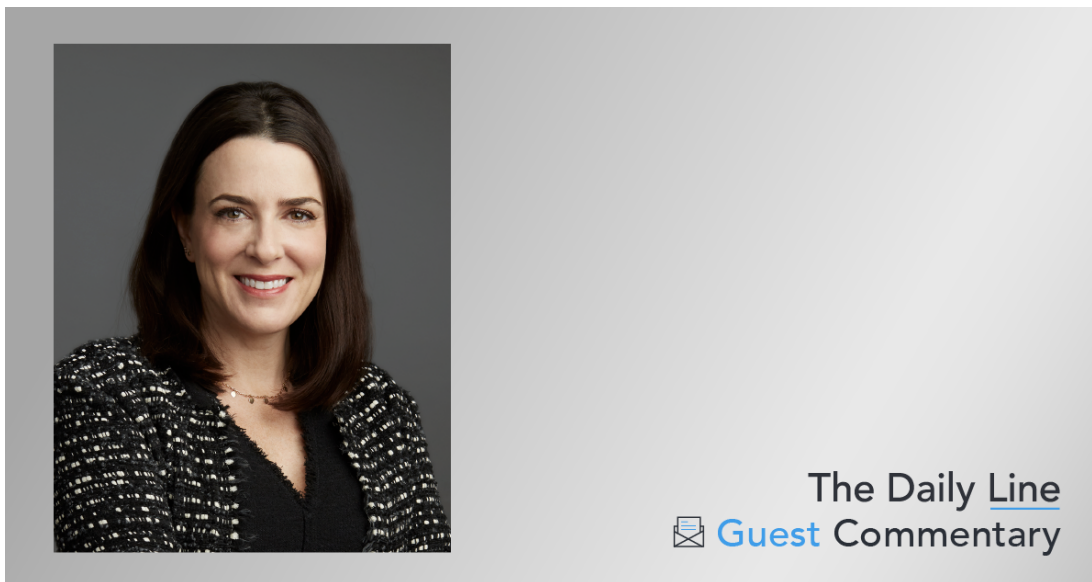


With Rising State Debt, Illinois Needs More Recreational Cannabis Dispensaries

By Bryna Dahlin (<https://thedailyline.net/author/bryna-dahlin/>) - February 4, 2021



Now that the final numbers are in on Illinois recreational marijuana sales for 2020, it is clear that the state should pick up the pace of approving licenses and opening dispensaries in 2021.

The Illinois Department of Financial and Professional Regulation announced on Jan. 4 that pot sales reached \$669 million in 2020, the first year in which customers 21 and older could legally purchase marijuana. While the final sales figures were strong and beat estimates—an impressive feat, given the impact of the ongoing COVID-19 pandemic on retail sales generally—the state continues to leave potential revenue on the table by not opening more dispensaries at a quicker pace.

Though consumer demand here has proved strong, Illinois continues to lag behind other states in making a supply of cannabis available. At present, there are 81 adult-use dispensaries across the entire state, as compared with 187 in the city of Denver alone. A mature market here, on a scale similar to that of other states that have legalized, would include about 500 dispensaries, the full number called for in Illinois' original legalization bill.

Of course, Colorado had a considerable head start with marijuana legalization, having voted it in in 2012. But it's incumbent upon stakeholders here to catch up as quickly as possible.

With a projected budget deficit of \$3.9 billion (made worse in part by the \$2 billion in lost revenue caused by the pandemic), Illinois desperately needs the tax revenue that would be generated by additional legal marijuana sales.

Ongoing issues with the lottery used to dole out dispensary licenses have slowed the process tremendously. After the state originally announced that 21 applicants had received perfect scores and would move on to the lottery where licenses would be granted, other applicants alleged inconsistencies in the scoring and handling of their applications. Those allegations led Governor Pritzker to announce new procedures giving all applicants a chance to correct any deficiencies, which delayed the May 1 lottery, and resulted in further lawsuits.

Between the delays created by Governor Pritzker's executive order and additional pandemic-related concerns, licensing is now nearly eight months behind schedule. The lottery and subsequent lawsuits have turned the process into a fraught exercise. This really is a shame, because Illinois' recreational cannabis law is viewed as an innovative piece of legislation. After all, it includes a social equity component that was seen as the hallmark of the law and a sign of the extraordinary care and effort lawmakers put into drafting the bill in the first place.

Not all is lost, though. Despite the issues, there are ways to improve upon the law. Illinois lawmakers announced in early January, for example, that they plan to create 75 additional dispensary licenses for poor and minority candidates. This proposed bill would help bring much-needed diversity to the state's cannabis industry.

But still, more could be done overall to get new recreational dispensaries up and operating. To resolve this situation fairly and generate much-needed revenue, the state should do three things: First, hold the long-delayed lottery; this would allow already-qualified applicants to move forward in finding property and opening their businesses, a process which can take a year or more.

Second, lawmakers should move forward with the proposed law allowing for a second tranche of 75 licenses to those original applicants who met a certain points threshold in the first round (80%, after opportunity to correct deficiencies, has been proposed). . There is plenty of latitude to do this; the law allows up to 500 dispensary licenses throughout the state.

Third, do not allow the current delay, extreme as it is, to derail the next round of licensing. The law requires another round of dispensary licenses to be awarded by December 21, 2021. This means that the applications need to come out this summer, which we will be here before we know it.

Illinois regulators have shown admirable commitment to preserving the uniquely progressive social equity component of our state's cannabis legalization program. But the flawed implementation of that system should not be allowed to strangle the growth of one of the few economic sectors actually booming in the pandemic economy. Surely missing out on revenue that the state could use to help support under-resourced and historically marginalized communities, which have been disproportionately impacted by the pandemic, is not advancing any kind of social equity. Indeed, last week, the State finally awarded \$31.5 million in grants funded by cannabis tax revenue to various agencies working with underserved communities. With a fully functioning market, these grant dollars should grow substantially.

Holding the much-delayed lottery now and offering a second set of licenses as soon as possible later is the best way to put the state's legalization efforts back on track.