

Loan Applications Open for Licensed Social Equity Cannabis Dispensaries

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CHICAGO – Governor JB Pritzker and the Illinois Department of Commerce and Economic Opportunity (DCEO) today announced that applications for Round II of the Cannabis Social Equity Loan Program are open. Through the program, \$12 million is available through Direct Forgivable Loans (DFL) fully financed by the State. Loan amounts, up to \$240,000, will be provided to qualified, licensed social equity dispensaries.

“In Illinois, equity is front and center in our work to expand the legal cannabis industry,” said **Governor JB Pritzker**. “Thanks to my administration’s Cannabis Social Equity Loan Program, a new wave of entrepreneurs impacted by the failed war on drugs will be able to access forgivable, low interest loans to start their business.”

"Social equity has been at the core of our work in expanding access to capital in the cannabis industry," **said Lt. Governor Juliana Stratton**. "As Chair of the Restore, Reinvest and Renew (R3) Program board, I'm thrilled communities that have suffered decades of disinvestment will have more opportunities in this space. There is no justice without equity."

After providing approximately \$22 million through Round I of the Cannabis Social Equity Loan Program to infusers, transporters and craft growers, DCEO is opening Round II for dispensaries. Eligible applicants must be social equity Conditional and Adult Use Dispensing Organizations licensed by the Illinois Department of Finance and Professional Regulation (IDFPR). This round of funding is open to dispensaries that received licenses prior to the July 2023 dispensary license lottery.

Applicants will be selected based on factors including social equity status, financial need, and progress toward becoming operational. DCEO will also conduct an analysis of the applicants' financial resources. DCEO anticipates providing up to 50 loans through this round of funding; there are approximately 200 licensed social equity dispensaries that may be eligible to apply for this funding opportunity.

"The Direct Forgivable Loan Program has already helped dozens of infusers, transporters and craft growers, and through the second round of funding, licensed social equity cannabis dispensaries will have an opportunity to apply for fully forgivable loans," **said DCEO Director Kristin Richards**. "The State of Illinois remains committed to promoting an equitable cannabis industry by supporting social equity licensees."

"We recognize access to capital for social equity dispensary applicants remains an obstacle for licensure in Illinois, and this step will help knock down those barriers to ensure dispensary ownership in Illinois reflects the diverse population of our great state," **said Cannabis Regulation Oversight Officer (CROO) Erin Johnson**. "I look forward to welcoming qualified applicants into the most equitable cannabis industry in the country."

DCEO has made several program improvements intended to streamline the application process and provide loans in a timely manner while ensuring all financial reviews are met. First, these loans will be structured as direct forgivable loans that are fully financed by the State. While DCEO utilized the DFL model later in the process, the original program design provided loans from lending institutions, which caused significant delays and hurdles for program participants. Second, in order to build capacity and serve applicants as quickly as possible, DCEO has enlisted the support of advisory firm Baker Tilly to assess and verify the financial information submitted by applicants.

Qualified selected applicants will be provided loans up to \$240,000 based on social equity status, financial need, and progress toward becoming operational. Applications for this round of loans will be accepted until April 17, 2024, at 5:00 p.m. To view the application instructions and apply for the loan, please visit DCEO’s Social Equity Cannabis Loan website: <https://dceo.illinois.gov/cannabisequity/loaninfo.html>

To help applicants prepare to apply for funding, DCEO will be holding a webinar ([register here](#)) at 11 a.m. on March 5. Interested parties are encouraged to reach out to CEO.CannabisLoan@illinois.gov for application assistance.

Information on Direct Forgivable Loan Program Structure

- Eligibility** Qualified, licensed social equity dispensaries

- Selection Process** Selection for funding will be prioritized based on factors including social equity status, operational status, and a financial assessment.

- Lender** State of Illinois

- Interest Rates** 4% after an 18-month grace period of no required payments and 0% interest; applicants can also pursue forgiveness prior to any interest accruing.

- Options for Forgiveness** The loan principal is 100% forgivable upon providing documentation for eligible business expenses.

Information on Prior Lending Rounds

The Cannabis Social Equity Loan Program is a first-of-its-kind program that was launched with the goal of providing low-interest loans to social equity licensees through a partnership with lending institutions. The original program structure was a participation loan program, which enlisted the support of lending partners to provide the loan, with the state providing funding for half of the loan amount. The state negotiated

favorable lending terms through lending partners, however, the original loans were not forgivable, and entities experienced significant hurdles securing funding through the original program's lending structure.

In response to feedback from program participants, DCEO launched the direct forgivable loan structure that was fully financed by the state in order to more quickly provide capital to participants. Through the original loan structure (participation loan) and the DFL structure, 33 infusers, transporters and craft growers were provided approximately \$22 million in loans through Round I.