

CROO QUARTERLY

JULY 2024

Welcome to the quarterly newsletter of the Cannabis Regulation Oversight Office! "CROO Quarterly" provides updates on the cannabis program, as well as resources for applicants, license holders, and advocates. All information provided is publicly available, but now it's all in one place.

Follow the CROO on social media for updates and information between issues.



In this issue...



The More Know You....CROO's Roll in Cannabis

Illinois Has the Most Diverse Cannabis Business Ownership in the Nation

Research & Data: What The Are Numbers Saying...

Legislation Round Up

Resources

The More You Know.... CROO's Roll in Cannabis

The Cannabis Regulation Oversight Office (CROO) was created by the same legislation that legalized cannabis for adult use in Illinois in June 2019, the Cannabis Regulation and Tax Act (CRTA).

The CROO is tasked with coordinating among the 13 state agencies involved in the regulation and taxation of cannabis. Just as importantly, the CROO is responsible for upholding the General Assembly's commitments to repair the harm caused by cannabis prohibition, help rebuild communities devastated by the failed war on drugs, and diversifying the cannabis industry through data collection, reporting, and making policy recommendations to ensure Illinois continues to be the most equitable industry in the country.

In an effort to inform the citizens of Illinois, the CROO holds regular meetings with working groups on topics that are essential to the cannabis industry. CROO has also developed and kept great relationships with various policy, advocacy, and patient groups to help address questions and concerns.

Since August 2020, CROO has overseen the following:

- The expungement of nearly 800,000 arrest records in coordination with the State Police four years earlier than required by statute.
- More than \$70 million of investment and direct services in disproportionately impacted communities across our state.
- Release of over 150 licenses by the Department of Agriculture to businesses predominantly owned by people of color, changing the face of the cannabis industry in Illinois on the agricultural side
- With IDFP, reforms to the dispensary application which we believe will make the licensing process more accessible.
- Over 100 Social Equity dispensaries opening in the state.
- Completion of the statutorily required disparity study confirming that Illinois is the most diverse cannabis industry in the country.

CROO has also become a national voice on social equity in cannabis, serving on the board of the National Cannabis Regulators Association Committee and as a founding member of the Cannabis Regulators of Color Coalition.

Illinois has become a model around the country for legalizing and regulating cannabis with equity at the forefront.

Research & Data: What Are The Numbers saying....

Illinois Has Most Diverse Ownership in the Nation: Disparity Study Released

Cannabis licenses awarded to minority- or women-owned businesses account for 60% of businesses in Illinois

The study, as required by the [Cannabis Regulation and Tax Act \(CRTA\)](#), examined 559 adult use cannabis licenses issued by the State to more than 400 businesses during the study period, which spanned from the start of adult use cannabis sales, January 1, 2020, through January 31, 2023.

"We're incredibly proud of our emerging cannabis industry, and we're fully committed to making this an industry where people most affected by the War on Drugs can start their own business and thrive," said Governor JB Pritzker

"The social equity provisions in the Cannabis Regulation and Tax Act worked at creating a diverse set of new businesses in Illinois," said Cannabis Regulation Oversight



Diversity Survey

The Cannabis Regulation and Tax Act (410 ILCS 705/7-30) mandates the Cannabis Regulation Oversight Officer (CROO) survey the Illinois cannabis industry annually to assess the diversity of the owners and employees in the industry, as well as the contractors/subcontractors working with the industry. The survey results are used to learn what barriers exist in the industry that would create challenges for anyone to enter the business market and to identify methods for reducing or

Officer Erin Johnson. "This report is a critical first step in understanding diversity in our cannabis industry. Every week, new businesses open and the industry continues to change, evolve, and grow. We thank all those that contributed to this report and look forward to discussing the recommendations in the coming weeks and months."

Disparity Study

eliminating any of those barriers. The CROO surveyed the industry in both 2020, 2021, 2023, and is currently conducting the 2024 Diversity Survey

On May 8, 2024, the CROO distributed the 2024 Diversity Survey to both firms and cannabis employees.

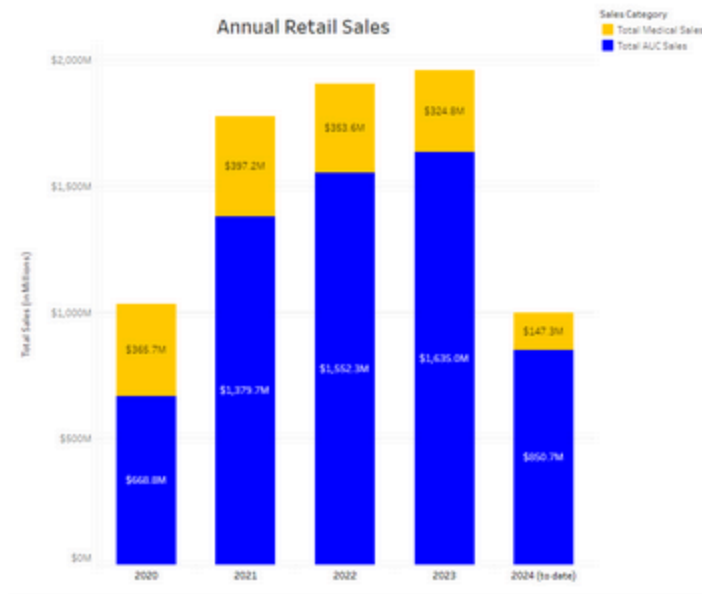
As of June 27 2024:

CROO has received, reviewed, and approved 93 companies' survey responses. All licensed companies must complete the survey meaning about 32% of businesses have completed their 2024 survey reporting requirements.

If you believe you should have received the Diversity Survey as a cannabis business or employee, please use the ["Contact Us"](#) button below to request a link.

For updated Diversity Survey information click the direct link below

Diversity Survey



State of Illinois Celebrates \$1 Billion in Cannabis Retail Sales

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<https://mail.google.com/mail/u/0/?ik=16570>

Governor JB Pritzker announced today that Illinois reached \$1 billion in cannabis retail sales on July 1, 2024. This includes more than \$850 million in adult use cannabis sales and almost \$150 million in medical cannabis sales. This milestone was achieved nearly two weeks faster in 2024 compared to 2023, when the \$1 billion sales mark was not reached until July 10.

Additionally, Fiscal Year 2024 saw total cannabis sales exceed \$2 billion, which represents an increase from Fiscal Year 2023 (\$1.9 billion) and Fiscal Year 2022 (\$1.8 billion). A complete month-by-month breakdown on cannabis sales in Illinois may be found online [here](#).

Legislation Round Up

2024 spring session was grueling! HB2911 a cannabis regulatory filled with CROO priorities and HB4293 a hemp regulation bill both passed the Senate with little opposition. Unfortunately, both bills were stalled in the House. CROO plans to continue to advocate for the policies below during the upcoming veto session.

A number of policy and process issues are amid negotiations on the cannabis regulatory bill. CROO continues to advocate for expanding access to medical patients across the state. Please stay tuned for additional session updates and note the list of priorities below is not comprehensive and is tentative as we are actively negotiating for policies that bolster social equity and uplift Illinois' cannabis market.

Medical Priorities

- Harmonize Adult and medical use cultivation privilege tax.
- Allowing medical patients to certify their qualifying conditions by remote means.
- Allow the sale of seeds, clones and live plant materials to medical patients.
- Remove excluded offenses in medical employment process.
- Allowing curbside pick-up and drive through at

Regulatory

- Licensing Cannabis Testing Labs instead of a registration.
- Provides dispensaries 180 additional days to become operational
- Expanding allowable HVAC equipment requirements.
- Explicitly allows interagency communication and coordination including the OEIG
- Allows DCEO the flexibility to enter into financial intermediary agreements and utilize a lottery in

arterly

<https://mail.google.com/mail/u/0/?ik=16576>

dispensaries for medical and adult use (with medical patient priority)

instances where there aren't enough funds to fund every cannabis business and adds financial assistance programs.

- Provides DOA and DFPR the authority to unify the badging systems
- Extends procurement exemption 3 years
- Establishes market protections that protect against unfair business practices.

- Remove destination label requirement to reduce regulatory burden.
- Tax clean up
- Clarifies ability to add principal officer for investment purposes.