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October 23, 2020 06:00 AM

Illinois Can Fix its Cannabis Dispensary Licensing Process with a Second Lottery Business of Cannabis

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The social equity provisions of the Cannabis Regulation and Tax Act, which provided business opportunities for those most harmed by the by the criminalization of marijuana, were rightfully heralded as industry-leading.

The urgency with which the new social equity licenses needed to be awarded was baked in to the law, which recognized that current license ownership did not reflect social equity standards and set an aggressive timetable to get social equity dispensaries up and running.

But, as recent lawsuits have shown, this carefully designed process is still very much a work in progress, and delay has become the order of the day.

After the state announced that 21 applicants had received perfect scores and would move on to a lottery where licenses would be awarded, other applicants alleged inconsistent scoring and handling of their applications. Governor Pritzker then announced new procedures to give all applicants a chance to correct any deficiencies.

This delayed the lottery, which by law was to occur on May 1. Three of the applicant groups selected for the lottery have now sued, alleging that it is illegal to give other applicants a second chance.

The state must move decisively to resolve this situation. Between the delays created by the Governor's executive order and additional pandemic-related concerns, the process is now nearly six months behind schedule. All the while, current licenseholders gain more and more advantage.

To resolve this impasse, the state should do two things: First, hold the lottery, allowing already-qualified applicants to move forward in finding property and opening their businesses, a process which can take a year or more.

Then, offer a second tranche of licenses, awarded in a second lottery, to those who are successful in the redo. There is plenty of latitude to do this, as the law allows up to 500 dispensary licenses throughout the state.

"Illinois needs more dispensaries. 500 dispensaries for a mature Illinois market is probably about right. "

Illinois needs more dispensaries. 500 dispensaries for a mature Illinois market is probably about right. At present, there are 67 across the entire state, as compared with 185 in Denver alone.

The state of Illinois has made a mess of the process to license new cannabis dispensaries. And, so far, the government's only proposal to deal with it is conducting a single planned lottery, many months out. Everything will be further delayed, and everyone's chances of winning will plummet.

Surely this cannot be anyone's idea of equity.

Moving forward with the too-long-delayed lottery means social equity applicants will finally be able to participate in the industry sooner rather than later. This will expedite growth in an industry that has provided the state with over \$100 million in tax revenue so far in 2020.

Adding a second tranche will create additional opportunity. The odds for everyone are better, and we will still have a relatively modest number of dispensaries at the end of it. This two-phased approach is the best way to put our well-intentioned legalization and licensing practice back on track.

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