

# **Gov. Pritzker, Lawmakers Announce Major Step Forward to Legalize Adult Use Cannabis**

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**CHICAGO** — Gov. JB Pritzker, key lawmakers and stakeholders from around the state announced that they have agreed on a framework to legalize adult use cannabis in the State of Illinois on Jan. 1, 2020. The measure would allow adults 21 and over to legally purchase cannabis for recreational use from licensed dispensaries and create the most equity-centric law in the country.

Supporters expect that this measure will be a starting point to kick off the next phase: legislative debate and feedback from broader groups of lawmakers and other stakeholders. The measure will be introduced Monday as an amendment to Senate Bill 7. A copy of the legislation is attached.

“Years of work by stakeholders across Illinois means that today we are putting forward a framework for the General Assembly to move forward this session to legalize adult use cannabis, and we welcome additional feedback and insight during this debate,” said Governor JB Pritzker. “From the outset, I made clear that any plan for adult use cannabis had to prioritize social justice and equity, and the approach we’re taking starts righting some historic wrongs and opening up access to this new market with a \$20 million loan program that will help qualified applicants from impacted communities.”

Building on legislation initially put forward by Senator Steans and Representative Cassidy, six working groups led by the Governor’s Office met for the past several weeks to finalize the framework. This proposed plan lays out the governor’s key priorities: legalizing the use of cannabis for adults aged 21 and older, promoting equity in ownership and participation in this emerging sector, advancing justice by expunging the records of people with minor cannabis convictions, and reinvesting funding in communities that have suffered the most from discriminatory drug policies.

“This bill stems from an inclusive process that entailed community meetings, town halls, and legislative working groups,” said Senator Heather Steans. “In spite of having a wide variety of views, most of us wanted the same basic things – social justice, safety for our kids, and revenue for our state. I think we’ve done a good job of balancing these three goals.”

“Prohibition hasn’t worked. Today, we’re unveiling legislation that represents an important change in public policy, and it is long overdue,” said Representative Kelly Cassidy. “We wanted to create a safe, legal and comprehensive regulatory system that protects patient access and allows adults to use cannabis while keeping it out of the hands of children. We wanted to address the years, the decades of unfairness in the ways that our drug laws have been enforced. This bill represents a giant leap in the right direction.”

“This legislation puts social justice first by acknowledging the damages to overpoliced communities during prohibition,” said Senator Toi Hutchinson. “The expungement program is the most ambitious and comprehensive in the nation, creating a mechanism for erasing hundreds of thousands of offenses. It creates investment in the overpoliced

communities through the ROC program, and it creates a low-interest loan program as well as a social equity applicant status, so that communities of color can reap the benefits of legalization.”

“For generations, government policies of mass incarceration increased racial disparities by locking up thousands of individuals for cannabis use or possession,” said Rep. Jehan Gordon-Booth. “Now, as we discuss legalization, it is of the upmost importance that we learn from these mistakes and acknowledge the lingering effects of these policies. This bill makes equity a priority by acknowledging the importance of both economics and criminal justice in righting these wrongs.”

“For decades, our cannabis laws have been unfairly applied against minorities, distorting the populations in our jails and prisons,” said Representative Celina Villanueva. “And as a practical matter, cannabis prohibition has been just as ineffective, inefficient and problematic as alcohol prohibition was. It is time to bring a measure of fairness to our laws, revenue to our state to fund important programs, and justice to our communities. This bill will help us get there.”

“Before Governor Pritzker and I took office, we promised to make Illinois a more equitable state,” said Lt. Governor Juliana Stratton. “This bill advances equity by providing resources and second chances to people and communities that have been harmed by policies such as the failed ‘war on drugs.’ I’m very proud that we’re working in the right direction.”

“The Illinois State Police will be a responsible partner in enforcing the law and ensuring any and all provisions of adult use legislation are strictly and efficiently complied with,” said the ISP Acting Director Brendan Kelly. “We are committed to ensuring the safety of the residents of Illinois.”

## **OVERVIEW**

Key areas of the proposal are outlined below and at greater length in the attached summary.

### **Promoting Equity**

Gov. Pritzker is committed to adopting the most equitable system in the country, and this measure proposes several first-in-the-nation ideas to achieve a more equitable outcome for diverse communities.

### **\$20 Million Low Interest Loan Program**

The bill establishes a \$20 million low interest loan program through the Department of Commerce and Economic Opportunity for qualified applicants to help defray the start-up costs associated with entering the licensed cannabis industry. The loan program will be paid for with existing funds from the current medical cannabis program, along with fees from licenses for existing dispensaries and cultivators that are approved in the first round of applications.

### Social Equity Applicants

The framework establishes licenses for “social equity applicants,” who will receive points during the application scoring process. Eligibility criteria for social equity applicants includes a number of factors, such as majority ownership by residents of disproportionately impacted communities, majority ownership by those who have arrests or convictions eligible for expungement and those who have a majority of employees who have been disproportionately impacted.

During the licensing process, “social equity applicants” will receive 25 points out of the 200 points. Bonus points will be awarded for several categories, including for Illinois-based applicants and applicants with a labor peace agreement.

### Limitations on Ownership

In order to foster more diverse ownership, the framework proposes ownership restrictions to prevent the consolidation of ownership in a small group and allow a more business owners to participate in this new market. Among the requirements: no person or entity can hold an interest in more than three cultivation centers or in more than 10 dispensing organizations.

Licenses will also be approved in waves, beginning with current medical cannabis license holders, followed by additional licenses being granted in 2020 and 2021. This timeline also ensures that new entrants into the market can develop successful applications.

### Restoring Our Communities Grants

The proposal creates a new grant, Restoring Our Communities, which will receive 25 percent of the revenue that comes from the sale of adult use cannabis. A 22-member board would oversee grant distribution to communities across the state that have suffered the most from discriminatory drug policies.

### Expungement

The governor is committed to expunging criminal histories of minor violations of the Cannabis Control Act. The legislation establishes a process for automatic expungement that includes review from relevant law enforcement agencies, including State Police and States Attorney offices.

The automatic expungement process does not apply to individuals whose charges were accompanied by other charges. The attached summary includes a full description of the charges eligible for automatic expungement, along with the detailed process.

Once all vetting has occurred, the law requires that the conviction must be expunged.

### Personal Use Parameters

Adults under 21 are prohibited from consuming cannabis, and cannabis cannot be consumed in any place where smoking is prohibited under the Smoke Free Illinois Act. Employers can discipline an employee or terminate employment if the employer's employment policies or workplace drug policy is violated. Employers can adopt reasonable policies concerning drug testing, smoking, consumption, storage or use of cannabis in the workplace.

### Possession limit for Illinois residents:

- 30 grams of cannabis flower
- 5 grams of cannabis concentrate
- 500 milligrams of THS contained in a cannabis-infused product, or
- >30 grams of raw cannabis grown by an eligible resident

### Possession limit for non-Illinois residents:

- 15 grams of cannabis flower
- 2.5 grams of cannabis concentrate
- 250 milligrams of THS contained in a cannabis-infused product

### Home Grow

The measure allows Illinois households to grow up to five cannabis plants if the grower is an adult 21 or older, is in a household that owns the residence, receives permission from the landlord, keeps the cannabis in a separately locked room to keep the cannabis away from members of the household who are under 21 and is not grown in public view.

### Taxation and Costs

At the point of sale, products will be taxed at various rates, depending on the amount of THC. The cannabis purchaser excise tax is proposed at the following levels:

10% of the purchase price – cannabis with THC level at or below 35%

20% of the purchase price – all cannabis-infused products

25% of the purchase price – cannabis with THC level above 35%

Those who cultivate cannabis will be required to pay a 7% tax on their gross receipts from the sale of cannabis. This includes cultivators, craft growers and processors to a dispensing organization.

Preliminary estimates of the costs to administer the new law are roughly \$20 million annually. Cost estimates will be finalized over the coming days.

## Health and Safety

In order to raise awareness about the potential risks of using cannabis, the Department of Public Health will develop and disseminate educational materials for consumers and oversee the newly created Adult Use Cannabis Public Health Advisory Committee. The proposal also contains restrictions on advertising, packaging and label requirements, and warning requirements that must be posted in each dispensary.

In order to support substance abuse and mental health, 20% of the revenue generated by the sale of adult use cannabis will support efforts in those two areas.