Section 1291.10 Definitions

1291.50 Tied Applicant

AUTHORITY: Implementing the Cannabis Regulation and Tax Act [410 ILCS 705]

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Section 1291.10 Definitions

Terms not defined in this Section shall have the same meaning as in the Cannabis Regulation and Tax Act [410 ILCS 705]. Nothing in this Part is intended to confer a property or other right, duty, privilege or interest entitling an applicant to an administrative hearing upon denial of a dispensing organization application. The denial of a dispensing organization application does not preclude judicial review of the denial. The following definitions are applicable for purposes of this Part:

"Applicant" means the Proposed Dispensing Organization Name as stated on a license application.

"Application points" means the number of points an applicant receives at the conclusion of the scoring process.

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"By lot" means a randomized method of choosing between two or more eligible applicants.

"Department" means the Department of Financial and Professional Regulation.

"Dispensing Organization License" means any Early Approval Adult Use Dispensing Organization License, Conditional Adult Use Dispensing Organization License, or Adult Use Dispensing Organization Licenses.

"Eligible applicant" means a tied applicant that is eligible to participate in the process by which a remaining available license is distributed by lot.

"License" means a Conditional Adult Use Dispensing Organization License.

"Principal officer" includes a cannabis business establishment applicant or licensed cannabis business establishment's board member, owner with more than 1% interest of the total cannabis business establishment or more than 5% interest of the total cannabis business establishment of a publicly traded company, president, vice president, secretary, treasurer, partner, officer, member, manager, member, or person with a profit sharing, financial interest, or revenue sharing arrangement. The definition includes a person with authority to control the cannabis business establishment, a person who assumes responsibility for the debts of the cannabis business establishment and who is further defined in the Act.

"Remaining available license" means a license in a BLS region that has not been awarded by the Department at the conclusion of the scoring process period. There may be more than one remaining available license in a BLS region. For example, if four licenses are available in a BLS region and the five highest scoring applicants receive scores of 245, 240, 235, 235, and 235 points, the applicants receiving 245 and 240 application points will be awarded licenses and the three applicants receiving 235 points may become eligible applicants. Likewise, if one license is available in a BLS region and there are five applicants with the highest score, all five applicants may become eligible applicants.

"Scoring process period" is the period of time between the conclusion of the submission period for a license application and when the Department publishes the names of tied applicants that may become eligible applicants.
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"Secretary" means the Secretary of the Department of Financial and Professional Regulation.

"Tied applicant" means an applicant that has received the same number of application points as one or more other applicants in the same BLS region and would have been awarded a license but for the one or more other applicants that received the same number of application points.

Section 1291.50 Tied Applicant

a) A tied applicant may qualify as an eligible applicant subject to the following:

1) A tied applicant is prohibited from becoming an eligible applicant if a principal officer of the tied applicant is a principal officer of more tied applicants than the number of remaining available licenses. For example, if an individual is a principal officer of four tied applicants and there are two remaining available licenses, no more than two of those tied applicants may become eligible applicants.

2) A tied applicant is prohibited from becoming an eligible applicant if a principal officer of a tied applicant resigns after the conclusion of the scoring process period.

3) A tied applicant is prohibited from becoming an eligible applicant if after the conclusion of the declination period identified in subsection (b), a principal officer of the applicant is a principal officer of more tied applicants than the number of remaining available licenses.

b) A tied applicant may decline to become an eligible applicant by informing the Department within five business days of the conclusion of the scoring process or the effective date of these rules, whichever is later. The declination must be submitted on forms approved by the Department.

c) If, at the conclusion of the scoring process period, there are two or more eligible applicants, the Department may distribute the remaining available licenses by lot subject to the following:

1) The Department shall publish a list of eligible applicants at least five business days before the day the remaining available licenses are distributed.
2) The drawing by lot for all remaining available licenses will occur on the same day.

3) For each BLS region, the department will draw a number of eligible applicants equal to five times the number of remaining eligible applicants.

4) Within each BLS region, the first eligible applicant drawn will have the first right to a remaining available license. The second eligible applicant drawn will have the second right to a remaining available license. The same pattern will continue for each subsequent eligible applicant drawn.

5) The process for distributing remaining available licenses will be recorded by the Department in a format at its discretion.

6) If upon being selected for a remaining available license, the eligible applicant has a principal officer that is a principal officer in more than ten Early Approval Adult Use Dispensing Organization Licenses, Conditional Adult Use Dispensing Organization Licenses, Adult Use Dispensing Organization Licenses, the licensees and the eligible applicant listing principal officer must choose which license to abandon pursuant to Section 15-36(d) of the Act, and notify the Department in writing within the timeframe identified in 1291.50(b). If the eligible applicant or licensees do not notify the Department as required, the Department shall refuse to issue all remaining available licenses obtained by lot in all BLS regions to the eligible applicant.

7) All remaining available licenses that have been abandoned shall be distributed to the next eligible applicant drawn by lot. If there are no additional eligible applicants, the license shall be awarded to the applicant receiving the next highest number of application points in the BLS region.