



CANNABIS QUARTERLY *with*

IDFPR

Quarterly Newsletter

Illinois Department of Financial and Professional Regulation

FALL 2024

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ONLINE PROFESSIONAL
LICENSING SYSTEM**

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IDFPR LAUNCHES NEW ONLINE PROFESSIONAL LICENSING SYSTEM

On October 30, the Illinois Department of Financial and Professional Regulation (“IDFPR”) announced the launch of the [Comprehensive Online Regulatory Environment \(CORE\)](#), its new online licensing system, for the first set of IDFPR-licensed professionals. The new online process eliminates the need for paper applications, gives applicants more control over their application materials, and helps prevent deficient applications from being submitted. In addition to creating a streamlined online application process, CORE features a simplified review process for all license applications received by IDFPR.

The launch of CORE marks the first completed step of a planned, multiphase approach by IDFPR over the next two years that will ensure applications for more than 300 license types and records for more than 1.2 million professionals are properly transitioned. CORE is a result of IDFPR’s work with Tyler Technologies, a leading provider of integrated software and technology services for the public sector. CORE is built on their State Regulatory Platform Suite, which allows regulatory agencies like IDFPR to oversee professional and occupational licenses.

New applicants seeking initial licensure for three license types (clinical psychologists, nail technicians, and music therapists) can now submit their applications online using CORE. IDFPR selected these three license types to test and ensure CORE’s functionality, while preparing to add all other professions licensed by IDFPR across five additional phases over the next two years. The next phases are:

Phase 1	Three pilot professions added to test system functionality. New applications only for clinical psychologists, nail technicians, and music therapists. This phase was completed on October 30, 2024.
Phase 2	Add all remaining Division of Professional Regulation (DPR) professions with manual or paper processes, with a priority on healthcare professions. This phase will be for new applications only.
Phase 3	Full regulatory transition for DPR.
Phase 4	Full regulatory transition for the Division of Real Estate.
Phase 5	Full regulatory transition for the Division of Banking.
Phase 6	Full regulatory transition for the Division of Financial Institutions.

To create a streamlined review process, CORE features a user-friendly interface with improved communications. Prospective licensees will be notified directly within the system when applications are received, reviewed, and licenses are issued by the Department—eliminating the need for paper mail and email responses from the Department. In addition, enforcement services (including complaint intake and review, document tracking, and investigations) will be transitioned to CORE. IDFPR will make user guides available online as more services are added to CORE, while continuing its diligent work in reviewing and issuing licenses to qualified applicants under its current processes.

IDFPR will make an announcement when each CORE implementation phase is completed. More information about professional licensing in Illinois may be found on IDFPR’s website: idfpr.illinois.gov.

ADULT USE CANNABIS RULES IN ILLINOIS



On August 20, 2024, the Adult Use Cannabis Administrative Rules published by the Illinois Department of Financial and Professional Regulation (“IDFPR”) took effect! These rules are the result of several years of hard work by the IDFPR staff in collaboration with stakeholders and consumers. The comprehensive rules will provide more clarity and consistency for Illinois cannabis licensees and consumers alike.

The rules include revisions to rules already in effect, as well as some brand-new section additions. You spoke, and IDFPR listened: the new rules address many of the challenges voiced by the Illinois cannabis industry and are an important step in making this market a model for the nation. The Department encourages licensees and consumers to review these rules for changes that may affect them.

Highlights of the new rules include:

- Using rolling inventory averages instead of averages at a single point in time, which is more in line with national trends;
- Clear guidelines regarding consumption lounges;
- Additional physical location clarification for conditional licensees working to become operational;
- Detailed guidelines for ownership changes;
- New directives for responsible vendor participants and trainers;
- Clarification on Principal Officer fees;
- More information on acceptable Conditional Management Service Agreements;
- Clear information regarding license renewals, changes to new agent requirements.

“These new rules represent a monumental step forward for this nascent industry. This brings clarity to Department policies and procedures, providing frameworks for those in the industry and those looking to enter the industry to follow for compliance,” said Vaughn Bentley, Deputy Director of Cannabis Control.

Click [HERE](#) to view the complete new rules and email any questions to FPR.AdultUseCannabis@illinois.gov.



ARE YOU UP NEXT FOR A LICENSE? STEPS TO PREPARE FOR

On May 3, 2024, [IDFPR announced the release](#) of 35 additional conditional adult use dispensing organization licenses. Since then, an additional 13 licenses were issued, bringing the total to 48 out of a possible 55. Those licenses not issued are in the process of being offered to the next-in-line for their respective BLS regions. If you are one of those who are up next, there are certain documents you can prepare and steps you can be prepared for.

IDFPR prepared [a documents guide](#) for those needing to prove they meet the criteria to be awarded a conditional license. You should review this guide and start collecting the relevant documents to have them ready to submit. Documents need to be legible and in an electronic format, so you may need to scan documents and review them to make sure they can be read. Label the documentation on your computer to help yourself and the reviewers easily identify and sort the documentation. Make sure to include your census tract data as well.

Once you submit your documents, keep an eye on your email. IDFPR communicates with all applicants via email, and you should also review [this next steps document IDFPR prepared](#). This lays out the next steps to expect throughout the prove-up period. You should also [review this checklist](#) for conditional license-holders so you can start preparing for your journey to an operational license.

QUESTIONS REGARDING TRANSACTIONAL MATTERS

Thinking about a change of ownership, Management Service Agreement, or Consultant/Conditional Management Service Agreements? This article explores what types of agreements are permissible and where to find the required documentation and elements for each type of request. Please be aware that further information can be found in the newly published administrative rules here: [PART 1291 CANNABIS REGULATION AND TAX ACT : Sections Listing \(ilga.gov\)](#).

Conditional Management Service Agreements (“CMSA”) for Conditional Licensees

If a licensee is still in the conditional phase (the underlying license is still a conditional license), a traditional Management Service Agreement or Change of Ownership request is not allowed. “Management Service Agreements (“MSAs”) require new principal officers to be added to an ownership structure, and because conditional licenses may not be sold, transferred, or assigned, MSAs may not be entered into during the conditional phase.” ([FAQ](#) page 4). However, IDFPD developed the CMSA to allow for conditional licensees to enter into limited agreements with a management service contractor to aid them in opening their stores and obtaining their 15-36 operational licenses.

If you wish to enter into a permissible CMSA, please review the Rules at [68 IAC 1291.214](#). Additionally, the Department will need a [Third Party Authorization Form](#) containing the license number, a CMSA that meets all requirements listed at [68 IAC 1291.214](#), and the operating agreement of the management services contractor. Please send the requested documents to fpr.cannabisbusiness@illinois.gov.

Once submitted, the Department will review, provide feedback, and approve if the requirements are met.

The fee for a CMSA is \$1,000, which can be found at [68 IAC 1291.15\(b\)\(2\)](#).

Consultant Management Service Agreements (“CMSA”) for 15-36 Licensees

Similar to conditional licensees, 15-36 licensees may also enter into CMSAs. 15-36 licensees are dispensaries that have been awarded their operational licenses under Section 15-36 of the CRTA. When a 15-36 licensee wishes to enter into this type of agreement, it is called a Consultant Management Service Agreement. The required elements of each agreement are almost identical. The only difference in the two is the termination date ([68 IAC 1291.214\(g\)\(5\)](#)). One reason parties may choose CMSAs over traditional Management Service Agreements (“MSA”) is that management service contractors do not need to register as principal officers under a CMSA. The rationale is because CMSAs limit the amount of power and influence a managing service contractor may exercise over the licensee.

If you wish to enter into a permissible CMSA, please review the Rules at [68 IAC 1291.214](#). Additionally, the

Department will need a [Authorization Form](#) containing the license number, a CMSA that meets all requirements listed at [68 IAC 1291.214](#), and the operating agreement of the management services contractor. Please send the requested documents to for.cannabisbusiness@illinois.gov.

Once submitted, the Department will review, provide feedback, and approve if the requirements are met.

The fee for a CMSA is \$1,000, which can be found at [68 IAC 1291.15\(b\)\(2\)](#).

Management Service Agreements (“MSA”) and Changes of Ownership for 15-36 Licensees

MSAs and changes of ownership are treated similarly and are only permissible for 15-36 licensees. This is in part due to the requirement that traditional MSAs and changes of ownership both require the addition and registration of new principal officers. MSAs that do not qualify as a CMSA exception are defined as “changes of ownership” under the Rule at [68 IAC 1291.210\(f\)\(4\)](#). If a 15-36 licensee does not wish for a management service contractor to be registered as a principal officer, the 15-36 licensee will need to abide by the requirements for a CMSA. Required documentation for changes of ownership can be found at [68 IAC 1291.211](#).

If you wish to enter into MSAs or changes of ownership, please review the Rules at [68 IAC 1291.210](#) and [68 IAC 1291.211](#). Additionally, the Department will need an [Authorization Form](#), an [Example of Pre and Post Transaction Summary.pdf \(illinois.gov\)](#), and a narrative that explains the transaction. Please send the requested documents to for.cannabisbusiness@illinois.gov. Once the Department receives the starting documents, further instructions and upload portal links will be provided.

The fee for a change of ownership or MSA is \$5,000 for each license involved in the transaction, which can be found at [68 IAC 1291.15\(b\)\(1\)](#). Please refrain from submitting any payment until contacted by the Department with payment instructions.



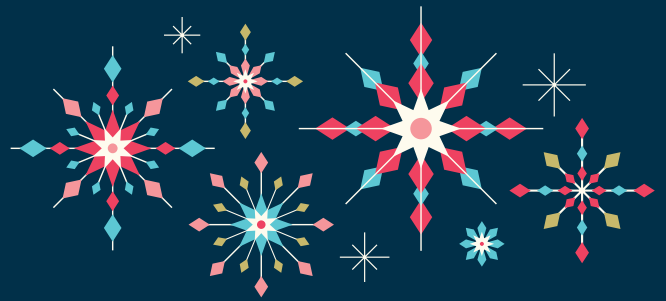
COMMUNITY CORNER: SHARE YOUR SUMMER SUCCESSSES!

Illinois continues to experience cannabis sales each quarter with new dispensaries opening regularly. So, let's hear about your wins! Please use [THIS LINK](#) to share what your dispensary is proud of from this past summer.

Did you host a community event? Was your dispensary able to offer new products that your customers loved? Were you able to hire new people and create jobs for your neighborhood? We want to know about it.

Submissions may appear in the Winter newsletter.

PREPARING FOR THE HOLIDAYS



happy holidays

As we are now in the holiday season, there are a few things to be aware of for cannabis dispensaries and their employees. First, IDFPR is closed on the following dates for the holidays so responses might be delayed around those dates:

- December 25, 2024
- January 1, 2025
- January 20, 2025
- February 12, 2025
- February 17, 2025

Second, you should review the advertising prohibitions and restrictions in the [Cannabis Regulation and Tax Act](#). Those can be found at 410 ILCS 705/1-10 and 410 ILCS 705/55-20. IDFPR will be monitoring advertisements and any that violate the CRTA may result in disciplinary action.

Finally, pay attention to winter road conditions in the coming months. The Illinois State Police prepared [this helpful guide](#) for traveling during a storm if you have to. Additionally, the Illinois Department of Transportation [collects and reports winter road conditions](#). Check this often to see how your commute may change and to stay safe.

CONTACT US

Have questions about cannabis in Illinois? Please email us using one of the addresses below:

Adult Use Cannabis:

FPR.AdultUseCannabis@illinois.gov

Medical Cannabis:

FPR.MedicalCannabis@illinois.gov

