

TITLE 68: PROFESSIONS AND OCCUPATIONS
CHAPTER VII: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
SUBCHAPTER b: PROFESSIONS AND OCCUPATIONS

PART 1290
RULES FOR ADMINISTRATION OF THE COMPASSIONATE
USE OF MEDICAL CANNABIS PILOT PROGRAM

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AUTHORITY: Implementing and authorized by the Compassionate Use of Medical Cannabis Pilot Program Act [410 ILCS 130].

SOURCE: Adopted at 38 Ill. Reg. 16875, effective July, 24, 2014; emergency amendments at 38 Ill. Reg. _____, effective _____, for a maximum of 150 days.

SUBPART C: APPLICATION REQUIREMENTS FOR A
MEDICAL CANNABIS DISPENSARY REGISTRATION AUTHORIZATION

**Section 1290.40 Dispensing Organization Authorization Process
EMERGENCY**

- a) The Division shall review applications and issue authorizations according to the requirements of the Act and this Part.
 - 1) An applicant shall file an application with the Division for authorization to register a dispensing organization.
 - 2) Applications for authorizations shall be made on forms furnished by the Division. The application shall be signed by all principal officers certifying under penalty of perjury that all information contained in the application is true and accurate.
 - 3) An applicant is limited to one application for authorization per District per application period.
 - 4) The instructions on the application will reflect the total maximum number of points available for each required criteria and bonus point category. The instructions and application will also identify the minimum number of points necessary from the required criteria to be eligible for consideration of the bonus point categories. All applications will be reviewed and points awarded based upon the same point system in a fair and unbiased manner.
 - 5) An applicant may submit separate applications for authorization in up to five Districts.
 - 6) Each application requires one application fee (see Section 1290.80). Applications for authorization will be scored in five required categories. Should the applicant meet the minimum percentage in the five required categories, it may be eligible to be scored in the bonus category. The required five categories and the bonus category will be scored based on percentages, as follows:
 - A) The suitability of the proposed dispensary category is 15%.
 - B) The business and operation plan category is 20%.
 - C) The security plan category is 20%.

- D) The recordkeeping and inventory plan category is 20%.
 - E) The financial disclosure category is 15%.
 - F) The bonus category is 10%.
- 7) If submitting an application in more than one District, the applicant shall identify the Districts it has applied in or Districts where it is registered.
 - 8) Each applicant must submit to and qualify through a fingerprint-based criminal history records check as set forth in Section 1290.230.
 - 9) The Division shall review each application to determine whether it meets the minimum criteria and shall determine qualified applicants.
 - 10) The Division may consider the location of a proposed dispensary relevant to other proposed or existing dispensaries, in the same or adjacent Districts, to ensure that dispensaries are geographically dispersed.
 - 11) If the Division determines that the number of qualified applicants exceeds the number of authorizations available, the Division will select the most qualified applicant in that District using the selection process established in Section 1290.60.
 - 12) Qualified applicants chosen through the selection process will receive an authorization issued by the Division.
 - 13) If the Division determines that a District has no qualified applicants or fewer qualified applicants than authorized registrations, the Division shall post a notification on the Division's website detailing the dates of the next open application period.
 - 14) No person or entity shall hold more than five registrations. If a qualified applicant has been granted more than five authorizations or registrations by the Division, the applicant shall promptly notify the Division. No person shall be a principal officer in more than five registered dispensing organizations.
 - 15) If a dispensing organization's registration is void or invalid for any reason, including but not limited to revocation, suspension or nonrenewal, the Division will post a notification on the Division's website detailing the dates of the next open application period.

- b) Upon receipt of the authorization notice, the applicant may submit for registration approval.

(Source: Amended by emergency rulemaking at 38 Ill. Reg. _____, effective _____, for a maximum of 150 days)

Section 1290.70 Selection Criteria
EMERGENCY

- a) Applicants must submit all required information, including that required in Section 1290.50. Failure by an applicant to submit all required information may result in the application being disqualified.
- b) If the Division receives an application with missing exhibits, the Division may issue a notice to the applicant that its application is incomplete. The notice from the Division will identify the missing exhibits. The applicant shall have seven calendar days from the date of the notice to resubmit the incomplete exhibits. Applications that are still incomplete after this one opportunity to cure, will not be scored and will be disqualified.
- c) The Division will award points to administratively complete applications based on the clarity, organization and quality of the applicant's responses to required information. Applicants will be awarded points according to the following categories:
 - 1) Suitability of the Proposed Dispensary
 - A) A demonstration that the proposed location is suitable for public access, the layout promotes safe dispensing of medical cannabis, it is sufficient in size, power allocation, lighting, parking, handicapped accessible parking spaces, ADA accessible entry and exits, product handling, and storage.
 - B) A statement of reasonable assurance that the issuance of a registration will not have a detrimental impact on the community.
 - 2) Security and Recordkeeping
 - A) The security plan will demonstrate the capability for the prevention of the theft or diversion of medical cannabis. The security plan will demonstrate safety procedures for dispensary employees, patients and caregivers, and safe delivery and storage of cannabis and currency. It will evidence compliance with all security requirements in this Part.
 - B) A plan for recordkeeping, tracking and monitoring inventory, quality control and other policies and procedures that will promote standard recordkeeping and discourage unlawful activity. This

plan will include the applicant's strategy to communicate with the Division and ISP on the destruction and disposal of cannabis.

- 3) Applicant's Business Plan, Financials and Operating Plan
 - A) The business plan shall describe, at a minimum, how the dispensing organization will be managed on a long-term basis. This shall include a description of the patient verification system, purchases and denials of sale, confidentiality, and products and services to be offered.
 - B) The financial plan shall describe, at a minimum, the source of the \$400,000 liquid asset requirement and the amount and source of the organization's equity and debt commitment to ensure financial stability, including a demonstration of the immediate and long-term financial health and resources for the design, development and operation of the dispensary.
 - C) The operating plan shall include, at a minimum, a timetable that provides an estimated time from authorization through year one of registration and the assumptions used as the basis for those estimates. It will include best practices for day-to-day dispensary operation and staffing.
- 4) Knowledge and Experience
 - A) The applicant's principal officers must demonstrate experience and qualifications in business management or experience with the medical cannabis industry. This includes ensuring optimal safety and accuracy in the dispensing and sale of cannabis.
 - B) The applicant must demonstrate knowledge of various cannabis product strains or varieties, and describe the types and quantities of products planned to be sold. This includes confirmation of whether the dispensary plans to sell medical cannabis paraphernalia or edibles.
- d) The Division will award additional points for preferred, but not required, initiatives based on the applicant's ability to meet requirements in the following categories:
 - 1) Labor and Employment Practices: The applicant may describe plans to provide a safe, healthy and economically beneficial working environment

for its agents, including, but not limited to, codes of conduct, healthcare benefits, educational benefits, retirement benefits, and living wage standards.

- 2) Research Plan: The applicant may provide the Division with a detailed proposal to conduct, or facilitate, a scientific study or studies related to the medicinal use of cannabis. The applicant may include in its proposal a detailed description of:
 - A) The methodology of the study to accurately assess the effects of cannabis;
 - B) The issues to be studied;
 - C) The methods that will be used to identify and select study participants;
 - D) The identity of each person or organization associated with the study, including the role of each;
 - E) The duration of the study and anticipated peer review; and
 - F) The intended use of the study results.
- 3) Community Benefits Plan: The applicant may provide a description of plans the applicant has to support the local community, the class of citizens served, or a plan for reduction in product costs for indigent patients that qualify.
- 4) Substance Abuse Prevention Plan: The applicant may provide a detailed description of any plans it will take to combat substance abuse in its District, including the extent to which the applicant will partner or work with existing substance abuse programs.
- 5) Local Community/Neighborhood Report: The applicant may provide comments, concerns or support received regarding the potential impact of the proposed location on the local community and neighborhood.
- 6) Environmental Plan: The applicant may demonstrate an environmental plan of action to minimize the carbon footprint, environmental impact, and resource needs for the dispensary.

- 7) Verification of Minority-Owned, Female-Owned, Veteran-Owned or Disabled Person-Owned Business: The minority, female, veteran or disabled applicants must own at least 51% of the entity applying for registration. The percentage totals may include any combination of minority, female, veteran or disabled applicants. The minority, female, veteran or disabled applicant must also share in control of management and day-to-day operations of the dispensary. Documentation must be submitted at the time of application that demonstrates the respective status of the applicant, including, but not limited to, certification under the Business Enterprise for Minorities, Females and Persons with Disabilities Act [30 ILCS 575] for minority, female or disabled person applicants, or a DD214 for veteran applicants. For purposes of this section, minority, female, and disabled shall be defined as found in Section 2 of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act [30 ILCS 575/2].
 - 8) Illinois Based Applicants: Documentation that the applicant's principal place of business is headquartered in Illinois, including the names, addresses and verification of the applicant's proposed agents that reside in Illinois. The applicant may also provide a plan for generating Illinois-based jobs and economic development.
- e) The Division may verify information contained in each application and accompanying documentation to assess the applicant's character and fitness to operate a dispensary. In addition to the qualifications required in the Act and this Part, the Division may not grant an authorization or registration unless it is satisfied that the applicant is:
- 1) A person of good character, honesty and integrity;
 - 2) A person whose background, including criminal record, reputation, habits and social or business associations, does not discredit or tend to discredit public confidence and trust in the Illinois medical cannabis industry or the State of Illinois, or pose a threat to the public health, security, safety, morals, good order and general welfare of the State of Illinois;
 - 3) A person who does not create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of owning a medical cannabis dispensary;
 - 4) A person who does not present questionable business practices and financial arrangements incidental to the conduct of owning a medical cannabis dispensary or otherwise;

- 5) A person who, either individually or through employees, demonstrates business ability and experience to establish, operate and maintain a business for the type of license for which application is made; and
 - 6) A person who does not associate with, either socially or in business affairs, or employ, persons of notorious or unsavory reputation or who have extensive police records, or who have failed to cooperate with an officially constituted investigatory or administrative body.
- f) The Division may, in its discretion, refuse to issue an authorization to any applicant:
- 1) Who is unqualified to perform the duties required of the applicant;
 - 2) Who fails to disclose or states falsely any information called for in the application;
 - 3) Who has been found guilty of a violation of the Act, or whose medical cannabis dispensary or cultivation center license was suspended, restricted, revoked or denied for just cause in any other state; or
 - 4) For any other just cause.
- g) Should the applicant be awarded an authorization, the information and plans provided in the application become a condition of the authorization. Dispensing organizations have a duty to disclose any material changes to the application. Failure to comply with the conditions or requirements in the application may subject the dispensing organization to discipline, up to and including suspension or revocation of its authorization by the Division. Revocation of an authorization shall serve as a final administrative decision by the Division.

(Source: Amended by emergency rulemaking at 38 Ill. Reg. _____, effective _____, for a maximum of 150 days)