business under Section 304 of
18 this Act for the taxable year and for the 2 immediately
19 preceding taxable years.

20 (f) Valuation limitation amount.

21 (1) In general. The valuation limitation amount
22 referred to in subsections (a)(2)(G), (c)(2)(I) and
23 (d)(2)(E) is an amount equal to:

24 (A) The sum of the pre-August 1, 1969 appreciation
25 amounts (to the extent consisting of gain reportable

1 under the provisions of Section 1245 or 1250 of the
2 Internal Revenue Code) for all property in respect of
3 which such gain was reported for the taxable year;
4 plus

5 (B) The lesser of (i) the sum of the pre-August 1,
6 1969 appreciation amounts (to the extent consisting of
7 capital gain) for all property in respect of which
8 such gain was reported for federal income tax purposes
9 for the taxable year, or (ii) the net capital gain for
10 the taxable year, reduced in either case by any amount
11 of such gain included in the amount determined under
12 subsection (a) (2) (F) or (c) (2) (H).

13 (2) Pre-August 1, 1969 appreciation amount.

14 (A) If the fair market value of property referred
15 to in paragraph (1) was readily ascertainable on
16 August 1, 1969, the pre-August 1, 1969 appreciation
17 amount for such property is the lesser of (i) the
18 excess of such fair market value over the taxpayer's
19 basis (for determining gain) for such property on that
20 date (determined under the Internal Revenue Code as in
21 effect on that date), or (ii) the total gain realized
22 and reportable for federal income tax purposes in
23 respect of the sale, exchange or other disposition of
24 such property.

25 (B) If the fair market value of property referred
26 to in paragraph (1) was not readily ascertainable on

1 August 1, 1969, the pre-August 1, 1969 appreciation
2 amount for such property is that amount which bears
3 the same ratio to the total gain reported in respect of
4 the property for federal income tax purposes for the
5 taxable year, as the number of full calendar months in
6 that part of the taxpayer's holding period for the
7 property ending July 31, 1969 bears to the number of
8 full calendar months in the taxpayer's entire holding
9 period for the property.

10 (C) The Department shall prescribe such
11 regulations as may be necessary to carry out the
12 purposes of this paragraph.

13 (g) Double deductions. Unless specifically provided
14 otherwise, nothing in this Section shall permit the same item
15 to be deducted more than once.

16 (h) Legislative intention. Except as expressly provided by
17 this Section there shall be no modifications or limitations on
18 the amounts of income, gain, loss or deduction taken into
19 account in determining gross income, adjusted gross income or
20 taxable income for federal income tax purposes for the taxable
21 year, or in the amount of such items entering into the
22 computation of base income and net income under this Act for
23 such taxable year, whether in respect of property values as of
24 August 1, 1969 or otherwise.

1 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
2 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
3 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

4 Article 16.

5 Section 16-5. The Cannabis Regulation and Tax Act is
6 amended by changing Section 55-21 as follows:

7 (410 ILCS 705/55-21)

8 Sec. 55-21. Cannabis product packaging and labeling.

9 (a) Each cannabis product produced for sale shall be
10 registered with the Department of Agriculture on forms
11 provided by the Department of Agriculture. Each product
12 registration shall include a label and the required
13 registration fee at the rate established by the Department of
14 Agriculture for a comparable medical cannabis product, or as
15 established by rule. The registration fee is for the name of
16 the product offered for sale and one fee shall be sufficient
17 for all package sizes.

18 (b) All harvested cannabis intended for distribution to a
19 cannabis enterprise must be packaged in a sealed, labeled
20 container.

21 (c) Any product containing cannabis shall be sold in a
22 sealed, odor-proof, and child-resistant cannabis container
23 consistent with current standards, including the Consumer

1 Product Safety Commission standards referenced by the Poison
2 Prevention Act unless the sale is between or among a craft
3 grower, infuser, or cultivation center.

4 (c-5) A medical cannabis container shall be compliant with
5 the standards established by the Consumer Product Safety
6 Commission. Notwithstanding the requirements of this
7 subsection, the Department of Agriculture may modify medical
8 cannabis container packaging requirements, including package
9 warnings, by rule, by January 1, 2024.

10 (d) All cannabis-infused products shall be individually
11 wrapped or packaged at the original point of preparation. The
12 packaging of the cannabis-infused product shall conform to the
13 labeling requirements of the Illinois Food, Drug and Cosmetic
14 Act, in addition to the other requirements set forth in this
15 Section.

16 (e) Each cannabis product shall be labeled before sale and
17 each label shall be securely affixed to the package and shall
18 state in legible English and any languages required by the
19 Department of Agriculture:

20 (1) the name and post office box of the registered
21 cultivation center or craft grower where the item was
22 manufactured;

23 (2) the common or usual name of the item and the
24 registered name of the cannabis product that was
25 registered with the Department of Agriculture under
26 subsection (a);

1 (3) a unique serial number that will match the product
2 with a cultivation center or craft grower batch and lot
3 number to facilitate any warnings or recalls the
4 Department of Agriculture, cultivation center, or craft
5 grower deems appropriate;

6 (4) the date of final testing and packaging, if
7 sampled, and the identification of the independent testing
8 laboratory;

9 (5) the date of harvest and "use by" date;

10 (6) the quantity (in ounces or grams) of cannabis
11 contained in the product;

12 (7) a pass/fail rating based on the laboratory's
13 microbiological, mycotoxins, and pesticide and solvent
14 residue analyses, if sampled;

15 (8) content list.

16 (A) A list of the following, including the minimum
17 and maximum percentage content by weight for
18 subdivisions (e) (8) (A) (i) through (iv):

19 (i) delta-9-tetrahydrocannabinol (THC);

20 (ii) tetrahydrocannabinolic acid (THCA);

21 (iii) cannabidiol (CBD);

22 (iv) cannabidiolic acid (CBDA); and

23 (v) all other ingredients of the item,
24 including any colors, artificial flavors, and
25 preservatives, listed in descending order by
26 predominance of weight shown with common or usual

1 names.

2 (B) The acceptable tolerances for the minimum
3 percentage printed on the label for any of
4 subdivisions (e) (8) (A) (i) through (iv) shall not be
5 below 85% or above 115% of the labeled amount.

6 (f) Packaging must not contain information that:

7 (1) is false or misleading;

8 (2) promotes excessive consumption;

9 (3) depicts a person under 21 years of age consuming
10 cannabis;

11 (4) includes the image of a cannabis leaf;

12 (5) includes any image designed or likely to appeal to
13 minors, including cartoons, toys, animals, or children, or
14 any other likeness to images, characters, or phrases that
15 are popularly used to advertise to children, or any
16 packaging or labeling that bears reasonable resemblance to
17 any product available for consumption as a commercially
18 available candy, or that promotes consumption of cannabis;

19 (6) contains any seal, flag, crest, coat of arms, or
20 other insignia likely to mislead the purchaser to believe
21 that the product has been endorsed, made, or used by the
22 State of Illinois or any of its representatives except
23 where authorized by this Act.

24 (g) Cannabis products produced by concentrating or
25 extracting ingredients from the cannabis plant shall contain
26 the following information, where applicable:

1 (1) If solvents were used to create the concentrate or
2 extract, a statement that discloses the type of extraction
3 method, including any solvents or gases used to create the
4 concentrate or extract; and

5 (2) Any other chemicals or compounds used to produce
6 or were added to the concentrate or extract.

7 (h) All cannabis products must contain warning statements
8 established for purchasers, of a size that is legible and
9 readily visible to a consumer inspecting a package, which may
10 not be covered or obscured in any way. The Department of Public
11 Health shall define and update appropriate health warnings for
12 packages including specific labeling or warning requirements
13 for specific cannabis products.

14 (i) Unless modified by rule to strengthen or respond to
15 new evidence and science, the following warnings shall apply
16 to all cannabis products unless modified by rule: "This
17 product contains cannabis and is intended for use by adults 21
18 and over. Its use can impair cognition and may be habit
19 forming. This product should not be used by pregnant or
20 breastfeeding women. It is unlawful to sell or provide this
21 item to any individual, and it may not be transported outside
22 the State of Illinois. It is illegal to operate a motor vehicle
23 while under the influence of cannabis. Possession or use of
24 this product may carry significant legal penalties in some
25 jurisdictions and under federal law."

26 (j) Warnings for each of the following product types must

1 be present on labels when offered for sale to a purchaser:

2 (1) Cannabis that may be smoked must contain a
3 statement that "Smoking is hazardous to your health."

4 (2) Cannabis-infused products (other than those
5 intended for topical application) must contain a statement
6 "CAUTION: This product contains cannabis, and intoxication
7 following use may be delayed 2 or more hours. This product
8 was produced in a facility that cultivates cannabis, and
9 that may also process common food allergens."

10 (3) Cannabis-infused products intended for topical
11 application must contain a statement "DO NOT EAT" in bold,
12 capital letters.

13 (k) Each cannabis-infused product intended for consumption
14 must be individually packaged, must include the total
15 milligram content of THC and CBD, and may not include more than
16 a total of 100 milligrams of THC per package. A package may
17 contain multiple servings of 10 milligrams of THC, indicated
18 by scoring, wrapping, or by other indicators designating
19 individual serving sizes. The Department of Agriculture may
20 change the total amount of THC allowed for each package, or the
21 total amount of THC allowed for each serving size, by rule.

22 (l) No individual other than the purchaser may alter or
23 destroy any labeling affixed to the primary packaging of
24 cannabis or cannabis-infused products.

25 (m) For each commercial weighing and measuring device used
26 at a facility, the cultivation center or craft grower must:

1 (1) Ensure that the commercial device is licensed
2 under the Weights and Measures Act and the associated
3 administrative rules (8 Ill. Adm. Code 600);

4 (2) Maintain documentation of the licensure of the
5 commercial device; and

6 (3) Provide a copy of the license of the commercial
7 device to the Department of Agriculture for review upon
8 request.

9 (n) It is the responsibility of the Department to ensure
10 that packaging and labeling requirements, including product
11 warnings, are enforced at all times for products provided to
12 purchasers. Product registration requirements and container
13 requirements may be modified by rule by the Department of
14 Agriculture.

15 (o) Labeling, including warning labels, may be modified by
16 rule by the Department of Agriculture.

17 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19;
18 102-98, eff. 7-15-21.)

19 Article 19.

20 Section 19-5. The Illinois Vehicle Code is amended by
21 changing Sections 11-502.1 and 11-502.15 as follows:

22 (625 ILCS 5/11-502.1)

23 Sec. 11-502.1. Possession of medical cannabis in a motor

1 vehicle.

2 (a) No driver, who is a medical cannabis cardholder, may
3 use medical cannabis within the passenger area of any motor
4 vehicle upon a highway in this State.

5 (b) No driver, who is a medical cannabis cardholder, a
6 medical cannabis designated caregiver, medical cannabis
7 cultivation center agent, or dispensing organization agent may
8 possess medical cannabis within any area of any motor vehicle
9 upon a highway in this State except in a secured, sealed or
10 resealable, ~~odor-proof~~, and child-resistant ~~medical-cannabis~~
11 container that is inaccessible.

12 (c) No passenger, who is a medical cannabis card holder, a
13 medical cannabis designated caregiver, or medical cannabis
14 dispensing organization agent may possess medical cannabis
15 within any passenger area of any motor vehicle upon a highway
16 in this State except in a secured, sealed or resealable,
17 ~~odor-proof~~, and child-resistant ~~medical-cannabis~~ container
18 that is inaccessible.

19 (d) Any person who violates subsections (a) through (c) of
20 this Section:

21 (1) commits a Class A misdemeanor;

22 (2) shall be subject to revocation of his or her
23 medical cannabis card for a period of 2 years from the end
24 of the sentence imposed; and

25 (3) shall be subject to revocation of his or her
26 status as a medical cannabis caregiver, medical cannabis

1 cultivation center agent, or medical cannabis dispensing
2 organization agent for a period of 2 years from the end of
3 the sentence imposed.

4 (Source: P.A. 101-27, eff. 6-25-19; 102-98, eff. 7-15-21;
5 102-558, eff. 8-20-21.)

6 (625 ILCS 5/11-502.15)

7 Sec. 11-502.15. Possession of adult use cannabis in a
8 motor vehicle.

9 (a) No driver may use cannabis within the passenger area
10 of any motor vehicle upon a highway in this State.

11 (b) No driver may possess cannabis within any area of any
12 motor vehicle upon a highway in this State except in a secured,
13 sealed or resealable, and ~~odor proof~~, child-resistant ~~cannabis~~
14 container that is inaccessible.

15 (c) No passenger may possess cannabis within any passenger
16 area of any motor vehicle upon a highway in this State except
17 in a secured, sealed or resealable, and ~~odor proof~~,
18 child-resistant ~~cannabis~~ container that is inaccessible.

19 (d) Any person who knowingly violates subsection (a), (b),
20 or (c) of this Section commits a Class A misdemeanor.

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

22 Article 20.

23 Section 20-5. The Cannabis Regulation and Tax Act is

1 amended by changing Section 15-60 as follows:

2 (410 ILCS 705/15-60)

3 Sec. 15-60. Changes to a dispensing organization.

4 (a) A Conditional Adult Use Dispensing Organization
5 License may not be sold, transferred, assigned, used as
6 collateral, add new principal officers to its ownership
7 structure, or change its ownership structure. Notwithstanding
8 the foregoing, this prohibition does not preclude third
9 parties who are not registered as principal officers from
10 investing in, lending to, or otherwise providing capital to
11 the Conditional Adult Use Dispensing Organization License
12 holder. Pursuant to this subsection, third parties are not
13 required to register as principal officers of the Conditional
14 Adult Use Dispensing Organization License holder so long as
15 any third party interest cannot be realized or otherwise vest
16 until the Conditional Adult Use Dispensing Organization
17 License holder is issued a corresponding Adult Use Dispensing
18 Organization License under Section 15-36. In order to realize
19 that interest or have the interest vest, all third parties are
20 subject to the Department's approval processes in this
21 Section, either through the sale or transfer of the Adult Use
22 Dispensing Organization License to the third party or through
23 the third party's registration and approval as principal
24 officer to the Adult Use Dispensing Organization License
25 holder.

1 (a-5) ~~(a)~~ A license shall be issued to the specific
2 dispensing organization identified on the application and for
3 the specific location proposed. The license is valid only as
4 designated on the license and for the location for which it is
5 issued.

6 (b) A dispensing organization may only add principal
7 officers after being approved by the Department.

8 (c) A dispensing organization shall provide written notice
9 of the removal of a principal officer within 5 business days
10 after removal. The notice shall include the written agreement
11 of the principal officer being removed, unless otherwise
12 approved by the Department, and allocation of ownership shares
13 after removal in an updated ownership chart.

14 (d) A dispensing organization shall provide a written
15 request to the Department for the addition of principal
16 officers. A dispensing organization shall submit proposed
17 principal officer applications on forms approved by the
18 Department.

19 (e) All proposed new principal officers shall be subject
20 to the requirements of this Act, this Article, and any rules
21 that may be adopted pursuant to this Act.

22 (f) The Department may prohibit the addition of a
23 principal officer to a dispensing organization for failure to
24 comply with this Act, this Article, and any rules that may be
25 adopted pursuant to this Act.

26 (g) A dispensing organization may not assign a license.

1 (h) A dispensing organization may not transfer a license
2 without prior Department approval. Such approval may be
3 withheld if the person to whom the license is being
4 transferred does not commit to the same or a similar community
5 engagement plan provided as part of the dispensing
6 organization's application under paragraph (18) of subsection
7 (d) of Section 15-25, and such transferee's license shall be
8 conditional upon that commitment.

9 (i) With the addition or removal of principal officers,
10 the Department will review the ownership structure to
11 determine whether the change in ownership has had the effect
12 of a transfer of the license. The dispensing organization
13 shall supply all ownership documents requested by the
14 Department.

15 (j) A dispensing organization may apply to the Department
16 to approve a sale of the dispensing organization. A request to
17 sell the dispensing organization must be on application forms
18 provided by the Department. A request for an approval to sell a
19 dispensing organization must comply with the following:

20 (1) New application materials shall comply with this
21 Act and any rules that may be adopted pursuant to this Act;

22 (2) Application materials shall include a change of
23 ownership fee of \$5,000 to be deposited into the Cannabis
24 Regulation Fund;

25 (3) The application materials shall provide proof that
26 the transfer of ownership will not have the effect of

1 granting any of the owners or principal officers direct or
2 indirect ownership or control of more than 10 adult use
3 dispensing organization licenses;

4 (4) New principal officers shall each complete the
5 proposed new principal officer application;

6 (5) If the Department approves the application
7 materials and proposed new principal officer applications,
8 it will perform an inspection before approving the sale
9 and issuing the dispensing organization license;

10 (6) If a new license is approved, the Department will
11 issue a new license number and certificate to the new
12 dispensing organization.

13 (k) The dispensing organization shall provide the
14 Department with the personal information for all new
15 dispensing organizations agents as required in this Article
16 and all new dispensing organization agents shall be subject to
17 the requirements of this Article. A dispensing organization
18 agent must obtain an agent identification card from the
19 Department before beginning work at a dispensary.

20 (l) Before remodeling, expansion, reduction, or other
21 physical, noncosmetic alteration of a dispensary, the
22 dispensing organization must notify the Department and confirm
23 the alterations are in compliance with this Act and any rules
24 that may be adopted pursuant to this Act.

25 (Source: P.A. 101-27, eff. 6-25-19.)

1 Article 21.

2 Section 21-5. The Cannabis Regulation and Tax Act is
3 amended by changing Section 7-15 as follows:

4 (410 ILCS 705/7-15)

5 Sec. 7-15. Loans and grants to Social Equity Applicants.

6 (a) The Department of Commerce and Economic Opportunity
7 shall establish grant and loan programs, subject to
8 appropriations from the Cannabis Business Development Fund,
9 for the purposes of providing financial assistance, loans,
10 grants, and technical assistance to Social Equity Applicants.

11 (b) The Department of Commerce and Economic Opportunity
12 has the power to:

13 (1) provide Cannabis Social Equity loans and grants
14 from appropriations from the Cannabis Business Development
15 Fund to assist Qualified Social Equity Applicants in
16 gaining entry to, and successfully operating in, the
17 State's regulated cannabis marketplace;

18 (2) enter into agreements that set forth terms and
19 conditions of the financial assistance, accept funds or
20 grants, and engage in cooperation with private entities
21 and agencies of State or local government to carry out the
22 purposes of this Section;

23 (3) fix, determine, charge, and collect any premiums,
24 fees, charges, costs and expenses, including application

1 fees, commitment fees, program fees, financing charges, or
2 publication fees in connection with its activities under
3 this Section;

4 (4) coordinate assistance under these loan programs
5 with activities of the Illinois Department of Financial
6 and Professional Regulation, the Illinois Department of
7 Agriculture, and other agencies as needed to maximize the
8 effectiveness and efficiency of this Act;

9 (5) provide staff, administration, and related support
10 required to administer this Section;

11 (6) take whatever actions are necessary or appropriate
12 to protect the State's interest in the event of
13 bankruptcy, default, foreclosure, or noncompliance with
14 the terms and conditions of financial assistance provided
15 under this Section, including the ability to recapture
16 funds if the recipient is found to be noncompliant with
17 the terms and conditions of the financial assistance
18 agreement;

19 (7) establish application, notification, contract, and
20 other forms, procedures, or rules deemed necessary and
21 appropriate; and

22 (8) utilize vendors or contract work to carry out the
23 purposes of this Act.

24 (c) Loans made under this Section:

25 (1) shall only be made if, in the Department's
26 judgment, the project furthers the goals set forth in this

1 Act; ~~and~~

2 (2) shall be in such principal amount and form and
3 contain such terms and provisions with respect to
4 security, insurance, reporting, delinquency charges,
5 default remedies, forgiveness, and other matters as the
6 Department shall determine appropriate to protect the
7 public interest and to be consistent with the purposes of
8 this Section. The terms and provisions may be less than
9 required for similar loans not covered by this Section;
10 and-

11 (3) may be distributed by lot if the Department
12 determines that the amount of funding available is
13 insufficient to provide an adequate amount of funding for
14 all of the applicants eligible to receive a loan.

15 The Department may determine the number of loans available
16 based on the amount of funding available and communicate the
17 number of loans available on the loan application. The
18 Department may use competitive criteria to establish which
19 applicants are eligible to receive a loan.

20 (d) Grants made under this Section shall be awarded on a
21 competitive and annual basis under the Grant Accountability
22 and Transparency Act. Grants made under this Section shall
23 further and promote the goals of this Act, including promotion
24 of Social Equity Applicants, job training and workforce
25 development, and technical assistance to Social Equity
26 Applicants.

1 (e) Beginning January 1, 2021 and each year thereafter,
2 the Department shall annually report to the Governor and the
3 General Assembly on the outcomes and effectiveness of this
4 Section that shall include the following:

5 (1) the number of persons or businesses receiving
6 financial assistance under this Section;

7 (2) the amount in financial assistance awarded in the
8 aggregate, in addition to the amount of loans made that
9 are outstanding and the amount of grants awarded;

10 (3) the location of the project engaged in by the
11 person or business; and

12 (4) if applicable, the number of new jobs and other
13 forms of economic output created as a result of the
14 financial assistance.

15 (f) The Department of Commerce and Economic Opportunity
16 shall include engagement with individuals with limited English
17 proficiency as part of its outreach provided or targeted to
18 attract and support Social Equity Applicants.

19 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

20 Article 99.

21 Section 99-99. Effective date. This Act takes effect upon
22 becoming law."