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INTRODUCTION

The *Illinois Register* is the official state document for publishing public notice of rulemaking activity initiated by State governmental agencies. The table of contents is arranged categorically by rulemaking activity and alphabetically by agency within each category.

Rulemaking activity consists of proposed or adopted new rules; amendments to or repealers of existing rules; and rules promulgated by emergency or peremptory action. Executive Orders and Proclamations issued by the Governor; notices of public information required by State Statute; and activities (meeting agendas; Statements of Objection or Recommendation, etc.) of the Joint Committee on Administrative Rules (JCAR), a legislative oversight committee which monitors the rulemaking activities of State Agencies; is also published in the Register.

The Register is a weekly update of the Illinois Administrative Code (a compilation of the rules adopted by State agencies). The most recent edition of the Code, along with the Register, comprise the most current accounting of State agencies' rulemakings.

The *Illinois Register* is the property of the State of Illinois, granted by the authority of the Illinois Administrative Procedure Act [5 ILCS 100/1-1, et seq.].

ILLINOIS REGISTER PUBLICATION SCHEDULE FOR 2020

	Issue#	**Rules Due Date**	**Date of Issue**	
	1	December 23, 2019	January 3, 2020	
	2	December 30, 2019	January 10, 2020	
	3	January 6, 2020	January 17, 2020	
	4	January 13, 2020	January 24, 2020	
	5	January 21, 2020	January 31, 2020	
	6	January 27, 2020	February 7, 2020	
	7	February 3, 2020	February 14, 2020	
	8	February 10, 2020	February 21, 2020	
	9	February 18, 2020	February 28, 2020	
	10	February 24, 2020	March 6, 2020	
	11	March 2, 2020	March 13, 2020	
	12	March 9, 2020	March 20, 2020	
	13	March 16, 2020	March 27, 2020	
	14	March 23, 2020	April 3, 2020	
	15	March 30, 2020	April 10, 2020	
	16	April 6, 2020	April 17, 2020	
	17	April 13, 2020	April 24, 2020	
	18	April 20, 2020	May 1, 2020	
	19	April 27, 2020	May 8, 2020	
	20	May 4, 2020	May 15, 2020	
	21	May 11, 2020	May 22, 2020	

	22	May 18, 2020	May 29, 2020	
	23	May 26, 2020	June 5, 2020	
	24	June 1, 2020	June 12, 2020	
	25	June 8, 2020	June 19, 2020	
	26	June 15, 2020	June 26, 2020	
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	28	June 29, 2020	July 10, 2020	
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	31	July 20, 2020	July 31, 2020	
	32	July 27, 2020	August 7, 2020	
	33	August 3, 2020	August 14, 2020	
	34	August 10, 2020	August 21, 2020	
	35	August 17, 2020	August 28, 2020	
	36	August 24, 2020	September 4, 2020	
	37	August 31, 2020	September 11, 2020	
	38	September 8, 2020	September 18, 2020	
	39	September 14, 2020	September 25, 2020	
	40	September 21, 2020	October 2, 2020	
	41	September 28, 2020	October 9, 2020	
	42	October 5, 2020	October 16, 2020	
	43	October 13, 2020	October 23, 2020	
	44	October 19, 2020	October 30, 2020	
	45	October 26, 2020	November 6, 2020	
	46	November 2, 2020	November 13, 2020	
	47	November 9, 2020	November 20, 2020	
	48	November 16, 2020	November 30, 2020	
	49	November 23, 2020	December 4, 2020	
	50	November 30, 2020	December 11, 2020	
	51	December 7, 2020	December 18, 2020	
	52	December 14, 2020	December 28, 2020	

DEPARTMENT OF AGRICULTURE

NOTICE OF PROPOSED AMENDMENTS

1) Heading of the Part: Anhydrous Ammonia, Low Pressure Nitrogen Solutions, Equipment, Containers, and Storage Facilities

2) Code Citation: 8 Ill. Adm. Code 215

3)

Section Numbers:	Proposed Actions:
215.15	Amendment
215.16	Amendment
215.20	Amendment
215.110	Amendment
215.115	Amendment
215.120	Amendment

4) Statutory Authority: Implementing and authorized by Section 14 of the Illinois Fertilizer Act of 1961 [505 ILCS 80].

5) A Complete Description of the Subjects and Issues Involved: Amends the Department's rules to create a training program and to update the rules to reflect current Department policy.

6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None

7) Will this rulemaking replace any emergency rule currently in effect? No

8) Does this rulemaking contain an automatic repeal date? No

9) Does this rulemaking contain incorporations by reference? Yes. Enforcement Response Policy for Sections 302, 304, 311, and 312 of the Emergency Planning and Community Right-To-Know Act and Section 103 of the Comprehensive Environmental Response, Compensation and Liability Act, available from the Office of Regulatory Enforcement, Office of Enforcement and Compliance Assurance, United States Environmental Protection Agency, September 30, 1999.

10) Are there any other rulemakings pending on this Part? No

11) Statement of Statewide Policy Objective: This rulemaking does not create a State mandate.

DEPARTMENT OF AGRICULTURE

NOTICE OF PROPOSED AMENDMENTS

12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Interested persons may present their comments concerning this rulemaking within 45 days after this issue of the *Illinois Register* to:

Pamela Harmon
Rulemaking Coordinator
Illinois Department of Agriculture
State Fairgrounds, P. O. Box 19281
Springfield IL 62794-9281

217/524-6905
fax: 217/785-4505

13) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not-for-profit corporations affected: None

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: None

14) Small Business Impact Analysis: There is no adverse impact to small business

15) Regulatory Agenda on which this rulemaking was summarized: This rulemaking was not summarized in a regulatory agenda because it was not anticipated.

The full text of the Proposed Amendments begins on the next page:

DEPARTMENT OF AGRICULTURE

NOTICE OF PROPOSED AMENDMENTS

TITLE 8: AGRICULTURE AND ANIMALS
CHAPTER I: DEPARTMENT OF AGRICULTURE
SUBCHAPTER e: FERTILIZERS

PART 215
ANHYDROUS AMMONIA, LOW PRESSURE NITROGEN SOLUTIONS, EQUIPMENT, CONTAINERS, AND STORAGE FACILITIES

SUBPART A: ANHYDROUS AMMONIA, EQUIPMENT, CONTAINERS, AND STORAGE FACILITIES

Section	
215.10	Scope
215.15	Definitions
215.16	Incorporated and Referenced Materials
215.20	Safety
215.25	Basic Rules
215.30	Location of Storage Tanks
215.35	Markings of Non-Refrigerated Containers and Systems other than DOT Containers
215.40	Tank Appurtenances
215.45	Piping, Tubing and Fittings
215.50	Hose Specifications
215.55	Safety Relief Devices
215.60	Filling Densities
215.65	Transfer of Liquids
215.70	Liquid Level Gauging Devices
215.75	Painting of Containers
215.80	Electrical Equipment and Wiring
215.85	Systems Utilizing Stationary, Pier-Mounted or Skid-Mounted Aboveground Non-Refrigerated Storage
215.90	Refrigerated Storage
215.95	Tank Car Operations
215.100	Systems Utilizing Stationary, Pier-Mounted or Skid-Mounted Aboveground or Underground Non-Refrigerated Storage (Repealed)
215.105	Systems Mounted on Farm Wagons (Implements of Husbandry) for the Transportation of Anhydrous Ammonia (Repealed)
215.110	Systems Mounted on Implements of Husbandry (Nurse Tanks) for the Transportation of Anhydrous Ammonia

215.115 Systems Mounted on Equipment for the Application of Anhydrous Ammonia
215.120 Equipment for the Application of Anhydrous Ammonia
215.125 Administrative Hearings

SUBPART B: NITROGEN FERTILIZER SOLUTIONS

Section
215.200 General
215.205 Definitions
215.210 Application of Rules
215.215 Requirement of Construction and Original Test of Containers
215.220 Capacity of Containers
215.225 Container Valves and Accessories
215.230 Piping, Tubing and Fittings
215.235 Hose Specifications
215.240 Safety Devices
215.245 Transfer of Liquids
215.250 Tank Car Loading and Unloading Points and Operations
215.255 Liquid Level Gauging Devices
215.260 Indicating Devices
215.265 Storage Installations for Nitrogen Fertilizer Solutions
215.270 Systems Mounted on Trucks, Semi-trailers and Trailers for Transportation of Nitrogen Fertilizer Solutions
215.275 Systems Mounted on Vehicles and Implements of Husbandry for the Transportation of Nitrogen Fertilizer Solutions
215.280 Systems Mounted on Vehicles and Implements of Husbandry for the Application of Nitrogen Fertilizer Solutions
215.285 Administrative Hearings

215.TABLE A Rate of Discharge
215.TABLE B Guide for Selection of Materials for Refrigerated Ammonia Storage Tanks
215.TABLE C Minimum Material Requirements for Shells and Bottoms of Refrigerated Storage Tanks for Various Temperatures and Thicknesses
215.TABLE D Repair Welding
215.TABLE E Safety Pressure Relief Valves

AUTHORITY: Implementing and authorized by Section 14 of the Illinois Fertilizer Act of 1961 [505 ILCS 80].

DEPARTMENT OF AGRICULTURE

NOTICE OF PROPOSED AMENDMENTS

SOURCE: Rules and Regulations Relating to Anhydrous Ammonia, Low Pressure, Nitrogen Solutions, Equipment, Containers and Storage Facilities, filed May 15, 1967, effective May 15, 1967; Rules and Regulations Relating to the Handling of Nitrogen Fertilizer Solutions; filed September 7, 1967, effective September 7, 1967; amended March 31, 1975, effective April 10, 1975; amended March 2, 1976, effective March, 2, 1976; amended December 21, 1977, effective January 1, 1978; codified at 5 Ill. Reg. 10513, effective October 1, 1981; part repealed, new part adopted at 6 Ill. Reg. 2990, effective March 5, 1982; amended at 27 Ill. Reg. 9922, effective July 1, 2003; emergency amendment at 27 Ill. Reg. 10423, effective July 1, 2003, for a maximum of 150 days; amended at 27 Ill. Reg. 18536, effective November 25, 2003; amended at 40 Ill. Reg. 8704, effective July 1, 2016; amended at 44 Ill. Reg. _____, effective _____.

SUBPART A: ANHYDROUS AMMONIA, EQUIPMENT, CONTAINERS, AND STORAGE FACILITIES

Section 215.15 Definitions

"Actuation device" means a mechanical device that is manually activated to cause the closing of emergency shutoff valves or internal valves stopping the flow of the product in the system.

"Alteration" means a change in any item described in the original manufacturer's data report that affects the pressure-containing capability of the container. Rerating a container by increasing maximum allowable working pressure or by increasing or decreasing allowable working temperature shall be considered an alteration.

"Ammonia or anhydrous ammonia" means the compound formed by the chemical combination of the elements nitrogen and hydrogen in the molar proportion of one part nitrogen to three parts hydrogen. This relationship is shown by the chemical formula, NH_3. On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen or approximately 82% nitrogen to 18% hydrogen. Ammonia may exist in either gaseous, liquid or solid state. It is not to be confused with aqua ammonia (ammonium hydroxide), which is a solution of ammonia in water.

"Approved" means listed by a recognized testing laboratory,~~; or~~ recommended by the manufacturer as suitable for use with anhydrous ammonia and so marked or documented,~~;~~ or accepted by the authority having jurisdiction.

"Appurtenance" refers to all devices such as pressure relief devices, liquid level gauging devices, valves, pressure gauges, pressure regulators, fittings, metering or devices designed to be attached to an ammonia container.

"Back check" means a device that allows liquid or vapor in the vessel, equipment or systems to flow in only one direction.

"Capacity" means the total volume of the container measured in standard U.S. gallons unless otherwise specified.

"Cargo tank" is a bulk packaging that is:

a tank intended primarily for the carriage of liquids or gases and includes appurtenances, reinforcements, fittings and closures;

permanently attached to or forms a part of a motor vehicle, or is not permanently attached to a motor vehicle but~~ which~~, by reason of its size, construction or attachment to a motor vehicle, is loaded or unloaded without being removed from the motor vehicle; and

not fabricated under a specification for cylinders, portable tanks, tank cars or multi-unit tank car tanks.

"Cargo tank motor vehicle" means a motor vehicle with one or more cargo tanks permanently attached to or forming an integral part of the motor vehicle.

"Certified competent attendant" means a competent attendant~~person~~ who has~~ full knowledge of the characteristics of anhydrous ammonia, its safe handling, and safety rules for transfer and application, and has~~ successfully completed Certified Competent Attendant Training~~an anhydrous ammonia training program conducted by the Department or an equivalent training program approved by the Department. Refresher training shall be at least every three years and documentation of completed training shall be maintained~~.

"Certified grower" means a grower or grower farm operator who has successfully completed Certified Grower Training.

"Certified welder" means any welder who~~that~~ is employed by a company that holds an R stamp certificate of authentication.

"Chemical splash goggles" or "goggles" means flexible fitting chemical-protective goggles with a hooded indirect ventilation system to provide primary protection of the eyes and eye sockets from the splash of hazardous liquids. Direct vented goggles do not comply with this definition.

"Commercial" means buying and selling anhydrous ammonia and/or selling the associated services for compensation.

"Competent attendant" means an individual at a commercial or noncommercial site required to handle, transfer or transport anhydrous ammonia, or otherwise maintain anhydrous ammonia equipment. The term includes an individual at a commercial or noncommercial site who makes or breaks connections on anhydrous ammonia equipment while loading or unloading anhydrous ammonia. The term also includes custom applicators.

"Container" means all tanks, except cylinders, as defined in Section 215.15, used for the transportation or storage of anhydrous ammonia.

"Custom Applicator" means an individual who applies anhydrous ammonia as an employee of a company supplying the product or operators for hire.

"Cylinder" means a pressure vessel designed for pressures higher than 40 psig and having a circular cross-section. It does not include a portable tank, multi-unit tank car tank, cargo tank or tank car.

"Decommission" means to stop using a pressurized vessel and remove it from service.

"Department" means the Illinois Department of Agriculture, State Fairgrounds, P.O. Box 19281, Springfield IL 62794.

"Design pressure" is identical to the term "Maximum Allowable Working Pressure" used in the ASME Code.

"Emergency shower" means a shower unit permanently connected to a source of clean water that enables the user to have water cascading over the entire body.

"Emergency shutoff valve" or "ESV" means a shutoff valve incorporating a manual means of closure. All approved ESVs shall incorporate a reliable actuation system that will close all of the emergency shutoff valves and/or internal valves of the piping system on the first attempt in the event of an emergency or of testing from a remote location. An emergency shutoff valve shall remain closed except during periods of operation.

"Excess flow valve" means a valve that is designed to close automatically at the rated flow of vapor or liquid as specified by the manufacturer. The piping, including valves, fittings and hose, being protected by an excess flow valve shall have a greater capacity than the rated flow of the protected valve, so the valve will likely close in case of failure of the delivery system at any point in the line or fittings.

"Eye wash unit" means a device used to irrigate and flush the eyes with clean water. Depending upon the requirements set forth in this standard, the device may be a plumbed unit permanently connected to a source of clean water, or it may be a self-contained unit not permanently installed that must be refilled or replaced after use.

"Filling density" means the percent ratio of the weight of the ammonia permitted in a container to the weight of water at 60°F (15.6°C) that the container will hold when full. One pound of water = 27.74 cubic inches (455 ml) at 60°F (15.6°C). For determining the water capacity of the tank in pounds, the weight of one gallon (231 cubic inches) (3.785 L) of water at 60°F (15.6°C) in air shall be 8.328 lb (3.778 kg).

"Grower" means any individual who produces an agricultural commodity on property he or she owns or controls. ~~Grower training is voluntary.~~

"Grower farm operator" means an individual employed by or otherwise authorized by a grower to transport or apply anhydrous ammonia, or to otherwise maintain anhydrous ammonia equipment. These individuals include grower family members, full- and part-time hired help, and others providing anhydrous ammonia services at no fee.

"Hitching point" means the point where a mechanical connection is made between the nurse tank and the tool bar, towing vehicle or another nurse tank.

"Hydrostatic relief valve" means a pressure relief device for liquid service designed to prevent excessive pressure due to thermal expansion when a pipe or hose is filled with liquid such as between block valves or blinds.

"Immediately Dangerous to Life or Health" or "IDLH" means the maximum concentration from which unprotected persons are able to escape within 30 minutes without escape-impairing symptoms or irreversible health effects. The IDLH for ammonia is 300 ppm by volume in accordance with the NIOSH Pocket Guide to Chemical Hazards.

"Implement of husbandry", for the purpose of this Part, means a system that includes a nurse tank with a capacity of 3000 gallons or less or an application device used for transporting and/or applying anhydrous ammonia exclusively for agricultural purposes.

"Institutional occupancy" means a location where people may be unable to vacate voluntarily and shall be deemed to include nursing homes, hospitals, jails and schools.

"Internal valve" means a storage container primary shutoff valve that can be closed remotely and incorporates an internal excess flow valve with the seat and seat disc located within the container in a manner to remain in place in the event of external damage to the valve and/or associated piping. An internal valve shall incorporate a reliable actuation system that will close all of the emergency shutoff valves and/or internal valves of the piping system on the first attempt in the event of an emergency or of testing from a remote location. An emergency valve shall remain closed except during periods of operation.

"Load" or "loading" means the transfer of anhydrous ammonia, at a commercial facility or noncommercial facility, from facility storage to transportation equipment, application equipment or field nursing transportation equipment.

"Material suitable for use" includes iron, steel and certain non-ferrous alloys that are compatible for use in anhydrous ammonia service. Copper, brass, zinc and certain alloys, especially those containing copper, are not suitable for anhydrous ammonia service.

"Mechanical secure point" means a connection point affixed to the nurse tank or running gear for the attachment of the nurse tank hoses. The mechanically secure

point provides resistance allowing the breakaway coupler to operate in the event of detachment of the nurse tank from the towing implement.

"New facility" means an approved location or a facility that has not been previously approved for the storage and handling of anhydrous ammonia.

"90-Day Certified Competent Attendant" means a person who has successfully completed a Department approved online training course and received a certificate of completion. The certificate is valid for 90 days and cannot be repeated or renewed.

"Noncommercial facility" means a site, including the land and structures, and the equipment fixed on the land and structures, designed and used for the storage and handling of anhydrous ammonia used in the associated not-for-hire operations.

"Nonmobile" means not readily capable of moving or being moved from place to place.

"Permanent storage installation" means a system employing a stationary (fixed) container used exclusively for storage or supply.

"Personal protective equipment" means adequate clothing and equipment used to ensure personal safety in the workplace.

"Positive pressure self-contaminated breathing apparatus" or "SCBA" means a full face piece respirator approved by NIOSH/MSHA for respiratory protection for both entry into or escape from oxygen-deficient atmospheres or a concentration of gases or vapors that are immediately dangerous to life or health in which~~where~~ the supply of air is carried by the wearer. The air pressure inside the face piece is positive in relation to the air pressure of the outside atmosphere during exhalation and inhalation.

"Pressure relief valve" is a device designed to open to prevent an increase in internal vapor pressure in the container in excess of a specified value due to an emergency or abnormal condition and to close and prevent further flow after normal conditions have been restored.

"Private assembly" means a location where people gather together but is not generally open to the public.

"Protective gloves, boots and suits" are items made of rubber or other material impervious to ammonia. Gloves refer to gauntlet-style of sufficient length to allow for cuffing and that provide thermal protection suitable for ammonia exposure.

"psia" means pounds per square inch absolute.

"psig" means pounds per square inch gauge.

"Public assembly" is a location that includes, but is not limited to, churches, manufacturing companies, cemeteries currently in operation, land managed for recreational or conservation purposes, museums, camps, parks, retail and wholesale facilities, and shopping centers. Examples of public assembly include places that operate less than 52 weeks per year, such as businesses or other places that experience seasonal shutdowns and parks, camps and recreational areas that experience seasonal shutdowns or reduced attendance during a portion of the calendar year, provided that these places are frequented by at least 50 persons at least once per week during the portions of the year when seasonal shutdowns or reductions in attendance do not occur. "Reinstallation" means the removal of a storage vessel from the originally approved site to a different site.

"Repair" means the work necessary to restore a container, cylinder or system to a safe and satisfactory operating condition provided there is, in all cases, no deviation from the original design. Repairs include the addition or replacement of pressure or nonpressure parts that~~, which~~ do not change the design temperature or pressure of the container, cylinder or system.

"Reportable quantity" or "RQ" means the federal RQ (Reportable Quantity) for an anhydrous ammonia release, which is 100 lb. (45 kg) or 18 gallons (68 litres) within a 24-hour time period.

"Respirator" means an air-purifying device with full face piece and either chin-style or front- or back-mounted canisters with associated connections approved by NIOSH for use in ammonia contaminated atmosphere in compliance with 29 CFR 1910.134 and selected in accordance with ANSI Z88.2. A respirator of the air-purifying type must be used only in an atmosphere containing 19.5% to 22.0% oxygen by volume.

"Responsible party" means the individual, partnership, corporation or association in control of the anhydrous ammonia at the time of an accident or incident involving an RQ release.

"System" means an assembly of equipment consisting essentially of the containers, hoses, appurtenances, pumps, compressors and interconnecting piping.

"Tank" means a vessel designed and constructed for the storage and handling of anhydrous ammonia.

"Tool bar" means an implement of husbandry for the field application of ammonia that is used in conjunction with nurse tanks. For purposes of this definition, chisel plows, field cultivators or other conventional tillage equipment that has been manufactured or retrofitted with any ammonia valves, gauges, hoses, application knives, metering devices, safety devices or tool bar refrigeration units for the purpose of ammonia application are considered to be tool bars.

"Tool bar breakaway device" means a self-closing device designed to disconnect anhydrous ammonia hoses upon detachment from the nurse tanks.

"Tool bar refrigeration unit" means a unitized system of ammonia pipe, valves and gauges, with ammonia monitoring, handling, metering and manifold-dispensing devices that are used to process pressurized ammonia into refrigerated ammonia for more accurate metering and distribution during field application.

"Unload" or "unloading" means the transfer of anhydrous ammonia at commercial or noncommercial facilities from the transport vehicle into facility storage.

"UN~~Un~~ 1005" means the placard number assigned to anhydrous ammonia by the United Nations Committee of Experts on the Transportation of Dangerous Goods.

"Wet hose" is an anhydrous hose with shutoff valves at each end that is capable of containing liquid product at all times.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 215.16 Incorporated and Referenced Materials

a) The following regulations and standards are incorporated in this Part:

DEPARTMENT OF AGRICULTURE

NOTICE OF PROPOSED AMENDMENTS

1) Private and Professional Association Standards~~:~~

A) The American National Standards Institute (ANSI), 25 West 43rd Street, 4th Floor, New York NY 10036

ANSI Z88.2 Practices for Respiratory Protection (2015)

B) The American Petroleum Institute (API or API-ASME), 15 Inverness Way East, Englewood CO 80112

i) Code for Unfired Pressure Vessels for Petroleum Liquids and Gases of the American Petroleum Institute and the American Society of Mechanical Engineers (API-ASME) (sometimes known as the API-ASME Code) (The API-ASME Code, as a joint publication and interpretation service, was discontinued after 1956, and construction of containers to the API-ASME Code has not been authorized since 1961.)

ii) API 510 – Pressure Vessel Inspection Code: In-Service Inspection, Rating, Repair and Alteration (2014) (After discontinuance of the API-ASME Code (see subsection (a)(1)(B)(i)), a need was seen to assure uniform maintenance and inspection practices continued, which led to the issuance of API 510 beginning in 1958 (available as stated in subsection (a)(1)(B)(i)).)

iii) The Unfired Pressure Vessel Code of the American Society of Mechanical Engineers (Sec. VIII of the ASME Boiler Construction Code), including editions through 1981, or the Joint Code of the American Petroleum Institute and the American Society of Mechanical Engineers (API-ASME Code), including editions through 1981

iv) API 12-C – Specification for Welded Oil Storage Tanks (1958)

v) API Standard 620 (2013) (including addendum 1, 2014), Design and Construction of Large, Welded, Low-Pressure Storage Tanks (including Tables 2.02, R.2.2, R.2.3 or R.2.4 and Appendix R)

C) The American Society of Agricultural and Biological Engineers (ASABE/ASAE), 2950 Niles Road, St. Joseph MI 49085

i) ASABE/ASAE S276.5 (2003)

ii) ASABE/ASAE S338.2 (2006) Field Equipment for Agriculture-Safety Chain for Towed Equipment

D) The American Society of Mechanical Engineers (ASME), Two Park Avenue, New York NY 10016-5990

i) ASME B31.3 Process Piping (2014)

ii) ASME B31.5 Refrigeration Piping and Heat Transfer Components (2013)

iii) U-68 and U-69 ASME Code Containers refer to the ASME Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers (1949), Section VIII, paragraphs U-68 and U-69

iv) UG-125 through UG-136 refer to the ASME Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers (1949), Section VIII, Division 1, paragraphs UG-125 through UG-136

v) U-200 or U-201 refers to the ASME Boiler and Pressure Vessel Code of the American Society of Mechanical Engineers (1949), Section VIII, paragraphs U-200 or U-201

vi) UW-12 is a table in Section VIII, Division 1, of ASME BPBC – viii-1 (2015)

E) American Society for Testing and Materials (ASTM), 100 Barr Harbor Drive, PO Box C700, West Conshohocken PA 19428-2959

i) ASTM A47 – Standard Specification for Ferritic Malleable Iron Castings (2014)

ii) ASTM A53 – Standard Specification for Pipe, Steel, Black and Hot-Dipped, Zinc-Coated, Welded and Seamless (2012)

iii) ASTM A395 – Standard Specification for Ferritic Ductile Iron Pressure-Retaining Castings for Use at Elevated Temperatures (2014)

iv) Section IX, Welding Qualifications refers to the ASME Boiler and Pressure Vessel Code, IX, Qualification Standard for Welding and Brazing Procedures, Welders, Brazers, and Welding and Brazing Operators, Welding and Brazing Qualifications (2010)

F) The Association for Rubber Product Manufacturers (ARPM), 7321 Shadeland Station Way, Suite 285, Indianapolis IN 46256

ARPM IP-14, Specifications for Anhydrous Ammonia Hose (2003, reaffirmed 2009)

G) The Compressed Gas Association (CGA), 14501 George Carter Way, Suite 103, Chantilly VA 20151

i) CGA G-2 – Anhydrous Ammonia (1995)

ii) CGA G-2.1 – Safety Requirements for the Storage and Handling of Anhydrous Ammonia (2014)

iii) CGA P-7 – Standard for Requalification of Cargo Tank Hose Used in the Transfer of Carbon Dioxide Refrigerated Liquid (2007)

H) The National Board of Boiler and Pressure Vessel Inspectors (NBBI), 1055 Crupper Avenue, Columbus OH 43229-1183

National Board Inspection Code (2015)

I) The National Fire Protection Association (NFPA), 25 West 43rd Street, 4th Floor, New York NY 10036

NFPA 70: National Electrical Code (2014)

J) The Underwriters Laboratory (UL), 47173 Benicia Street, Fremont CA 94538

UL-132, Standard on Safety Relief Valves for Anhydrous Ammonia and LP Gas (2015)

2) Federal Regulations

A) 29 CFR 1910.134 (2016)

B) 49 CFR 105-180 (2015)

i) subchapter A, sections 105-110, Hazardous Materials and Oil Transportation

ii) subchapter B, section 130, Oil Transportation

iii) subchapter C, sections 171-180, Hazardous Materials Regulations

- 49 CFR 173.315(m)(1)(v) (2015) Compressed gases in cargo tanks and portable tanks
- 49 CFR 177.834(a) through (j) (2016), Loading and unloading
- 49 CFR 177. 840 (2015), Class 2 (gasses) materials

3) Federal Government Publications

The National Institute for Occupational Safety and Health (NIOSH), NIOSH Pocket Guide to Chemical Hazards, GPO stock number 017-033-00500-1, available from the Government Printing Office, Washington DC 20402-9325

Enforcement Response Policy For Sections 302, 304, 311 and 312 of the Emergency Planning and Community Right-to-Know Act and Section 103 of the Comprehensive Environmental Response, Compensation and Liability Act, available from the Office of Regulatory Enforcement, Office of Enforcement and Compliance Assurance, United States Environmental Protection Agency, September 30, 1999

b) All incorporations by reference of federal regulations and guidelines and the standards of nationally recognized organizations refer to the regulations, guidelines and standards on the dates specified and do not include any amendments or editions subsequent to the date specified.

c) The following State statutes and administrative rules are referenced in this Part:

1) State of Illinois Statutes

Weights and Measures Act [225 ILCS 470]

Illinois Emergency Management Agency Act [20 ILCS 3305/5(c)]

2) Illinois Department of Agriculture Rules

A) 8 Ill. Adm. Code 1, Administrative Rules (Formal Administrative Proceedings; Contested Cases; Petitions; Public Disclosure)

B) 8 Ill. Adm. Code 600, Weights and Measures Act

C) 8 Ill. Adm. Code 255, Agrichemical Containment

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 215.20 Safety

a) All competent attendants shall be certified to understand the properties of ammonia, to become competent in safe operating practices, and to take appropriate actions in the event of a leak or an emergency. Certified competent attendant training programs shall be approved by the Department every 3 years.~~Any person at a commercial or noncommercial site who makes or breaks a connection on anhydrous ammonia equipment pertaining to the loading and unloading, as defined in this Subpart, or who maintains or repairs anhydrous ammonia vessels or associated equipment shall be a certified competent attendant.~~

1) Certified competent attendants shall complete an attendance-based or 90-day temporary online certified competent attendant training approved by the Department or an equivalent training program approved by the Department.

2) Certification shall be for a period of 3 years and refresher training shall be at least every 3 years. Documentation of completed training shall be maintained by the certified competent attendants or their employer.

3) Any person who conducts anhydrous ammonia safety training to certify individuals as certified competent attendants shall:

A) Be a certified competent attendant by attending a Department-sponsored certified competent attendant training program annually;

B) Train with a Department-approved training program and associated materials; and

C) Submit to the Department a roster of individuals trained, including their name, company name, home address, company address and date of training.

4) Any person or entity who conducts 90-day online certified competent attendant training shall submit a roster of individuals trained, with their name, company name, home address, company address and date of the training. The 90-day online program shall be approved by the Department and reapproved every 3 years.

b) Persons involved with the loading or unloading of anhydrous ammonia as defined

in this Subpart, into permanent storage vessels from cargo tanks shall satisfy the safety requirements of this Section if they meet USDOT transportation regulations and are not subject to the requirements of a certified competent attendant.

c) Persons at commercial facilities that hold a current USDOT Special Permit issued by the Pipeline and Hazardous Material Safety Administration pertaining to loading and unloading operations are not subject to the requirements of a certified competent attendant.

~~d) Any individual who conducts anhydrous ammonia safety training to certify individuals as certified competent attendants shall:~~

~~1) Train with a Department approved equivalent training program and associated materials;~~

~~2) Submit a roster of the attendees with the name, company name, company address and date of the training; and~~

~~3) Attend a Department sponsored training program annually.~~

d~~e~~) All growers or grower farm operators who transport or apply anhydrous ammonia, or otherwise maintain anhydrous ammonia equipment, shall be certified to understand the properties of ammonia, to become competent in safe operating practices, and to take appropriate actions in the event of a leak or an emergency.~~Grower Training – Grower training shall be offered through programs approved by the Department. All participation in grower training shall be on a voluntary basis. Grower training programs shall be approved every three years.~~

1) Certified grower training shall be offered at no cost to the grower or grower farm operator via an attendance-based or online training program approved by the Department. Online certified grower training will be made available on the Department's website.

2) Certification shall be for a period of 3 years and refresher training shall be at least every 3 years. Documentation of completed training shall be maintained by the grower or grower farm operator.

3) The attendance-based and on-line certified grower training program shall be reviewed and approved by the Department every 3 years.

4) Any person who conducts certified grower training shall:

A) Qualify as a certified competent attendant by attending a Department-sponsored certified competent attendant training program annually;

B) Train using a Department-approved training program and associated materials; and

C) Submit to the Department a roster of individuals trained, including their name, home address and date of training.

5) The Department will record the names, home addresses, and date of training of individuals who completed certified grower training.

e~~f~~) All permanent storage installations shall have on hand, at minimum, the following equipment for safety and emergency purposes:

1) One full-faced respirator with one spare ammonia canister that has not exceeded its expiration date in a readily accessible location. A self-contained breathing apparatus (SCBA) can meet this requirement only when the facility is trained in accordance with OSHA for rescue or emergency response to a release as defined by OSHA.

2) One pair of protective gloves impervious to anhydrous ammonia.

3) One pair of protective boots impervious to anhydrous ammonia.

4) One protective slicker and/or protective pants and jacket, all impervious to anhydrous ammonia.

5) Chemical splash goggles.

6) An easily accessible emergency shower and a plumbed eyewash unit or at least 150 gallons of clean potable or potable quality water in a single open top container that is readily accessible.

f~~g~~) Each cargo tank transferring agricultural anhydrous ammonia, except an

implement of husbandry, shall carry:

1) At least 5 gallons of clean water in a container designed to provide ready access to the water for flushing any area of the body contacted by ammonia.

2) One pair of protective gloves impervious to ammonia.

3) One full-faced respirator with one spare ammonia canister, in a readily accessible location, that has not exceeded its expiration.

4) Chemical splash goggles.

g) Releases over the RQ amount, unless otherwise permitted by law, require the responsible party to make certain immediate notifications, which include the local emergency response system (911), National Response Center (NRC), State Emergency Response Commission (SERC), and the Local Emergency Planning Committee (LEPC).

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 215.110 Systems Mounted on Implements of Husbandry for the Transportation of Anhydrous Ammonia

All of Section 215.25 shall apply to this Section unless otherwise stated.

a) This Section applies to containers of 3000 gallons water capacity or less and related equipment mounted on nurse tanks that are used for the transportation of ammonia.

1) Any nurse tank that does not have a legible data plate and has not been recertified in conformance with Transportation Regulations (see Section 215.16) shall be removed from service.

2) Any container or combination of containers on a single running gear, greater than 3000 gallons, that are used for the transportation of anhydrous ammonia and to supply the application device shall be prohibited. This shall exclude cargo tanks used for transportation only.

b) Containers shall be constructed in accordance with Section 215.25. The shell or head thickness of any container shall not be less than $^{3}/_{16}$ of an inch. All containers over 500 gallons capacity should be equipped with semi-rigid baffle plates.

c) A suitable "stop" or "stops" shall be mounted on the farm wagon or on the container in such a way that the container shall not be dislodged from its mounting due to the farm wagon coming to a sudden stop. Back slippage shall also be prevented by proper methods.

d) A suitable "hold-down" device shall be provided that will anchor the container to the farm wagon at one or more places on each side of the container.

e) When multiple containers are mounted on a running gear, the weight shall be distributed appropriately over the axles. Multiple containers mounted on the same running gear must be of the same capacity. All manual shutoff valves shall be located behind the steel bulkhead or permanently affixed in a secure point to provide equivalent protection of the piping from that point to the front of the tank.

f) When the cradle and the container are not welded together, suitable material shall be used between them to reduce abrasion.

g) All containers shall be equipped with a fixed maximum liquid level gauge.

h) All containers shall be equipped with a pressure gauge having a dial graduated from 0 psi to 400 psi.

i) The filling connection of each container shall comply with the requirements of Section 215.40(j).

j) All containers shall be equipped with an approved vapor-equalizing valve unless equipped for spray loading.

k) All vapor and liquid connections, except pressure relief valves and those specifically exempt in Section 215.40(e) and (f) shall be equipped with approved excess flow valves or may be fitted with quick-closing internal valves that shall remain closed except during operating periods. Every tank withdrawal valve shall be protected by an excess flow valve matched to the designed flow rate. Flow capacity of the excess flow valve shall not exceed 45 GPM for 1¼" tank

connections and 60 GPM for 1½" tank connections. When using an open yoke type excess flow withdrawal valve in a tank opening, the opening shall not be reduced with bushings to accommodate the withdrawal valve. Each valve shall be tested through the Nurse Tank Inspection Program (NTIP) or be removed and inspected at an interval not to exceed 5 years. Records of the maintenance and inspections shall be kept at the facility for review. All valves shall be in compliance no later than December 31, 2020. Nurse tanks not meeting compliance shall be removed from service.

l) Fittings shall be protected from physical damage by means of a rigid guard designed to withstand static loading in any direction equal to twice the weight of the container and lading using a safety factor of 4 based upon the ultimate strength of the material used. If the guard encloses the pressure relief valve, the valve shall be properly vented through the guard.

m) If a liquid withdrawal line is installed in the bottom of a container, the connections to that line, including hose, shall not be lower than the lowest horizontal edge of the farm wagon axle. The hose shall be drained and depressurized prior to the container being moved or towed on a public road.

n) Provision shall be made to secure both ends of the hose in transit.

o) All containers shall be painted white or a light reflecting color.

p) All containers shall be marked as follows:

1) Placard: Four diamond type, nonflammable gas, UN 1005, USDOT placards shall be displayed (one on each side and one on each end).

2) Marking: The words ANHYDROUS AMMONIA shall appear on each side and each end in letters no less than 2~~two~~ inches high.

3) Each container shall be marked with the words INHALATION HAZARD in 2~~two~~ inch letters on 2~~two~~ opposing sides.

4) The words LIQUID or VAPOR shall be placed on or within 12 inches of the appropriate valve by means of stencil, tag, decal or color coding with a legible legend ORANGE LIQUID and YELLOW VAPOR on the tank.

5) The container need not be marked or placarded on one end if that end contains valves, fittings, regulators or gauges when those appurtenances prevent the markings and placard from being properly placed and visible.

q) Nurse tanks operating on public roads shall be marked~~provided~~ with a slow-moving vehicle (SMV) emblem consisting of a fluorescent orange triangle with a red reflective border. The~~On and after September 1, 2004, the~~ specifications of the SMV shall be the type recommended by ASAE S276.5. Nurse tanks operating on public roads are to travel at speeds less than 25 mph.

r) All nurse tanks shall be securely attached to the vehicle drawing them by means of drawbars supplemented by suitable hitch pins with clips and safety chains permanently attached to the farm wagon.

s) A nurse tank shall be constructed so that it will follow substantially in the path of the towing vehicle and will prevent the towed farm wagon from whipping or swerving dangerously from side to side.

1) Nurse tanks require two safety chains with a combined breaking strength of at least the weight of the laden nurse tank.

2) All nurse tanks shall be securely attached to the vehicle drawing them by means of drawbars supplemented by suitable hitch pins and safety chains that meet the requirements of ASAE S338.2, Safety Chain for Towed Equipment. Reliable keepers for the hitch pin shall be used to prevent its loss. The hitch pin and keeper shall be permanently attached to the nurse tank towbar.

t) A nurse tank shall not be towed or parked in public places such as school yards, malls or hospital grounds.

u) Each person operating, repairing appurtenances to, or inspecting a nurse tank shall wear protective gloves impervious to ammonia and chemical splash goggles. A full face shield may be worn over the goggles; however, a face shield shall not be worn as a substitute for a primary eye protection device (goggles).~~must comply with the following requirements:~~

~~1) Any person required to handle, transfer, transport or otherwise work with ammonia shall be a certified competent attendant to understand the~~

~~properties of ammonia, to become competent in safe operating practices, and to take appropriate actions in the event of a leak or an emergency; and~~

~~2)~~ ~~Any person making, breaking or testing any ammonia connection, transferring ammonia, or performing maintenance or repair on an ammonia system under pressure shall wear protective gloves impervious to ammonia and chemical splash goggles. A full face shield may be worn over the goggles; however, a face shield shall not be worn as a substitute for a primary eye protection device ; and~~

~~3)~~ ~~Training for growers shall be voluntary as described in Section 215.20(e).~~

v) For first aid purposes each nurse tank shall be equipped with at least 5 gallons of clean water in a container mounted on top or side of the tank designed to provide ready access to the water for flushing any area of the body contacted by ammonia.

w) Prior to the addition of a chemical additive, its compatibility with system components shall be verified by the manufacturer of the additive.

x) Storage of Containers: When a nurse tank containing 10% or more of anhydrous ammonia is at an unattended approved storage site, the manually controlled valves shall be plugged or capped or locked or the nurse tank shall be stored inside a locked, fenced enclosure. Nurse tanks shall be stored no less than 50 feet from the edge of the adjacent road, 200 feet from place of private or public assembly and 750 feet from place of institutional occupancy. All pressure and liquid gauges must be in working order.

y) A back check valve shall be installed on each inlet of each fitting (including, but not limited to, tees and crosses) to prevent the back feed of anhydrous ammonia from an undamaged line to a damaged/severed line. All multiple tank configurations shall have equally rated liquid withdrawal valves on each tank. An excess flow valve with the same rated flow as the aforementioned valves shall be installed at the junction where the lines meet downstream. A shutoff valve shall be installed downstream of the excess flow valve.

AGENCY NOTE: If tanks are not plumbed together, they shall be treated as single tanks. Tanks with equally rated internal valves with remote actuators are exempt from this requirement. Compliance with these requirements shall be achieved through repairs and modifications on or before December 31, 2025.

z) Excess flow valves shall be designed to close automatically at the rated flows of vapor or liquid as specified by the manufacturer. Excess flow valves shall be selected based on the piping, including valves, fittings and hoses being protected by an excess flow valve, and shall have a greater capacity than the rated flow of the excess flow valve, so the valve will likely close in case of delivery system failure at any point in the line or fittings. Any installation of a device that may cause a reduction in pressure to impede the operation of the excess flow valve is prohibited.

aa) All liquid and vapor service valves shall be protected by a threaded cap that must be affixed to the valve housing.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 215.115 Systems Mounted on Equipment for the Application of Anhydrous Ammonia

a) This Section applies to systems mounted on farm equipment and used for the field application of ammonia. Section 215.25 applies to this Section unless otherwise noted.

b) The shell or head thickness of any container shall not be less than $^{3}/_{16}$ of an inch.

c) All containers shall be securely mounted. Applicators must be secured with hold-down devices the same way as systems mounted on farm wagons transporting anhydrous ammonia.

d) Fixed maximum liquid level gauges shall be used that are designed to indicate when the container has been filled to 85% of its water capacity. The dip tube of this gauge shall be installed in such a manner that it cannot be readily removed.

e) The filling connection of each container shall comply with the requirements of Section 215.40(k).

f) An excess-flow valve is not required in the vapor connection, provided the controlling orifice is not in excess of $^{5}/_{16}$ inch in diameter and the valve is a hand-operated (attached hand wheel or equivalent) shutoff valve. To assist in filling

applicator tanks, it is permissible to bleed vapors to the open air, provided the preceding requirements are met.

g) Applicators shall be filled at least 100 yards from any occupied building not on an approved site.

h) Metering devices may be connected directly to the tank withdrawal valve. A union-type connection is permissible between the tank valve and the metering device. Remote mounting of metering devices is permissible using hoses that meet specifications.

i) When the applicator or nurse tank is trailed and the metering device is remotely mounted, such as on the tractor tool bar, an automatic break-away, self-closing coupling device shall be used. The coupling device shall be made from or coated with a corrosion resistant material. The coupling device shall be mounted in a manner that will permit the device to swivel freely. A coupling device shall be maintained. An angle valve shall not be used as a hose end valve connecting to the coupling device.

j) No excess-flow valve is required in the liquid withdrawal line provided the controlling orifice between the contents of the container and the outlet of the shutoff valve (see Section 215.40(c)) does not exceed $^{5}/_{16}$ in diameter.

k) Any control valve installed between the regulator and the break-away coupling device shall indicate whether the valve is open or closed.

l) Where a ball valve is used to control flow to the metering device, the ball shall be drilled with an opening smaller than No. 54 (0.055 inches) drill size on the downstream side to prevent trapping ammonia in the ball when in the closed position.

m) Each person operating, repairing~~ appurtenances~~, or inspecting an applicator~~ tank~~ shall wear protective gloves impervious to ammonia and chemical splash goggles. A full face shield may be worn over the goggles; however, a face shield shall not be worn as a substitute for a primary eye protection device (goggles).~~comply with the following requirements:~~

~~1) Any person required to handle, transfer, transport, or otherwise work with ammonia shall be trained to understand the properties of ammonia, to~~

~~become competent in safe operating practices, and to take appropriate actions in the event of a leak or an emergency; and~~

~~2)~~ ~~Any person making, breaking, or testing any ammonia connection, transferring ammonia, or performing maintenance or repair on an ammonia system under pressure shall wear protective gloves impervious to ammonia and chemical splash goggles. A full face shield may be worn over the goggles; however, a face shield shall not be worn as a substitute for a primary eye protection device (goggles).~~

n) Each applicator tank shall be equipped with the following safety equipment and features: for first aid purposes, at least 5 gallons of clean water in a container designed to provide ready access to the water for flushing any area of the body contacted by ammonia and a legible decal depicting step-by-step ammonia transfer instructions.

o) Instructions for connecting and disconnecting the coupling device shall be displayed in a manner as to be readily visible near the break-away coupling device.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 215.120 Equipment for the Application of Anhydrous Ammonia

a) All nurse tank valves shall be closed, the liquid transfer hose shall be bled, and no~~No~~ liquid transfer hose shall be joined between any nurse tank unit and any tool bar during transport upon a public right-of-way.

b) The following requirements apply when liquid transfer hoses are permanently attached to nurse tank units or tool bars:

1) Only the end of the liquid transfer hose, that is attached to a male acme-threaded fitting of the tool bar breakaway device shall be equipped with a straight-type hose end valve with a bleeder valve on its coupling side.

2) The hose end valve specified in subsection (b)(1) shall not be attached to a container fill valve of the same nurse tank unit.

3) A dummy acme adapter or parking plug shall be provided on the nurse

tank or tool bar. The dummy acme adapter or parking plug shall be affixed into a position that prevents either end of the hose from being kinked or stowed under undue strain. The hose end valve of the liquid transfer hose shall be connected to the dummy acme adapter or parking plug at all times, except when the transfer hose is used for field application or other active transfer of ammonia through the hose end valve.

c) When nurse tanks are utilized to supply an application device, some means of break-away protection shall be provided, including, but not limited to, the following:

1) The nurse tank hose that crosses the hitching point and attaches to the application device requires installation of the appropriate equipment to protect against an accidental unhitching event. Deployment of the equipment designed to achieve this protection shall be installed and maintained in accordance with the manufacturer's instructions.

2) Multiple breakaway coupling devices mounted on a tool bar shall not interfere with one another in a turn or an unhitching event.

3) When nurse tanks are pulled in tandem, a breakaway coupling device or other means of protection shall be installed at each point where the hose crosses a hitching point. Deployment of the equipment designed to achieve this protection shall be installed and maintained in accordance with the manufacturer's instructions. Compliance with this subsection (c)(3) shall be achieved on or before December 31, 2020.

d) The manufacturer of a tool bar refrigeration unit shall provide with each unit documentation of recommended operation and maintenance procedures for any refrigeration unit manufactured after July 1, 2016.

1) The tool bar refrigeration unit shall be installed, maintained and operated in accordance with the manufacturer's specifications and limitations of use.

2) A manual shutoff valve shall be installed directly upon the inlet of the heat exchanger so that the operator may close the shutoff valve to prevent any backflow of refrigerated ammonia through the delivery line from the heat

exchanger unit while connecting, disconnecting or otherwise servicing the tool bar breakaway device.

e) Hose and hose connections located on the low-pressure side of flow control, or pressure-reducing valves on devices discharging to atmospheric pressure, shall be designed for the maximum low-side working pressure. EVA hoses for tool bars shall be inspected for leaks and documented prior to each application season. The hoses shall not exceed the service life specified by the tubing manufacturer and shall comply with the properly rated operating pressure specified by the equipment manufacturer.

f) Any application device designed to tow two nurse tanks with a total static capacity greater than 4000 gallons shall employ the following:

1) The device shall include two separate distribution systems on the tool bar, one for each nurse tank.

2) The device and/or nurse tanks shall have enhanced protection systems that include the capability for emergency shutoff with immediate response. In addition, other systems may be deployed pending approval by the Department.

g) The hose length from the towed implement mechanically secure point to the break-away coupler on the towing implement shall have sufficient length to allow break-away couplers to articulate freely but prevent the hose from contact with the nurse tank tongue. This shall be achieved without securing the hose mechanically through the use of chains, elastomeric straps, wire ties or other means, by December 31, 2020. New technologies and methods that allow for mechanical hose securement that do not affect the coupler functionality will be accepted, but may later be denied for observed "non-performance".

(Source: Amended at 44 Ill. Reg. _____, effective _____)

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

1) Heading of the Part: Public Schools Evaluation, Recognition and Supervision

2) Code Citation: 23 Ill. Adm. Code 1

3) Section Number: 1.97 Proposed Action: Amendment

4) Statutory Authority: 105 ILCS 5/2-3.153

5) A Complete Description of the Subjects and Issues Involved: This Part is being modified to align with the enactment of PA 100-1046, effective Aug. 23, 2018, which made changes to the survey of learning conditions [105 ILCS 5/2-3.153]. This rulemaking adheres to those changes, expanding the applicability of the survey to students in grades 4 through 12 (rather than students in grades 6 through 12) and enhancing the statewide reporting requirements.

6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None

7) Will this rulemaking replace any emergency rule currently in effect? No

8) Does this rulemaking contain an automatic repeal date? No

9) Does this rulemaking contain incorporations by reference? No

10) Are there any other rulemakings pending on this Part? No

11) Statement of Statewide Policy Objective: This rulemaking will not create or enlarge a State mandate.

12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Written comments may be submitted within 45 days of the publication of this Notice to:

Azita Kakvand
Illinois State Board of Education
100 North First Street
Springfield IL 62777-0001

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

217/782-6510
rules@isbe.net

13) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not-for-profit corporations affected: None

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: None

14) Small Business Impact Analysis: None

15) This rulemaking was not included on the most recent Regulatory Agenda: This rulemaking was not anticipated at the time the Regulatory Agenda was filed.

The full text of the Proposed Amendment begins on the next page:

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER I: STATE BOARD OF EDUCATION
SUBCHAPTER a: PUBLIC SCHOOL RECOGNITION

PART 1
PUBLIC SCHOOLS EVALUATION, RECOGNITION AND SUPERVISION

SUBPART A: RECOGNITION REQUIREMENTS

Section
1.10 Public School Accountability Framework
1.20 Operational Requirements
1.30 State Assessment
1.40 Adequate Yearly Progress
1.50 Calculation of Participation Rate
1.60 Subgroups of Students; Inclusion of Relevant Scores
1.70 Additional Indicators for Adequate Yearly Progress
1.75 Student Information System
1.77 Educator Licensure Information System (ELIS)
1.79 School Report Card
1.80 Academic Early Warning and Watch Status
1.85 School and District Improvement Plans; Restructuring Plans
1.88 Additional Accountability Requirements for Districts Serving Students of Limited English Proficiency under Title III
1.90 System of Rewards and Recognition − The Illinois Honor Roll
1.95 Appeals Procedure
1.97 Survey of Learning Conditions
1.100 Waiver and Modification of State Board Rules and School Code Mandates
1.110 Appeal Process under Section 22-60 of the School Code

SUBPART B: SCHOOL GOVERNANCE

Section
1.210 Approval of Providers of Training for School Board Members under Section 10-16a of the School Code
1.220 Duties of Superintendent (Repealed)
1.230 Board of Education and the School Code (Repealed)
1.240 Equal Opportunities for all Students

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

1.242 Temporary Exclusion for Failure to Meet Minimum Academic or Attendance Standards
1.245 Waiver of School Fees
1.250 District to Comply with 23 Ill. Adm. Code 180 (Repealed)
1.260 Commemorative Holidays to be Observed by Public Schools (Repealed)
1.270 Book and Material Selection (Repealed)
1.280 Discipline
1.285 Requirements for the Use of Isolated Time Out, Time Out, and Physical Restraint
1.290 Absenteeism and Truancy Policies

SUBPART C: SCHOOL DISTRICT ADMINISTRATION

Section
1.310 Administrative Qualifications and Responsibilities
1.320 Evaluation of Licensed Educators
1.330 Toxic Materials Training

SUBPART D: THE INSTRUCTIONAL PROGRAM

Section
1.410 Determination of the Instructional Program
1.420 Basic Standards
1.422 Electronic Learning (E-Learning) Days Pilot Program
1.423 Competency-Based High School Graduation Requirements Pilot Program
1.425 Additional Criteria for Physical Education
1.430 Additional Criteria for Elementary Schools
1.440 Additional Criteria for High Schools
1.442 State Seal of Biliteracy (Repealed)
1.443 Illinois Global Scholar Certificate
1.445 Required Course Substitute
1.450 Special Programs (Repealed)
1.460 Credit Earned Through Proficiency Examinations
1.462 Uniform Annual Consumer Education Proficiency Test (Repealed)
1.465 Ethnic School Foreign Language Credit and Program Approval
1.470 Adult and Continuing Education
1.480 Correctional Institution Educational Programs

SUBPART E: SUPPORT SERVICES

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

Section
1.510 Transportation
1.515 Training of School Bus Driver Instructors
1.520 Home and Hospital Instruction
1.530 Health Services
1.540 Undesignated Emergency Medications in Schools: Epinephrine; Opioid Antagonists; Asthma Medication

SUBPART F: STAFF LICENSURE REQUIREMENTS

Section
1.610 Personnel Required to be Qualified
1.620 Accreditation of Staff (Repealed)
1.630 Paraprofessionals; Other Unlicensed Personnel
1.640 Requirements for Different Certificates (Repealed)
1.650 Transcripts of Credits
1.660 Records of Professional Personnel

SUBPART G: STAFF QUALIFICATIONS

Section
1.700 Requirements for Staff Providing Professional Development
1.705 Requirements for Supervisory and Administrative Staff
1.710 Requirements for Elementary Teachers
1.720 Requirements for Teachers of Middle Grades
1.730 Minimum Requirements for Secondary Teachers and Specified Subject Area Teachers in Grades 6 and Above through June 30, 2004
1.735 Requirements to Take Effect from July 1, 1991, through June 30, 2004
1.736 Requirements to Take Effect from July 1, 1994, through June 30, 2004
1.737 Minimum Requirements for the Assignment of Teachers in Grades 9 through 12 Beginning July 1, 2004
1.740 Standards for Reading through June 30, 2004
1.745 Requirements for Reading Teachers and Reading Specialists at all Levels as of July 1, 2004
1.750 Standards for Media Services through June 30, 2004
1.755 Requirements for Library Information Specialists Beginning July 1, 2004
1.760 Standards for School Support Personnel Services
1.762 Supervision of Speech-Language Pathology Assistants
1.770 Standards for Special Education Personnel

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

1.780	Standards for Teachers in Bilingual Education Programs
1.781	Requirements for Bilingual Education Teachers in Prekindergarten, Kindergarten and any of Grades 1-12
1.782	Requirements for Teachers of English as a Second Language in Prekindergarten, Kindergarten and any of Grades 1-12
1.783	Requirements for Administrators of Bilingual Education Programs
1.790	Substitute Teacher
1.792	Short-Term Substitute Teacher
1.794	Substitute Teachers; Recruiting Firms

1.APPENDIX A	Professional Staff Educator Licensure
1.APPENDIX B	Competency-Based High School Graduation Requirements Pilot Program Criteria for Review
1.APPENDIX C	Glossary of Terms (Repealed)
1.APPENDIX D	State Goals for Learning
1.APPENDIX E	Evaluation Criteria – Student Performance and School Improvement Determination (Repealed)
1.APPENDIX F	Criteria for Determination – Student Performance and School Improvement (Repealed)
1.APPENDIX G	Criteria for Determination – State Assessment (Repealed)
1.APPENDIX H	Guidance and Procedures for School Districts Implementing the Illinois Global Scholar Certificate

AUTHORITY: Implementing Sections 2-3.25, 2-3.25g, 2-3.44, 2-3.96, 2-3.159, 10-17a, 10-20.14, 10-21.4a,10-22.43a, 21B-5, 21B-20, 22-30, 22-60, 24-24, 26-13, 27-3.5, 27-6, 27-12.1, 27-13.1, 27-20.3, 27-20.4, 27-20.5, 27-22, 27-23.3 and 27-23.8 and authorized by Section 2-3.6 of the School Code [105 ILCS 5].

SOURCE: Adopted September 21, 1977; codified at 7 Ill. Reg. 16022; amended at 9 Ill. Reg. 8608, effective May 28, 1985; amended at 9 Ill. Reg. 17766, effective November 5, 1985; emergency amendment at 10 Ill. Reg. 14314, effective August 18, 1986, for a maximum of 150 days; amended at 11 Ill. Reg. 3073, effective February 2, 1987; amended at 12 Ill. Reg. 4800, effective February 26, 1988; amended at 14 Ill. Reg. 12457, effective July 24, 1990; amended at 15 Ill. Reg. 2692, effective February 1, 1991; amended at 16 Ill. Reg. 18010, effective November 17, 1992; expedited correction at 17 Ill. Reg. 3553, effective November 17, 1992; amended at 18 Ill. Reg. 1171, effective January 10, 1994; emergency amendment at 19 Ill. Reg. 5137, effective March 17, 1995, for a maximum of 150 days; amended at 19 Ill. Reg. 6530, effective May 1, 1995; amended at 19 Ill. Reg. 11813, effective August 4, 1995; amended at 20 Ill. Reg. 6255, effective April 17, 1996; amended at 20 Ill. Reg. 15290, effective November 18, 1996; amended

at 22 Ill. Reg. 22233, effective December 8, 1998; emergency amendment at 24 Ill. Reg. 6111, effective March 21, 2000, for a maximum of 150 days; amended at 24 Ill. Reg. 12985, effective August 14, 2000; amended at 25 Ill. Reg. 8159, effective June 21, 2001; amended at 25 Ill. Reg. 16073, effective November 28, 2001; amended at 26 Ill. Reg. 1157, effective January 16, 2002; amended at 26 Ill. Reg. 16160, effective October 21, 2002; amended at 28 Ill. Reg. 8486, effective June 1, 2004; emergency amendment at 28 Ill. Reg. 13637, effective September 27, 2004, for a maximum of 150 days; amended at 29 Ill. Reg. 1891, effective January 24, 2005; amended at 29 Ill. Reg. 11811, effective July 13, 2005; amended at 29 Ill. Reg. 12351, effective July 28, 2005; amended at 29 Ill. Reg. 15789, effective October 3, 2005; amended at 29 Ill. Reg. 19891, effective November 23, 2005; amended at 30 Ill. Reg. 8480, effective April 21, 2006; amended at 30 Ill. Reg. 16338, effective September 26, 2006; amended at 30 Ill. Reg. 17416, effective October 23, 2006; amended at 31 Ill. Reg. 5116, effective March 16, 2007; amended at 31 Ill. Reg. 7135, effective April 25, 2007; amended at 31 Ill. Reg. 9897, effective June 26, 2007; amended at 32 Ill. Reg. 10229, effective June 30, 2008; amended at 33 Ill. Reg. 5448, effective March 24, 2009; amended at 33 Ill. Reg. 15193, effective October 20, 2009; amended at 34 Ill. Reg. 2959, effective February 18, 2010; emergency amendment at 34 Ill. Reg. 9533, effective June 24, 2010, for a maximum of 150 days; amended at 34 Ill. Reg. 17411, effective October 28, 2010; amended at 35 Ill. Reg. 1056, effective January 3, 2011; amended at 35 Ill. Reg. 2230, effective January 20, 2011; amended at 35 Ill. Reg. 12328, effective July 6, 2011; amended at 35 Ill. Reg. 16743, effective September 29, 2011; amended at 36 Ill. Reg. 5580, effective March 20, 2012; amended at 36 Ill. Reg. 8303, effective May 21, 2012; amended at 38 Ill. Reg. 6127, effective February 27, 2014; amended at 38 Ill. Reg. 11203, effective May 6, 2014; amended at 39 Ill. Reg. 2773, effective February 9, 2015; emergency amendment at 39 Ill. Reg. 12369, effective August 20, 2015, for a maximum of 150 days; amended at 39 Ill. Reg. 13411, effective September 24, 2015; amended at 40 Ill. Reg. 1900, effective January 6, 2016; amended at 40 Ill. Reg. 2990, effective January 27, 2016; amended at 40 Ill. Reg. 4929, effective March 2, 2016; amended at 40 Ill. Reg. 12276, effective August 9, 2016; emergency amendment at 40 Ill. Reg. 15957, effective November 18, 2016, for a maximum of 150 days; amended at 41 Ill. Reg. 126, effective December 27, 2016; amended at 41 Ill. Reg. 4430, effective April 5, 2017; amended at 41 Ill. Reg. 6924, effective June 2, 2017; emergency amendment at 41 Ill. Reg. 8932, effective June 28, 2017, for a maximum of 150 days; amended at 41 Ill. Reg. 14044, effective November 3, 2017; amended at 42 Ill. Reg. 11512, effective June 8, 2018; amended at 43 Ill. Reg. 3792, effective February 28, 2019; amended at 43 Ill. Reg. 10213, effective August 30, 2019; amended at 43 Ill. Reg. 10718, effective September 11, 2019; amended at 43 Ill. Reg. 13324, effective October 29, 2019; emergency amendment at 43 Ill. Reg. 14305, effective November 20, 2019, for a maximum of 150 days; emergency amendment to emergency rule at 43 Ill. Reg. 14941, effective December 4, 2019, for the remainder of the 150 days; emergency amendment to amended emergency rule at 44 Ill. Reg. 4085, effective February 25, 2020, for the remainder of the 150 days; amended at 44 Ill. Reg. 1929, effective January 13, 2020; amended at

ILLINOIS STATE BOARD OF EDUCATION

NOTICE OF PROPOSED AMENDMENT

44 Ill. Reg. 6377, effective April 9, 2020; emergency amendment at 44 Ill. Reg. 7971, effective April 27, 2020, for a maximum of 150 days; emergency amendment at 44 Ill. Reg. 8382, effective May 1, 2020, for a maximum of 150 days; amended at 44 Ill. Reg. 9961, effective May 21, 2020; amended at 44 Ill. Reg. _____, effective _____.

SUBPART A: RECOGNITION REQUIREMENTS

Section 1.97 Survey of Learning Conditions

In accordance with Section 2-3.153 of the School Code [105 ILCS 5~~/2-3.153~~], each school district shall *administer a climate survey on the instructional environment within a school. The survey shall be identified and paid for by the State Board of Education and shall provide feedback from, at a minimum, students in grades 4 through 12 and teachers. Each school district shall annually administer the climate survey in every public school attendance center by a date specified by the State Superintendent of Education, and data resulting from the instrument's administration must be provided to the State Board of Education*. The survey component that requires completion by teachers must be administered during teacher meetings or professional development days or at other times that would not interfere with the teachers' regular duties or classroom instructional duties. *The State Superintendent shall publicly report on the survey indicators of learning conditions resulting from administration of the instrument at the individual school, district, and State levels and shall identify whether the indicators result from an anonymous administration of the instrument.*~~*administer, at least biennially, a survey instrument in every public school attendance center by a date specified by the State Superintendent of Education, and data resulting from the instrument's administration must be provided to the State Board of Education*. The purpose of the survey is to *publicly report on selected indicators of learning conditions* in Illinois schools. The State Superintendent of Education shall identify the survey to be used for statewide administration according to the requirements set forth in Section 2-3.153 of the School Code.~~ A regional-based program, special education cooperative, district-based alternative site or program, community-based early childhood center or program, State-authorized laboratory school, or any other site or program deemed appropriate and applicable by the State Board of Education may, but is not required to, participate in the survey established under this Section.

a) Each school with students in any of grades 4~~6~~ through 12 shall administer the~~a~~ survey to teachers and students in those grade levels no sooner than 100 days from the start of the school year and no~~January 1 nor~~ later than March 31~~, according to the schedule established under subsection (b)~~. The State Superintendent of Education shall annually identify the survey to be used and post the specific dates of the survey's administration by July~~September~~ 1 annually at

https://www.isbe.net/Pages/Educational-Supports.aspx. The Survey administration window may not last longer than 75 days or fewer than 14 days.~~http://www.isbe.net/5essentials/default.htm.~~ For the purposes of this Section:

1) "Teacher" means any individual who holds an educator license issued pursuant to Article 21B of the School Code ~~[105 ILCS 5/Art. 21B]~~ and whose primary responsibility is to provide instruction to students at any grade level of prekindergarten through grade 12 for more than 50 percent of the school day or school year. "Teacher" does not include paraprofessional educators, substitute teachers, tutors, instructional coaches who do not meet the criteria specified in this subsection (a)(1), or student teachers.

2) "School" includes any alternative school established by the school district, including Alternative Learning Opportunity Programs authorized under Article 13B of the School Code ~~[105 ILCS 5/Art. 13B]~~ operated at a location other than one of the district's schools.

~~b)~~ ~~The State Superintendent shall identify the school districts required to administer the survey in any given year to ensure that none is required to participate more than once every other year; however, school districts may choose to administer the survey annually.~~

b~~c~~) A school district shall not require a student or teacher to participate in the survey nor respond to each question on the survey; however, at least 50 percent of the teachers in a school must submit a survey in order for the school district to receive results.

c) The climate survey's ethical code of conduct may be found at www.isbe.net.

d) Schools with fewer than eight teachers shall administer the survey to their student population only.

e) Survey results shall be used to meet the requirements of Section 10-17a(2)(E) of the School Code ~~[105 ILCS 5/10-17a(2)(E)]~~ regarding reporting, on the State and district school report cards, *2 or more indicators from any school climate survey.* School districts using a survey instrument identified under subsection (g), or those districts choosing to survey parents, shall submit the results to the State

Superintendent of Education no later than May~~August~~ 1 for inclusion on the school report cards.

f) For purposes of Section 24A-20 of the School Code, the survey required under Section 2-3.153 of the School Code and this Section shall be the instrument to be used *to provide feedback to principals on the instructional environment within a school* (Section 24A-20 of the School Code). A school district may incorporate results from the survey into the principal evaluation rubric or instrument required under 23 Ill. Adm. Code 50.320 (Professional Practice Components for Principals and Assistant Principals).

g) *A school district may elect to use, on a district-wide basis and at the school district's sole cost and expense, an alternate survey of learning conditions instrument pre-approved by the State Superintendent.* (Section 2-3.153(b) of the School Code)

1) The State Superintendent shall post annually the survey instruments authorized under this subsection (g) no later than July 1 at https://www.isbe.net/Pages/Educational-Supports.aspx~~http://www.isbe.net/5essentials/default.htm~~.

2) Any school district wishing to use a survey instrument authorized under this subsection (g) shall annually submit a form developed for this purpose and posted at https://www.isbe.net/Pages/Educational-Supports.aspx~~http://www.isbe.net/5essentials/default.htm~~ to the State Superintendent no later than September 15~~August 1~~. The form shall state, at a minimum, the requirements for and conditions of administering a survey instrument authorized under this subsection (g) that are stipulated at Section 2-3.153(b) of the School Code. A school district approved under this subsection (g)(2) to administer an alternate survey must submit to the State Board of Education the appropriate survey data no later than May 31. The data submitted by the school district will be used to meet the requirements of subsection (f) and for calculating a summative designation for school accountability.

3) A school district's failure to annually submit the form required under subsection (g)(2) shall result in the district's being required to use the survey identified for statewide administration and posted at

https://www.isbe.net/Pages/Educational-Supports.aspx~~http://www.isbe.net/5essentials/default.htm~~.

~~h)~~ ~~*If in any year the appropriation to the State Board of Education is insufficient for the State's costs associated with statewide administration of the instrument, the State Board of Education shall give priority to districts with low-performing schools and a representative sample of other districts.*~~ ~~(Section 2-3.153 of the School Code) For the purposes of this subsection (h), "low-performing schools" are those school districts that meet the criteria set forth at Section 2-3.25d-5 of the School Code. The State Superintendent of Education shall identify additional school districts for purposes of administering the survey based upon factors such as demographics, economics and geographic location.~~

~~1)~~ ~~Not later than July 1, the State Superintendent of Education shall notify each low-performing school and each other school district selected as part of the "representative sample" of the requirement to administer the survey.~~

~~2)~~ ~~Within 15 calendar days after receiving the notification required under subsection (h)(1), a school district selected as part of the representative sample may petition the State Superintendent to be excused from the survey administration. The written petition shall state the reasons why the school district believes it lacks the capacity to administer the survey. The State Superintendent shall notify the school district of his or her acceptance or rejection of the petition no later than 15 calendar days after it is received.~~

(Source: Amended at 44 Ill. Reg. _____, effective _____)

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF PROPOSED AMENDMENTS

1) Heading of the Part: Political Subdivision Emergency Services and Disaster Agencies

2) Code Citation: 29 Ill. Adm. Code 301

3)

Section Numbers:	Proposed Actions:
301.115	New Section
301.450	Amendment
301.510	Amendment
301.520	Amendment

4) Statutory Authority: Implements and is authorized by Sections 5(f)(4), 5(f)(5.5), and 5(f)(5.10) of the Illinois Emergency Management Agency Act, 20 ILCS 3305.

5) A Complete Description of the Subjects and Issues Involved: IEMA is proposing these amendments to Part 301 to clarify requirements and processes and to allow greater flexibility for IEMA and local emergency services and disaster agencies (ESDAs) when dealing with disasters. Local ESDAs have requirements for training and exercises in order to become accredited by IEMA and receive federal funding. Due to several extreme and extended response to disasters in 2019 and 2020, it has become difficult for local ESDA coordinators to meet the training and exercise requirements for accreditation. Therefore, IEMA is proposing to provide greater flexibility by eliminating timing limits when requesting a waiver of exercise requirements under Section 301.450 and by allowing for the extension of accreditation/certification deadlines in Sections 301.510 and 301.520. In addition, IEMA is adding an exemption/exception provision in order to provide a mechanism for IEMA to meet the needs of local ESDAs when they need relief from requirements due to the responsibilities of their jobs, including responding to disasters.

6) Any published studies or reports, along with the sources of underlying data, that were used when composing this rulemaking, in accordance with 1 Ill Adm. Code 100.355: None

7) Will this rulemaking replace an emergency rule currently in effect? Yes

8) Does this rulemaking contain an automatic repeal date? No

9) Does this rulemaking contain incorporations by reference? No

10) Are there any other rulemakings pending on this Part? No

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF PROPOSED AMENDMENTS

11) Statement of Statewide Policy Objective: The requirements imposed by the proposed rulemaking are not expected to require local governments to establish, expand, or modify their activities in such a way as to necessitate additional expenditures from local revenues.

12) Time, Place and Manner in which interested persons may comment on this proposed rulemaking: Comments on this proposed rulemaking may be submitted in writing for a period of 45 days following publication of this Notice. The Agency will consider fully all written comments on this proposed rulemaking submitted during the 45 day comment period. Comments should be submitted to:

Traci Burton, Paralegal Assistant
Illinois Emergency Management Agency
1035 Outer Park Drive
Springfield IL 62704

217/785-9860

13) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities or not-for-profit corporations affected: The Agency believes this rulemaking will have no direct impact on any small businesses or not for profit corporations. However, this proposed rulemaking could affect small municipalities if they receive certification from their county for emergency management by providing greater flexibility.

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: None

14) Small Business Impact Analysis: None

15) Regulatory Agenda on which this rulemaking was summarized: This proposed rulemaking was not summarized on a regulatory agenda as it was not anticipated in January. The COVID-19 disaster brought the issues resulting in this rulemaking to light.

The full text of the Proposed Amendments begins on the next page:

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF PROPOSED AMENDMENTS

TITLE 29: EMERGENCY SERVICES, DISASTERS, AND CIVIL DEFENSE
CHAPTER I: ILLINOIS EMERGENCY MANAGEMENT AGENCY
SUBCHAPTER c: ADMINISTRATION AND ORGANIZATION OF
POLITICAL SUBDIVISION EMERGENCY SERVICES AND DISASTER AGENCIES

PART 301
POLITICAL SUBDIVISION EMERGENCY SERVICES AND DISASTER AGENCIES

SUBPART A: GENERAL PROVISIONS

Section
301.110 Purpose, Scope, Applicability
301.115 Exceptions, Exemptions and Waivers
301.120 Definitions
301.130 Severability
301.140 Multiple County ESDA Consolidation
301.170 Program Requirements

SUBPART B: EMERGENCY OPERATIONS PLAN REQUIREMENTS

Section
301.210 Authority
301.220 Initial Analysis and Assessment
301.230 Basic Plan Requirements
301.240 Functional Annex Requirements
301.250 Hazard Specific Annexes
301.260 Other Annexes (Repealed)
301.280 Supporting Plans

SUBPART C: EMERGENCY OPERATIONS PLAN
SUBMISSION AND REVIEW REQUIREMENTS

Section
301.310 EOP Submission and Review Requirements for Mandated ESDAs and Accredited ESDAs
301.320 EOP Submission and Review Requirements for Non-Mandated ESDAs

SUBPART D: EXERCISE REQUIREMENTS

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF PROPOSED AMENDMENTS

Section
301.410 Exercise Requirements for the Emergency Operations Plan
301.420 Exercise Planning
301.430 Exercise Evaluation and Approval for Mandated ESDAs and Accredited ESDAs
301.440 Exercise Evaluation and Acceptance for Non-Mandated ESDAs
301.450 Waiver of Exercise Requirement

SUBPART E: ACCREDITATION AND CERTIFICATION OF ESDAS

Section
301.510 Accreditation of ESDAs
301.520 Certification of Non-Mandated ESDAs

SUBPART F: WORKERS' COMPENSATION ACT AND WORKERS' OCCUPATIONAL DISEASES ACT COVERAGE FOR VOLUNTEERS

Section
301.610 Authority
301.620 Eligibility
301.630 Procedures for Filing a Claim

SUBPART G: REQUIREMENTS FOR THE EMERGENCY MANAGEMENT ASSISTANCE GRANT PROGRAM

Section
301.710 Purpose
301.720 Eligible Applicants
301.730 Application Procedures
301.740 Allocation Determination
301.750 Reimbursement Procedures
301.760 Reconsideration of Reimbursement Denial

AUTHORITY: Implementing and authorized by Sections 5(f)(4), (5), (5.5), (5.10) and 10 of the Illinois Emergency Management Agency Act [20 ILCS 3305].

SOURCE: Adopted at 26 Ill. Reg. 3036, effective February 26, 2002; amended at 31 Ill. Reg. 11565, effective July 26, 2007; amended at 42 Ill. Reg. 15933, effective July 31, 2018; emergency amendment at 44 Ill. Reg. 10814, effective June 8, 2020, for a maximum of 150 days; amended at 44 Ill. Reg. _____, effective _____.

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF PROPOSED AMENDMENTS

SUBPART A: GENERAL PROVISIONS

Section 301.115 Exceptions, Exemptions and Waivers

a) IEMA may, upon application or upon its own initiative, grant such exemptions or exceptions from the requirements of this Part as it determines are authorized by law and will not result in undue hazard to public health and safety or property.

b) ESDAs may seek a waiver of the exercise requirements of this Part for an actual disaster pursuant to Section 301.450.

(Source: Added at 44 Ill. Reg. _____, effective _____)

SUBPART D: EXERCISE REQUIREMENTS

Section 301.450 Waiver of Exercise Requirement

a) If an actual disaster ~~or emergency~~ occurs during a jurisdiction's four-year exercise cycle, IEMA, or the county for non-mandated unaccredited ESDAs, has the discretion to waive the requirements of this Subpart. In addition to a letter requesting a waiver, ESDAs shall submit the following documentation:

1) Mandated~~Within 60 days after the EOC is no longer active, mandated~~ ESDAs and non-mandated accredited ESDAs shall submit an After Action Report (AAR) and a Corrective Action/Improvement Plan to their IEMA regional office. In addition, for information purposes only, non-mandated accredited ESDAs shall also submit the AAR and Corrective Action/Improvement Plan to the county in which they reside.

2) Except~~Within 60 days after the EOC is no longer active, except~~ for those non-mandated ESDAs accredited pursuant to Section 301.510, non-mandated ESDAs shall submit an After Action Report (AAR) and a Corrective Action/Improvement Plan to the county in which they reside.

AGENCY NOTE: Prior to an ESDA submitting the required documents for a waiver, IEMA or the county, as appropriate, shall determine which core capabilities will be evaluated to meet the exercise requirement.

b) The actual response as an exercise shall be approved or accepted in the same manner as an exercise is approved or accepted pursuant to Sections 301.430 and 301.440.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

SUBPART E: ACCREDITATION AND CERTIFICATION OF ESDAS

Section 301.510 Accreditation of ESDAs

a) The following ESDAs are eligible to apply for IEMA accreditation:

1) Mandated ESDAs; and

2) Non-mandated ESDAs determined biennially by the IEMA Director, or his/her designee, to have demonstrated justification to IEMA for accreditation eligibility based on the following political subdivision criteria:

A) Heightened, greater than average disaster vulnerability;

B) An increased need for ESDA services in the political subdivision due to all of the following:

i) Population size and concentration;

ii) Insufficiency of county ESDA resources to meet the emergency management needs of the political subdivision; and

iii) A high concentration of emergency management resources in the political subdivision existing prior to the accreditation eligibility review;

C) Evidence that the ESDA coordinator provides to the political subdivision a paid emergency management work effort as coordinator of at least 50% of the political subdivision's standard full-time work week, not including exercise hours; and

D) Documentation of the emergency management services provided to the political subdivision by the ESDA, including, but not limited to, documentation of emergency operations plans, training, exercises, and actual responses, during a minimum of the past 5 years.

b) For IEMA accreditation, eligible applicants, determined in accordance with subsection (a), shall satisfy all of the following requirements:

1) Submit a copy of the political subdivision ordinance creating the ESDA affixed with the official seal by the clerk of the political subdivision.

2) Submit documentation of the ESDA coordinator's Notice of Appointment card.

3) Submit evidence that the political subdivision supports a paid emergency management work effort of at least 50% of the political subdivision's standard full-time work week, not including exercise hours.

4) Submit documentation that:

A) An ESDA coordinator appointed after January 1, 2002 has completed, within 12 months after the date of appointment, the IEMA New Coordinators Workshop Course and the Principles of Emergency Management Course or courses determined by IEMA to be consistent with or at least as stringent as these courses; and

B) After the first year of appointment, or for ESDA coordinators appointed prior to January 1, 2002, the ESDA coordinator has biennially completed 48 hours of professional development training, of which a minimum of 24 hours is IEMA-sponsored professional development training. The IEMA-sponsored professional development training program shall, at a minimum, be consistent with and at least as stringent as the FEMA Professional Development Series. Coordinators may receive credit for up to 24 hours of non-IEMA-sponsored professional development training, including, but not limited to, emergency management conferences, independent study courses, college courses or internet courses, but only if such training is consistent with or at least as stringent as

training in the IEMA-sponsored professional development training program and is pre-approved for a specific number of credit hours in writing by IEMA prior to the training.

5) Complete an EOP that meets the requirements of Subparts B and C.

6) Conduct exercises~~an exercise~~ in accordance with the requirements of Subpart D.

7) Complete and submit all current National Incident Management System (NIMS) compliance documents as established by IEMA.

c) The term of accreditation shall be at least~~is~~ two years, but not longer than four years, with beginning and ending dates indicated on the accreditation document issued by IEMA. IEMA may extend an existing term of accreditation as long as the total term of accreditation does not exceed four years. Eligible ESDA applicants may seek accreditation renewal by satisfying the requirements of subsection (b).

d) IEMA shall issue an accreditation document, including extensions of an existing term of accreditation, under signature of the IEMA Director.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

Section 301.520 Certification of Non-Mandated ESDAs

a) Except for those non-mandated ESDAs accredited in accordance with Section 301.510, non-mandated ESDAs may apply to an accredited county or multiple county ESDA serving the county in which the non-mandated ESDA is located, for certification, or to IEMA in the event that no accredited county or multiple county ESDA serves the county in which the non-mandated ESDA is located. Each accredited county or multiple county ESDA, or IEMA in the event that no accredited county or multiple county ESDA serves the county in which the non-mandated ESDA is located, may issue certification to non-mandated ESDAs located within its geographic boundaries, if the non-mandated ESDAs satisfy the following requirements:

1) Submit a copy of the political subdivision ordinance creating the ESDA affixed with the official seal by the clerk of the political subdivision.

2) Submit documentation of the ESDA coordinator's Notice of Appointment card.

3) Submit documentation that:

A) An ESDA coordinator appointed after January 1, 2002, has completed, within 12 months after the date of appointment, the IEMA New Coordinators Workshop Course and the Principles of Emergency Management Course or courses determined by IEMA to be consistent with or at least as stringent as these courses; and

B) After the first year of appointment, or for ESDA coordinators appointed prior to January 1, 2002, the ESDA coordinator has biennially completed 48 hours of professional development training, of which a minimum of 24 hours is IEMA-sponsored professional development training. The IEMA-sponsored professional development training program shall, at a minimum, be consistent with and at least as stringent as the FEMA Professional Development Series. Coordinators may receive credit for up to 24 hours of non-IEMA-sponsored professional development training, including, but not limited to, emergency management conferences, independent study courses, college courses or internet courses, but only if such training is consistent with or at least as stringent as training in the IEMA-sponsored professional development training program and is pre-approved for a specific number of credit hours in writing by IEMA prior to the training.

4) Complete an EOP that meets the requirements of Subparts B and C that is reviewed and accepted by the county or multiple county ESDA in accordance with Section 301.320.

5) Conduct exercises in accordance with~~an exercise and evaluation that meets~~ the requirements of Subpart D~~ that is accepted by the county or multiple county ESDA in accordance with Section 301.440~~.

b) The certification term is two years with beginning and ending dates indicated on the certificate issued by the accredited county or multiple county ESDA under signature of the accredited county or multiple county ESDA and IEMA. The non-

mandated ESDA may seek renewal of its certification.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED RULES

1) Heading of the Part: Cannabis Regulation and Tax Act

2) Code Citation: 68 Ill. Adm. Code 1291

3)

Section Numbers:	Proposed Actions:
1291.10	New Section
1291.50	New Section

4) Statutory Authority: Implementing the Cannabis Regulation and Tax Act [410 ILCS 705].

5) A Complete Description of the Subjects and Issues Involved: PA 101-27 created the Cannabis Regulation and Tax Act [410 ILCS 705]. These proposed rules relate to the lottery process if there are ties for the last remaining licenses in a particular BLS region, and also clarify that unsuccessful applicants who wish to file suit against the Department should do so in court rather than first going through the administrative process before going on to court. These proposed rules may potentially change some applicants' behavior in terms of how many applications they submit in a region and directs applicants toward the appropriate venue for relief.

6) Any published studies or reports, along with the sources of underlying data, that were used when comprising this rulemaking, in accordance with 1 Ill. Adm. Code 100.355: None

7) Will this rulemaking replace any emergency rule currently in effect? No, PA 101-27 required the Department of Financial and Professional Regulation to submit emergency rulemaking to implement the changes made by this Act. The emergency rules were adopted on December 9, 2019 but they expired on June 5, 2020.

8) Does this rulemaking contain an automatic repeal date? No

9) Does this rulemaking contain incorporations by reference? No

10) Are there any other rulemakings pending on this Part? The emergency rules currently in place are identical in content to these proposed rules. A few edits were made for this version for clarification.

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED RULES

11) Statement of Statewide Policy Objective: This rulemaking will not require a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Persons who wish to comment on this proposed rulemaking may submit written comments no later than 45 days after the publication of this Notice to:

Department of Financial and Professional Regulation
Attention: Craig Cellini
320 West Washington, 2nd Floor
Springfield IL 62786

217/785-0813
fax: 217/557-4451

All written comments received within 45 days after this issue of the *Illinois Register* will be considered.

13) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not-for-profit corporations affected: Those licensed or soon-to-be licensed cannabis dispensaries will likely be affected.

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: Any requirements included in the Cannabis Regulation and Tax Act [410 ILCS 705]

14) Small Business Impact Analysis:

A) Types of businesses subject to the proposed rule:

54 – professional, scientific and technical services

B) Categories that the Agency reasonably believes the rulemaking will impact, including:

ii – regulatory requirements

15) Regulatory Agenda on which this rulemaking was summarized: January 2020

The full text of the Proposed Rules begins on the next page:

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF PROPOSED RULES

TITLE 68: PROFESSIONS AND OCCUPATIONS

CHAPTER VII: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
SUBCHAPTER b: PROFESSIONS AND OCCUPATIONS

PART 1291
CANNABIS REGULATION AND TAX ACT

Section
1291.10 Definitions
1291.50 Tied Applicant

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

SOURCE: Adopted by emergency rulemaking at 43 Ill. Reg. 14934, effective December 9, 2019, for a maximum of 180 days; emergency rule expired June 5, 2020; adopted at 44 Ill. Reg. _____, effective _____.

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.

"BLS region" means a region in Illinois used by the United States Bureau of Labor Statistics to gather and categorize certain employment and wage data. The 17 regions in Illinois are: Bloomington, Cape Girardeau, Carbondale-Marion, Champaign-Urbana, Chicago-Naperville-Elgin, Danville, Davenport-Moline-Rock Island, Decatur, Kankakee, Peoria, Rockford, St. Louis, Springfield, Northwest Illinois nonmetropolitan area, West Central Illinois nonmetropolitan

area, East Central Illinois nonmetropolitan area, and South Illinois nonmetropolitan area. [410 ILCS 705/1-10]

"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 License.

"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. This 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.

"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 after the conclusion of the scoring process or the effective date of this Part, 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 selected by the Department.

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 10 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 that 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 will refuse to issue to the eligible applicants all remaining available licenses obtained by lot in all BLS regions.

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.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PROPOSED AMENDMENTS

1) Heading of the Part: Child Support Services

2) Code Citation: 89 Ill. Adm. Code 160

3)

Section Numbers:	Proposed Actions:
160.5	Amendment
160.89	Amendment

4) Statutory Authority: Section 12-13 of the Illinois Public Aid Code [305 ILCS 5/12-13]

5) Complete Description of the Subjects and Issues Involved: This proposal amends 89 Ill. Adm. Code 160.5 to add and update, respectively, definitions of "Custodial Parent" and "Responsible relative" as well as to make a grammatical correction to the definition of "Support obligation" as used in this Part of administrative rule. This proposal also amends 89 Ill. Adm. Code 160.89 to reflect PA 101-336. PA 101-336 provides that the Department may provide, by rule, if, or how, the Department will enforce interest in cases in which IV-D (child support program set forth in 42 USC 651 et seq.) services are being provided. This PA also provides that interest on child support obligations may be collected by any means available under federal and State law, rules, and regulations providing for the collection of child support (instead of "under State law for the collection of child support judgments").

Specifically this proposal amends subsections (a), (d), and (f) of 89 Ill. Adm. Code 160.89 to: create a new process by which non-assistance custodial parent/obligee may request the Department establish and enforce unadjudicated interest; establish request criteria; specify how the Department's certified computer system is used; create a process for non-assistance custodial parent/obligee to request the Department to calculate and enforce interest on a one time basis; allow the Department to calculate and enforce interest at any time when support is assigned to the State.

6) Published studies or reports, and sources of underlying data, used to compose this rulemaking: None

7) Will this rulemaking replace any emergency rule currently in effect? No

8) Does this rulemaking contain an automatic repeal date? No

9) Does this rulemaking contain incorporations by reference? No

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PROPOSED AMENDMENTS

10) Are there any other rulemakings pending on this Part? No

11) Statement of Statewide Policy Objective: This rulemaking does not affect units of local government.

12) Time, Place, and Manner in which interested persons may comment on this proposed rulemaking: Any interested parties may submit comments, data, views, or arguments concerning this proposed rulemaking. All comments must be in writing and should be addressed to:

Steffanie Garrett
General Counsel
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East, 3rd Floor
Springfield IL 62763-0002

HFS.Rules@illinois.gov

The Department requests the submission of written comments within 45 days after the publication of this Notice. The Department will consider all written comments it receives during the first notice period as required by Section 5-40 of the Illinois Administrative Procedure Act [5 ILCS 100/5-40].

13) Initial Regulatory Flexibility Analysis:

A) Types of small businesses, small municipalities and not-for-profit corporations affected: None

B) Reporting, bookkeeping or other procedures required for compliance: None

C) Types of professional skills necessary for compliance: None

14) Small Business Impact Analysis: None

15) Regulatory Agenda on which this rulemaking was summarized: January 2020

The full text of the Proposed Amendments begin on the next page:

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PROPOSED AMENDMENTS

TITLE 89: SOCIAL SERVICES
CHAPTER I: DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
SUBCHAPTER f: COLLECTIONS

PART 160
CHILD SUPPORT SERVICES

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160.1 Incorporation by Reference
160.5 Definitions
160.10 Child Support Enforcement Program
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160.15 Fees for IV-D Non-TANF Cases
160.20 Assignment of Rights to Support
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SUBPART C: ESTABLISHMENT AND MODIFICATION OF
CHILD SUPPORT ORDERS

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160.60 Establishment of Support Obligations
160.61 Uncontested and Contested Administrative Paternity and Support Establishment
160.62 Cooperation with Paternity Establishment and Continued Eligibility Demonstration Program (Repealed)
160.64 Compromise of Assigned Obligations
160.65 Modification of Support Obligations

SUBPART D: ENFORCEMENT OF CHILD SUPPORT ORDERS

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PROPOSED AMENDMENTS

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160.70 Enforcement of Support Orders
160.71 Credit for Payments Made Directly to the Title IV-D Client
160.75 Withholding of Income to Secure Payment of Support
160.77 Certifying Past-Due Support Information or Failure to Comply with a Subpoena or Warrant to State Licensing Agencies (Repealed)
160.80 Amnesty – 20% Charge (Repealed)
160.85 Diligent Efforts to Serve Process
160.88 State Case Registry
160.89 Interest

SUBPART E: EARMARKING CHILD SUPPORT PAYMENTS

Section
160.90 Earmarking Child Support Payments

SUBPART F: DISTRIBUTION OF SUPPORT COLLECTIONS

Section
160.95 State Disbursement Unit
160.100 Distribution of Child Support for TANF Recipients
160.110 Distribution of Child Support for Former AFDC or TANF Recipients Who Continue to Receive Child Support Services
160.120 Distribution of Child Support Collected While the Client Was an AFDC or TANF Recipient, But Not Yet Distributed at the Time the AFDC or TANF Case Is Cancelled
160.130 Distribution of Intercepted Federal Income Tax Refunds
160.132 Distribution of Child Support for Non-TANF Clients
160.134 Distribution of Child Support for Intergovernmental Cases
160.136 Distribution of Support Collected in IV-E Foster Care Maintenance Cases
160.138 Distribution of Child Support for Medical Assistance No Grant Cases

SUBPART G: STATEMENT OF CHILD SUPPORT ACCOUNT ACTIVITY

Section
160.140 Quarterly Notice of Child Support Account Activity

SUBPART H: DEPARTMENT REVIEW OF DISTRIBUTION OF CHILD SUPPORT

Section

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

NOTICE OF PROPOSED AMENDMENTS

160.150 Department Review of Distribution of Child Support for TANF Recipients
160.160 Department Review of Distribution of Child Support for Former AFDC or TANF Recipients

SUBPART I: INTERGOVERNMENTAL IV-D CASES

Section
160.200 Provision of Services in Intergovernmental IV-D Cases

AUTHORITY: Implementing and authorized by Sections 4-1.7, Art. X, 12-4.3, and 12-13 of the Illinois Public Aid Code [305 ILCS 5].

SOURCE: Recodified from 89 Ill. Adm. Code 112.78 through 112.86 and 112.88 at 10 Ill. Reg. 11928; amended at 10 Ill. Reg. 19990, effective November 14, 1986; emergency amendment at 11 Ill. Reg. 4800, effective March 5, 1987, for a maximum of 150 days; amended at 11 Ill. Reg. 9129, effective April 30, 1987; amended at 11 Ill. Reg. 15208, effective August 31, 1987; emergency amendment at 11 Ill. Reg. 1563, effective December 31, 1987, for a maximum of 150 days; amended at 12 Ill. Reg. 9065, effective May 16, 1988; amended at 12 Ill. Reg. 18185, effective November 4, 1988; emergency amendment at 12 Ill. Reg. 20835, effective December 2, 1988, for a maximum of 150 days; amended at 12 Ill. Reg. 22278, effective January 1, 1989; amended at 13 Ill. Reg. 4268, effective March 21, 1989; amended at 13 Ill. Reg. 7761, effective May 22, 1989; amended at 13 Ill. Reg. 14385, effective September 1, 1989; amended at 13 Ill. Reg. 16768, effective October 12, 1989; amended at 14 Ill. Reg. 18759, effective November 9, 1990; amended at 15 Ill. Reg. 1034, effective January 21, 1991; amended at 16 Ill. Reg. 1852, effective January 20, 1992; amended at 16 Ill. Reg. 9997, effective June 15, 1992; amended at 17 Ill. Reg. 2272, effective February 11, 1993; amended at 17 Ill. Reg. 18844, effective October 18, 1993; amended at 18 Ill. Reg. 697, effective January 10, 1994; amended at 18 Ill. Reg. 12052, effective July 25, 1994; amended at 18 Ill. Reg. 15083, effective September 23, 1994; amended at 18 Ill. Reg. 17886, effective November 30, 1994; amended at 19 Ill. Reg. 1314, effective January 30, 1995; amended at 19 Ill. Reg. 8298, effective June 15, 1995; amended at 19 Ill. Reg. 12675, effective August 31, 1995; emergency amendment at 19 Ill. Reg. 15492, effective October 30, 1995, for a maximum of 150 days; amended at 20 Ill. Reg. 1195, effective January 5, 1996; amended at 20 Ill. Reg. 5659, effective March 28, 1996; emergency amendment at 20 Ill. Reg. 14002, effective October 15, 1996, for a maximum of 150 days; amended at 21 Ill. Reg. 1189, effective January 10, 1997; amended at 21 Ill. Reg. 3922, effective March 13, 1997; emergency amendment at 21 Ill. Reg. 8594, effective July 1, 1997, for a maximum of 150 days; emergency amendment at 21 Ill. Reg. 9220, effective July 1, 1997, for a maximum of 150 days; amended at 21 Ill. Reg. 12197, effective August 22, 1997; amended at 21 Ill. Reg. 16050, effective November 26, 1997; amended at 22 Ill. Reg. 14895, effective August 1, 1998;

emergency amendment at 22 Ill. Reg. 17046, effective September 10, 1998, for a maximum of 150 days; amended at 23 Ill. Reg. 2313, effective January 22, 1999; emergency amendment at 23 Ill. Reg. 11715, effective September 1, 1999, for a maximum of 150 days; emergency amendment at 23 Ill. Reg. 12737, effective October 1, 1999, for a maximum of 150 days; amended at 23 Ill. Reg. 14560, effective December 1, 1999; amended at 24 Ill. Reg. 2380, effective January 27, 2000; amended at 24 Ill. Reg. 3808, effective February 25, 2000; emergency amendment at 26 Ill. Reg. 11092, effective July 1, 2002, for a maximum of 150 days; amended at 26 Ill. Reg. 17822, effective November 27, 2002; amended at 27 Ill. Reg. 4732, effective February 25, 2003; amended at 27 Ill. Reg. 7842, effective May 1, 2003; emergency amendment at 27 Ill. Reg. 12139, effective July 11, 2003, for a maximum of 150 days; amended at 27 Ill. Reg. 18891, effective November 26, 2003; amended at 28 Ill. Reg. 4712, effective March 1, 2004; emergency amendment at 28 Ill. Reg. 10225, effective July 1, 2004, for a maximum of 150 days; amended at 28 Ill. Reg. 15591, effective November 24, 2004; emergency amendment at 29 Ill. Reg. 2743, effective February 7, 2005, for a maximum of 150 days; amended at 29 Ill. Reg. 10211, effective June 30, 2005; amended at 29 Ill. Reg. 14995, effective September 30, 2005; emergency amendment at 30 Ill. Reg. 5426, effective March 1, 2006, for a maximum of 150 days; amended at 30 Ill. Reg. 8897, effective May 1, 2006; amended at 30 Ill. Reg. 13393, effective July 28, 2006; amended at 31 Ill. Reg. 12771, effective August 27, 2007; emergency amendment at 32 Ill. Reg. 543, effective January 1, 2008, for a maximum of 150 days; amended at 32 Ill. Reg. 6511, effective March 31, 2008; amended at 32 Ill. Reg. 16805, effective October 6, 2008; amended at 33 Ill. Reg. 591, effective January 5, 2009; amended at 33 Ill. Reg. 9077, effective June 15, 2009; amended at 33 Ill. Reg. 12732, effective September 7, 2009; amended at 34 Ill. Reg. 6809, effective May 1, 2010; amended at 34 Ill. Reg. 15406, effective September 27, 2010; amended at 35 Ill. Reg. 2043, effective January 21, 2011; amended at 35 Ill. Reg. 4513, effective March 1, 2011; amended at 36 Ill. Reg. 1531, effective January 23, 2012; amended at 36 Ill. Reg. 9140, effective June 11, 2012; amended at 37 Ill. Reg. 8017, effective May 28, 2013; amended at 38 Ill. Reg. 4392, effective January 29, 2014; amended at 38 Ill. Reg. 6028, effective February 26, 2014; amended at 41 Ill. Reg. 3338, effective March 7, 2017; amended at 44 Ill. Reg. 6277, effective April 13, 2020; amended at 44 Ill. Reg. _____, effective _____.

SUBPART A: GENERAL PROVISIONS

Section 160.5 Definitions

"Application for IV-D Services~~services~~" refers to an application for child support enforcement services that is a signed, written request completed in accordance with the Department's requirements for a IV-D case as defined in Section

160.10(a)(9). An electronic signature is created when a web application is submitted and received via the internet.

"Assignment of Medical Support~~Support~~" refers to the transfer of support rights to the Department by the acceptance of Medicaid benefits under 42 USC 1396k and Section 10-1 of the Illinois Public Aid Code [305 ILCS 5~~/10-1~~].

"Assignment of Support~~support~~" refers to the transfer of support rights to the Department by the acceptance of TANF benefits, pursuant to 42 USC 608(a)(3) and Section 10-1 of the Illinois Public Aid Code [305 ILCS 5~~/10-1~~] or the Department of Children and Family Services (DCFS), in the case of IV-E foster care, pursuant to 42 USC 671(a)(17) and Section 9.1 of the Children and Family Services Act [20 ILCS 505~~/9.1~~].

"Assistance Standard" shall have the meaning ascribed to it in 89 Ill. Adm. Code 111.

"Cancellation" refers to the discontinuance of TANF financial and medical benefits for an assistance unit because of the failure to satisfy the conditions of eligibility under the Title IV-A State Plan.

"Central Authority" means the agency designated by a government to facilitate support enforcement with a foreign reciprocating country pursuant to section 459A of the Social Security Act (42 USC 659a).

"Child" refers to any child under the age of 18 years and any child under the age of 19 years who is still attending high school (see Section 505 of the Illinois Marriage and Dissolution of Marriage Act [750 ILCS 5~~/505~~]).

"Child Support Enforcement Services~~support enforcement services~~" refers to those services provided to establish, enforce and collect support, in accordance with an approved State Plan under Title IV-D of the Social Security Act (42 USC 654).

"Country" means a foreign country (or a political subdivision of a foreign country) declared to be a foreign reciprocating country pursuant to section 459A of the Social Security Act (42 USC 659a) and any foreign country (or political subdivision) with which the State of Illinois has entered into a reciprocal arrangement for the establishment and enforcement of support obligations to the

extent consistent with federal law (section 459A(d) of the Social Security Act).

"Custodial Parent" refers to a person who is receiving, or is entitled to receive, under the law, support for a minor dependent (child) and is meant to incorporate and be used interchangeably with all similar terms, used in any statute or rule, referring to a person who is receiving, or is entitled to receive, under the law, support for a minor dependent (child), including the terms "CP", "payee", "obligee", or "parent".

"Date of Collection" for distribution purposes in all cases refers to the date on which a collection is received by the Department as a result of withholding of an amount by the Department of Employment Security from a responsible relative's unemployment insurance benefits (UIB) to meet a support obligation; a collection as a result of intercept of a federal income tax refund is received by the Department: or in all other instances, a support payment is received by the State Disbursement Unit (SDU) except that, if current support is withheld by an employer in the month when due and received by the SDU in the month following the month when due, the date of withholding may be deemed to be the date of collection.

"Department" means the Illinois Department of Children and Family Services.

"IV-D Account Receivable~~account receivable~~" or "Support Account~~support account~~" refers to a part of the accounting system in KIDS used to record charges, payments, and account adjustments for a particular account. More than one account may exist for a given caretaker relative and for a given responsible relative. For example, a mother with two children by one father from one marriage, and three children by a second father from another marriage, will have two support accounts if there are two separate support obligations. If children are born in a non-marital relationship, there will be one account per child.

"IV-D Program~~program~~" or "IV-D" refers to the child support program set forth in 42 USC 651 et seq. and this Part.

"IV-E Foster Care~~foster care~~" or "IV-E" refers to the foster care program set forth in 42 USC 670 et seq.

"Initial Receipt~~receipt~~ in the State" for disbursement purposes in all cases refers to the date on which the Department of Employment Security withholds an amount

from a responsible relative's unemployment insurance benefits (UIB) to meet a support obligation, when there is a withholding of UIB, a collection as a result of intercept of a federal income tax refund is received by the Department, or in all other instances, a support payment is received by the State Disbursement Unit.

"Intergovernmental IV-D Case~~case~~" refers to a IV-D case in which the responsible relative lives and/or works in a different jurisdiction than the custodial parent and children that has been referred by an initiating agency to a responding agency for services. An intergovernmental case may include any combination of referrals between states, tribes and countries. An intergovernmental IV-D case also may include cases in which a state agency is seeking only to collect support arrearages, whether owed to the family or assigned to the state.

"Interstate IV-D Case~~case~~" refers to a IV-D case in which the responsible relative lives and/or works in a different state than the custodial parent and children that has been referred by an initiating state to a responding state for services. An interstate IV-D case also may include cases in which a state is seeking only to collect support arrearages, whether owed to the family or assigned to the state.

"Key Information Delivery System" or "KIDS" refers to the data processing system used to process all IV-D cases in Illinois.

"MANG" refers to Medical Assistance No Grant under the Medicaid Program, Title XIX of the Social Security Act (42 USC 1396k), that is medical assistance to families and individuals wherein no cash payment is made.

"Responsible Relative~~relative~~" refers to a person who is responsible, or alleged to be responsible, under the law, for support of a minor dependent (child) and is meant to incorporate and be used interchangeably with all similar terms, used in any statute, referring to a person who is responsible, or alleged to be responsible, under the law, for support of a minor dependent (child), including the terms "non-custodial parent", "NCP", "obligor", "payor" or "parent"~~term "supporting parent". "Supporting parent" is a term used in the Illinois Marriage and Dissolution of Marriage Act [750 ILCS 5/505]~~.

"Support Case~~case~~" refers to a case established in the KIDS for the purpose of providing establishment, enforcement and collection services to dependent children and their custodial parent, in accordance with the provisions of Title IV-D of the Social Security Act (42 USC 654).

"Support Obligation~~obligation~~" refers to the duty a non-custodial relative owes to his or her dependents, as set forth in a legally-valid court or administrative order.

"TANF" refers to Temporary Assistance for Needy Families, Title IV-A of the Social Security Act (42 USC 601 et seq.) that is financial and medical assistance available to families with one or more children or on behalf of children in foster care under the guardianship of the Department of Children and Family Services.

"TANF MANG" refers to Medical Assistance No Grant cases in which medical assistance only is available to families with one or more children.

"TANF MANG Recipient~~recipient~~" refers to a member of a family with one or more children receiving medical assistance only in the current month.

"TANF Recipient~~recipient~~" refers to a person who is receiving financial and medical assistance under the TANF program in the current month.

"Two Business Days~~business days~~", for purposes of disbursement of support payments under Subpart F~~ of this Part~~, shall have the meaning and be qualified in the same manner as in Section 454B of the Social Security Act (42 USC 654b).

"Unreimbursed Former~~former~~ AFDC or TANF" refers to the total amount of financial assistance provided to a family unit, in accordance with Title IV-A of the Social Security Act (42 USC 601 et seq.) for which the State and federal~~Federal~~ governments have not been reimbursed. The State and federal~~Federal~~ governments are limited in the amount of support payments they may retain for "unreimbursed former AFDC or TANF", in accordance with the provisions set forth in Sections 160.100, 160.110 and 160.130~~ of this Part~~. The "amount of unreimbursed assistance accrued prior to the former AFDC or TANF cancellation", reported in the Department's "Statements of Child Support Account Activity for Former Recipients" (see Section 160.140), is the~~that~~ limited amount ~~which~~ the Department is entitled to retain.

(Source: Amended at 44 Ill. Reg. _____, effective _____)

SUBPART D: ENFORCEMENT OF CHILD SUPPORT ORDERS

Section 160.89 Interest

a) Interest Established and Enforced with the Assistance of the Department

1) Unadjudicated Interest

A) Unadjudicated interest is interest that has not been reduced to a judgment by a court for judicial cases or the Department for administrative cases. A non-assistance custodial parent is an individual who completes an application for IV-D services (see Sections 160.5 and 160.10).

B) Effective January 1, 2021, the Department will provide a custodial parent, on a one-time basis, the opportunity to establish unadjudicated interest through the Department. The Department will accept one-time written requests from a custodial parent for both judicial cases and administrative cases. The Department will establish unadjudicated interest when the custodial parent makes a written request and meets all of the following criteria:

i) The emancipation of the youngest child on the case for which the custodial parent is requesting interest;

ii) The principal balance for current support is $0.00 on the case for which the custodial parent is requesting interest;

iii) The minimum amount of interest due to the custodial parent on that case is $500; and

iv) The written request must be received by the Department within one year after meeting the criteria of this subsection (a)(1)(B) or, if applying for IV-D services, after the emancipation of the child, within one year after applying for IV-D services, provided that they meet the required criteria.

C) Effective January 1, 2021, interest on cases meeting the criteria of subsection (a)(1)(B) shall be calculated prospectively from the last judgment entered and contained in the Department's certified computer system or, if no judgment was entered, from the charges

and payments, or balances, reflected and contained in the Department's certified computer system.

2) Adjudicated Interest. Effective January 1, 2021, the Department will enforce adjudicated interest orders obtained by the custodial parent, non-custodial parent or his or her attorney.

3) As part of an arrearage establishment process under this Section, the~~The~~ Department shall calculate interest on child support judgments, including judgments arising by operation of law from child support orders, by applying one-twelfth of the current statutory interest rate as provided in Section 2-1303 of the Code of Civil Procedure [735 ILCS 5] to the unpaid child support balance as of the end of each calendar month. The unpaid child support balance at the end of the month is the total amount of child support ordered, excluding the child support that was due for that month to the extent that it was not paid in that month and including judgments for retroactive child support, less all payments received and applied as set forth in this Section. Effective, January 1, 2021, the total unpaid child support balance shall be maintained and reflected in the Department's certified computer system. This balance shall be presumed to be correct and shall be the basis for the calculation of interest provided for in this Section. If an individual wishes to challenge this presumption, he or she must prove, to the appropriate tribunal (judicial for judicial cases and administrative for administrative cases), that the balance is incorrect by a preponderance of the evidence.

b) The accrued interest shall not be included in the unpaid child support balance when calculating interest at the end of the month.

c) The unpaid child support balance as of the end of each month shall be determined by calculating the current monthly child support obligation and applying all payments received for that month, except federal income tax refund intercepts, first to the current monthly child support obligation and then applying any payments in excess of the current monthly child support obligation to the unpaid child support balance owed from previous months. The current monthly child support obligation shall be determined from the document that established the support obligation.

d) Federal income tax refund intercepts and any payments in excess of the current monthly child support obligation shall be applied to the unpaid child support balance. Interest on child support obligations may be collected by any means available under federal and State laws, rules and regulations providing for the collection of child support. Effective January 1, 2021, any~~Any~~ payments in excess of the current monthly child support obligation and the unpaid child support balance shall be applied to the adjudicated accrued interest on the unpaid child support balance entered by the court for judicial cases or the accrued interest entered by the Department for administrative cases. ~~Interest on child support obligations may be collected by any means available under federal and State laws, rules and regulations providing for the collection of child support.~~

e) The provisions of this Section shall also apply to calculation of interest on maintenance and unallocated maintenance and child support judgments arising by operation of law from maintenance and unallocated maintenance and child support orders.

f) Effective January 1, 2021, for non-assistance cases meeting the criteria in this Section, the custodial parent may request that the Department calculate and enforce interest during the arrearage establishment process. If no such request is made, or if the request is not made within the time period required by this Section, the custodial parent may enforce any accrued interest on his or her own, without the involvement of the Department. If the custodial parent requests interest after the emancipation of the youngest child and after the principal balance for current support is zero, but does not meet the remainder of the criteria provided for in this Section, the Department will not calculate interest, but instead may provide the custodial parent with a copy of the Department's interest finding and a cover letter explaining the Department's policy regarding interest and informing the custodial parent that he or she may decide to seek legal advice. In cases in which there is an assignment of support to the State, the Department may calculate and enforce interest.~~The Department shall provide the obligee a one-time written notice advising the obligee that he or she must notify the Department in writing within 60 days after the date of the notice that he or she wishes to have the Department compute any interest that accrues on a specific docket in his or her case between May 1, 1987 and December 31, 2005. The notice shall further explain that, if the obligee fails to notify the Department within the 60 day period:~~

~~1) the Department shall have no further duty to enforce and collect interest accrued on support obligations established under the Illinois Public Aid~~

~~Code or any other law that are owed to the obligee prior to January 1, 2006; and~~

~~2)~~ ~~any interest due on that docket prior to January 1, 2006 may be pursued by the obligee through a court action but not through the Department's IV-D division.~~

(Source: Amended at 44 Ill. Reg. _____, effective _____)

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

1) Heading of the Part: Cannabis Regulation and Tax Act

2) Code Citation: 8 Ill. Adm. Code 1300

3)

Section Numbers:	Adopted Actions:
1300.10	New Section
1300.20	New Section
1300.30	New Section
1300.40	New Section
1300.100	New Section
1300.102	New Section
1300.103	New Section
1300.105	New Section
1300.110	New Section
1300.115	New Section
1300.120	New Section
1300.130	New Section
1300.145	New Section
1300.150	New Section
1300.155	New Section
1300.160	New Section
1300.165	New Section
1300.170	New Section
1300.175	New Section
1300.180	New Section
1300.185	New Section
1300.195	New Section
1300.200	New Section
1300.202	New Section
1300.205	New Section
1300.215	New Section
1300.220	New Section
1300.230	New Section
1300.235	New Section
1300.245	New Section
1300.265	New Section
1300.275	New Section
1300.280	New Section
1300.295	New Section

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

1300.300	New Section
1300.305	New Section
1300.307	New Section
1300.310	New Section
1300.315	New Section
1300.320	New Section
1300.330	New Section
1300.345	New Section
1300.350	New Section
1300.355	New Section
1300.360	New Section
1300.365	New Section
1300.370	New Section
1300.375	New Section
1300.380	New Section
1300.385	New Section
1300.395	New Section
1300.400	New Section
1300.405	New Section
1300.407	New Section
1300.410	New Section
1300.415	New Section
1300.420	New Section
1300.430	New Section
1300.445	New Section
1300.450	New Section
1300.455	New Section
1300.460	New Section
1300.465	New Section
1300.470	New Section
1300.475	New Section
1300.480	New Section
1300.485	New Section
1300.495	New Section
1300.500	New Section
1300.510	New Section
1300.520	New Section
1300.530	New Section
1300.540	New Section

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

1300.550	New Section
1300.560	New Section
1300.570	New Section
1300.580	New Section
1300.590	New Section
1300.595	New Section
1300.600	New Section
1300.610	New Section
1300.620	New Section
1300.630	New Section
1300.640	New Section
1300.650	New Section
1300.700	New Section
1300.800	New Section
1300.810	New Section
1300.820	New Section
1300.830	New Section
1300.840	New Section
1300.900	New Section
1300.910	New Section
1300.920	New Section
1300.930	New Section
1300.940	New Section
1300.APPENDIX A	New Section

4) Statutory Authority: Implementing and authorized by the Cannabis Regulation and Tax Act [410 ILCS 705].

5) Effective Date of Rules: June 3, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? Yes. 8 Ill. Adm. Code 1000.420

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 3586; March 13, 2020

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

10) Has JCAR issued a Statement of Objection to this rulemaking? No

11) Differences between Proposal and Final Version: Minor changes, including a change to the table of contents. Section 710 was renumbered as Section 700.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreements issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? Yes. 44 Ill. Reg. 1466; January 17, 2020.

14) Are there any other rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: Completes the Department's responsibilities under the Cannabis Regulation and Tax Act, 410 ILCS 705/55-35(b)(1), related to regulating the cultivation of cannabis. The Department rules may address, but are not limited to, the following matters related to cultivation centers, craft growers, infuser organizations, and transporting organizations with the goal of protecting against diversion and theft, without imposing an undue burden on the cultivation centers, craft growers, infuser organizations, or transporting organizations: (1) oversight requirements for cultivation centers, craft growers, infuser organizations, and transporting organizations; (2) recordkeeping requirements for cultivation centers, craft growers, infuser organizations, and transporting organizations; (3) security requirements for cultivation centers, craft growers, infuser organizations, and transporting organizations, which shall include that each cultivation center, craft grower, infuser organization, and transporting organization location must be protected by a fully operational security alarm system; (4) standards for enclosed, locked facilities under the Act; (5) procedures for suspending or revoking the identification cards of agents of cultivation centers, craft growers, infuser organizations, and transporting organizations that commit violations of the Act or the rules adopted by the Department; (6) rules concerning the intrastate transportation of cannabis from a cultivation center, craft grower, infuser organization, and transporting organization to a dispensing organization; (7) standards concerning the testing, quality, cultivation, and processing of cannabis; and (8) any other matters under oversight by the Department as are necessary for the fair, impartial, stringent, and comprehensive administration of the Act.

16) Information and questions regarding the adopted rules shall be directed to:

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Albert A. Coll
Illinois Department of Agriculture
State Fairgrounds, P. O. Box 19281
Springfield IL 62794-9281

217/782-5051
fax: 217/785-4505

The full text of the Adopted Rules begins on the next page:

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

TITLE 8: AGRICULTURE AND ANIMALS
CHAPTER I: ILLINOIS DEPARTMENT OF AGRICULTURE
SUBCHAPTER v: LICENSING AND REGULATIONS

PART 1300
CANNABIS REGULATION AND TAX ACT

SUBPART A: GENERAL PROVISIONS

Section
1300.10 Definitions and Incorporations
1300.20 Referenced Materials
1300.30 Scope and Application
1300.40 Operation of a Cannabis Business Establishment

SUBPART B: ADULT USE CULTIVATION CENTERS

Section
1300.100 Application, Selection, and Operation of Early Adult Use Cultivation Center License
1300.102 Application for Conditional Adult Use Cultivation Center License
1300.103 Financial Disclosure
1300.105 License Selection Criteria
1300.110 License Denial and Prohibitions
1300.115 License Award, Issuance and Transferability
1300.120 License Renewal
1300.130 Modifications and Alterations
1300.145 Background Check
1300.150 Specifications
1300.155 Records
1300.160 Signage
1300.165 Agents and Identification Cards
1300.170 Operations – Plant Production
1300.175 Operations – Infused or Processed Products
1300.180 Inventory
1300.185 Security
1300.195 Transportation

SUBPART C: COMMUNITY COLLEGE

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

CANNABIS VOCATIONAL PILOT PROGRAM

Section
1300.200 Definitions
1300.202 License Application
1300.205 License Selection Criteria
1300.215 License Transferability
1300.220 License Renewal
1300.230 Modifications and Alterations
1300.235 License Awards and Denials
1300.245 Agents and Identification Cards
1300.265 Background Check
1300.275 Program Operations
1300.280 Enforcement
1300.295 Requests for Information

SUBPART D: CRAFT GROWERS

Section
1300.300 License Application
1300.305 Financial Disclosure
1300.307 License Selection Criteria
1300.310 License Denial and Prohibitions
1300.315 License Award, Issuance and Transferability
1300.320 License Renewal
1300.330 Modifications and Alterations
1300.345 Background Check
1300.350 Specifications
1300.355 Records
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1300.365 Agents and Identification Cards
1300.370 Operations – Plant Production
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1300.380 Inventory
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SUBPART E: INFUSERS

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section
1300.400 License Application
1300.405 Financial Disclosure
1300.407 License Selection Criteria
1300.410 License Denial and Prohibitions
1300.415 License Award, Issuance and Transferability
1300.420 License Renewal
1300.430 Modifications and Alterations
1300.445 Background Check
1300.450 Specifications
1300.455 Records
1300.460 Signage
1300.465 Agents and Identification Cards
1300.470 Operations – General Requirements
1300.475 Operations – Infused Products
1300.480 Inventory
1300.485 Security
1300.495 Transportation

SUBPART F: TRANSPORTERS

Section
1300.500 License Requirements
1300.510 License Application
1300.520 License Selection Criteria
1300.530 License Denial and Prohibitions
1300.540 License Issuance and Transferability
1300.550 License Renewal
1300.560 Modifications and Alterations
1300.570 Background Check
1300.580 Records
1300.590 Agents and Identification Cards
1300.595 Operations

SUBPART G: ENFORCEMENT AND IMMUNITIES

Section
1300.600 Investigations
1300.610 License Suspension

1300.620 License Revocation
1300.630 Fines
1300.640 Administrative Hearings
1300.650 Petition for Rehearing

SUBPART H: LABORATORY TESTING

Section
1300.700 Laboratory Testing

SUBPART I: DESTRUCTION OF CANNABIS

Section
1300.800 Scope
1300.810 Notice to the Department
1300.820 Method of Destruction
1300.830 Records
1300.840 Disposal

SUBPART J: CANNABIS PACKAGING AND LABELING

Section
1300.900 Registration
1300.910 Registration Fee
1300.920 Container and Packaging Requirements
1300.930 Labeling Requirements
1300.940 Warnings

1300.APPENDIX A Authorized Pesticides

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

SOURCE: Emergency rules adopted at 44 Ill. Reg. 1466, effective January 1, 2020, for a maximum of 180 days; adopted at 44 Ill. Reg. 10364, effective June 3, 2020.

SUBPART A: GENERAL PROVISIONS

Section 1300.10 Definitions and Incorporations

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Definitions for this Part can be located in Section 10 of the Cannabis Regulation and Tax Act [410 ILCS 705]. The following definitions shall also apply to this Part:

"Act" means the Cannabis Regulation and Tax Act [410 ILCS 705].

"Adult Use Cultivation Center License" means a license issued by the Department of Agriculture that licenses a person to act as a cultivation center under the Act and any administrative rule made in furtherance of the Act. [410 ILCS 705/1-10]

"Advertise" means to engage in promotional activities including, but not limited to: newspaper, radio, Internet and electronic media, and television advertising; the distribution of fliers and circulars; and the display of window and interior signs. [410 ILCS 705/1-10]

"Alarm System" means a device or series of devices intended to summon law enforcement personnel during, or as a result of, an alarm condition. Devices may include hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual or electronic signal; motion detectors, pressure switches, duress alarms (a silent system signal generated by the entry of a designated code into the arming station to indicate that the user is disarming under duress); panic alarms (an audible system signal to indicate an emergency situation); and hold-up alarms (a silent system signal to indicate that a robbery is in progress). The Department and law enforcement agencies shall have the ability to access a cultivation center's security alarm system in real-time.

"Alterations" means permanent non-cosmetic changes in activities or processes at a cultivation center, or changes in production, handling or storage of the product mix, that do not modify the functions of facility structures or systems.

"Applicant" means the proposed licensee name as stated on the license application.

"Area Zoned for Residential Use" means an area zoned exclusively for residential use; provided that, in municipalities with a population over 2,000,000 people, an "area zoned for residential use" means an area zoned as a residential district or a residential planned development. An area that allows non-residential uses shall not be considered an area zoned exclusively for residential use.

"Batch" means the established segregation of a group of plants at the time of planting for the control of quantity, traceability and/or strain. A batch number will be assigned at the time of planting for a specified number of plants.

"Batch Number" means a unique numeric or alphanumeric identifier assigned to a batch by a cultivation center when the batch is first planted.

"Biosecurity" means a set of preventative measures designed to reduce the risk of transmission of infectious diseases in crops, quarantined pests, invasive alien species, and living modified organisms.

"Cannabis" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not; the seeds of that plant; the resin extracted from any part of the plant; and any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; however, "cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake, or the sterilized seed of the plant that is incapable of germination. "Cannabis" does not include industrial hemp as defined and authorized under the Industrial Hemp Act. "Cannabis" also means concentrate and cannabis-infused products. [410 ILCS 705/1-10]

"Cannabis Business Establishment" means a cultivation center, craft grower, infuser, dispensing organization, or transporter. [410 ILCS 705/1-10]

"Cannabis Container" means a sealed, traceable container or package used for the purpose of containment of cannabis or cannabis-infused product during transportation. [410 ILCS 705/1-10]

"Cannabis-infused Product" means a beverage, food, oil, ointment, tincture, topical formulation, or another product containing cannabis that is not intended to be smoked. [410 ILCS 705/1-10]

"Cannabis Product" means a product containing medical or adult use cannabis either in a physical form or infused with an extracted resin.

"Cannabis Waste" means all cannabis byproduct, scrap, harvested cannabis, and cannabis-infused products not intended for distribution to a dispensing organization.

"Canopy Space" means the surface area utilized to produce mature plants calculated in square feet and measured using the outside boundaries of any area that includes mature marijuana plants, including all the space within the boundaries. The square footage of canopy space is measured horizontally starting from the outermost point of the furthest mature flowering plant in a designated growing space and continuing around the outside of all mature flowering plants located within the designated growing space. If growing spaces are stacked vertically, each level of space shall be measured and included as part of the total canopy space measurement.

"Community College Cannabis Vocational Training Pilot Program Faculty Participant" means a person who is 21 years of age or older, licensed by the Department of Agriculture, and employed or contracted by an Illinois community college to provide student instruction using cannabis plants at an Illinois Community College. [410 ILCS 705/1-10]

"Conditional Adult Use Cultivation Center License" or "CAUCCL" *means a license awarded to top-scoring applicants for an Adult Use Cultivation Organization License that reserves the right to an Adult Use Cultivation Center License if the applicant meets certain criteria set forth in this Part.* [410 ILCS 705/1-10] A Conditional Adult Use Cultivation Center Licensee or applicant may also be referred to as a "cultivation center".

"Craft Grower" means a facility operated by an organization or business that is licensed by the Department to cultivate, dry, cure, and package cannabis and perform other necessary activities to make cannabis available for sale, at a dispensing organization, or use, at an infuser. A craft grower may contain up to 5,000 square feet of canopy space on its premises for plants in the flowering state. The Department may authorize an increase or decrease of flowering stage cultivation space in increments of 3,000 square feet by rule based on market need, craft grower capacity, and the licensee's history of compliance or noncompliance, with a maximum space of 14,000 square feet for cultivating plants in the

flowering stage, which must be cultivated in all stages of growth in an enclosed and secure area. A craft grower may share premises with an infuser or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership. [410 ILCS 705/1-10]

"Craft Grower Agent" means a principal officer, board member, employee, or other agent of a craft grower who is 21 year of age or older. [410 ILCS 705/1-10]

"Crop Input" means any substance that is used for the production of adult use cannabis. This may include pesticides as defined by the Illinois Pesticide Act or the American Association of Pesticide Control Officials, fertilizers as defined by the Illinois Fertilizer Act of 1961 or the American Association of Plant Food Officials, and soil amendments as defined by the Soil Amendment Act.

"Cultivation Center" means a facility operated by an organization or business that is licensed by the Department to cultivate, process, transport (unless otherwise limited by the Act), and perform other necessary activities to provide cannabis and cannabis-infused products to cannabis business establishments. [410 ILCS 705/1-10]

"Cultivation Center Agent" means a principal officer, board member, employee, or other agent of a cultivation center who is 21 years of age or older. [410 ILCS 705/1-10]

"Department" means the Illinois Department of Agriculture.

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

"Director of Agriculture" or "Director" means the Director of the Illinois Department of Agriculture.

"Disproportionately Impacted Area" means a census tract or comparable geographic area that satisfies the following criteria as determined by the Department of Commerce and Economic Opportunity, that:

Meets at least one of the following criteria:

The area has a poverty rate of at least 20% according to the latest federal decennial census;

75% or more of the children in the area participate in the federal free lunch program according to reported statistics from the State Board of Education;

At least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or

The area has an average unemployment rate, as determined by the Illinois Department of Employment Security, that is more than 120% of the national unemployment average, as determined by the United States Department of Labor, for a period of at least 2 consecutive calendar years preceding the date of the application; and

Has high rates of arrest, conviction, and incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis. [410 ILCS 705/1-10]

"DOR" means the Illinois Department of Revenue.

"DPH" means the Illinois Department of Public Health.

"Early Approval Adult Use Cultivation Center License" or "Early Approval License" *means a license that permits a medical cannabis cultivation center licensed under the Compassionate Use of Medical Cannabis Pilot Program Act as of the effective date of the Cannabis Regulation and Tax Act to begin cultivating, infusing, packaging, transporting (unless otherwise provided in the Act), and selling cannabis to cannabis business establishments for resale to purchasers as permitted by the Act as of January 1, 2020.* [410 ILCS 705/1-10]

"Enclosed, Locked Facility" means a room, greenhouse, building, or other enclosed area equipped with locks or other security devices that permit access only by cannabis business establishment agents working for the licensed cannabis business establishment or acting pursuant to the Act to cultivate, process, store, or distribute cannabis. [410 ILCS 705/1-10]

"Enclosed, Locked Space" means a closet, room, greenhouse, building or other enclosed area equipped with locks or other security devices that permit access only by authorized individuals under the Act. "Enclosed, locked space" may include:

> *A space within a residential building that is the primary residence of the individual cultivating 5 or fewer cannabis plants that are more than 5 inches tall and includes sleeping quarters and indoor plumbing. The space must only be accessible by a key or code that is different from any key or code that can be used to access the residential building from the exterior; or*
>
> *A structure, such as a shed or greenhouse, that lies on the same plot of land as a residential building that includes sleeping quarters and indoor plumbing and is used as a primary residence by the person cultivating 5 or fewer cannabis plants that are more than 5 inches tall, such as a shed or greenhouse. The structure must remain locked when it is unoccupied by people.* [410 ILCS 705/1-10]

"Facility" means the physical structures associated with a licensee.

"Financial Interest" means any actual or future right to ownership, investment or compensation arrangement with another person, either directly or indirectly, through business, investment, spouse, parent or child, in a cultivation center. Financial interest does not include ownership of investment securities in a publicly-held corporation that is traded on a national securities exchange or over-the-counter market in the United States, provided the investment securities held by the person and the person's spouse, parent or child, in the aggregate, do not exceed one percent ownership in the cultivation center.

"Fingerprint-based Criminal History Records Check" means a fingerprint-based criminal history records check conducted by the Illinois State Police in accordance with the Uniform Conviction Information Act (UCIA) or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

"Impacted Family" means an individual who has a parent, legal guardian, child, spouse, or dependent, or was a dependent of an individual who, prior to the effective date of the Act, was arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act.

"Infuser" means a facility operated by an organization or business that is licensed by the Department to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product. [410 ILCS 705/1-10]

"Infuser Agent" means a principal officer, board member, employee, or agent of an infuser.

"ISP" means the Illinois State Police.

"Label" means a display of written, printed or graphic matter on the immediate container of any product containing cannabis.

"Laboratory" means an independent laboratory located in Illinois and approved by the Department to have custody and use of controlled substances for scientific and medical purposes and for purposes of instruction, research or analysis.

"Labor Peace Agreement" means an agreement between a cannabis business establishment and any labor organization recognized under the National Labor Relations Act, referred to in this Act as a bona fide labor organization, that prohibits labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economics interference with the cannabis business establishment. This agreement means that the cannabis business establishment has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the cannabis business establishment's employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the cannabis business establishment's employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under State law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

"Livescan" means an inkless electronic system designed to capture an individual's fingerprint images and demographic data (name, sex, race, date of birth, etc.) in a digitized format that can be transmitted to ISP for processing. The data is forwarded to the ISP Bureau of Identification (BOI) over a virtual private network (VPN) and then processed by ISP's Automated Fingerprint Identification System

(AFIS). Once received at the BOI for processing, the inquiry may, as permitted by law, be forwarded to the Federal Bureau of Investigation (FBI) electronically for processing.

"Livescan Vendor" means an entity licensed by the DFPR to provide commercial fingerprinting services under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

"Manufacturing" or "Manufacture" means the process of converting harvested cannabis material into a finished product by manual labor and/or machinery designed to meet a specific need or customer expectation, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

"Modification" means changes in structures, processes or activities at a cultivation center that will alter the functions of production structures, processing systems, and/or changes in the physical footprint of the cultivation center.

"Monitoring" means the continuous and uninterrupted video surveillance of cultivation activities and oversight for potential suspicious actions. Monitoring includes video surveillance for the purpose of summoning a law enforcement officer to the premises during alarm conditions.

"Motor Vehicle" means a self-propelled vehicle as defined in Section 1-146 of the Illinois Vehicle Code.

"Natural Processing" or "Naturally Produced" means the preparation of the harvested cannabis without significantly changing its physical form.

"Operational and Management Practices Plan" means a narrative description of all practices that will be employed at the cultivation center for the production of cannabis and cannabis-infused products. The plan shall include, but is not limited to:

The types and quantities of cannabis products that will be produced at the cultivation center;

The methods of planting (seed or clones), harvesting, drying and storage of cannabis;

The estimated quantity of waste material to be generated and plans for subsequent disposal;

The quantity and proposed method for disposal for all crop inputs utilized for plant production;

Methods for training employees for the specific phases of production;

Biosecurity measures to be implemented for plant production and edible infused product production;

Planned response to discrepancies in accounting of product inventories;

Sampling strategy and quality testing for labeling purposes;

Procedures to follow for proper labeling; and

Procedures to follow for handling mandatory and voluntary recalls of cannabis or cannabis-infused products.

"Ownership and Control" means ownership of at least 51% of the business, including corporate stock if a corporation, and control over the management and day-to-day operations of the business and an interest in the capital, assets, and profits and losses of the business proportionate to percentage of ownership. [410 ILCS 705/1-10]

"Primary Residence" means a dwelling where a person usually stays or stays more often than other locations. It may be determined by, without limitation, presence; tax filings; address on an Illinois driver's license, an Illinois Identification Card, or an Illinois Person with a Disability Identification Card; or voter registration. No person may have more than one primary residence. [410 ILCS 705/1-10]

"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 a person *who is further defined in the Act.* [410 ILCS 705/1-10]

"Production" or "To Produce" means the planting, preparation, cultivation, growing, harvesting, propagation, compounding, conversion, natural processing, or manufacturing of cannabis, and includes any packaging or repackaging of the substance, or labeling or relabeling of its container.

"Qualified Applicant" means an applicant for a cultivation center permit who receives at least the minimum required score in each category required by the application.

"Qualified Social Equity Applicant" means a Social Equity Applicant who has been awarded a conditional license under the Act to operate a cannabis business establishment. [410 ILCS 705/1-10]

"Resided" means an individual's primary residence was located within the relevant geographic area as established by 2 of the following:

A signed lease agreement that includes the applicant's name;

A property deed that includes the applicant's name;

School records;

A voter registration card;

An Illinois driver's license, an Illinois Identification Card, or an Illinois Person with a Disability Identification Card;

A paycheck stub;

A utility bill; or

Any other proof of residency or other information necessary to establish residence as provided by this Part. [410 ILCS 705/1-10]

"Restricted Area" means a building, room or other contiguous area upon the permitted premises where cannabis is grown, cultivated, harvested, stored, weighed, packaged, sold or processed for sale, under control of the permitted facility.

"Sale" means any form of delivery, which includes barter, exchange or gift, or offer therefor, and each such transaction made by any person whether as principal, proprietor, agent, servant or employee.

"Secretary of State" or "SOS" means the Illinois Secretary of State.

"Social Equity Applicant" means an applicant that is an Illinois resident that meets one of the following criteria:

An applicant with at least 51% ownership and control by one or more individuals who have resided for at least 5 of the preceding 10 years in a Disproportionately Impacted Area;

An applicant with at least 51% ownership and control by one or more individuals who:

Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act; or

Is a member of an impacted family;

For applicants with a minimum of 10 full-time employees, an applicant with at least 51% of current employees who:

Currently reside in a Disproportionately Impacted Area; or

Have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act or member of an impacted family.

"THC" means tetrahydrocannabinol.

"THCA" means tetrahydrocannabinolic acid.

"Transportation Activities" means the transport of cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program.

"Transporter" means an organization or business that is licensed by the Department of Agriculture to transport cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program. [410 ILCS 705/1-10]

"Transporter Agent" means a principal officer, board member, employee, or agent of a transporting organization.

"Usable Cannabis" means the seeds, leaves, buds, and flowers of the cannabis plant, and any mixture or preparation thereof, including the resin extracted from any part of the plant, but does not include the stalk and roots of the plant. It does not include the weight of any non-cannabis ingredients combined with cannabis, such as ingredients added to prepare a topical administration, food, or drink.

Section 1300.20 Referenced Materials

a) The following federal statutes and regulations are referenced in this Part:

1) Federal Statutes

A) Fair Packaging and Labeling Act (15 USC 1451 et seq.)

B) Federal Food, Drug, and Cosmetic Act (21 USC 301 et seq.)

C) Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) (7 USC 136)

D) National Labor Relations Act (29 USC 151 through 169)

E) Poison Prevention Packaging Act of 1970 (15 USC 1471 et seq.)

2) Federal Regulations

A) Poison Prevention Packaging (16 CFR 1700) (2014)

B) Tolerances and Exemptions for Pesticide Chemical Residues in Food (40 CFR 180) (2013)

b) The following Illinois statutes are referenced in this Part:

1) Administrative Review Law (Article III of the Code of Civil Procedure) [735 ILCS 5/Art. III]

2) Business Enterprise for Minorities, Females, and Persons with Disabilities Act [30 ILCS 575]

3) Cannabis Control Act [720 ILCS 550]

4) Cannabis Regulation and Tax Act [410 ILCS 705]

5) Code of Civil Procedure [735 ILCS 5]

6) Compassionate Use of Medical Cannabis Program Act [410 ILCS 130]

7) Criminal Code of 2012 [720 ILCS 5]

8) Department of Professional Regulation Law of the Civil Administrative Code of Illinois [20 ILCS 2105]

9) Environmental Protection Act [415 ILCS 5]

10) Food Handling Regulation Enforcement Act [410 ILCS 625]

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11) Freedom of Information Act [5 ILCS 140]

12) Illinois Controlled Substances Act [720 ILCS 570]

13) Illinois Dental Practice Act [225 ILCS 25]

14) Illinois Fertilizer Act of 1961 [505 ILCS 80]

15) Illinois Food, Drug and Cosmetic Act [410 ILCS 620]

16) Illinois Pesticide Act [415 ILCS 60]

17) Illinois Procurement Code [30 ILCS 500]

18) Illinois Uniform Conviction Information Act [20 ILCS 2635]

19) Illinois Vehicle Code [625 ILCS 5]

20) Industrial Hemp Act [505 ILCS 89]

21) Medical Practice Act of 1987 [225 ILCS 60]

22) Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 [225 ILCS 447]

23) Probate Act of 1975 [755 ILCS 5]

24) Public Community College Act [110 ILCS 805]

25) Rights of Crime Victims and Witnesses Act [725 ILCS 120]

26) Sanitary Food Preparation Act [410 ILCS 650]

27) Soil Amendment Act [505 ILCS 120]

28) State Records Act [5 ILCS 160]

29) Weights and Measures Act [225 ILCS 470]

c) The following State administrative rules are referenced in this Part:

1) The Illinois Food, Drug and Cosmetic Act (77 Ill. Adm. Code 720)

2) Manufacturing, Processing, Packing or Holding of Food Code (77 Ill. Adm. Code 730)

3) Food Service Sanitation Code (77 Ill. Adm. Code 750)

4) Electronic Transmission of Fingerprint Requirements (20 Ill. Adm. Code 1265.30)

5) Illinois Environmental Protection Agency:

Technical Policy Statement (35 Ill. Adm. Code 651 (Introduction and Definitions) and 653 (Design, Operation and Maintenance Criteria))

35 Ill. Adm. Code, Ch. I (Pollution Control Board) and II (Environmental Protection Agency)

6) Illinois Plumbing Code (77 Ill. Adm. Code 890)

7) Illinois Pesticide Act (8 Ill. Adm. Code 250)

8) Department of Public Health, Compassionate Use of Medical Cannabis Patient Registry (77 Ill. Adm. Code 946.Subpart D)

9) Weights and Measures Code (8 Ill. Adm. Code 600)

10) Supplemental Nutrition Assistance Program (89 Ill. Adm. Code 121)

d) Incorporations by reference in this Part do not include any later amendments or editions beyond the date specified.

Section 1300.30 Scope and Application

a) *The Department of Agriculture shall administer and enforce provisions of* the *Act relating to the oversight and registration of cultivation centers, craft growers,*

infusers, *transporters, and agents, including the issuance of identification cards and establishing limits on potency or serving size for cannabis or cannabis products.* [410 ILCS 705/5-10]

b) A cultivation center shall be in compliance with all of this Part prior to the commencement of operational activities and/or storage of cannabis.

c) Pursuant to the Act, this Part shall apply to applicants for and holders of a cannabis business establishment license.

d) Authorized On-Premises Storage. A cultivation center is authorized to store cannabis and cannabis-infused products inventory on the licensed premises. All inventory stored on the licensed premises must be secured in a limited access area and tracked using the inventory and security requirements of this Part.

e) Packaging and Labeling Standards Required. A cultivation center is prohibited from selling cannabis that is not packaged and labeled in accordance with Subpart J.

f) Sale to Consumer Prohibited. A cultivation center is prohibited from selling cannabis or any cannabis-infused product directly to a consumer.

g) Consumption Prohibited. A cultivation center shall not permit the consumption of cannabis or cannabis-infused products on its licensed premises.

Section 1300.40 Operation of a Cannabis Business Establishment

a) Only a cannabis business establishment that has been issued a license by the Department under the Act and this Part shall own or operate a cultivation center, craft grower, infuser, or transporter.

b) A cannabis business establishment, including each principal officer, board member, agent and employee, shall not:

1) Produce, manufacture, or store cannabis in any place except in those areas designated in the license;

2) Produce, manufacture, or store cannabis for use outside of Illinois;

3) Sell, deliver, transport or distribute cannabis to any person or entity other than a cannabis business organization licensed by the Department, a dispensing organization registered with DFPR, a testing laboratory approved by the Department, or a State regulatory entity or law enforcement;

4) Enter into an exclusive agreement with any other cannabis business establishment;

5) Refuse to conduct business with any other cannabis business establishment that has the financial ability to pay for products or services, except when prohibited by law;

6) Either directly or indirectly discriminate in price among different cannabis business establishments. Nothing in this subsection (b)(7) prevents pricing cannabis differently based on differences in the cost of production, the quantities sold (such as volume discounts), the way the products are delivered, or delivery costs relative to distance travelled.

SUBPART B: ADULT USE CULTIVATION CENTERS

Section 1300.100 Application, Selection, and Operation of Early Adult Use Cultivation Center License

a) *A medical cannabis cultivation center seeking issuance of an Early Approval Adult Use Cultivation Center License shall submit an application on forms provided by the Department of Agriculture. The application must meet or include the following qualifications:*

1) *Payment of a nonrefundable application fee of $100,000*, unless the applicant is eligible for a fee waiver pursuant to Section 7-20 of the Act*;*

2) *Proof of registration as a medical cannabis cultivation center that is in good standing;*

3) *Submission of the application by the same person or entity that holds the medical cannabis cultivation center registration;*

4) *Certification that the applicant will comply with the requirements of Section 20-30 of the Act;*

5) *The legal name of the cultivation center;*

6) *The physical address of the cultivation center;*

7) *The name, address, social security number and date of birth of each principal officer and board member of the cultivation center; each of those individuals shall be at least 21 years of age;*

8) *A nonrefundable Cannabis Business Development Fee equal to 5% of the cultivation center's total sales between June 1, 2018 to June 1, 2019 or $750,000, whichever is less, but not less than $250,000, to be deposited into the Cannabis Business Development Fund; and*

9) *A commitment to completing one of the Social Equity Inclusion Plans before the expiration of the Early Approval License:*

A) *A contribution of 5% of the cultivation center's total sales from June 1, 2018 to June 1, 2019, or $100,000, whichever is less, to one of the following:*

i) *The Cannabis Business Development Fund. This is in addition to the fee required by* subsection (a)(8)*;*

ii) *A cannabis industry training or education program at an Illinois community college, as defined in the Public Community College Act;*

iii) *A program that provides job training services to persons recently incarcerated or that operates in a Disproportionately Impacted Area.*

B) *Participate, for at least one year, as a host in a cannabis business incubator program approved by the Department of Commerce and Economic Opportunity, and in which an Early Approval License holder agrees to provide a loan of at least $100,000 and mentorship to incubate a licensee that qualifies as a Social Equity*

Applicant. As used in this Section, "incubate" means providing direct financial assistance and training necessary to engage in licensed cannabis industry activity similar to that of the host licensee. The Early Approval License holder or the same entity holding any other licenses issued pursuant to the Act shall not take an ownership stake of greater than 10% in any business receiving incubation services to comply with this subsection (a)(9)(B). *If an Early Approval License holder fails to find a business to incubate to comply with this subsection* (a)(9)(B) *before its Early Approval License expires, it may opt to meet the requirements of this subsection by completing another item from this subsection prior to the expiration of its Early Approval License to avoid a penalty.* [410 ILCS 705/20-10(b)]

b) *An Early Approval License is valid until March 31, 2021. A cultivation center that obtains an Early Approval License will receive written or electronic notice, 90 days before the expiration of the license, that the license will expire. The notice will inform the license holder that it may renew its Early Approval License. The Department will grant a renewal of an Early Approval License within 60 days after submission of an application if:*

1) *The cultivation center submits an application and the required renewal fee of $100,000 for an Early Approval License;*

2) *The Department has not suspended the license of the cultivation center or suspended or revoked the license for violating the Act or this Part; and*

3) *The cultivation center has completed a Social Equity Inclusion Plan as required by subsection* (a)(9). [410 ILCS 705/20-10(c)]

c) *The Early Approval License renewed pursuant to subsection* (b) *shall expire March 31, 2022. The Early Approval License holder will receive written or electronic notice, 90 days before the expiration of the license, that the license will expire. The notice will inform the license holder that it may apply for an Adult Use Cultivation Center License. The Department will grant an Adult Use* Cultivagtion Center *License within 60 days after an application being deemed complete.* [410 ILCS 705/20-10(c-5)]

d) *The license fee required by subsection* (a)(1) *shall be in addition to any license fee required for the renewal of a registered medical cannabis cultivation center license that expires during the effective period of the Early Approval License.* [410 ILCS 705/20-10(d)]

e) *Applicants must submit to the Department all required information, including the requirements in subsection* (a). *Failure by an applicant to submit all required information may result in the application being disqualified.* [410 ILCS 705/20-10(e)]

f) *If the Department receives an application with missing information, the Department may issue a deficiency notice to the applicant. The applicant shall have 10 calendar days from the date of the deficiency notice to submit complete information. Applications that are still incomplete after this opportunity to cure may be disqualified.* [410 ILCS 705/20-10(f)]

g) *If an applicant meets all the requirements of subsection* (a)*, the Department will issue the Early Approval License within 14 days after receiving the application unless:*

1) *The licensee, principal officer, board member, or person having a financial or voting interest of 5% or greater in the licensee, or agent of one of these entities is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois;*

2) *The Director of Agriculture determines there is reason, based on an inordinate number of documented compliance violations, the licensee is not entitled to an Early Approval License; or*

3) *The licensee fails to commit to the Social Equity Inclusion Plan.* [410 ILCS 705/20-10(g)]

h) *A cultivation center may begin producing cannabis and cannabis-infused products once the Early Approval License is approved. A cultivation center that obtains an Early Approval License may begin selling cannabis and cannabis-infused products on December 1, 2019.* [410 ILCS 705/20/10(h)]

i) *An Early Approval License holder must produce and provide cannabis and cannabis-infused products in type and quantity proportionate to the number of*

patients and caregivers it served on an average monthly basis for the 6 months before the effective date of the Act (i.e., before June 25, 2019). [410 ILCS 705/20-10(i)]

j) *If there is a shortage of cannabis or cannabis-infused products, a license holder shall prioritize patients registered under the Compassionate Use of Medical Cannabis Pilot Program Act over adult use purchasers.* [410 ILCS 705/20-10(j)]

k) *If an Early Approval License holder fails to submit an application for an Adult Use Cultivation Center License before the expiration of the Early Approval License (see subsection (c)), the cultivation center shall cease adult use cultivation until it receives an Adult Use Cultivation Center License.* [410 ILCS 705/20-10(k)]

l) *A cultivation center agent who holds a valid cultivation center agent identification card issued under the Compassionate Use of Medical Cannabis Pilot Program Act and is an officer, director, manager, or employee of the cultivation center licensed under this Section may engage in all activities authorized by Article 20 of the Act to be performed by a cultivation center agent.* [410 ILCS 705/20-10(l)]

m) *If the Department suspends or revokes the Early Approval License of a cultivation center that also holds a medical cannabis cultivation center license, the Department* will *suspend or revoke the medical cannabis cultivation center license concurrently with the Early Approval License.* [410 ILCS 705/20-10(m)]

n) *All fees or fines collected from an Early Approval License holder as a result of a disciplinary action in the enforcement of the Act shall be deposited into the Cannabis Regulation Fund.* [410 ILCS 705/20-10(n)]

Section 1300.102 Application for Conditional Adult Use Cultivation Center License

a) A Conditional Adult Use Cultivation Center License (CAUCCL) shall be obtained for each facility prior to commencement of any production activities. The license shall, along with any other certificate, business license, or other authorization required to conduct production activities, be posted in a conspicuous place within the facility.

b) The Department will accept applications for CAUCCLs for 14 calendar days after the date indicated on the Department's website as the commencement date for accepting applications.

1) Submissions shall be considered as submitted on the date on which they are postmarked or, if delivered in person during regular business hours, on the date on which they are so delivered or, if sent electronically, on the date received by the Department if received on or before 5 p.m. Central Time. If received electronically after 5 p.m., they will be considered received on the next business day.

2) Submissions received after the 14-day period, or by a means other than required in this subsection (b), shall be returned to the applicant.

3) Notification of the availability of applications, instructions for completion and submission of applications, and application forms will be posted on the Department's website at www.agr.state.il.us/. Application forms will be made available online at that website.

c) The license application shall be submitted on the forms provided by the Department. The forms will include instructions for their completion and submission. The application will reflect the information required of applicants by the Act and this Part. The instructions on the application will reflect the total maximum number of points that can be awarded for each required criteria, measure and bonus point category listed in Section 1300.105(b). The instructions/application will also identify the total minimum number of points necessary from the required criteria and measures to be eligible for consideration of the bonus point categories. All applications will be reviewed and points awarded based upon the same point system in a fair and unbiased manner. If all materials, documentations, fees and information required by the application form are not submitted, the application shall be returned to the applicant along with a deficiency notice from the Department. The applicant shall then have *10 calendar days from the date of the deficiency notice* to resubmit the application in its entirety. *Applications that are still incomplete after this opportunity to cure will not be scored and will be* returned to the applicant. [410 ILCS 705/20-15(c)] Once submitted, the required fee will not be returned. Upon receipt of an application deemed to be complete, the Department will engage in no further communication with the applicant until after the selection process is completed.

d) An applicant applying for a CAUCCL shall submit, in duplicate, the following:

1) *The legal name of the cultivation center;*

2) *The proposed physical address of the cultivation center;*

3) *A description of the enclosed, locked facility where cannabis will be grown, harvested, manufactured, processed, packaged, or otherwise prepared for distribution to a dispensing organization;*

4) *The name, address, social security number, and date of birth of each principal officer and board member of the cultivation center; each principal officer and board member shall be at least 21 years of age;*

5) *The details of any administrative or judicial proceeding in which any of the principal officers or board members of the cultivation center:*

A) *Pled guilty or were convicted, fined, or had a registration or license suspended or revoked; or*

B) *Managed or served on the board of a business or non-profit organization that pled guilty or was convicted, fined, or had a registration or license suspended or revoked;*

6) *Cultivation, processing, inventory, and packaging plans;*

7) *Proposed operating by-laws* (Operation and Management Practices Plan) *that include procedures for the oversight of the cultivation center, development and implementation of a plant monitoring system,* cannabis container tracking system, *accurate record keeping, staffing plan, and security plan* reviewed by ISP that are in accordance with the rules issued by the Department under the Act. *A physical inventory shall be performed of all plants and cannabis containers on a weekly basis.* ISP may utilize the services of a private security contractor licensed by DFPR to assist with performing a security plan review;

8) *Proposed employment practices, in which the applicant must demonstrate a plan of action to inform, hire, and educate minorities, women, veterans,*

and persons with disabilities, engage in fair labor practices, and provide worker protections;

9) A statement demonstrating *experience in or business practices that promote economic empowerment in Disproportionately Impacted Areas;*

10) A statement demonstrating *experience with the cultivation of agricultural or horticultural products, operating an agriculturally related business, or operating a horticultural business;*

11) *Any academic degrees, certifications, or relevant experience with related businesses;* [410 ILCS 705/20-15]

12) *The identity of every person, association, trust,* partnership, other entity, *or corporation having any direct or indirect pecuniary interest in the cultivation center operation with respect to which the registration is sought. If the disclosed entity is a trust, the application shall disclose the names and addresses of the beneficiaries;* (Section 85 of the Compassionate Use of Medical Cannabis Program Act)

13) If a sole proprietorship, the name, residence and date of birth of the owner;

14) If *a partnership, the names and addresses of all partners, both general and limited* (Section 85 of the Compassionate Use of Medical Cannabis Program Act) and any partnership or joint venture documents;

A) For a domestic limited partnership, a copy of the Certificate of Limited Partnership and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

15) If a limited liability partnership, the names and addresses of all partners, and any partnership or joint venture documents;

A) For a domestic limited liability partnership, a copy of the Certificate of Limited Liability Partnership and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited liability partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

16) If a corporation based in Illinois, a copy of the Articles of Incorporation and a copy of the Certificate of Good Standing issued by SOS or obtained from the SOS website within the last 60 days. If the corporation is a foreign corporation, a copy of the Articles of Incorporation, a copy of the Certificate of Good Standing from the state or country in which the corporation is domiciled, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days. If using an assumed name (d/b/a), a copy of the assumed name registration issued by SOS. Additionally, applicants shall include *the names and addresses of all stockholders and directors of the corporation* (Section 85 of the Compassionate Use of Medical Cannabis Program Act);

17) If a limited liability company:

A) For a domestic limited liability company, a copy of the Articles of Organization, a copy of the Certificate of Good Standing issued by SOS or obtained from the SOS website within the last 60 days, and a listing of the members of the limited liability company and their contact information;

B) For a foreign limited liability company, a copy of the Articles of Organization and a Certificate of Good Standing from the state of organization, a copy of the Application for Admission to Transact Business in Illinois, along with a Certificate of Good Standing issued by SOS, all dated within the last 60 days;

18) If another type of business entity, the same or similar information, as applicable, to that listed in this subsection (d);

19) *Verification from* ISP *that all background checks of the prospective principal officers, board members, and agents of the cannabis business establishment have been conducted.* If ISP has not completed the background check, then the applicant shall provide verification that the request has been submitted to ISP;

20) *A copy of the current local zoning ordinance or* permit and *verification that the proposed cultivation center is in compliance with the local zoning rules and distance limitations established by the local jurisdiction;*

A) If the property is not owned but is currently leased by the applicant, the applicant shall provide: a copy of the lease; confirmation of land ownership; identification of any mortgagees and/or lienholders; a written statement from the property owner and/or landlord certifying consent that the applicant may operate a cultivation center on the premises; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as a cultivation center, and consent to that use by any mortgagees and/or perfected lienholders;

B) If the property is not owned or currently leased by the applicant, the applicant shall provide: a written statement from the property owner and/or landlord certifying consent that the applicant will lease or purchase the property for the purpose of operating a cultivation center; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as a cultivation center, and consent thereto by any mortgagees and/or perfected lienholders;

C) If the property is owned by the applicant, the applicant shall provide: confirmation of land ownership; identification of any and all mortgagees and/or perfected lienholders; and, if applicable, verification of notification to any and all mortgagees and/or perfected lienholders that the property is to be used as a cultivation center, and consent to that use by any mortgagees and/or perfected lienholders;

21) *A non-refundable application fee*;

22) *A survey of the enclosed, locked facility, including the space used for cultivation;*

23) A map of the cultivation center. The map must clearly demonstrate that the proposed cultivation center is not located within 1,500 feet of another cultivation center or craft grower;

24) A plot plan of the cultivation center drawn to a reasonable scale. If the cultivation center building is in existence at the time of the application, the applicant shall submit plans and specifications drawn to scale for the interior of the building. If the building is not in existence at the time of application, the applicant shall submit a plot plan and a detailed drawing to scale of the interior and the architect's drawing of the building to be constructed;

25) Documentation acceptable to the Department that the individual or entity filing the application has at least $100,000 in liquid assets. Documentation acceptable to the Department includes a signed statement from an Illinois Licensed CPA attesting to proof of the required amount of liquid assets under the control of an owner or the entity applying. The statement must be dated within 30 calendar days before the date the application was submitted;

26) Documentation acceptable to the Department that the individual or entity filing the application will be able to obtain insurance sufficient to indemnify and hold harmless the State and its officers and employees;

27) All relevant financial information set forth in Section 1300.103;

28) If any principal officers or board members are currently, or have previously been, licensed or authorized in another state or jurisdiction to produce or otherwise deal in the distribution of cannabis in any form, the following:

A) A copy of each licensing/authorizing document verifying licensure in that state or jurisdiction;

B) A statement granting permission to contact the regulatory agency that granted the license to confirm the information contained in the application; and

C) If the license/authorization or application was ever denied, suspended, revoked or otherwise sanctioned, a copy of documentation so indicating, or a statement that the applicant was so licensed and was never sanctioned;

29) *A plan describing how the cultivation center will address each of the following:*

A) *Energy needs, including estimates of monthly electricity and gas usage, to what extent it will procure energy from a local utility or from on-site generation, and if it has or will adopt a sustainable energy use and energy conservation policy;*

B) *Water needs, including estimated water draw and if it has or will adopt a sustainable water use and water conservation policy; and*

C) *Waste management, including if it has or will adopt a waste reduction policy;*

30) *A diversity plan that includes a narrative of not more than 2,500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity;*

31) The applicant's recycling plan describing the following commitments:

A) *Purchaser packaging, including cartridges, shall be accepted by the applicant and recycled;*

B) *Any recyclable waste generated shall be recycled per applicable State and local laws, ordinances, and rules; and*

C) *Any cannabis waste, liquid waste, or hazardous waste shall be disposed of in accordance with* 8 Ill. Adm. Code 1300.840*, except, to the greatest extent feasible, all cannabis plant waste will be*

rendered unusable by grinding and incorporating the cannabis plant waste with compostable mixed waste to be disposed of in accordance with 8 Ill. Adm. Code 1300.840*;*

32) A statement describing the applicant's *commitment to comply with local waste provisions. A cultivation facility must remain in compliance with applicable State and federal environmental requirements, including, but not limited to:*

A) *Storing, securing, and managing all recyclables and waste, including organic waste composed of or containing finished cannabis and cannabis products, in accordance with applicable State and local laws, ordinances, and rules; and*

B) *Disposing liquid waste containing cannabis or byproducts of cannabis processing in compliance with all applicable State and federal requirements, including, but not limited to permits under Title X of the Environmental Protection Act (Permits);*

33) A commitment *to use resources efficiently, including energy and water*.

A) *Lighting*
The Lighting Power Densities (LPD) for cultivation space does not exceed an average of 36 watts per gross square foot of active and growing space canopy, or all installed lighting technology shall meet a photosynthetic photon efficacy (PPE) of no less than 2.2 micromoles per joule fixture and shall be featured on the Design Lights Consortium (DLC) Horticultural Specification Qualified Products List (QPL). In the event that DLC requirement for minimum efficacy exceeds 2.2 micromoles per joule fixture, that PPE shall become the new standard;

B) *HVAC*

i) *For cannabis grow operations with less than 6,000 square feet of canopy, the licensee commits that all HVAC units will be high-efficiency ductless split HVAC units, or other more energy efficient equipment;*

ii) For cannabis grow operations with 6,000 square feet of canopy or more, the licensee commits that all HVAC units will be variable refrigerant flow HVAC units, or other more energy efficient equipment;

C) *Water Application*

i) A commitment *to use automated watering systems, including, but not limited to, drip irrigation and flood tables, to irrigate cannabis crop*;

ii) A commitment *to measure runoff from watering events and report this volume in its water usage plan, and that, on average, watering events shall have no more than 20% of runoff of water;*

D) *Filtration. A commitment that HVAC condensate, dehumidification water, excess runoff, and other wastewater produced shall be captured and filtered to the best of the facility's ability to achieve the quality needed to be reused in subsequent watering rounds;* [410 ILCS 705/20-15]

34) If applicable, the applicant's status as a Social Equity Applicant, as demonstrated by:

A) Evidence of the applicant's status as an "Illinois resident" as demonstrated by incorporation documents, or, if applying as an individual, at least 2 of the following:

i) a signed lease agreement that includes the applicant's name;

ii) a property deed that includes the applicant's name;

iii) school records;

iv) voter registration card;

v) an Illinois driver's license, ID card, or a Person with a Disability ID card;

vi) a paycheck stub;

vii) a utility bill; or

viii) any other proof of residency or other information necessary to establish residence.

B) A person must have been domiciled in the State for a period of 30 days to be an "Illinois resident" as used in the application; and one of the following:

i) Evidence the person or persons owning and controlling at least 51% of the proposed license have lived in a Disproportionately Impacted Area for 5 of the preceding 10 years as demonstrated by, but not limited to, tax filings, voter registrations, leases, mortgages, paycheck stubs, utility bills, insurance forms, or school records that include the qualifying principal officers' names on them;

ii) Evidence the person or persons owning and controlling at least 51% of the proposed license have been arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction or adjudication has been sealed or expunged, the applicant shall provide records of that action; or

iii) Evidence the person or persons owning and controlling at least 51% of the proposed license has had a parent, legal guardian, child, spouse or dependent, or was a dependent of an individual who, prior to June 25, 2019, was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction, or adjudication has been sealed or expunged, the applicant shall provide records of that action. The applicant must also provide evidence of the relationship between the applicant's principal officer or officers and the person who was arrested for, convicted of, or adjudicated

delinquent for any offense made eligible for expungement by the Act; or

iv) Evidence that the applicant employs 10 or more full-time employees and evidence that 51% or more of those employees currently reside in a Disproportionately Impacted Area; have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act; or are members of an "impacted family" as that term is defined in the Act. The applicant must provide evidence of the required status for each employee. The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted. If employee information or employment status of employees changes before licenses are awarded, the applicant has a duty to notify the Department of the change in employee information or status.

e) The applicant shall sign a notarized statement certifying that:

1) The cultivation center will register with DOR if the applicant is granted a license;

2) The application is complete and accurate;

3) The applicant has actual notice that, notwithstanding any State law:

A) Cannabis is a prohibited Schedule I controlled substance under federal law;

B) Participation in the program is licensed only to the extent provided by the strict requirements of the Act and this Part;

C) Any activity not sanctioned by the Act or this Part may be a violation of State law;

D) Growing, distributing or possessing cannabis in any capacity, except through a federally-approved research program, is a violation of federal law;

E) Use of cannabis may affect an individual's ability to receive federal or State licensure in other areas;

F) Use of cannabis, in tandem with other conduct, may be a violation of State or federal law;

G) Participation in the program does not authorize any person to violate federal law or State law and, other than as set out in Article 45 of the Act, does not provide any immunity from, or affirmative defense to arrest, or prosecution under federal or State law; and

H) Applicants shall indemnify and hold harmless, the State of Illinois for any and all civil or criminal penalties resulting from participation in the program; and

4) All of applicant's principal officers expressly agree to be subject to service of process in Illinois with a current Illinois address on file with the Department.

Section 1300.103 Financial Disclosure

a) When applying for a Conditional Adult Use Cultivation Center License, the applicant shall disclose all relevant financial information to the Department. The applicant shall have a continuing duty to disclose promptly any material changes in the financial information provided to the Department. If an applicant is issued an Adult Use Cultivation Center License, this duty of ongoing disclosure shall continue throughout the licensed period. These disclosures shall include:

1) The ownership structure of the cultivation center;

2) A current organizational chart that includes position descriptions and the names and resumes of persons holding each position, to the extent those positions have been filled. To the extent not revealed by the resume, include additional pages with each resume setting out the employee's

particular skills, education, experience or significant accomplishments that are relevant to owning or operating a cultivation center;

3) Documents such as the articles of incorporation, articles of association, charter, by-laws, partnership agreement, agreements between any 2 or more members of the applicant that relate in any manner to the assets, property or profit of the applicant, or any other comparable documents that set forth the legal structure of the applicant or relate to the organization, management or control of the applicant;

4) A copy of all compensation agreements with directors, owners, officers and growers;

5) The nature, type, terms, covenants and priorities of all outstanding bonds, loans, mortgages, trust deeds, pledges, lines of credit, notes, debentures or other forms of indebtedness issued or executed, or to be issued or executed, in connection with opening or operating the proposed cultivation center; and

6) Audited financial statements for the previous fiscal year, which shall include, but are not limited to, an income statement, balance sheet, statement of retained earnings or owners' equity, statement of cash flows, and all notes to these statements and related financial schedules, prepared in accordance with generally accepted accounting principles, along with the accompanying independent auditor's report. If the applicant was formed within the year preceding the application for license, provide certified financial statements for the period of time the applicant has been in existence and any pro forma financials used for business planning purposes.

b) The applicant shall disclose all sources of funding used to acquire or develop the business for which the license is sought, and shall provide independent documentation concerning the source of the funds and copies of closing documents in connection with the purchase of a registered business.

c) The applicant shall disclose the estimated expenditures to be incurred before the cultivation center is operational.

d) The applicant shall disclose whether any principal officer and/or board member:

1) Has ever filed for bankruptcy;

2) *Is more than 30 days delinquent in complying with a child support order* [5 ILCS 100/10-65c]; or

3) Has been disciplined or sanctioned by a State or federal agency.

e) The applicant shall disclose whether there are currently, or have ever been, any State or federal tax liens against the property of the applicant, as well as the property of any principal officer and/or board member.

Section 1300.105 License Selection Criteria

a) The license selection criteria for the Conditional Adult Use Cultivation Center License shall include the following, with each criterion accounting for up to the indicated maximum number of the total points available for each criteria, out of a 1,000 total points ("bonus" points are an additional 15 points):

1) Suitability of the Proposed Facility (75 points):

A) Measure 1 (25 points): The applicant demonstrates that the proposed facility is suitable for effective and safe cultivation of cannabis, sufficient in size, power allocation, air exchange and air flow, interior layout and lighting, and sufficient both in the interior and exterior to handle the bulk agricultural production of cannabis, cannabis-infused products, product handling, storage, trimming, packaging, loading and shipping. The loading/unloading of cannabis in the transport motor vehicle for shipping shall be in an enclosed, secure area out of public sight.

B) Measure 2 (25 points): The applicant demonstrates the capacity to meet consumer demand by operating the cultivation center in a safe and efficient manner with minimal impact on the environment and the surrounding community.

C) Measure 3 (25 points): The applicant provides an Operations and Management Practices Plan that demonstrates compliance with this Part and the Act.

2) Suitability of Employee Training Plan (50 points):

A) Measure 1 (25 points): The applicant fully describes a staffing plan that will provide and ensure adequate staffing and experience for all accessible business hours, safe production, sanitation, adequate security and theft prevention.

B) Measure 2 (25 points): The applicant provides an employee handbook that will provide employees with a working guide to the understanding of the day-to-day administration of personnel policies and practices.

3) Security Plan and Recordkeeping (145 points):

A) Measure 1 (40 points): The applicant's security plan demonstrates its ability to prevent the theft or diversion of cannabis and how the plan will assist ISP, the Department, and local law enforcement. Specifically, it shall evidence compliance with all items in Sections 1300.180 and 1300.185.

B) Measure 2 (40 points): The applicant demonstrates that its plan for record keeping, tracking and monitoring inventory, quality control and security, and other policies and procedures will discourage unlawful activity. It also describes the applicant's plan to coordinate with, and dispose of unused or surplus cannabis through, ISP and the Department.

C) Measure 3 (40 points): The applicant's security plan shall describe the enclosed, locked facility that will be used to secure or store cannabis, its security measures, including when the location is closed for business, and the steps taken to ensure that cannabis is not visible to the public.

D) Measure 4 (25 points): The applicant's plan to apply for a Transporter License or plan to work with a licensed transporter, and the applicant's procedures for safely and securely delivering cannabis and cannabis-infused products to cannabis business establishments.

4) Cultivation Plan (75 points):

A) Measure 1 (25 points): The applicant shall describe its plan to provide a steady, uninterrupted supply of cannabis to registered dispensaries or infusers.

B) Measure 2 (25 points): The applicant demonstrates knowledge of cultivation methods to be used in the cultivation of cannabis. The applicant shall describe the various strains to be cultivated and its experience, if applicable, with growing those strains or comparable agricultural products.

C) Measure 3 (25 points): The applicant demonstrates the steps that will be taken to ensure the quality, including the purity and consistency, of the cannabis to be provided to dispensaries.

5) Product Safety and Labeling Plan (95 points):

A) Measure 1 (35 points): The applicant shall describe its plan for providing safe and accurate packaging and labeling of cannabis.

B) Measure 2 (35 points): The applicant shall describe its plan for testing cannabis and ensuring that all cannabis is free of contaminants, including but not limited to pesticides, microbiological, and residual solvent. Applicant shall provide its plan to retain quality history records showing specific testing results from laboratory testing conducted on the applicant's cannabis products.

C) Measure 3 (25 points): The applicant shall describe its plan for establishing a recall of the applicant's products in the event that they are shown by testing or other means to be, or potentially to be, defective or have a reasonable probability that their use or exposure will cause serious adverse health consequences. At a minimum, the plan should include the method of: identification of the products involved; notification to the dispensary organization or others to whom the product was sold or otherwise distributed;

and how the products will be disposed of if returned to or retrieved by the applicant.

6) Applicant's Business Plan and Services to be Offered (110 points):

A) Measure 1 (40 points): The applicant shall provide a business plan that describes how the cultivation center plans to operate on a long-term basis. This shall include the applicant providing a detailed description about the amount and source of the equity and debt commitment for the proposed cultivation center that demonstrates the immediate and long-term financial feasibility of the proposed financing plan, the relative availability of funds for capital and operating needs, and the financial capability to undertake the project.

B) Measure 2 (40 points): The applicant or its officers, board members, or incorporators demonstrate:

i) Experience in business management and/or having industry, agricultural or horticultural experience; and

ii) The extent of their involvement in or ability to influence the day-to-day operations of the facility.

C) Measure 3 (30 points): The business plan demonstrates a start-up timetable that provides an estimated time from license approval of the cultivation center to full operation, and the assumptions used for the basis of those estimates.

7) Applicant's Status as a Social Equity Applicant (200 points).

8) Applicant's Labor and Employment Practices (20 points): Provide a safe, healthy and economically beneficial working environment for its employees, including, but not limited to, its plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, wage standards, and entering a labor peace agreement with employees.

9) Applicant's Environmental Plan (20 points):

A) Measure 1 (10 points): The applicant's ability to demonstrate an environmental plan of action to minimize the carbon footprint, environmental impact, and resource needs for the production of cannabis.

B) Measure 2 (10 points): The applicant's ability to describe any plans for the use of alternative energy, the treatment of waste water and runoff, and scrubbing or treatment of exchanged air.

10) Applicant is 51% or more owned and controlled by an individual or individuals who have been an Illinois resident for the past 5 years as proven by tax records and other documentary evidence as permitted by the Act (90 points).

11) Applicant's status as veteran-controlled or -owned, as "veteran" is defined by Section 45-57 of the Illinois Procurement Code (20 points).

12) Applicant's Diversity Plan. A narrative of not more than 2500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity (100 points).

b) The Department may award bonus points for preferred but not required initiatives in the following categories based on the applicant's ability to meet or exceed minimum requirements, with each initiative accounting for up to a maximum of 5 points each, for a maximum total of 15 bonus points:

1) Incubator Program (5 points): Establishment of an incubator program designed to increase participation in the cannabis industry by persons who would qualify as Social Equity Applicants;

2) Substance Abuse Prevention Plan (5 points): Providing financial assistance to substance abuse treatment centers;

3) Education Plan (5 points): Educating children and teens about the potential harms of cannabis use.

c) Should the applicant be awarded a license, the terms and statements in the application become a mandatory condition of the license. If a licensee fails to comply with standard and special conditions of the license, the Department may assess a penalty or seek suspension or revocation of the license pursuant to Subpart G (Enforcement and Immunities).

d) In the event that 2 or more qualified applicants for a CAUCCL receive the same total score, the Department will distribute the remaining licenses by lot.

1) The Department will publish a list of tied applicants at least 5 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) The process for distributing the remaining available licenses will be recorded by the Department in a format of its discretion.

4) If, upon being selected for a remaining available license, an applicant has a principal officer that is a principal officer in more than 3 CAUCCLs, the licensees and the eligible applicant listing a principal officer must choose which license to abandon, and notify the Department in writing within 5 business days. If the eligible applicant or licensees do not notify the Department as required, the Department will refuse to issue all remaining available licenses obtained by the applicant.

5) All remaining available licenses that have been abandoned shall be distributed by lot at a later date.

e) The Department may verify information contained in each application and accompanying documentation to assess the applicant's character and fitness to operate a cultivation center. Notwithstanding an applicant satisfying the selection criteria of this Section, the Department may, in its discretion, refuse to issue a license if it is not satisfied that an applicant, or any one required to be identified in the application by Sections 1300.102, 1300.103 and 1300.145, is a person of good character, honesty and integrity, and is not:

1) A person who creates or enhances the dangers of unlawful practices, methods and activities in the cannabis industry, including, but limited to, product diversion;

2) A person who presents questionable business practices and financial arrangements incidental to the cannabis industry;

3) A person who has had a cannabis dispensary or cultivation center license revoked, suspended or sanctioned in any other jurisdiction.

Section 1300.110 License Denial and Prohibitions

a) An application for a CAUCCL or an Adult Use Cultivation Center License must be denied if any of the following conditions are met:

1) *The applicant failed to submit the materials required by Article 20 of the Act;*

2) *The applicant would not be in compliance with local zoning rules;*

3) *One or more of the prospective principal officers or board members causes a violation of Section 20-30 of the Act;*

4) *One or more of the principal officers or board members is under 21 years of age;*

5) *The person has submitted an application for a license under the Act that contains false information;*

6) *The licensee, principal officer, board member or person having a financial or voting interest of 5% or greater, or the agent of one of these entities, is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois;* [410 ILCS 705/20-25]

7) A principal officer or board member of the cultivation center has failed a background check required by Section 5-20 of the Act;

b) A license shall be surrendered to the Department upon written notice and demand if the cultivation center fails to begin production within 6 months after the license

has been issued. The cultivation center may submit a written request to the Department for an extension of time setting forth its justification for being unable to begin production within 6 months after the license was issued. The Department may grant an extension, at its discretion, for good cause shown. Good cause may include unforeseen events, acts of nature, and other events that prevent a good faith effort. Good cause shall not include cost overruns, insufficient financing, and other factors evidencing a lack of good faith effort.

c) A cultivation center that fails to maintain production for any reason for more than 90 consecutive days after it has begun production shall be notified in writing and given 30 days from the date of notification from the Department to submit a written explanation why it so failed and, if it plans on continuing to operate as a cultivation center, a description of how it will correct the problem and prevent it from occurring again.

1) If no response is received from the cultivation center or if a response is received after the 30-day period, the license will be revoked and shall be surrendered to the Department.

2) If a response is received within the 30-day period, the Department will review the response and either approve it and require the cultivation center to come into compliance, or reject it and revoke the license, requiring the cultivation center to surrender its license to the Department. If the Department allows the cultivation center to come into compliance, the Department may, after a hearing, levy a fine for failure to provide an uninterrupted supply.

Section 1300.115 License Award, Issuance and Transferability

a) License Issuance – Conditional Adult Use Cultivation Center License
Top-scoring applicants will be awarded a CAUCCL. *A cultivation center that is awarded a CAUCCL pursuant to the criteria set forth in* Section 1300.105 *shall not grow, purchase, possess, or sell cannabis or cannabis-infused products until the person has received an Adult Use Cultivation Center License issued by the Department.* [410 ILCS 705/20-15(e)]

b) License Issuance – Adult Use Cultivation Center License

1) *A person or entity is only eligible to receive an Adult Use Cultivation Center License if the person or entity has first been awarded a CAUCCL.* [410 ILCS 705/20-21(a)]

2) A cultivation center license shall be issued for the specific location identified on the application, and is valid only for the owner, premises and name designated on the license and the location for which it is issued.

3) *Should the applicant be awarded a cultivation center license, it shall pay a fee of $100,000 prior to receiving the license.* [410 ILCS 705/20-20(d)]

4) *The Department will not issue an Adult Use Cultivation Center License until:*

A) *The Department has inspected the cultivation center site and proposed operations and verified that they are in compliance with the Act and local zoning laws;*

B) *The CAUCCL holder has paid a registration fee of $100,000 or a prorated amount accounting for the difference of time between when the Adult Use Cultivation Center License is issued and March 31 of the next even-numbered year; and*

C) *The CAUCCL holder has met all the requirements in the Act and this Part.* [410 ILCS 705/20-20(b)]

c) Transfer of License
A cultivation center license shall not be transferable, in whole or in part, without Department approval, with the following exceptions:

1) A cultivation center license may be reissued, without charge, solely in the name of the surviving spouse or domestic partner of a deceased licensee if the license was issued in the names of both of the parties;

2) A cultivation center license may be transferred, without charge, to an heir of a deceased licensee, as determined by the Probate Act of 1975. For the purpose of considering the qualifications of the heir to receive a cultivation center license, the Department will require a criminal

background check and the heir will be subject to all other requirements of the Act and this Part.

d) Change of Business Location
In the event that the Department approves the new location as meeting all requirements of the Act and this Part, the cultivation center shall have a brief transition period of no more than 90 days, approved by the Department, to transfer its inventory and begin operations at the new location.

1) The transition period shall not begin until the new location is ready to begin production.

2) No product may be transferred to or cultivated at the new location prior to the beginning date of this approved transition period.

3) Any product remaining at the original location past the transition period shall be destroyed in accordance with Subpart I (Destruction of Cannabis).

4) The cultivation center shall notify the Department in writing or by electronic transmission once the transfer of inventory is complete and production has begun at the new location.

5) Upon inspection and verification by the Department that the new location is in compliance with the Act and this Part, the Department will issue a license modification reflecting the new location. The modified license shall have the same expiration date as the previously issued license.

e) Sale of Stock
The proposed sale of any outstanding or issued stock of a corporation licensed under the Act, or any proposed change in the officers or board members of the corporation, must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $1000 will be charged for the processing of the change of stock ownership or corporate officers or board members.

f) The proposed change of any person or principal officer of any licensee must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $1000 will be charged for the processing of any such change.

g) A cultivation center license shall not be leased or subcontracted, in whole or in part.

h) A cultivation center license is issued upon the following condition: *A cultivation center may not either directly or indirectly discriminate in price between different dispensing organizations, craft growers, or infusers that are purchasing a like grade, strain, brand, and quality of cannabis or cannabis-infused product. Nothing in this subsection* (h) *prevents a cultivation centers from pricing cannabis differently based on differences in the cost of manufacturing or processing, the quantities sold, such as volume discounts, or the way the products are delivered*. [410 ILCS 705/20-30(e)]

i) A cultivation center license is issued upon the following condition: *It is unlawful for any person having a cultivation center license or any officer, associate, member, representative, or agent of the licensee to offer or deliver money, or anything else of value, directly or indirectly to any person having an Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act (the licensees), or to any person connected with or in any way representing, or to any member of the family of, the person holding one of the licenses, or to any stockholders in any corporation engaged in the retail sale of cannabis, or to any officer, manager, agent, or representative of the licensee to obtain preferential placement within the dispensing organization, including, without limitation, on shelves and in display cases where purchasers can view products, or on the dispensing organization's website.* [410 ILCS 705/20-30(n)]

j) Licensure Condition

1) A cultivation license is issued upon the following condition: *No person or entity shall hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, in more than 3 cultivation centers licensed under Article 20 of the Act.*

2) *Further, no person or entity that is employed by, is an agent of, has a contract to receive payment in any form from, a cultivation center, is a principal officer of a cultivation center, or an entity controlled by or*

affiliated with, a principal officer of a cultivation center shall hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, in a cultivation center that would result in the person or entity owning or controlling, in combination with any cultivation center, principal officer of a cultivation center, or entity controlled or affiliated with a principal officer of a cultivation center by which he, she, or it is employed, is an agent of, or participates in the management of, more than 3 cultivation center licenses. [410 ILCS 705/20-30(j)]

Section 1300.120 License Renewal

a) Every cultivation center license shall expire annually on the date it was issued.

b) The Department will send *written or electronic* notification of expiration to each licensed cultivation center at least *90 days prior to expiration*. [410 ILCS 705/20-10(b) and (c-5)] However, failure to receive a renewal form from the Department will not excuse the cultivation center from paying the renewal fee or renewing the license prior to its expiration.

c) *The Department will grant a renewal application within 45 days after submission of a renewal application if:*

1) *The registered cultivation center submits a renewal application and the required renewal fee of $100,000;*

2) *The Department has not suspended the license of the cultivation center or suspended or revoked the registration for violation of the Act or* this Part;

3) *The cultivation center has continued to operate in accordance with all plans submitted as part of its application and approved by the Department, or any amendments thereto that have been approved by the Department;*

4) *The cultivation center has submitted an agent, employee, contracting, and subcontracting diversity report* to the Cannabis Regulation Oversight Officer, *as required by the Department; and*

5) *The cultivation center has submitted an environmental impact report* as required by the Act. [410 ILCS 705/20-45(a)]

d) *If a cultivation center fails to renew its license before expiration, it shall cease operations until its license is renewed.* [410 ILCS 705/20-45(b)]

e) Upon request for renewal, the Department will consider the licensee's history of compliance with requirements of the Act and this Part, the number and severity of any violations and the correction of those violations, penalties or fines imposed, or any other enforcement actions.

f) The Department may deny a renewal after consideration of the licensee's history of compliance.

g) This Section shall not apply to a Medical Cannabis Cultivation Center operating with an Early Approval Adult Use Cultivation Center License issued under Section 1300.100.

Section 1300.130 Modifications and Alterations

a) A license shall be amended before the commencement of any modification to the facility. This includes any change that modifies the approved license design capability of production or process areas, including change of capacity, efficiency or processes.

b) Before making any modification to a licensed facility, the cultivation center must complete an Application for License and Construction Approval and submit the application with the appropriate schedules to the Department. The fee for an application to make modifications to a cultivation center shall be $5,000. In addition, upon approval of the application, the applicant shall pay an additional fee of $3,000.

c) An amendment to the license shall not be required for alterations at the facility. The fee for an application to make an alteration of a cultivation center, other than an expansion, shall be $1,000.

Section 1300.145 Background Check

a) All applications submitted by applicants with criminal convictions shall be subject to Sections 2105-131, 2105-135, and 2105-205 of the Department of Professional Regulation Law of the Civil Administrative Code of Illinois.

b) ISP shall act as the Department's agent for purposes of receiving electronic fingerprints and conducting background checks of each cultivation center agent applying for a cultivation center agent identification card.

1) ISP will conduct background checks for conviction information contained within ISP and FBI criminal history databases to the extent allowed by law.

2) For verification of any statutorily imposed duty to conduct background checks pursuant to the Act, ISP will transmit the results of the background check to the Department and that transmittal shall conclude the verification process.

3) The electronic background checks shall be submitted as outlined in either the Illinois Uniform Conviction Information Act or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

A) Manual fingerprints will not be accepted and shall not be scanned and converted into an electronic format.

B) Fingerprint images of the individual being fingerprinted, and related alphanumeric identification data submitted to ISP for the purpose of this fingerprint-based background check, shall be submitted electronically.

C) Electronic transmission of fingerprint data to ISP shall be accomplished utilizing livescan procedures or other comparable technology approved for use by ISP.

D) If the fingerprints are rejected by ISP, the cultivation center agent shall have his or her fingerprints collected electronically by a livescan fingerprint vendor a second time.

E) In the event of equipment malfunction or other special circumstance that make electronic transmission of fingerprint data impractical, ISP may allow limited use of paper fingerprint records.

c) Each cultivation center agent applying for a cultivation center agent identification card shall have his or her fingerprints collected electronically by a livescan fingerprint vendor licensed by DFPR and transmitted to ISP for processing no more than 30 days prior to the date of application or renewal for a cultivation center agent identification card.

1) The cultivation center agent shall submit to the Department, with the cultivation agent identification card application or renewal, a copy of the livescan request form and the receipt provided by the livescan fingerprint vendor containing the Transaction Control Number (TCN) as proof that his or her fingerprints have been collected.

2) Cultivation center identification card applications submitted without a copy of the livescan request form and receipt will be deemed incomplete and will not be processed until fingerprinting is completed. The fingerprinting process is not completed until the Department receives the results from ISP.

3) Any fees associated with the livescan fingerprint-based criminal history records check shall be the responsibility of the individual seeking a cultivation center agent identification card and shall be collected by the livescan vendor at the time of fingerprinting and transmitted to ISP for deposit in the ISP Services Fund. A convenience fee may be charged by the livescan vendor as provided in Section 31-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

d) The Department will obtain from ISP a State and federal criminal records check, to the extent allowed by law, containing conviction information for each cultivation center agent applying for a cultivation center agent identification card.

e) The Department will maintain the results of the criminal history records check in compliance the State Records Act.

f) Should the Department not be able to obtain from ISP the required State and/or federal criminal records check required by the Act and this Section, the Department will contract as appropriate with a private detective/investigating agency licensed under the Private Detective, Private Alarm, Private Security,

Fingerprint Vendor, and Locksmith Act of 2004 and in good standing with DFPR, for the purpose of conducting those records checks.

g) The Department may deny an application or renewal for a cultivation center agent who has failed the background check required by Section 5-20 of the Act.

Section 1300.150 Specifications

a) Cultivation centers shall:

1) Not be located closer than 1,500 feet to another cultivation center or a craft grower.

2) Not be in violation of any other local zoning requirements.

b) Before production, the licensee shall provide the Department with engineering plans and specifications of the entire cultivation center. The plans and specifications shall include:

1) A detailed plan and elevation drawings of all operational areas involved with the production of cannabis plants. This should include dimensions and elevation referenced to a single facility benchmark;

2) Cross-sections that show the construction details and their dimensions to provide verification of construction materials, enhancement for security measures, and bio-security measures;

3) Identification of all employee areas that are nonproduction areas;

4) The location of all storage areas, ventilation systems, and equipment used for the production of cannabis;

5) The location of all entrances and exits to the cultivation center;

6) The location of any windows, skylights and roof hatches;

7) The location of all cameras and their field of view;

8) The location of all alarm inputs (door contacts, motion detectors, duress/hold up devices) and alarm sirens;

9) The location of the digital video recorder and alarm control panel;

10) The location of all restricted and public areas;

11) The location where all plant inputs and application equipment are stored;

12) If applicable, the location of areas designated specifically for the production of cannabis-infused products; and

13) The location of the enclosed, secure area or loading/unloading dock out of public sight for the loading/unloading of cannabis in the transport motor vehicle.

Section 1300.155 Records

a) Each cultivation center shall keep and maintain upon the licensed premises, for a 5-year period, true, complete, legible and current books and records, including the following:

1) The date of each sale or distribution to a cannabis organization;

2) The name, address and registration number of the cannabis organization;

3) The item number, product name (description), and quantity of cannabis and cannabis-infused products registered by the Department and sold or otherwise distributed to the cannabis organization;

4) The price charged and the amount received for the cannabis and cannabis-infused products from the cannabis organization;

5) If the distribution was for a purpose other than sale, the reason for the distribution;

6) The quantity and form of cannabis maintained at the cultivation center on a daily basis; and

7) The amount of plants being grown at the cultivation center on a daily basis.

b) Each cultivation center is responsible for keeping and maintaining records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained on the licensed premises, at approved corporate offices within the State of Illinois, for a 5-year period and must be made available for inspection upon request by the Department and DOR within 48 hours after a request:

1) Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase;

2) If applicable, bank statements and canceled checks for all accounts relating to the cultivation center;

3) Accounting and tax records related to the cultivation center;

4) Records of all financial transactions related to the cultivation center, including contracts and/or agreements for services performed or received that relate to the cultivation center;

5) All employee records, including training, education, discipline, etc.;

6) Soil amendment, fertilizers, pesticides, or other crop production aids applied to the growing medium or plants, or used in the process of growing cannabis;

7) Production records, including:

A) Records of planting, harvest and curing, weighing, destruction of cannabis, creation of batches of cannabis-infused products, and packaging and labeling; and

B) Records of disposal of cannabis, cannabis-infused products, and waste materials associated with production;

8) Records of each batch of extracts or cannabis-infused products made, including, at a minimum, the usable cannabis or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;

9) Transportation records;

10) Inventory records as described in Section 1300.180;

11) Records of all samples sent to an independent testing lab and/or the Department's lab and the quality assurance test results;

12) All samples provided to anyone or any entity for any purpose; and

13) Records of any theft, loss or other unaccountability of any cannabis seedlings, clones, plants, trim or other plant material, extracts, cannabis-infused products, or other items containing cannabis.

Section 1300.160 Signage

a) Each licensed cultivation center must post a sign in a conspicuous location at each entrance of the facility that reads: "PERSONS UNDER 21 YEARS OF AGE NOT PERMITTED ON THESE PREMISES".

b) Each licensed cultivation center must post a sign in a conspicuous location at each entrance of the facility that reads: "THESE PREMISES ARE UNDER CONSTANT VIDEO SURVEILLANCE".

Section 1300.165 Agents and Identification Cards

a) The cultivation center agent application shall be submitted on forms provided by the Department in accordance with the Act and this Part. The application will include instructions for its completion and submission. The application will include requests for information in support of the application needed by the Department in making its determination. If all materials, documentation and information required by the Act and this Part are not submitted, the application will be returned to the applicant.

b) Each principal officer, board member, employee or agent of a registered cultivation center must apply to the Department for a cultivation center agent identification card (ID card). Along with the application, the applicant shall submit:

1) A copy of the applicant's social security card;

2) A copy of the applicant's valid driver's license or State issued identification card;

3) A document verifying the applicant's place of residency, such as a bank statement, cancelled check, insurance policy, etc. The document must contain the applicant's full residence address;

4) Verification from ISP that the applicant's background check has been conducted;

5) The application fee of $100; and

6) Any additional information requested by the Department.

c) Upon receipt and verification of the information specified in subsection (b), the Department will:

1) Approve or deny the application within 30 days after receipt;

2) *Issue an agent identification card to a qualifying agent within 15 business days after approving the initial application or renewal application* [410 ILCS 705/20-35(a)(3)];

3) Enter in its record system the registry identification number of the cultivation center where the agent works.

d) No person shall begin working at a cultivation center prior to receiving his or her ID card.

e) The ID card shall contain the following:

1) The name of the cardholder;

2) The date of issuance and expiration;

3) A random 10-digit alphanumeric identification number with at least 4 numbers and 4 letters that are unique to the holder;

4) A photograph of the cardholder; and

5) The legal name of the cultivation center employing the agent.

f) A registered cultivation center agent is not subject to prosecution, search, or penalty in any manner, and will not be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a business licensing board or entity, for working or volunteering for a registered cannabis cultivation center to perform the actions permitted by this Part.

g) A cultivation center agent must keep his or her ID card visible at all times when on the property of a cultivation center.

h) Upon termination of employment, the ID cards shall be immediately returned to the cultivation center. The cultivation center shall promptly return the ID cards to the Department.

i) Any ID card that is lost, destroyed or stolen shall be reported to ISP and the Department immediately upon discovery of the loss, destruction or theft. The fee for the issuance of a replacement ID card shall be $50.

j) Upon conviction of an excluded offense, the principal officer, board member or registered agent shall immediately notify the Department and shall surrender his or her ID card to the Department.

k) Renewal of Agent Identification Cards

1) ID cards issued under the Act shall be renewed annually. The renewal fee shall be $100;

2) An agent shall receive written or electronic notice of expiration of the ID card 90 days before the expiration of the ID card;

3) *If a cultivation center agent fails to renew his or her ID card before its expiration, he or she shall cease to work as an agent of the cultivation center until his or her ID card is renewed* [410 ILCS 705/20-45(c)];

4) Upon request for renewal, the Department will consider the licensee's history of compliance with the Act and this Part, the number and severity of any violations and the correction of those violations, and penalties or fines imposed or any other enforcement actions;

5) The Department may deny a renewal after consideration of the licensee's history of compliance;

6) *The Department will not issue or renew an ID card if the applicant is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois.* [410 ILCS 705/15-95(i)(12)]

Section 1300.170 Operations – Plant Production

a) Each facility shall develop and maintain an Operations and Management Practices Plan for each production area.

b) Each production area shall maintain an open aisle on all sides of each plant group to allow for unobstructed travel, observation and inventory of each plant group.

c) Each production area shall be maintained free of debris.

d) Biosecurity measures shall be implemented and maintained at all times.

e) A record of all crop inputs shall be maintained for at least 5 years at the facility. The record shall include the following:

1) The date of application;

2) The name of the individual making the application;

3) The product that was applied;

4) The section, including the square footage, that received the application (by group number);

5) The amount of product that was applied; and

6) A copy of the label of the product applied.

f) At the time of planting, all plants shall be accounted for as a batch with a unique batch number that shall remain with the batch through final packaging. A "batch" means the established segregation of a group of plants at the time of planting for the control of quantity, traceability and/or strain. A batch number will be assigned at the time of planting for a specified number of plants. When plants reach 6 inches in height, a specific number will be assigned for each plant within that batch and the individual tag will be recorded electronically (RFID) or kept in an electronic file until harvest or destruction. The batch number will remain with the segregated plants through harvest to final packaging. The batch number will be included on the label of the package distributed for the end user.

g) All plants, regardless of accounting strategy, shall be physically inventoried on a weekly basis and records of the inventory shall be kept at the facility for at least 5 years. The records shall be made available to the Department upon request.

h) Any removal of plants from the batch shall be recorded on a permanent record and maintained on site. The records shall be made available to the Department.

i) The batch number shall be displayed on the approved label of the product designated for distribution to a dispensing organization.

j) All persons working in direct contact with cannabis shall conform to hygienic practices while on duty, including but not limited to the following:

1) Litter and waste shall be properly removed and the operating systems for waste disposal shall be maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis plants are exposed;

2) Floors, walls and ceilings shall be constructed in such a manner that they may be adequately cleaned and kept clean and in good repair;

3) There shall be adequate lighting in all areas where cannabis is stored and where equipment or utensils are cleaned;

4) There shall be adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage or breeding place for pests;

5) Any buildings, fixtures and other facilities shall be maintained in a sanitary condition;

6) Toxic cleaning compounds, sanitizing agents, solvents used in the production of cannabis concentrates, and pesticide chemicals shall be identified, held and stored in a manner that protects against contamination of cannabis, and in a manner that is in accordance with any applicable local, State or federal law, rule, regulation or ordinance;

7) Only sanitizing agents registered with the Department pursuant to the Illinois Pesticide Act shall be used in cultivation centers, and they shall be used in accordance with labeled instructions;

8) The water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable and adequate supply of water to meet the facility's needs;

9) Plumbing shall be of adequate size and design and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the cultivation center, and it shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines, pursuant to the Illinois Plumbing Code;

10) All operations in the receiving, inspecting, transporting, segregating, preparing, production, packaging and storing of cannabis or cannabis-infused product shall be conducted in accordance with adequate sanitation principles;

11) Cannabis that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms; and

12) *A cultivation center* shall *not contain more than 210,000 square feet of canopy space for plants in the flowering stage for cultivation of adult use cannabis.* [410 ILCS 705/20-30(k)]

Section 1300.175 Operations – Infused or Processed Products

a) Any area within the cultivation center where cannabis will be manufactured into an edible form shall comply with the Illinois Food, Drug and Cosmetic Act, Sanitary Food Preparation Act, and Food Handling Regulation Enforcement Act.

1) No cannabis-infused products requiring refrigeration or hot-holding, or considered potentially hazardous food as defined by Section 4 of the Food Handling Regulation Enforcement Act, shall be manufactured at a cultivation center.

2) Cannabis-infused products sold or distributed at a dispensing organization must be prepared by an approved staff member of a licensed cultivation center.

b) DPH may at all times enter every building, room, basement, enclosure, or premises occupied or used, or suspected of being occupied or used, for the production, preparation, manufacture for sale, storage, sale, distribution or transportation of cannabis-infused products, to inspect the premises and all utensils, fixtures, furniture, and machinery used for the preparation of these products.

c) If a local health department has a reasonable belief that a cultivation center's cannabis-infused product poses a public health hazard, it may refer the cultivation center to DPH for inspection.

d) General Sanitary Requirements. All areas permitted in the cultivation center for the production of cannabis-infused products shall take all reasonable measures and precautions to ensure that:

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1) Any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores or infected wounds, or any other abnormal source of microbial contamination, and for whom there is a reasonable possibility of contact with cannabis, shall be excluded from any operations that may be expected to result in microbial contamination until the condition is corrected.

2) Hand-washing facilities are adequate and convenient and are furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the licensed premises and where good sanitary practices require employees to wash and/or sanitize their hands, and shall provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices.

3) All persons working in direct contact with cannabis shall conform to hygienic practices while on duty, including but not limited to:

   A) Maintaining adequate personal cleanliness;

   B) Washing hands thoroughly in adequate hand-washing areas before starting work and at any other time when the hands may have become soiled or contaminated;

   C) Refraining from having direct contact with cannabis if the person has or may have an illness, open lesion, including boils, sores or infected wounds, or any other abnormal source of microbial contamination, until the condition is corrected.

4) Litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis is exposed.

5) Floors, walls and ceilings are constructed and maintained in such a manner that they may be adequately cleaned and kept clean and in good repair.

6) There is adequate lighting in all areas where cannabis is stored and where equipment or utensils are cleaned.

7) There is adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage or breeding place for pests.

8) All buildings, fixtures and other facilities are maintained in a sanitary condition.

9) Toxic cleaning compounds, sanitizing agents, and solvents used in the production of cannabis concentrates shall be identified, held and stored in a manner that protects against contamination of cannabis, and in a manner that is in accordance with any applicable local, State or federal law, rule, regulation or ordinance.

10) All contact surfaces, including utensils and equipment used for the preparation of cannabis or cannabis-infused product, shall be cleaned and sanitized as frequently as necessary to protect against contamination. Equipment and utensils shall be designed and shall be of such material and workmanship as to be adequately cleanable, and shall be properly maintained. Only sanitizing agents registered with the Department under the Illinois Pesticide Act shall be used in cultivation centers; they shall be used in accordance with labeled instructions.

11) The water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable and adequate supply of water to meet the facility's needs.

12) Plumbing shall be of adequate size and design, and adequately installed and maintained, to carry sufficient quantities of water to the required locations throughout the facility. Plumbing shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines.

13) All operations in the receiving, inspecting, transporting, segregating, preparing, producing, packaging and storing of cannabis and cannabis-infused products shall be conducted in accordance with adequate sanitation principles.

14) Each cultivation center shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair.

15) Cannabis that can support the rapid growth of undesirable microorganisms shall be handled in a manner that prevents the growth of these microorganisms.

e) The licensee must request that DPH conduct a pre-operational inspection at all registered cultivation centers to determine whether the facilities, methods, practices and controls used in the manufacture, processing or holding of cannabis-infused products conform to, or are operated or administered in conformity with, good manufacturing practices to ensure that food products for human consumption are safe and have been prepared, packed and held under sanitary conditions.

f) Licensed cultivation centers shall immediately allow DPH to inspect the premises and all utensils, fixtures, furniture, machinery and devices used for preparing manufactured cannabis-infused products, upon request.

g) DPH will conduct inspections of registered cultivation centers, with regard to the manufacture and preparation of cannabis-infused products, under the authority of the Illinois Food, Drug and Cosmetic Act, the Food Handling Regulation Enforcement Act and the Food Service Sanitation Code, and in accordance with DPH's Cannabis-Infused Products rules (77 Ill. Adm. Code 946.Subpart D).

h) *A cultivation center that prepares cannabis-infused products for sale or distribution at a cannabis organization shall be under the operational supervision of a certified food service sanitation manager.* [410 ILCS 705/55-5(c)] Management responsibilities and supervision shall be in accordance with 77 Ill. Adm. Code 730.8000 and 730.8040 (Manufacturing, Processing, Packing or Holding of Food Code).

i) Cultivation centers are strictly prohibited from using, adding, or incorporating vitamin E in any form, including, but not limited to, vitamin E acetate (also known as VEA, tocopheryl-acetate, and vitamin E oil) to cannabis, cannabis concentrate, cannabis products, or cannabis-infused products that are intended to be smoked or inhaled.

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Section 1300.180 Inventory

a) Each cultivation center, prior to commencing business, shall:

1) Conduct an initial comprehensive inventory of all cannabis at the facility. If a cultivation center commences business with no cannabis on hand, the cultivation center shall record this fact as the initial inventory; and

2) Establish ongoing inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cannabis, which shall enable the cultivation center to detect any diversion, theft or loss in a timely manner.

b) Upon commencing business, each cultivation center shall conduct a physical weekly inventory of cannabis stock, which shall include, at a minimum:

1) The date of the inventory;

2) A summary of the inventory findings;

3) The name, signature and title of the individuals who conducted the inventory, and the agent-in-charge who oversaw the inventory; and

4) The product name and quantity of cannabis plants or cannabis-infused products at the facility.

c) The record of all cannabis sold or otherwise disposed of shall show:

1) The date of sale;

2) The name of the dispensary facility or other cannabis business establishment to which the cannabis was sold;

3) The batch number, product name, and quantity of cannabis sold; and

4) If applicable, the date, quantity and manner in which, and reason why, any cannabis was destroyed.

d) A complete and accurate record of all plant stock or products of cannabis on hand shall be prepared annually on the anniversary of the initial inventory, or other date that the cultivation center agent-in-charge may choose, so long as it is not more than one year following the prior year's inventory.

e) All inventories, procedures and other documents required by this Section shall be maintained on the premises and made available to the Department at all times, upon request.

f) Whenever any sample or record is removed by a person authorized to enforce this Part, that person shall tender a receipt in lieu of the sample or record. The receipt shall be kept for 5 years.

Section 1300.185 Security

a) A cultivation center shall be required to operate and maintain in good working order a 24 hour, 7 days a week, closed-circuit television (CCTV) surveillance system on the premises that complies with the following minimum standards:

1) Visually records and monitors all building entrances and exits, all parking lot areas, and rear alley areas immediately adjacent to the building, and covers the entire inside of the facility, including all limited access areas and all areas where cannabis is produced, stored, shipped or destroyed, but does not include restrooms nor the executive office. Fixed cameras shall be installed to provide a consistent recorded image of these areas. The cultivation center shall instruct the company or individuals installing the surveillance cameras to maximize the quality of facial and body images and to avoid backlighting and physical obstructions;

2) Cameras installed outdoors and in low-light interior areas shall be day/night cameras with a minimum resolution of 600 lines per inch (analog) or D1 (IP) and a minimum light factor requirement of 0.7 LUX. The installation of additional lighting may be required to increase picture clarity and brightness. Cameras shall be calibrated and focused to maximize the quality of the recorded image;

3) The recording device shall be digital and meet the following minimum standards:

A) Displays a date and time stamp on all recorded video;

B) Can produce a digital video disc using an installed media recording drive. The video on the disc shall be viewable on any Windows PC, and shall include any required player software on the disc;

C) The ability to remain operational during a power outage for an unlimited amount of time from an alternative power source such as a petroleum fueled generator;

D) Allow for the exporting of still images in an industry standard image format, including .jpg, .bmp and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All recordings shall be erased or destroyed prior to disposal;

4) A display monitor with a minimum screen size of 12 inches shall be connected to the electronic recording security system at all times;

5) Electronic recording security systems are required to be maintained in good working order at all times. The owner of a cultivation center shall instruct each manager, employee or agent overseeing the functioning of the video recording security system to immediately report to the agent-in-charge any malfunctioning or technical problems with the system;

6) Security recordings shall meet the following minimum requirements:

A) The recorded image resolution shall be at least D1;

B) The recorded image frame rate shall be at least 3 frames per second during alarm or motion-based recording; and

C) Security recordings shall be retained by a cultivation center for a minimum of 90 days at the licensed premises and an additional 90 days off site (e.g., cloud storage). The recording system for the

security cameras must be located in a locked, tamper-proof compartment;

7) Have available a video printer capable of immediately producing a clear still photo from any video camera image; and

8) Upon request, the recording or any photo shall be turned over to ISP or the Department.

b) Access to surveillance areas shall be limited to persons who are essential to surveillance operations, law enforcement agencies, security system service personnel, the Department, and others when approved by the Department. A current list of authorized employees and service personnel who have access to the surveillance room must be available to the Department upon request. Surveillance rooms shall remain locked.

c) The electronic security system shall be available 24 hours per day, 7 days per week, to the Department and law enforcement agencies via a secure web-based portal.

d) No person, except cultivation center agents, local law enforcement, the Department or the Department's authorized representative, DPH inspectors, or other federal, State or local government officials, when necessary to perform their governmental duties, shall be allowed on the premises of a cultivation center, except that:

1) Laboratory staff may enter a cultivation center for the sole purpose of identifying and collecting cannabis samples for purposes of conducting laboratory tests;

2) Emergency personnel may enter a cultivation center when necessary to perform their duties;

3) Upon written notice to the Department, a cultivation center may allow contractors to enter a cultivation center when they are working on a job unrelated to medical cannabis, such as installing or maintaining security devices or performing electrical wiring; and

4) Upon prior written request, the Department or the Department's authorized representative may permit other persons to enter a cultivation center.

e) All persons who are not cultivation center agents, but who are permitted on the premises of a cultivation center pursuant to subsection (b), shall obtain a visitor identification badge from cultivation center personnel prior to entering the cultivation center, and shall be escorted and monitored at all times by cultivation center personnel. The visitor identification badge shall be visibly displayed at all times while the visitor is in the cultivation center. All visitors, after presenting valid government issued identification with a picture, shall be logged in and out, and that log shall include the date, time and purpose of the visit and shall be maintained and made available to the Department, at any time, for a period of five years. All visitor identification badges shall be returned to the cultivation center personnel upon the visitor exiting the cultivation center.

Section 1300.195 Transportation

Beginning July 1, 2020, a cultivation center shall not transport cannabis to a craft grower, dispensing organization, infusers, *or laboratory licensed under the Act, unless it has obtained a Transporter License.* [410 ILCS 705/20-30(m)] Transporter Licenses are granted in accordance with Subpart F (Transporters).

SUBPART C: COMMUNITY COLLEGE
CANNABIS VOCATIONAL PILOT PROGRAM

Section 1300.200 Definitions

The terms that appear in this Subpart have the definitions specified in this Subpart or have the meanings ascribed to those terms in the Act.

"Board" means the Illinois Community College Board.

"Career in Cannabis Certificate" or "Certificate" means the certification awarded to a community college student who completes a prescribed course of study in cannabis and cannabis business industry related classes and curriculum at a community college awarded a Community College Cannabis Vocational Pilot Program license.

"Community college" means a public community college organized under the Public Community College Act.

"Department" means the Department of Agriculture.

"Licensee" means a community college awarded a Community College Cannabis Vocational Pilot Program license under this Article.

"Low-income student" means a full-time student that receives a federal Pell Grant award.

"Program" means the Community College Cannabis Vocational Pilot Program.

"Program license" means a Community College Cannabis Vocational Pilot Program license issued to a community college under Article 25 of the Act. [410 ILCS 705/25-1]

Section 1300.202 License Application

a) Community College Cannabis Vocational Pilot Program applications shall be submitted to the Department no later than July 1, 2020.

1) Submissions shall be considered as submitted on the date on which they are postmarked or, if delivered in person during regular business hours, on the date on which they are so delivered or, if sent electronically, on the date received by the Department if received on or before 5 p.m. Central Time. If received electronically after 5 p.m. Central Time, they will be considered received on the next business day.

2) Submissions received after July 1, 2020, or by a means other than required in this Section, shall be returned to the applicant.

3) Notification of the availability of applications and instructions for completion and submission of applications will be posted on the Department's website at www.agr.state.il.us/. Application forms will be made available online at that website.

b) The application shall be submitted on the forms provided by the Department. The forms will include instructions for their completion and submission. The

application will reflect the information required of applicants by the Act and this Part. The instructions on the application will reflect the total maximum number of points that can be awarded for each required criteria, measure and category listed in Section 1300.205. All applications will be reviewed and points awarded based upon the same point system in a fair and unbiased manner.

c) An applicant applying for a Program license shall submit, in duplicate, the following:

1) The name and address of the Community College;

2) A detailed description of the social, ethnic, and geographic diversity of the applicant's staff and student body;

3) A detailed description of the applicant's student body population, including information related to the percentage of low-income students enrolled at the community college;

4) A description of the enclosed, locked facility as it applies to the location where cannabis will be grown, harvested, or stored;

5) Proposed procedures for the oversight of the area and facility where the cannabis is expected to be grown or stored, including the implementation of a plant monitoring system, accurate record keeping, staffing plan, and security plan in accordance with the rules issued by the Department of Agriculture under the Act. These procedures should include the process for implementing a physical inventory that will be performed of all plants on a weekly basis;

6) Verification that all faculty and staff with access to the enclosed and locked facility successfully passed a background check;

7) A plot plan of the interior of the building where cannabis will be produced or handled drawn to a reasonable scale;

8) Proposed plan to keep a vault log of entries to the enclosed, locked facility or facilities, including but not limited to, the person entering the site location, the time of entrance, and the time of exit;

9) Proposed plan to conduct post-certificate follow-up surveys and record participating students' job placements within the cannabis industry within a year after the student's completion of the curriculum. The information collected in these surveys shall include, but is not limited to:

A) Number of security incidents or infractions at each licensee and any action taken or not taken;

B) Statistics, based on race, ethnicity, gender, and participating community college of:

i) Students enrolled in career in cannabis classes;

ii) Successful certification completion rates by community college students;

C) Postgraduate job placement of students who obtained a certificate, including both cannabis business establishment jobs and non-cannabis business establishment jobs; and

D) Any other relevant information;

10) A detailed description of the faculty members who will be participating in the program, including their experience and credentials;

11) A detailed proposal of the applicant's curriculum plan, including plans for the processing and testing of cannabis;

12) A career advising and job placement plan for participating students.

13) The nonrefundable application fee of $100.

Section 1300.205 License Selection Criteria

a) Each application shall address all criteria and measures as set forth in this Subpart. The failure by an applicant to address all of the required criteria and measures will result in the application being returned to the applicant. If all materials, documentations, fees and information required by the application form are not submitted, the application shall be returned to the applicant along with a

deficiency notice from the Department. The applicant shall then have 10 calendar days from the date of the deficiency notice to resubmit the application in its entirety. Applications that are still incomplete after this opportunity to cure will not be scored and will be returned to the applicant.

b) The required criteria and measures shall include the following, with each criteria accounting for up to the indicated maximum number of the total points available for each criteria, for a total of 1000 points:

1) *Experience and credentials of the applicant's faculty* (200 points);

2) *Student population that is more than 50% low-income in each of the past 4 years* (200 points);

3) *Security plan, including a requirement that all cannabis plants be in an enclosed, locked facility* (200 points);

4) *Curriculum plan, including processing and testing curriculum for the Career in Cannabis Certificate* (200 points);

5) *Career advising and job placement plan for participating students* (200 points). [410 ILCS 705/25-10(b)]

c) The top-scoring applicants, as determined by subsection (b), that receive a minimum of 60% of available points will be issued licenses by the Department.

d) In the event that 2 or more qualified applicants for a Community College Cannabis Vocational Pilot Program license receive the same total score, the Department will distribute the remaining available licenses by lot:

1) The drawing by lot for all remaining available licenses will occur on the same day; and

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

Section 1300.215 License Transferability

A program license is not transferable to a new entity. A license is not transferable to a new location without Department approval.

Section 1300.220 License Renewal

a) Every program license shall expire annually on the date it was issued.

b) Every renewal application for a license shall be filed annually with the Department at least 45 calendar days prior to the expiration date of the existing license.

c) The Department will send written notification of expiration to each licensed program at least 90 days prior to the expiration date. However, failure to receive a renewal form from the Department will not excuse the program from renewing the license prior to its expiration.

d) The renewal application must include a list of all faculty members participating in the cannabis curriculum and contain the signature of the faculty member charged with supervising the cannabis curriculum.

e) The license renewal fee shall be $50.

Section 1300.230 Modifications and Alterations

Before making any modification to a licensed enclosed and locked facility, the program must complete an Amended Application for License, submit it to the Department with the appropriate schedules, and receive approval from the Department.

Section 1300.235 License Awards and Denials

a) Licenses shall only be issued for the program as stated in the application.

b) *The Department may issue up to 8 program licenses by September 1, 2020*. [410 ILCS 705/25-5(a)]

c) Licenses shall be awarded to the highest scoring applicant based on the criteria in Section 1300.205.

d) *Beginning with the 2021-2022 academic year, and subject to Section 2-12(h) of the Public Community College Act, community colleges awarded program licenses may offer qualifying students a Career in Cannabis Certificate, which includes, but is not limited to, courses that allow participating students to work with, study, and grow live cannabis plants so as to prepare students for a career in the legal cannabis industry, and to instruct participating students on the best business practices, professional responsibility, and legal compliance of the cannabis industry*. [410 ILCS 705/25-5(b)]

Section 1300.245 Agents and Identification Cards

a) *All faculty members shall be required to maintain registration as an agent-in-charge and have a valid agent identification card* (ID card) *prior to teaching or participating in the licensee's cannabis curriculum that involves instruction offered in the enclosed, locked facility or facilities.* [410 ILCS 705/25-20(a)]

b) Prior to receiving an agent-in-charge or agent ID card, the faculty member must successfully pass a background check pursuant to Section 1300.265.

c) Each faculty member must apply to the Department for a Community College Cannabis Vocational Pilot Program (CC Program) agent-in-charge or agent ID card for each licensed Cannabis Vocational Pilot Program licensee by which he or she is employed.

d) The CC Program agent-in-charge or agent application shall be submitted electronically, and on forms provided by the Department, in accordance with the Act and this Part. The electronic application will include instructions for its completion and submission. The application will include requests for information in support of the application needed by the Department in making its determination. If all materials, documentation and information required by the Act and this Part are not submitted, the application shall be returned to the applicant.

e) Application Process
Along with the application, the applicant shall submit:

1) A copy of the applicant's social security card;

2) A copy of the applicant's valid driver's license or State issued ID card;

3) A document verifying the applicant's place of residency, such as a bank statement, cancelled check, insurance policy, etc. The document must contain the applicant's full residence address;

4) Verification from ISP that the applicant's background check has been conducted;

5) A copy of the applicant's faculty ID card;

6) Any additional information requested by the Department; and

7) The required fee of $50.

f) Upon receipt and verification of the information specified in subsection (e), the Department will:

1) Approve or deny the application within 30 days after receipt;

2) Issue each CC Program agent-in-charge or agent ID card, within 15 business days after approval, that shall expire one year after the date of issuance; and

3) Enter in its record system the registry identification number of the program for which the agent works.

g) No faculty member shall participate in a licensee's cannabis curriculum that involves instruction offered in the enclosed, locked facility prior to receiving his or her CC Program agent-in-charge or agent ID card.

h) The CC Program ID card shall contain:

1) *The name of the cardholder*;

2) *The date of issuance and expiration date of the ID card*;

3) *A random 10-digit alphanumeric identification number containing at least 4 numbers and 4 letters that is unique to the holder;*

4) *A photograph of the cardholder; and*

5) *The name of the CC Program employing the agent.* [410 ILCS 705/25-35(c)]

i) A CC Program agent-in-charge or agent must keep his or her ID card visible at all times when on the property of an enclosed, locked facility of the licensee.

j) Upon termination of employment, the CC Program ID cards shall be immediately returned to the licensee. The licensee shall promptly return the ID cards to the Department.

k) Any CC Program agent-in-charge or agent ID card that is lost, destroyed or stolen shall be reported to ISP and the Department immediately upon discovery of the loss, destruction or theft. The fee for the issuance of a replacement ID card shall be $25.

l) Renewal

1) CC Program agent-in-charge and agent ID cards shall be renewed annually. The renewal fee shall be $50. The Department will send electronic notice 90 days prior to expiration;

2) If a CC Program agent-in-charge or agent fails to renew his or her ID card before its expiration, he or she shall cease to work as an agent of the CC Program in the enclosed, locked facility, until the ID card is renewed;

3) A CC Program agent-in-charge or agent who fails to renew his or her ID card, and continues to act as an agent for the CC Program in the enclosed, locked facility, shall be subject to the penalties outlined in Section 1300.280 and Subpart G (Enforcement and Immunities);

4) Upon request for renewal, the Department will consider the applicant's history of compliance with the Act and this Part, the number and severity of any violations and the correction of those violations, and penalties or fines imposed or any other enforcement actions;

5) The Department may deny a renewal after consideration of the applicant's history of compliance;

6) The Department will not renew a CC Program agent-in-charge or agent ID card if the holder *is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois.* [410 ILCS 705/15-95(i)(12)]

Section 1300.265 Background Check

a) *All faculty receiving an agent or agent-in-charge or agent ID card must successfully pass a background check required by Section 5-20 of the Act prior to participating in a licensee's cannabis curriculum that involves instruction offered in the enclosed, locked facility.* [410 ILCS 705/25-20(b)]

b) ISP shall act as the Department's agent for purposes of receiving electronic fingerprints and conducting background checks of each applicant for a CC Program agent or agent-in-charge ID card.

1) ISP will conduct background checks for conviction information contained within ISP and FBI criminal history databases to the extent allowed by law.

2) For verification of any statutorily imposed duty to conduct background checks pursuant to the Act, ISP will transmit the results of the background check to the Department and that transmittal shall conclude the verification process.

3) The electronic background checks shall be submitted as outlined in either the Illinois Uniform Conviction Information Act or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

A) Manual fingerprints will not be accepted and shall not be scanned and converted into an electronic format.

B) Fingerprint images of the individual being fingerprinted, and related alphanumeric identification data submitted to ISP for the purpose of this fingerprint-based background check, shall be submitted electronically.

C) Electronic transmission of fingerprint data to ISP shall be accomplished utilizing livescan procedures or other comparable technology approved for use by ISP.

D) If the fingerprints are rejected by ISP, the applicant shall have his or her fingerprints collected electronically by a livescan fingerprint vendor a second time.

E) In the event of equipment malfunction or other special circumstance that make electronic transmission of fingerprint data impractical, ISP may allow limited use of paper fingerprint records.

c) Each CC Program agent-in-charge or agent applying for a CC Program agent-in-charge or agent ID card shall have his or her fingerprints collected electronically by a livescan fingerprint vendor licensed by DFPR and transmitted to ISP for processing no more than 30 days prior to the date of application or renewal for the ID card.

1) The CC Program agent-in-charge or agent shall submit to the Department, with the agent-in-charge or agent ID card application or renewal, a copy of the livescan request form and the receipt provided by the livescan fingerprint vendor containing the Transaction Control Number (TCN) as proof that his or her fingerprints have been collected.

2) CC Program agent-in-charge or agent ID card applications submitted without a copy of the livescan request form and receipt will be deemed incomplete and will not be processed until fingerprinting is completed. The fingerprinting process is not completed until the Department receives the results from ISP.

3) Any fees associated with the livescan fingerprint-based criminal history records check shall be the responsibility of the individual seeking an ID card and shall be collected by the livescan vendor at the time of fingerprinting and transmitted to ISP for deposit in the ISP Services Fund. A convenience fee may be charged by the livescan vendor as provided in Section 31-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

d) The Department will maintain the results of the criminal history records check in compliance the State Records Act.

e) Should the Department not be able to obtain from ISP the required State and/or federal criminal records check required by the Act and this Section, the Department will contract as appropriate with a private detective/investigating agency licensed under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 and in good standing with DFPR, for the purpose of conducting those records checks.

Section 1300.275 Program Operations

a) *Licensees shall not have more than 50 flowering cannabis plants at one time.*

b) *The agent-in-charge shall keep a vault log of the licensee's enclosed, locked facility or facilities, including, but not limited to, the person entering the site location, the time of entrance, and the time of exit.*

c) *Cannabis shall not be removed from the licensee's facility, except for the limited purpose of shipping a sample to a laboratory registered under the Act.*

d) *The licensee shall limit keys, access cards, or an access code to the licensee's enclosed, locked facility or facilities, to cannabis curriculum faculty and college security personnel with a bona fide need to access the facility for emergency purposes.*

e) *A transporter may transport cannabis produced pursuant to Article 25 of the Act to a laboratory registered under the Act. All other cannabis produced by the licensee that was not shipped to a registered laboratory shall be destroyed within 5 weeks after being harvested,* pursuant to Subpart I (Destruction of Cannabis).

f) *Licensees shall subscribe to the Department cannabis plant monitoring system.*

g) *Licensees shall maintain a weekly inventory system.*

h) *No student participating in the cannabis curriculum necessary to obtain a Certificate may be in the licensee's facility unless a faculty agent-in-charge is also physically present in the facility.*

i) *Licensees shall conduct post-certificate follow up surveys and record participating students' job placements within the cannabis business industry within a year after the student's completion.*

j) *The Board shall report annually to the Department on the race, ethnicity, and gender of all students participating in the cannabis curriculum necessary to obtain a Certificate, and of those students who obtain a Certificate.* [410 ILCS 705/25-15]

k) *Students shall be at least 18 years old in order to enroll in a licensee's Career in Cannabis Certificate's prescribed course of study.* [410 ILCS 705/25-5(d)]

l) *A licensee's enclosed, locked facilities are subject to random inspections by the Department and ISP.* [410 ILCS 705/25-30(a)]

m) A licensee shall keep records of the number of security incidents or infractions and any action taken or not taken by the licensee, and make those records available to the Department and the Cannabis Regulation Oversight Officer.

n) A licensee shall keep records of the following categories based on race, ethnicity, and gender, when available, and make available to the Department and the Cannabis Regulation Oversight Officer:

1) Number of students enrolled in cannabis curricula per semester;

2) Successful completion rates for students seeking a certificate; and

3) Postgraduate job placement of students who obtained a certificate in:

A) cannabis business establishment jobs; and

B) non-cannabis business establishment jobs.

Section 1300.280 Enforcement

a) *The Department has the authority to suspend or revoke any faculty agent-in-charge or agent ID card for any violation of Article 25 of the Act.*

b) *The Department has the authority to suspend or revoke any Program license for any violation found under this Article.*

c) *The Board shall revoke the authority to offer the Certificate of any community college that has had its license revoked by the Department.* [410 ILCS 705/25-25]

Section 1300.295 Requests for Information

Upon a request for information from the Cannabis Regulation Oversight Officer, the Board, or the Department, a Licensee must transmit the requested information to the Cannabis Regulation Oversight Officer, the Board, or the Department. Requests from the public shall be processed in accordance with the Illinois Freedom of Information Act.

SUBPART D: CRAFT GROWERS

Section 1300.300 License Application

a) A Craft Grower License shall be obtained for each facility prior to commencement of any production activities. The license shall, along with any other certificate, business license or other authorization required to conduct production activities, be posted in a conspicuous place within the facility.

b) On February 14, 2020, the Department will begin accepting applications for Craft Grower Licenses. The license acceptance period shall close on March 16, 2020. An application will be considered submitted on the date in which it was received, if received on or before 5 p.m. Central Time. If received after 5 p.m. Central Time, the application will be considered received on the next business day.

1) Submissions shall be made electronically.

2) Notification of the availability of applications will be posted on the Department's website at www.agr.state.il.us/.

c) An applicant applying for a Craft Grower License shall electronically submit the following:

1) *Nonrefundable application fee of $5,000*, unless the applicant is eligible for a fee waiver as a Social Equity Applicant under Section 7-20 of the Act*;*

2) *Legal name of the craft grower;*

3) *Proposed physical address of the craft grower*;

4) *Name, address, social security number, and date of birth of each principal officer and board member of the craft grower, each principal officer and board member shall be at least 21 years of age;*

5) *The details of any administrative or judicial proceeding in which any of the principal officers or board members of the craft grower:*

A) *Pled guilty, were convicted, fined, or had a registration or license suspended or revoked; or*

B) *Managed or served on the board of a business or non-profit organization that pled guilty, was convicted, fined, or had a registration or license suspended or revoked;*

6) *Proposed operating bylaws that include procedures for the oversight of the craft grower, including the development and implementation of a plant monitoring system, accurate recordkeeping, staffing plan, and security plan*;

7) *Verification from ISP that all background checks of the prospective principal officers, board members, and agents of the cannabis business establishment have been conducted.* If ISP has not completed the background check, then the applicant shall provide written verification that the request has been submitted to ISP*;*

8) *A copy of the current local zoning ordinance or permit and verification that the proposed craft grower is in compliance with the local zoning rules and distance limitations established by the local jurisdiction;*

9) *Proposed employment practices, in which the applicant must demonstrate a plan of action to inform, hire, and educate minorities, women, veterans, and persons with disabilities, engage in fair labor practices, and provide worker protections;*

10) A statement that the *applicant can demonstrate experience in or business practices that promote economic empowerment in Disproportionately Impacted Areas;*

11) *Experience with the cultivation of agricultural or horticultural products, operating an agriculturally related business, or operating a horticultural business;*

12) *A description of the enclosed, locked facility where cannabis will be grown, harvested, manufactured, packaged, or otherwise prepared for distribution to a dispensing organization or other cannabis business establishment;*

13) *A survey of the enclosed, locked facility, including the space used for cultivation;*

14) *Cultivation, processing, inventory, and packaging plans;*

15) *A description of the applicant's experience with agricultural cultivation techniques and industry standards;*

16) *A list of any academic degrees, certifications, or relevant experience of all prospective principal officers, board members, and agents of the related agricultural or horticultural business;*

17) *The identity of every person having a financial or voting interest of 5% or greater in the craft grower operation, whether a trust, corporation, partnership, limited liability company, or sole proprietorship, including the name and address of each person;*

18) *A plan describing how the craft grower will address each of the following:*

A) *Energy needs, including estimates of monthly electricity and gas usage, to what extent it will procure energy from a local utility or from on-site generation, and if it has or will adopt a sustainable energy use and energy conservation policy;*

B) *Water needs, including estimated water draw and if it has or will adopt a sustainable water use and water conservation policy; and*

C) *Waste management, including if it has or will adopt a waste reduction policy.*

19) *A recycling plan* that addresses each of the following:

A) *Purchaser packaging, including cartridges,* that *shall be accepted by the applicant and recycled;*

B) *Any recyclable waste generated by the craft grower facility shall be recycled per applicable State and local laws, ordinances, and rules; and*

C) *Any cannabis waste, liquid waste, or hazardous waste shall be disposed of in accordance with 8 Ill. Adm. Code 1000.460, except, to the greatest extent feasible, all cannabis plant waste will be rendered unusable by grinding and incorporating the cannabis plant waste with compostable mixed waste to be disposed of in accordance with 8 Ill. Adm. Code 1000.460(g)(1).*

20) *A commitment to comply with local waste provisions. A craft grower facility must remain in compliance with applicable State and federal environmental requirements, including, but not limited to:*

A) *Storing, securing, and managing all recyclables and waste, including organic waste composed of or containing finished cannabis and cannabis-infused products, in accordance with applicable State and local laws, ordinances, and rules; and*

B) *Disposing liquid waste containing cannabis or byproducts of cannabis processing in compliance with all applicable State and federal requirements, including, but not limited to permits under Title X of the Environmental Protection Act.*

21) *A commitment to a technology standard for resource efficiency of the craft grower facility:*

A) *Lighting. The Lighting Power Densities (LPD) for cultivation space commits to not exceed an average of 36 watts per gross square foot of active and growing space canopy, or all installed lighting technology shall meet a photosynthetic photon efficacy (PPE) of no less than 2.2 micromoles per joule fixture and shall be*

featured on the Design Lights Consortium (DLC) Horticultural Specification Qualified Products List (QPL). In the event that DLC requirement for minimum efficacy exceeds 2.2 micromoles per joule fixture, that PPE shall become the new standard;

B) *HVAC*

i) *For cannabis grow operations with less than 6,000 square feet of canopy, the licensee commits that all HVAC units will be high-efficiency ductless split HVAC units, or other more energy efficient equipment;*

ii) *For cannabis grow operations with 6,000 square feet of canopy or more, the licensee commits that all HVAC units will be variable refrigerant flow HVAC units, or other more energy efficient equipment;*

C) *Water application*

i) *The craft grower facility commits to use automated watering systems, including, but not limited to, drip irrigation and flood tables, to irrigate cannabis crop;*

ii) *The craft grower facility commits to measure runoff from watering events and report this volume in its water usage plan, and that on average, watering events shall have no more than 20% of runoff of water;*

D) *Filtration. The craft grower commits that HVAC condensate, dehumidification water, excess runoff, and other wastewater produced by the craft grower facility shall be captured and filtered to the best of the facility's ability to achieve the quality needed to be reused in subsequent watering rounds;*

E) *Reporting energy use and efficiency;* [410 ILCS 705/30-10]

22) If a sole proprietorship, the name, residence and date of birth of the owner;

23) If a partnership, the names and addresses of all partners, both general and limited and any partnership or joint venture documents;

A) For a domestic limited partnership, a copy of the Certificate of Limited Partnership, and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

24) If a limited liability partnership, the names and addresses of all partners, and any partnership or joint venture documents;

A) For a domestic limited liability partnership, a copy of the Certificate of Limited Liability Partnership, and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited liability partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

25) If a corporation based in Illinois, a copy of the Articles of Incorporation, and a copy of the Certificate of Good Standing issued by SOS or obtained from the SOS website within the last 60 days. If the corporation is a foreign corporation, a copy of the Articles of Incorporation, a copy of the Certificate of Good Standing from the state or country in which the corporation is domiciled, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days. If using an assumed name (d/b/a), a copy of the assumed name registration issued by SOS. Additionally, applicants shall include the names and addresses of all stockholders and directors of the corporation;

26) If a limited liability company:

A) For a domestic limited liability company, a copy of the Articles of Organization, a copy of the Certificate of Good Standing issued by

SOS or obtained from the SOS website within the last 60 days, and a listing of the members of the limited liability company and his, her, or its contact information;

B) For a foreign limited liability company, a copy of the Articles of Organization and a Certificate of Good Standing from the state of organization, a copy of the Application for Admission to Transact Business in Illinois, along with a Certificate of Good Standing issued by SOS, all dated within the last 60 days;

27) If another type of business entity, the same or similar information, as applicable, to that listed in subsections (c)(25) and (26);

28) Property Ownership Records

A) If the property is not owned but is currently leased by the applicant, the applicant shall provide: a copy of the lease; confirmation of land ownership; identification of any mortgagees and/or lienholders; a written statement from the property owner and/or landlord, certifying consent that the applicant may operate a craft grower on the premises at least through the term of the lease; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as a craft grower at least through the term of the financing, and consent thereto by any mortgagees and/or perfected lienholders;

B) If the property is not owned or currently leased by the applicant, the applicant shall provide: a written statement from the property owner and/or landlord certifying consent that the applicant will lease or purchase the property for the purpose of operating a craft grower for at least 5 years; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as a craft grower at least through the effective dates of all agreements, and consent thereto by any mortgagees and/or perfected lienholders;

C) If the property is owned by the applicant, the applicant shall provide: confirmation of land ownership; identification of any and all mortgagees and/or perfected lienholders; and, if applicable, verification of notification to any and all mortgagees and/or perfected lienholders that the property is to be used as a craft grower at least through the expiration of financing, and consent thereto by any mortgagees and/or perfected lienholders;

29) Applicant shall submit plans and specifications drawn to scale for the interior of the building. If the building is not in existence at the time of application, the applicant shall submit a plot plan and a detailed drawing to scale of the interior and the architect's drawing of the building to be constructed;

30) Documentation that the individual or entity filing the application has at least $20,000 in liquid assets. Acceptable documentation includes a signed statement from an Illinois licensed CPA attesting to proof of the required amount of liquid assets under the control of an owner or the entity applying. The statement must be dated within 30 calendar days before the date the application was submitted;

31) All relevant financial information as set forth in Section 1300.305;

32) If any principal officers or board members are currently, or have been previously, licensed or authorized in another state or jurisdiction to produce, distribute, or otherwise sell cannabis in any form, the following:

A) A copy of each such licensing or authorizing document verifying licensure in that state or jurisdiction;

B) A statement granting the Department permission to contact the regulatory agency that granted the license to confirm the information contained in the application; and

C) If the entity's license or authorization to conduct business was ever suspended, revoked or otherwise sanctioned, a copy of documentation so indicating, or a statement that the applicant was so licensed and was never sanctioned.

33) For a Social Equity Applicant:

A) If applicable, the Social Equity Applicant's status as an "Illinois resident", as evidenced by incorporation documents, or, if applying as an individual, at least 2 of the following:

i) a signed lease agreement that includes the applicant's name;

ii) a property deed that includes the applicant's name;

iii) school records;

iv) voter registration card;

v) an Illinois driver's license, ID card, or a Person with a Disability ID card;

vi) a paycheck stub;

vii) a utility bill; or

viii) any other proof of residency or other information necessary to establish residence.

B) A person must have been domiciled in this State for a period of 30 days and shall provide evidence of one of the following:

i) The person or persons owning and controlling at least 51% of the proposed license have lived in a Disproportionately Impacted Area for 5 of the preceding 10 years as demonstrated by, but not limited to, tax filings, voter registrations, leases, mortgages, paycheck stubs, utility bills, insurance forms, or school records that include the qualifying principal officers' names on them;

ii) The person or persons owning and controlling at least 51% of the proposed license have been arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction, or

adjudication has been sealed or expunged, provide records of that action;

iii) The person or persons owning and controlling at least 51% of the proposed license have had a parent, legal guardian, child, spouse or dependent, or was a dependent of an individual who, prior to June 25, 2019, was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction or adjudication has been sealed or expunged, the applicant shall provide records of that action. The applicant must also provide evidence of the relationship between the applicant's principal officer or officers and the person who was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act; or

iv) The applicant employs 10 or more full-time employees, and that 51% or more of those employees currently reside in a Disproportionately Impacted Area; have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act; or are members of an "impacted family" as that term is defined in the Act. The applicant must provide evidence as described in this subsection (c)(33)(B)(iv) for each employee. The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted. If the employee information, or employment status of employees, changes before licenses are awarded, the applicant has a duty to notify the Department of the change in employee information or status.

34) If the Department offers bonus points for community engagement, and the applicant desires to obtain those points, the applicant must submit its plan for community engagement.

d) The applicant shall sign a notarized statement certifying that:

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

1) The craft grower will register with DOR if the applicant is granted a license;

2) The application is complete and accurate;

3) The applicant has actual notice that, notwithstanding any State law:

A) Cannabis is a prohibited Schedule I controlled substance under federal law;

B) A license is granted only to the extent provided by the strict requirements of the Act and this Part;

C) Any activity not sanctioned by the Act or this Part may be a violation of State law;

D) Growing, distributing or possessing cannabis in any capacity, except through a federally-approved research program, is a violation of federal law;

E) Use of cannabis may affect an individual's ability to receive federal licensure in other areas;

F) Use of cannabis, in tandem with other conduct, may be a violation of federal law;

G) Possessing a license does not authorize any person to violate federal law or State law and, other than as set out in Article 45 of the Act, does not provide any immunity from or affirmative defense to arrest or prosecution under federal law or State law; and

H) Applicants shall indemnify and hold harmless the State of Illinois for any and all civil or criminal penalties resulting from possessing a license; and

4) All of applicant's principal officers expressly agree to be subject to service of process in Illinois with a current Illinois address on file with the Department.

e) *If the Department receives an application with missing information, the Department may issue a deficiency notice to the applicant. The applicant shall have 10 calendar days from the date of the deficiency notice to resubmit the incomplete information. Applications that are still incomplete after this opportunity to cure will not be scored and will be disqualified.* [410 ILCS 705/30-10(c)]

Section 1300.305 Financial Disclosure

a) When applying for a Craft Grower License, the applicant shall disclose all relevant financial information to the Department. The applicant shall have a continuing duty to disclose promptly any material changes in the financial information provided to the Department. If an applicant is issued a license, this duty of ongoing disclosure shall continue throughout the licensed period. These disclosures shall include:

1) The ownership structure of the craft grower;

2) A current organizational chart that includes position descriptions and the names and resumes of persons holding each position to the extent those positions have been filled. To the extent not revealed by the resume, include additional pages with each resume setting out the employee's particular skills, education, experience or significant accomplishments that are relevant to owning or operating a craft grower;

3) Documents such as the articles of incorporation, articles of association, charter, by-laws, partnership agreement, agreements between any 2 or more members of the applicant that relate in any manner to the assets, property or profit of the applicant, or any other comparable documents that set forth the legal structure of the applicant or relate to the organization, management or control of the applicant;

4) A copy of all compensation agreements with owners, officers and growers; and

5) The nature, type, terms, covenants and priorities of all outstanding bonds, loans, mortgages, trust deeds, pledges, lines of credit, notes, debentures or other forms of indebtedness issued or executed, or to be issued or

executed, in connection with opening or operating the proposed craft grower;

b) The applicant shall disclose all sources of funding used to acquire or develop the business for which the license is sought, and shall provide independent documentation concerning the source of the funds and copies of closing documents in connection with the purchase of a registered business.

c) The applicant shall disclose whether any principal officer and/or board member has ever:

1) Filed for bankruptcy;

2) Defaulted on alimony or child support payment; or

3) Been disciplined or sanctioned by a State or federal agency.

d) The applicant shall disclose whether there are currently or have ever been any State or federal tax liens against the property of the applicant, as well as the property of any principal officer and/or board member.

Section 1300.307 License Selection Criteria

a) The license selection criteria for the Craft Grower License shall include the following, with each criterion accounting for up to the indicated maximum number of the total points available for each criteria, out of 1,000 total points (bonus points are an additional 2 points):

1) Suitability of the Proposed Facility (75 points):

A) Measure 1 (25 points): The applicant demonstrates that the proposed facility is suitable for effective and safe cultivation of cannabis, sufficient in size, power allocation, air exchange and air flow, interior layout, lighting, and sufficient both in the interior and exterior to handle the bulk agricultural production of cannabis, cannabis-infused products, product handling, storage, trimming, packaging, loading and shipping. The loading/unloading of cannabis in the transport motor vehicle for shipping shall be in an enclosed, secure area out of public sight;

B) Measure 2 (25 points): The applicant demonstrates the ability to meet consumer demand by operating the cultivation facility in a safe and efficient manner with minimal impact on the environment and the surrounding community;

C) Measure 3 (25 points): The applicant provides an Operations and Management Practices Plan that demonstrates compliance with this Part and the Act.

2) Suitability of Employee Training Plan (50 points):

A) Measure 1 (25 points): The applicant fully describes a staffing plan that will provide and ensure adequate staffing and experience for all accessible business hours, safe production, sanitation, adequate security and theft prevention; and

B) Measure 2 (25 points): The applicant provides an employee handbook that will provide employees with a working guide to the understanding of the day-to-day administration of personnel policies and practices.

3) Security Plan and Recordkeeping (145 points):

A) Measure 1 (40 points): The applicant's security plan demonstrates its ability to prevent the theft or diversion of cannabis and how the plan will assist ISP, the Department, and local law enforcement. Specifically, it shall evidence compliance with all items in Sections 1300.355, 1300.380, and 1300.385;

B) Measure 2 (40 points): The applicant demonstrates that its plan for record keeping, tracking and monitoring inventory, quality control and security and other policies and procedures will discourage unlawful activity. It also describes the applicant's plan to coordinate with and dispose of unused or surplus cannabis through ISP and the Department;

C) Measure 3 (40 points): The applicant's security plan shall describe the enclosed, locked facility that will be used to secure or store

cannabis, its security measures, including when the location is closed for business, and the steps taken to ensure that cannabis is not visible to the public;

D) Measure 4 (25 points): The applicant's plan to apply for a Transporter License or plan to work with a licensed transporter and the applicant's procedures for safely and securely delivering cannabis and cannabis-infused products to cannabis business establishments.

4) Cultivation Plan (75 points):

A) Measure 1 (25 points): The applicant shall describe its plan to provide a steady, uninterrupted supply of cannabis to registered dispensaries;

B) Measure 2 (25 points): The applicant demonstrates knowledge of cultivation methods to be used in the cultivation of cannabis. The applicant shall describe the various strains to be cultivated and its experience, if applicable, with growing those strains or comparable agricultural products;

C) Measure 3 (25 points): The applicant demonstrates the steps that will be taken to ensure the quality, including the purity and consistency, of the cannabis to be provided to dispensaries.

5) Product Safety and Labeling Plan (95 points):

A) Measure 1 (35 points): The applicant shall describe its plan for providing safe and accurate packaging and labeling of cannabis;

B) Measure 2 (35 points): The applicant shall describe its plan for testing cannabis and ensuring that all cannabis is free of contaminants, including but not limited to pesticides, microbiological, and residual solvent.

C) Measure 3 (25 points): The applicant shall describe its plan for establishing a recall of the applicant's products in the event that they are shown by testing or other means to be, or potentially to be,

defective or have a reasonable probability that their use or exposure to will cause serious adverse health consequences. At a minimum, the plan should include the method of: identification of the products involved; notification to the dispensary organization or others to whom the product was sold or otherwise distributed; and how the products will be disposed of if returned to or retrieved by the applicant.

6) Applicant's Business Plan and Services to be Offered (110 points):

A) Measure 1 (40 points): The applicant shall provide a business plan that describes how the craft grower plans to operate on a long-term basis. This shall include the applicant providing a detailed description about the amount and source of the equity and debt commitment for the proposed craft grower that demonstrates the immediate and long-term financial feasibility of the proposed financing plan, the relative availability of funds for capital and operating needs, and the financial capability to undertake the project;

B) Measure 2 (40 points): The applicant or its officers, board members, or incorporators demonstrates experience in business management and/or having industry, agricultural or horticultural experience and the extent of their involvement in or ability to influence the day-to-day operations of the facility;

C) Measure 3 (30 points): The business plan demonstrates a start-up timetable that provides an estimated time from receiving the cultivation license to full operation, and the assumptions used for the basis of those estimates.

7) Applicant's Status as a Social Equity Applicant (200 points);

8) Applicant's Labor and Employment Practices (20 points): Provide a safe, healthy and economically beneficial working environment for its employees, including, but not limited to, its plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, and living wage standards, and entering a labor peace agreement with employees;

9) Applicant's Environmental Plan (20 points);

A) Measure 1 (10 points): The applicant's ability to demonstrate an environmental plan of action to minimize the carbon footprint, environmental impact, and resource needs for the production of cannabis;

B) Measure 2 (10 points): The applicant's ability to describe any plans for the use of alternative energy, the treatment of waste water and runoff, and scrubbing or treatment of exchanged air.

10) *The applicant is 51% or more owned and controlled by an individual or individuals who have been an Illinois resident for the past 5 years as proved by tax records and other documentary evidence as permitted by the Act* (90 points); [410 ILCS 705/30-15(a)(10)]

11) *The applicant is 51% or more controlled and owned by an individual or individuals who meet the qualifications of a veteran as defined in Section 45-57 of the Illinois Procurement Code* (20 points); [410 ILCS 705/30-15(a)(11)]

12) Applicant's Diversity Plan (100 points): A narrative of not more than 2500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity;

b) The Department may award up to 2 bonus points when an applicant makes a commitment to engage with the community. Applicants are not required to complete the bonus category. Bonus points will only be awarded if the Department receives applications that receive an equal score. An applicant that desires to make a commitment to engage with the community may choose one of the following options:

1) Community Benefits Plan: Applicant commits to establishing *an incubator program designed to increase participation in the cannabis industry by persons who would qualify as Social Equity Applicants;* [410 ILCS 705/30-15(b)(i)]

2) Substance Abuse Prevention Plan: Applicant commits to *providing financial assistance to substance abuse treatment centers;* [410 ILCS 705/30-15(b)(ii)]

3) Local Community/Neighborhood Report: Applicant commits to educating children and teens about the potential harms of cannabis use.

c) Should the applicant be awarded a license, the information and plan that an applicant provided in its application becomes a mandatory condition of the license. If a licensee fails to comply with standard and special conditions of the license, the Department may assess a penalty or seek suspension or revocation of the license pursuant to Subpart G (Enforcement and Immunities);

d) In the event that 2 or more qualified applicants for a Craft Grower License receive the same total score, the Department will distribute the remaining available licenses by lot.

1) The drawing by lot for all remaining available licenses will occur on the same day.

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

e) The Department may verify information contained in each application and accompanying documentation to assess the applicant's character and fitness to operate a craft grower. Notwithstanding an applicant satisfying the foregoing selection criteria, the Department may, in its discretion, refuse to issue a license if it is not satisfied that an applicant, or any one required to be identified in the application by Sections 1300.300, 1300.305 and 1300.345, is a person of good character, honesty and integrity, and is not:

1) A person who creates or enhances the dangers of unlawful practices, methods and activities in the cannabis industry, including, but limited to, product diversion;

2) A person who has demonstrated prior questionable business practices and financial arrangements incidental to the cannabis industry;

3) A person who has had a cannabis dispensary or cultivation center license revoked, suspended or sanctioned in any jurisdiction.

Section 1300.310 License Denial and Prohibitions

a) *An application for a Craft Grower License must be denied if any of the following conditions are met:*

1) *The applicant failed to submit the materials required by this Part;*

2) *The applicant would not be in compliance with local zoning rules;*

3) *One or more of the prospective principal officers or board members or board members causes a violation of Section 30-20 of the Act;*

4) *One or more of the principal officers or board members is under 21 years of age;*

5) *The person has submitted an application for a license under the Act and/or this Part which contains false information;*

6) *The licensee; principal officer, board member, or person having a financial or voting interest of 5% or greater in the licensee; or agent is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois;* [410 ILCS 705/30-25]

7) *A craft grower may not be located in an area zoned for residential use;* [410 ILCS 705/30-30(e)]

8) *A craft grower shall not be located within 1,500 feet of another craft grower or cultivation center.* [410 ILCS 705/30-30(o)]

b) The Department may deny an application or revoke a license for violations of the Act and/or this Part.

c) 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 an application.

d) *No Craft Grower License issued by the Department will be issued to a person who is licensed by any licensing authority as a cultivation center, or to any partnership, corporation, limited liability company, or trust or any subsidiary, affiliate, or any other form of business enterprise having more than 10% legal, equitable, or beneficial interest, directly or indirectly, in a person licensed in this State as a cultivation center, or to any principal officer, agent, employee, or human being with any form of ownership or control over a cultivation center except for a person who owns no more than 5% of the outstanding shares of a cultivation center who shares are publicly traded on an exchange within the meaning of the Securities Exchange Act of 1934.* [410 ILCS 705/30-20(a)]

e) A license shall be surrendered to the Department upon written notice and demand if the craft grower fails to begin production within 6 months after the license has been issued. The craft grower may submit a written request to the Department for an extension of time setting forth its justification for being unable to begin production within 6 months after the license was issued. The Department may grant an extension, at its discretion, for good cause shown. Good cause may include unforeseen events, acts of nature and other events that prevent a good faith effort. Good cause shall not include cost overruns, insufficient financing and other factors evidencing a lack of good faith effort.

f) A craft grower that fails to maintain production for any reason for more than 90 consecutive days after it has begun production shall be notified in writing and given 30 days from the date of notification from the Department to submit a written explanation why it so failed and, if it plans on continuing to operate as a craft grower, a description of how it will correct the problem and prevent it from occurring again.

1) If no response is received from the craft grower or if a response is received after the 30 day period, the permit shall be revoked and surrendered to the Department.

2) If a response is received within the 30-day period, the Department will review the response and either approve it and require the craft grower to come into compliance or reject it and revoke the license requiring the craft grower to surrender its license to the Department. If the Department allows the craft grower to come into compliance, the Department may, after a hearing, levy a fine for failure to provide an uninterrupted supply.

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section 1300.315 License Award, Issuance and Transferability

a) The top-scoring applicants, as determined by Section 1300.307, that receive at least 75% of available points will be issued Craft Grower Licenses by the Department.

b) A Craft Grower License shall be issued for the specific location identified on the application, and is valid only for the named owner and the location for which it is issued.

c) *Should the applicant be awarded a Craft Grower License, the applicant shall pay a prorated fee of $40,000 prior to receiving the license.* [410 ILCS 705/30-15(d)]

d) Transfer of License
A Craft Grower License shall not be transferable in whole or in part, without Department approval, with the following exceptions:

1) A Craft Grower License may be reissued, without charge, solely in the name of the surviving spouse or domestic partner of a deceased licensee if the license was issued in the names of both of the parties; and

2) A Craft Grower License may be transferred, without charge, to an heir of a deceased licensee, as determined by the Probate Act of 1975. For the purpose of considering the qualifications of the heir to receive a Craft Grower License, the Department will require a criminal background check and the heir will be subject to all other requirements of the Act and this Part.

e) Change of Location
In the event that the Department approves a new location as meeting all requirements of the Act and this Part, the craft grower shall have a brief transition period of no more than 90 days, approved by the Department, to transfer its inventory and begin operations at the new location.

1) The transition period shall not begin until the new location is ready to begin production.

2) *A craft grower may not be located in an area zoned for residential use.* [410 ILCS 705/30-30(e)]

3) *A craft grower shall not be located within 1,500 feet of another craft grower or a cultivation center*. [410 ILCS 705/30-30(o)]

4) No product may be transferred to or cultivated at the new location prior to the beginning date of this approved transition period.

5) Any product remaining at the original location past the transition period shall be destroyed in accordance with the provisions of Subpart I (Destruction of Cannabis).

6) The craft grower shall notify the Department in writing or by electronic transmission once the transfer of inventory is complete and production has begun at the new location.

7) Upon inspection and verification by the Department that the new location is in compliance with the Act and this Part, the Department will issue a license modification reflecting the new location. The modified license shall have the same expiration date as the previously issued license.

f) Sale of Stock
The proposed sale of any outstanding or issued stock of a corporation licensed under the Act, or any proposed change in the officers or board members of the corporation, must be reported to the Department, and Department approval must be obtained before the changes are made. A fee of $1,000 will be charged for the processing of the change of stock ownership or corporate officers or board members.

g) The proposed change of any person or principal officer of any licensee must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $1,000 will be charged for the processing of any such change.

h) A Craft Grower License shall not be leased or subcontracted, in whole or in part.

i) A Craft Grower License is issued upon the following condition: *A craft grower may not either directly or indirectly discriminate in price between different dispensing organizations, craft growers, or infusers that are purchasing a like grade, strain, brand, and quality of cannabis or cannabis-infused product.*

Nothing in this subsection (i) prevents a cultivation centers from pricing cannabis differently based on differences in the cost of manufacturing or processing, the quantities sold, such as volume discounts, or the way the products are delivered. [410 ILCS 705/30-30(f)]

j) A Craft Grower License is issued upon the following condition: *It is unlawful for any person having a Craft Grower License or any officer, associate, member, representative, or agent of such licensee to offer or deliver money, or anything else of value, directly or indirectly to any person having an Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act, or to any person connected with or in any way representing, or to any member of the family of, such person holding an Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act, or to any stockholders in any corporation engaged in the retail sale of cannabis, or to any officer, manager, agent, or representative of the Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act to obtain preferential placement within the dispensing organization, including, without limitation, on shelves and in display cases where purchasers can view products, or on the dispensing organization's website.* [410 ILCS 705/30-30(n)]

k) A Craft Grower License is issued upon the following condition: *No person or entity shall hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, of more than 3 Craft Grower Licenses. Further, no person or entity that is employed by, an agent of, or has a contract to receive payment from or participate in the management of a craft grower, is a principal officer of a craft grower, or entity controlled by or affiliated with a principal officer of a craft grower shall hold any legal, equitable, ownership, or beneficial interest, directly or indirectly, in a Craft Grower License that would result in the person or entity owning or controlling in combination with any craft grower, principal officer of a craft grower, or entity controlled or affiliated with a principal officer of a craft*

grower by which he, she, or it is employed, is an agent of, or participates in the management of more than 3 Craft Grower Licenses. [410 ILCS 705/30-30(m)]

Section 1300.320 License Renewal

a) Every Craft Grower License issued by the Department under the Act and this Part shall expire annually on the date it was issued.

b) Every renewal application for a license issued pursuant to this Part and accompanied by the proper fees shall be filed annually with the Department at least 45 calendar days prior to the date the existing license expires.

c) The Department will send written notification of expiration to each licensed craft grower at least 90 days prior to expiration. However, failure to receive a renewal form from the Department will not excuse the craft grower from paying the renewal fee or renewing the license prior to its expiration.

d) *The Department will grant a renewal application within 45 days after submission of a renewal application if:*

1) *The registered craft grower submits a renewal application and the required renewal fee of $40,000;*

2) *The Department has not suspended the license of the craft grower or suspended or revoked the registration for violation of the Act or this Part;*

3) *The craft grower has continued to operate in accordance with all plans submitted as part of its application and approved by the Department or any amendments that have been approved by the Department;*

4) *The craft grower has submitted an agent, employee, contracting, and subcontracting diversity report as required by the Department; and*

5) *The craft grower has submitted an environmental impact report* as required by the Act.

e) *If a craft grower fails to renew its license before expiration, it shall cease operations until its license is renewed.* [410 ILCS 705/30-45]

f) *Upon request for renewal, the Department will consider the licensee's history of compliance with requirements of the Act and this Part, the number and severity of any violations and the correction of those violations, as well as penalties or fines imposed, or any other enforcement actions.*

g) *The Department may deny a renewal after consideration of the licensee's history of compliance.*

Section 1300.330 Modifications and Alterations

a) A license shall be amended before the commencement of any modification to the facility. This includes any change that modifies the approved license design capability of production or process areas, including change of capacity, efficiency, or processes.

b) Before making any modification to a licensed facility, the craft grower must complete an Application for License and Construction Approval and submit the application with the appropriate schedules to the Department. The fee for an application to make modifications to a craft grower shall be $2,500. In addition, upon the approval of the application, the applicant shall pay an additional fee of $1,500.

c) An amendment to the license shall not be required for alterations at the facility. The fee for an application to make an alteration of a craft grower, other than an expansion, shall be $500.

Section 1300.345 Background Check

a) ISP shall act as the Department's agent for purposes of receiving electronic fingerprints and conducting background checks of each craft grower agent applying for a craft grower agent identification card.

1) ISP will conduct background checks for conviction information contained within ISP and FBI criminal history databases to the extent allowed by law.

2) For verification of any statutorily imposed duty to conduct background checks pursuant to the Act, ISP will transmit the results of the background

check to the Department and that transmittal shall conclude the verification process.

3) The electronic background checks shall be submitted as outlined in either the Illinois Uniform Conviction Information Act or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

A) Manual fingerprints will not be accepted and shall not be scanned and converted into an electronic format.

B) Fingerprint images of the individual being fingerprinted, and related alphanumeric identification data submitted to ISP for the purpose of this fingerprint-based background check, shall be submitted electronically.

C) Electronic transmission of fingerprint data to ISP shall be accomplished utilizing livescan procedures or other comparable technology approved for use by ISP.

D) If the fingerprints are rejected by ISP, the craft grower agent shall have his or her fingerprints collected electronically by a livescan fingerprint vendor a second time.

E) In the event of equipment malfunction or other special circumstance that make electronic transmission of fingerprint data impractical, ISP may allow limited use of paper fingerprint records.

b) Each craft grower agent applying for a craft grower agent identification card shall have his or her fingerprints collected electronically by a livescan fingerprint vendor licensed by DFPR and transmitted to ISP for processing no more than 30 days prior to the date of application or renewal for a craft grower agent identification card.

1) The craft grower agent shall submit to the Department, with the cultivation agent identification card application or renewal, a copy of the livescan request form and the receipt provided by the livescan fingerprint vendor containing the Transaction Control Number (TCN) as proof that his or her fingerprints have been collected.

2) Craft grower identification card applications submitted without a copy of the livescan request form and receipt will be deemed incomplete and will not be processed until fingerprinting is completed. The fingerprinting process is not completed until the Department receives the results from ISP.

3) Any fees associated with the livescan fingerprint-based criminal history records check shall be the responsibility of the individual seeking a craft grower agent identification card and shall be collected by the livescan vendor at the time of fingerprinting and transmitted to ISP for deposit in the ISP Services Fund. A convenience fee may be charged by the livescan vendor as provided in Section 31-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

c) The Department will obtain from ISP a State and federal criminal records check, to the extent allowed by law, containing conviction information for each craft grower agent applying for a craft grower agent ID card.

d) The Department will maintain the results of the criminal history records check in compliance with the State Records Act.

e) Should the Department not be able to obtain from ISP the required State and/or federal criminal records check required by the Act and this Section, the Department will contract as appropriate with a private detective/investigating agency licensed under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 and in good standing with DFPR, for the purpose of conducting those records checks.

Section 1300.350 Specifications

a) Craft growers shall:

1) *Not be located within 1,500 feet of another craft grower or a cultivation center* [410 ILCS 705/30-30(m)];

2) Not be in violation of any other local zoning requirements.

b) After a license is approved, craft growers shall provide engineering plans and specifications for the entire facility. The plans and specifications shall include:

1) A detailed plan and elevation drawings of all operational areas involved with the production of cannabis plants. This includes dimensions and elevation referenced to a single facility benchmark;

2) Cross-sections that show the construction details and their dimensions to provide verification of construction materials, enhancement for security measures, and bio-security measures;

3) Identification of all employee areas that are non-production areas;

4) The location of all storage areas, ventilation systems, and equipment used for the production of cannabis;

5) The location of all entrances and exits to the craft grower;

6) The location of any windows, skylights and roof hatches;

7) The location of all cameras and their field of view;

8) The location of all alarm inputs (door contacts, motion detectors, duress/hold up devices) and alarm sirens;

9) The location of the digital video recorder and alarm control panel;

10) The location of all restricted and public areas;

11) The location where all plant inputs and application equipment are stored;

12) If applicable, the location of areas designated specifically for the production of cannabis-infused products; and

13) The location of the enclosed, secure area or loading/unloading dock out of public sight for the loading/unloading of cannabis into the transport motor vehicle.

Section 1300.355 Records

a) Each craft grower shall keep and maintain upon the licensed premises, for a 5-year period, true, complete, legible, and current books and records, including the following:

1) The date of each sale or distribution to a cannabis organization;

2) The name, address and registration number of the cannabis organization;

3) The item number, product name (description), and quantity of cannabis and cannabis-infused products registered by the Department and sold or otherwise distributed to the cannabis organization;

4) The price charged and the amount received for the cannabis and cannabis-infused products from the cannabis organization;

5) If the distribution was for a purpose other than sale, the reason for the distribution;

6) The quantity and form of cannabis maintained at the craft grower on a daily basis; and

7) The amount of plants being grown at the craft grower on a daily basis.

b) Each craft grower is responsible for keeping and maintaining records that clearly reflect all financial transactions and the financial condition of the business. Records that must be kept and maintained on the licensed premises for a 5-year period, and that must be made available for inspection if requested by the Department, and, when applicable, by DOR, include:

1) Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase;

2) If applicable, bank statements and canceled checks for all accounts relating to the craft grower;

3) Accounting and tax records related to the craft grower;

4) Records of all financial transactions related to the craft grower, including contracts and/or agreements for services performed or received that relate to the craft grower;

5) All employee records, including training, education, discipline, etc.;

6) Soil amendment, fertilizers, pesticides, or other crop production aids applied to the growing medium or plants or used in the process of growing cannabis;

7) Production records, including:

A) Planting, harvest and curing, weighing, destruction of cannabis, creating batches of cannabis-infused products, and packaging and labeling; and

B) Disposal of cannabis, cannabis-infused products and waste materials associated with production.

8) Records of each batch of extracts or cannabis-infused products made, including, at a minimum, the usable cannabis or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced (e.g., hash oil, shatter, tincture, infused dairy butter);

9) Transportation records;

10) Inventory records as described in Section 1300.380;

11) Records of all samples sent to an independent testing lab and/or the Department's lab and the quality assurance test results;

12) All samples provided to anyone or any entity for any purpose; and

13) Records of any theft, loss or other unaccountability of any cannabis seedlings, clones, plants, trim or other plant material, extracts, cannabis-infused products, or other items containing cannabis.

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NOTICE OF ADOPTED RULES

Section 1300.360 Signage

a) Each licensed craft grower must post a sign in a conspicuous location at each entrance of the facility that reads: "PERSONS UNDER 21 YEARS OF AGE NOT PERMITTED ON THESE PREMISES".

b) Each licensed craft grower must post a sign in a conspicuous location at each entrance of the facility that reads: "THESE PREMISES ARE UNDER CONSTANT VIDEO SURVEILLANCE".

Section 1300.365 Agents and Identification Cards

a) The craft grower agent application shall be submitted on forms provided by the Department in accordance with the Act and this Part. The application will include instructions for its completion and submission. The application will include requests for information in support of the application needed by the Department in making its determination. If all materials, documentation and information required by the Act and this Part are not submitted, the application will be returned to the applicant.

b) Each principal officer, board member, employee or agent of a registered craft grower must apply to the Department for a craft grower agent identification card. Along with the application, the applicant shall submit:

1) A copy of the applicant's social security card;

2) A copy of the applicant's valid driver's license or State issued ID card;

3) A document verifying the applicant's place of residency (e.g., bank statement, cancelled check, insurance policy). The document must contain the applicant's full residence address;

4) Verification from ISP that the applicant's background check has been conducted;

5) The application fee of $100; and

6) Any additional information requested by the Department.

c) Upon receipt and verification of the information specified in subsection (b), the Department will:

1) Approve or deny the application within 30 days after receipt;

2) Issue each craft grower agent an ID card, within 15 business days after approval, that shall expire one year after the date of issuance; and

3) Enter in its record system the registry identification number of the craft grower where the agent works.

d) No person shall begin working at a craft grower prior to receiving his or her craft grower agent ID card.

e) The craft grower ID card shall contain the following:

1) The name of the cardholder;

2) The date of issuance and expiration;

3) A random 10-digit alphanumeric identification number with at least 4 numbers and 4 letters that are unique to the holder;

4) A photograph of the cardholder; and

5) The legal name of the craft grower employing the agent.

f) Renewal

1) The craft grower agent ID cards shall be renewed annually. The renewal fee shall be $100. The Department will send electronic notice 90 days prior to expiration;

2) If a craft grower agent fails to renew the ID card before its expiration, he or she shall cease to work as an agent of the craft grower until the ID card is renewed;

3) Upon request for renewal, the Department will consider:

A) The applicant's history of compliance with the Act and this Part;

B) The number and severity of any violations and the correction of those violations;

C) Penalties or fines imposed; and

D) Other enforcement actions;

4) The Department may deny a renewal after consideration of the applicant's history of compliance;

5) The Department will not renew a craft grower agent ID card if the holder *is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois*.

g) A registered craft grower agent is not subject to prosecution, search, or penalty in any manner, and will not be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a business licensing board or entity, for working or volunteering for a registered cannabis craft grower to perform the actions permitted by this Part.

h) *An agent must keep his or her ID card visible at all times when on the property of a cannabis business establishment, including the craft grower organization for which he or she is an agent.*

i) *An agent ID card shall be immediately returned to the cannabis business establishment of the agent upon termination of his or her employment.* The craft grower shall promptly return the ID cards to the Department.

j) Any craft grower agent ID card that is lost, destroyed or stolen shall be reported to ISP and the Department immediately upon discovery of the loss, destruction, or theft. The fee for issuance of a replacement ID card is $50.

Section 1300.370 Operations – Plant Production

a) Each facility shall develop and maintain an Operations and Management Practices Plan for each production area.

b) Each production area shall maintain an open aisle on all sides of each plant group to allow for unobstructed travel, observation and inventory of each plant group.

c) Each production area shall be maintained free of debris.

d) Biosecurity measures shall be implemented and maintained at all times.

e) A record of all crop inputs shall be maintained for at least 5 years at the facility. The record shall include:

1) The date of application;

2) The name of the individual making the application;

3) The product that was applied;

4) The section, including the square footage, that received the application (by group number);

5) The amount of product that was applied; and

6) A copy of the label of the product applied.

f) At the time of planting, all plants shall be accounted for as a batch with a unique batch number that shall remain with the batch through final packaging. The batch number will be included on the label of the package distributed for the end user.

g) All plants, regardless of accounting strategy, shall be physically inventoried on a weekly basis and records of the inventory shall be kept at the facility for at least 5 years. Those records shall be made available to the Department upon request.

h) Any removal of plants from the batch shall be recorded on a permanent record and maintained on site.

i) The batch number shall be displayed on the approved label of the product designated for distribution to a dispensing organization.

j) All persons working in direct contact with cannabis shall conform to hygienic practices while on duty, including but not limited to:

1) Litter and waste shall be properly removed and the operating systems for waste disposal shall be maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis plants are exposed;

2) Floors, walls and ceilings shall be constructed in a manner that they may be kept adequately clean and in good repair;

3) There shall be adequate lighting in all areas where cannabis is stored and where equipment or utensils are cleaned;

4) There shall be adequate screening or other protection against the entry of pests. Rubbish shall be disposed of to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage or breeding place for pests;

5) Any buildings, fixtures and other facilities shall be maintained in a sanitary condition;

6) Toxic cleaning compounds, sanitizing agents, solvents used in the production of cannabis concentrates, and pesticide chemicals shall be identified, held, and stored in a manner that protects against contamination of cannabis and is in accordance with any applicable local, State or federal law, rule, regulation or ordinance;

7) Only sanitizing agents registered with the Department pursuant to the Illinois Pesticide Act shall be used in cultivation centers, and they shall be used in accordance with labeled instructions;

8) The water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable and adequate supply of water to meet the facility's needs;

9) Plumbing shall be of adequate size and design and adequately installed and maintained to carry sufficient quantities of water to required locations

throughout the cultivation center, and it shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines, pursuant to the Illinois Plumbing Code;

10) All operations in the receiving, inspecting, transporting, segregating, preparing, production, packaging and storing of cannabis or cannabis-infused product shall be conducted in accordance with adequate sanitation principles; and

11) Cannabis that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms.

Section 1300.375 Operations – Infused or Processed Products

a) Any area within the craft grower where cannabis will be manufactured into an edible form shall comply with the Illinois Food, Drug and Cosmetic Act, Sanitary Food Preparation Act, and Food Handling Regulation Enforcement Act. No cannabis-infused products requiring refrigeration or hot-holding or considered potentially hazardous food meeting the definition of Section 4 of the Food Handling Regulation Enforcement Act shall be manufactured at a craft grower for sale or distribution at a dispensing organization.

b) DPH may at all times enter every building, room, basement, enclosure, or premises occupied or used or suspected of being occupied or used for the production, preparation, manufacture for sale, storage, sale, distribution, or transportation of cannabis-infused products to inspect the premises and all utensils, fixtures, furniture, and machinery used for the preparation of these products.

c) If a local health department has a reasonable belief that a craft grower's cannabis-infused product poses a public health hazard, it may refer the craft grower to DPH for inspection.

d) General Sanitary Requirements. All areas permitted in the craft grower for the production of cannabis-infused products shall take all reasonable measures and precautions to ensure that:

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1) Any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion (e.g., boils, sores, infected wounds), or any other abnormal source of microbial contamination for which there is a reasonable possibility of contact with cannabis shall be excluded from any operations that may be expected to result in microbial contamination until the condition is corrected;

2) Hand-washing facilities are adequate and convenient and are furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the licensed premises where good sanitary practices require employees to wash and/or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

3) All persons working in direct contact with cannabis shall conform to hygienic practices while on duty, including but not limited to:

   A) Maintaining adequate personal cleanliness;

   B) Washing hands thoroughly in adequate hand-washing areas before starting work and at any other time when the hands may have become soiled or contaminated;

   C) Refraining from having direct contact with cannabis if the person has or may have an illness, open lesion, including boils, sores or infected wounds, or any other abnormal source of microbial contamination, until the condition is corrected.

4) Litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis is exposed;

5) Floors, walls and ceilings are constructed in a manner that they may be kept adequately clean and in good repair;

6) There is adequate lighting in all areas where cannabis is stored and where equipment or utensils are cleaned;

7) There is adequate screening or other protection against the entry of pests. Rubbish shall be disposed of to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage or breeding place for pests;

8) Any buildings, fixtures and other facilities are maintained in a sanitary condition;

9) Toxic cleaning compounds, sanitizing agents, and solvents used in the production of cannabis concentrates shall be identified, held, and stored in a manner that:

A) protects against contamination of cannabis; and

B) is in accordance with any applicable local, State or federal law, rule, regulation or ordinance;

10) All contact surfaces, including utensils and equipment used for the preparation of cannabis or cannabis-infused product, shall be cleaned and sanitized as frequently as necessary to protect against contamination. Equipment and utensils shall be designed and made of material and workmanship that is adequately cleanable, and shall be properly maintained. Only sanitizing agents registered with the Department pursuant to the Illinois Pesticide Act shall be used in craft growers and shall be used in accordance with labeled instructions;

11) The water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable and adequate supply of water to meet the facility's needs;

12) Plumbing shall be of adequate size and design, and adequately installed and maintained, to carry sufficient quantities of water to the required locations throughout the facility. Plumbing shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines;

13) All operations in the receiving, inspecting, transporting, segregating, preparing, producing, packaging and storing of cannabis and cannabis-

infused products shall be conducted in accordance with adequate sanitation principles;

14) Each craft grower shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and

15) Cannabis that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms.

e) The licensee must request DPH to conduct a pre-operational inspection at all registered craft growers to determine whether the facilities, methods, practices and controls used in the manufacture, processing or holding of cannabis-infused products conform to or are operated with good manufacturing practices to ensure that food products for human consumption are safe and have been prepared, packed and held under sanitary conditions.

f) Upon request, licensees shall immediately allow DPH to inspect the premises and all utensils, fixtures, furniture, machinery and devices used for preparing manufactured cannabis-infused products.

g) DPH will conduct inspections of registered craft growers with regard to the manufacture and preparation of cannabis-infused products under the authority of the Illinois Food, Drug and Cosmetic Act, the Food Handling Regulation Enforcement Act and the Food Service Sanitation Code and in accordance with DPH's Cannabis-Infused Products rules (77 Ill. Adm. Code 946.Subpart D).

h) *A craft grower that prepares cannabis-infused products for sale or distribution at a* cannabis *organization shall be under the operational supervision of a certified food service sanitation manager*. Management responsibilities and supervision shall be in accordance with 77 Ill. Adm. Code 730.8000 and 730.8040 (Manufacturing, Processing, Packing or Holding of Food Code).

i) Cultivation centers are strictly prohibited from using, adding or incorporating vitamin E in any form, including, but not limited to, vitamin E acetate (also known as VEA, tocopheryl-acetate, and vitamin E oil) to cannabis, cannabis concentrate, cannabis products, or cannabis-infused products that are intended to be smoked or inhaled.

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section 1300.380 Inventory

a) Each craft grower, prior to commencing business, shall:

1) Conduct an initial comprehensive inventory of all cannabis at the facility. If a craft grower commences business with no cannabis on hand, the craft grower shall record this fact as the initial inventory; and

2) Establish ongoing inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cannabis, which shall enable the craft grower to detect any diversion, theft or loss in a timely manner.

b) Upon commencing business, each craft grower shall conduct a weekly inventory of cannabis stock, which shall include, at a minimum:

1) The date of the inventory;

2) A summary of the inventory findings;

3) The name, signature and title of the individuals who conducted the inventory and the agent-in-charge who oversaw the inventory; and

4) The product name and quantity of cannabis plants or cannabis-infused products at the facility.

c) The record of all cannabis sold, or otherwise disposed of, shall show:

1) The date of sale;

2) The name of the dispensary facility to which the cannabis was sold;

3) The batch number, product name and quantity of cannabis sold; and

4) If applicable, the date, quantity, manner in which, and reason why any cannabis was destroyed.

d) A complete and accurate record of all plant stock or products of cannabis on hand shall be prepared annually on the anniversary of the initial inventory, or other date that the craft grower agent-in-charge may choose, so long as it is not more than one year following the prior year's inventory.

e) All inventories, procedures and other documents required by this Section shall be maintained on the premises and made available to the Department at all times.

f) Whenever any sample or record is removed by a person authorized to enforce this Part, that person shall tender a receipt in lieu of the sample or record. The receipt shall be kept for 5 years.

Section 1300.385 Security

a) A craft grower shall be required to operate and maintain in good working order a 24 hour, 7 days a week, closed-circuit television (CCTV) surveillance system on the premises that complies with the following minimum standards:

1) The surveillance system shall visually record and monitor all building entrances and exits, all parking lot areas, and rear alley areas immediately adjacent to the building, and covers the entire inside of the facility, including all limited access areas and all areas where cannabis is produced, stored, shipped or destroyed, but does not include restrooms nor the executive office. Fixed cameras shall be installed to provide a consistent recorded image of these areas. The craft grower shall instruct the company or individuals installing the surveillance cameras to maximize the quality of facial and body images and to avoid backlighting and physical obstructions.

2) Cameras installed outdoors and in low-light interior areas shall be day/night cameras with a minimum resolution of 600 lines per inch (analog) or D1 (IP) and a minimum light factor requirement of 0.7 LUX. The installation of additional lighting may be required to increase picture clarity and brightness. Cameras shall be calibrated and focused to maximize the quality of the recorded image.

3) The recording device shall be digital and meet the following minimum standards:

A) Displays a date and time stamp on all recorded video;

B) Produces a digital video disc using an installed media recording drive. The video on the disc shall be viewable on any Windows PC, and shall include any required player software on the disc;

C) Remains operational during a power outage for an unlimited amount of time; and

D) Allows for the exporting of still images in an industry standard image format, including .jpg, .bmp and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All recordings shall be erased or destroyed prior to disposal.

4) A display monitor with a minimum screen size of 12 inches shall be connected to the electronic recording security system at all times.

5) Electronic recording security systems must be maintained in good working order at all times. The owner of a craft grower shall instruct each manager, employee or agent overseeing the functioning of the video recording security system to immediately report to the agent-in-charge any malfunctioning or technical problems with the system.

6) Security recordings shall meet the following minimum requirements:

A) The recorded image resolution shall be at least D1; and

B) The recorded image frame rate shall be at least 3 frames per second during alarm or motion-based recording.

7) Security recordings shall be retained by the craft grower for a minimum of 90 days at the licensed premises and an additional 90 days off site (e.g., cloud storage). The recording system for the security cameras must be located in a locked, tamper-proof compartment.

8) The surveillance system must be able to connect to a video printer capable of immediately producing a clear still photo from any video camera image.

9) Upon request, the video recording or any photo shall be turned over to ISP or the Department.

b) Access to surveillance areas shall be limited to persons who are essential to surveillance operations, law enforcement agencies, security system service personnel, the Department, and others when approved by the Department. A current list of authorized employees and service personnel that have access to the surveillance room must be available to the Department upon request. Surveillance rooms shall remain locked.

c) The electronic security system shall be available 24 hours per day, 7 days per week, to the Department and law enforcement agencies via a secure web-based portal.

d) No person, except craft grower agents, local law enforcement, the Department or the Department's authorized representative, DPH inspectors, or other federal, State or local government officials when necessary to perform their governmental duties, shall be allowed on the premises of a cultivation center, except that:

1) Laboratory staff may enter the craft grower for the sole purpose of identifying and collecting cannabis samples for purposes of conducting laboratory tests;

2) Emergency personnel may enter a craft grower when necessary to perform their duties;

3) Upon written notice to the Department, a cultivation center may allow contractors to enter a cultivation center when they are working on a job unrelated to medical cannabis, such as installing or maintaining security devices or performing electrical wiring; and

4) Upon prior written request, the Department or the Department's authorized representative may permit other persons to enter a craft grower.

e) All persons who are not craft grower agents, but who are permitted on the premises of a craft grower pursuant to subsection (b), shall obtain a visitor

identification badge from craft grower personnel prior to entering the craft grower, and shall be escorted and monitored at all times by craft grower personnel. The visitor identification badge shall be visibly displayed at all times while the visitor is in the craft grower. All visitors, after presenting valid government issued identification with a picture, shall be logged in and out, and that log shall include the date, time and purpose of the visit and shall be maintained and made available to the Department, at any time, for a period of five years. All visitor identification badges shall be returned to the craft grower personnel upon the visitor exiting the cultivation center.

Section 1300.395 Transportation

a) A craft grower or craft grower agent shall not transport cannabis or cannabis-infused products to any other cannabis business establishment without a transport organization license unless it has received from the Department a registration certificate for each vehicle authorized to transport cannabis.

b) To obtain a registration certificate, a craft grower must notify the Department in writing of its desire to transport cannabis without a transporter license. The notice must include the information referenced in 8 Ill. Adm. Code 1300.510(d)(11) and (15). Upon receiving sufficient information, the Department will send the craft grower a written or electronic notice requesting the information referenced in 8 Ill. Adm. Code 1300.540(h). Upon receiving sufficient information, the Department will issue the craft grower a registration certificate for each vehicle authorized to engage in cannabis transportation activities as prescribed by 8 Ill. Adm. Code 1300.540(h).

c) Craft growers authorized by the Department to transport cannabis without a transporter license must comply with the following requirement:

1) The operational requirements of 8 Ill. Adm. Code 1300.595; and

2) The transportation distance restrictions of the Act:

A) *If the craft grower is located in a county with a population of 3,000,000 or more, the cannabis business establishment receiving the cannabis is within 2,000 feet of the property line of the craft grower;*

B) *If the craft grower is located in a county with a population of more than 700,000 but fewer than 3,000,000, the cannabis business establishment receiving the cannabis is within 2 miles of the craft grower; or*

C) *If the craft grower is located in a county with a population of fewer than 700,000, the cannabis business establishment receiving the cannabis is within 15 miles of the craft grower.* [410 ILCS 705/30-(k)]

d) A craft grower may enter into a contract with a transporter to transport cannabis.

e) Transporter Licenses are granted in accordance with Subpart F (Transporters).

SUBPART E: INFUSERS

Section 1300.400 License Application

a) An Infuser License shall be obtained for each facility prior to commencement of any production activities. The license shall, along with any other certificate, business license, or other authorization required to conduct production activities, be posted in a conspicuous place within the facility.

b) The Department will accept applications for Infuser Licenses beginning February 14, 2020. The Department application period shall close on March 16, 2020. An application will be considered submitted on the date in which it was received, if received on or before 5 p.m. Central Time. If received after 5 p.m. Central Time, the application will be considered received on the next business day.

1) Submissions shall be received electronically.

2) Submissions received after the close of the application period shall be returned to the applicant.

3) Notification of the availability of applications will be posted on the Department's website at www.agr.state.il.us/.

c) The license application shall be submitted on the forms provided by the Department. The forms will include instructions for their completion and

submission. The application will reflect the information required of applicants by the Act and this Part and will include requests for information, plans, maps, and other materials in support of the application needed by the Department to make its determination on the license request. The instructions on the application will reflect the total maximum number of points that can be awarded for each required criteria, measure, and bonus point category listed in Section 1300.407. The instructions/application will also identify the total minimum number of points necessary from the required criteria and measures to be eligible for consideration of the bonus point categories. All applications will be reviewed and points awarded based upon the same point system in a fair and unbiased manner. *If the Department receives an application with missing information, the Department will issue a deficiency notice to the applicant. The applicant shall have 10 calendar days from the date of the deficiency notice to resubmit the incomplete information. Applications that are still incomplete after this opportunity to cure will not be scored and will be* returned to the applicant. [410 ILCS 705/35-10(c)] Once submitted, the required fee will not be returned. Upon receipt of an application deemed to be complete, the Department will engage in no further communication with the applicant until after the selection process is completed.

d) An applicant applying for an Infuser License shall submit the following:

1) *The nonrefundable application fee of $5,000*, unless the applicant is eligible for a fee waiver pursuant to Section 7-20 of the Act;

2) *The legal name of the infuser;*

3) *The proposed physical address of the infuser*;

4) *The name, address, social security number, and date of birth of each principal officer and board member of the infuser; each principal officer and board member shall be at least 21 years of age;*

5) *The details of any administrative or judicial proceeding in which any of the principal officers or board members of the infuser:*

A) *Pled guilty, were convicted, fined, or had a registration or license suspended or revoked; or*

B) *Managed or served on the board of a business or non-profit organization that pled guilty, was convicted, fined, or had a registration or license suspended or revoked;*

6) *Proposed operating bylaws that include procedures for the oversight of the infuser, including the development and implementation of a plant monitoring system, accurate recordkeeping, staffing plan, and security plan that are in accordance with* this Part. *A physical inventory of all cannabis shall be performed by the infuser on a weekly basis;*

7) *Verification from* ISP *that all background checks of the prospective principal officers, board members, and agents of the infuser have been conducted.* If ISP has not completed the background check, then the applicant shall provide verification that the background check request has been submitted to ISP;

8) *A copy of the current local zoning ordinance and verification that the proposed infuser is in compliance with the local zoning rules and distance limitations established by the local jurisdiction;*

9) *Proposed employment practices, in which the applicant must demonstrate a plan of action to inform, hire, and educate minorities, women, veterans, and persons with disabilities, engage in fair labor practices, and provide worker protections;*

10) *Whether an applicant can demonstrate experience in, or business practices that promote, economic empowerment in Disproportionately Impacted Areas;*

11) *Experience in infusing products with cannabis concentrate;*

12) *A description of the enclosed, locked facility where cannabis will be infused, packaged, or otherwise prepared for distribution to a dispensing organization or other infuser;*

13) *Processing, inventory, and packaging plans;*

14) *A description of the applicant's experience with operating a commercial kitchen or laboratory preparing products for human consumption;*

15) *A list of any academic degrees, certifications, or relevant experience of all prospective principal officers, board members, and agents of the related business;*

16) *The identity of every person having a financial or voting interest of 5% or greater in the infuser operation with respect to which the license is sought, whether a trust, corporation, partnership, limited liability company, or sole proprietorship, including the name and address of each person;* [410 ILCS 705/35-15]

17) If a sole proprietorship, the name, residence and date of birth of the owner;

18) If a partnership, the names and addresses of all partners, both general and limited, and any partnership or joint venture documents:

A) For a domestic limited partnership, a copy of the Certificate of Limited Partnership, and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

19) If a limited liability partnership, the names and addresses of all partners, and any partnership or joint venture documents:

A) For a domestic limited liability partnership, a copy of the Certificate of Limited Liability Partnership, and a Certificate of Good Standing from SOS dated within the last 60 days;

B) For a foreign limited liability partnership, a certificate of Good Standing from the state of formation, a copy of the Certificate of Authority from the SOS, and a Certificate of Good Standing from SOS dated within the last 60 days;

20) If a corporation based in Illinois, a copy of the Articles of Incorporation and a copy of the Certificate of Good Standing issued by SOS or obtained

from the SOS website within the last 60 days. If the corporation is a foreign corporation, a copy of the Articles of Incorporation, a copy of the Certificate of Good Standing from the state or country in which the corporation is domiciled, a copy of the Certificate of Authority from SOS and a Certificate of Good Standing from SOS dated within the last 60 days. If using an assumed name (d/b/a), a copy of the assumed name registration issued by SOS. Additionally, applicants shall include the names and addresses of all stockholders and directors of the corporation;

21) If a limited liability company:

A) For a domestic limited liability company, a copy of the Articles of Organization, a copy of the Certificate of Good Standing issued by SOS or obtained from the SOS website within the last 60 days, and a listing of the members of the limited liability company and his, her, or its contact information;

B) For a foreign limited liability company, a copy of the Articles of Organization and a Certificate of Good Standing from the state of organization, a copy of the Application for Admission to Transact Business in Illinois, along with a Certificate of Good Standing issued by SOS, all dated within the last 60 days;

22) If another type of business entity, the same or similar information as required for a limited liability company;

23) A description of the property ownership of the proposed location:

A) If the property is not owned but is currently leased by the applicant, the applicant shall provide: a copy of the lease; confirmation of land ownership; identification of any mortgagees and/or lienholders; a written statement from the property owner and/or landlord, certifying consent that the applicant may operate an infuser on the premises through the term of the lease; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as an infuser at least through the term of financing, and consent thereto by any mortgagees and/or perfected lienholders.

B) If the property is not owned or currently leased by the applicant, the applicant shall provide: a written statement from the property owner and/or landlord certifying consent that the applicant will lease or purchase the property for the purpose of operating an infuser until the end of the lease term; and, if applicable, verification of notification by the property owner to any and all mortgagees and/or perfected lienholders that the property is to be used as an infuser at least through the effective date of the effective agreement, and consent thereto by any mortgagees and/or perfected lienholders.

C) If the property is owned by the applicant, the applicant shall provide: confirmation of land ownership; identification of any and all mortgagees and/or perfected lienholders; and, if applicable, verification of notification to any and all mortgagees and/or perfected lienholders that the property is to be used as an infuser at least through the term of the financing agreement, and consent thereto by any mortgagees and/or perfected lienholders;

24) Documentation acceptable to the Department that the individual or entity filing the application has at least $20,000 in liquid assets. Documentation acceptable to the Department includes a signed statement from an Illinois licensed CPA attesting to proof of the required amount of liquid assets under the control of an owner or the entity applying. The statement must be dated within 30 calendar days before the date the application was submitted;

25) Documentation acceptable to the Department that the individual or entity filing the application will be able to obtain insurance sufficient to indemnify and hold harmless the State and its officers and employees as required by law;

26) All relevant financial information as set forth in Section 1300.405;

27) The name of any agent-in-charge for each work shift;

28) If any principal officers or board members are currently, or have previously been, licensed or authorized in another state or jurisdiction to

produce or otherwise deal in the distribution of cannabis in any form, the following:

A) A copy of each licensing/authorizing document verifying licensure in that state or jurisdiction;

B) A statement granting permission to contact the regulatory agency that granted the license to confirm the information contained in the application; and

C) If the license/authorization or application was ever denied, suspended, revoked or otherwise sanctioned, a copy of documentation so indicating, or a statement that the applicant was licensed and was never sanctioned;

29) *A plan describing how the infuser will address each of the following:*

A) *Energy needs, including estimates of monthly electricity and gas usage, to what extent it will procure energy from a local utility or from on-site generation, and if it has or will adopt a sustainable energy use and energy conservation policy;*

B) *Water needs, including estimated water draw, and if it has or will adopt a sustainable water use and water conservation policy;*

C) *Waste management, including if it has or will adopt a waste reduction policy;*

D) *A recycling plan:*

i) *A commitment that any recyclable waste generated by the infuser shall be recycled per applicable State and local laws, ordinances, and rules; and*

ii) *A commitment to comply with local waste provisions. An infuser commits to remain in compliance with applicable State and federal environmental requirements, including, but not limited to, storing, securing, and managing all recyclables and waste, including organic waste composed*

of or containing finished cannabis and cannabis products, in accordance with applicable State and local laws, ordinances, and rules; [410 ILCS 705/30-10]

30) For a Social Equity Applicant:

A) If applicable, the Social Equity Applicant's status as an "Illinois resident" as evidenced by incorporation documents, or, if applying as an individual, at least 2 of the following:

i) a signed lease agreement that includes the applicant's name;

ii) a property deed that includes the applicant's name;

iii) school records;

iv) voter registration card;

v) an Illinois driver's license, ID card, or a Person with a Disability ID card;

vi) a paycheck stub;

vii) a utility bill; or

viii) any other proof of residency or other information necessary to establish residence.

B) A person must have been domiciled in this State for a period of 30 days and shall provide evidence of one of the following:

i) The person or persons owning and controlling at least 51% of the proposed license have lived in a Disproportionately Impacted Area for 5 of the preceding 10 years as demonstrated by, but not limited to, tax filings, voter registrations, leases, mortgages, paycheck stubs, utility bills, insurance forms, or school records that include the qualifying principal officers' names on them;

ii) The person or persons owning and controlling at least 51% of the proposed license have been arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction, or adjudication has been sealed or expunged, provide records of that action;

iii) The person or persons owning and controlling at least 51% of the proposed license have had a parent, legal guardian, child, spouse or dependent, or was a dependent of an individual who, prior to June 25, 2019, was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction or adjudication has been sealed or expunged, the applicant shall provide records of that action. The applicant must also provide evidence of the relationship between the applicant's principal officer or officers and the person who was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act; or

iv) The applicant employs 10 or more full-time employees, and that 51% or more of those employees currently reside in a Disproportionately Impacted Area; have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act; or are members of an "impacted family" as that term is defined in the Act. The applicant must provide evidence as described in this subsection (d)(29)(B)(iv) for each employee. The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted. If the employee information, or employment status of employees, changes before licenses are awarded, the applicant has a duty to notify the Department of the change in employee information or status; and

31) All of the applicant's principal officers expressly agree to be subject to service of process in Illinois and to maintain a current Illinois address on file with the Department.

32) If the Department offers bonus points for community engagement, and the applicant desires to obtain those points, the applicant must submit its plan for community engagement.

e) The applicant shall sign a notarized statement certifying that:

1) The infuser shall register with DOR if the applicant is granted a license;

2) The application is complete and accurate; and

3) The applicant has actual notice that, notwithstanding any State law:

A) Cannabis is a prohibited Schedule I controlled substance under federal law;

B) Participation in the program is licensed only to the extent provided by the strict requirements of the Act and this Part;

C) Any activity not sanctioned by the Act or this Part may be a violation of State law;

D) Growing, distributing or possessing cannabis in any capacity, except through a federally-approved research program, is a violation of federal law;

E) Use of cannabis may affect an individual's ability to receive federal or State licensure in other areas;

F) Use of cannabis, in tandem with other conduct, may be a violation of State or federal law;

G) Participation in the program does not authorize any person to violate federal law or State law and, other than as set out in Article 45 of the Act, does not provide any immunity from or affirmative defense to arrest or prosecution under federal law or State law; and

H) Applicants shall indemnify and hold harmless the State of Illinois for any and all civil or criminal penalties resulting from participation in the program.

Section 1300.405 Financial Disclosure

a) When applying for an Infuser License, the applicant shall disclose all relevant financial information to the Department. The applicant shall have a continuing duty to disclose promptly any material changes in the financial information provided to the Department. If an applicant is issued a license, this duty of ongoing disclosure shall continue throughout the licensed period. These disclosures shall include:

1) The ownership structure of the infuser;

2) A current organizational chart that includes position descriptions and the names and resumes of persons holding each position to the extent those positions have been filled. To the extent not revealed by the resume, include additional pages with each resume setting out the employee's particular skills, education, experience or significant accomplishments that are relevant to owning or operating an infuser;

3) Documents such as the articles of incorporation, articles of association, charter, by-laws, partnership agreement, or agreements between any 2 or more members of the applicant that relate in any manner to the assets, property or profit of the applicant, or any other comparable documents that set forth the legal structure of the applicant or relate to the organization, management or control of the applicant;

4) A copy of all compensation agreements with directors, owners, officers and infusers;

5) The nature, type, terms, covenants and priorities of all outstanding bonds, loans, mortgages, trust deeds, pledges, lines of credit, notes, debentures or other forms of indebtedness issued or executed, or to be issued or executed, in connection with opening or operating the proposed infuser;

6) Audited financial statements for the previous fiscal year, which shall include, but are not limited to, an income statement, balance sheet,

statement of retained earnings or owners' equity, statement of cash flows, and all notes to these statements and related financial schedules, prepared in accordance with generally accepted accounting principles, along with the accompanying independent auditor's report. If the applicant was formed within the year preceding the application for license, provide certified financial statements for the period of time the applicant has been in existence and any pro forma financials used for business planning purposes.

b) The applicant shall disclose all sources of funding used to acquire or develop the business for which the license is sought, and shall provide independent documentation concerning the source of the funds and copies of closing documents in connection with the purchase of a registered business.

c) The applicant shall disclose whether any principal officer and/or board member:

1) Has ever filed for bankruptcy;

2) *Is more than 30 days delinquent in complying with a child support order* [5 ILCS 100/10-65(c)]; or

3) Has ever been disciplined or sanctioned by a State or federal agency.

d) The applicant shall disclose whether there are currently or have ever been any State or federal tax liens against the property of the applicant, as well as the property of any principal officer and/or board member.

Section 1300.407 License Selection Criteria

a) The license selection criteria for the Infuser License shall include the following, with each criterion accounting for up to the indicated maximum number of the total points available for each criteria, out of 1,000 total points (bonus points are an additional 2 points):

1) Suitability of the Proposed Facility (75 points):

A) Measure 1 (25 points): The applicant demonstrates that the proposed facility is suitable for effective and safe production of cannabis and cannabis-infused products, sufficient in size, power

allocation, air exchange and air flow, interior layout, lighting, and sufficient both in the interior and exterior to handle bulk production of cannabis-infused products, product handling, storage, trimming, packaging, loading and shipping. The loading/unloading of cannabis in the transport motor vehicle for shipping shall be in an enclosed, secure area out of public sight;

B) Measure 2 (25 points): The applicant demonstrates the ability to meet consumer demand by operating the infuser facility in a safe and efficient manner with minimal impact on the environment and the surrounding community;

C) Measure 3 (25 points): The applicant provides an Operations and Management Practices Plan that demonstrates compliance with this Part and the Act.

2) Suitability of Employee Training Plan (50 points):

A) Measure 1 (25 points): The applicant fully describes a staffing plan that will provide and ensure adequate staffing and experience for all accessible business hours, safe production, sanitation, adequate security and theft prevention;

B) Measure 2 (25 points): The applicant provides an employee handbook that will provide employees with a working guide to the understanding of the day-to-day administration of personnel policies and practices.

3) Security Plan and Recordkeeping (145 points):

A) Measure 1 (40 points): The applicant's security plan demonstrates its ability to prevent the theft or diversion of cannabis and how the plan will assist with ISP, Department, and local law enforcement. Specifically, it shall evidence compliance with all items in Sections 1300.455, 1300.480 and 1300.485;

B) Measure 2 (40 points): The applicant demonstrates that its plan for record keeping, tracking and monitoring inventory, quality control and security, and other policies and procedures will discourage

unlawful activity. It also describes the applicant's plan to dispose of unused or surplus cannabis and cannabis-infused products in cooperating with ISP and the Department;

C) Measure 3 (40 points): The applicant's security plan shall describe:

i) the enclosed, locked facility that will be used to secure or store cannabis, cannabis-infused products;

ii) its security measures, including when the location is closed for business; and

iii) the steps taken to ensure that cannabis and cannabis-infused products are not visible to the public;

D) Measure 4 (25 points): The applicant's plan to apply for a Transporter License or plan to work with a licensed transporter and the applicant's procedures for safely and securely delivering cannabis-infused products to cannabis business establishments.

4) Infusing Plan (75 points):

A) Measure 1 (25 points): The applicant shall describe its plan to provide a steady, uninterrupted supply of cannabis-infused products to registered dispensaries;

B) Measure 2 (25 points): The applicant demonstrates knowledge of infusion methods to be used in the production of cannabis-infused products;

C) Measure 3 (25 points): The applicant demonstrates the steps that will be taken to ensure the quality, including the purity and consistency, of the cannabis-infused products to be provided to dispensaries.

5) Product Safety and Labeling Plan (95 points):

A) Measure 1 (35 points): The applicant shall describe its plan for providing safe and accurate packaging and labeling of cannabis-infused products;

B) Measure 2 (35 points): The applicant shall describe its plan for testing and ensuring that all cannabis-infused products are free of contaminants, including but not limited to pesticides, microbiological contaminants, and residual solvent;

C) Measure 3 (25 points): The applicant shall describe its plan for establishing a recall of the applicant's cannabis-infused products in the event that they are shown by testing or other means to be, or potentially to be, defective or have a reasonable probability that their use or exposure to these products will cause serious adverse health consequences. At a minimum, the plan should include the method of identification of the products involved; notification to the dispensary organization or others to whom the product was sold or otherwise distributed; and how the products will be disposed of if returned to or retrieved by the applicant.

6) Applicant's Business Plan and Services to be Offered (110 points):

A) Measure 1 (40 points): The applicant shall provide a business plan that describes how the infuser plans to operate on a long-term basis. This shall include the applicant providing a detailed description about the amount and source of the equity and debt commitment for the proposed infuser that demonstrates the immediate and long-term financial feasibility of the proposed financing plan, the relative availability of funds for capital and operating needs, and the financial capability to undertake the project;

B) Measure 2 (40 points): The applicant or its officers, board members, or incorporators demonstrates experience in business management and/or having industry, laboratory, agricultural or horticultural experience and the extent of their involvement in or ability to influence the day-to-day operations of the facility;

C) Measure 3 (30 points): The business plan demonstrates a start-up timetable that provides an estimated time from license approval of the infuser to full operation, and the assumptions used for the basis of those estimates.

7) Applicant's Status as a Social Equity Applicant (200 points).

8) Applicant's Labor and Employment Practices (20 points). Provide a safe, healthy and economically beneficial working environment for its employees, including, but not limited to, its plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, living wage standards, and entering a labor peace agreement with employees.

9) Applicant's Environmental Plan (20 points):

A) Measure 1 (10 points): The applicant's ability to demonstrate an environmental plan of action to minimize the carbon footprint, environmental impact, and resource needs for the production of cannabis-infused products;

B) Measure 2 (10 points): The applicant's ability to describe any plans for the use of alternative energy, the treatment of waste water and runoff, and scrubbing or treatment of exchanged air;

10) The applicant is 51% or more owned and controlled by an individual or individuals who have been Illinois residents for the past 5 years as proved by tax records and other documentary evidence as permitted by the Act (90 points);

11) The applicant is 51% or more controlled and owned by an individual or individuals who meet the qualifications of a veteran as defined in Section 45-57 of the Illinois Procurement Code (20 points);

12) Applicant's Diversity Plan (100 points): A narrative of not more than 2,500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.

b) The Department may award up to 2 bonus points when an applicant makes a commitment to engage with the community. Applicants are not required to complete the bonus point category. Bonus points will only be awarded if the Department receives applications that receive an equal score. An applicant that desires to make a commitment to engage with the community may choose one of the following options:

1) Community Benefits Plan: The applicant commits to the establishment of an incubator program designed to increase participation in the cannabis industry by persons who would qualify as Social Equity Applicants;

2) Substance Abuse Prevention Plan: The applicant commits to providing financial assistance to substance abuse treatment centers;

3) Local Community/Neighborhood Report: The applicant commits to educating children and teens about the potential harms of cannabis use.

c) Should the applicant be awarded a license, the information and plan that an applicant provided in its application becomes a mandatory condition of the license. If a licensee fails to comply with standard and special conditions of the license, the Department may assess a penalty or seek suspension or revocation of the license pursuant to Subpart G (Enforcement and Immunities).

d) In the event that 2 or more qualified applicants for an Infuser License receive the same total score, the Department will distribute the remaining available licenses by lot.

1) The drawing by lot for all remaining available licenses will occur on the same day; and

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

e) The Department may verify information contained in each application and accompanying documentation to assess the applicant's character and fitness to operate an infuser. Notwithstanding an applicant satisfying the foregoing selection criteria, the Department may, in its discretion, refuse to issue a license if it is not satisfied that an applicant, or any one required to be identified in the application,

or identified pursuant to Sections 1300.400, 1300.405 and 1300.445, is a person of good character, honesty and integrity, and is not:

1) A person who creates or enhances the dangers of unlawful practices, methods and activities in the cannabis industry, including, but not limited to, product diversion;

2) A person who presents questionable business practices and financial arrangements incidental to the cannabis industry; or

3) A person who has had a cannabis dispensary or cultivation center license revoked, suspended or sanctioned in any other jurisdiction.

Section 1300.410 License Denial and Prohibitions

a) *An application for an Infuser License must be denied if any of the following conditions are met:*

1) *The applicant failed to submit the materials required by this Part;*

2) *The applicant would not be in compliance with local zoning rules issued in accordance with* the Act;

3) *One or more of the prospective principal officers or board members has violated the Act* or this Part;

4) One or more of the prospective principal officers or board members has served as a principal officer or board member for a registered dispensing organization or infuser that has had its registration revoked or suspended;

5) *One or more of the principal officers or board members is under 21 years of age;*

6) A principal officer or board member of the infuser has failed a background check under Section 5-20 of the Act;

7) *The person has submitted an application for license that contains false information;*

8) *If the licensee, principal officer, board member, person having a financial or voting interest of 5% or greater in the licensee, or an agent of these entities is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois;* [410 ILCS 705/35-20]

9) The infuser is located in an area zoned for residential use.

b) The Department may suspend or revoke an Infuser License for violations of the Act and/or this Part.

c) No infuser license issued by the Department shall be issued to a person who is licensed by any licensing authority as an infuser, or to any partnership, corporation, limited liability company, or trust or any subsidiary, affiliate, or any other form of business enterprise having more than 10% legal, equitable, or beneficial interest, directly or indirectly, in a person licensed in this State as an infuser, or to any principal officer, agent, employee, or human being with any form of ownership or control over an infuser except for a person who owns no more than 5% of the outstanding shares of an infuser whose shares are publicly traded on an exchange within the meaning of the Securities Exchange Act of 1934.

Section 1300.415 License Award, Issuance and Transferability

a) The top-scoring applicants as determined by Section 1300.407, that receive at least 75% of available points, will be issued Infuser Licenses by the Department.

b) An Infuser License shall be issued for the specific location identified on the application, and is valid only for the owner, premises and name designated on the license and the location for which it is issued.

c) *Should the applicant be awarded an Infuser License, it shall pay a fee of $5,000 prior to receiving the license.* [410 ILCS 705/35-15(d)]

d) An Infuser License shall not be transferable, in whole or in part, without Department approval, with the following exceptions:

1) An Infuser License may be reissued, without charge, solely in the name of the surviving spouse or domestic partner of a deceased licensee if the license was issued in the names of both of the parties;

2) An Infuser License may be transferred, without charge, to an heir of a deceased licensee other than as provided in subsection (b)(1), as determined by the Probate Act of 1975. For the purpose of considering the qualifications of the heir to receive an Infuser License, the Department will require a criminal background check and the heir will be subject to all other requirements of the Act and this Part.

e) In the event that the Department approves a new location as meeting all requirements of the Act and this Part, the infuser shall have a brief transition period of no more than 90 days, approved by the Department, to transfer its inventory and begin operations at the new location.

1) The transition period shall not begin until the new location is ready to begin production.

2) *An infuser may not be located in an area zoned for residential use.* [410 ILCS 705/35-25(i)]

3) No product may be transferred to or processed at the new location prior to the beginning date of this approved transition period.

4) Any product remaining at the original location past the transition period shall be destroyed in accordance with the provisions of Subpart I (Destruction of Cannabis).

5) The infuser shall notify the Department in writing or by electronic transmission once the transfer of inventory is complete and production has begun at the new location.

6) Upon inspection and verification by the Department that the new location is in compliance with the Act and this Part, the Department will issue a license modification reflecting the new location. The modified license shall have the same expiration date as the previously issued license.

f) The proposed sale of any outstanding or issued stock of a corporation licensed under the Act, or any proposed change in the officers or board members of the corporation, must be reported to the Department, and Department approval must be obtained before the changes are made. A fee of $1,000 will be charged for the

processing of the change of stock ownership or corporate officers or board members.

g) The proposed change of any person or principal officer of any licensee must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $1,000 will be charged for the processing of any such change.

h) An Infuser License shall not be leased or subcontracted, in whole or in part.

i) An Infuser License is issued upon the following condition: *An infuser may not either directly or indirectly discriminate in price between different cannabis business establishments that are purchasing a like grade, strain, brand, and quality of cannabis or cannabis-infused product. Nothing in this subsection (i) prevents an infuser from pricing cannabis differently based on differences in the cost of manufacturing or processing, the quantities sold, such volume discounts, or the way the products are delivered.* [410 ILCS 705/35-25(e)]

j) An Infuser License is issued upon the following condition: *An infuser may share premises with a craft grower or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership.* [410 ILCS 705/35-25(l)]

k) An Infuser License is issued upon the following condition: *It is unlawful for any person or entity having an Infuser License or any officer, associate, member, representative or agent of such licensee to offer or deliver money, or anything else of value, directly or indirectly to any person having an Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act, or to any person connected with or in any way representing, or to any member of the family of, such person holding an Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act, or to any stockholders in any corporation engaged in the retail sales of cannabis,*

or to any officer, manager, agent, or representative of the Early Approval Adult Use Dispensing Organization License, a Conditional Adult Use Dispensing Organization License, an Adult Use Dispensing Organization License, or a medical cannabis dispensing organization license issued under the Compassionate Use of Medical Cannabis Program Act to obtain preferential placement within the dispensing organization, including, without limitation, on shelves and in display cases where purchasers can view products, or on the dispensing organization's website. [410 ILCS 705/35-25(m)]

Section 1300.420 License Renewal

a) Every Infuser License shall expire annually on the date it was issued.

b) Every renewal application for a license issued pursuant to this Part and accompanied by the proper fees shall be filed annually with the Department at least 45 calendar days prior to the date the existing license expires.

c) The Department will send written notification of expiration to each licensed infuser at least 90 days prior to expiration. However, failure to receive a renewal form from the Department will not excuse the infuser from paying the renewal fee or renewing the license prior to its expiration.

d) *The Department will grant a renewal application within 45 days of submission of a renewal application if:*

1) *The registered infuser submits a renewal application and the required renewal fee of $20,000;*

2) *The Department has not suspended the license of the infuser or suspended or revoked the registration for violation of the Act or* this Part;

3) *The infuser has continued to operate in accordance with all plans submitted as part of its application and approved by the Department or any amendments thereto that have been approved by the Department;*

4) *The infuser has submitted an agent, employee, contracting, and subcontracting diversity report* to the Cannabis Regulation Oversight Officer *as required by the Department; and*

5) *The infuser has submitted an environmental impact report* as required by the Act. [410 ILCS 705/35-40(a)]

e) *If an infuser fails to renew its license before expiration, it shall cease operations until its license is renewed.* [410 ILCS 705/35-40(b)]

f) Upon request for renewal, the Department will consider the licensee's history of compliance with requirements of the Act and this Part, the number and severity of any violations and the correction of those violations, as well as penalties or fines imposed or any other enforcement actions.

g) The Department may deny a renewal after consideration of the licensee's history of compliance.

Section 1300.430 Modifications and Alterations

a) A license shall be amended before the commencement of any modification to the facility. This includes any change that modifies the approved license design capability of production or process areas, including change of capacity, efficiency or processes.

b) Before making any modification to a licensed facility, the infuser must complete an Application for License and Construction Approval and submit the application with the appropriate schedules to the Department. The fee for an applicant to make modifications to an infuser shall be $5,000. In addition, upon approval of the application, the applicant shall pay an additional fee of $3,000.

c) An amendment to the license shall not be required for alterations at the facility. The fee for an application to reflect an alteration of the infuster's facility, other than an expansion, shall be $1,000.

Section 1300.445 Background Check

a) ISP shall act as the Department's agent for purposes of receiving electronic fingerprints and conducting background checks of each infuser agent applying for an infuser agent identification card (ID card).

1) ISP will conduct background checks for conviction information contained within ISP and FBI criminal history databases to the extent allowed by law.

2) For verification of any statutorily imposed duty to conduct background checks pursuant to the Act, ISP will transmit the results of the background check to the Department and that transmittal shall conclude the verification process.

3) The electronic background checks shall be submitted as outlined in either the Illinois Uniform Conviction Information Act or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

A) Manual fingerprints will not be accepted and shall not be scanned and converted into an electronic format.

B) Fingerprint images of the individual being fingerprinted, and related alphanumeric identification data submitted to ISP for the purpose of this fingerprint-based background check, shall be submitted electronically.

C) Electronic transmission of fingerprint data to ISP shall be accomplished utilizing livescan procedures or other comparable technology approved for use by ISP.

D) If the fingerprints are rejected by ISP, the craft grower agent shall have his or her fingerprints collected electronically by a livescan fingerprint vendor a second time.

E) In the event of equipment malfunction or other special circumstance that makes electronic transmission of fingerprint data impractical, ISP may allow limited use of paper fingerprint records.

b) Each infuser agent applying for an infuser agent ID card shall have his or her fingerprints collected electronically by a livescan fingerprint vendor licensed by DFPR and transmitted to ISP for processing no more than 30 days prior to the date of application or renewal for a craft grower agent ID card.

1) The infuser agent shall submit to the Department, with the infuser agent ID card application or renewal, a copy of the livescan request form and the receipt provided by the livescan fingerprint vendor containing the Transaction Control Number (TCN) as proof that his or her fingerprints have been collected.

2) Infuser ID card applications submitted without a copy of the livescan request form and receipt will be deemed incomplete and will not be processed until fingerprinting is completed. The fingerprinting process is not completed until the Department receives the results from ISP.

3) Any fees associated with the livescan fingerprint-based criminal history records check shall be the responsibility of the individual seeking a infuser agent ID card and shall be collected by the livescan vendor at the time of fingerprinting and transmitted to ISP for deposit in the ISP Services Fund. A convenience fee may be charged by the livescan vendor as provided in Section 31-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

d) The Department will obtain from ISP a State and federal criminal records check, to the extent allowed by law, containing conviction information for each infuser agent applying for an infuser agent ID card.

e) The Department will maintain the results of the criminal history records check in compliance with the State Records Act.

f) Should the Department not be able to obtain from ISP the required State and/or federal criminal records check required by the Act and this Section, the Department will contract as appropriate with a private detective/investigating agency licensed under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 and in good standing with DFPR, for the purpose of conducting those records checks.

Section 1300.450 Specifications

a) Infusers shall:

1) Not be located closer than 1,500 feet to another infuser or a cultivation center;

2) Not be in violation of any other local zoning requirements.

b) The infuser shall provide engineering plans and specifications of the entire infuser. The plans and specifications shall include:

1) A detailed plan and elevation drawings of all operational areas involved with the production of infused products. This should include dimensions and elevation referenced to a single facility benchmark;

2) Cross-sections that show the construction details and their dimensions to provide verification of construction materials, enhancement for security measures and bio-security measures;

3) Identification of all employee areas that are non-production areas;

4) The location of all storage areas, ventilation systems, and equipment used for the production of infused products;

5) The location of all entrances and exits to the infuser;

6) The location of any windows, skylights and roof hatches;

7) The location of all cameras and their field of view;

8) The location of all alarm inputs (door contacts, motion detectors, duress/hold up devices) and alarm sirens;

9) The location of the digital video recorder and alarm control panel;

10) The location of all restricted and public areas;

11) The location where all plant inputs and application equipment are stored;

12) The location of areas designated specifically for the production of cannabis-infused products; and

13) The location of the enclosed, secure area or loading/unloading dock out of public sight for the loading/unloading of cannabis and cannabis-infused products in the transport motor vehicle.

Section 1300.455 Records

a) Each infuser shall keep and maintain upon the licensed premises for a 5-year period true, complete, legible and current books and records, including the following:

1) The date of each sale or distribution to a cannabis organization;

2) The name, address and registration number of the cannabis organization;

3) The item number, product name (description), and quantity of cannabis-infused products registered by the Department and sold or otherwise distributed to the cannabis organization;

4) The price charged and the amount received for the cannabis-infused products from the cannabis organization;

5) If the distribution was for a purpose other than sale, the reason for the distribution;

6) The quantity and form of cannabis and cannabis-infused products maintained at the infuser on a daily basis; and

7) The amount of cannabis-infused products being produced at the infuser on a daily basis.

b) Each infuser is responsible for keeping and maintaining records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained on the licensed premises for a 5-year period and must be made available for inspection if requested by the Department, and, when applicable, DOR:

1) Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale and any supporting documents, including the items and/or services

purchased, from whom the items were purchased, and the date of purchase;

2) If applicable, bank statements and canceled checks for all accounts relating to the infuser;

3) Accounting and tax records related to the infuser;

4) Records of all financial transactions related to the infuser, including contracts and/or agreements for services performed or received that relate to the infuser;

5) All employee records, including training, education, discipline, etc.;

6) Production records, including:

A) Products purchased or used in the production process, destruction of cannabis, or cannabis-infused products, and packaging and labeling; and

B) Disposal of cannabis, cannabis-infused products and waste materials associated with production;

7) Records of each batch of extracts or cannabis-infused products made, including, at a minimum, the usable cannabis or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;

8) Transportation records;

9) Inventory records as described in Section 1300.480;

10) Records of all samples sent to an independent testing lab and/or the Department's lab and the quality assurance test results;

11) All samples provided to anyone or any entity for any purpose; and

12) Records of any theft, loss or other unaccountability of any cannabis, extracts, cannabis-infused products, or other items containing cannabis.

Section 1300.460 Signage

a) Each licensed infuser must post a sign in a conspicuous location at each entrance of the facility that reads: "PERSONS UNDER 21 YEARS OF AGE NOT PERMITTED ON THESE PREMISES".

b) Each licensed infuser must post a sign in a conspicuous location at each entrance of the facility that reads: "THESE PREMISES ARE UNDER CONSTANT VIDEO SURVEILLANCE".

Section 1300.465 Agents and Identification Cards

a) The infuser agent application shall be submitted on forms provided by the Department in accordance with the Act and this Part. The application will include instructions for its completion and submission. The application will include requests for information in support of the application needed by the Department in making its determination. If all materials, documentation and information required by the Act and this Part are not submitted, the application will be returned to the applicant.

b) Each principal officer, board member, employee or agent of a registered infuser must apply to the Department for an infuser agent ID card. Along with the application, the applicant shall submit:

1) A copy of the applicant's social security card;

2) A copy of the applicant's valid driver's license or State issued ID card;

3) A document verifying the applicant's place of residency (e.g., bank statement, cancelled check, or insurance policy). The document must contain the applicant's full residence address;

4) Verification from ISP that the applicant's background check has been conducted;

5) The application fee of $100; and

6) Any additional information requested by the Department.

c) Upon receipt and verification of the information specified in subsection (b), the Department will:

1) Approve or deny the application within 30 days after receipt;

2) Issue each infuser agent an ID card, within 15 business days after approval, that shall expire one year after the date of issuance; and

3) Enter in its record system the registry identification number of the infuser where the agent works.

d) No person shall begin working at an infuser prior to receiving his or her infuser agent ID card.

e) The infuser ID card shall contain the following:

1) The name of the cardholder;

2) The date of issuance and expiration;

3) A random 10-digit alphanumeric identification number with at least 4 numbers and 4 letters that are unique to the holder;

4) A photograph of the cardholder; and

5) The legal name of the infuser employing the agent.

f) Renewal

1) The infuser agent ID card shall be renewed annually. The fee for renewal shall be $100. The Department will send electronic notice 90 days prior to expiration.

2) If an infuser agent fails to renew his or her ID card before its expiration, he or she shall cease to work as an agent of the infuser until the ID card is renewed.

3) Upon request for renewal, the Department will consider the applicant's history of compliance with requirements of the Act and this Part, the number and severity of any violations and the correction of those violations, as well as penalties or fines imposed or any other enforcement actions.

4) The Department may deny a renewal after consideration of the applicant's history of compliance.

5) The Department will not renew an infuser agent ID card if the holder *is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois*. [410 ILCS 705/35-40(e)]

g) A registered infuser agent is not subject to prosecution, search, or penalty in any manner, and will not be denied any right or privilege, including but not limited to civil penalty or disciplinary action by a business licensing board or entity, for working or volunteering for a registered cannabis infuser to perform the actions permitted by this Part.

h) An infuser agent must keep his or her ID card visible at all times when on the property of the infuser.

i) Upon termination of employment, the infuser agent ID cards shall be immediately returned to the infuser. The infuser shall promptly return the ID cards to the Department.

j) Any infuser agent ID card that is lost, destroyed or stolen shall be reported to ISP and the Department immediately upon discovery of the loss, destruction or theft. The fee for the issuance of a replacement ID shall be $50.

Section 1300.470 Operations – General Requirements

a) Each facility shall develop and maintain an Operations and Management Practices Plan for each production area.

b) Each production area shall be maintained free of debris.

c) All persons working in direct contact with cannabis or cannabis-infused products shall conform to hygienic practices while on duty, including but not limited to the following:

1) Litter and waste shall be properly removed and the operating systems for waste disposal shall be maintained in an adequate manner so that they do not constitute a source of contamination in areas where cannabis or cannabis-infused products are exposed;

2) Floors, walls and ceilings shall be constructed in a manner that they may be adequately kept clean and in good repair;

3) There shall be adequate lighting in all areas where cannabis and cannabis-infused products are stored and where equipment or utensils are cleaned;

4) Rubbish shall be disposed of to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage or breeding place for pests;

5) Any buildings, fixtures and other facilities shall be maintained in a sanitary condition;

6) Toxic cleaning compounds, sanitizing agents, and solvents used in the production of cannabis concentrates shall be identified, held and stored in a manner that protects against contamination of cannabis, and in a manner that is in accordance with any applicable local, State or federal law, rule, regulation or ordinance;

7) Only sanitizing agents registered with the Department pursuant to the Illinois Pesticide Act shall be used by infusers, and they shall be used in accordance with labeled instructions;

8) All operations in the receiving, inspecting, transporting, segregating, preparing, production, packaging and storing of cannabis or cannabis-infused product shall be conducted in accordance with adequate sanitation principles.

d) Any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion (e.g., boils, sores or infected

wounds), or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with cannabis shall be excluded from any operations that may be expected to result in microbial contamination until the condition is corrected.

e) Each infuser shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair.

f) All operations in the receiving, inspecting, transporting, segregating, preparing, producing, packaging and storing of cannabis and cannabis-infused products shall be conducted in accordance with adequate sanitation principles.

Section 1300.475 Operations – Infused Products

a) Any area within the infuser where cannabis or cannabis-infused products will be manufactured into an edible form shall comply with the Illinois Food, Drug and Cosmetic Act, Sanitary Food Preparation Act, and Food Handling Regulation Enforcement Act.

1) No cannabis-infused products requiring refrigeration or hot-holding or considered potentially hazardous food meeting the definition under Section 4 of the Food Handling Regulation Enforcement Act shall be manufactured at an infuser for sale or distribution at a dispensing organization.

2) Cannabis-infused products for sale or distribution at a dispensing organization must be prepared by an approved staff member of the infuser.

b) DPH may at all times enter every building, room, basement, enclosure, or premises occupied or used, or suspected of being occupied or used, for the production, preparation, manufacture for sale, storage, sale, distribution or transportation of cannabis-infused products, to inspect the premises and all utensils, fixtures, furniture, and machinery used for the preparation of these products.

c) If a local health department has a reasonable belief that an infuser's cannabis-infused product poses a public health hazard, it may refer the infuser to DPH for inspection.

d) The licensee must request DPH to conduct a pre-operational inspection to determine whether the facilities, methods, practices and controls used in the manufacture, processing or holding of cannabis-infused products conform to, or are operated or administered in conformity with, good manufacturing practices to ensure that food products for human consumption are safe and have been prepared, packed and held under sanitary conditions.

e) Licensed infusers shall immediately allow DPH to inspect the premises and all utensils, fixtures, furniture, machinery and devices used for preparing manufactured cannabis-infused products.

f) DPH will conduct inspections of registered infusers with regard to the manufacture and preparation of cannabis-infused products under the authority of the Illinois Food, Drug and Cosmetic Act, the Food Handling Regulation Enforcement Act and the Food Service Sanitation Code and in accordance with DPH's Cannabis-Infused Products rules.

g) An infuser that prepares cannabis-infused products for distribution to a cannabis organization shall be under the operational supervision of a certified food service sanitation manager. Management responsibilities and supervision shall be in accordance with 77 Ill. Adm. Code 730.8000 and 730.8040 (Manufacturing, Processing, Packing or Holding of Food Code).

h) Cultivation centers are strictly prohibited from using, adding or incorporating vitamin E in any form, including, but not limited to, vitamin E acetate (also known as VEA, tocopheryl-acetate, and vitamin E oil) to cannabis, cannabis concentrate, cannabis products, or cannabis-infused products.

Section 1300.480 Inventory

a) Each infuser, prior to commencing business, shall:

1) Conduct an initial comprehensive inventory of all cannabis and cannabis-infused products at the facility. If an infuser commences business with no cannabis or cannabis-infused products on hand, the infuser shall record this fact as the initial inventory; and

2) Establish ongoing inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cannabis and

cannabis-infused products, which shall enable the infuser to detect any diversion, theft or loss in a timely manner.

b) Upon commencing business, each infuser shall conduct a weekly inventory of cannabis and cannabis-infused products stock, which shall include, at a minimum:

1) The date of the inventory;

2) A summary of the inventory findings;

3) The name, signature and title of the individuals who conducted the inventory and the agent-in-charge who oversaw the inventory; and

4) The product name and quantity of cannabis and cannabis-infused products at the facility.

c) The record of all cannabis and cannabis-infused products sold or otherwise disposed of shall show:

1) The date of sale;

2) The name of the dispensary facility to which the cannabis and cannabis-infused products were sold;

3) The batch number, product name and quantity of cannabis and cannabis-infused products sold; and

4) If applicable, the date, quantity, manner in which, and reason why any cannabis and cannabis-infused products were destroyed.

d) A complete and accurate record of all cannabis and cannabis-infused products on hand shall be prepared annually on the anniversary of the initial inventory, or other date that the infuser agent-in-charge may choose, so long as it is not more than one year following the prior year's inventory.

e) All inventories, procedures and other documents required by this Section shall be maintained on the premises and made available to the Department at all times.

f) Whenever any sample or record is removed by a person authorized to enforce this Part, that person shall tender a receipt in lieu of the sample or record. The receipt shall be kept for 5 years.

Section 1300.485 Security

a) An infuser shall be required to operate and maintain in good working order a 24 hour, 7 days a week, closed-circuit television (CCTV) surveillance system on the premises that complies with the following minimum standards:

1) Visually records and monitors all building entrances and exits, all parking lot areas, and rear alley areas immediately adjacent to the building, and covers the entire inside of the facility, including all limited access areas and all areas where cannabis is produced, stored, shipped or destroyed, but does not include restrooms nor the executive office. Fixed cameras shall be installed to provide a consistent recorded image of these areas. The cultivation center shall instruct the company or individuals installing the surveillance cameras to maximize the quality of facial and body images and to avoid backlighting and physical obstructions;

2) Cameras installed outdoors and in low-light interior areas shall be day/night cameras with a minimum resolution of 600 lines per inch (analog) or D1 (IP) and a minimum light factor requirement of 0.7 LUX. The installation of additional lighting may be required to increase picture clarity and brightness. Cameras shall be calibrated and focused to maximize the quality of the recorded image;

3) The recording device shall be digital and meet the following minimum standards:

A) Displays a date and time stamp on all recorded video;

B) Can produce a digital video disc using an installed media recording drive. The video on the disc shall be viewable on any Windows PC. The disk shall include any required player software;

C) The ability to remain operational during a power outage for an unlimited amount of time;

D) Allow for the exporting of still images in an industry standard image format, including .jpg, .bmp and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All recordings shall be erased or destroyed prior to disposal;

4) A display monitor with a minimum screen size of 12 inches shall be connected to the electronic recording security system at all times;

5) Electronic recording security systems are required to be maintained in good working order at all times. The owner of an infuser shall instruct each manager, employee or agent overseeing the functioning of the video recording security system to immediately report to the agent-in-charge any malfunctioning or technical problems with the system;

6) Security recordings shall meet the following minimum requirements:

A) The recorded image resolution shall be at least D1; and

B) The recorded image frame rate shall be at least 3 frames per second during alarm or motion-based recording;

7) Security recordings shall be retained by the infuser for a minimum of 90 days at the licensed premises and an additional 90 days off site (e.g., cloud storage). The recording system for the security cameras must be located in a locked, tamper-proof compartment;

8) Have available a video printer capable of immediately producing a clear still photo from any video camera image; and

9) Upon request, the recording or any photo shall be turned over to ISP or the Department.

b) Access to surveillance areas shall be limited to persons who are essential to surveillance operations, law enforcement agencies, security system service personnel, the Department, and others when approved by the Department. A

current list of authorized employees and service personnel that have access to the surveillance room must be available to the Department upon request. Surveillance rooms shall remain locked.

c) The electronic security system shall be available 24 hours per day, 7 days per week, to the Department and law enforcement agencies via a secure web-based portal.

d) No person, except infuser agents, local law enforcement, the Department or the Department's authorized representative, DPH inspectors, or other federal, State or local government officials when necessary to perform their governmental duties, shall be allowed on the premises of a infuser, except that:

1) Laboratory staff may enter an infuser for the sole purpose of identifying and collecting cannabis samples for purposes of conducting laboratory tests;

2) Emergency personnel may enter an infuser when necessary to perform their duties;

3) Upon written notice to the Department, an infuser may allow contractors to enter an infuser when they are working on a job unrelated to medical cannabis, such as installing or maintaining security devices or performing electrical wiring; and

4) Upon prior written request, the Department or the Department's authorized representative may permit other persons to enter an infuser.

e) All persons who are not infuser agents, but who are permitted on the premises of a infuser pursuant to subsection (b), shall obtain a visitor identification badge from infuser personnel prior to entering the infuser, and shall be escorted and monitored at all times by infuser personnel. The visitor identification badge shall be visibly displayed at all times while the visitor is in the infuser. All visitors, after presenting valid government issued identification with a picture, shall be logged in and out, and that log shall include the date, time and purpose of the visit and shall be maintained and made available to the Department, at any time, for a period of five years. All visitor identification badges shall be returned to the infuser personnel upon the visitor exiting the infuser.

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section 1300.495 Transportation

a) *An infuser or infuser agent shall not transport cannabis or cannabis-infused products to any other cannabis business establishment without a transport organization license unless* it has received from the Department a registration certificate for each vehicle authorized to transport cannabis.

b) To obtain a registration certificate, an infuser must notify the Department in writing of its desire to transport cannabis without a Transporter License. The notice must include the information referenced in 8 Ill Adm. Code 1300.510(d)(11) and (15). Upon receiving sufficient information, the Department will send the infuser a written or electronic notice requesting the information referenced in 8 Ill. Adm. Code 1300.540(h). Upon receiving sufficient information, the Department will issue the infuser a registration certificate for each vehicle authorized to engage in cannabis transportation activities as prescribed by 8 Ill. Adm. Code 1300.540(h).

c) Infusers authorized by the Department to transport cannabis without a Transporter License must comply with the following requirements:

1) The operational requirements of 8 Ill. Adm. Code 1300.595; and

2) The transportation distance restrictions of the Act:

A) *If the infuser is located in a county with a population of 3,000,000 or more, the cannabis business establishment receiving the cannabis or cannabis-infused product is within 2,000 feet of the property line of the infuser;*

B) *If the infuser is located in a county with a population of more than 700,000 but fewer than 3,000,000, the cannabis business establishment receiving the cannabis or cannabis-infused product is within 2 miles of the infuser; or*

C) *If the infuser is located in a county with a population of fewer than 700,000, the cannabis business establishment receiving the cannabis or cannabis-infused product is within 15 miles of the infuser*. [410 ILCS 705/35-25(j)]

d) An infuser may enter into a contract with a transporter to transport cannabis.

e) Transporter Licenses are granted in accordance with Subpart F (Transporters).

SUBPART F: TRANSPORTERS

Section 1300.500 License Requirements

a) A Transporter License shall be obtained for each transporter prior to the commencement of any transportation activities.

b) *Beginning July 1, 2020, a cultivation center shall not transport cannabis to a craft grower, dispensing organization, infuser, or laboratory licensed under the Act, unless it has obtained a Transporter License* [410 ILCS 705/20-30(m)].

c) *A* transporter *may not transport cannabis or cannabis-infused products to any person other than a cultivation center, a craft grower, an infuser, a dispensing organization, a testing facility, or as otherwise authorized by rule* [410 ILCS 705/40-25(b)].

Section 1300.510 License Application

a) The Department will make the Transporter License applications available beginning on the license application acceptance period listed in subsection (b). Applications shall be submitted electronically to the Department. A registration application must be submitted for each vehicle used for transportation purposes. An active registration must be in each vehicle placed into service for transportation purposes.

b) License Application Acceptance

1) License Application Acceptance Periods

A) February 14, 2020 through March 16, 2020 − Acceptance Period
The Department will accept applications for Transporter Licenses beginning on February 14, 2020. On March 16, 2020, the license application acceptance period will close and no further applications will be accepted by the Department.

B) February 15, 2021 and each year thereafter − Acceptance Period The Department will accept applications for Transporter Licenses beginning on February 15, or, if that date falls on a weekend or holiday, the business day immediately succeeding the weekend or holiday. On March 15, or, if that date falls on a weekend or holiday, the business day immediately succeeding the weekend or holiday, the license application acceptance period will close and no further applications will be accepted by the Department until the next license application acceptance period.

2) An application will be considered submitted on the date in which it was received, if received on or before 5 p.m. Central Time. If received after 5 p.m. Central Time, the application will be considered received on the next business day.

3) Submissions received outside of the license application acceptance period, or by a means other than required in this subsection (b), shall be returned to the applicant.

4) Notification of the availability of applications, instructions for completion and submission of applications, and application forms will be posted on the Department's website at www.agr.state.il.us/. Application forms will be made available online at that website and may be completed online and submitted electronically to that website.

c) The electronic license application shall be submitted on the forms provided by the Department. The forms will include instructions for their completion and submission. The application will reflect the information required of applicants by the Act and this Part and will include requests for information, plans, maps and other materials in support of the application needed by the Department to make its determination on the application. The instructions on the application will reflect the total maximum number of points that can be awarded for each required criteria, measure and category listed in Section 1300.520. The instructions and application will also identify the total minimum number of points necessary. All applications will be reviewed and points awarded based upon the same point system in a fair and unbiased manner. If all materials, documentations, fees and information required by the application form are not submitted, the application shall be returned to the applicant. Once submitted, the required fee will not be returned. Upon receipt of an application deemed to be complete, the Department

will engage in no further communication with the applicant until after the selection process is completed.

d) An applicant applying for a Transporter License shall electronically provide the following:

1) *The nonrefundable application fee of $5,000,* unless the applicant is eligible for a fee waiver pursuant to Section 7-20 of the Act;

2) *The legal name of the* transporter*;*

3) *The proposed physical address of the* transporter*;*

4) *The name, address, social security number, and date of birth of each principal officer and board member of the* transporter*; each principal officer and board member shall be at least 21 years of age;*

5) *The details of any administrative or judicial proceeding in which any of the principal officers or board members of the* transporter*:*

A) *Pled guilty, were convicted, fined, or had a registration or license suspended or revoked; or*

B) *Managed or served on the board of a business or non-profit organization that pled guilty, was convicted, fined, or had a registration or license suspended or revoked;*

6) *Proposed operating by-laws and plans that include procedures for the oversight of the* transporter*, including the development and implementation of an accurate recordkeeping plan, staffing plan, and security plan that are in accordance with the rules issued by the Department of Agriculture under* the *Act; a physical inventory shall be performed of all cannabis on a weekly basis by the* transporter*;*

7) *Verification from ISP that all background checks of the prospective principal officers, board members, and agents of the* transporter *have been conducted.* If ISP has not completed the background check, then the applicant shall provide verification that the request has been submitted to ISP;

8) *A copy of the current local zoning ordinance or permit and verification that the proposed* transporter *is in compliance with the local zoning rules and distance limitations established by the local jurisdiction,* or a letter from the local zoning jurisdiction certifying compliance, *if the* transporter *has a local business address;*

9) *Proposed employment practices in which the applicant must:*

A) *Demonstrate a plan of action to inform, hire, and educate minorities, women, veterans, and persons with disabilities;*

B) *Engage in fair labor practices; and*

C) *Provide worker protections;*

10) A statement of *whether the applicant can demonstrate experience in, or business practices that promote economic empowerment in, Disproportionately Impacted Areas;*

11) *The number and type* (make, year, and model) *of equipment the* transporter *will use to transport cannabis and cannabis-infused products;*

12) *A plan for loading, transporting, and unloading* cannabis and cannabis-infused products;

13) *A description of the applicant's experience in the distribution or security business* (if applicable)*;*

14) *The identity of every person having a financial or voting interest of 5% or more in the* transporter *with respect to which the license is sought, whether a trust, corporation, partnership, limited liability company, or sole proprietorship, including the name and address of each person; and* [410 ILCS 705/40-10(a)]

15) A description of the device that the transporter plans to use to provide GPS monitoring of equipment transporting cannabis containers, as required by Section 1300.595;

16) For a Social Equity Applicant:

A) If applicable, the Social Equity Applicant's status as an "Illinois resident" as evidenced by incorporation documents, or, if applying as an individual, at least 2 of the following:

i) a signed lease agreement that includes the applicant's name;

ii) a property deed that includes the applicant's name;

iii) school records;

iv) voter registration card;

v) an Illinois driver's license, ID card, or Person with a Disability ID card;

vi) a paycheck stub;

vii) a utility bill; or

viii) any other proof of residency or other information necessary to establish residence.

B) A person must have been domiciled in this State for a period of 30 days and shall provide evidence of one of the following:

i) The person or persons owning and controlling at least 51% of the proposed license have lived in a Disproportionately Impacted Area for 5 of the preceding 10 years as demonstrated by, but not limited to, tax filings, voter registrations, leases, mortgages, paycheck stubs, utility bills, insurance forms, or school records that include the qualifying principal officers' names on them;

ii) The person or persons owning and controlling at least 51% of the proposed license have been arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction, or

adjudication has been sealed or expunged, the applicant shall provide records of that action;

iii) The person or persons owning and controlling at least 51% of the proposed license have had a parent, legal guardian, child or spouse, dependent, or was a dependent of an individual who, prior to June 25, 2019, was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act. If the arrest, conviction or adjudication has been sealed or expunged, the applicant shall provide records of that action. The applicant must also provide evidence of the relationship between the applicant's principal officer or officers and the person who was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by the Act; or

iv) The applicant employs 10 or more full-time employees, and that 51% or more of those employees currently reside in a Disproportionately Impacted Area; have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under the Act; or are members of an "impacted family" as that term is defined in the Act. The applicant must provide evidence as described in this subsection (d)(16)(B)(iv) for each employee. The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted. If the employee information, or employment status of employees, changes before licenses are awarded, the applicant has a duty to notify the Department of the change in employee information or status.

e) *Applicant shall disclose whether any principal officer and/or board member is more than 30 days delinquent in complying with a child support order* [5 ILCS 100/10-65(c)].

f) The applicant shall sign a notarized statement certifying that the application is complete and accurate.

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section 1300.520 License Selection Criteria

a) The license selection criteria for the Transporter License shall include the following, with each criterion accounting for up to the indicated maximum number of the total points available for each criteria, for a total of 1000 points:

1) *Business Plan* (150 points):

A) Measure 1 (50 points): The applicant demonstrates that the proposed vehicles are suitable for the effective and safe transportation of cannabis containers.

B) Measure 2 (50 points): The applicant demonstrates the ability to meet consumer demand for transporting services in an effective and efficient manner.

C) Measure 3 (50 points): The applicant describes a business plan that will provide and ensure adequate staffing and experience, including employment plan that will lead to the hiring of minorities, women, veterans and persons with disabilities, and will engage in fair labor practices, and provide worker protections.

2) *Suitability of Employee Training Plan* (160 points):

A) Measure 1 (80 points): The applicant adequately describes a staffing plan that will ensure a staffing meets the experience and security of needs of operating a transporting organization.

B) Measure 2 (80 points): The applicant describes a training plan for employees including an employee handbook that will provide employees with a working guide for the day-to-day administration of personnel policies and practices; and training for security, recordkeeping, diversion prevention, and best practices to prevent sale of cannabis to minors.

3) *Security and Recordkeeping Plan* (180 points):

A) Measure 1 (90 points): The applicant's security plan demonstrates its ability to prevent the theft or diversion of cannabis and how the

plan will assist with ISP, Department, and local law enforcement.

B) Measure 2 (90 points): The applicant demonstrates that its plan for record keeping, tracking and monitoring inventory, quality control and security, and other policies and procedures will discourage unlawful activity.

4) *Applicant's Status as a Social Equity Applicant* (200 points).

5) *Labor and Employment Practices* (20 points): Provide a safe, healthy and economically beneficial working environment for its employees, including, but not limited to, its plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, living wage standards, and entering a labor peace agreement with employees.

A) Measure 1 (10 points): The applicant's facilitation and commitment to a unionized workforce.

B) Measure 2 (10 points): The applicant's establishment of a minimum rate of pay that is 20% greater than the State's minimum wage.

6) *Environmental Plan* (20 points):

A) Measure 1 (10 points): The applicant's use of hybrid or electric (zero-emission) vehicles.

B) Measure 2 (10 points): The applicant's plan to minimize its carbon footprint, environmental impact, and resource needs for the transporter, including its plan to recycle cannabis product packaging.

7) Illinois Resident (90 points): *Applicant is 51% or more owned and controlled by an individual or individuals who have been an Illinois resident for the past 5 years as provided by tax records* and other documentary evidence as permitted by the Act.

8) Veteran Owned Business (90 points): *Applicant is 51% or more owned*

and controlled by an individual or individuals who meet the qualifications of a veteran as defined by Section 45-57 of the Illinois Procurement Code.

9) Diversity Plan (90 points): Applicant submits a diversity plan that includes *a narrative of not more than 2,500 words that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.*

b) Applicants that score at least 75% of available points and meet all other requirements of a Transporter License, shall be issued a license within 60 days after the Department receives the application.

c) *Applicants that were registered as medical cannabis cultivation centers prior to January 1, 2020, and who meet all other requirements for a Transporter License, shall be issued a license by the Department within 60 days after the Department receives the application.* [410 ILCS 705/40-15]

Section 1300.530 License Denial and Prohibitions

a) *An application for a Transporter License shall be denied if any of the following conditions are met:*

1) *The applicant failed to submit the materials required by this* Part;

2) *The applicant would not be in compliance with local zoning rules or permit requirements;*

3) *One or more of the prospective principal officers or board members* violates Section 1300.595;

4) *One or more of the principal officers or board members is under 21 years of age;*

5) The person has submitted an application for a Transporter License that contains false information;

6) *The licensee, principal officer, board member, or person having a financial or voting interest of 5% or greater in the licensee is delinquent*

in filing any required tax returns or paying any amounts owed to the State of Illinois. [410 ILCS 705/40-20]

b) 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 an application.

Section 1300.540 License Issuance and Transferability

a) Information and Plans Provided in Application
Licenses are only issued for the plan as stated in the applicant's application. *Should the applicant be awarded a Transporter License, the information and plans that an applicant provided in its application, shall be a mandatory condition of the permit. Any variation from or failure to perform those plans may result in discipline, including the revocation or nonrenewal of a license.* [410 ILCS 705/20-20(c)]

b) License Fee
Upon the notice of intent to award, the applicant must pay a fee of $10,000 to receive the Transporter License. The fee may be prorated based on the date of the license award.

c) Transferability − Change of Business Location
A Transporter License shall be issued for the specific location identified on the application, and is valid only for the owner, premises and name designated on the license and the location for which it is issued.

1) A Transporter License is not transferable to a new location without Department approval.

2) In the event that the Department approves the new location as meeting all requirements of the Act and this Part, the transporter shall have a transition period of no more than 90 days, approved by the Department, to transfer its equipment and begin operations at the new location.

A) The transition period shall not begin until the new location is in full compliance with the requirements of the Act and this Part.

B) The transporter may not transfer cannabis containers using the new

location prior to the beginning date of this approved transition period.

3) Upon inspection and verification by the Department that the new location is in compliance with the Act and this Part, the Department will issue a license modification reflecting the new location. The modified license shall have the same expiration date as the previously issued license.

d) Transferability − Change in Ownership
A Transporter License shall be issued for the specific applicant identified in the application and shall not be transferable in whole or in part, with the following exceptions:

1) A Transporter License may be reissued, without charge, solely in the name of the surviving spouse or domestic partner of a deceased licensee if the license was issued in the names of both of the parties;

2) A Transporter License may be transferred, without charge, to an heir of a deceased licensee other than as provided in subsection (b)(1), as determined by the Probate Act of 1975. For the purpose of considering the qualifications of the heir to receive a Transporter License, the Department will require a criminal background check and the heir will be subject to all other requirements of the Act and this Part;

3) The proposed change of any person or principal officer of a transporter must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $250 will be charged for the processing of any such change.

e) Transferability – Sale of Business
The proposed sale of any outstanding or issued stock of a corporation licensed under the Act, or any proposed change in the officers or board members of the corporation, must be reported to the Department and Department approval must be obtained before the changes are made. A fee of $500 will be charged for the processing of the change of stock ownership or corporate officers or board members.

f) Non-Transferability – No Lease or Sublease
A Transporter License shall not be leased or subcontracted, in whole or in part.

g) At the time of license issuance, the transporter shall have in place operating documents that *shall include procedures for the oversight of the transporter, an inventory monitoring system including a physical inventory recorded weekly, accurate recording keeping, and a staffing plan.* [410 ILCS 705/40-25(a)]

h) The transporter shall submit to the Department the license plate numbers, proof of insurance, and vehicle identification numbers for each vehicle being used to transport cannabis or cannabis-infused products. The Department will issue a registration certificate for each vehicle being used to transport cannabis or cannabis-infused products. Upon receipt of the registration certificate and placement of a copy of the certificate into the vehicle, the vehicle may be used for the transportation of cannabis and cannabis-infused products.

i) The transporter has a continuing duty to update and promptly disclose to the Department any changes to the information contained in the application and attachments to, and amendments of, the application.

Section 1300.550 License Renewal

a) Transporter Licenses shall be renewed annually. The Department will provide the licensee *with written or electronic notice 90 days before the expiration of its current license that the license will expire.*

b) *The Department will grant a renewal within 45 days after submission of a renewal application if:*

1) *The* transporter *submits a renewal application and the required non-refundable renewal fee of $10,000;*

2) *The Department has not suspended or revoked the license for violating the Act or this Part;*

3) *The* transporter *has continued to operate in accordance with:*

A) *All plans submitted as part of its application and approved by the Department; or*

B) *Any amendments to those plans that have been approved by the*

Department;

4) *The* transporter *has submitted an agent, employee, contracting, and subcontracting diversity report as required by the Department.*

c) *If a* transporter *fails to renew its license before expiration, it shall cease operations until its license is renewed.*

d) *A transporter that continues to operate after its license has expired is subject to the penalties outlined* in Subpart G (Enforcement and Immunities).

e) *The Department will not renew a Transporter License if the applicant* or licensee *is delinquent in filing any required tax returns or paying any amounts owed to the State.* [410 ILCS 705/40-40]

Section 1300.560 Modifications and Alterations

a) A license shall be amended before the commencement of any modification to the plan as stated in the application.

b) Before making any modification to the plan as stated in the application, the transporter must complete an application for license and construction approval and submit to the Department the application with the appropriate schedules.

c) An amendment to the license shall not be required for alterations at the facility.

Section 1300.570 Background Check

a) *All applications submitted by applicants with criminal convictions shall be subject to Sections 2105-131, 2105-135, and 2105-205 of the Department of Financial and Professional Regulation Law of the Civil Administrative Code of Illinois.* [410 ILCS 705/5-20(c)]

b) ISP shall act as the Department's agent for purposes of receiving electronic fingerprints and conducting background checks of each transporter agent applying for a transporter agent identification card (ID card).

1) ISP will conduct background checks for conviction information contained within ISP and FBI criminal history databases to the extent allowed by

law.

2) For verification of any statutorily imposed duty to conduct background checks pursuant to the Act, ISP will transmit the results of the background check to the Department and that transmittal shall conclude the verification process.

3) The electronic background checks shall be submitted as outlined in either the Illinois Uniform Conviction Information Act or 20 Ill. Adm. Code 1265.30 (Electronic Transmission of Fingerprint Requirements).

A) Manual fingerprints will not be accepted and shall not be scanned and converted into an electronic format.

B) Fingerprint images of the individual being fingerprinted by a livescan fingerprint vendor (see subsection (c)), and related alphanumeric identification data submitted to ISP for the purpose of this fingerprint-based background check, shall be submitted electronically.

C) Electronic transmission of fingerprint data to ISP shall be accomplished utilizing livescan procedures or other comparable technology approved for use by ISP.

D) If the fingerprints are rejected by ISP, the applicant shall have his or her fingerprints collected electronically by a livescan fingerprint vendor a second time.

E) In the event of equipment malfunction or other special circumstance that make electronic transmission of fingerprint data impractical, ISP may allow limited use of paper fingerprint records.

c) Each transporter agent applying for a transporter agent ID card shall have his or her fingerprints collected electronically by a livescan fingerprint vendor licensed by DFPR and transmitted to ISP for processing no more than 30 days prior to the date of application or renewal for a transporter agent ID card.

1) The transporter agent shall submit to the Department, with the cultivation

agent ID card application or renewal, a copy of the livescan request form and the receipt provided by the livescan fingerprint vendor containing the Transaction Control Number (TCN) as proof that his or her fingerprints have been collected.

2) Transporter agent ID card applications submitted without a copy of the livescan request form and receipt will be deemed incomplete and will not be processed until fingerprinting is completed. The fingerprinting process is not completed until the Department receives the results from ISP.

3) Any fees associated with the livescan fingerprint-based criminal history records check shall be the responsibility of the individual seeking a transporter agent ID card and shall be collected by the livescan vendor at the time of fingerprinting and transmitted to ISP for deposit in the ISP Services Fund. A convenience fee may be charged by the livescan vendor as provided in Section 31-5 of the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

d) The Department will obtain from ISP a State and federal criminal records check, to the extent allowed by law, containing conviction information for each transporter agent applying for an ID card.

e) The Department will maintain the results of the criminal history records check in compliance the State Records Act.

f) Should the Department not be able to obtain from ISP the required State and/or federal criminal records check required by the Act and this Section, the Department will contract as appropriate with a private detective/investigating agency licensed under the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004 and in good standing with DFPR, for the purpose of conducting those records checks.

Section 1300.580 Records

a) Each transporter shall keep and maintain upon the licensed premises for a 5-year period true, complete, legible and current books and records, including but not limited to all daily inventory reports organized in a chronological manner.

b) Each transporter is responsible for keeping and maintaining records that clearly

reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained on the licensed premises for a 5-year period and must be made available for inspection if requested by the Department, and, when applicable, DOR:

1) Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase;

2) If applicable, bank statements and canceled checks for all accounts relating to the transportation organization;

3) Accounting and tax records related to the transporter;

4) All employee records, including training, education, discipline, etc.; and

5) Records of any theft, loss or other unaccountability of any cannabis.

Section 1300.590 Agents and Identification Cards

a) Each principal officer, board member, employee or agent of a registered transporter must apply to the Department for a transporter agent identification card.

b) The transporter agent application shall be submitted electronically, and on forms provided by the Department, in accordance with the Act and this Part. The electronic application will include instructions for its completion and submission. The application will include requests for information in support of the application needed by the Department in making its determination. If all materials, documentation and information required by the Act and this Part are not submitted, the application will be returned to the applicant.

c) Along with the application, the applicant shall submit:

1) A copy of the applicant's social security card;

2) A copy of the applicant's valid driver's license or State issued identification card;

3) A document verifying the applicant's place of residency, such as a bank statement, cancelled check, insurance policy, etc. The document must contain the applicant's full residence address;

4) Verification from ISP that the applicant's background check has been conducted;

5) The application fee of $100; and

6) Any additional information requested by the Department.

d) Upon receipt and verification of the information required by subsection (c), the Department will:

1) Approve or deny the application within 30 days after receipt;

2) Issue each transporter agent an ID card, within 15 business days after approval, that shall expire one year after the date of issuance;

3) Enter in its record system the registry identification number of the transporter where the agent works; and

4) If an applicant is delinquent in filing any required tax returns, or paying any amounts owed to the State of Illinois, deny the application.

e) No person shall begin working at a transporter prior to receiving his or her transporter agent ID card.

f) The transporter ID card shall contain the following:

1) *The name of the cardholder;*

2) *The date of issuance and expiration* date of the ID card;

3) *A random 10-digit alphanumeric identification number* containing *at least 4 numbers and 4 letters that is unique to the holder;*

4) *A photograph of the cardholder; and*

5) *The legal name of the transporter employing the agent.* [410 ILCS 705/40-30(c)]

g) A transporter agent must keep his or her ID card visible at all times when on the property of a cannabis business establishment, and at all times during the transportation of cannabis when acting under his or her duties as a transporter agent.

h) Upon termination of employment, the transporter agent ID card shall be immediately returned to the transporter. The transporter shall promptly return the ID card to the Department.

i) Any transporter agent ID card that is lost, destroyed or stolen shall be reported to ISP and the Department immediately upon discovery of the loss, destruction or theft. The fee for the issuance of a replacement identification card shall be $50.

j) Transporter agent ID cards shall be renewed annually. The cost of renewal shall be $100. The Department will send electronic notice 90 days prior to expiration.

k) If a transporter agent fails to renew his or her ID card before its expiration, he or she shall cease to work as an agent of the transporter until the ID card is renewed.

l) A transporter agent that fails to renew his or her ID card and continues to act as an agent for a transporter, shall be subject to the penalties outlined in Subpart G.

m) The Department will not renew a transporter agent ID card if the holder *is delinquent in filing any required tax returns or paying any amounts owed to the State of Illinois.* [410 ILCS 705/40-30(f)]

Section 1300.595 Operations

a) General Requirements

1) Each transporter shall develop and maintain an operations plan that reflects the plan stated in the licensee's application.

2) All vehicles used for the purpose of transporting cannabis containers shall be maintained in a sanitary condition.

3) Packing Cannabis Containers for Shipping
A transporter shall not transport cannabis or cannabis-infused products unless it is first packed in a cannabis container by the shipping cannabis business establishment.

4) Transportation of Cannabis Containers – Daily Inventory
Once the transporter receives a cannabis container, it must create a daily inventory. The report must include:

A) The name of the cannabis business establishment that provided a cannabis container for pick-up, the name of the agent who provided the containers and the time and location of pick-up;

B) A notation of the traceable information located on the cannabis container, including the type of cannabis and weight; and

C) Upon the completion of the delivery, the name of the cannabis business establishment where the cannabis container was delivered, the name of the agent receiving the delivery, and the time and location of delivery.

5) A transporter agent shall not open a cannabis container. Once a cannabis container is packed and sealed for delivery, only the following may open a cannabis container:

A) The cannabis business establishment that initiated a request to ship;

B) The cannabis business establishment intended for delivery;

C) Local, State or federal law enforcement; or

D) An employee of DFPR or the Department.

6) *No person under the age of 21 years shall be in a commercial vehicle or trailer transporting cannabis.* [410 ILCS 705/40-25(f)]

7) *No person or individual who is not a* transporter *agent shall be in a vehicle*

while transporting cannabis goods. [410 ILCS 705/40-25(g)]

8) A transporter *may not use commercial motor vehicles with a weight rating over 10,001 pounds.* [410 ILCS 705/40-25(h)]

9) *A copy of the transporter's registration and a manifest for the delivery shall be present in any vehicle transporting cannabis.* [410 ILCS 705/40-25(k)]

10) *Cannabis or cannabis-infused products shall be transported so it is not visible or recognizable from outside the vehicle.* [410 ILCS 705/40-25(l)]

11) Only vehicles that have a license plate number and vehicle identification number on file with the Department and that have been issued a vehicle registration may be used to transport cannabis.

12) *A vehicle transporting cannabis must not:*

A) *Bear any markings to indicate the vehicle contains cannabis; or*

B) *Bear the name or logo of the cannabis business establishment.* [410 ILCS 705/40-25(m)]

13) Cannabis must be transported in a cannabis container. *The cannabis container must be transported in an enclosed, locked storage compartment that is secured or affixed to the vehicle.* [410 ILCS 705/40-25(n)]

14) Transporters shall not transport cannabis or cannabis products across state lines.

15) All vehicles transporting cannabis must be equipped with a Global Positioning System (GPS) based tracking device. The GPS tracking device shall be capable of allowing the transporter to track the vehicles at all times. The GPS tracking system shall also be able to store historic data (for no less than 12 months) and shall permit the Department to search all real-time and archived data upon request.

b) *Transporters are subject to random inspections by the Department,* DPH, *and ISP.* [410 ILCS 705/40-25(d)]

c) *A* transporter *agent shall notify local law enforcement, ISP, and the Department within 24 hours after the discovery of any loss or theft. Notification shall be made by telephone, in person, or by written or electronic communication.* [410 ILCS 705/40-25(e)]

SUBPART G: ENFORCEMENT AND IMMUNITIES

Section 1300.600 Investigations

a) The Department or its designee may conduct an investigation for the purpose of investigating an applicant or application, a cultivation center, a craft grower, an infuser, a transporter, their agents, or any other party for an alleged violation of the Act or this Part or to determine qualifications to be granted a license or ID card by the Department.

b) The Department may require an applicant, a cultivation center, a craft grower, an infuser, a transporter, and/or their agents, to produce relevant documents, records or any other material pertinent to the investigation of alleged violations of the Act or this Part or to determine qualifications to be granted a license or ID card by the Department. Failure to provide that material shall be grounds for refusal to issue license or ID card, and may be grounds for license or ID card suspension or revocation.

c) Notwithstanding any other criminal penalties related to the unlawful possession of cannabis, the Department may suspend, place on probation, reprimand, issue cease and desist orders, refuse to issue or renew, or revoke a license or ID card, or take any other disciplinary or non-disciplinary action as the Department may deem proper with regards to the requirements of the Act.

d) The Department will, before refusing to issue or renew a license or ID card or before seeking to discipline a licensee or agent, set a hearing date and at least 30 days prior to the hearing, provide written notice of the charges made and notice of the time and place for the hearing on the charges. The written notice may be served by delivery personally to the accused, or by mailing the notice by registered or certified mail to the physical address on record. This provision does not apply to emergency situations as described in Section 1300.610(b).

e) At any point in any investigation or disciplinary proceeding provided for in the Act and this Section, both parties may agree to a negotiated consent order. The consent order shall be final upon signature of both parties.

f) In appropriate cases, the Department may resolve a complaint against a licensee, or agent through the issuance of a Consent to Administrative Supervision order. A licensee or agent subject to a Consent to Administrative Supervision order shall be considered by the Department as an active licensee or agent in good standing. This order shall not be reported or considered by the Department to be a discipline of the licensee or agent. The records regarding an investigation and a Consent to Administrative Supervision order shall be considered confidential and shall not be released by the Department except as mandated by law. A complainant shall be notified if his or her complaint has been resolved by a Consent to Administrative Supervision order.

g) In the case where an entity that is not licensed under the Act, violates the Act, the Department may refer the matter to the Illinois Attorney General's Office, and/or to the local States Attorney's office for injunctive relief, other civil relief and/or criminal prosecution.

Section 1300.610 License Suspension

a) Violation of any provision of the Act or this Part, or failure to comply with any standard or special conditions of the issued license or agent ID card, may result in a notice of intent to suspend the license or ID card.

b) The Department may suspend a licensee or agent ID card when it receives notice from DOR of:

1) Failure to file a tax return;

2) Filing of a fraudulent tax return;

3) Failure to pay all or part of any tax or penalty finally determined to be due;

4) Failure to keep books and records;

5) Failure to secure and display a certificate or sub-certificate of registration, if required; or

6) Willful violation of any rule or regulation of the Department relating to the administration and enforcement of tax liability.

c) After all violations of subsection (b) have been corrected or resolved, the Department will, upon request of the applicant or, if not requested, may notify the entities listed in subsection (e) that the violations have been corrected or resolved. Upon receiving notice that all violations of subsection (b) have been corrected or otherwise resolved to DOR's satisfaction, the Department may issue or renew the license or agent ID card or vacate an order of suspension.

d) Emergency Suspension – No Hearing
The Department may temporarily suspend a license or agent ID card without a hearing, simultaneously with the institution of proceedings for a hearing, if the Department finds that the public interest, safety or welfare requires emergency action. In the event that the Department temporarily suspends a licensee or agent without a hearing, a hearing shall be held within 30 days after the suspension has occurred. The suspended party may seek a continuance of the hearing, during which the suspension shall remain in effect. The proceeding shall be concluded without appreciable delay. If the Department does not hold a hearing within 30 days after the date of the suspension, and the licensee or agent has not requested a continuance, the license or agent ID card shall be automatically reinstated.

e) Immediately upon the suspension or reinstatement of a license or agent ID card, the Department will make written notification to ISP, DFPR and DOR of the status of license or agent ID card. If the suspension involves suspected criminal activity, the Department will make available to ISP all documents or electronic communications involving the suspected criminal activity. If suspected criminal activity is confirmed or independently discovered by ISP, notification will be made to the Department.

Section 1300.620 License Revocation

a) Violation of any provision of the Act or this Part, or failure to comply with any standard or special conditions of the issued license or agent ID card, may result in a notice of intent to revoke the license or agent ID card.

b) The Department may revoke a licensee or agent ID card when it receives notice from DOR of:

1) Failure to file a tax return;

2) Filing of a fraudulent tax return;

3) Failure to pay all or part of any tax or penalty finally determined to be due;

4) Failure to keep books and records;

5) Failure to secure and display a certificate or sub-certificate of registration, if required; or

6) Willful violation of any rule or regulation of the Department relating to the administration and enforcement of tax liability.

c) After all violations of subsection (b) have been corrected or resolved, the Department will, upon request of the applicant or on its own volition, may notify the entities listed in subsection (d) that the violations have been corrected or resolved. Upon receiving notice that all violations of subsection (b) have been corrected or otherwise resolved to DOR's satisfaction, the Department may issue or renew the license or agent ID card, or vacate an order of revocation.

d) Immediately upon the revocation of a license or agent ID card, the Department will make written notification to ISP, DFPR and DOR of the status of the license or agent ID card. If the revocation involves suspected criminal activity, the Department will make available to ISP all documents or electronic communications involving the suspected criminal activity. If suspected criminal activity is confirmed or independently discovered by ISP, notification will be made to the Department.

Section 1300.630 Fines

a) The Department may impose fines, not to exceed $50,000 for each violation, for any violations of the Act by a cultivation center or a cultivation center agent.

b) The Department may impose fines, not to exceed $15,000 for each violation, for any violations of the Act by a craft grower or a craft grower agent.

c) The Department may impose fines, not to exceed $10,000 for each violation, for any violation of the Act by an infuser or infuser agent.

d) The Department may impose fines, not to exceed $10,000 for each violation, for any violations of the Act by a transporter or a transporter agent.

e) In a case where a licensed cannabis business establishment notifies the Department of a violation at its premises, initiating an investigation, and cooperates fully with the Department through the investigation process, the fine shall be limited to an amount not to exceed $2,000.

Section 1300.640 Administrative Hearings

a) Any hearing conducted by the Department pursuant to the Act shall be conducted in accordance with the Department's rules applicable to formal administrative proceedings (8 Ill. Adm. Code 1.Subparts A and B). All hearings shall be held in Springfield, Illinois. All final administrative decisions of the Department are subject to judicial review under the Administrative Review Law and 8 Ill. Adm. Code 1.Subpart B. The term "administrative decision" is defined in Section 3-101 of the Code of Civil Procedure.

b) The Record
If any final Department action is appealed in Circuit Court pursuant to this Section, the record on review shall include the following:

1) The application or petition submitted;

2) Any written documentation considered by the Department in making its final decision with respect to the application or petition;

3) Any written correspondence between the Department and the person or entity submitting the application or petition, provided that the correspondence either played a material role in the final decision rendered by the Department; made a material argument to the Department with respect to the application or petition; or would be helpful to the Circuit

Court in reviewing the matter because the correspondence provides helpful procedural background;

4) The transcript of any administrative hearing and any documents or other evidence submitted at the hearing.

Section 1300.650 Petition for Rehearing

The respondent in any contested case may request reconsideration of any part or all of the decision of the administrative law judge on any petition or may request the Director to stay the effective date of any administrative action for a specific period or for an indefinite period. A petition for reconsideration or stay of action shall be submitted within 30 days after the date of the administrative law judge's decision on the case. A petition for reconsideration or stay of action submitted later than 30 days after the date of the decision involved shall be denied as untimely.

SUBPART H: LABORATORY TESTING

Section 1300.700 Laboratory Testing

a) Immediately prior to manufacturing or natural processing of any cannabis or cannabis-infused product or packaging cannabis for sale to a dispensary, each batch shall be made available at the cultivation center, craft grower, or infuser, for an employee of an approved laboratory to select a random sample, which shall be tested by the approved laboratory for:

1) Microbiological contaminants;

2) Mycotoxins;

3) Pesticide active ingredients;

4) Residual solvent;

5) Heavy metals; and

6) An active ingredient analysis.

b) The Department may select a random sample that, for the purposes of conducting an active ingredient analysis, shall be tested by the Department for verification of label information.

c) A representative sample must be a minimum sample volume of not less than 7 grams, but is not required to be more than 15 grams per batch, and must consist of different parts of the batch to ensure proportionate representation.

d) Batch limits for cured flower are limited to a maximum of 20 pounds.

e) A representative sample shall be taken from each final batch of product and must pass all testing requirements before offered for sale to the public.

f) A laboratory shall immediately return or dispose of any cannabis upon the completion of any testing, use or research. If cannabis is disposed of, it shall be done in compliance with 8 Ill. Adm. Code 100.460.

g) If a sample of cannabis does not pass the microbiological, mycotoxin, pesticide chemical residue, heavy metals, or solvent residue test, based on the standards set forth in this Section, the following shall apply:

1) If the sample failed the pesticide chemical residue test, the entire batch from which the sample was taken shall be recalled, as provided for in the cannabis business organization's Operations and Management Plan, if applicable, and disposed of in accordance with Subpart I (Destruction of Cannabis).

2) If the sample failed any other test, the batch may be used to make a CO_2 or solvent based extract. After processing, the CO_2 or solvent based extract must still pass all required tests.

h) Microbiological Test

1) For purposes of the microbiological test, a cannabis sample shall be deemed to have passed if it satisfies the recommended microbial and fungal limits for cannabis products in colony forming units per gram (CFU/g) set out in the American Herbal Pharmocopoeia Monograph Table, as follows:

	Total viable aerobic bacteria	**Total yeast and mold**	**Total coliforms**	**Bile-tolerant gram-negative bacteria**	**E. coli (pathogenic strains) and Salmonella spp.**
CO_2 and solvent based extracts	10^4	10^3	10^2	10^2	Not detected in 1 g

2) Unprocessed materials include minimally processed crude cannabis preparations, such as inflorescences, accumulated resin glands (kief), and compressed resin glands (hashish). Processed materials include various solid or liquid infused edible preparations, oils, topical preparations, and water-processed resin glands (bubble hash).

i) Mycotoxin Test. For purposes of the mycotoxin test, a cannabis sample shall be deemed to have passed if it meets the following standards:

Test	**Specification**
Aflatoxin B1	<20 µg/kg of substance
Aflatoxin B2	<20 µg/kg of substance
Aflatoxin G1	<20 µg/kg of substance
Aflatoxin G2	<20 µg/kg of substance
Ochratoxin A	<20 µg/kg of substance

j) Heavy Metals Test. For the purposes of the heavy metals test, a cannabis sample shall be deemed to have passed if it meets the following standards:

Heavy Metal	**Specification**
Lead	<1.0 ppm for all products
Inorganic Arsenic	<0.4 ppm for inhaled products
	<1.5 ppm for other products
Mercury	<0.2 ppm for inhaled products
	<3.0 ppm for other products
Cadmium	<0.2 ppm for inhaled products
	<0.5 ppm for other products

Chromium	<0.6 ppm for inhaled products <2.0 ppm for other products

k) Pesticide Chemical Residue Test. For purposes of the pesticide chemical residue test, a cannabis sample shall be deemed to have passed if it satisfies the most stringent acceptable standard for a pesticide chemical residue in any food item, as set forth in subpart C of USEPA's regulations for Tolerances and Exemptions for Pesticide Chemical Residues in Food (40 CFR 180 (2014)).

l) Residue Solvent Test. For purposes of the residue solvent test, a cannabis sample shall be below the following limits.

	Intended for Inhalation	Not Intended for Inhalation
Acetone	750 ppm	5000 ppm
Butane	800 ppm	5000 ppm
Ethanol	1000 ppm	5000 ppm
Ethyl Acetate	400 ppm	5000 ppm
Ethyl Ether	500 ppm	5000 ppm
Ethylene Oxide	5 ppm	50 ppm
Heptane	500 ppm	5000 ppm
Hexane	50 ppm	290 ppm
Isopropyl Alcohol	500 ppm	5000 ppm
Methanol	250 ppm	3000 ppm
Methylene Chloride	125 ppm	600 ppm
Pentane	750 ppm	5000 ppm
Petroleum Ether	400 ppm	400 ppm
Propane	2100 ppm	5000 ppm
Trichloroethylene	25 ppm	80 ppm
Toluene	150 ppm	890 ppm
Total Xylenes	150 ppm	2170 ppm

m) The laboratory shall file with the Department an electronic copy, at the same time that it transmits those results to the cultivation center, of each laboratory test result for any batch that does not pass the microbiological, mycotoxin, heavy metals, or pesticide chemical residue test. In addition, the laboratory shall maintain the laboratory test results for at least 5 years and make them available at the Department's request.

n) A cultivation center shall provide to a dispensary organization the laboratory test results for each batch of cannabis product purchased by the dispensary organization, if sampled. Each dispensary organization shall have those laboratory results available upon request from purchasers of cannabis and cannabis products.

SUBPART I: DESTRUCTION OF CANNABIS

Section 1300.800 Scope

a) "Cannabis waste" means all cannabis byproduct, scrap, harvested cannabis, and cannabis-infused products not intended for distribution to a dispensing organization.

b) Cannabis waste must be destroyed and disposed of in accordance with this Part.

c) Types of Waste

1) Cannabis Waste. Cannabis waste must be stored, secured, locked and managed in accordance with State regulations and as submitted and approved in the cultivation center's Operations and Management Practices Plan.

2) Liquid Waste. Liquid waste from a cultivation center shall be disposed of in compliance with the Illinois Environmental Protection Act and 35 Ill. Adm. Code.

3) Hazardous Waste. Disposal of hazardous and chemical waste must be conducted in a manner consistent with federal, State and local laws.

d) Cannabis waste must be rendered unusable following the methods set forth in Section 1300.820 prior to leaving a cultivation center. Disposal of the cannabis waste rendered unusable must follow the methods in Section 1300.840.

Section 1300.810 Notice to the Department

a) *A cultivation center, craft grower, or infuser shall, before destruction, notify the Department and ISP.* [710 ILCS 705/55-15(b)] Upon receiving notice, the

Department may require that an employee of the Department be present to witness the destruction.

b) A cultivation center, craft grower, or infuser shall provide the Department and ISP a minimum of 7 days' notice prior to rendering the product unusable and disposing of the product. The Department may require the cannabis business organization to hold product for up to 7 days for further inspection or investigation.

Section 1300.820 Method of Destruction

a) The allowable method to render cannabis waste unusable is by grinding and incorporating the cannabis plant waste with other ground materials so the resulting mixture is at least 50% non-cannabis waste by volume. Other methods to render cannabis waste unusable must be approved by the Department before implementation. Material used to grind with the cannabis falls into 2 categories: compostable waste and noncompostable waste.

1) Compostable Mixed Waste: Cannabis waste to be disposed of as compost, feedstock or in another organic waste method (e.g., anaerobic digester) may be mixed with the following types of waste materials:

A) Food waste;

B) Yard waste;

C) Vegetable based grease or oils; or

D) Other wastes approved by the Department (e.g., agricultural material, biodegradable products and paper, clean wood, fruits and vegetables, plant matter).

2) Noncompostable Mixed Waste: Cannabis waste to be disposed of in a landfill or another disposal method (e.g., incinerator) may be mixed with the following types of waste materials:

A) Paper waste;

B) Cardboard waste;

C) Plastic waste;

D) Soil; or

E) Other wastes approved by the Department (e.g., nonrecyclable plastic, broken glass, leather).

b) Once cannabis byproduct, scrap, cannabis and cannabis-infused products are incorporated with nonconsumable solid waste (i.e., destroyed), it shall be defined as "cannabis waste".

Section 1300.830 Records

The cultivation center, craft grower and infuser shall keep a record of the date of destruction and how much was destroyed [410 ILCS 705/55-15(c)]. The cultivation center, craft grower, and infuser shall also keep a record of the date of disposal of cannabis waste. The records for destruction and disposal shall be maintained for 5 years.

Section 1300.840 Disposal

a) Cannabis waste may not be sold.

b) Cannabis waste rendered unusable following the methods described in this Section may be disposed of in the manner provided in this subsection (b). Disposal of the cannabis waste rendered unusable may be delivered to a permitted solid waste facility for final disposition. Examples of acceptable permitted solid waste facilities include:

1) Compostable Mixed Waste: Compost, anaerobic digester, or other facility with approval of the jurisdictional health department;

2) Noncompostable Mixed Waste: Landfill, incinerator, or other facility with approval of the jurisdictional health department.

c) All waste and unusable product shall be weighed, recorded and entered into the inventory system prior to mixing and disposal. Verification of this event shall be performed by a supervisor and conducted in an area with video surveillance.

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

SUBPART J: CANNABIS PACKAGING AND LABELING

Section 1300.900 Registration

Each cannabis product produced for sale shall be registered with the Department on forms provided by the Department. Each product registration shall include a label and the required registration fee. [410 ILCS 705/55-21(a)]

Section 1300.910 Registration Fee

a) *The registration fee is for the name of the product offered for sale and one fee shall be sufficient for all package sizes.* [410 ILCS 705/55-21(a)]

b) The fee to register a product with the Department shall be $100 per product name.

Section 1300.920 Container and Packaging Requirements

a) *All harvested cannabis intended for distribution to a cannabis enterprise must be packaged in a sealed, labeled container.* [410 ILCS 705/55-21(b)]

b) *Any product containing cannabis shall be packaged in a sealed, odor-proof, and child-resistant cannabis container consistent with current standards, including the Consumer Product Safety Commission standards referenced by the Poison Prevention Act.* [410 ILCS 705/55-21(c)]

c) *All cannabis-infused products shall be individually wrapped or packaged at the original point of preparation. The packaging of the cannabis-infused product shall conform to the labeling requirements of the Illinois Food, Drug and Cosmetic Act, in addition to the other requirements set forth in this Section.* [410 ILCS 705/55-21(d)]

d) *Each cannabis-infused product intended for consumption must be individually packaged, must include the total milligram content of THC and CBD, and may not include more than a total of 100 milligrams of THC per package*, except that a package may exceed 100 mg of THC only within the maximum acceptable tolerances set forth in Section 1300.930(b)(8)(C). *A package may contain multiple servings of 10 milligrams of THC, and indicated by scoring, wrapping, or by other indicators designating individual serving sizes.* [410 ILCS 705/55-21(k)]

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Section 1300.930 Labeling Requirements

a) The requirements of this Section are effective beginning on August 1, 2020. Prior to August 1, 2020, all licensees may conform with the requirements set forth in 8 Ill. Adm. Code 1000.420 and in Section 1300.10.

b) *Each cannabis product shall be labeled before sale and each label shall be securely affixed to the package and shall state in legible English:*

1) *The name and post office box of the registered cultivation center or craft grower where the item was manufactured;*

2) *The common or usual name of the item and the registered name of the cannabis product that was registered with the Department under* Section 1300.900*;*

3) *A unique serial number that will match the product with a cultivation center or craft grower batch and lot number to facilitate any warnings or recalls the Department, cultivation center, or craft grower deems appropriate;*

4) *The date of final testing and packaging, if sampled, and the identification of the independent testing laboratory;*

5) *The date of harvest* for flower products or the date of manufacture for infused products *and "use by" date;*

6) *The quantity (in ounces or grams) of cannabis contained in the product;*

7) *A pass/fail rating based on the laboratory's microbiological, mycotoxins, and pesticide and solvent residue analyses, if sampled;*

8) *A content list that includes:*

A) *The minimum and maximum percentage content by weight for:*

i) *delta-9-tetrahydrocannabinol (THC);*

ii) *tetrahydrocannabinolic acid (THCA);*

iii) cannabidiol (CBD); and

iv) *cannabidiolic acid (CBDA)*; and

B) *All other ingredients of the item, including any colors, artificial flavors, and preservatives, listed in descending order by predominance of weight shown with common or usual names.*

C) *The acceptable tolerances for the minimum percentage printed on the label for any of* subsection *(b)(8)(A) shall not be below 85% or above 115% of the labeled amount.* [410 ILCS 705/55-21(e)]

9) Directions in legible Spanish that provide access via an electronic link or other medium to the product labeling information required within this subsection (b).

c) *Packaging must not contain information that:*

1) *Is false or misleading;*

2) *Promotes excessive consumption;*

3) *Depicts a person under 21 years of age consuming cannabis;*

4) *Includes the image of a cannabis leaf;*

5) *Includes any image designed or likely to appeal to minors, including cartoons, toys, animals, or children, or any other likeness to images, characters, or phrases that are popularly used to advertise to children, or any packaging or labeling that bears reasonable resemblance to any product available for consumption as a commercially available candy, or that promotes consumption of cannabis; or*

6) *Contains any seal, flag, crest, coat of arms, or other insignia likely to mislead the purchaser to believe that the product has been endorsed, made, or used by the State of Illinois or any of its representatives except where authorized by this* Part. [410 ILCS 705/55-21(f)]

d) *Cannabis products produced by concentrating or extracting ingredients from the cannabis plant shall contain the following information, when applicable:*

1) *If solvents were used to create the concentrate or extract, a statement that discloses the type of extraction method, including any solvents or gases used to create the concentrate or extract; and*

2) *Any other chemicals or compounds used to produce or were added to the concentrate or extract.* [410 ILCS 705/55-21(g)]

e) *No individual other than the purchaser may alter or destroy any labeling affixed to the primary packaging of cannabis or cannabis-infused products.* [410 ILCS 705/55-21(l)]

Section 1300.940 Warnings

a) *All cannabis products must contain warning statements established for purchasers, of a size that is legible and readily visible to a consumer inspecting a package, which may not be covered or obscured in any way.* DPH *shall define and update appropriate health warnings for packages including specific labeling or warning requirements for specific cannabis products.* [410 ILCS 705/55-21(h)]

b) *Cannabis products must contain the following warnings:*

1) *"This product contains cannabis and is intended for use by adults 21 and over. Its use can impair cognition and may be habit forming. This product should not be used by pregnant or breastfeeding women. It is unlawful to sell or provide this item to any individual, and it may not be transported outside the State of Illinois. It is illegal to operate a motor vehicle while under the influence of cannabis. Possession or use of this product may carry significant legal penalties in some jurisdictions and under federal law."* [410 ILCS 705/55-21(i)]

2) *Cannabis that may be smoked must contain a statement that "Smoking is hazardous to your health."*

3) *Cannabis-infused products (other than those intended for topical application) must contain a statement "CAUTION: This product contains cannabis, and intoxication following use may be delayed 2 or more hours.*

This product was produced in a facility that cultivates cannabis, and that may also process common food allergens."

4) *Cannabis-infused products intended for topical application must contain a statement "DO NOT EAT" in bold, capital letters.* [410 ILCS 705/55-21(j)]

ILLINOIS DEPARTMENT OF AGRICULTURE

NOTICE OF ADOPTED RULES

Section 1300.APPENDIX A Authorized Pesticides

The following is a list of pesticide active ingredients the Department has approved for use on cannabis plants. The pesticide product shall be registered with the Department under the Illinois Pesticide Control Act.

Label Type	Signal Word	Active Ingredient	Concentration
Insect Repellent	Caution	Azadirachtin	0.09%
Insecticide	Caution	Azadirachtin	0.09%
Insecticide	Caution	Azadirachtin	0.60%
Nematicide	Caution	Azadirachtin	0.60%
Fungicide	Caution	Azadirachtin	0.70%
Insect Repellent	Caution	Azadirachtin	0.70%
Insecticide	Caution	Azadirachtin	0.70%
Nematicide	Caution	Azadirachtin	0.70%
Insecticide	Caution	Azadirachtin	1.00%
Insect Repellent	Caution	Azadirachtin	1.20%
Insecticide	Caution	Azadirachtin	1.20%
Nematicide	Caution	Azadirachtin	1.20%
Insecticide	Caution	Azadirachtin	3.00%
Nematicide	Caution	Azadirachtin	3.00%
Nematicide	Warning	Azadirachtin	3.00%
Insect Repellent	Caution	Azadirachtin	4.50%
Insecticide	Caution	Azadirachtin	4.50%
Insecticide	Caution	Azadirachtin	6.00%
Nematicide	Caution	Azadirachtin	6.00%
Fungicide	Caution	Bacillus pumilus strain GHA 180	0.00%
PGR − Growth Stimulator	Caution	Bacillus pumilus strain GHA 180	0.00%
Fungicide	Caution	Bacillus subtilis MBI 600	0.00%
PGR − General	Caution	Bacillus subtilis MBI 600	0.00%
Fungicide	Caution	Bacillus subtilis MBI 600	9.90%
Fungicide	Caution	Bacillus subtilis GB03	0.03%
Fungicide	Caution	Bacillus subtilis QST713 Strain	0.07%
Fungicide	Caution	Bacillus subtilis QST713 Strain	1.34%

Fungicide	Caution	Bacillus subtilis QST713 Strain	14.60%
Fungicide	Caution	Bacillus subtilis var. amyloliquefaciens strain D747 TGAI	25.00%
Fungicide	Caution	Bacillus subtilis var. amyloliquefaciens strain D747 TGAI	98.85%
Insecticide	Caution	Bacillus thuringiensis ssp. aizawai	54%
Insecticide	Caution	Bacillus thuringiensis ssp. israelensis	6.38%
Insecticide	Caution	Bacillus thuringiensis ssp. kurstaki 1	17.19%
Insecticide	Caution	Bacillus thuringiensis ssp. kurstaki 1	54%
Insecticide	Caution	Bacillus thuringiensis ssp. kurstaki 1	58.20%
Insecticide	Caution	Bacillus thuringiensis ssp. kurstaki 7841	40.00%
Insecticide	Caution	Bacillus thuringiensis ssp. kurstaki strain SA-12	9.83%
Insecticide	Caution	Canola Oil	1.00%
Insecticide	Caution	Canola Oil	89.50%
Fungicide	Caution	Canola Oil	96.00%
Insecticide	Caution	Canola Oil	96.00%
Insecticide	Caution	Chromobacterium sub strain PRAA4-1 cells	30.00%
Insecticide	Caution	Chromobacterium sub strain PRAA4-1 cells	94.50%
Insect Repellent	Caution	Cinnamon	0.03%
Insecticide	Caution	Cinnamon	0.03%
Fungicide	Caution	Cinnamon Oil	0.20%
Insect Repellent	None	Cinnamon Oil	0.20%
Insecticide	Caution	Cinnamon Oil	0.20%
Insecticide	None	Cinnamon Oil	0.20%
Fungicide	Caution	Cinnamon Oil	4%
Insecticide	Caution	Cinnamon Oil	4%
Insecticide	Caution	Citric Acid	0.10%
Fungicide	Danger	Citric Acid	99%
Insecticide	Warning	Citronella Oil	0.42%
Fungicide	Caution	Clarified Hydrophobic Extract of Neem Oil	70.00%
Insecticide	Caution	Clarified Hydrophobic Extract of Neem Oil	70.00%

Fungicide	Caution	Copper Octanoate	0.08%
Fungicide	Caution	Copper Octanoate	10%
Fungicide	Caution	Corn Oil	0.30%
Fungicide	Caution	Corn Oil	30%
Fungicide	Caution	Cottonseed Oil	0.30%
Insecticide	Caution	Cottonseed Oil	0.40%
Fungicide	Caution	Cottonseed Oil	3%
Insecticide	Caution	Cottonseed Oil	3%
Fungicide	Caution	Cottonseed Oil	30%
Insecticide	Caution	Cottonseed Oil	40%
PGR − Crop Quality	Caution	Cytokinins	0.01%
PGR − General	Caution	Cytokinins	0.01%
PGR − Growth Stimulator	Caution	Cytokinins	0.02%
Nematicide	Caution	Dried Ferm. Slds/Slbs of Myrothecium verrucaria	90%
Insecticide	Warning	Farnesol	0.17%
Insect Repellent	Caution	Garlic Oil/Powder	0.03%
Insecticide	Caution	Garlic Oil/Powder	0.03%
Insecticide	Caution	Garlic Oil/Powder	0.10%
Fungicide	Caution	Garlic Oil/Powder	0.23%
Fungicide	Caution	Garlic Oil/Powder	3.00%
Insecticide	Caution	Garlic Oil/Powder	10%
Insect Repellent	Caution	Garlic Oil/Powder	20.00%
Invertebrate Control	Caution	Garlic Oil/Powder	20.00%
Vertebrate Repellent	Caution	Garlic Oil/Powder	20.00%
Fungicide	Caution	Garlic Oil/Powder	23%
Insecticide	Caution	Geraniol	0.30%
Insecticide	Warning	Geraniol	0.42%
PGR − Crop Quality	Caution	Gibberellic Acid	0.00%
PGR − General	Caution	Gibberellic Acid	0.00%
PGR − Crop Quality	Warning	Gibberellic Acid	4%
PGR − General	Caution	Gibberellic Acid	4.00%
PGR − Crop Quality	Caution	Gibberellic Acid	20%
PGR − General	Caution	Gibberellic Acid	20%
PGR − Growth Stimulator	Caution	Gibberellic Acid	20.00%

Fungicide	Caution	Gliocladium virens G-21	12%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	5.34%
Fungicide	Danger	Hydrogen Peroxide (Dioxide)	5.34%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	26.50%
Fungicide	Danger	Hydrogen Peroxide (Dioxide)	26.50%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	27.00%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	27.00%
Disinfectant	Danger	Hydrogen Peroxide (Dioxide)	27.00%
Fungicide	Danger	Hydrogen Peroxide (Dioxide)	27.00%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	27.10%
Fungicide	Danger	Hydrogen Peroxide (Dioxide)	27.10%
Herbicide	Danger	Hydrogen Peroxide (Dioxide)	27.10%
Algaecide Slimicide	Danger	Hydrogen Peroxide (Dioxide)	33.00%
Disinfectant	Danger	Hydrogen Peroxide (Dioxide)	33.00%
Fungicide	Danger	Hydrogen Peroxide (Dioxide)	33.00%
PGR − Crop Quality	Caution	IBA (Indole-3-Butyric Acid)	0.01%
PGR − General	Caution	IBA (Indole-3-Butyric Acid)	0.01%
Fungicide	Caution	IBA (Indole-3-Butyric Acid)	0.01%
PGR − General	Caution	IBA (Indole-3-Butyric Acid)	0.10%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.10%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.30%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.31%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.47%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.54%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	0.80%
PGR − Growth Stimulator	Caution	IBA (Indole-3-Butyric Acid)	20.00%
Invertebrate Control	Caution	Iron Phosphate (FePO4)	1.00%
Insecticide	Caution	Isaria fumosorosea	20%
Fungicide	Caution	Jojoba Oil	97.50%
Insecticide	Caution	Jojoba Oil	97.50%
Fungicide	Caution	Kaolin	95.00%
Insecticide	Caution	Kaolin	95.00%
PGR − General	Caution	Kaolin	95.00%
Vertebrate Repellent	Caution	Kaolin	95.00%
Fungicide	Caution	Mineral Oil/Petroleum Distillate	98.00%

Insecticide	Caution	Mineral Oil/Petroleum Distillate	98.00%
Insecticide	Caution	Mineral Oil/Petroleum Distillate	98.80%
Insecticide	Caution	Mineral Oil/Petroleum Distillate Light	1.00%
Fungicide	Caution	Mineral Oil/Petroleum Distillate Light	80%
Insecticide	Caution	Mineral Oil/Petroleum Distillate Light	80%
Insecticide	Caution	Mineral Oil/Petroleum Distillate Light	90.00%
Desiccant	Caution	Mineral Oil/Petroleum Distillate Light	98%
Fungicide	Caution	Mineral Oil/Petroleum Distillate Light	98.00%
Insecticide	Caution	Mineral Oil/Petroleum Distillate Light	98.00%
Fungicide	Caution	Mineral Oil/Petroleum Distillate Light	98.40%
Insecticide	Caution	Mineral Oil/Petroleum Distillate Light	98.40%
Fungicide	Caution	Monopotassium Phosphate	40.80%
Fungicide	Caution	Monopotassium Phosphate	100%
Fungicide	Caution	Neem Oil Cold Pressed	65.80%
Insect Repellent	Caution	Neem Oil Cold Pressed	65.80%
Insecticide	Caution	Neem Oil Cold Pressed	65.80%
Nematicide	Caution	Neem Oil Cold Pressed	65.80%
Insect Repellent	Caution	Neem Oil Cold Pressed	100.00%
Insecticide	Caution	Neem Oil Cold Pressed	100.00%
Insecticide	Warning	Nerolidol	0.42%
Fungicide	Caution	Oil of Clove	0.10%
Insecticide	Caution	Oil of Clove	0.10%
Fungicide	Caution	Oil of Clove	0.20%
Insect Repellent	None	Oil of Clove	0.20%
Insecticide	Caution	Oil of Clove	0.20%
Insecticide	None	Oil of Clove	0.20%
Insect Repellent	Caution	Oil of Clove	1.50%
Insecticide	Caution	Oil of Clove	1.50%
Fungicide	Caution	Oil of Clove	2%
Insecticide	Caution	Oil of Clove	2%
Fungicide	Caution	Oil of Clove	10.00%
Herbicide	Caution	Oil of Clove	10.00%
Insecticide	Caution	Oil of Clove	20%
Fungicide	Caution	Oil of Rosemary	0.05%
Insect Repellent	Caution	Oil of Rosemary	0.05%

Insecticide	Caution	Oil of Rosemary	0.05%
Fungicide	Caution	Oil of Rosemary	0.10%
Insecticide	Caution	Oil of Rosemary	0.10%
Insect Repellent	Caution	Oil of Rosemary	0.23%
Insect Repellent	Caution	Oil of Rosemary	0.53%
Insecticide	Caution	Oil of Rosemary	0.53%
Insecticide	Caution	Oil of Rosemary	0.80%
Fungicide	Caution	Oil of Rosemary	2%
Insect Repellent	Caution	Oil of Rosemary	2.00%
Insecticide	Caution	Oil of Rosemary	2%
Insect Repellent	Caution	Oil of Rosemary	10.00%
Insecticide	Caution	Oil of Rosemary	10.00%
Fungicide	Caution	Oil of Rosemary	18.00%
Herbicide	Caution	Oil of Rosemary	18.00%
Fungicide	None	Oil of Sesame	0.10%
Insecticide	None	Oil of Sesame	0.10%
Fungicide	Caution	Oil of Sesame	5%
Insecticide	Caution	Oil of Sesame	5%
Insecticide	None	Oil of Sesame	5.00%
Fungicide	Caution	Oil of Thyme	0.10%
Insecticide	Caution	Oil of Thyme	0.10%
Fungicide	Caution	Oil of Thyme	1.20%
Fungicide	Caution	Oil of Thyme	2%
Insecticide	Caution	Oil of Thyme	2%
Fungicide	Caution	Oil of Thyme	4%
Fungicide	Caution	Oil of Thyme	10.00%
Herbicide	Caution	Oil of Thyme	10.00%
Algaecide Slimicide	Caution	Oregano Oil	1.00%
Fungicide	Caution	Oregano Oil	1.00%
Herbicide	Caution	Oregano Oil	1.00%
Insect Repellent	Caution	Peppermint	0.04%
Insecticide	Caution	Peppermint	0.04%
Insecticide	Caution	Peppermint	0.40%
Insecticide	Caution	Peppermint	0.80%
Insecticide	Caution	Peppermint	2.00%

Algaecide Slimicide	Danger	Peroxyacetic Acid	1.36%
Fungicide	Danger	Peroxyacetic Acid	1.36%
Algaecide Slimicide	Danger	Peroxyacetic Acid	2.00%
Fungicide	Danger	Peroxyacetic Acid	2.00%
Herbicide	Danger	Peroxyacetic Acid	2.00%
Algaecide Slimicide	Danger	Peroxyacetic Acid	4.90%
Fungicide	Danger	Peroxyacetic Acid	4.90%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	28.10%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	45.50%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	45.80%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	53%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	53.60%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	56.00%
PGR − General	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	56.00%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	56.20%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	57.00%
Fungicide	Caution	Phosphorous Acid Mono- And Di-Potassium, Salts of	99.00%
Fungicide	Caution	Piperonyl Butoxide	2.50%
Insecticide	Caution	Piperonyl Butoxide	2.50%
Insecticide	Caution	Piperonyl Butoxide	4.00%
Insecticide	Caution	Piperonyl Butoxide	16.00%
Insect Repellent	Caution	Piperonyl Butoxide	60.00%
Insecticide	Caution	Piperonyl Butoxide	60.00%
Fungicide	Caution	Potassium Bicarbonate	81.90%
Fungicide	Caution	Potassium Bicarbonate	85.00%
Insecticide	Caution	Potassium Laurate	1%
Insecticide	Caution	Potassium Laurate	1.02%

Fungicide	Caution	Potassium Laurate	12.38%
Insecticide	Caution	Potassium Laurate	12.38%
Insecticide	Caution	Potassium Laurate	19.90%
Insecticide	Caution	Potassium Laurate	20.00%
Insecticide	Warning	Potassium Laurate	47%
Fungicide	Warning	Potassium Laurate	49.00%
Insecticide	Warning	Potassium Laurate	49.00%
Insecticide	Warning	Potassium Laurate	49.52%
Fungicide	Caution	Pyrethrins	0.01%
Insecticide	Caution	Pyrethrins	0.01%
Insecticide	Caution	Pyrethrins	0.24%
Fungicide	Caution	Pyrethrins	0.25%
Insecticide	Caution	Pyrethrins	0.25%
Insecticide	Caution	Pyrethrins	0.50%
Insecticide	Caution	Pyrethrins	1.40%
Insecticide	Caution	Pyrethrins	4.00%
Insect Repellent	Caution	Pyrethrins	5.00%
Insecticide	Caution	Pyrethrins	5.00%
Insect Repellent	Caution	Pyrethrins	6.00%
Insecticide	Caution	Pyrethrins	6.00%
Fungicide	Caution	Pythium oligandrum DV 74	1.00%
PGR − Growth Stimulator	Caution	Pythium oligandrum DV 74	1.00%
Fungicide	Caution	Reynoutria sachalinensis	5%
PGR − General	Caution	Reynoutria sachalinensis	5%
Insect Repellent	Caution	Rosemary Herbs	10.00%
Insect Repellent	Caution	Sesame Plant Ground	0.05%
Insecticide	Caution	Sesame Plant Ground	0.05%
Invertebrate Control	Caution	Sodium Ferric EDTA	2.00%
Invertebrate Control	Caution	Sodium Ferric EDTA	5.00%
Fungicide	Caution	Sorbic Acid Potassium Salt	0.01%
Insecticide	Caution	Sorbic Acid Potassium Salt	0.01%
Insecticide	Warning	Sorbitol Octanoate	90.00%
Insecticide	Caution	Soybean Oil	93%
Fungicide	Caution	Streptomyces griseoviridis strain K61	4%
Fungicide	Caution	Streptomyces griseoviridis strain K61	35%

Fungicide	Caution	Streptomyces lydicus WYEC 108	0.04%
Fungicide	Caution	Streptomyces lydicus WYEC 108	1.30%
Fungicide	Caution	Sulfur	0.20%
Insecticide	Caution	Sulfur	0.20%
Fungicide	Caution	Sulfur	6.48%
Insecticide	Caution	Sulfur	6.48%
Fungicide	Caution	Sulfur	10.00%
Insecticide	Caution	Sulfur	10.00%
Fungicide	Caution	Sulfur	12%
Insect Repellent	Caution	Thyme Herbs	0.03%
Insecticide	Caution	Thyme Herbs	0.03%
Fungicide	Caution	Trichoderma asperellum strain ICC 012	2.00%
Fungicide	Caution	Trichoderma gamsii strain ICC 080	2.00%
Fungicide	Caution	Trichoderma harzianum Rifai strain KRL-AG2	1.15%
Fungicide	Caution	Trichoderma virens strain G-41	0.61%

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

1) Heading of the Part: Sports Wagering

2) Code Citation: 11 Ill. Adm. Code 1900

3)

Section Numbers:	Adopted Actions:
1900.110	New Section
1900.120	New Section
1900.130	New Section
1900.150	New Section
1900.160	New Section
1900.210	New Section
1900.220	New Section
1900.230	New Section
1900.240	New Section
1900.250	New Section
1900.260	New Section
1900.270	New Section
1900.310	New Section
1900.320	New Section
1900.330	New Section
1900.340	New Section
1900.410	New Section
1900.420	New Section
1900.500	New Section
1900.510	New Section
1900.520	New Section
1900.530	New Section
1900.600	New Section
1900.610	New Section
1900.620	New Section
1900.630	New Section
1900.700	New Section
1900.710	New Section
1900.715	New Section
1900.720	New Section
1900.730	New Section
1900.735	New Section
1900.740	New Section
1900.750	New Section

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

1900.755	New Section
1900.760	New Section
1900.770	New Section
1900.780	New Section
1900.790	New Section
1900.795	New Section
1900.810	New Section
1900.815	New Section
1900.820	New Section
1900.825	New Section
1900.830	New Section
1900.835	New Section
1900.840	New Section
1900.850	New Section
1900.860	New Section
1900.870	New Section
1900.880	New Section
1900.890	New Section
1900.895	New Section
1900.910	New Section
1900.915	New Section
1900.920	New Section
1900.925	New Section
1900.930	New Section
1900.935	New Section
1900.940	New Section
1900.945	New Section
1900.950	New Section
1900.960	New Section
1900.970	New Section
1900.980	New Section
1900.990	New Section
1900.995	New Section
1900.1000	New Section
1900.1010	New Section
1900.1020	New Section
1900.1030	New Section
1900.1040	New Section
1900.1050	New Section

ILLINOIS GAMING BOARD

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1900.1100	New Section
1900.1110	New Section
1900.1120	New Section
1900.1130	New Section
1900.1140	New Section
1900.1150	New Section
1900.1160	New Section
1900.1170	New Section
1900.1180	New Section
1900.1190	New Section
1900.1210	New Section
1900.1220	New Section
1900.1230	New Section
1900.1240	New Section
1900.1250	New Section
1900.1310	New Section
1900.1320	New Section
1900.1330	New Section
1900.1400	New Section
1900.1410	New Section
1900.1420	New Section
1900.1430	New Section
1900.1440	New Section
1900.1450	New Section
1900.1500	New Section
1900.1510	New Section
1900.1520	New Section
1900.1610	New Section
1900.1620	New Section
1900.1630	New Section
1900.1640	New Section
1900.1650	New Section
1900.1660	New Section
1900.1670	New Section
1900.1710	New Section
1900.1720	New Section
1900.1730	New Section
1900.1740	New Section

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

4) Statutory Authority: Section 25-15 (b) of the Sports Wagering Act [230 ILCS 45/25-15 (b)] provides in part that: "The Board may adopt any rules the Board considers necessary for the successful implementation, administration, and enforcement of this act, except for Section 25-70."

5) Effective Date of Rules: June 4, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain an incorporation by reference? No

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 84; January 3, 2020.

10) Has JCAR issued a Statement of Objection to this rulemaking? No

11) Differences between Proposal and Final Version: The adopted rules incorporate the contents of an emergency sports wagering rule published at 44 Ill. Reg. 2618 (February 14, 2020).

Also incorporated into the adopted rules are emergency amendments published at 44 Ill. Reg. 4062 (published March 13, 2020; effective February 26, 2020), and 44 Ill. Reg. 4670 (published March 20, 2020; effective March 9, 2020).

In addition, the adopted rules incorporates amendatory changes made in response to public comments submitted to the Illinois Gaming Board (Board) during the First Notice period. These public comments, and the Board's response to each of them, may be referenced in the Second Notice for the present rule.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace any emergency rule currently in effect? Yes. The rules will replace emergency rules published at 44 Ill. Reg. 314 (January 3, 2020); 44 Ill. Reg. 2900 (February 14, 2020); 44 Ill. Reg. 4062 (March 13, 2020); and 44 Ill. Reg. 4670 (March 20, 2020).

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

14) Are there any other rulemakings pending on this part? No

15) Summary and Purpose of Rulemaking: The rulemaking adds a new Part to the Illinois Administrative Code entitled "Sports Wagering" [11 Ill. Adm. Code Part 1900]. This new Part is necessary to make sports wagering operational in Illinois. The following Subparts are contained within the new Part, and together indicate the scope of its contents:

Subpart A: General Provisions.

Subpart B: Duties of Licensees.

Subpart C: Standards of Conduct

Subpart D: Investigating Prohibited Conduct

Subpart E: Licensing Qualifications

Subpart F: Online License Competitive Bidding

Subpart G: Licensing Procedures

Subpart H: Denials of Applications

Subpart I: Disciplinary Proceedings

Subpart J: Accounting, Records, and Data

Subpart K: Conduct of Wagering

Subpart L: Conduct of Online Wagering

Subpart M: Tier 2 Wagering

Subpart N: Equipment and Testing

Subpart O: Internal Controls

Subpart P: Facilities

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

Subpart Q: Self-Exclusion

16) Information and questions regarding these adopted rules may be addressed to:

Agostino Lorenzini
General Counsel
Illinois Gaming Board
160 North LaSalle Street
Chicago IL 60601

fax: 312/814-7253
IGB.RuleComments@igb.illinois.gov

The full text of the Adopted Rules begins on the next page:

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

TITLE 11: ALCOHOL, HORSE RACING, LOTTERY, AND VIDEO GAMING
SUBTITLE E: SPORTS WAGERING
CHAPTER I: ILLINOIS GAMING BOARD

PART 1900
SPORTS WAGERING

SUBPART A: GENERAL PROVISIONS

Section
1900.110 Board Meetings
1900.120 Definitions
1900.130 Cooperation with Investigations
1900.150 Licenses Required
1900.160 Service Via E-Mail

SUBPART B: DUTIES OF LICENSEES

Section
1900.210 General Duties of All Licensees
1900.220 Continuing Duty to Report Information
1900.230 Duties of Master Sports Wagering Licensees
1900.240 Duties of Licensed Suppliers
1900.250 Duties of Management Services Provider Licensees
1900.260 Duties of Official League Data Providers
1900.270 Duties of Occupational Licensees

SUBPART C: STANDARDS OF CONDUCT

Section
1900.310 Grounds for Disciplinary Actions
1900.320 Economic Disassociation
1900.330 Record Retention
1900.340 Advertising and Marketing

SUBPART D: INVESTIGATING PROHIBITED CONDUCT

Section
1900.410 Reporting Prohibited Conduct

ILLINOIS GAMING BOARD

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1900.420 Referral of Investigations

SUBPART E: LICENSING QUALIFICATIONS

Section
1900.500 Coverage of Subpart
1900.510 Suitability for Licensure
1900.520 Minimum Qualifications
1900.530 Identification and Requirements of Key Persons

SUBPART F: ONLINE LICENSE COMPETITIVE BIDDING

Section
1900.600 Coverage of Subpart
1900.610 Forms and Submissions
1900.620 Initial Competitive Selection
1900.630 Supplementary Competitive Selection

SUBPART G: LICENSING PROCEDURES

Section
1900.700 Coverage of Subpart
1900.710 Submission of Applications
1900.715 Disclosure of Ownership and Control
1900.720 Other Required Forms
1900.730 Licensing Procedures
1900.735 Issuance of License
1900.755 Sports Facility Designee
1900.740 Renewal of Licenses
1900.750 Withdrawal of Applications and Surrender of Licenses
1900.760 Transferability of Ownership Interest
1900.770 Annual Updates
1900.780 Recognition of Existing Board Licenses
1900.790 Temporary Operating Permits
1900.795 Temporary Identification Badge

SUBPART H: DENIALS OF APPLICATIONS

Section

1900.810 Coverage of Subpart
1900.815 Requests for Hearing
1900.820 Appearances
1900.825 Appointment of Administrative Law Jude
1900.830 Discovery
1900.835 Subpoenas
1900.840 Motions for Summary Judgment
1900.850 Proceedings
1900.860 Evidence
1900.870 Prohibition on Ex Parte Communication
1900.880 Sanctions and Penalties
1900.890 Transmittal of Record and Recommendation to the Board
1900.895 Status of Applicant for Licensure Upon Filing Request for Hearing

SUBPART I: DISCIPLINARY PROCEEDINGS

Section
1900.910 Coverage of Subpart
1900.915 Notice of Proposed Disciplinary Action
1900.920 Hearings in Disciplinary Action
1900.925 Appearances
1900.930 Appointment of Administrative Law Judge
1900.935 Discovery
1900.940 Subpoenas
1900.945 Motions for Summary Judgment
1900.950 Proceedings
1900.960 Evidence
1900.970 Prohibition on Ex Parte Communication
1900.980 Sanctions and Penalties
1900.990 Transmittal of Record and Recommendation to the Board
1900.995 Persons Subject to Proposed Orders of Economic Disassociation

SUBPART J: ACCOUNTING, RECORDS, AND DATA

Section
1900.1000 Ownership Records
1900.1010 Accounting Records
1900.1020 Standard Financial and Statistical Records
1900.1030 Annual and Special Audits and Other Reporting Requirements

ILLINOIS GAMING BOARD

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1900.1040 Wagering Tax
1900.1050 Reserve Requirements

SUBPART K: CONDUCT OF WAGERING

Section
1900.1100 Commencement of Wagering
1900.1110 Temporary Suspension of Wagering
1900.1120 Prohibited Wagering Activity
1900.1130 Requests to Prohibit
1900.1140 Authorized Events and Competitions
1900.1150 Placement of Wagers
1900.1160 Redemption of Wagers
1900.1170 Cancelled or Void Wagers
1900.1180 General Conduct of Wagering
1900.1190 House Rules

SUBPART L: CONDUCT OF ONLINE WAGERING

Section
1900.1210 Internet Wagering – General
1900.1220 Sports Wagering Accounts
1900.1230 Client Requirements
1900.1240 Account Suspension
1900.1250 Responsible Gaming Limits

SUBPART M: TIER 2 WAGERING

Section
1900.1310 General
1900.1320 Official League Data
1900.1330 Commercial Reasonableness

SUBPART N: EQUIPMENT AND TESTING

Section
1900.1400 Technology Fee
1900.1410 Testing and Certification of Wagering Equipment
1900.1420 Wagering Equipment Requirements

ILLINOIS GAMING BOARD

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1900.1430 Internet Wagering System Requirements
1900.1440 Transfer, Maintenance and Disposal of Wagering Equipment
1900.1450 Sports Wagering System Requirements

SUBPART O: INTERNAL CONTROLS

Section
1900.1500 General Requirements – Internal Control System
1900.1510 Approval of Internal Control System
1900.1520 Minimum Standards for Internal Control Systems

SUBPART P: FACILITIES AND OPERATIONS

Section
1900.1610 Wagering Locations
1900.1620 Sports Facilities
1900.1630 Inter-track Wagering Locations
1900.1640 Surveillance Requirements
1900.1650 Required Surveillance Equipment
1900.1660 Signage
1900.1670 Occupational License Badges

SUBPART Q: SELF-EXCLUSION

Section
1900.1710 Self-Exclusion Program
1900.1720 Distribution and Availability of Confidential Self-Exclusion List
1900.1730 Duties of Licensees Regarding Self-Excluded Persons
1900.1740 Effect of Enrollment

AUTHORITY: Implementing and authorized by the Sports Wagering Act [230 ILCS 45].

SOURCE: Emergency rules adopted at 44 Ill. Reg. 314, effective December 19, 2019, for a maximum of 150 days; emergency rules adopted at 44 Ill. Reg. 2900, effective January 28, 2020, for a maximum of 150 days; emergency rule effective December 19, 2019 amended by emergency rulemaking at 44 Ill. Reg. 4062, effective February 26, 2020, for the remainder of the 150 days; emergency rule effective January 28, 2020 amended by emergency rulemaking at 44 Ill. Reg. 4670, effective March 9, 2020, for the remainder of the 150 days; adopted at 44 Ill. Reg. 10581, effective June 4, 2020.

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

SUBPART A: GENERAL PROVISIONS

Section 1900.110 Board Meetings

a) 86 Ill. Adm. Code 3000.105, except subsection (f) of that Section, shall apply to Board meetings under the Act.

b) Requests for Board action by a master sports wagering licensee, management services provider licensee, supplier licensee, or tier 2 official league data provider licensee shall be given initial consideration by the Board at one meeting and be given final consideration by the Board at a subsequent meeting. The Board may waive this requirement by motion.

Section 1900.120 Definitions

For purposes of this Part the following terms shall have the following meanings:

"Abnormal wagering activity": Wagering activity exhibited by patrons and deemed by the master sports wagering licensee or management services provider licensee as a potential indicator of suspicious activity. Abnormal wagering activity may include the size of a patron's wager or increased wagering volume on a particular event or wager type. Abnormal wagering activity may include a pattern of behavior by one or more patrons.

"Act": The Sports Wagering Act [230 ILCS 45/Art. 25].

"Affiliate": An "affiliate of", "affiliated entity of", or person "affiliated with" another person shall mean a person that directly, or indirectly through one or more intermediaries, owns, controls, is controlled by, or is under common ownership or control with, the other person.

"Applicant": A person applying for any license under the Act.

"Application": All material, including the instructions, definitions, forms and other documents issued by the Illinois Gaming Board, or submitted to the Illinois Gaming Board by an applicant.

"Attributed interest": A direct or indirect interest in an enterprise deemed to be held by an individual not through the individual's actual holdings but, pursuant to a plan, arrangement, agreement or contract, either:

through the holdings of the individual's relatives; or

through a third party or parties on behalf of the individual.

"Board": The Illinois Gaming Board.

"Business entity" or "Business":

a partnership;

incorporated or unincorporated association or group;

firm;

corporation;

limited liability company;

partnership for shares;

trust;

sole proprietorship; or

other business enterprise.

"Cancelled wager": A wager that was valid at the time that it was made, but has since been invalidated due to an event or action that prevents its completion.

"Client" or "Client software": Any software or application installed or operating on a patron's device for the purpose of interacting with an internet wagering system and conducting internet wagering.

"Collegiate sport or athletic event": An intercollegiate contest, event, or game at which two or more persons participate, conducted under the auspices of a Board recognized college sports governing body.

"Control": The possession, direct or indirect, of power to direct or cause the direction of the management and policies of an applicant or licensee through the ownership of voting securities, by contract or otherwise.

"Designated gaming area": The portion of a facility not accessible to the public in which the actual operation of sports wagering occurs, including, but not limited to, the employee side of a sports betting window or counter, surveillance rooms, count rooms, or rooms containing wagering equipment other than publicly accessible and operational kiosks. "Designated gaming area" does not include off site servers or data centers located at a facility where in person wagering does not occur.

"Gaming operation": Has the meaning ascribed in 86 Ill. Adm. Code 3000.100.

"Institutional investor":

A retirement fund administered by a public agency for the exclusive benefit of federal, State or local public employees;

An investment company registered under section 8 of the Investment Company Act of 1940 (15 USC 80a-8);

A collective investment trust organized by a bank under Part 9 of the Rules of the Comptroller of the Currency (12 CFR 9.18);

A closed end investment trust registered with the U.S. Securities and Exchange Commission;

A chartered or licensed life insurance company or property and casualty insurance company;

A federal or state bank;

An investment advisor registered under the Investment Advisors Act of 1940 (15 USC 80b-1 through 80b-21); or

Other person the Board may determine for reasons consistent with the Act and this Part.

"Internet wagering": The conduct of sports wagering activities over the internet between a master sports wagering licensee and a patron, through use of an internet wagering system.

"Internet wagering system": Collectively, all hardware, software, and communications technology that is used by a master sports wagering licensee to offer sports wagering to patrons over the internet, including any client software.

"Key person ": A person identified by the Board as subject to regulatory approval as a person able to control or exercise significant influence over the management, assets, or operating policies of master sports wagering, management services provider, supplier, or tier 2 official league data provider licensee.

"Kiosk": Any kiosk, terminal, machine, or other device through which a patron may place or redeem an in person wager without requiring the involvement of an employee.

"Layoff bet": A wager placed between two master sports wagering licensees on the outcome of a sports event for the purpose of offsetting or managing risk by reducing the theoretical maximum exposure of a master sports wagering licensee.

"License": Authorization granted by the Board permitting a licensee to engage in the defined activities of sports wagering.

"Licensee": A person that holds a license granted by the Board pursuant to the Act.

"Minor league": Those events, contests, individuals, and entities affiliated with a sports governing body that do not constitute the highest level of play or competition under that sports governing body.

"Occupational licensee": An individual who holds an occupational license granted by the Board under the Act.

"Official league data provider": An individual, partnership, corporation or limited liability company that is licensed under the Act to provide official league data pursuant to an agreement with a relevant sports governing body for determining the outcome of tier 2 sports wagers.

"Organization gaming facility": Has the meaning ascribed in 86 Ill. Adm. Code 3000.100.

"Ownership interest": Includes, but is not limited to:

direct, indirect, beneficial or attributed interest;

holder of stock options, convertible debt, warrants or stock appreciation rights; or

holder of any beneficial ownership or leasehold interest in a business entity.

"Person": An individual, partnership, committee, association, corporation, or any other organization or group of persons.

"Problem gambling": A repetitive set of gaming behaviors that negatively impacts someone's life.

"Professional sport or athletic event": A contest, event, or game at which two or more persons participate and receive compensation in excess of actual expenses for their participation in that event.

"Redemption kiosk": Any kiosk, terminal, machine, or other device through which a patron may redeem an in person wager without requiring the involvement of an employee regardless of whether the redemption is for currency or for a redemption ticket.

"Responsible gaming": All of the following:

Policies for reducing harms related to gaming;

Providing a transparent and fair game;

Playing within time and money limits; and

Gaming for entertainment and fun.

"Sole proprietor": An individual who, in his or her own name, owns 100% of the assets and who is solely liable for the debts of a business.

"Sports wagering operation": The conduct of authorized sports wagering under the Act and all related activities, including, but not limited to, accepting wagers, redeeming wagers, accounting, security, surveillance, marketing, and advertising.

"Sports wagering system": Collectively, all hardware, software, communications technology, and sports wagering equipment used to conduct sports wagering activity.

"Supplier": An individual, partnership, corporation or limited liability company that is licensed under the Act to sell or lease sports wagering equipment, systems, or other gaming items to conduct sports wagering and offer services related to the equipment or other gaming items and data to a master sports wagering licensee.

"Suspicious wagering activity": Unusual betting activity that cannot be explained and may be indicative of match fixing, the manipulation of an event, misuse of inside information, money laundering, or other prohibited or illegal activity.

"Theoretical maximum exposure": The maximum possible amount that a master sports wagering licensee may be required to pay out on accepted wagers that have been placed on events whose outcomes have not yet been determined.

"Void wager" or "Voided wager": A wager that was not valid at the time it was placed or a wager that was valid at the time it was placed but has since become invalid for any reason, including but not limited to, the change in eligibility status of a patron or subject of the wager.

"Wagering equipment": A machine, mechanism, device, or implement that is integral to the operation of sports wagering, or that monitors, records, or determines the outcome of any wager, including, without limitation:

electronic, electrical, or mechanical devices for the making or recording of wagers;

any system for displaying or determining wager information;

any kiosk, terminal, or other device for the redemption of a wager;

computer monitoring systems; and

hardware and software related to any item described in this definition.

"Wagering kiosk": Any kiosk, terminal, machine, or other device through which a patron may place an in person wager without requiring the involvement of an employee.

Section 1900.130 Cooperation with Investigations

The Board finds that the integrity of sports wagering and the health, safety, and welfare of the people of the State of Illinois can be ensured only through cooperation by the Board, law enforcement agencies, licensees, and sports governing bodies.

a) Board Cooperation with Investigations by Law Enforcement Agencies and Sports Governing Bodies

1) A law enforcement agency or sports governing body may submit a request for cooperation to the Administrator. The request for cooperation shall be in writing and shall include the following:

A) Name and address of the agency or entity making the request;

B) Name, title, phone number, and email address of the individual making the request;

C) A summary of the general nature of the conduct under investigation; and

D) A description of the information, data, records, or other cooperation desired.

2) The Administrator may grant or deny the request for cooperation. Denial of a request for cooperation shall be in writing. In evaluating a request for

cooperation, the Administrator shall consider all factors, including, but not limited to:

A) The nature and extent of cooperation requested;

B) The nature of the behavior being alleged;

C) The benefit to the integrity and security of sports wagering in the State of Illinois; and

D) Whether and to what extent granting the request would adversely impact the ongoing operations of the Board, the State of Illinois, or the sports wagering industry in Illinois.

b) Licensee Cooperation with Investigations by Law Enforcement Agencies and Sports Governing Bodies

1) A law enforcement agency or sports governing body may submit a request for cooperation to a master sports wagering licensee or management services provider licensee, with a copy submitted to the Administrator. The request for cooperation shall be in writing and shall include the following:

A) Name and address of the agency or entity making the request;

B) Name, title, phone number, and email address of the individual making the request;

C) A summary of the general nature of the conduct under investigation; and

D) A description of the information, data, records, or other cooperation desired.

2) The licensee may voluntarily grant or deny the request for cooperation. Denial of a request for cooperation shall be in writing, and shall be submitted to the requesting entity and the Administrator. A denial of a request for cooperation by a master sports wagering licensee must be for

good cause, and must include a detailed explanation as to why the licensee will not cooperate.

3) Upon receiving a denial of a request for cooperation from a licensee, the Administrator may issue an order requiring the licensee to cooperate with the request. In determining whether to issue such an order, the Administrator shall consider all factors listed in subsection (a)(2).

Section 1900.150 Licenses Required

No person may engage in any activity relating to sports wagering in this State unless all required licenses have been obtained in accordance with the Act and this Part [230 ILCS 45/25-20(a)].

a) Master Sports Wagering License. To conduct sports wagering, an owners licensee, organization licensee, online sports wagering operator, or sports facility is required to hold a master sports wagering license.

b) Occupational License. A person employed by a master sports wagering licensee or management services provider licensee, and who works in a designated gaming area or performs duties in furtherance of or associated with the operation of sports wagering by the master sports wagering licensee, is required to hold an occupational license. An occupational licensee may perform any activity included within the licensee's level of occupational license or any lower level of occupational license.

1) Level 1 occupational license includes the following positions, or their equivalent:

A) Audit Manager;

B) Chief Compliance Officer;

C) Chief of Security;

D) Chief of Surveillance;

E) Chief Financial Officer and/or Controller;

F) General Manager;

G) IT Manager;

H) Sports Wagering Manager;

I) Any individual with direct authority over the setting of betting lines, point spreads, odds, or their equivalent;

J) Any other individual who the Board determines holds a position or a level of ownership, control or influence that is material to the regulatory concerns and obligation of the Board for the specified licensee or applicant.

2) Level 2 occupational license is a license held by a security, surveillance, compliance, or sports wagering employee not required to hold a level 1 occupational license under subsection (b)(1).

3) Level 3 occupational license is a license held by an employee not already required to hold a level 1 or level 2 occupational license who, by nature of his or her employment, has unsupervised access to a designated gaming area.

c) Supplier License. The following persons are required to hold a supplier license:

1) Seller or lessor of wagering equipment, systems, or other items to conduct sports wagering, including a manufacturer, distributor, wholesaler, or retailer.

2) Provider of wagering equipment maintenance or repair services.

3) Provider of gaming data, including, but not limited to, the setting of betting lines or odds making.

4) Provider of security services at designated gaming areas.

5) Any other purveyor of goods, data, or services to a master sports wagering licensee or management services provider licensee, as deemed necessary by the Board if the Board determines that the goods, data, or services impact the integrity or security of the sports wagering operation.

d) Management Service Provider License. Any person contracting with a master sports wagering licensee to conduct the operation of sports wagering on behalf of the master sports wagering licensee is required to hold a management services provider license.

e) Tier 2 Official League Data Provider License. Any sports governing body, league, organization, or association, or a vendor authorized by a sports governing body, league, organization, or association providing tier 2 official league data is required to hold a tier 2 official league data provider license.

Section 1900.160 Service Via E-Mail

a) As a condition of application and licensure, applicants and licensees consent to receiving service of Illinois Gaming Board notices and letters via e-mail from the Illinois Gaming Board unless other means of service are required by rule.

b) Each applicant and licensee has an ongoing duty to:

1) Update with the Board the e-mail address at which it may be served, if that address changes; and

2) Verify that the application has an updated e-mail address no less than annually.

c) Each applicant and licensee may designate up to two additional e-mail addresses at which notice may be served. Each designated e-mail address must be owned by the applicant or licensee if an individual, or by the applicant, licensee, its owner, or a key person of the applicant or licensee if a business entity.

d) E-mail notices shall be deemed served on the date of the transmission, unless a delivery error is received on the Board's e-mail server for all of the licensee's designated e-mail addresses.

e) If a delivery error is received by the Board for all of the applicant's or licensee's designated e-mail addresses, then the notice or letter will be served via personal service or certified U.S. Mail until the applicant or licensee updates the designated e-mail address.

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

SUBPART B: DUTIES OF LICENSEES

Section 1900.210 General Duties of All Licensees

In addition to all other duties and obligations required by the Act and this Part, each licensee and applicant for licensure under the Act has an ongoing duty to:

a) Comply with all federal, State and local laws and regulations;

b) Comply with all adopted internal controls of a master sports wagering licensee;

c) At all times, conduct themselves in a professional manner when communicating with licensees, the public and the Board;

d) Disclose all ownership interests to the Board in accordance with the Act and this Part;

e) Conduct the licensee's sports wagering operation in a manner that does not pose a threat to the public health, safety, morals, good order or general welfare of the people of the State of Illinois;

f) Conduct the licensee's sports wagering operation in a manner that does not discredit or tend to discredit the Illinois gaming industry or the State of Illinois;

g) Conduct the licensee's sports wagering operation in a manner that does not reflect adversely on the security or integrity of the Illinois sports wagering industry;

h) Keep current in all payments and obligations to the State of Illinois and to other licensees with whom sports wagering business is conducted;

i) Maintain suitability for licensure at all times; and

j) Cooperate with Board investigations.

Section 1900.220 Continuing Duty to Report Information

Licensees, key persons, and applicants for licensure under the Act have a continuing duty to report certain information to the Administrator or his or her designee.

a) Licensees, key persons, and applicants for licensure under the Act must report promptly the following information to the Administrator or his or her designee as soon as is reasonably possible:

1) Any fact, event, occurrence, matter or action that may affect the conduct of sports wagering or the business and financial arrangements incidental to the conduct of sports wagering, or the ability to conduct the activities for which the licensee is licensed;

2) Each arrest, summons, citation or charge for any criminal offense or violation, excluding minor traffic violations, if the disclosure would have been required at time of application. Information to be reported under this subsection (a)(2) shall include, but not be limited to, all changes relating to criminal arrest or criminal proceeding disposition history concerning any criminal offense under the laws of any jurisdiction or the Uniform Code of Military Conduct, in any state or foreign country;

3) Identity of key persons; and

4) Any changes in or new agreements relating to designees pursuant to Section 25-40 of the Act, if those agreements or changes will go into effect in less than 30 days.

b) Licensees, key persons, and applicants for licensure under the Act must report the following information to the Administrator or his or her designee within 30 days:

1) Any changes or additions to material information provided in an application for licensure under the Act;

2) Any changes in or new agreements relating to designees pursuant to Section 25-40 of the Act;

3) Having been named as a defendant in any civil action based in whole or in part on allegations of conduct that constitutes fraud, misrepresentation or omission of material information, breach of fiduciary duty, unfair or deceptive trade practices, or a violation of the Illinois False Claims Act [740 ILCS 175] or any similar law in any other jurisdiction;

4) Identity and contact information of legal counsel, if any;

5) Any adverse action relating to any gaming license or operation in any other jurisdiction; and

6) Any nonrenewal of, or failure to timely renew, a gaming license in any other jurisdiction.

c) Any information provided by the Board or a licensee to any sports governing body under this Section is strictly confidential and shall not be used for any purpose other than the purpose that was stated in the request for cooperation. The information may not be disclosed to any third party other than for the purposes of resolving an integrity-related investigation, to law enforcement entities, or pursuant to a lawful court order, unless approved by the Administrator.

d) A sports governing body shall notify the Administrator and cooperating licensee in writing upon receipt of any court order requiring disclosure of information obtained under this Section.

Section 1900.230 Duties of Master Sports Wagering Licensees

In addition to all other duties and obligations required by the Act and this Part, each master sports wagering licensee has an ongoing duty to comply with the following:

a) For master sports wagering licensees other than online sports wagering operators, maintain a secure premise for the conduct of a sports wagering operation;

b) Prevent unaccompanied access to designated gaming areas by individuals that do not hold occupational licenses;

c) Maintain an approved method of payout for valid receipt tickets and redeem for cash each valid receipt ticket that is within its redemption period;

d) Assume the primary responsibility for the sports wagering operation;

e) Assume responsibility for payment of tax remittance to the State, as required by the Act;

f) As required by the Board, obtain and install, at no cost to the State, all hardware, software and related accessories necessary to allow for remote monitoring of sports wagering by the Board;

g) Accept no prohibited wagers;

h) Install, post and display signs as required by the Board, including signs indicating that sports wagering is limited to persons 21 years of age or older, and signs relating to problem gambling;

i) Provide the Board, upon request, an accounting of all wagering activity or any subset of wagering activity;

j) Make commercially reasonable efforts to promptly notify the Board and any relevant sports governing body of any information relating to:

1) Abnormal wagering activity or patterns that may indicate a concern with the integrity of sports events;

2) Any potential breach of the relevant sports governing body's internal rules and codes of conduct pertaining to sports wagering of which a licensee has knowledge; and

3) Any other conduct that corrupts a wagering outcome of sports events for purposes of financial gain, including match fixing;

k) Make commercially reasonable efforts to promptly notify the Board of any information relating to:

1) Criminal, disciplinary, or regulatory proceedings commenced against the master sports wagering licensee or affiliated person in connection with its gaming operations in any jurisdiction; and

2) Suspicious or illegal wagering activities, including use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, using agents to place wagers, and using false identification;

l) Conduct investigations as to the background and qualifications of all applicants for employment by the licensee who require occupational licensure;

m) Provide oversight of any management services provider licensee or other designee with whom the master sports wagering licensee contracts to conduct its sports wagering operation;

n) Provide to the Board any contract or agreement with a management services provider licensee or other master sports wagering licensee to be a designee under Section 25-40 of the Act;

o) Document and investigate any report by an employee of any violation of the Act, this Part, or the master sports wagering licensee's internal control system, and provide a summary of those reports and investigations to the Board quarterly; and

p) Report to the Administrator or his or her designee any facts the licensee has reasonable grounds to believe indicate a violation of the Act, this Part, or the master sports wagering licensee's internal control system.

Section 1900.240 Duties of Licensed Suppliers

In addition to all other duties and obligations required by the Act and this Part, each licensed supplier has an ongoing duty to comply with the following:

a) Provide technical assistance and training in accordance with the Act and this Part;

b) Obtain all approvals and certifications required by the Act and this Part;

c) Sell, distribute, lease or market in Illinois only sports wagering equipment that has been tested and certified for use in Illinois; and

d) Promptly notify master sports wagering licensees or management service provider licensees with which the licensed supplier does business if the licensed supplier's hardware or software used in the operation of sports wagering is revoked under any circumstances.

Section 1900.250 Duties of Management Services Provider Licensees

In addition to all other duties and obligations of the Act and this Part, each management services provider licensee has an ongoing duty to comply with the following:

a) Comply with all duties of a master sports wagering licensee in relation to any sports wagering operation the management services provider licensee conducts on behalf of a master sports wagering licensee; and

b) Cooperate with oversight and investigations conducted by any master sports wagering licensee with which the management services provider licensee contracts.

Section 1900.260 Duties of Official League Data Providers

In addition to all other duties and obligations of the Act and this Part, each official league data provider has an ongoing duty to comply with the following:

a) Provide to the Board copies of any contracts between the licensee and sports governing bodies pursuant to which the licensee will be providing official league data;

b) Provide to the Board copies of any contracts between the licensee and any master sports wagering licensees pursuant to which the licensee will be providing official league data; and

c) Provide official league data to master sports wagering licensees on commercially reasonable terms.

Section 1900.270 Duties of Occupational Licensees

In addition to all other duties and obligations of the Act and this Part, each occupational licensee has an ongoing duty to comply with the following:

a) Carry and display identification issued by the Board when working at a sports wagering operation;

b) Return identification to the Board upon resignation or termination of employment; and

c) Report violations of the Act, this Part, or a master sports wagering licensee's internal control system to his or her employer.

SUBPART C: STANDARDS OF CONDUCT

Section 1900.310 Grounds for Disciplinary Actions

a) Holders of any license issued under the Act and identified key persons shall be subject to imposition of fines, suspension, revocation or restriction of license, or other disciplinary action for any act or failure to act by themselves, their agents, their employees, or any other contracted third party that is injurious to the public health, safety, morals, good order and general welfare of the people of the State of Illinois, or that would discredit or tend to discredit the Illinois sports wagering industry or the State of Illinois. Without limiting the provisions of this subsection (a), the following acts or omissions may be grounds for discipline:

1) Failing to comply with, or make provision for compliance with, the Act, this Part, any federal, State or local law or regulation, or a control system or protocol mandated by the Board;

2) Failing to comply with any order or ruling of the Board or its agents pertaining to the regulation of sports wagering in Illinois;

3) Being found ineligible for a gaming license, having an application for a gaming license denied, or having a gaming license of any kind revoked or suspended in any state or other gaming jurisdiction;

4) Employing, associating with, or participating in any enterprise or business with a documented or identifiable organized crime group or recognized organized crime figure;

5) Employing, associating with, or participating in any enterprise or business with persons:

A) Of notorious or unsavory reputation;

B) Who have extensive police records; or

C) Who have failed to cooperate with any officially constituted investigatory or administrative body;

6) Failing to establish and maintain standards and procedures designed to prevent ineligible or unsuitable persons from being employed by the licensee;

7) Misrepresenting any information to the Board or Board staff;

8) Intentionally making, causing to be made, or aiding, assisting or procuring another to make, any false statement in any report, disclosure, application, permit, form, or any other document, including improperly notarized documents, required by the Act, this Part, or Board requirements (e.g., investigative requests, subpoenas, discovery requests);

9) Submitting tardy, inaccurate, or incomplete material or information to the Board;

10) Obstructing or impeding the lawful activities of the Board or its agents;

11) Willfully or repeatedly failing to pay amounts due or to be remitted to the State;

12) Failing to timely pay amounts due or to be remitted to the State;

13) Failing to timely pay a fine imposed by the Board;

14) Failing to respond in a timely manner to communications from the Board or its agents;

15) Being unavailable to the Board or its representatives or agents;

16) Aiding and abetting a violation by a Board member or employee, or other government official, of a requirement established by statute, resolution, ordinance, personnel code, or code of conduct;

17) Violations of the Act or this Part by any person identified as a key person;

18) Employing, associating with, or participating in any enterprise or business with a person determined unsuitable to be a licensee or a key person of an applicant or licensee by the Board or any other gaming jurisdiction;

19) Facilitating, enabling or participating in sports wagering other than in accordance with the Act;

20) Engaging in, or facilitating, any unfair methods of competition or unfair or deceptive acts or practices, including, but not limited to, the use or employment of any deception, fraud, false pretense, false promise or misrepresentation, or the concealment, suppression or omission of any material fact in the conduct of any sports wagering operation;

21) Acting in bad faith in the conduct of any business, transaction, or interaction with any other licensee or applicant, or the Board;

22) Failing to maintain minimum qualifications for licensure; and

23) Any cause that, if known to the Board, would have disqualified the applicant from receiving a license.

b) A licensee whose employment has been terminated is subject to revocation of its license for any act or failure to act that occurred while licensed.

c) A person who has had a license revoked by the Board may not reapply for a license without permission from the Board.

Section 1900.320 Economic Disassociation

a) Each master sports wagering licensee, management service provider licensee, tier 2 official league data provider licensee, and supplier licensee shall provide a means for the economic disassociation of any key person or holder of an ownership interest in the event the economic disassociation is required by an order of the Board.

b) Based upon findings from an investigation into the character, reputation, experience, associations, business probity, and financial integrity of a key person or a holder of an ownership interest, the Board may enter an order upon a licensee

to require the economic disassociation of that person. This includes, but is not limited to, any criteria sufficient for denial of a license under Subpart E.

c) Either the licensee or a person whose economic disassociation has been ordered may contest the order under the provisions of Subpart I. Any hearing relating to an order of economic disassociation shall be a hearing on the merits of the Board's determination that economic disassociation is warranted. Either party may participate in the administrative hearing regardless of which party requested the hearing.

d) In the event that an order of economic disassociation is contested in an administrative hearing, payments owed to the disassociated individual or entity shall be abated and held in escrow until the Board issues a final Board order.

1) If the final Board order results in an economic disassociation, no further payments may be made to the disassociated individual or entity.

2) If the final Board order does not economically disassociate the individual or entity, then the abated payments shall be paid.

e) A violation of an order of economic disassociation may subject a licensee to discipline under Section 1900.310.

Section 1900.330 Record Retention

a) Each licensee other than an occupational licensee shall maintain in a place, secure from theft, loss or destruction, adequate records of business operations that shall be made available to the Board upon request. These records shall be held for at least as long as prescribed by the periodically published Records Retention Schedule, or longer if otherwise prescribed by general accounting and auditing procedures, litigation needs, or State or federal law. These records shall be maintained in a manner accessible to the Board or in a digital format prescribed by the Administrator.

b) Each master sports wagering licensee, in such manner and for such time period as the Administrator may approve or require, shall keep accurate, complete and legible records of any books, records or document pertaining to, prepared in, or generated by the sports wagering operation, regardless of physical form, characteristics, or subject matter, including, but not limited to, all forms, reports,

accounting records, ledgers, subsidiary records, computer maintained and generated data, internal audit records, internal control records, copies of all promotional material, and advertising, correspondence and personnel records.

c) All records shall be organized and indexed in such a manner to provide immediate accessibility to agents of the Board.

d) No original book, record or document required to be maintained by this Section may be destroyed by a licensee prior to the scheduled retention date without prior approval of the Administrator.

e) The Administrator shall publish and periodically update the Retention Schedule.

Section 1900.340 Advertising and Marketing

a) Each licensee shall be responsible for the content and conduct of any and all advertising or marketing done on its behalf or to its benefit whether conducted by the licensee, an employee or agent of the licensee, an affiliated entity or a third party pursuant to contract.

b) For the purposes of this Section, advertising and marketing includes, but is not limited to:

1) Direct mail or electronic mail;

2) Telemarketing;

3) Broadcast media;

4) Billboards or signage;

5) Internet advertising; or

6) Patron acquisition, referral, or retention programs.

c) Each master sports wagering licensee and management services provider licensee shall retain a copy of all advertising and marketing materials intended to promote any sports wagering operation in the State of Illinois, including a log of when and how those materials have been published, aired, displayed, or distributed. These

materials and logs shall be retained in accordance with the retention schedule prescribed under Section 1900.330.

d) All advertising and marketing materials and the publication log shall be made available to the Board or its agents upon request.

e) All advertising and marketing materials published, aired, displayed, or distributed by or on behalf of any licensee shall comply with the following:

1) Must not directly advertise or promote sports wagering to minors;

2) Shall include problem gambling language materially consistent with the compulsive gambling text determined by rule by the Department of Human Services;

3) Shall state patrons must be 21 years of age or older to wager;

4) Shall not contain images, symbols, celebrity or entertainer endorsements, or language designed to appeal specifically to those under 21 years of age;

5) Shall not feature anyone who is, or appears to be, under 21 years of age;

6) Shall not be published, aired, displayed, or distributed in media outlets, including social media, that appeal primarily to individuals under 21 years of age;

7) Shall not be placed before any audience where the majority of the viewers or participants is presumed to be under 21 years of age;

8) Shall not imply greater chances of winning versus other licensees;

9) Shall not imply greater chances of winning based on wagering in greater quantity or amount; and

10) All direct marketing shall allow the option to unsubscribe.

f) No licensee may enter into an agreement with a third party to conduct advertising or marketing on behalf of, or to the benefit of, the licensee when compensation is dependent on, or related to, the volume or outcome of wagers.

ILLINOIS GAMING BOARD

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SUBPART D: INVESTIGATING PROHIBITED CONDUCT

Section 1900.410 Reporting Prohibited Conduct

a) The Board shall establish an electronic form on its website to allow individuals to report allegations of prohibited conduct, criminal behavior, or violations of the Act or this Part.

b) Any individual making a report shall be required to include the following:

1) Summary of the facts supporting the allegation;

2) Affirmation by the individual that all information contained in the report is true and correct to the best of his or her knowledge and belief; and

3) Acknowledgment by the individual that knowingly making false statements in the report may subject the individual to criminal penalties.

c) The identity of any individual making a report and the contents of any report under this Section shall be confidential and not subject to disclosure under the Freedom of Information Act [5 ILCS 140/7(1)(a)] (FOIA).

d) The identity of any individual making a report shall not be disclosed for any reason unless the individual authorizes that disclosure or if the allegation is referred by the Board to a law enforcement agency.

Section 1900.420 Referral of Investigations

a) Upon receiving a report of prohibited conduct pursuant to Section 1900.410 that the Administrator or his or her designee deems reasonable, Board staff shall conduct a preliminary investigation.

b) After a preliminary investigation, if the Administrator or his or her designee concludes the allegations contained in the report are credible, the Administrator shall refer the allegations to the appropriate law enforcement agency.

c) Referrals under subsection (b)shall be as follows:

1) When the alleged conduct occurs entirely or primarily within the State of Illinois, referrals shall be made to the Office of the Attorney General or to any appropriate State's Attorney;

2) When the alleged conduct occurs entirely or primarily within a state other than the State of Illinois, referrals shall be made to the Attorney General of that state and to any sports wagering regulatory agency of that state, if applicable; or

3) When the alleged conduct implicates interstate commerce or other violation of federal law, referrals shall be made to the Federal Bureau of Investigation.

d) In addition to any referral under subsection (b), if a report alleges prohibited conduct by an athlete, upon determining that the allegations in the report are credible, the Administrator shall notify the appropriate sports governing body in writing. The notification shall include the identity of the athlete, and a general description of the nature of the allegations.

SUBPART E: LICENSING QUALIFICATIONS

Section 1900.500 Coverage of Subpart

This Subpart shall govern qualifications for all types of licenses issued by the Board pursuant to the Act.

Section 1900.510 Suitability for Licensure

a) The burden is upon each applicant to demonstrate suitability for licensure.

b) The Board shall not grant a license to any applicant if that person has been found by the Board to:

1) Have a background, including a criminal record, reputation, habits, social or business associations, or prior activities that:

A) Poses a threat to the public interests of the State or to the security and integrity of sports wagering;

B) Poses a threat to public health, safety, morals, good order and general welfare of the people of the State of Illinois; or

C) Discredits or tends to discredit the Illinois sports wagering industry or the State of Illinois.

2) Creates or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of sports wagering; or

3) Presents questionable business practices and financial arrangements incidental to the conduct of sports wagering.

c) In addition to the qualifications required in the Act and this Part, the Board may deny a license to an applicant if the applicant, or a key person of the applicant:

1) Associates with, either socially or in business affairs, or employs a person:

A) Of notorious or unsavory reputation or who has extensive police records;

B) Who has been convicted of a disqualifying offense under Section 1900.520(c); or

C) Who has failed to cooperate with any officially constituted investigatory or administrative body, including, but not limited to, the Board; or

2) Has had a sports wagering or gaming-related license revoked, suspended or denied in Illinois or any other jurisdiction, or is an affiliate of a person who has had a sports wagering or gaming-related license revoked, suspended, or denied in any other jurisdiction.

Section 1900.520 Minimum Qualifications

a) An applicant for a master sports wagering license, supplier license, management service provider license, or tier 2 official league data supplier license is not eligible for the respective license if the applicant, any owner of the applicant, any key person of the applicant, or any employee who participates in the management of sports wagering operations authorized under the Act:

1) Has been convicted of a felony under the laws of this State, any other state, or the United States;

2) Has been convicted of any violation of Article 28 of the Criminal Code of 1961 or the Criminal Code of 2012 [720 ILCS 5], or substantially similar laws of any other jurisdiction; or

3) Has submitted an application for a license under the Act, or any other documentation, to the Board that contains false information.

b) In addition to the requirements of subsection (a), an online sports wagering operator applying to the Board for a master sports wagering license under Section 25-45 of the Act is not eligible for licensure if the applicant, any owner of the applicant, any key person of the applicant, or any employee who participates in the management or operation of sports wagering operations authorized under the Act has been convicted of a crime involving dishonesty or moral turpitude.

c) A person applying to the Board for an occupational license under Section 25-15(e) of the Act must be an employee of a master sports wagering or management services provider licensee, and must meet the same requirements an applicant for an occupational licensee must meet under Section 9 of the Illinois Gaming Act [230 ILCS 10].

Section 1900.530 Identification and Requirements of Key Persons

a) Applicants and licensees shall disclose the identity of key persons. Key persons must be approved by the Board and maintain suitability as a key person of the licensee.

b) With respect to an applicant for, or the holder of, a master sports wagering license or management service provider license, key person shall include:

1) Any person with an ownership interest or voting rights of 5% or more in the licensee or applicant, and the trustee and beneficiaries of any trust holding the ownership interest or voting rights; and

2) The directors of the licensee or applicant and its Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, or their functional equivalents, and any managers of a limited liability company.

c) With respect to an applicant for, or holder of, a supplier license or a tier 2 official league data provider license, key person shall include:

1) Any person with an ownership interest or voting rights of 5% or more in the licensee or applicant, and the trustee and beneficiaries of any trust holding the ownership interests or voting rights; and

2) The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer or their functional equivalents.

d) In addition to the persons named in subsections (b) and (c), the key persons include all other persons that the Board determines hold a position or a level of ownership, control or influence that is material to the regulatory concerns and obligations of the Board for the specified licensee or applicant.

e) Individuals required to hold a level 1 occupational license, pursuant to Section 1900.150(b), may also be certified by the Board as key persons. For these individuals, the disclosure and approval requirements and the standards for compliance with this Part shall be those related to key persons.

1) An individual denied an occupational license or whose license is revoked by a final determination of the Board is unsuitable to be, and shall not be allowed to function as, a key person of any applicant or licensee.

2) An individual who, by voluntary action, relinquishes status as a level 1 occupational licensee and remains or becomes a key person shall be required to comply with all requirements imposed by the Board and this Part upon key persons.

f) Each person designated as a key person shall:

1) File an individual personal disclosure form or business entity disclosure form;

2) File, on an annual basis, a disclosure affidavit, updated personal and background information, and updated tax and financial documents and information;

3) Comply with the applicable provisions of this Part and shall disclose promptly to the Board (within 30 days) any material changes in status or information previously provided to the Board;

4) As required, cooperate fully with Board agents in any investigation conducted by the Board;

5) Maintain suitability as a key person; and

6) Be subject to a fine or other appropriate discipline for each act or omission that is grounds for discipline of a licensee under Section 1900.310.

g) An individual identified as a key person of a master sports wagering licensee or management services provider licensee shall not act in that role until after submission of an individual key person personal disclosure form.

SUBPART F: ONLINE LICENSE COMPETITIVE BIDDING

Section 1900.600 Coverage of Subpart

This Subpart shall govern procedures for applying for a master sports wagering license pursuant to Section 25-45 of the Act. When Subpart F conflicts with Subpart G, Subpart F shall apply.

Section 1900.610 Forms and Submissions

a) The Administrator shall promulgate an Online Master Sports Wagering License Application and Bid Summary Form and cause them to be posted to the Board's website.

b) During any application period, an applicant may submit a bid. A complete bid shall include, at minimum, the following:

1) A completed Online Master Sports Wagering License Application;

2) Business Entity Disclosure Forms or Individual Key Person Personal Disclosure Forms for all key persons;

3) Any and all documents required by Section 1900.715 or Section 1900.720;

4) A completed Bid Summary Form;

5) A completed 5.1 Disclosure of Records statement containing all information responsive to Section 5.1(a) of the Illinois Gambling Act [230 ILCS 10]; and

6) A notarized affirmation by the applicant that the applicant has conducted its own due diligence and investigation, and the applicant and all key persons meet the minimum qualifications of the Act and Section 1900.520.

c) A bid shall be submitted in electronic format to the address listed on the Online Master Sports Wagering License Application.

Section 1900.620 Initial Competitive Selection

a) The application period for the initial competitive selection pursuant to Section 25-45 of the Act shall commence upon the Administrator posting public notice of the application on the Board website, along with the Online Master Sports Wagering License Application and Bid Summary Form.

b) The Administrator shall post the notice and forms no later than 420 days after the first license of any kind is issued under the Act.

c) The application period shall last for 120 days after the notice and forms are posted.

d) No bid shall be accepted after the close of the application period.

e) Incomplete Bids

1) If the Administrator determines a bid or application is incomplete, the Administrator shall notify the applicant in writing. The notice shall identify any deficiencies in the bid submission.

2) The applicant may supplement its bid submission to remedy any deficiencies. The supplement must be received no later than 30 days after notice is given to the applicant of the deficiencies.

3) If the Administrator determines the bid submission is still incomplete because the applicant failed to supplement its bid submission, or because the supplement did not remedy all deficiencies, the applicant shall be disqualified.

f) Until opened in a public forum pursuant to Section 25-45(e) of the Act, the identity of applicants and contents of bids shall be confidential and not subject to disclosure under FOIA Section 7(1)(a).

g) Applicants and key persons shall submit fingerprints on forms prescribed by the Board no later than 30 days after the close of the application period.

1) An applicant may request an extension of up to 30 days that may be granted by the Administrator for good cause shown.

2) An applicant that fails to timely submit all required fingerprints shall be deemed not a qualified applicant.

h) The Administrator shall review the criminal history of all key persons and applicants not otherwise disqualified and determine whether the applicant meets the minimum qualifications under Section 25-45(d) of the Act and Section 1900.520(b).

1) Any applicant that fails to meet the minimum qualifications shall be deemed not a qualified applicant and disqualified.

2) Any applicant that meets the minimum qualifications of Section 25-45(d) of the Act and Section 1900.520(b) shall be deemed a qualified applicant.

i) The Administrator shall notify an applicant in writing when it is either deemed qualified or disqualified.

j) After every applicant that submitted a bid during the application period has been either disqualified or deemed qualified by the Administrator, the qualified

applicants' bids shall be opened in a public forum after no less than 48 hours public notice.

k) At the time of opening, the Administrator shall disclose:

1) The identity of all qualified applicants;

2) The identity of all disqualified applicants;

3) The 5.1 Disclosure of Records statements of all applicants (see Section 1900.610(b)(5)); and

4) The Bid Summary Form of all applicants.

l) No more than 90 days after the publication of the qualified applicants, the Board shall identify three winning bidders. In determining the winning bidders, the Board shall consider the all of following factors:

1) The character, reputation, experience and financial integrity of the applicant, its key persons, and any other person that directly or indirectly controls or is controlled by the applicant or a key person or affiliate of the applicant;

2) The highest prospective total revenue to be derived by the State from the conduct of sports wagering;

3) The extent to which the ownership of the applicant reflects the diversity of the State by including minority persons, women, persons with a disability, and veterans of service in the armed forces of the United States;

4) The good faith affirmative action plan of each applicant to recruit, train and upgrade minority persons, women, persons with a disability, and veterans of service in the armed forces of the United States in all employment classifications;

5) Whether the applicant has adequate capitalization to establish and maintain a sports wagering operation for the duration of a license;

6) The amount of the applicant's license bid;

7) Any factor listed in Section 1900.510; and

8) Any other factor relevant to security and integrity of the Illinois sports wagering industry.

m) After selecting winning bidders, the Board shall conduct an investigation of the applicant to determine whether the applicant is suitable for licensure under the Act and this Part.

n) Pursuant to Section 25-45(g) of the Act, at any point after selecting the winning bidders and before the issuance of a license pursuant to this Subpart F, the Board may make a finding that a winning bidder is not suitable for licensure for any reason under Section 1900.510, and that applicant shall be disqualified. The Board shall select another winning bidder from any remaining qualified applicants.

o) Disqualified applicants under this Subpart F are not entitled to administrative hearings on disqualification.

p) If the Board finds a winning bidder suitable for licensing, it shall direct the Administrator to issue the applicant a license upon payment of the applicant's license fee.

Section 1900.630 Supplementary Competitive Selection

a) If, at any time after the initial competitive selection for issuance of master sports wagering licenses pursuant to Section 25-45 of the Act, there are fewer than three active master sports wagering licenses, the Administrator may commence a supplementary competitive selection.

b) To commence a supplementary competitive selection, the Administrator shall post public notice on the Board website.

c) The application period shall last for 120 days after the notice is posted.

d) The supplementary competitive selection shall otherwise comply with all other provisions of Section 1900.620.

ILLINOIS GAMING BOARD

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SUBPART G: LICENSING PROCEDURES

Section 1900.700 Coverage of Subpart

This Subpart governs procedures for applying for, renewing and maintaining all types of licenses issued by the Board pursuant to the Act.

Section 1900.710 Submission of Applications

a) Applicants shall submit electronic copies of the application forms in the manner provided for in the instructions contained in the forms.

b) Application Forms

1) Master Sports Wagering License and Management Services Provider License

A) An applicant that holds or is a current applicant for an owners license or organization gaming license under the Illinois Gambling Act may submit a Master Sports Wagering/Management Services Provider License Application (Short Form). The applicant must also submit all required forms and documents referenced in the License Application (Short Form).

B) All other applicants for a master sports wagering license and management services provider license shall submit a Master Sports Wagering/Management Services Provider License Application, and must include Business Entity Disclosure Forms or Individual Key Person Personal Disclosure Forms for each of the applicant's key persons.

2) Supplier License and Tier 2 Official League Data Provider License

A) An applicant that holds or is a current applicant for a supplier license under the Illinois Gambling Act or a manufacturer, distributor, or supplier license under the Video Gaming Act may submit a Sports Wagering Act Supplier/Tier 2 Official League Data Provider License Application (Short Form). The applicant

must also submit all required forms and documents referenced in the License Application (Short Form).

B) All other applicants shall submit a Supplier's License Application Form, and must include Business Entity Disclosure Forms or Individual Key Person Personal Disclosure Forms for each of the applicant's key persons.

3) Occupational License

A) Applicants for a level 1 occupational license shall submit a Personal Disclosure Form 1.

B) Applicants for a level 2 occupational license shall submit a Personal Disclosure Form 2.

C) Applicants for a level 3 occupational license shall submit a Personal Disclosure Form 3.

D) All applicants for occupational licenses shall be photographed and fingerprinted.

c) Additional Forms. To be considered complete, an application must also include any additional forms as identified in Sections 1900.715 and 1900.720.

d) The Board may require further materials in addition to those identified in subsection (b) if after review of the submitted materials the Board determines additional information is necessary to determine the applicant's suitability for licensure.

e) Application Process

1) Each individual applicant or key person shall submit with the application, on forms prescribed by the Board, two sets of his or her fingerprints. Each individual applicant and key person shall be photographed and fingerprinted at the time of application at a place designated by the Administrator.

2) An application shall be deemed filed when the completed application form, including all required documents, materials, necessary fingerprinting, and the application fee, if any, have been submitted to the Board.

f) Amendments and Incorporation by Reference. Upon written request, the Administrator may allow information, documents, or other materials submitted by an applicant to be incorporated by reference into a subsequent application.

Section 1900.715 Disclosure of Ownership and Control

a) As part of its application, each applicant for or holder of a master sports wagering, supplier, management services provider, or tier 2 official league data provider license shall provide to the Board and maintain on a current basis a Table of Organization, Ownership and Control. That table shall contain the information required by this Section, in sufficient detail to identify the hierarchy of individuals and business entities that, through direct or indirect means, manage, own or control the interests and assets of the applicant or license holder.

b) Direct Ownership or Control. The Table of Organization, Ownership and Control shall identify the following information concerning the direct management, ownership and control of the applicant or license holder:

1) The name and percentage of ownership of each individual or business entity with an ownership interest in the applicant or licensee. If the licensee or applicant is a business entity whose stock is traded publicly, the identification of ownership shall be provided as required in subsection (d);

2) A table of organization reflecting the management and governance structure of the licensee or applicant, including the name and office or position of each individual serving as an officer, director or member of an executive committee or similar governing body and identifying each managerial position and each managerial employee reporting directly to an officer of the company or its board of directors;

3) For each trust holding ownership interest, and for each voting trust, the name of the grantors, trustees and beneficiaries of the trust; and

4) For each business entity with an ownership interest, the name and position of each officer, director and all persons reporting to the chief executive officer or the board of directors of the business entity and, in the case of each privately held business entity, the names of all persons with an ownership interest.

c) Intermediary Entities and Ultimate Ownership. To the extent that ownership of, or control over, the applicant or licensed entity is exercised through intermediary business entities, the Table of Organization, Ownership and Control must identify, in hierarchical fashion, all intermediary entities and their officers, directors, trustees, shareholders or other persons reporting to the chief executive officer or board of directors, and provide similar information on any parent business entity. If the intermediary entity or ultimate parent is a publicly traded company, the ownership identification requirements for this business entity shall be provided as required in subsection (d).

d) Publicly Traded Company Ownership. If a business entity identified in subsection (b) or (c) is a publicly traded company, the following information shall be provided in the Table of Organization, Ownership and Control:

1) The name and percentage of ownership interest of each individual or business entity with ownership of more than 5% of the voting shares of the entity, to the extent that information is known or contained in 13D or 13G Securities and Exchange Commission (SEC) filings.

2) To the extent known, the names and percentage of interest of ownership of persons who are relatives of one another and who together (as individuals or through trusts) exercise control over or own more than 10% of the voting shares of the entity.

3) Any trust holding a more than 5% ownership or voting interest in the company, to the extent that information is known or contained in 13D or 13G SEC filings.

Section 1900.720 Other Required Forms

a) Institutional Investor Disclosure Form. Any business entity that meets the definition of an institutional investor and that would otherwise be required to

submit a Business Entity Disclosure Form may instead submit the Institutional Investor Disclosure Form.

b) Trust Registration and Disclosure Form. Level 1 occupational licensees and key persons of any other applicant or licensee shall submit a Trust Registration and Disclosure Form for any trust that holds a direct or indirect interest in any gaming entity that is subject to regulation by a gaming jurisdiction for which they are a grantor, trustee or beneficiary, or for any other trust in which they have an interest, if so requested by the Board. These disclosures are material information for the purposes of Section 1900.220 (b).

Section 1900.730 Licensing Procedures

a) Applicants for licensure under the Act shall be subject to the following procedures prior to licensing:

1) Application;

2) Investigation of the applicant; and

3) Action of the Board.

b) An applicant is responsible for compliance with all requests for information, documents, or other materials relating to the applicant and the applicant's application.

c) An applicant must satisfy the Board by clear and convincing evidence that the applicant is suitable for licensure under the Act and this Part.

d) Action of the Board

1) If the Board finds the applicant suitable for licensing, it shall direct the Administrator to issue the applicant a license upon payment of the applicant's license fee, if any, required by the Act.

2) If the Board finds the applicant not suitable for licensing, it shall issue the applicant a Notice of Denial. The Notice of Denial shall be served upon the applicant in accordance with Section 1900.160.

e) Request for Hearing

1) An applicant who is served with a Notice of Denial may request a hearing in accordance with Subpart H.

2) If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the applicant's license application.

Section 1900.735 Issuance of License

a) The Board may only issue a license after the background investigation is complete, the Board determines the applicant is suitable for licensure, and the applicant has paid the required initial license fee, if any.

b) Initial License Fees

1) For a master sports wagering license issued to an organization licensee under the Illinois Horse Racing Act of 1975 [230 ILCS 5] prior to June 28, 2019, the initial license fee shall be equal to 5% of its handle from the 2018 calendar year, or $2,341,976.20, whichever is greater, but not to exceed $10,000,000.

2) For a master sports wagering license issued to an organization licensee under the Illinois Horse Racing Act of 1975 after June 28, 2019, the initial license fee due at licensure shall be $5,000,000 or 5% of its handle from its first 12 months of racing operations, whichever is greater, but not to exceed $10,000,000.

3) For a master sports wagering license issued to an owners licensee under the Illinois Gambling Act prior to June 28, 2019, the initial license fee shall be equal to 5% of its adjusted gross receipts from the 2018 calendar year. No initial license fee shall exceed $10,000,000.

4) For a master sports wagering license issued to an owners licensee under the Illinois Gambling Act after June 28, 2019, the initial license fee shall be equal to $5,000,000 or 5% of its adjusted gross receipts from its first 12 months of gambling operations, whichever is greater, but not to exceed $10,000,000.

5) The initial license fee for a tier 2 official league data provider license is payable to the Board 13 months after the date of initial licensure.

c) If an applicant is denied a license, the applicant may not reapply for a license for one year from the date on which the final order of denial was voted upon by the Board, unless granted leave of the Board.

d) Initial Term of Licenses

1) Master sports wagering, supplier, and management services provider licenses issued by the Board shall be for an initial term of four years. Prior to the expiration of the four year initial license, the licensee may apply for a license renewal in accordance with the Act and this Part.

2) Tier 2 official league data provider licenses issued by the Board shall be for an initial term of three years. Prior to the expiration of the three year initial license, the licensee may apply for a license renewal in accordance with the Act and this Part.

3) Occupational licenses issued by the Board shall be for a term of one year. Prior to the expiration of the license, the licensee may apply for a license renewal in accordance with the Act and this Part.

Section 1900.740 Renewal of Licenses

a) The Board may only renew a license upon receipt of any completed renewal forms required by the Board and the applicable renewal fee, except in the case of tier 2 official league data provider licenses. The renewal fee for a tier 2 league data provider license shall be due 30 days after the date of renewal.

b) A license other than a tier 2 official league data provider license shall expire if the renewal fee is not received by the Board prior to the first regular Board meeting held in or after the month in which the license was issued. A tier 2 league data provider license shall expire if the renewal fee is not received by the Board within 30 days after the first day of the month in which the license was issued, regardless of any Board action decision to otherwise renew the license.

c) The Board shall only renew a license if the licensee continues to meet all qualifications for licensure set forth in the Act and this Part.

d) Upon the expiration of an initial license, a license may be renewed for the following terms:

1) A master sports wagering or management services provider license may be renewed for a term of four years.

2) A tier 2 official league data provider license may be renewed for a term of three years.

3) A supplier or occupational license may be renewed for a term of one year.

e) Applications for Renewal

1) Applicants for renewal of master sports wagering, management services provider, supplier, and tier 2 official league data provider licenses shall submit a renewal application on forms promulgated by the Board.

2) Applications for renewal shall include Business Entity or Personal Disclosure forms from each key person or level 1 occupational licensee.

3) Applications for renewal shall be electronically submitted, in a manner designated by the Administrator, no less than 90 days prior to the first day of the month in which the license was issued unless a later date is authorized in writing by the Administrator.

4) Applications for renewal of a license, except a tier 2 official league data provider license, must be accompanied by any renewal fee required by the Act.

f) Exceptions

1) A master sports wagering licensee that holds an owners license or organization gaming license under the Illinois Gambling Act is not required to submit an application for renewal, but must submit the required renewal fee no less than 90 days prior to the first day of the month in which the license was issued, unless a later date is authorized in writing by the Administrator.

2) Occupational licensees are not required to submit an application for renewal, but must submit the required annual license fee no less than 30 days prior to the first day of the month in which the license was issued, unless a later date is authorized in writing by the Administrator.

g) Applicants for renewal shall submit, at a minimum, the following information:

1) An updated organizational chart of the licensee showing parent and subsidiary entities in relation to the licensee, including a separate listing of all key persons of the licensee;

2) Key person and level 1 occupational licensee disclosure updates;

3) The most recent year-end financial statements, including the most recent Form 10K and 10Q filed with the SEC by the licensee and its parent company, if they are publicly held corporations;

4) A list of revenues derived from Illinois sports wagering operations during the previous licensing period, categorized according to date and licensee;

5) Any and all fees received from management agreements or consulting services with a holder of a master sports wagering license, and the basis for the calculation of fees received;

6) Any specific plans for changes in the financing, ownership or organization of the licensed entity;

7) Disclosure of any past or pending disciplinary action taken against the licensee or its affiliated entities in any other jurisdictions;

8) Disclosure of any past or pending material litigation involving the licensee, its parent corporation and subsidiaries, and any key person;

9) If applicable, any and all equipment, devices and supplies offered for sale or lease in connection with sports wagering authorized under the Act and this Part; and

10) An affidavit certifying the licensee is in compliance with required payment of all applicable federal and State taxes.

h) The Board shall base its decision on an application for renewal upon the same qualifications required for initial licensure under Subpart E. The Board may consider any additional relevant information, including but not limited to:

1) The timeliness and responsiveness of the information submitted by the licensee under this Section;

2) The Board's analysis of the licensee's operations, including the nature, frequency, extent and any pattern of past violations of the Act and this Part;

3) The financial status and the current and projected financial viability of the entity;

4) The owner licensee's pattern of compliance exhibited through quarterly, special and annual compliance reviews or audits performed by the Board staff or contract audit firms; and

5) The overall adherence of the licensee to all requirements of the Act and this Part.

i) Action of the Board

1) The Board shall act on the renewal of a license at a public meeting.

2) If the Board decides to deny license renewal, it shall issue the applicant a Notice of Denial. The Notice of Denial shall be served upon the applicant in accordance with Section 1900.160.

j) Request for Hearing

1) An applicant who is served with a Notice of Denial may request a hearing in accordance with Subpart H.

2) If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the applicant's license application.

Section 1900.750 Withdrawal of Applications and Surrender of Licenses

a) Withdrawal of Applications

1) An applicant does not have a right to withdraw a submitted application.

2) An applicant may submit a request to withdraw an application to the Administrator.

3) A request to withdraw an application shall not be considered unless received by the Administrator prior to Board action on the application.

4) The Administrator shall deny a request to withdraw an application if he or she finds that doing so is in the best interests of the State or the Illinois sports wagering industry.

5) If the Administrator denies a request to withdraw an application, the applicant shall be notified in writing.

6) If the Administrator denies a request to withdraw an application, the Board shall not deny the pending application until at least 14 days after the request is denied.

7) An applicant whose request to withdraw has been denied by the Administrator may request leave of the Board to withdraw the application.

b) Surrender of License

1) A licensee does not have a right to surrender a license.

2) A licensee may submit a request to surrender its license at any point after licensure.

3) A request to surrender a license shall not be considered if a disciplinary action seeking suspension or revocation of the license is pending.

4) The Administrator shall deny a request to surrender a license if he or she finds that doing so is in the best interests of the State or the Illinois sports wagering industry.

5) If the Administrator denies a request to surrender a licensee, the licensee shall be notified in writing.

6) A licensee whose request to surrender has been denied by the Administrator may request leave of the Board to surrender the license.

Section 1900.755 Sports Facility Designees

A master sports wagering license under Section 25-40 of the Act may be applied for and be issued in the name of a designee of a sports facility. When a master sports wagering license is applied for or issued in the name of a designee, the provisions of this Section apply.

a) Any rights a designee has to apply for or hold a master sports wagering license under Section 25-40 of the Act are exclusively based on a contract with the qualifying sports facility.

b) The owners of the respective sports facility shall be key persons of a designee for the purposes of any master sports wagering license issued under Section 25-40 of the Act.

c) A sports facility shall notify the Board of any termination of a designee relationship. Upon the effective date of the termination, the master sports wagering license shall immediately expire.

d) If a master sports wagering license in the name of a designee under Section 25-40 of the Act is denied, revoked, not renewed, or expires, the sports facility shall have a 180-day period during which its owners or a newly named designee may apply for a master sports wagering license. If the 180-day period expires without a new application, or if the sports facility notifies the Board of its intent not to pursue a new license, the Administrator may begin a new application process under Section 25-40(c) of the Act.

Section 1900.760 Transferability of Ownership Interest

a) An ownership interest in an entity holding a master sports wagering license or a management services provider license may only be transferred with leave of the Board. An ownership interest in a business entity, other than a publicly traded corporation, that has an interest in an entity holding a master sports wagering

license or a management services provider license may only be transferred with leave of the Board.

1) Any individual or entity filing an application for transfer of any ownership interest under this Section must submit a Business Entity Form or Personal Disclosure Form, as appropriate, and any other information specifically requested by the Board. All costs associated with Board investigation of the applicant for transfer will be borne by the licensee in which the transfer of ownership interest is being sought.

2) The Board shall determine suitability for transfer based on the same criteria as for a finding of suitability for licensure (see Section 1900.510).

3) If the Board denies the application for transfer, it shall issue the applicant a Notice of Denial. An applicant served with a Notice of Denial may request a hearing under Subpart H. If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the application for transfer.

b) An ownership interest in an entity holding a master sports wagering license or a management services provider license may only be pledged as collateral with leave of the Board.

c) Transferability of Ownership in Publicly Traded Parent Corporation. The Board shall investigate the suitability for transfer of any person who, individually or in association with others, acquires directly, indirectly or beneficially, ownership of more than 5% of any class of voting or non-voting with conversion rights securities of a publicly traded corporation that holds an ownership interest in an entity holding a master sports wagering license or a management services provider license.

1) Any such person must submit a Business Entity Form or Personal Disclosure Form, as appropriate, and any other information specifically requested by the Board. All costs associated with Board investigation of the applicant for transfer will be borne by the licensee in which the publicly traded corporation holds an interest.

2) Board decision as to suitability for transfer will be based on the criteria for a finding of preliminary suitability for licensure (see Section 1900.510).

3) If the Board denies the application for transfer, it shall issue the applicant a Notice of Denial. An applicant served with a Notice of Denial may request a hearing under Subpart H. If a hearing is not requested, the Notice of Denial becomes the final order of the Board denying the application for transfer.

4) Commencing as of the date the Board issues a Notice of Denial, it shall be unlawful for the applicant served with the Notice:

A) To receive any dividends or interest upon any such securities;

B) To exercise, directly or indirectly, any right conferred by the securities; or

C) To receive any remuneration in any form from any person or entity holding any license under the Act for services rendered or otherwise.

5) Within 30 calendar days after the earlier of either the failure of an applicant served with a Notice of Denial to request a hearing or the issuance of a final order pursuant to Subpart H:

A) The holder of the affected license shall purchase all of the interests in the holder of the owner's license from the disqualified person or entity; and

B) The disqualified person or entity shall sell all of the subject interest in the holder of the license to the licensee at the lesser of the market price or purchase price of those interests in the holder of the license.

Section 1900.770 Annual Updates

a) A holder of a master sports wagering, management services provider, supplier, or tier 2 official league data provider license shall be required to submit an annual update to the Board during any year in which the license is not due to expire or be renewed.

b) Annual updates shall be electronically submitted, on forms and in a manner designated by the Administrator, no less than 90 days prior to the first day of the month in which the license was issued.

c) Annual updates shall include, at a minimum, the following information:

1) An updated organizational chart of the licensee showing parent and subsidiary entities in relation to the licensee, including a separate listing of all key persons of the licensee;

2) Key person and level 1 occupational licensee disclosure updates;

3) The most recent year-end financial statements, including the most recent Form 10K and 10Q filings with the SEC by the licensee and its parent company, if they are publicly held corporations;

4) A list of revenues derived from Illinois sports wagering operations during the previous licensing period, categorized according to date and licensee;

5) Any and all fees received from management agreements or consulting services with a holder of a master sports wagering license, and the basis for the calculation of fees received;

6) Any specific plans for changes in the financing, ownership or organization of the licensed entity;

7) Disclosure of any past or pending disciplinary action taken against the licensee or its affiliated entities in any other jurisdictions;

8) Disclosure of any past or pending material litigation involving the licensee, its parent corporation and subsidiaries, and any key person;

9) If applicable, any and all equipment, devices and supplies offered for sale or lease in connection with sports wagering authorized under the Act and this Part; and

10) An affidavit certifying the licensee is in compliance with required payment of all applicable federal and State taxes.

Section 1900.780 Recognition of Existing Board Licenses

a) An applicant for a supplier license under the Sports Wagering Act that holds a valid supplier license under the Illinois Gambling Act shall be granted a supplier license by the Board, providing the following requirements have been met:

1) The Administrator has deemed the application to be complete;

2) The applicant has updated its description of products or services provided; and

3) The applicant has paid its nonrefundable application fee.

b) An applicant for an occupational license under the Sports Wagering Act who holds a valid occupational license of the same or higher level under the Illinois Gambling Act shall be granted an occupational license by the Board, providing the following requirements have been met:

1) The Administrator has deemed the application to be complete; and

2) The applicant has paid his or her initial annual license fee.

Section 1900.790 Temporary Operating Permits

The Administrator may issue a temporary operating permit to an applicant for a supplier, tier 2 official league data supplier, management service provider, or master sports wagering license issued under Section 25-30 or 25-35 of the Act.

a) To qualify for any temporary operating permit, an applicant must have:

1) Already submitted an application that has been deemed complete by the Administrator; and

2) Already paid any required application fee.

b) Any applicant requesting a master sports wagering temporary operating permit must:

1) Possess a valid organization gaming license or owners license; or

2) Be an affiliated entity of the holder of a valid organization gaming license, owners license, master sports wagering license, or management service provider license.

c) Any applicant requesting a supplier or tier 2 official league data supplier temporary operating permit must possess a valid license in another jurisdiction with respect to the same goods or services the applicant will supply in Illinois.

d) Any applicant requesting a management service provider temporary operating permit must be an affiliated entity of an owners licensee or organization gaming licensee under the Illinois Gambling Act, or a master sports wagering licensee.

e) In determining whether to grant a temporary operating permit, the Administrator shall consider any relevant factor, including, but not limited to:

1) Facts that suggest an applicant may not be suitable for licensure under the Act and this Part;

2) Any past or pending disciplinary action against the applicant in any jurisdiction;

3) The best interests and needs of the Illinois sports wagering industry; and

4) Whether issuing a temporary operating permit would pose a threat to public confidence and trust in the Illinois sports wagering industry, or to the integrity and security of the Illinois sports wagering industry.

f) The Administrator may rescind a temporary operating permit at any time for any just cause, including, but not limited to, the factors identified in Sections 1900.310 and 1900.510(a), and in subsection (e) of this Section.

g) Rescission of a temporary operating permit by the Administrator is not a final ruling on the merits of an application.

h) A temporary operating permit shall be rescinded upon issuance of a Notice of Denial of Application.

Section 1900.795 Temporary Identification Badge

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

The Administrator may issue a temporary identification badge to an applicant for an occupational license. The holder of a temporary identification badge may be employed in a designated gaming area or may perform duties that would otherwise require an occupational license.

a) To qualify for a temporary identification badge, an applicant must have already submitted an application that has been deemed complete by the Administrator, including fingerprinting and a photograph.

b) In determining whether to grant a temporary identification badge, the Administrator shall consider any relevant factor, including but not limited to:

1) Facts that suggest an applicant may not be suitable for licensure under the Act and this Part; and

2) Any past or pending disciplinary action against the applicant in any jurisdiction.

c) Temporary identification badges are valid for up to one year from the date of the application unless extended by the Administrator.

d) A temporary identification badge is not transferable and, upon resignation or termination of employment, must be returned by the applicant to the master sports wagering licensee or to the Board. A master sports wagering licensee shall return any such badge to the Board.

e) The Administrator may rescind a temporary identification badge at any time for any just cause, including, but not limited to, the factors identified in Sections 1900.310 and 1900.510(a), and in subsection (b) of this Section.

f) Rescission of a temporary identification badge by the Administrator is not a final ruling on the merits of an application.

g) A temporary identification badge shall be rescinded upon issuance of a Notice of Denial of Application.

SUBPART H: DENIALS OF APPLICATIONS

ILLINOIS GAMING BOARD

NOTICE OF ADOPTED RULES

Section 1900.810 Coverage of Subpart

a) This Subpart governs all hearings requested upon issuance of a Notice of Denial of Application for licensure. Hearings under this Subpart are de novo proceedings for the creation of a record regarding an applicant's suitability for licensure. A hearing under this Subpart is not an appeal of Board action.

b) Section 1900.110(b) is not applicable to any requests under this Subpart.

Section 1900.815 Requests for Hearing

a) If the Board finds that an applicant is not suitable for licensure, it shall issue the applicant a Notice of Denial.

b) The Board shall serve notice on the applicant by e-mail pursuant to Section 1900.160, personal service, or certified U.S. Mail to the last known address of the applicant. Service is complete upon transmission of the e-mail, date of personal service, or four days after mailing.

c) Should an applicant wish to contest the action the Board has taken regarding his or her application, the applicant must submit a request for hearing to the Board.

d) All requests for hearing shall be in writing. If a request for hearing is mailed, it shall include an original and one copy. The request shall contain the following:

1) The name, current address and current telephone number of the petitioner (the applicant);

2) Detailed reasons why, and the facts upon which the petitioner will rely to show that, the petitioner is suitable for licensure, including specific responses to any facts enumerated in the Board's Notice of Denial;

3) A signature of the petitioner;

4) A verification of the petition in the following form:

"The undersigned certifies that the statements set forth in this request are true and correct, except as to matters therein stated to be on information

and belief and as to such matters the undersigned certifies as aforesaid that he/she verily believes the same to be true."; and

5) The request must be notarized.

e) A request for hearing must be made within 10 days after service of Notice of Denial from the Board. A request shall be deemed filed on the date the e-mail was transmitted or on which it is postmarked.

f) If a request for hearing is not filed within 10 days of the date of service, then the Notice of Denial becomes the final order of the Board denying the applicant's license application.

g) A request for hearing shall be deemed granted unless denied. The Board may deny a request for hearing if the statement of the reasons and facts that it contains does not establish a prima facie case or fails to comply with any of the other requirements of this Section. The Board's denial of a request for hearing is a final decision and the denial of licensure becomes a final order on the date the Board denies the request for hearing.

h) A request for hearing may be withdrawn or voluntarily dismissed through written notification to the Board unless objected to by the Administrator. If the Administrator objects, the request for hearing may not be withdrawn or voluntarily dismissed without leave of the Board.

i) The petitioner may submit a request for hearing by:

1) personal delivery;

2) certified U.S. Mail, postage prepaid;

3) overnight express mail, postage prepaid; or

4) e-mail.

j) All personally delivered or mailed requests must be submitted to the Administrator at the address provided in the Notice of Denial. All requests sent by email must be submitted to the email address provided in the Notice of Denial.

k) If a request is granted, an Administrative Law Judge will be appointed to conduct a hearing.

Section 1900.820 Appearances

a) All petitioners may be represented by an attorney who is licensed to practice in Illinois. All attorneys who appear in a representative capacity on behalf of a petitioner must file a written appearance setting forth:

1) The name, address, telephone number, and e-mail address of the attorney;

2) The name and address of the petitioner the attorney represents; and

3) An affirmative statement that the attorney is licensed to practice in Illinois.

b) Only individual attorneys may file appearances. Any petitioner's attorney who has not filed an appearance may not address the Administrative Law Judge or sign pleadings.

c) An attorney may only withdraw his or her appearance upon written notice to the Administrative Law Judge, the petitioner, and the Board.

d) An individual or sole proprietorship may appear on his or her own behalf.

e) A partner may appear on behalf of a partnership.

f) Any other business entity must be represented by an attorney.

Section 1900.825 Appointment of Administrative Law Judge

a) The Chairman of the Board may provide for or appoint an attorney admitted to the practice of law by, and in good standing with, the Illinois Supreme Court as an Administrative Law Judge (ALJ) to conduct a hearing in accordance with this Subpart. If designated, the Administrator may provide for the appointment of an ALJ to conduct a hearing in accordance with this Subpart. The petitioner will be copied on the letter of appointment and the letter will serve as notice of the pendency of the hearing. The ALJ shall establish a status date and notify the parties of that date.

b) If the petitioner believes the ALJ is biased or has a conflict of interest, the petitioner may file with the Board a motion to disqualify the ALJ from conducting the hearing. The motion must be in writing, accompanied by an affidavit signed and dated by the petitioner setting forth the specific grounds for disqualification. The petitioner shall serve a copy of the motion on the ALJ. Prior adverse rulings against the petitioner or its attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. On satisfactory evidence submitted by the petitioner in support of the motion to disqualify, the Board shall remove the ALJ and provide for the reassignment of the case to another ALJ to continue the hearing. Any ALJ may voluntarily disqualify himself or herself upon determining that bias or conflict of interest exists. Grounds for disqualification of an ALJ shall include but not be limited to:

1) Financial interest or pecuniary benefit derived from the gaming industry;

2) Personal friendship with any of the parties, witnesses or attorneys involved;

3) Past representation of any of the parties or witnesses involved; or

4) Demonstrable pre-disposition on the issues.

c) If the motion to disqualify an ALJ is denied, the Board shall set forth in writing the reasons for the denial and the ALJ will proceed with the hearing. The motion to disqualify the ALJ and the reasons for the denial of the motion will be part of the administrative record.

Section 1900.830 Discovery

a) Upon written request served on the opposing party, a party shall be entitled to:

1) The name and address of any witness who may be reasonably expected to testify on behalf of the opposing party;

2) All documents or other materials in the possession or control of the opposing party that the opposing party reasonably expects will be necessary to introduce into evidence. Each party's burden of production includes those documents the party reasonably expects to introduce into evidence either in its case-in-chief or in rebuttal. To the extent that they

are not immediately identifiable, rebuttal documents shall be tendered to the opposing party within 14 days after receipt of documents tendered to that party unless additional time is granted by the ALJ.

b) Discovery may be obtained only through written requests to produce witness lists, documents or other materials, as specified in subsection (a). Witnesses and documents responsive to a proper request for production that were not produced shall be excluded from the hearing and additional sanctions or penalties may be imposed.

Section 1900.835 Subpoenas

a) Subpoenas for the attendance of witnesses at hearing may be served by the petitioner only upon application to the ALJ.

1) The petitioner must show good cause, state the testimony to be elicited from a witness, state why the evidence to which the testimony relates cannot otherwise be obtained, and state the reasons why the testimony is necessary and relevant.

2) An agent or employee of the Board may not be required by the petitioner to appear except under the procedures provided in this Section.

b) The General Counsel of the Board or the Administrator may issue subpoenas for the attendance of witnesses or subpoenas duces tecum for the production of relevant documents, records or other material at a proceeding conducted under this Subpart.

Section 1900.840 Motions for Summary Judgment

The ALJ may recommend the granting or denying summary judgment upon the filing of an appropriate motion by any party. A recommendation to deny summary judgment shall not be considered by the Board until the completion of the proceedings pursuant to Section 1900.850.

Section 1900.850 Proceedings

a) All testimony shall be given under oath or affirmation.

b) Both parties may present opening statements. Petitioner shall proceed first.

c) Petitioner shall then present petitioner's case-in-chief.

d) The burden of proof is at all times on petitioner. Petitioner shall have the affirmative responsibility of establishing by clear and convincing evidence that Petitioner is suitable for licensure.

e) Upon the conclusion of petitioner's case-in-chief, the Board may move for a directed finding. The ALJ may hear arguments on the motion or may grant, deny or reserve decision, without argument.

f) If no motion for directed finding is made, or if the motion is denied or decision reserved, the Board may present its case.

g) Each party may conduct cross-examination of adverse witnesses.

h) Upon the conclusion of the Board's case, petitioner may present evidence in rebuttal.

i) If petitioner presents rebuttal evidence, the Board may present additional, non-cumulative, evidence in surrebuttal.

j) Both parties may present closing arguments. Petitioner proceeds first, then the Board, and then the Petitioner may present rebuttal argument.

Section 1900.860 Evidence

a) The hearing need not be conducted according to the technical rules of evidence. Any relevant evidence may be admitted and shall be sufficient in itself to support a finding if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statute that might make improper the admission of evidence over objection in a civil action. Hearsay may support a finding of the ALJ if it has sufficient indicia of trustworthiness and reliability and is of the type reasonably and customarily relied on in the regular course of business.

1) Official Board records or certified copies of the records shall be admissible into evidence if the records tend to prove or disprove an allegation contained in the complaint.

2) Official Board records are documents either prepared by or provided to the Board for the purpose of conducting its regular business.

3) The Board shall have an opportunity to investigate and verify information Petitioner intends to offer in support of his case. Petitioner shall fully cooperate with any such investigation or verification of Petitioner's information by the Board. Petitioner shall not introduce into evidence any information that the Board has not been afforded the opportunity to investigate and verify.

b) To the fullest extent possible, the parties should stipulate to all matters that are not or fairly should not be in dispute.

c) The parties may make objections to evidentiary offers. When an objection is made, the ALJ may receive the disputed evidence subject to a ruling at a later time.

d) The ALJ may take official notice of any generally accepted information or technical or scientific matter within the field of sports wagering, and any other fact that may be judicially noticed by courts of this State. The parties shall be informed of any information, matter or facts so noticed, including any staff memoranda or data, and shall be given reasonable opportunity to refute that information.

Section 1900.870 Prohibition on Ex Parte Communication

A party or its representative shall not communicate directly or indirectly with the ALJ or a member of the Board regarding any pending matter under this Subpart, except upon notice to and opportunity for all parties to participate. This prohibition does not include communication by the Board with its staff in the ordinary course of business.

Section 1900.880 Sanctions and Penalties

a) The ALJ may impose sanctions and penalties if the ALJ finds that a party has acted in bad faith, for the purpose of delay, or has otherwise abused the hearing process. Sanctions and penalties include, but are not limited to, default judgment or directed finding on one or more issues.

b) If Petitioner, or an owner or key person of Petitioner, fails to testify on his or her own behalf with respect to any question propounded, the ALJ may infer that the testimony or answer would have been adverse to Petitioner's case.

c) Failure of Petitioner to appear at a hearing or scheduled proceeding shall constitute an admission of all matters and facts contained in the Notice of Denial. In those cases the ALJ may take action based upon that admission or upon any other evidence, including affidavits, without any further notice to the petitioner.

Section 1900.890 Transmittal of Record and Recommendation to the Board

a) The record shall consist of the following:

1) The Notice of Denial, the Request for Hearing and all motions and rulings on the Notice or Request;

2) All evidence received;

3) A statement of matters officially noticed;

4) Offers of proof, objections and rulings; and

5) The recommendation, any findings of fact, and any conclusions of law made by the ALJ.

b) Oral proceedings or any part of those proceedings involving contested facts shall be recorded by stenographic or other appropriate means as to adequately ensure the preservation of such testimony or oral proceedings and shall be transcribed on request of any party. The transcript shall be paid for by the requesting party.

c) Upon conclusion of the hearing, the ALJ shall issue to the Board written findings of fact and conclusions of law and his or her recommendations. Findings of fact shall be based exclusively on the evidence and on matters officially noticed.

d) Any party to the hearing may file exceptions to the recommendations of the ALJ with the Board no later than 14 days after receipt of the recommended decision. Exceptions shall specify each finding of fact and conclusion of law to which exception is taken. There shall be no oral argument on exceptions.

e) Final Board Order

1) The Board shall review the entire record, including any exceptions filed, and shall render a written order including the bases for its decision.

2) Copies of the final Board order shall be served on Petitioner by e-mail pursuant to Section 1900.160, personal delivery, certified mail, or overnight express mail to Petitioner's last known address.

3) A final Board order shall become effective upon transmission of the e-mail, personal delivery to a party, or upon posting by certified U.S. Mail or overnight express mail to Petitioner's last known address.

Section 1900.895 Status of Applicant for Licensure Upon Filing Request for Hearing

An applicant who has been denied a license and who has requested a hearing under this Subpart shall be considered an applicant for purposes of compliance with applicable statutory provisions and this Part until a final Board order is issued.

SUBPART I: DISCIPLINARY PROCEEDINGS

Section 1900.910 Coverage of Subpart

The rules contained in this Subpart shall govern all disciplinary actions against licensees or key persons including, but not limited to, fines or suspension and revocation of a license. For purposes of this Subpart, "disciplinary actions" shall include orders of economic disassociation under Section 1900.320.

Section 1900.915 Notice of Proposed Disciplinary Action

a) When notified of facts sufficient to support disciplinary action against a licensee or key person, the Administrator shall notify the Board and the respondent licensee or key person of the proposed disciplinary action. The notice will include the following:

1) A statement of the facts supporting the proposed disciplinary action;

2) A description of the rule or statutory Section the respondent has violated;

3) A statement or description of the matters asserted and the consequences of the failure to respond; and

4) The mailing address and e-mail address of the Board.

b) If the Administrator finds that the public interest, safety, or welfare imperatively requires emergency action, the Administrator may order the summary suspension of a license during the pendency of disciplinary proceedings.

1) If the Administrator makes such a finding, it shall be incorporated into the notice of proposed disciplinary action.

2) Summary suspension shall be effective immediately upon service of the notice of disciplinary action.

3) A licensee may submit a written request to the Board to modify or rescind the summary suspension. The request must be submitted no later than 14 days prior to a regularly scheduled Board meeting. The request is not subject to Section 1900.110(b).

4) A master sports wagering licensee subject to summary suspension shall still be obligated to redeem wagers placed prior to the summary suspension.

c) The Administrator shall serve the notice of proposed disciplinary action on the licensee by e-mail pursuant to Section 1900.160, personal service, or certified or regular U.S. Mail to the last known address of the licensee. Service is complete upon transmission of the e-mail, date of personal service, or four days after mailing.

Section 1900.920 Hearings in Disciplinary Actions

a) Should a respondent wish to contest the proposed disciplinary action, the licensee must submit a response to the notice of proposed disciplinary action described in Section 1900.915 to the Administrator.

b) All responses shall be in writing. The response shall contain the following:

1) The name, current address and current telephone number of the licensee;

2) A clear and concise statement admitting or denying each of the factual allegations set forth in the notice of proposed disciplinary action, with each admission or denial being shown in separately numbered paragraphs corresponding to the separately numbered paragraphs in the notice of proposed disciplinary action;

3) For all factual allegations that the licensee denies, a clear and concise statement of facts upon which the licensee relies or will rely on at a hearing;

4) A signature of the licensee;

5) A verification of the licensee in the following form:

"The undersigned certifies that the statements set forth in this request are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he or she verily believes the same to be true."; and

6) The response must be notarized.

c) The response must be filed within 21 days after the date of service of the notice of proposed disciplinary action. A response shall be deemed filed on the date the e-mail is transmitted or on which it is postmarked.

d) If a response is not filed within 21 days after service of the notice of proposed disciplinary action then the proposed disciplinary action becomes effective and final immediately.

e) No response shall be deemed filed if it fails to comply with any of the requirements of this Section.

f) The licensee may submit a response by:

1) Personal delivery;

2) Certified U.S. Mail, postage prepaid;

3) Overnight express mail, postage prepaid; or

4) E-mail.

g) All personally delivered or mailed responses must be submitted to the Administrator at the address provided in the notice of proposed discipline. All responses sent by email must be submitted to the email address provided in the notice of proposed discipline.

h) If a response is properly filed, an ALJ will be appointed to conduct a hearing.

Section 1900.925 Appearances

a) All respondents may be represented by an attorney who is licensed to practice in Illinois. All attorneys who appear in a representative capacity on behalf of a respondent must file a written appearance setting forth:

1) The name, address, telephone number, and e-mail address of the attorney;

2) The name and address of the respondent the attorney represents; and

3) An affirmative statement that the attorney is licensed to practice in Illinois.

b) Only individual attorneys may file appearances. Any respondent's attorney who has not filed an appearance may not address the ALJ or sign pleadings.

c) An attorney may only withdraw his appearance upon written notice to the ALJ, the respondent, and the Board.

d) An individual or sole proprietorship may appear on his or her own behalf.

e) A partner may appear on behalf of a partnership.

f) Any other business entity must be represented by an attorney.

Section 1900.930 Appointment of Administrative Law Judge

a) The Chairman of the Board may provide for or appoint an attorney admitted to the practice of law by, and in good standing with, the Illinois Supreme Court as an

ALJ to conduct a hearing in accordance with this Subpart. If designated, the Administrator may provide for the appointment of an ALJ to conduct a hearing in accordance with this Subpart. The respondent will be copied on the letter of appointment and the letter will serve as notice of the pendency of the hearing. The ALJ shall establish a status date and notify the parties of that date.

b) If the respondent believes the ALJ is biased or has a conflict of interest, the respondent may file with the Board a motion to disqualify the ALJ from conducting the hearing. The motion must be in writing, accompanied by an affidavit signed and dated by the respondent setting forth the specific grounds for disqualification. The respondent shall serve a copy of the motion on the ALJ. Prior adverse rulings against the respondent or its attorney in other matters shall not, in and of themselves, constitute grounds for disqualification. On satisfactory evidence submitted by the respondent in support of the motion to disqualify, the Board shall remove the ALJ and provide for the reassignment of the case to another ALJ to continue the hearing. Any ALJ may voluntarily disqualify himself or herself upon determining that bias or conflict of interest exists. Grounds for disqualification of ALJ shall include but not be limited to:

1) Financial interest or pecuniary benefit derived from the gaming industry;

2) Personal friendship with any of the parties, witnesses or attorneys involved;

3) Past representation of any of the parties or witnesses involved; or

4) Demonstrable pre-disposition on the issues.

c) If the motion to disqualify an ALJ is denied, the Board shall set forth in writing the reasons for the denial and the ALJ will proceed with the hearing. The motion to disqualify the ALJ and the reasons for the denial of the motion will be part of the administrative record.

Section 1900.935 Discovery

a) Upon written request served on the opposing party, a party shall be entitled to:

1) The name and address of any witness who may be reasonably expected to testify on behalf of the opposing party;

2) All documents or other materials in the possession or control of the opposing party that the opposing party reasonably expects will be necessary to introduce into evidence. Each party's burden of production includes those documents the party reasonably expects to introduce into evidence either in its case-in-chief or in rebuttal. To the extent that they are not immediately identifiable, rebuttal documents shall be tendered to the opposing party within 14 days after receipt of documents tendered to party unless additional time is granted by the ALJ.

b) Discovery may be obtained only through written requests to produce witness lists, documents or other materials, as specified in subsection (a). Witnesses and documents responsive to a proper request for production that were not produced shall be excluded from the hearing and additional sanctions or penalties may be imposed.

Section 1900.940 Subpoenas

a) Subpoenas for the attendance of witnesses at hearing may be served by the respondent only upon application to the ALJ.

1) The respondent must show good cause, state the testimony to be elicited from a witness, state why the evidence to which the testimony relates cannot otherwise be obtained, and state the reasons why the testimony is necessary and relevant.

2) An agent or employee of the Board may not be required by the respondent to appear except under the procedures provided in this Section.

b) The General Counsel of the Board or the Administrator may issue subpoenas for the attendance of witnesses or subpoenas duces tecum for the production of relevant documents, records or other material at a proceeding conducted under this Subpart I.

Section 1900.945 Motions for Summary Judgment

The ALJ may recommend the granting or denying summary judgment upon the filing of an appropriate motion by any party. A recommendation to deny summary judgment shall not be considered by the Board until the completion of the proceedings pursuant to Section 1900.950.

Section 1900.950 Proceedings

a) All testimony shall be given under oath or affirmation.

b) Both parties may present opening statements. The Board will proceed first.

c) The Board shall then present its case. The Board shall establish the charges contained in the notice of proposed disciplinary action by a preponderance of the evidence.

d) Upon the conclusion of the Board's case, the respondent may move for a directed finding. The ALJ may hear arguments on the motion or may grant, deny or reserve decision on the motion, without argument.

e) If no motion for directed finding is made, or if that motion is denied or decision reserved, the respondent may present its case.

f) The respondent bears the burden of rebutting the charges contained in the notice of proposed disciplinary action by clear and convincing evidence.

g) Each party may conduct cross-examination of adverse witnesses.

h) Upon the conclusion of the respondent's case, the Board may present evidence in rebuttal.

i) If the Board presents rebuttal evidence, the respondent may present additional, non-cumulative, evidence in surrebuttal.

j) Both parties may present closing arguments. The respondent proceeds first, then the Board and thereafter the respondent may present rebuttal argument.

Section 1900.960 Evidence

a) The hearing need not be conducted according to the technical rules of evidence. Any relevant evidence may be admitted and shall be sufficient in itself to support a finding if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statute that might make improper the admission of evidence over

objection in a civil action. Hearsay may support a finding of the ALJ if it is the best evidence available, has sufficient indicia of trustworthiness and reliability and is of the type reasonably and customarily relied on in the regular course of business.

1) Official Board records or certified copies of the records shall be admissible into evidence if the records tend to prove or disprove an allegation contained in the complaint.

2) Official Board records are documents either prepared by or provided to the Board for the purpose of conducting its regular business.

b) To the fullest extent possible, the parties should stipulate to all matters that are not or fairly should not be in dispute.

c) The parties may make objections to evidentiary offers. When an objection is made, the ALJ may receive the disputed evidence subject to a ruling at a later time.

d) The ALJ may take official notice of any generally accepted information or technical or scientific matter within the field of sports wagering, and any other fact that may be judicially noticed by courts of this State. The parties shall be informed of any information, matter or facts so noticed, including any staff memoranda or data, and shall be given reasonable opportunity to refute that information.

Section 1900.970 Prohibition on Ex Parte Communication

A party or its representative shall not communicate directly or indirectly with the ALJ or a member of the Board regarding any pending matter under this Subpart, except upon notice to and opportunity for all parties to participate. This prohibition does not include communication by the Board with its staff in the ordinary course of business.

Section 1900.980 Sanctions and Penalties

a) The ALJ may impose sanctions and penalties if the ALJ finds that a party has acted in bad faith, for the purpose of delay, or has otherwise abused the hearing process. The sanctions and penalties include, but are not limited to, default judgment or directed finding on one or more issues.

b) If the respondent, or an owner or key person of the respondent, fails to testify on his or her own behalf with respect to any question propounded to him or her, the ALJ may infer that the testimony or answer would have been adverse to the licensee's case.

c) Failure of the respondent to appear at a hearing or scheduled proceeding shall constitute an admission of all matters and facts contained in the complaint. In such cases the ALJ may take action based upon that admission or upon any other evidence, including affidavits, without any further notice to the licensee.

Section 1900.990 Transmittal of Record and Recommendation to the Board

a) The record shall consist of the following:

1) The notice of proposed disciplinary action, the response and all motions and rulings on motions;

2) All evidence received;

3) A statement of matters officially noticed;

4) Offers of proof, objections and rulings on those offers and objections; and

5) The recommendation, any findings of fact, and any conclusions of law made by the ALJ.

b) Oral proceedings or any part of those proceedings involving contested facts shall be recorded by stenographic or other appropriate means as to adequately ensure the preservation of the testimony or oral proceedings and shall be transcribed on request of any party. The transcript shall be paid for by the requesting party.

c) Upon conclusion of the hearing, the ALJ shall issue to the Board written findings of fact and conclusions of law and his or her recommendations. Findings of fact shall be based exclusively on the evidence and on matters officially noticed.

d) Any party to the hearing may file exceptions to the recommendations of the ALJ with the Board no later than 14 days after receipt of the recommended decision.

Exceptions shall specify each finding of fact and conclusion of law to which exception is taken. There shall be no oral argument on exceptions.

e) Board Order

1) The Board shall review the entire record, including any exceptions filed, and shall render a written order including the bases for its decision.

2) Copies of the final Board order shall be served on Respondent by e-mail pursuant to Section 1900.160, personal delivery or certified or overnight express U.S. Mail to the licensee's last known address.

3) A final Board order shall become effective upon transmission of the e-mail, personal delivery to a party, or upon posting by certified or overnight express U.S. Mail to Respondent's last known address.

Section 1900.995 Persons Subject to Proposed Orders of Economic Disassociation

Persons subject to a proposed order of economic disassociation under Section 1900.320 may request a hearing on the order under this Subpart. Both the licensee and the person subject to the proposed order of economic disassociation shall be parties to the proceeding. A person requesting a hearing under this Section shall have the same procedural rights and obligations and shall be subject to the same notice requirements and deadlines as a licensee under this Subpart.

SUBPART J: ACCOUNTING, RECORDS, AND DATA

Section 1900.1000 Ownership Records

A holder of a master sports wagering license or management services provider license shall keep on a permanent basis, and provide to the Board upon request, the following records:

a) If a corporation:

1) A certified copy of the articles of incorporation and any amendments;

2) A certified copy of the bylaws and any amendments;

3) A certificate of good standing from the state of its incorporation;

4) A certificate of authority from the Illinois Secretary of State authorizing it to do business in Illinois, if the corporation is operating as a foreign corporation in Illinois;

5) A list of all current and former officers and directors, including the dates each individual held those titles;

6) A certified copy of minutes of all meetings of the stockholders and directors;

7) A current list of all stockholders including the names of beneficial owners of shares held in street or other names;

8) The name of any business entity and a current list of all stockholders in such entity, including the names of beneficial owners of shares held in street or other names, in which such corporation has a direct, indirect or attributed interest;

9) A copy of the stock certificate ledger;

10) A complete record of all transfers of stock;

11) A schedule of amounts paid to the corporation for issuance of stock and other capital contributions and the dates of those payments;

12) A schedule of all dividends distributed by the corporation; and

13) A schedule of all salaries, wages, and other remuneration (including perquisites), direct or indirect, paid during the calendar or fiscal year, by the corporation, to all officers, directors, and stockholders with an ownership interest at any time during the calendar or fiscal year, equal to or greater than 5% of the outstanding capital stock of any class of stock.

b) If a limited liability company (LLC):

1) A certified copy of the Articles of Formation;

2) A certificate of authority from the Illinois Secretary of State authorizing it to do business in Illinois, if the LLC is operating as a foreign organization in Illinois;

3) A certified copy of the Operating Agreement and any amendments to that Agreement;

4) The name and address of each member; and

5) A detailed description of the organization of the LLC, including whether the LLC is managed by an outside manager;

c) If a partnership:

1) A certified copy of the partnership agreement;

2) A certificate of limited partnership of its domicile;

3) A list of the partners, including names, addresses, the percentage of interest in net assets, profits and losses held by each, the amount and date of each capital contribution of each partner, and the date the interest was acquired;

4) A schedule of all withdrawals of partnership funds or assets;

5) A schedule of salaries, wages and other remuneration (including perquisites), direct or indirect, paid to each partner during the calendar or fiscal year; and

6) A schedule of salaries, wages and other remuneration (including perquisites), direct or indirect, paid to each member, manager, or employee during the calendar or fiscal year.

d) If a sole proprietorship:

1) A schedule showing the name and address of the proprietor and the amount and date of his or her original investment;

2) A schedule of dates and amounts of subsequent additions to the original investment and any withdrawals; and

3) A schedule of salaries, wages and other remuneration (including perquisites), direct or indirect, paid to the proprietor during the calendar or fiscal year.

Section 1900.1010 Accounting Records

A master sports wagering licensee or its designee shall keep, in accordance with the retention schedule, and provide to the Board upon request, the following records specific to sports wagering activity.

a) The accounting records shall be maintained in a format defined in its internal control system as approved by the Administrator, with transactions recorded on the accrual basis and supported by detailed and subsidiary records.

b) The Administrator shall prescribe a summary level chart of accounts to insure consistency, comparability, and appropriate disclosure of financial information.

c) The detailed subsidiary records shall include as a minimum the following:

1) Detailed general ledger accounts identifying all revenue sources, expenses, assets, liabilities and equity for the holder of a master sports wagering license;

2) Records of all investments, advances, loans and receivable balances, other than patron checks, due to the establishment;

3) Records of all loans and other amounts payable by the holder of a master sports wagering license;

4) Records of all patron checks initially accepted by the holder of a master sports wagering license, deposited by the licensee, returned to the licensee as "uncollected" and ultimately written-off as uncollectible by the holder of a master sports wagering license;

5) Journal entries prepared by the holder of a master sports wagering license and an independent accountant;

6) Tax workpapers used in preparation of any State or federal tax return;

7) Records that identify by sporting contest or event, gross sports wagering receipts, winnings paid to wagerers, tier 1 sports wagers, tier 2 sports wagers, ticket redemption and such other information relating to sports wagering as deemed necessary by the Board or required by its internal control system;

8) Records supporting the accumulation of the costs for complimentary services and items. A complimentary service or item provided to patrons in the normal course of a licensee's business shall be recorded at an amount based upon the full retail price normally charged for that service or item;

9) Records required to fully comply with all the federal financial record-keeping requirements as enumerated in 31 CFR 103;

10) Records required by the holder of a master sports wagering licensee's internal control system;

11) Workpapers supporting the daily reconciliation of cash accountability;

12) Records concerning the acquisition or construction of a proposed or existing facility; and

13) Any other records that the Administrator requires to be maintained.

d) If a holder of a master sports wagering license or its designee fails to maintain the records used in order to calculate the adjusted gross sports wagering receipts, the Administrator may compute and determine the amount of the adjusted gross sports wager receipts upon the basis of an audit conducted by the Board based upon available information.

Section 1900.1020 Standard Financial and Statistical Records

a) The master sports wagering licensee, unless specifically exempted by the Administrator, shall file daily, monthly, quarterly and annual reports of financial and statistical data.

b) The Administrator shall periodically prescribe a set of standard reporting forms and instructions to be used in filing daily, monthly, quarterly and annual reports.

c) Annual reports shall be based on a calendar year beginning January 1 and ending December 31. All reports shall start and end at midnight, Central Time. Quarterly reports shall be based on the calendar quarters ending March 31, June 30, September 30 and December 31. Monthly reports shall be based on calendar months. Quarterly and monthly reports shall contain a cumulative year-to-date column to facilitate analysis.

d) Reports required to be filed pursuant to this Section shall be submitted electronically in accordance with the form instructions and received no later than the required filing date. The required filling date for monthly reports shall be the last calendar day of the following month.

e) In the event of a termination or suspension of a master sports wagering license, voluntary or involuntary change in business entity or material change in ownership, the master sports wagering licensee shall file an interim quarterly report as of the date of occurrence of the event, unless the event has already been disclosed in a regular quarterly report or unless exempted by the Administrator. The filing date shall be 30 calendar days after the date of occurrence of the event.

f) Any adjustments resulting from the quarterly and annual audits shall be recorded in the accounting records. In the event that the adjustments were not reflected in the master sports wagering licensee's quarterly or annual reports and the Administrator concludes the adjustments are significant, a revised report may be required. The revised filing shall be due within 30 calendar days after written notification to the master sports wagering licensee.

Section 1900.1030 Annual and Special Audits and Other Reporting Requirements

a) Annual and Special Audits and Other Reports

1) The Administrator shall direct an audit to be performed of the annual financial statements of the Illinois sports wagering operation of a holder of a master sports wagering license, including a report on the internal control system communicating any reportable conditions and material weaknesses noted in the course of the audit. Upon written notice by the Administrator

other procedures or reports may be required. The annual audit shall be performed by an independent certified public accountant who is or whose firm is licensed in the State of Illinois. The independent certified public accountant who performs the annual audit shall be approved by the Administrator and may be based on the recommendation of the licensee.

2) The annual audit and internal control report procedures shall be performed in accordance with generally accepted auditing standards. The annual audit report is to be presented in accordance with generally accepted accounting principles and contain the opinion of the independent certified public accountant as to its fair presentation in accordance with the generally accepted accounting principles.

3) To ensure the integrity of gaming and compliance with the Act and the rules of the Board, the Administrator may require at any time a special audit of a holder of a master sports wagering license to be conducted by Board personnel or an independent certified public accountant who is, or whose firm is, licensed in Illinois. The Administrator shall establish the scope, procedures and reporting requirements of any special audit.

b) Quarterly compliance reports by independent certified public accountants or personnel. The Administrator shall require quarterly compliance reports to be prepared and procedures performed by independent certified public accountants or Board personnel covering the following:

1) Quarterly agreed-upon procedures to ascertain that adjusted gross sports wagering receipts are determined in conformity with the Act and this Part;

2) Semiannual agreed-upon procedures relating to internal controls;

3) Semiannual "unannounced" observation of the sports wagering activity and accounting procedures. For purposes of these procedures, "unannounced" means that no officers, directors or employees of the holder of a master sports wagering license or its designee are given advance information regarding the dates or times of the observations;

4) Review of purchasing functions and contractual agreements, both oral and written, on a sample basis, in order to report on compliance with the licensee's internal control system and to determine that those purchases

and contractual agreements are not in excess of their fair market value. This review shall be conducted at least annually at the direction of the Administrator; and

5) Quarterly reports on deviations from the licensee's approved internal control system based on procedures performed in the reports of adjusted gross sports wagering receipts, procedures relating to internal controls, purchasing and contracting functions or "unannounced" observations.

c) Independent certified public accountants performing annual audits shall not perform compliance services on behalf of the Administrator for the same licensees.

d) Independent certified public accountants who perform compliance services to a licensee on behalf of the Administrator shall not perform an annual audit or any other service for the licensee during the terms of their engagement and for a period of two years following termination of the engagement.

e) The holder of master sports wagering license shall prepare a written response relating to findings noted in the independent certified public accountant's or Board's reports as required by subsections (a) and (b). The response shall indicate in detail the corrective actions taken and shall be incorporated in the independent certified public accountant's or Board's reports.

f) The reports required under this Section shall be submitted electronically in a manner prescribed by the Administrator and the reports shall be received by the Administrator no later than the required filing date.

1) Quarterly reports for procedures performed in the first three fiscal quarters of a licensee's approved fiscal year shall be due not later than two months after the last day of the quarter.

2) Quarterly reports for the procedures performed in the fourth fiscal quarter of the licensee's approved fiscal year and the annual reports shall be due not later than three months after the last day of the calendar or fiscal year.

g) Master sports wagering licensees who are public reporting companies under the Securities Act of 1933 or the Securities Exchange Act of 1934 shall submit electronic copies of all reports required by the Securities and Exchange

Commission to the Administrator. These reports shall be due on the same filing dates as required by the Securities and Exchange Commission.

h) All of the audits and reports required by this Section that are performed by independent certified public accountants shall be prepared at the sole expense of the master sports wagering licensee.

i) The reporting year end of the master sports wagering licensee shall be December 31.

Section 1900.1040 Wagering Tax

a) For the purposes of this Section, "wagering tax" means the tax assessment due pursuant to Section 25-90(a) of the Act. Each holder of a master sports wagering license is subject to tax and fee liability assessment under the Act.

b) Wagering taxes shall be paid via an electronic funds transfer system employing an Automated Clearinghouse Debit method (ACH-Debit). Each master sports wagering licensee shall maintain an account with sufficient funds to pay, in a timely fashion, all tax and fee liabilities due under the Act. The account shall be maintained at a financial institution capable of making payments to the State under the electronic funds transfer requirements imposed by the State.

c) The Administrator shall prescribe and make available to each master sports wagering licensee and manager forms, instructions and reporting requirements for taxes. Forms may be provided by the Administrator to master sports wagering licensees in computer-based format and include a computer program that, upon input by the licensee of requisite data, provides for the calculation of tax and fee reporting information and tax and fee liability.

d) The Tax and Fee Schedules must be filed with the Board no later than 12:00 noon on the due date. Wagering tax payments shall be transferred electronically on the due date to the Board's designated financial institution by the end of that financial institution's business day. For purposes of tax and fee schedules and tax and fee payments, the due date shall be defined as the last day of the month following the calendar month in which the adjusted gross sports wagering receipts were received and the wagering tax obligation was accrued.

e) The wagering tax imposed on the master sports wagering licensee shall be based on adjusted gross sports wagering receipts from sports wagering. Adjusted gross sports wagering receipts for a given month equal the total value of placed wagers the outcome of which are determined during that month, less the value of all winning wagers the outcome of which are determined that month, regardless of when the wager was placed or when the winning wager was redeemed, plus or minus any adjustments made. The wagering tax imposed on the master sports wagering licensee shall be 15% of adjusted gross sports wagering receipts.

f) Pursuant to Section 25-90(a-5) of the Act, the State shall impose and collect a tax of 2% of the adjusted gross receipts from sports wagers that are placed within a home rule county with a population of over 3,000,000 inhabitants. For the purposes of this tax, a wager is considered placed within the county if the patron is physically located within the county at the time the wager is placed.

g) Monthly Tax and Fee Schedules shall include all information necessary for adjustments and reconciliation of tax and fee liability and shall be subject to audit by the Board and its audit agents. Adjustments to previously reported tax and fee information shall be made by the master sports wagering licensee, except that no adjustment of $25,000 or more shall be made to previously reported adjusted gross sports wagering receipts without the prior written approval of the Administrator or the Administrator's designee.

h) In the event that a Tax and Fee Schedule properly reflects a net loss experienced by the master sports wagering licensee, an adjustment for the amount of any remaining net wagering loss (negative adjusted gross sports wagering receipts) shall be carried forward on the subsequent Tax and Fee Schedules until the loss is offset by net win (positive adjusted gross sports wagering receipts).

i) All Wagering Taxes paid pursuant to the requirements of the Act shall be deposited by the Board into the Sports Wagering Fund. On the 25th of each month, the Board shall transfer excess funds in the Sports Gaming Fund to the Capital Projects Fund.

j) Failure to Comply

1) A master sports wagering licensee's failure to comply with the provisions of this Section may subject the master sports wagering licensee to penalty

and interest amounts pursuant to the Uniform Penalty and Interest Act [35 ILCS 735].

2) The Administrator is authorized to waive any penalty and interest for the late filing of a tax schedule or late tax payment, if the master sports wagering licensee can show good cause. "Good cause" shall include, but not be limited to, detection and correction of a deficiency in filing or payment that resulted from a documented inadvertent or unintentional error that was corrected within one business day after the applicable due date.

3) The master sports wagering licensee shall be notified by the Administrator in writing of any penalty or interest payable because of a late tax schedule filing or late tax payment.

4) The master sports wagering licensee may, within 10 business days after receiving the notice, file with the Administrator a written request for a waiver of any penalty or interest. The Administrator shall act on the request for waiver and notify the master sports wagering licensee in writing of the decision within 15 calendar days after receiving the request. If the Administrator fails to act within the 15 day period, the waiver is deemed granted.

5) If the Administrator denies the request for waiver, the master sports wagering licensee may ask the Board for a hearing. The request for hearing must be in writing and filed not later than 15 calendar days after receipt of the notice of denial. Section 1900.110(b) does not apply to such a request.

6) Except as provided in this subsection (j), the provisions for hearings under Subpart H shall apply to any hearing conducted under this Section. The licensee has the burden of showing good cause by clear and convincing evidence.

Section 1900.1050 Reserve Requirements

A master sports wagering licensee shall maintain certain cash reserves or other means sufficient to protect wagerers against defaults on gaming debts owed by the master sports wagering licensee.

a) For the purposes of this Subpart J, "cash equivalents" means all highly liquid investments with an original maturity of 3 months or less.

b) A master sports wagering licensee shall maintain a cash reserve equal to at least 20% of the total of all amounts in all sports wagering accounts, and cash equivalents equal or greater to the remaining amounts in all sports wagering accounts.

c) A master sports wagering licensee shall maintain a cash reserve equal to or greater than the amount of unredeemed or cancelled wagers that have been placed on all events whose outcome have already been determined and have not expired.

d) A master sports wagering licensee shall establish a method to determine the estimated theoretical maximum exposure at a frequency no less than monthly. A master sports wagering licensee shall maintain guarantees equal to its theoretical maximum exposure. These guarantees may be in the form of cash, cash equivalents, insurance, or other commercially reasonable means. Other means may include, but are not limited to, layoff bets between master sports wagering licensees or personal guarantees by key persons.

e) Any cash, cash equivalent, or other means used for any purpose in this Section may not be applied to other purposes, including other purposes within this Section.

SUBPART K: CONDUCT OF WAGERING

Section 1900.1100 Commencement of Wagering

a) No master sports wagering licensee shall commence its sports wagering operation without requesting and obtaining the approval of the Administrator.

b) The Administrator shall grant approval to commence sports wagering when the Administrator concludes that the master sports wagering licensee is in compliance with the Act and this Part, including the adoption of an approved internal control system in accordance with Section 1900.1510.

c) If the Administrator concludes that the master sports wagering licensee is not in compliance with the Act and this Part, the Administrator shall notify the licensee in writing, and identify the manner in which the licensee is deficient.

d) A master sports wagering licensee may request that the Administrator grant provisionary approval to commence sports wagering while the licensee is not fully compliant with the Act and this Part. The request must be in writing, and include the following:

1) An itemized description of the provisions of the Act or this Part with which the licensee is not in compliance;

2) A detailed explanation of the licensee's plans to come into compliance with each provision identified under subsection (d)(1), including dates certain by which compliance will occur; and

3) A description of what steps the licensee shall take to minimize the risks to the integrity of the sports wagering operation during the period of time in which the licensee is not in compliance.

e) The Administrator may rescind provisionary approval to commence sports wagering for any just cause, including but not limited to:

1) Failure by the licensee to come into compliance by the dates identified by the licensee;

2) Failure by the licensee to comply with its stated risk mitigation plans;

3) Discovery of any other non-compliance by the licensee that was not disclosed in its request for provisionary approval;

4) Discovery of any fact sufficient to support a disciplinary action against the licensee or one or more of its key persons; or

5) A determination by the Administrator that continued operation is or may be injurious to the health, safety, morals, good order, or general welfare of the people of the State of Illinois.

Section 1900.1110 Temporary Suspension of Wagering

a) The Administrator may order a master sports wagering licensee to temporarily suspend sports wagering operations without prior notice or hearing if the Administrator:

1) Determines that the continuing operation of the sports wagering operation jeopardizes the safety or health of patrons or employees; or

2) Determines that the continuing operation of the sports wagering operation poses a significant, imminent danger to the integrity of sports wagering in Illinois.

b) The Administrator shall notify the master sports wagering licensee in writing of a temporary suspension. The notification shall include the following:

1) A detailed description of the facts and circumstances relied upon by the Administrator supporting the decision to suspend sports wagering operations;

2) Identification of any violations of provisions of the Act or this Part implicated by the described facts; and

3) Proposed corrective actions that, if undertaken by the licensee, would be sufficient to correct the conditions which necessitated the temporary suspension.

c) Notification of temporary suspension shall be served pursuant to Section 1900.160.

d) A licensee may submit a written request to the Board to modify or rescind the order of temporary suspension. The request must be submitted no later than 14 days prior to a regularly scheduled Board meeting. The request is not subject to Section 1900.110(b).

e) A licensee subject to an order of temporary suspension shall accept no wagers during the suspension period.

f) A licensee subject to an order of temporary suspension shall redeem wagers during the suspension period if so ordered by the Administrator.

g) An order of temporary suspension is for the protection of the public interest and is not disciplinary in nature. The issuance of an order of temporary suspension is not a final determination as to the merits of the alleged facts in the notice of suspension.

h) The Administrator shall rescind the order of temporary suspension upon determination that the licensee has taken sufficient corrective action that the continuing operation of the sports wagering operation no longer jeopardizes the safety or health of patrons or employees, nor poses a significant, imminent danger to the integrity of sports wagering in Illinois.

i) Rescission of an order of temporary suspension is not a final determination as to the merits of the alleged facts in the notice of suspension. A licensee may still be subject to discipline related to any alleged facts.

Section 1900.1120 Prohibited Wagering Activity

a) Persons Prohibited from Wagering

1) No person under 21 years of age may place or redeem a wager.

2) No person not physically located in the State of Illinois may place a wager.

3) No person located outside a 5-block radius from a sports facility may place a wager with that sports facility or its designee.

4) No person enrolled in the self-exclusion program may place or redeem a wager.

5) No athlete, competitor, referee, official, coach, manager, medical professional or athletic trainer or employee or contractor of a team or athletic organization who has access to nonpublic information concerning an athlete or team may engage in sports wagering on an event or the performance of an individual in an event in which the person is participating or otherwise has access to nonpublic or exclusive information.

6) No key person or employee of a master sports wagering licensee or management services provider licensee may place a wager with that master sports wagering licensee or a master sports wagering licensee for which the management services provider licensee is a designee.

b) The following wagers are prohibited:

1) Wagering on a minor league sports event;

2) Wagering on a sports event involving an Illinois collegiate team or individual competing through an Illinois collegiate program.

A) This prohibition includes any combination wager the outcome of which may be determined by the performance of an Illinois participant, including but not limited to:

i) Parlay bets in which a component contest involves an Illinois collegiate team or individual competing through an Illinois collegiate program; and

ii) Fantasy sports in which individuals competing through an Illinois collegiate program may be selected.

B) This prohibition does not include wagering on the final outcome of a series or combination of sports events such as a tournament or season outcome that includes both Illinois and non-Illinois collegiate teams or individuals, so long as no wager is accepted on the Illinois participant.

c) Wagering on any school-sponsored or affiliated sports event other than a collegiate event.

d) Wagering on any sports event or portion thereof where the majority of the participants are under 18 years of age.

e) Wagering on any sports event or portion of a sports event, or wagering by type or form, prohibited by the Board under Section 1900.1130.

f) Wagering on behalf of a third party who is otherwise prohibited from wagering pursuant to the Act or this Part.

g) No master sports wagering licensee shall knowingly accept or redeem a prohibited wager.

h) A master sports wagering licensee shall not accept any wager the operator knows, or reasonably should know, is being placed by or on behalf of a prohibited person.

i) A master sports wagering licensee has an affirmative duty to actively prevent the placement or redemption of a wager by individuals under the age of 21 years or enrolled in the self-exclusion program.

j) If a master sports wagering licensee discovers it has accepted a prohibited wager, it shall immediately notify the Administrator or his or her designee, and take commercially reasonable steps to notify the wagerer.

k) Any wager that was prohibited at the time it was made shall be deemed void.

l) If a wager is identified as void under this Section prior to the commencement of any event or series of events on which the outcome of the wager is dependent, the amount of the wager shall be refunded by the master sports wagering licensee and deducted from the adjusted gross sports wagering receipts. If the void wager is not refunded prior to the expiration date of the wager, the amount of the wager shall be remitted to the Sports Wagering Fund and deducted from the adjusted gross sports wagering receipts.

m) If a wager is identified as void under this Section after the commencement of any event or series of events on which the outcome of the wager is dependent, the amount of the wager shall be deducted from the adjusted gross sports wagering receipts and remitted to the Sports Wagering Fund, except for those wagers placed by an individual enrolled in the self-exclusion program.

Section 1900.1130 Requests to Prohibit

Pursuant to Section 25-15(g) of the Act, the Board may prohibit a type or form of wagering, or wagering on a specific sport, event, league, or competition, that would otherwise be permitted under the Act and this Part, if it concludes the wagering in question would be contrary to public

policy, unfair to consumers, or affects the integrity of a particular sport or the sports wagering industry.

a) A master sports wagering licensee, professional sports team, league, or association, sports governing body, institution of higher education, or the Administrator may submit to the Board a request to prohibit a type or form of wagering, or wagering on a specific sport, event, league or competition.

b) The request must be in writing, and shall include the following:

1) A detailed description of the type or form of wagering, or the sport, event, league, or competition; and

2) A detailed description of how the wagering in question is contrary to public policy, unfair to consumers, or affects the integrity of a particular sport or the sports wagering industry.

c) The Board shall post a copy of the request to its website for public review.

d) Licensees may submit comments or responses in writing to be considered by the Board. Any such comments or responses shall be submitted to the Board not later than 14 days after the request is posted.

e) All requests pursuant to this Section shall be exempt from Section 1900.110(b).

f) If a request is for prohibition of wagering on a specific event, the Board shall decide upon the request prior to that event, unless the first regularly scheduled Board meeting after the conclusion of the comment period is scheduled to occur after the start of the event. In that case, the Board shall decide upon the request at the first regularly scheduled Board meeting after the conclusion of the comment period.

g) If the Board grants the request, the type or form of wagering shall be deemed a prohibited wager, subject to the provisions of Section 1900.1120(b).

h) If the Board grants the request, any unredeemed wagers placed prior to the Board's decision shall be cancelled.

i) Temporary Suspension

1) On the date the request is posted or at any time thereafter, the Administrator may temporarily suspend wagering of the type or form of wagering identified in the request if the Administrator determines that the wagering poses a significant likelihood of serious risk to the integrity of sports wagering in Illinois or the public health, safety, morals, good order or general welfare of the people of the State of Illinois.

2) During the period of temporary suspension, no wagers of the type or form subject to the request may be placed or redeemed.

3) The Administrator may rescind the temporary suspension at any time.

4) The temporary suspension shall be rescinded upon issuance of a final Board order.

j) A master sports wagering licensee, professional sports team, league, association, sports governing body, institution of higher education, or the Administrator may request that a prohibition previously instituted pursuant to this Section be removed.

1) The Board shall post a copy of the request to its website for public review.

2) The Board shall not vote to lift any prohibition until at least 30 days after the public posting of the request.

Section 1900.1140 Authorized Events and Competitions

Pursuant to the Act, sports wagering may be permitted on *any other event or competition of relative skill authorized by the Board* [230 ILCS 45/25-10].

a) A master sports wagering licensee may submit to the Administrator in writing a request to permit wagering on a specific sport, event, league or competition of relative skill.

b) Prior to making a request to the Administrator, the master sports wagering licensee shall notify the organizer or governing body of the event or competition, if any, of the licensee's intent to make the request. The notification shall include the address and phone number of the Illinois Gaming Board.

c) The request to the Board must be in writing, and shall include the following:

1) A detailed description of the sport, event, league, or competition;

2) Identification of any known or possible risks to integrity of the event or competition, and what steps the organizer or governing body of the event or competition has taken or will take to minimize those risks; and

3) A description of any communication or cooperation made or attempted between the master sports wagering licensee and the organizer or governing body, including a copy of any written response from the organizer or governing body to the notification by the licensee.

d) The Administrator shall not grant a request to permit wagering less than 30 days after receiving the request.

e) In determining whether to grant a request, the Administrator shall consider any relevant factor, including but not limited to:

1) The best interests and needs of the Illinois sports wagering industry;

2) Any known or possible risks to the integrity of the event or competition; and

3) Whether granting the request would pose a threat to public confidence and trust in the Illinois sports wagering industry.

f) Upon approval of a request, any master sports wagering licensee may offer wagering on the subject event, sport, league, or competition.

Section 1900.1150 Placement of Wagers

a) A master sports wagering licensee shall not accept any wager on any sports event, or of any type or kind, unless the type or kind of wager and subject of the wager has been documented in its internal control system.

b) A master sports wagering licensee shall always have the right to decline to accept any wager a patron attempts to place.

c) A master sports wagering licensee shall only accept wagers placed in United States currency. Sources of currency accepted by a master sports wagering licensee shall be documented in its internal control system.

d) A master sports wagering licensee bears the risk of ACH transfer or check insufficient funds, credit chargebacks, acceptance of counterfeit currency, or any other similar incident.

e) When a wager is placed in person through either a wagering kiosk or cashier, the patron shall be issued a ticket that meets all requirements of Section 1900.1420.

f) Master sports wagering licensees shall implement methods and procedures to detect and document abnormal or suspicious wagering activity. Those methods and procedures shall be documented in the internal control system.

g) Master sports wagering licensees shall not offer a loan, credit, or advancement of anything of value to any person to take part in sports wagering either directly or through a third party, unless the licensee holds an organization gaming license or owners license and is acting in accordance with 86 Ill. Adm. Code 3000.1050.

Section 1900.1160 Redemption of Wagers

a) A master sports wagering licensee shall redeem any winning ticket it has issued that has not expired.

b) A ticket shall expire one year after the date of the conclusion of the sports event or combination of sports events that is the subject of the wager.

c) The proceeds of any winning ticket that expires shall be deposited into the Sports Wagering Fund and deducted from the adjusted gross sports wagering receipts in the same manner as a redeemed wager, pursuant to Section 1900.1040.

d) A master sports wagering licensee, other than one holding a license pursuant to Section 25-45 of the Act, shall provide for in-person redemption of winning wagers at least eight hours per day, five days per week.

e) All wagers shall be redeemed in United States currency. The currency amount may be provided to the patron in any form that has been documented in the internal control system, subject to the following minimum requirements:

1) Any wager redeemed in person for an amount of $1,000 or less shall provide the patron the option of receiving cash or chips issued by the master sports wagering licensee pursuant to an owners license or organizational gaming license.

2) Any wager redeemed in person for an amount greater than $1,000 shall provide the patron the option of receiving a check issued at the time of redemption.

f) A master sports wagering licensee may provide for redemption of winning tickets or refund of void or canceled wagers by U.S. Mail. In that case, the licensee must document methods in its internal control system to provide for compliance with all other rules, including but not limited to:

1) Age verification;

2) Compliance with the self-exclusion program; and

3) Identification of illegal or suspicious activity.

Section 1900.1170 Cancelled or Void Wagers

a) A master sports wagering licensee shall not cancel any wager except in accordance with this Section.

b) A master sports wagering licensee shall cancel a wager under the following circumstances:

1) Any wager where a sports event that is the subject of the wager is cancelled, or postponed or rescheduled to a different date prior to completion of the sports event;

A) In the case of a wager on a portion of a sports event, that wager shall be valid when the event is canceled, postponed, or

rescheduled if the outcome of the affected portion was determined prior to the cancelation, postponement or rescheduling.

B) A master sports wagering licensee may establish a timeframe in which an event may be rescheduled or postponed without canceling the wager. This timeframe shall be tied to specific sports events, subject to the approval of the Administrator, and documented in the internal control system.

2) Any tier 1 wager in a non-team event when an individual athlete or competitor fails to participate in a sports event and the outcome of the wager is solely based upon that one individual's performance;

3) Any tier 2 wager when an individual athlete or competitor fails to participate in a sports event and the outcome of the wager is solely based upon that one individual's performance; or

4) When ordered by the Administrator pursuant to this Section.

c) A master sports wagering licensee may request the Administrator to order the cancellation of all wagers of a specific type, kind, or subject. A request to cancel shall be in writing, and contain the following:

1) A description of the type, kind, or subject of wager the licensee is requesting to cancel;

2) A description of any facts relevant to the request; and

3) An explanation why cancelling the wagers is in the best interests of the State of Illinois or ensures the integrity of the Illinois sports wagering industry.

d) The Administrator shall issue an order in writing granting or denying the request to cancel. In determining whether to grant or deny the request, the Administrator shall consider any relevant factors, including, but not limited to, the following:

1) Whether the alleged facts implicate the integrity of the sports event subject to the wager or the Illinois sports wagering industry;

2) Whether the alleged facts implicate possible illegal activity relating to the sports event or the Illinois sports wagering industry;

3) Whether allowing the wager would be unfair to wagering patrons; or

4) Whether allowing the wager is contrary to public policy.

e) No wager subject to the request to cancel shall be redeemed until the Administrator issues an order granting or denying the request to cancel.

f) If the Administrator grants the request to cancel, the master sports wagering licensee shall make commercially reasonable efforts to notify patrons of the cancellation.

g) The Administrator has discretion to order all master sports wagering licensees to cancel all wagers on a specific sports event or wagers of a specific type or kind on a specific sports event. In exercising his or her discretion, the Administrator shall apply the same factors described in subsection (b).

h) Any cancelled wager shall be refunded upon request by a patron. The request must be made prior to the expiration of the original redemption period, and shall be deducted from adjusted gross sports wagering receipts.

i) At the expiration of any outstanding cancelled wager which has not been refunded, the original amount of the outstanding wager shall be deducted from adjusted sports wagering receipts and remitted to the Sports Wagering Fund.

j) A wagerer may request that the Administrator or his or her designee review any wager declared void by a master sports wagering licensee. If the Administrator or his or her designee concludes there is no reasonable basis to believe there was obvious error in the placement or acceptance of the wager, the Administrator or his or her designee may order the master sports wagering licensee to honor the wager.

k) A master sports wagering licensee may declare a wager to be void if the licensee has reasonable basis to believe there was obvious error in the placement or acceptance of the wager. Those errors include, but are not limited to:

1) The wager was placed with incorrect odds;

2) Human error in the placement of the wager;

3) The ticket does not correctly reflect the wager; or

4) Equipment failure rendering a ticket unreadable.

l) If a wager is declared void pursuant to subsection (g), the wager shall be refunded to the patron and that amount shall be deducted from the adjusted gross sports wagering receipts.

m) A wager shall not be declared void pursuant to subsection (g) without the approval of a supervisory employee of the master sports wagering licensee.

n) All voided or cancelled wagers and all refunds of any voided or cancelled wager pursuant to this Part shall be logged at the time they occur.

o) A master sports wagering licensee shall provide a monthly summary report to the Board of all cancelled, voided, and refunded wagers in a manner or on the form as prescribed by the Administrator.

Section 1900.1180 General Conduct of Wagering

a) A wager placed pursuant to the Act is not transferrable between patrons, regardless of whether for value.

1) If a master sports wagering licensee has reason to believe a wager ticket has transferred, the licensee shall report it to the Administrator or his or her designee.

2) Prior to the redemption of a wager, if the Administrator or his or her designee determines that a wager ticket has been transferred, the Administrator or his or her designee may order that the specific wager be cancelled.

b) No employee or key person of any licensee shall advise or encourage an individual patron to place a specific wager of any specific type, kind, subject, or amount. This restriction does not prohibit general advertising or promotional activities.

c) Master sports wagering licensees must offer both sides of any wager when there are only two possible outcomes, including but not limited to:

1) Any tier 1 wager based on the final score or final outcome of a contest in which there are only two participating teams or individuals; or

2) Any tier 2 wager on whether a specific individual or team achieves a specific statistical outcome.

Section 1900.1190 House Rules

a) House rules are a non-authoritative document compiled by the master sports wagering licensee for the purpose of summarizing portions of the internal control system and certain other information necessary to inform patrons of the functionality of the sports wagering operation.

b) Each master sports wagering licensee shall provide upon request a copy of its house rules to any patron.

c) Each master sports wagering licensee shall conspicuously post a notice within view of any in-person betting location that copies of the house rules are available.

d) The house rules shall include, but not be limited to:

1) A description of each type of wager;

2) A description of how winning wagers are determined, including data sources relied upon by the master sports wagering licensee;

3) An explanation of how to redeem winning wagers, and the expiration period for winning wagers;

4) A description of how and when wagers may be cancelled or voided, and the consequences of the cancellation or voiding;

5) A list of all forms of currency the master sports licensee accepts for placement of wagers;

6) A list of all forms of payment in which a patron may have a winning wager redeemed;

7) Description of means by which a patron may submit a complaint to the master sports wagering licensee;

8) Instructions on how to commence enrollment in the self-exclusion program; and

9) Instructions on how to report prohibited conduct to the Board pursuant to Section 1900.410.

e) Each master sports wagering licensee shall submit a copy of its house rules document or any revision to its house rules to the Administrator at least 30 days prior to making them available to patrons.

SUBPART L: CONDUCT OF ONLINE WAGERING

Section 1900.1210 Internet Wagering – General

a) Internet wagering shall only be conducted between a master sports wagering licensee and a patron with a sports wagering account.

b) Internet wagering conducted by the holder of a master sports wagering license issued pursuant to Section 25-40 of the Act or its designee shall not occur greater than 3,300 feet from the nearest property line of the contiguous property on which the relevant sports facility is located.

c) A master sports wagering licensee shall implement methods or systems in the internet wagering system to detect unauthorized access to sports wagering accounts, fraud, theft, suspicious wagering activity, or other prohibited activity. Those methods shall be documented in the internal control system.

d) Proceeds of a winning wager shall be promptly deposited and reflected in the balance of a sports wagering account.

Section 1900.1220 Sports Wagering Accounts

a) Internet wagering shall only be engaged in by a patron through a sports wagering account established with a master sports wagering licensee.

b) In order to establish a sports wagering account, a master sports wagering licensee shall:

1) Create an electronic patron file, which shall include at a minimum:

A) Patron's legal name;

B) Patron's date of birth;

C) Entire or last four digits of the patron's Social Security number, if voluntarily provided, or equivalent for a foreign patron such as a passport or taxpayer identification number;

D) Account number;

E) Patron's residential address;

F) Patron's electronic mail address;

G) Patron's telephone number;

H) Any other information collected from the patron used to verify his or her identity;

I) Method used to verify the patron's identity;

J) Date of identity verification;

K) Patron's disclosure whether or not he or she is an athlete, competitor, referee, official, coach, manager, medical professional or athletic trainer or employee or contractor of a team or athletic organization.

2) Encrypt all of the following information contained in an electronic patron file:

A) Patron's Social Security Number or equivalent for a foreign patron such as a passport or taxpayer identification number;

B) Patron's passwords, answers to security questions, or similar; and

C) Patron's debit or credit card numbers, bank account numbers, or other personal financial information.

3) Patron Information

A) Verify the patron's identity either:

i) In person, by recording a signature and examining one government-issued photographic identification credential; or

ii) Other methodology for remote multi-sourced authentication, which may include third-party or governmental databases, as described in the master sports wagering licensee's internal control system and approved by the Administrator;

B) Provide the option to establish a password and means of two-factor authentication, and provide a patron with the option to always require two-factor authentication;

C) Verify the patron is at least 21 years of age, not enrolled in the self-exclusion program, or otherwise prohibited from wagering with the master sports wagering licensee;

D) Record the patron's acceptance of any terms and conditions, which shall at minimum include the patron's acknowledgment of the Act and this Part;

E) Record the patron's certification that the information provided to the master sports wagering licensee by the patron is accurate;

F) Record the patron's acknowledgement that the legal age for sports wagering is 21 and that he or she is prohibited from allowing any

other person to access or use his or her sports wagering account; and

G) Notify the patron of the establishment of the account via electronic or regular mail.

c) A patron shall have only one sports wagering account with each master sports wagering licensee. A sports wagering account shall be:

1) Non-transferable;

2) Unique to the patron who established the account; and

3) Distinct from any other account number that the patron may have established with the master sports wagering licensee.

d) A sports wagering account may only be funded through:

1) A patron's credit or debit card in the name of the patron;

2) Deposit of United States currency by the patron at an in-person wagering location, including both cashiers or self-service kiosks;

3) When the master sports wagering licensee is also an organization gaming licensee or owners licensee, the deposit of chips or other cash value vouchers issued pursuant to the organization gaming or owners license by the patron with a cashier at an in-person wagering location, if that practice is documented in both the master sports wagering license and owners license or organization gaming license internal controls;

4) Reloadable prepaid card if it has been verified by the master sports wagering licensee as being issued to the patron and non-transferrable;

5) ACH transfer;

6) Deposit of United States currency through a money transmitter licensed under the Transmitters of Money Act [205 ILCS 657];

7) Complimentary, reward, or promotional amounts; or

8) Adjustments or refunds pursuant to this Part.

e) Funds may be withdrawn from a sports wagering account for the following:

1) The placement of wagers;

2) Cash withdrawal from a cashier at an in-person wagering location;

3) Cash transfer to a patron's reloadable prepaid cash card, which has been verified by the master sports wagering licensee as being issued to the patron and is non-transferrable;

4) Cash transfer to a patron's individual account with a bank or other financial institution;

5) Cash withdrawal from a redemption kiosk up to $3,000;

6) Adjustments made pursuant to the this Part; or

7) Any other means in the approved internal control system.

f) Upon any deposit, withdrawal, or adjustment, the master sports wagering licensee shall send a confirmation email to the patron's registered address, and shall provide a means through which a patron may contest any transaction.

g) Adjustments shall only be made:

1) To correct an overpayment or underpayment to a sports wagering account due to error, regardless of whether the error was human or technological in nature; or

2) Due to a wager being canceled or deemed void.

h) All adjustments under $500 shall be periodically reviewed by supervisory personnel as set forth in the internal control system. All other adjustments shall be authorized by supervisory personnel prior to being entered.

i) The internet wagering system shall provide an account statement to patrons on demand, which shall include detailed account activity for at least the six months preceding 24 hours prior to the request.

j) The internet wagering system shall, both every six months and upon request, provide a summary statement of all of a patron's activity during at least the prior six months. When a statement is requested, it shall be transmitted no later than 24 hours after the request is made. The statement shall include, at minimum:

1) Deposits to the sports wagering account;

2) Withdrawals from the sports wagering account;

3) Win or loss statistics;

4) Beginning and ending account balances;

5) Responsible gaming limit history, if applicable; and

6) A statement regarding obtaining assistance with gambling problems, the text of which shall be determined under Department of Human Services rules (see 77 Ill. Adm. Code 2059.103).

k) A master sports wagering licensee shall periodically verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.

l) An internet wagering system shall provide a conspicuous and readily accessible method for a patron to close his or her sports wagering account. Any remaining balance in the sports wagering account shall be refunded pursuant to the master sports wagering licensee's internal control system.

Section 1900.1230 Client Requirements

a) Client software shall not retain patron account data when not logged in and connected to the internet wagering system, including but not limited to, client identity, login information, financial data, or wagering information.

b) Prior to login by a patron, client software shall prominently display a statement regarding obtaining assistance with gambling problems, the text of which shall be determined under Department of Human Services rules (see 77 Ill. Adm. Code 2059.103).

c) The client shall require two-factor authentication when sports wagering account logs in through a specific device for the first time.

d) Client software shall give a patron prominent and convenient access to a support page, screen, menu, or equivalent, which at minimum contains access to the following:

1) Name and contact information of the master sports wagering licensee or designee, including at minimum a phone number, email address, and physical address;

2) Complete explanation of all wager types a patron may place through the internet wagering system;

3) Responsible gaming limit functionality pursuant to Section 1900.1250;

4) Means by which a patron can submit a complaint to the licensee;

5) Contact information for the Board, including at minimum a link to the Board website;

6) Terms of service; and

7) Instructions and means to close a sports wagering account.

e) When terms of service or rules for a type of wager change, the client shall require a patron to acknowledge acceptance of the change.

Section 1900.1240 Account Suspension

a) Internet wagering systems shall employ a mechanism to suspend sports wagering accounts.

b) A sports wagering account shall be suspended by a master sports wagering licensee:

1) When ordered by the Administrator or his or her designee during the pendency of any investigation;

2) Upon determination that a patron is prohibited from placing any wagers with that master sports wagering licensee pursuant to Section 1900.1120;

3) When a sports wagering account has a negative account balance; and

4) When a master sports wagering licensee has reasonable suspicion of illegal activity or suspicious wagering activity.

c) When a sports wagering account is suspended, the internet wagering system shall:

1) Prevent the patron from wagering;

2) Prevent the patron from depositing funds, unless for the purpose of remedying a negative balance;

3) Prevent the patron from withdrawing or transferring funds, except when the only reason for suspension is that the patron is a prohibited person pursuant to Section 1900.1120;

4) Prevent the patron from making changes to the sports wagering account information;

5) Prevent the closure of the sports wagering account; and

6) Prominently display to the patron that the sports wagering account is suspended, the restrictions in place, and any further course of action needed to remove the suspension.

d) When a sports wagering account is suspended, the master sports wagering licensee shall notify the patron by email of the suspension. The notification shall include the restrictions placed on the sports wagering account and any further course of action needed to remove the suspension.

e) A suspension may only be lifted:

1) By order of the Administrator or his or her designee;

2) If the patron is no longer a prohibited person; or

3) If any negative balance has been remedied.

Section 1900.1250 Responsible Gaming Limits

a) An internet wagering system shall permit a patron to voluntarily impose limitations or restrictions on wagers that can be placed through the internet wagering system.

b) The internet wagering system must allow a patron to implement prohibitions including, at minimum, prohibitions on:

1) Dollar amount of wager;

2) Prohibiting new deposits; or

3) All wagering.

c) Patrons shall be permitted to determine the length of time of the limitation, but no limitation shall be imposed for less than 72 hours or greater than one year.

d) Limitations or restrictions imposed under this Section shall not be lifted prior to their expiration.

e) Upon the expiration of a limitation or restriction, the client shall notify the patron. The internet wagering system shall not accept wagers from the patron until the patron has acknowledged the notification. The notification shall give the patron the option to renew or extend the limitation.

f) The existence of any limitation or restriction shall not prevent a patron from withdrawing money from a sports wagering account or closing a sports wagering account.

g) If a patron has imposed any limitations or restrictions under this Section, a master sports wagering licensee shall not send sports wagering related direct digital marketing or promotional materials to the patron, including but not limited to electronic mail or push notifications.

SUBPART M: TIER 2 WAGERING

Section 1900.1310 General

a) A master sports wagering licensee must document its sources for tier 2 data in its internal controls.

b) A master sports wagering licensee must document all types and kinds of tier 2 wagers offered in its internal control system.

c) The following tier 2 wagers are prohibited:

1) Any wager on the individual performance of a minor; and

2) Any wager on the injury of a competitor.

Section 1900.1320 Official League Data

a) For the purposes of this Subpart, "governing body" means any sports governing body, sports league, organization, or association headquartered in the United States.

b) A governing body shall notify the Board in writing of its intent to supply official league data to master sports wagering licensees pursuant to Section 25-25(g) of the Act only after the governing body or a vendor authorized by the governing body has been issued a tier 2 official league data provider license.

c) Notification by the governing body shall include:

1) Identification and contact information for at least one specific individual who will be the primary point of contact for issues related to provision of official league data and compliance;

2) If the governing body is not a licensee, identity of the vendor holding a tier 2 official league data provider license;

3) If the governing body is not a licensee, any contract between the governing body and the vendor holding a tier 2 official league data provider license;

4) If the governing body is a tier 2 official league data provider licensee, all contracts with master sports wagering licensees or applicants; and

5) A description of the data provided.

d) Upon receipt of notification, the Board shall electronically inform all master sports wagering licensees of the notification, including the date upon which all master sports wagering licensees are required to use official league data.

e) The Board shall maintain and publish a list of all governing bodies that provide official league data.

f) A governing body may rescind its notice at any time. The rescission must be in writing to the Board and all master sports wagering licensees to whom the governing body or its vendor is currently providing official league data.

Section 1900.1330 Commercial Reasonableness

a) Governing bodies or their vendors providing official league data must do so on commercially reasonable terms.

b) A master sports wagering licensee may petition the Board for a determination that the terms under which official league data is being provided are not commercially reasonable.

c) Any petition under this Subpart shall be submitted electronically to the Board and to the tier 2 official league data provider licensee. The petition shall:

1) Identify the petitioning master sports wagering licensee, including name, address, and contact information for any legal counsel;

2) Identify the respondent tier 2 official league data provider licensee;

3) Include a complete copy of the contract or offer sheet the petitioner alleges to include the unreasonable terms;

4) Include any facts upon which the petitioner will rely to show that the terms of the contract or offer are not commercially reasonable;

5) Include a summary of the petitioner's argument as to why the terms of the contract or offer are not commercially reasonable;

6) Contain the verification in the following form:

"The undersigned certifies that the statements set forth in this request are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he/she verily believes the same to be true."; and

7) Be notarized.

d) If the Administrator determines that a petition does not meet all requirements of subsection (c), that petition shall be rejected and he or she shall notify the petitioner and respondent.

e) The respondent tier 2 official league data provider shall submit an answer electronically to the Board and to the petitioner within 21 days after submission of the petition.

f) Respondent's answer shall:

1) Identify the respondent, including name, address, and contact information of any legal counsel;

2) Include specific responses to any factual allegations made in the petition;

3) Include any additional facts upon which the respondent will rely;

4) Include a summary of the respondent's argument as to why the terms of the contract or offer are commercially reasonable;

5) Contain the verification in the following form:

"The undersigned certifies that the statements set forth in this request are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he/she verily believes the same to be true."; and

6) Be notarized.

g) Failure to submit an answer within 21 days, or failure to submit an answer that complies with all requirements of this Section shall constitute an admission of all facts in the petition.

h) Upon receipt of a petition and answer that meet all requirements of this Section, the Board shall appoint an Administrative Law Judge pursuant to Section 1900.825 to conduct a hearing.

i) All hearings shall be conducted under the same procedures as those under Subpart H, with the following exceptions:

1) The burden of proof is on the petitioner to show by a preponderance of the evidence that terms of the contract or offer are not commercially reasonable;

2) Any party may move that the Administrative Law Judge make a recommendation on the pleadings. In any such motion, all facts will be strictly construed against the movant. A recommendation to grant a motion on the pleadings shall be considered by the Board prior to any other proceedings on the merits;

3) Any oral argument of any substantive motion and any oral proceeding involving contested facts shall be recorded stenographically;

4) The Administrative Law Judge shall tender any recommendation to both parties electronically and simultaneously;

5) The petitioner shall compile the record. The record shall consist of the following:

A) The petition;

B) The answer;

C) All evidence tendered to the Administrative Law Judge;

D) A statement of matters officially noticed;

E) Any substantive motions, responses, and rulings;

F) All offers of proof, objections, and rulings;

G) All transcripts; and

H) The recommendation, any findings of fact, and any conclusions of law made by the Administrative Law Judge;

6) Within 5 days after receipt of any recommendation of the Administrative Law Judge, the petitioner shall compile the record and tender it electronically to the respondent and the Board;

7) Each party may file exceptions to the recommendation of the Administrative Law Judge with the Board, with a copy to the opposing party, no later than 14 days after the receipt of the recommendation of the Administrative Law Judge; and

8) The non-prevailing party shall be liable for the costs of transcription and to the Board for administrative costs, unless the Board makes a finding in its final Board order that the non-prevailing party acted in good faith, in which case the costs shall be shared by both parties.

j) The Administrative Law Judge and the Board shall consider the following factors when determining whether the terms of a contract or offer are commercially reasonable:

1) Whether and to what extent the terms of the contract or offer are anticompetitive in nature;

2) Whether and to what extent the terms of the contract or offer are not economically feasible; and

3) Whether and to what extent the terms of the contract or offer are against the public interest of the State of Illinois.

SUBPART N: EQUIPMENT AND TESTING

Section 1900.1400 Technology Fee

As deemed necessary by the Administrator, an applicant or licensee for a Master Sports Wagering license, Supplier license, Management Services Provider license, or Tier 2 Official League Data Provider license may be billed directly or be required to reimburse the Board for any expenses, including any third party expenses, associated with the testing, certification, installation, training, review, or approval of sports wagering-related technology or technological enhancements to a sports wagering operation.

Section 1900.1410 Testing and Certification of Wagering Equipment

a) All wagering equipment must be tested by an independent outside testing laboratory licensed pursuant to the Illinois Gambling Act and 86 Ill. Adm. Code 3000.287 prior to sale or distribution by a supplier licensee.

b) The Administrator may develop and publish technical standards against which all independent outside testing laboratories must test any wagering equipment for compliance.

c) All wagering equipment shall be tested by the independent outside testing laboratory in accordance with 86 Ill. Adm. Code 3000.288. In addition to the requirements of 86 Ill. Adm. Code 3000.288, the report issued by the independent outside testing laboratory shall include:

1) The extent to which the wagering equipment meets the published technical standards, if any;

2) Whether the wagering equipment meets the requirements of the Act and this Part; and

3) Any additional information the Administrator needs in order to certify wagering equipment.

d) The Administrator shall review all wagering equipment for proper mechanical and electronic functioning, and consider the written test reports submitted by the independent outside testing laboratory.

e) After completing evaluations of the wagering equipment, the Administrator may certify the wagering equipment for use in Illinois.

f) Wagering equipment must be certified by the Administrator prior to use by a sports wagering operation.

g) The Administrator may suspend or revoke the certification of any wagering equipment without notice if the Administrator has good cause to believe the continued operation of the wagering equipment poses a threat to the security and integrity of the Illinois sports wagering industry.

h) The Administrator may issue temporary certification to any wagering equipment that has been previously tested and approved for operation in another jurisdiction similar to Illinois.

i) In determining whether to issue temporary certification, the Administrator shall consider any relevant factor, including but not limited to:

1) Wagering equipment standards and testing in the other jurisdiction;

2) Date of the most recent testing;

3) Professional reputation and history of the supplier;

4) The best interests and needs of the Illinois sports wagering industry; and

5) Whether issuing temporary certification would pose a threat to public confidence and trust in the Illinois sports wagering industry, or to the integrity and security of the Illinois sports wagering industry.

j) The Administrator may rescind temporary certification at any time for any just cause, including but not limited to the factors identified in subsection (h).

k) Temporary certification shall expire after 90 days. The Administrator may renew any temporary certification for good cause shown.

l) The Administrator may waive any technical requirement of any wagering equipment, including the sports wagering system and internet wagering system, established in this Part upon written request by a licensee. Waiver shall only be granted if the Administrator determines that other features or characteristics of the wagering equipment sufficiently meet the policy goals of the requirement that is being waived.

m) The Administrator may rescind a waiver granted under subsection (l) at any time if the Administrator has reason to believe that the wagering equipment no longer sufficiently meets the policy goals of the waived requirement.

Section 1900.1420 Wagering Equipment Requirements

a) General

1) Wagering equipment software shall contain sufficient information to identify the software and revision level of the information stored on the wagering equipment.

2) Wagering equipment able to accept or redeem wagers shall have the ability to authenticate that all critical components being used are valid upon installation of the software, each time the software is loaded for use, and upon manual request. Critical components include wagering data, elements that control communication with a sports wagering system, and any component necessary to conduct wagering or redemption through the device.

3) In the event of a failed authentication or other error, the wagering equipment shall cease accepting or redeeming wagers and display an appropriate error message.

4) Any wagering equipment shall electronically record all of the following information for each wager accepted:

A) Description of event;

B) Event identifying number;

C) Wager selection;

D) Type of wager;

E) Amount of wager;

F) Odds and payout of wager;

G) Date and time of wager; and

H) Unique wager identifier.

b) Kiosk and Point of Sale System Requirements

1) Kiosks and point of sale devices shall have an identification badge affixed to the exterior of the device by the licensed supplier. The badge shall not be removable without evidence of tampering. The badge shall include the following minimum information:

A) The name and license number of the supplier;

B) A unique serial number; and

C) Model number.

2) Hardware Requirements

A) Any circuit board, including modifications, switches, or jumpers, shall be documented prior to certification by the Administrator.

B) Any reconfiguration of a circuit board, switch, or jumper shall constitute a different version of the wagering equipment.

C) Power and data cables shall be routed so that they are not accessible to the general public.

D) Wired communication ports shall be clearly labelled and must be securely housed within the device to prevent unauthorized access to ports or cable connectors.

E) Devices shall not be adversely affected, other than resets, by surges or dips of 20% or less of supply voltage.

F) Device power supplies shall be appropriately protected by fuses or circuit breakers.

G) Devices shall resist liquid spills.

3) Security Requirements

A) Kiosks and point of sale devices shall be robust enough to resist forced entry into any secured doors, areas, or compartments without extreme force.

B) External doors shall be manufactured of materials that are suitable for allowing only legitimate access to the inside of the kiosk or device, and capable of withstanding determined and unauthorized efforts to gain access to the interior of the device.

C) The seal of the door of any locked area of a device shall be designed to resist the entry of objects.

D) Doors that provide access to secure areas of a kiosk or point of sale device shall be monitored by a door access detection system.

E) Any kiosk or point of sale device shall cease wagering operations when any secured area door is open.

4) Memory Requirements

A) Nonvolatile memory shall be used to store all data elements that are considered vital to the continued operation of the kiosk or point of sale device, including device configuration and state of operations unless that information can be automatically recovered from the sports wagering system.

B) Nonvolatile memory shall not retain sensitive information outside of kiosk and point of sale device operations.

C) All devices shall have backup or archive capability for the recovery of nonvolatile memory should a failure occur.

D) Nonvolatile memory storage shall be maintained by a methodology that enables errors to be identified. Acceptable methodology includes, but is not limited to, signatures, check sums, redundant copies, database error checks or other methods.

E) Comprehensive checks of critical nonvolatile memory data elements shall be made on startup.

F) An unrecoverable corruption of critical nonvolatile memory shall result in an error. Upon detection, the device software shall cease to function. Additionally, the critical nonvolatile memory error shall cause any communication external to the device to cease.

5) Software Errors

A) After a program interruption, a point of sale device shall recover to the state it was in immediately prior to the interruption occurring.

B) After a program interruption, a kiosk shall recover to the state it was in immediately prior to the interruption, but shall not allow any further action by a patron without intervention by an attendant unless the kiosk is able to recover and complete any interrupted operation without loss or corruption of any locally stored nonvolatile memory or installed software.

C) Any communications to an external device shall not begin until the program resumption routine, including any self-test, is completed successfully.

D) Any program interruption or recovery shall be electronically logged by either the affected wagering equipment or the sports wagering system.

c) Tickets generated by a kiosk or point of sale device shall include all of the following information:

1) Name and address of the master sports wagering licensee;

2) A barcode or similar machine readable marking corresponding to a unique wager identifier;

3) Identification of the kiosk or point of sale device that dispensed the ticket;

4) If generated by a point of sale device, identification of the cashier;

5) Identification of the event and wager;

6) Amount of the wager;

7) Odds and payout upon winning;

8) Date and time of the generation of the ticket; and

9) Expiration date of the ticket.

d) Redemption Requirements

1) Winning tickets shall be redeemed by a cashier through a point of sale device or by a redemption kiosk after verifying the validity of the ticket.

2) The point of sale device or kiosk shall electronically document the redemption of the wager, and record the following information:

A) Date and time of redemption; and

B) Serial number of the device or kiosk.

3) If a ticket is unreadable or otherwise cannot be validated by a redemption kiosk, the kiosk shall return the ticket to the patron.

e) Error Detection

1) A kiosk shall be capable of recognizing limitations or errors that render the kiosk not capable of operation or not capable of operation in accordance with this Part, including but not limited to:

A) Printer failure or jam;

B) Bill dispenser or acceptor jams;

C) Insufficient funds; or

D) Communications failure. The redemption kiosk shall electronically record the error and issue an error receipt.

2) A kiosk that detects any error shall be automatically rendered inoperable until intervention by an attendant.

3) If any error occurs during the processing of a transaction of any kind, the kiosk shall electronically record the error and issue an error receipt. The electronic record and error receipt shall include, at minimum, the date and time of error and nature of error:

A) Date and time of the attempted redemption;

B) Serial number of the redemption kiosk;

C) The nature of the error; and

D) In the case of a redemption error, the amount of the redemption and amount of any currency dispensed.

4) A master sports wagering licensee shall retain a record of all logged errors for no less than one year.

5) A master sports wagering licensee shall provide the Board a weekly summary of all logged errors, including the total number of errors logged and subtotals based on the nature of the error.

Section 1900.1430 Internet Wagering System Requirements

a) A master sports wagering licensee conducting sports wagering over the internet shall use an internet wagering system, all the integral components of which have been tested and certified pursuant to Section 1900.1410.

b) An internet wagering system shall employ a mechanism to detect the physical location of a patron upon logging into the client, or prior to placement of the first wager after logging in, and at a frequency to be specified in the master sports wagering licensee's internal control system.

c) An internet wagering system must have methods to detect and prevent efforts to defeat or circumvent the location detection mechanisms.

d) An internet wagering system shall not permit placement of wagers if it detects attempts to defeat or circumvent the location detection mechanisms.

e) Client software shall not engage in any other data collection other than that necessary for compliance with the Act and this Part, without the express approval of the Administrator.

f) Any data collected by the internet wagering system shall be considered confidential and shall not be disclosed except in accordance with this Part.

g) Data collected by client software shall not be used for any purpose other than compliance with the Act and this Part, and shall not be disclosed to any third party other than the Board, a licensed supplier of any component of the internet wagering system that collected the data, or a management services provider licensee acting as the designee of the master sports wagering licensee that collected the data, unless:

1) Approved by the Administrator when the Administrator concludes that doing so would further the public interests of the people of the State of Illinois; or

2) As required pursuant to Section 1900.130.

h) Any data disclosed pursuant to this Part shall not include personally identifying information of wagering patrons unless deemed necessary for law enforcement or

investigative purposes by the Administrator. The determination shall be in writing.

i) Each master sports wagering licensee shall maintain modern best practices to ensure the security and integrity of the internet wagering system, including but not limited to:

1) Network security;

2) Patron identity authentication;

3) Location detection;

4) Error detection; and

5) Data security.

j) If a master sports wagering licensee becomes aware of a reproducible error in the internet wagering system that relates to network security, data security, location detection, or otherwise calls into question the security and integrity of the internet wagering system, the licensee shall notify the Board immediately. The notification shall include:

1) A description of the error;

2) Risks created or imposed by the error; and

3) Efforts being taken by the master sports wagering licensee to prevent any impact to the security and integrity of the internet wagering system or sports wagering system.

Section 1900.1440 Transfer, Maintenance and Disposal of Wagering Equipment

a) No supplier licensee shall sell, distribute, transfer or supply wagering equipment to any person in the State of Illinois other than the holder of a master sports wagering license, management services provider license, or supplier license.

b) No master sports wagering licensee or management services provider licensee shall sell, distribute, transfer or supply wagering equipment to any person in the

State of Illinois other than an affiliated entity that holds a master sports wagering or management services provider license, or a holder of a supplier license.

c) Wagering equipment shall only be serviced or maintained by employees of a master sports wagering licensee, management services provider licensee, or supplier licensee.

d) The holder of a master sports wagering license or management services provider license shall only dispose of wagering equipment in a manner as prescribed in its approved internal control system, ensuring no critical or confidential data is retrievable after disposal.

Section 1900.1450 Sports Wagering System Requirements

a) Each master sports wagering licensee shall operate a single sports wagering system through which all sports wagering activity is conducted and recorded.

b) At no cost to the Board, each master sports wagering licensee shall provide the Board remote, read only, real time access to the sports wagering system. That access shall include, at minimum:

1) Complete access to all records of wagers, including canceled, voided, pending, and redeemed wagers;

2) Ability to query or sort wagering data; and

3) Ability to export wagering data in a non-proprietary format.

c) The sports wagering system shall have the capability to provide to a sports governing body real-time information regarding wagers placed on that sports governing body's events, when required under a request for cooperation pursuant to Section 1900.130. That information shall include:

1) A record of all wagers placed;

2) Amount and type of wager;

3) Location the wager was placed if it was placed in person;

4) If the wager was placed via the internet wagering system, the internet protocol address;

5) If the wager was placed via the internet wagering system and geolocation data exists, geolocation data shall be provided but it shall not be more detailed than the nearest quarter mile;

6) If the wager was placed via a sports wagering account, a unique, non-personally identifying account number; and

7) Any records of abnormal wagering activity identified by the master sports wagering licensee.

d) The Board may develop and implement a central sports wagering monitoring system for the purpose of compiling all sports wagering activity data from all master sports wagering licensees. In such event, each master sports wagering licensee shall provide all sports wagering activity data in a format compatible with the central sports wagering monitoring system.

e) All servers necessary to the placement or resolution of wagers, other than backup servers, shall be physically located in the State of Illinois.

f) Each master sports wagering licensee shall maintain modern best practices to ensure the security and integrity of the sports wagering system, including, but not limited to:

1) Physical security;

2) Access control;

3) Network security;

4) Resistance to manipulation;

5) Redundancy; and

6) Error detection.

g) A sports wagering system shall maintain records of all wagers for a period of not less than 10 years.

h) A sports wagering system shall record at minimum the following information for each wager:

1) Description of event or contest;

2) Unique identifier for the event or contest;

3) Wager selection;

4) Type of wager;

5) Amount of wager;

6) Odds and amount of potential payout;

7) Date and time of wager;

8) Unique identifier for the wager;

9) Unique identifier of the sports wagering account or patron, if applicable;

10) Internet protocol address and geolocation information, if the wager is placed through a mobile device;

11) Unique identifier of the kiosk or point of sale device through which the wager was placed, if applicable;

12) Unique identifier of the kiosk or point of sale device through which the wager was redeemed, if applicable; and

13) Whether a wager was cancelled or voided, and the reason, if applicable.

i) A sports wagering system shall perform, at least once every 24 hours, a self-authentication process on all software used to offer, record and process wagers to ensure there have been no unauthorized modifications. In the event of an authentication failure, a master sports wagering licensee shall immediately notify

the Board. The results of all self-authentication attempts shall be recorded by the system and maintained for a period of not less than 90 days.

j) A master sports wagering licensee shall have internal controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers. In the event that an incident or error occurs that results in a loss of communication with data feeds used to offer or redeem wagers, that error shall be recorded in a log capturing the date and time of the error, the nature of the error and a description of its impact on the system's performance. That information shall be maintained for a period of not less than six months.

k) If a master sports wagering licensee becomes aware of a reproducible error in the sports wagering system that relates to network security, data security, accurate placement, or recording or redemption of wagers, or otherwise calls into question the security and integrity of the internet wagering system, the licensee shall notify the Board immediately. The notification shall include:

1) A description of the error;

2) Risks created or imposed by the error; and

3) Efforts being taken by the master sports wagering licensee to prevent any impact to the security and integrity of the sports wagering system.

l) If an active sports wagering system ever fails, crashes, or becomes inoperable for any reason, the master sports wagering licensee shall notify the Board immediately.

SUBPART O: INTERNAL CONTROLS

Section 1900.1500 General Requirements – Internal Control System

The holder of a master sports wagering license shall establish, maintain and update an internal control system, the purposes and the procedures of which shall be designed to reasonably ensure that:

a) Assets are safeguarded;

b) Financial records are accurate and reliable;

c) Transactions are performed only in accordance with the specific or general authorization of the holder of a master sports wagering license;

d) Transactions are recorded adequately to permit proper reporting of adjusted gross sports wagering receipts and of fees and taxes, to maintain accountability for assets, and in conformity with generally accepted accounting principles;

e) Access to assets is permitted only by authorized personnel;

f) Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies;

g) Functions, duties and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel;

h) Sports wagering is conducted with integrity; and

i) The requirements of the Act and this Part are followed.

Section 1900.1510 Approval of Internal Control System

a) The Board has delegated to the Administrator responsibility for approving, on behalf of the Board, the internal control systems of master sports wagering licensees if the Administrator finds that the internal control system meets the requirements of Sections 1900.1500 and 1900.1520.

b) The internal control system of an applicant or licensee must be initially approved by the Administrator prior to the commencement of sports wagering operations.

c) Proposed changes to the internal control system must be submitted in writing to the Administrator for approval. No internal control system change may be implemented by the master sports wagering licensee unless approved by the Administrator.

d) A master sports wagering licensee that holds an organization gaming license or owners license may incorporate by reference any internal control system that has been approved pursuant to the Illinois Gambling Act and its adopted rules.

e) The holder of a master sports wagering license or management services provider license is subject to disciplinary action for violations of its internal control system.

f) Occupational licensees are subject to disciplinary action for the violation of a master sports wagering licensee's internal control system.

g) The internal control system of each master sports wagering licensee may be reviewed for compliance with the requirements of this Part by an independent certified public accountant selected by the Administrator. Each certified public accountant must be registered in the State of Illinois under the Illinois Public Accounting Act [225 ILCS 450].

Section 1900.1520 Minimum Standards for Internal Control Systems

a) The internal control system shall include a detailed narrative description of the master sports wagering licensee's sports wagering, administrative and accounting procedures, including without limitation separate sections comprehensively describing the specific procedures that the licensee will follow in meeting the requirements of Section 1900.1500. The procedures shall discuss at a minimum, when applicable, the topics listed in subsection (c).

b) The Administrator shall develop and publish, with input from master sports wagering licensees, Minimum Internal Control Standards (MICS) necessary to address the requirements in Section 1900.1500. All internal control systems shall address all topics covered in the MICS.

c) The MICS shall cover, without limitation, the following topics:

1) Submission, Approval, and Amendment of the Internal Control System;

2) General and Administrative;

3) Access Control

A) General – Location and Access;

B) Key Procedures; and

C) Data Access;

4) Conduct of Wagering, including:

A) Wagering and Payout Procedures; and

B) Statistics;

5) Rules of Wagering, including:

A) What May be Wagered Upon;

B) Types of Wagers Offered; and

C) Establishing Lines or Payout Odds;

6) Wagering Equipment, including:

A) Access and Computer Monitoring Procedures;

B) Point of Sale Devices;

C) Kiosks;

D) Location, Conversion and Movement of Kiosks; and

E) Suspected Defective or Malfunctioning Equipment;

7) Kiosk Fill and Counts, including:

A) Transportation of Fills/Collections; and

B) Counting and Recording Drops;

8) Cashiering, including:

A) Fills and Payouts;

B) Cage Accountability; and

C) Main Bank/Vault Accountability;

9) Internet Wagering, including:

A) Sports Wagering Accounts;

B) Identity Verification;

C) Internet Wagering System Description, including:

i) Structural Overview;

ii) Security and Integrity; and

iii) Upgrade and Improvement Plans;

D) Identity Protection;

E) Fraud Prevention;

F) Contested Transaction Procedures; and

G) Patron Terms and Conditions;

10) Accounting, including:

A) Accounting Records;

B) Controls over Locked Accounting Box;

C) Procedures for Monitoring and Reviewing Wagering Operations; and

D) Monthly Reporting Requirements;

11) Suspicious Activity Reporting, including:

A) Financial Activity; and

B) Wagering Activity;

12) Internal Audit, including:

A) Required Internal Audits; and

B) Reporting Guidelines;

13) Surveillance, including:

A) Surveillance Room Access and Control; and

B) Surveillance System Description;

14) Security, including:

A) Case Number System/Incident Reports;

B) Lost Badges/Temporary Badges;

C) Power Failure/Camera Outage;

D) Enforcement of Wagering Restrictions/21 Years Old Minimum; and

E) Handling of Emergencies.

SUBPART P: FACILITIES AND OPERATIONS

Section 1900.1610 Wagering Locations

a) Sports wagers may be placed or redeemed at:

1) One or more fixed windows or counters through a clerk, cashier, or other employee; or

2) Self-service kiosks.

b) Fixed Windows or Counters. Fixed windows or counters with cashiers may be operated at any location within a gaming operation, racetrack facility, or sports facility operated by a master sports wagering licensee.

c) Kiosks

1) Kiosks may be operated at any location within a gaming operation, racetrack facility, or sports facility operated by a master sports wagering licensee.

2) Kiosks must be supervised by an attendant at all times unless:

A) located inside the admissions turnstiles of a gaming operation or organization gaming facility; or

B) located inside a portion of a facility restricted to persons age 21 or over.

3) When kiosks are not located inside the admissions turnstiles of a gaming operation or organization gaming facility, or within a portion of a facility restricted to persons age 21 or over, the attendant shall be responsible for verifying the age of wagerers.

4) Kiosks shall not accept wagers greater than $500 without intervention of an attendant, unless located within the admissions turnstiles of a gaming operation or organization gaming facility.

5) Kiosks shall not redeem wagers for currency in an amount greater than $2,000 without intervention of an attendant.

Section 1900.1620 Sports Facilities

Sports wagering conducted by the holder of a master sports wagering license issued pursuant to Section 25-40 of the Act may occur in person at or within a 5-block radius of a sports facility.

a) For the purposes of the Act, a 5-block radius" is defined as 3,300 feet.

1) For the purposes of in-person wagering, the distance shall be measured along public rights of way from the nearest property line of the contiguous

property on which the sports facility is located to the farthest outside edge of any structure, building, facility, or business in which sports wagering is occurring.

2) Where in-person wagering is occurring within one unit of a multi-unit building, the distance shall be measured to the farthest outside edge of the unit.

3) For the purposes of mobile online wagering, the distance shall be measured as a straight line to the nearest property line of the contiguous property on which the sports facility is located.

b) A master sports wagering licensee licensed pursuant to Section 25-40 of the Act may conduct in-person sports wagering at or within a 5-block radius of the sports facility only if any and all professional sports teams that play their home contests at that sports facility provide written authorization. The home facility for a professional sports team shall be defined by the applicable sports governing body, but not to include temporary or special arrangements.

c) A master sports wagering licensee licensed pursuant to Section 25-40 of the Act may place sports wagering windows, counters, or kiosks at any location within the 5-block radius.

d) Any entity with which a master sports wagering licensee enters into an agreement related to in-person wagering within a 5-block radius of a sports facility shall be considered a key person under Section 1900.530, except in the case of a commercial real estate lessor.

e) All portions of a sports wagering operation conducted outside of the sports facility are still subject to all requirements and restrictions of those within the sports facility, including but not limited to:

1) Use of occupational licensees;

2) Security of the operation and the designated gaming area; and

3) Surveillance and monitoring requirements.

f) All in-person sports wagering conducted within the 5-block radius shall comply with local zoning restrictions and regulations.

Section 1900.1630 Inter-track Wagering Locations

a) A master sports wagering licensee licensed pursuant to Section 25-30 of the Act that also holds an inter-track wagering location license may conduct in-person sports wagering at up to three inter-track wagering locations associated with its inter-track wagering location license.

b) Any sports wagering windows, counters, or kiosks operated pursuant to this Section shall be located entirely within an inter-track wagering location.

c) A master sports wagering licensee that conducts or intends to conduct sports wagering operations at an inter-track wagering location shall disclose any contracts or agreements with the inter-track wagering location prior to commencing sports wagering operations at that location.

d) An inter-track wagering location at which a master sports wagering licensee conducts sports wagering operations shall be considered a key person under Section 1900.530.

e) All portions of a sports wagering operation conducted at an inter-track wagering location are subject to all requirements and restrictions of this Part, including but not limited to:

1) Use of occupational licensees;

2) Security of the operation and the designated gaming area; and

3) Surveillance and monitoring requirements.

f) All in-person sports wagering conducted at an inter-track wagering location shall comply with local zoning restrictions and regulations.

Section 1900.1640 Surveillance Requirements

a) All equipment that is used to monitor or record must remain solely accessible to the surveillance personnel and be exclusively for sports wagering operation surveillance, except when that equipment is being repaired or replaced.

b) The interior of the surveillance room shall not be visible to the public.

c) Each surveillance room shall have a minimum of four monitors, with appropriate switching capability to ensure that all surveillance cameras are accessible.

d) The Board and its agents shall at all times be afforded immediate access to the surveillance room and all records relating to that surveillance.

e) The master sports wagering licensee shall provide to the Board real time remote access to the surveillance system.

f) A master sports wagering licensee shall maintain a surveillance log of all surveillance activities in the surveillance room. The log shall be maintained by surveillance room personnel and shall include the following:

1) All persons entering and exiting the surveillance room;

2) Summary, including date, time and duration, of the surveillance; and

3) Record of any equipment or camera malfunctions.

g) All recordings shall be retained as provided in the records retention schedule pursuant to Section 1900.330 and shall be listed on a log by surveillance personnel with the date, times, and identification of the person monitoring the recording. Original recordings will be released to the Board upon demand.

h) Any recording that records illegal or suspected illegal activity or suspicious wagering activity shall, upon completion of the recording, be transferred to a read-only, non-erasable format approved by the Administrator. The recording shall be placed in a separate, secure area and notification given to the Administrator or his or her designee.

i) Unless specifically approved by the Administrator or his or her designee or pursuant to a lawful subpoena, the viewing of any surveillance recording is prohibited other than by:

1) Illinois Gaming Board staff;

2) Designated surveillance employees of a master sports wagering licensee or management services provider licensee; or

3) The General Manager, Chief of Security, or Sports Wagering Manager of a sports wagering operation, or their equivalents.

j) At various times, all surveillance equipment shall be subject to Board testing of minimum standards of resolution and operation. Any malfunction of surveillance equipment shall necessitate the immediate replacement or repair.

k) Any master sports wagering licensee that also holds an organization gaming license or owners license may integrate its surveillance system with the surveillance system required by the Illinois Gambling Act and the associated rule provisions (see Subpart H of 86 Ill. Adm. Code 3000), provided the surveillance system meets the standards of this Subpart P.

l) Remote access to the surveillance system is permitted by individuals other than Illinois Gaming Board staff if all of the following criteria are satisfied:

1) Access is limited to individualized unique log in credentials;

2) All access is logged, including, at minimum, the date and time of each access identity of the user and information identifying the sources of the remote access; and

3) The master sports wagering licensee establishes approved internal controls designed to prevent unauthorized access to the surveillance system.

Section 1900.1650 Required Surveillance Equipment

A master sports wagering licensee shall install and maintain a closed circuit television system in accord with the specifications herein and shall provide access to the system or its signal by the Board upon request. The closed circuit television must meet or exceed the following specifications:

a) Solid state, color cameras, ⅔, ½, ⅓ or ¼ format, with minimum 400 plus line resolution, installed in fixed positions with matrix control and/or with pan, tilt and zoom capabilities, secreted from public and non-surveillance personnel view to effectively and clandestinely monitor in detail, from various vantage points, the following:

1) All sports wagering transactions occurring at counters, windows, or kiosks;

2) The count processes conducted in any count rooms;

3) All portions of the designated gaming areas and any portions of the facility immediately adjoining the designated gaming area;

4) The area immediately surrounding any kiosk or redemption machine;

5) The movement of cash or cash equivalents within the designated gaming area or between the designated gaming area and any kiosk or redemption machine;

6) The entrance and exits to any designated gaming area; and

7) Other areas as the Administrator designates.

b) All closed circuit cameras equipped with lenses of sufficient magnification to allow the operator to clearly distinguish the value of cash used in any transaction.

c) Video monitors that meet or exceed the resolution requirement for video cameras with solid state circuitry, and time and date insertion capabilities for recording what is being viewed by any camera in the system. Each video monitor screen must measure diagonally at least 12 inches.

d) Video printers capable of adjustment and possessing the capability to generate instantaneously, upon command, a clear, color copy of the image depicted on the recording.

e) Date and time generators based on a synchronized, central or master clock, and visible on any monitor and when recorded.

f) Wiring to prevent tampering. The system must be supplemented with a back-up gas/diesel generator power source that is automatically engaged in case of a power outage and capable of returning to full power within seven to ten seconds.

g) An additional uninterrupted power supply system so that time and date generators remain active and accurate, and switching gear memory and video surveillance is continuous.

h) Video switchers capable of both manual and automatic sequential switching for the appropriate cameras.

i) Licensees shall utilize digitally recorded channels and must provide the IGB with the necessary software to review digitally recorded information.

j) All digital channels record at a minimum of 10 per second, or 30 frames per second when recording transactions. The systems must allow the secure and audited export of video files at the resolution originally recorded, including the capability of providing watermarked recordings or non-editable formatting to insure the integrity of the recorded images.

k) All digital recording systems shall be on a secure network independent and separated from any sports wagering systems or related information technology.

l) Audio capability in areas where transactions involving cashiers occur.

m) Adequate lighting in all areas where camera coverage is required. The lighting shall be of sufficient intensity to produce clear recording and still picture production, and correct color correction. The video must demonstrate a clear picture in existing light under normal operating conditions.

Section 1900.1660 Signage

a) Problem Gambling

1) Each master sports wagering licensee shall post signs with a statement regarding obtaining assistance with problem gambling.

2) The text of the signs shall be submitted to the Administrator for approval.

3) The text must at minimum include text materially consistent with Department of Human Services rules (see 77 Ill. Adm. Code 2059.103).

4) The text must include instruction on accessing the Illinois Gaming Board self-exclusion program.

5) The signs must be conspicuously posted and visible from any kiosk or wagering location not located within the admissions turnstiles of a gambling facility or organization gaming facility.

b) Under 21

1) Each master sports wagering licensee shall post signs stating individuals must be aged 21 years or older to place sports wagers.

2) The text of the signs shall be submitted to the Administrator for approval.

3) The signs must be conspicuously posted and visible from any kiosk or wagering location not located within the admissions turnstiles of a gambling facility or organization gaming facility.

Section 1900.1670 Occupational License Badges

a) All master sports wagering licensees and management services provider licensees shall provide the Board with the necessary equipment to produce temporary and permanent identification badges for occupational licensees and applicants.

b) Master sports wagering licensees and management services provider licensees shall be responsible for the costs of producing badges, including a fee of $10 to be paid to the Board for any replacement of an identification badge.

c) Badges Are Not Transferable. Upon resignation or termination of employment, badges must be returned to the master sports wagering licensee or management services provider licensee or the Board. If returned to the master sports wagering licensee or management services provider licensee, the master sports wagering licensee or management services provider licensee shall return the badge to the Board.

d) Badges shall meet the following requirements:

1) Be of a color selected by the master sports wagering licensee for use on all identification badges used by its occupational licensees;

2) Be visually distinct, to the naked eye and surveillance, from any occupational license badges issued pursuant to Section 9 of the Illinois Gambling Act;

3) When an individual is issued occupation licenses pursuant to both the Illinois Gambling Act and Section 25-15(e) of the Sports Wagering Act, the licensee may be issued a single badge;

4) Bear the name and logo of the sports wagering operation;

5) Provide a space for a photograph with a minimum size of 1" by 1¼";

6) Provide a space for a 12-digit number;

7) Display the employee's first name and job title;

8) Provide a space for the Administrator's signature;

9) Provide a space for the dates of issuance and expiration of occupational license; and

10) Provide on the reverse side of the card a line for the employee's last name, signature and date of birth.

e) An occupational license badge issued pursuant to this Part may also act as a badge for an occupational license issued pursuant to the Illinois Gambling Act, so long as it meets the requirements of both this Part and 86 Ill. Adm. Code 3000.245.

SUBPART Q: SELF-EXCLUSION

Section 1900.1710 Self-Exclusion Program

a) For the purposes of this Part, "Self-Exclusion List" means the list established pursuant to 86 Ill. Adm. Code 3000.750 and governed by 86 Ill. Adm. Code 3000.Subpart G.

b) Any individual who acknowledges that he or she has a gambling problem may request of the Board that he or she be excluded from participation in sports wagering in Illinois by placing himself or herself on the Self-Exclusion List.

c) Any individual on the Self-Exclusion List shall be subject to this Subpart Q.

Section 1900.1720 Distribution and Availability of Confidential Self-Exclusion List

a) Upon placement on the Self-Exclusion List by the Administrator, the name and identifying information of the self-excluded person shall be distributed to each master sports wagering licensee and management services provider licensee.

b) No licensee may disclose the name of any person on the Self-Exclusion List to any third party unless specifically authorized by rule or required by a court order specifically requiring the release of mental health records and information.

c) No licensee, applicant, or key person who obtains identifying information about a person on the Self-Exclusion List from any source may disclose the name or identifying information of the self-excluded person, except as necessary to effectuate, or as specifically permitted by this Part.

d) Any licensee, applicant, or key person who knowingly discloses, authorizes disclosure, permits a disclosure, or otherwise assists in the disclosure of the identity of a person on the Self-Exclusion List shall be subject to discipline for each disclosure, including but not limited to any disclosure by any of its officers, directors, employees, attorneys, agents and contractors, unless the disclosure complies with the following provisions:

1) The disclosure is made on the same need to know basis restriction applicable to mental health information to staff for the sole purpose of effectuating the approved internal control responsibilities.

2) The disclosure is made for the sole purpose of effectuating the Self-Exclusion program and this Part as to any customer tracking system, customer identification system, sports wagering system, internet wagering system, or any other financial transactions system.

3) The disclosure is made in compliance with the approved internal controls.

e) Disclosure may be made to affiliate gaming entities with the prior written approval of the Administrator. A licensee seeking such approval must provide to the Administrator an explanation of the manner in which the identity of the self-excluded persons will be maintained confidentially by the affiliate gaming operations.

f) Nothing in this Section prohibits disclosure of the name of a person on the Self-Exclusion List to the Board or its staff or to a person authorized in writing by the self-excluded person on the Self-Exclusion List to receive that information.

Section 1900.1730 Duties of Licensees Regarding Self-Excluded Persons

a) A master sports wagering licensee shall cause the name, address, and birthdate of any person on the Self-Exclusion List to be flagged on all mailing, marketing or promotional lists or databases.

b) A master sports wagering licensee shall not send marketing or promotional materials to any person placed on the Self-Exclusion List.

c) A master sports wagering licensee shall maintain a system designed to detect persons on the Self-Exclusion List so as to enforce this Part.

d) A master sports wagering licensee shall not cash checks for, extend credit to, or otherwise assist a person on the Self-Exclusion List to obtain funds for gambling purposes.

e) A master sports wagering licensee shall not accept a wager of greater than $500 without first verifying the identity of the patron against the Self-Exclusion List, unless the wager is placed within the admissions turnstiles of a gaming operation or organization gaming facility.

f) A master sports wagering licensee shall not redeem a wager for currency in an amount of greater than $2,000 without first verifying the identity of the patron against the Self-Exclusion List, unless the wager is placed within the admissions turnstiles of a gaming operation or organization gaming facility.

g) A master sports wagering licensee that holds an owners license or organization gaming license shall provide a means by which an individual on the Self-

Exclusion List may turn in unredeemed tickets prior to the commencement of a sports event to obtain refunds pursuant to Section 1900.1740.

h) For any master sports wagering licensee that conducts internet wagering:

1) The licensee shall not allow an individual on the Self-Exclusion List to open a new sports wagering account;

2) The licensee shall identify and suspend any sports wagering account of any individual on the Self-Exclusion List;

3) The licensee shall void all outstanding wagers in accordance with Section 1900.1740; and

4) The licensee shall refund any remaining balance to the patron in a manner consistent with the licensee's internal control system.

Section 1900.1740 Effect of Enrollment

a) An individual on the Self-Exclusion List shall be prohibited from placing or redeeming wagers.

b) Any wager placed by an individual on the Self-Exclusion List prior to enrollment in the self-exclusion program shall be deemed void.

c) An individual who enrolls in the self-exclusion program may, at the time of enrollment or any time thereafter, return any in-person wagering ticket to the master sports wagering licensee that issued it to obtain a refund of the original wager amount, provided the refund occurs prior to the commencement of any event or series of events on which the outcome of the wager is dependent.

d) If, after the commencement of any event or series of events on which the outcome of the wager is dependent, a wager is identified as having been placed by an individual on the Self-Exclusion list, that wager shall be deemed void. The original amount of the wager shall be deducted from the adjusted gross sports wagering receipts and forfeited by the individual, to be donated to the charitable or government agency identified by the individual at the time of his or her placement on the Self-Exclusion List.

e) An individual on the Self-Exclusion List may not open a new sports wagering account.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

1) Heading of the Part: Cannabis Cultivation Privilege Tax

2) Code Citation: 86 Ill. Adm. Code 422

3)

Section Numbers:	Adopted Actions:
422.100	New Section
422.105	New Section
422.110	New Section
422.115	New Section
422.120	New Section
422.125	New Section
422.130	New Section
422.135	New Section
422.140	New Section
422.145	New Section
422.150	New Section

4) Statutory Authority: 410 ILCS 705/60-45

5) Effective Date of Rules: June 2, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? Yes. To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) which are not incompatible with the Cannabis Cultivation Privilege Tax Law or the proposed rules are incorporated by reference. 86 Ill. Adm. Code 422.150(c).

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 2624; February 14, 2020

10) Has JCAR issued a Statement of Objection to this rulemaking? No. By letter dated April 21, 2020, JCAR advised the Department of Revenue that no Certificate of No Objection would be voted on the rulemaking at its April 2020 meeting, and the Department may file the rule for adoption at the expiration of the Second Notice period.

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11) Differences between Proposal and Final Version: The only changes made were the ones agreed upon with JCAR. Only grammatical and technical changes were made. No substantive changes were made.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? Yes. The emergency rules was effective December 27, 2019, for a period of 180 days. 44 Ill. Reg. 594; January 10, 2020.

14) Are there any other rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: The rules implement PA 101-27, codified at 410 ILCS 705. Beginning September 1, 2019, a tax is imposed upon the privilege of cultivating cannabis at the rate of 7% of the gross receipts from the first sale of cannabis by a cultivator to a cultivator, craft grower, infuser or dispensing organization. The sale of any product that contains any amount of cannabis or any derivative thereof is subject to the tax on the full selling price of the product.

16) Information and questions regarding these adopted rules shall be directed to:

Richard S. Wolters
Associate Counsel
Legal Services Office
Illinois Department of Revenue
101 West Jefferson
Springfield IL 62794

217/782-2844

The full text of the Adopted Rules begins on the next page:

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 422
CANNABIS CULTIVATION PRIVILEGE TAX

Section
422.100 Nature of the Tax
422.105 Definitions
422.110 Tax Imposed
422.115 Returns and Payment of Tax
422.120 Infuser Information Returns and Books and Records
422.125 Registration of Cultivators
422.130 Revocation of Certificate of Registration
422.135 Books and Records
422.140 Invoices Issued by a Cultivator
422.145 Penalties and Interest
422.150 Administration and Enforcement

AUTHORITY: Implementing the Cannabis Cultivation Privilege Tax Law [410 ILCS 705/Art. 60].

SOURCE: Emergency rule adopted at 44 Ill. Reg. 594, effective December 27, 2019, for a maximum of 180 days; adopted at 44 Ill. Reg.10732, effective June 2, 2020.

Section 422.100 Nature of the Tax

a) *Beginning September 1, 2019, the Cannabis Cultivation Privilege Tax Law imposes a tax on the privilege of cultivating cannabis in this State at the rate of 7% of gross receipts received from the first sale of cannabis by the cultivator.* [410 ILCS 705/60-10(a)]

b) The Tax is imposed upon cultivation centers and craft growers growing cannabis for sale to cannabis business establishments. The Cannabis Cultivation Privilege Tax imposed by Section 60-10 of the Law is imposed only upon a cultivation center or craft grower *who makes the first sale and is not imposed upon a subsequent purchaser, a dispensing organization, or an infuser. Persons subject to the Tax imposed under the Law may, however, reimburse themselves for their*

Tax liability by separately stating reimbursement for their Tax liability as an additional charge. [410 ILCS 705/60-10(b)]

Section 422.105 Definitions

"Act" means the Cannabis Regulation and Tax Act [410 ILCS 705].

"Cannabis" means

marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not;

the seeds of the plant;

the resin extracted from any part of the plant;

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; and

cannabis flower, concentrate, and cannabis-infused products.

"Cannabis" does not include:

the mature stalks of the plant;

fiber produced from the stalks;

oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake;

the sterilized seed of the plant that is incapable of germination;

industrial hemp as defined and authorized under the Industrial Hemp Act [505 ILCS 5]; or

cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act [410 ILCS 130]. [410 ILCS 705/1-10]

"Cannabis business establishment" means a cultivation center, craft grower, processing organization, infuser organization, dispensing organization, or transporting organization. [410 ILCS 705/1-10]

"Cannabis concentrate" means a product derived:

from cannabis that is produced by extracting cannabinoids, including tetrahydrocannabinol (THC), from the plant through the use of:

propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

water, ice, or dry ice; or

butane, propane, CO_2, ethanol, or isopropanol; and

with the intended use of smoking or making a cannabis-infused product. [410 ILCS 705/1-10]

"Cannabis flower" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including:

derivatives or subspecies, such as indica, of all strains of cannabis; and

raw kief, leaves, and buds, but not:

resin that has been extracted from any part of the plant; nor

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. [410 ILCS 705/1-10]

"Cannabis-infused product" means a beverage, food, oil, ointment, tincture, topical formulation, or another product containing cannabis or cannabis concentrate that is not intended to be smoked. [410 ILCS 705/1-10]

"Craft grower" means a facility operated by an organization or business that is licensed by the Department of Agriculture to cultivate, dry, cure, and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization. A craft grower may contain up to 5,000 square feet of canopy space on its premises for plants in the flowering state. The Department of Agriculture may authorize an increase or decrease of flowering stage cultivation space in increments of 3,000 square feet by rule based on market need, craft grower capacity, and the licensee's history of compliance or noncompliance, with a maximum space of 14,000 square feet for cultivating plants in the flowering stage, which must be cultivated in all stages of growth in an enclosed and secure area. A craft grower may share premises with a processing organization or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership. [410 ILCS 705/1-10]

"Cultivation center" means a facility operated by an organization or business that is licensed by the Department of Agriculture to cultivate, process, transport (unless otherwise limited by the Act), and perform other necessary activities to provide cannabis and cannabis-infused products to cannabis business establishments. [410 ILCS 705/1-10]

"Cultivator" or "Taxpayer" means a cultivation center or craft grower who is subject to Tax under this Part. [410 ILCS 705/60-5]

"Department" means the Department of Revenue. [410 ILCS 705/60-5]

"Director" means the Director of Revenue. [410 ILCS 705/60-5]

"Dispensary" means a facility operated by a dispensing organization at which activities licensed by the Act may occur. [410 ILCS 705/1-10]

"Dispensing organization" means a facility operated by an organization or business that is licensed by the Department of Financial and Professional

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Regulation to acquire cannabis from a cultivation center, craft grower, processing organization, infuser, or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia, or related supplies under the Act to purchasers or to qualified registered medical cannabis patients and caregivers. As used in the Act, dispensing organization includes a registered medical cannabis organization as defined in the Compassionate Use of Medical Cannabis Program Act or its successor Act that has obtained an Early Approval Adult Use Dispensing Organization License. [410 ILCS 705/1-10]

"Gross receipts" from the sales of cannabis by a cultivator means the total selling price or the amount of such sales, as defined in this Section. In the case of charges and time sales, the amount thereof shall be included only when payments are received by the cultivator. [410 ILCS 705/60-5]

"Infuser organization" or "Infuser" means a facility operated by an organization or business that is licensed by the Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product. [410 ILCS 705/1-10]

"Law" means the Cannabis Cultivation Privilege Tax Law [410 ILCS 705/Art.60].

"Person" means:

> *a natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company; or*
>
> *a receiver, executor, trustee, guardian, or other representative appointed by order of any court.* [410 ILCS 705/60-5]

"Selling price" or "Amount of sale" means the consideration for a sale valued in money, whether received in money or otherwise, including cash, credits, property, and services, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost, or any other expense whatsoever, but does not include separately stated charges identified on the invoice by cultivators to reimburse themselves for their Tax liability. [410 ILCS 705/60-5]

"Tax" means the Cannabis Cultivation Privilege Tax created by Article 60 of the Act.

Section 422.110 Tax Imposed

a) *Beginning September 1, 2019, the Tax is imposed upon the privilege of cultivating cannabis at the rate of 7% of the gross receipts from the first sale of cannabis by a cultivator.* [410 ILCS 705/60-10(a)]

EXAMPLE 1: A cultivator grows cannabis and sells the grown cannabis to an infuser for $200. The cultivator owes $14 in Tax on the cannabis sold to the infuser.

EXAMPLE 2: A craft grower grows cannabis and sells 100 quarter ounces of the grown cannabis to a cultivator for $5000. The craft grower is liable for Tax in the amount of $350. The cultivator subsequently sells 50 quarter ounces of this cannabis to a dispensary for $55 per quarter ounce. The cultivator has no Tax liability on the sale of cannabis to the dispensary.

b) *The sale of any product by a cultivator that contains any amount of cannabis or any derivative thereof is subject to the Tax on the full selling price of the product.* [410 ILCS 705/60-10(a)]

EXAMPLE 1: A cultivator grows cannabis and sells the cannabis for $200 to an infuser. The cultivator has $14 in Tax liability on the sale of the cannabis to the infuser. The infuser creates cannabis-infused products and sells the products to a dispensary. The infuser has no Tax liability.

EXAMPLE 2: A cultivator grows cannabis, processes a pound of cannabis into cannabis-infused products, and sells the cannabis-infused products to a dispensary for $500. It normally sells the cannabis at wholesale for $200 an ounce. The cultivator has $35 ($500 x .07) in Tax liability on the sale of the cannabis-infused products to the dispensary.

c) It shall be presumed that all sales of cannabis are subject to Tax until the contrary is established, and the burden of proving that a transaction is not taxable shall be upon the cultivator.

d) In computing Tax liability, no deductions shall be made by a taxpayer from gross receipts or selling prices on account of the cost of property sold, the cost of materials used, labor or service costs, incoming freight or transportation costs, overhead costs, processing charges, salesmen's commissions, interest paid by the taxpayer, or any other expenses whatsoever. Costs of doing business are an element of the cultivator's gross receipts and are subject to the Tax even if separately stated on the bill to the customer. (See 86 Ill. Adm. Code 130.415 for rules regarding the treatment of transportation and the delivery charges.)

EXAMPLE: A cultivation center sells 500 ounces of cannabis to a dispensing organization for $100,000, plus a delivery charge of $250 and a fuel surcharge of $50. The fuel surcharge is a cost of doing business and is part of the selling price. The cultivation center delivers the cannabis to the dispensing organization. The cultivation center does not provide the dispensing organization with the option to pick up the cannabis. As a result, the cost of the delivery service is part of the selling price of the cannabis. The selling price for purposes of determining the Tax is $100,300.

e) The Tax is computed on the selling price of the cannabis after the application of any applicable discounts.

EXAMPLE: A cultivation center sells 500 ounces of cannabis to a dispensing organization for $200 an ounce. The cultivation center provides a nondiscriminatory 10% discount for sales over 300 ounces. The total price with the discount is $90,000. The Tax is computed on the gross receipts of $90,000.

f) *The Department may determine the selling price of the cannabis when the seller and purchaser are affiliated persons, when the sale and purchase of cannabis is not an arm's length transaction, or when cannabis is transferred by a cultivator to the cultivator's dispensing organization or infuser and a value is not established for the cannabis. The value determined by the Department shall be commensurate with the actual price received for products of like quality, character, and use in the area. If there are no sales of cannabis of like quality, character, and use in the same area, then the Department shall establish a reasonable value based on sales of products of like quality, character, and use in other areas of the State, taking into consideration any other relevant factors.* [410 ILCS 705/60-10(a)]

g) *The Tax is solely the responsibility of the cultivator who makes the first sale and is not the responsibility of a subsequent purchaser, a dispensing organization, or an infuser. Cultivators subject to the Tax may, however, reimburse themselves for their Tax liability under this Part by separately stating reimbursement for their Tax liability as an additional charge.* [410 ILCS 705/60-10(b)] The charge for reimbursement may not be identified on the invoice as a tax.

h) *A cultivator may not either directly or indirectly discriminate in price between different cannabis business establishments that are purchasing a like grade, strain, brand, and quality of cannabis or cannabis-infused product. Nothing in this subsection (h) prevents a cultivator from pricing cannabis differently based on differences in the cost of manufacturing or processing, the quantities sold, such as volume discounts, or the way the products are delivered.* [410 ILCS 705/20-30(e) and 30-30(f)]

i) *The Tax shall be in addition to all other occupation, privilege, or excise taxes imposed by the State of Illinois or by any unit of local government.* [410 ILCS 705/60-10(c)]

Section 422.115 Returns and Payment of Tax

a) *Each person who is required to pay the Tax imposed by the Law shall make a return to the Department on or before the 20th day of each month for the preceding calendar month stating the following:*

1) *the taxpayer's name;*

2) *the address of the taxpayer's principal place of business and the address of the principal place of business (if that is a different address) from which the taxpayer is engaged in the business of cultivating cannabis subject to the Tax;*

3) *the total amount of receipts received by the taxpayer during the preceding calendar month, from sales of cannabis subject to the Tax, by the taxpayer during the preceding calendar month;*

4) *the total amount received by the taxpayer during the preceding calendar month, on charge and time sales of cannabis subject to the Tax, by the taxpayer before the month for which the return is filed;*

5) *deductions allowed by law;*

6) *gross receipts that were received by the taxpayer during the preceding calendar month and upon the basis of which the Tax is imposed;*

7) *the amount of Tax due;*

8) *the signature of the taxpayer; and*

9) *any other information the Department may reasonably require.*

b) *All returns required to be filed and payments required to be made under the Law shall be by electronic means. Taxpayers who demonstrate hardship in paying electronically may petition the Department to waive the electronic payment requirement.* Taxpayers may not petition the Department for a waiver of the requirement to file all returns by electronic means.

c) *The taxpayer making the return provided for in this Section shall also pay to the Department, in accordance with this Section, the amount of Tax, less a discount of 1.75%, but not to exceed $1,000 per return period, which is allowed to reimburse the taxpayer for the expenses incurred in keeping records, collecting Tax, preparing and filing returns, remitting the Tax, and supplying data to the Department upon request. No discount may be claimed by a taxpayer on returns not timely filed and for taxes not timely remitted. No discount may be claimed by a taxpayer for any return that is not filed electronically. No discount may be claimed by a taxpayer for any payment that is not made electronically, unless a waiver has been granted under subsection (b).*

d) *Any amount that is required to be shown or reported on any return or other document under the Law shall, if the amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount if the fractional part of a dollar is $0.50 or more and decreased to the nearest whole-dollar amount if the fractional part of a dollar is less than $0.50. If a total amount of less than $1 is payable, refundable, or creditable, the amount shall be disregarded if it is less than $0.50 and shall be increased to $1 if it is $0.50 or more.*

e) *Notwithstanding any other provision of the Law concerning the time within which a taxpayer may file a return, any taxpayer who ceases to engage in the kind of*

business that makes the person responsible for filing returns under the Law shall file a final return under the Law with the Department within one month after discontinuing business.

f) *Each taxpayer under the Law shall make estimated payments to the Department on or before the 7th, 15th, 22nd, and last day of the month during which Tax liability to the Department is incurred. The payments shall be in an amount not less than the lower of either 22.5% of the taxpayer's actual Tax liability for the month or 25% of the taxpayer's actual Tax liability for the same calendar month of the preceding year. The amount of the quarter-monthly payments shall be credited against the final Tax liability of the taxpayer's return for that month. If any quarter-monthly payment is not paid at the time or in the amount required by this subsection, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of the quarter-monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this subsection.*

g) *If any payment provided for in this Section exceeds the taxpayer's liabilities under the Law, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by the credit memorandum may be assigned by the taxpayer to a similar taxpayer under the Law, in accordance with 86 Ill. Adm. Code 130.1505. If no such request is made, the taxpayer may credit the excess payment against Tax liability subsequently to be remitted to the Department under the Law. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and that taxpayer shall be liable for penalties and interest on the difference.*

h) *If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department is received by the taxpayer, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.* [410 ILCS 705/60-20]

Section 422.120 Infuser Information Returns and Books and Records

a) Upon request of the Department, an infuser shall file an information return with the Department, no later than the 20th day of the month for the preceding month, by electronic means and in a format prescribed by the Department, showing the names of the suppliers of cannabis and cannabis concentrates, the suppliers' license numbers issued by the Department of Agriculture, the quantities purchased from suppliers, the amounts paid for cannabis and cannabis concentrate during the preceding month, and such other information as is reasonably required by the Department.

b) Upon request of the Department, an infuser shall file an information return with the Department, no later than the 20th day of the month for the preceding month, by electronic means, showing the total amount of cannabis-infused products sold to dispensaries; the gross receipts from the sale of cannabis-infused products sold to dispensaries during the preceding month; the identities of the dispensaries to whom it was sold; the dispensaries' license numbers issued by the Department of Financial and Professional Regulation; and such other information reasonably required by the Department.

c) Every infuser shall keep books and records of all purchases of cannabis and cannabis concentrate, all sales of cannabis-infused products, together with invoices, bills of lading, sales records, copies of bills of sale, monthly inventories, inventories prepared as of December 31 of each year, and other pertinent papers and documents.

d) All books and records and other papers and documents that are required to be maintained by this Section shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.

Section 422.125 Registration of Cultivators

a) It shall be unlawful for any cultivator to engage in the business of selling cannabis to cannabis business establishments in this State without a certificate of registration from the Department. *Every cultivator and craft grower subject to the Tax under the Law shall apply to the Department for a certificate of registration under the Law. All applications for registration under the Law shall be made by electronic means.* [35 ILCS 705/60-15]

b) Each application shall be signed and verified and shall state:

1) the name and social security number of the applicant;

2) the address of the cultivator's principal place of business;

3) the address of the place of business from which the cultivator engages in the business of selling cannabis in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application) from which the cultivator engages in the business of selling cannabis in this State;

4) the name and address of the person or persons who will be responsible for filing returns and payment of taxes due under the Law (see 35 ILCS 735/3-7);

5) in the case of a publicly traded corporation, the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing Tax returns under the Law; and, in the case of all other corporations, the name, title, and social security number of each corporate officer;

6) in the case of a limited liability company, the name, social security number, and FEIN of each manager and member; and

7) any other information as the Department may reasonably require.

c) Upon completion, in proper form, of the application for certificate of registration, the Department shall issue to the applicant a certificate of registration that shall permit the person to whom it is issued to engage in business as a cultivator of cannabis in this State. If an applicant engages in the business of cultivating cannabis at another location in this State, the Department shall furnish him or her with a sub-certificate of registration for that place of business, and the applicant shall display the appropriate sub-certificate of registration at that place of business. The sub-certificate of registration shall bear the same registration number as that appearing upon the certificate of registration to which the sub-certificate relates. *No certificate of registration shall be issued under the Law unless the applicant has obtained a license from the Department of Agriculture under the Act.* [35 ILCS 705/60-15]

d) A certificate of registration shall automatically be renewed, subject to revocation as provided by the Law and Section 422.130, for an additional 1 year from the date of its expiration, unless otherwise notified by the Department as provided by this Section.

e) The Department may require an applicant for a certificate of registration, at the time of filing the application, to furnish a bond. No certificate of registration under the Law will be issued by the Department until the applicant provides the Department with satisfactory security, if required.

f) *The Department may refuse to issue, reissue, or renew a certificate of registration authorized to be issued by the Department if a person who is named as the owner, a partner, a corporate officer, or, in the case of a limited liability company, a manager or member, of the applicant on the application for the certificate of registration is or has been named as the owner, a partner, a corporate officer, or, in the case of a limited liability company, a manager or member, on the application for the certificate of registration of a person that is in default for moneys due under the Law or any other tax or fee Act administered by the Department. For purposes of this Section only, in determining whether a person is in default for moneys due, the Department shall include only amounts established as a final liability within the 20 years prior to the date of the Department's notice of refusal to issue or reissue the certificate of registration, permit, or license.* [20 ILCS 2505/2505-380(b)]

g) When a taxpayer to whom a certificate of registration is issued under the Law is in default to the State of Illinois for delinquent returns or for moneys due under the Law or any other State tax law or municipal or county ordinance administered or enforced by the Department, the Department shall, not less than 60 days before the expiration of the certificate of registration, give notice to the taxpayer to whom the certificate was issued:

1) of the account period of the delinquent returns;

2) of the amount of tax, penalty and interest due and owing from the taxpayer; and

3) that the certificate of registration shall not be automatically renewed upon its expiration date unless the taxpayer, on or before the date of expiration,

has filed and paid the delinquent returns or paid the defaulted amount in full.

h) The Department may, in its discretion, approve renewal by a taxpayer who is in default if, at the time of renewal, the taxpayer files all of the delinquent returns or pays to the Department the percentage of the defaulted amount as may be determined by the Department and agrees in writing to a payment plan for paying the balance of the defaulted amount.

i) Any person aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. After receipt of the request for a hearing, the Department shall give notice to the person of the time and place fixed for the hearing, shall hold a hearing, and shall issue its final administrative decision in the matter to the person. In the absence of a protest within 20 days, the Department's decision shall become final without any further determination being made or notice given.

j) The Department shall notify the Department of Agriculture upon a decision under the Law not to issue, reissue or renew a certificate of registration to a cultivator.

Section 422.130 Revocation of Certificate of Registration

a) *The Department has the power, after notice and an opportunity for a hearing, to revoke a certificate of registration issued by the Department if the holder of the certificate of registration fails to file a return, or to pay the tax, fee, penalty, or interest shown in a filed return, or to pay any final assessment of tax, fee, penalty, or interest, as required by the Law or any other tax or fee Act administered by the Department.* [20 ILCS 2505/2505-380(a)]

b) The Department, after notice and hearing, shall revoke the certificate of registration (including all sub-certificates of registration, if any, issued under Section 422.125) of any cultivator who violates any of the provisions of the Law or this Part. Before revocation of a certificate of registration, the Department shall, within 90 days after non-compliance and at least 7 days prior to the date of the hearing, give the cultivator notice in writing of the charge against him or her, and on the date designated shall conduct a hearing upon this matter. The lapse of the 90-day period shall not preclude the Department from conducting revocation proceedings at a later date if necessary.

c) The Department shall notify the Department of Agriculture upon revocation of a certificate of registration issued to a cultivator.

d) *No certificate of registration can be issued under the Law unless the cultivator is licensed by the Department of Agriculture under the Act*. [410 ILCS 705/60-15] If the Department receives notice that a license issued to a cultivator by the Department of Agriculture under the Act has been revoked, the Department shall commence proceedings to revoke the cultivator's certificate of registration.

Section 422.135 Books and Records

a) *Every cultivator shall keep books and records of all sales of cannabis, together with invoices, bills of lading, sales records, copies of bills of sale, monthly inventories, inventories prepared as of December 31 of each year, and other pertinent papers and documents.* [35 ILCS 120/7]

b) *All books and records and other papers and documents that are required by this Section and the Law to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.* [35 ILCS 120/7] Records shall be maintained at the physical location of the cultivator. All books and records kept by a cultivator pursuant to rules adopted by the Department of Agriculture to implement the Act shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cultivator's automated data processing and/or point of sale system.

c) *Books and records and other papers reflecting gross receipts received during any period with respect to which the Department is authorized to issue notices of Tax liability shall, for purposes of this Part, be preserved until the expiration of that period unless the Department, in writing, authorizes their destruction or disposal prior to that expiration. The Department will not issue a notice of Tax liability on and after each July 1 and January 1 covering gross receipts received during any month or period of time more than 3 years prior to that July 1 and January 1, respectively.* [35 ILCS 120/7] However, if the Department allows a cultivator to destroy books and records prior to the expiration of the preservation period, the cultivator is not relieved of any obligation to maintain books and records under any rule or regulation adopted by another State agency to implement the Act.

d) Penalties

1) *Any cultivator who fails to keep books and records or fails to produce books and records for examination, as required by this Section, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of:*

A) *$1,000 for the first failure to keep books and records or produce books and records for examination; and*

B) *$3,000 for each subsequent failure to keep books and records or produce books and records for examination.*

2) *The penalties imposed under this subsection (d) shall not apply if the taxpayer shows that he or she acted with ordinary business care and prudence.* [35 ILCS 120/7]

Section 422.140 Invoices Issued by a Cultivator

Every sales invoice for cannabis issued by a cultivator to a cannabis business establishment shall contain the cultivator's certificate of registration number assigned under the Law, date, invoice number, purchaser's name and address, selling price, and the amount of cannabis, concentrate, or cannabis-infused product. Cultivators shall retain a copy of the invoices for inspection by the Department. [410 ILCS 705/60-40]

Section 422.145 Penalties and Interest

a) All provisions of the Uniform Penalty and Interest Act [35 ILCS 735] that are not inconsistent with the Law shall apply.

b) The penalties contained in Section 13 of the Retailers' Occupation Tax Act [35 ILCS 120] that are not inconsistent with the Law shall apply.

Section 422.150 Administration and Enforcement

a) *The Department shall have full power to:*

1) *administer and enforce the Law;*

2) *collect all Taxes, penalties, and interest due under the Law;*

3) *submit to the State Treasurer, for deposit in the Local Cannabis Retailers' Occupation Tax Trust Fund, all Taxes, penalties and interest collected under the Law,* excluding those described in Section 422.135(d); *and*

4) *determine all rights to credit memoranda, arising on account of the erroneous payment of tax, penalty, or interest under the Law.*

b) *In the administration of, and compliance with, the Law, the Department and persons who are subject to the Law shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1, 2-40, 2a, 2b, 2i, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax Act and all of the provisions of the Uniform Penalty and Interest Act, that are not inconsistent with the Law, as fully as if those provisions were set forth in the Law. For purposes of this Section, references in the Retailers' Occupation Tax Act to a "sale of tangible personal property at retail" mean the "sale of cannabis by a cultivator".* [410 ILCS 705/60-35]

c) To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Law will apply in implementation of the Law.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

1) Heading of the Part: Cannabis Purchaser Excise Tax

2) Code Citation: 86 Ill. Adm. Code 423

3)

Section Numbers:	Adopted Actions:
423.100	New Section
423.105	New Section
423.110	New Section
423.115	New Section
423.120	New Section
423.125	New Section
423.130	New Section
423.135	New Section
423.140	New Section
423.145	New Section
423.150	New Section
423.155	New Section
423.160	New Section
423.165	New Section
423.170	New Section
423.175	New Section

4) Statutory Authority: 410 ILCS 705/65-50

5) Effective Date of Rules: June 2, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? Yes. To avoid needless repetition, the substance and provisions of all Use Tax Regulations (86 Ill. Adm. Code 150) and all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) which are not incompatible with the Cannabis Purchaser Excise Tax Law are incorporated herein by reference and made a part hereof. 86 Ill. Adm. Code 423.175(c).

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 2643; February 14, 2020

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

10) Has JCAR issued a Statement of Objection to this rulemaking? No. By letter dated April 21, 2020, JCAR advised the Department of Revenue that no Certificate of No Objection would be voted on the rulemaking at its April 2020 meeting, and the Department may file the rule for adoption at the expiration of the Second Notice period.

11) Differences between Proposal and Final Version: The only changes made were the ones agreed upon with JCAR. Only grammatical and technical changes were made. No substantive changes were made.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? Yes. The emergency rules was effective December 27, 2019, for a period of 180 days. 44 Ill. Reg. 612; January 10, 2020.

14) Are there any other rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: The rules implement PA 101-27, codified at 410 ILCS 705. Beginning January 1, 2020, a tax is imposed upon purchasers for the privilege of using cannabis at the following rates: 1) any cannabis, other than a cannabis-infused product, with an adjusted delta-9-tetrahydrocannabinol level at or below 35% shall be taxed at a rate of 10% of the purchase price; 2) any cannabis, other than a cannabis-infused product, with an adjusted delta-9-tetrahydrocannabinol level above 35% shall be taxed at a rate of 25% of the purchase price; and 3) a cannabis-infused product shall be taxed at a rate of 20% of the purchase price.

16) Information and questions regarding these adopted rules shall be directed to:

Richard S. Wolters
Associate Counsel
Legal Services Office
Illinois Department of Revenue
101 West Jefferson
Springfield IL 62794

217/782-2844

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

The full text of the Adopted Rules begins on the next page:

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 423
CANNABIS PURCHASER EXCISE TAX

Section
423.100 Nature of the Tax
423.105 Definitions
423.110 Tax Imposed
423.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation
423.120 Collection of Tax
423.125 Tax Collected as a Debt Owed the State
423.130 Return and Payment of Tax by Cannabis Retailer
423.135 Registration of Cannabis Retailers
423.140 Revocation of Certificate of Registration
423.145 Books and Records
423.150 Arrest; Search and Seizure Without a Warrant
423.155 Seizure and Forfeiture
423.160 Search Warrant; Issuance and Return; Process; Confiscation of Cannabis; Forfeitures
423.165 Violations and Penalties; Interest
423.170 Cannabis Retailers; Purchase and Possession of Cannabis
423.175 Administration and Enforcement

AUTHORITY: Implementing Article 65 of the Cannabis Regulation and Tax Act (Cannabis Purchaser Excise Tax Law) [410 ILCS 705].

SOURCE: Emergency rule adopted at 44 Ill. Reg. 612, effective December 27, 2019, for a maximum of 180 days; adopted at 44 Ill. Reg. 10751, effective June 2, 2020.

Section 423.100 Nature of the Tax

a) *Beginning January 1, 2020, the Cannabis Purchaser Excise Tax Law imposes a tax on the privilege of using cannabis in this State based on the purchase price of cannabis sold by a dispensary to a purchaser for use and consumption.* [410 ILCS 705/65-10(a)]. The Tax imposed by the Law is collected from the purchaser by the cannabis retailer. The Tax imposed by the Law shall be stated

on the invoice as a distinct item separate and apart from the purchase price of the cannabis.

b) *The Tax imposed under the Law is in addition to all other occupation, privilege, or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision thereof.* [410 ILCS 705/65-10(d)]

Section 423.105 Definitions

"Act" means the Cannabis Regulation and Tax Act. [410 ILCS 705]

"Adjusted delta-9-tetrahydrocannabinol level" means, for a delta-9-tetrahydrocannabinol dominant product, the sum of the percentage of delta-9-tetrahydrocannabinol plus .877 multiplied by the percentage of tetrahydrocannabinolic acid. [410 ILCS 705/65-5]

"Automated sales suppression device" or "zapper" means a software program that falsifies the electronic records of an electronic cash register or other point-of-sale system, including, but not limited to, transaction data and transaction reports. The term includes the software program, any device that carries the software program, or an Internet link to the software program. [410 ILCS 705/65-38]

"Cannabis" means:

marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not;

the seeds of the plant;

the resin extracted from any part of the plant;

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; and

cannabis flower, concentrate, and cannabis-infused products.

"Cannabis" does not include:

the mature stalks of the plant;

fiber produced from the stalks;

oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake;

the sterilized seed of the plant that is incapable of germination;

industrial hemp as defined and authorized under the Industrial Hemp Act [505 ILCS 5]; or

cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act [410 ILCS 130]. [410 ILCS 705/1-10]

"Cannabis business establishment" means a cultivation center, craft grower, infuser organization, processing organization, dispensing organization, or transporting organization. [410 ILCS 705/1-10]

"Cannabis concentrate" means a product derived:

from cannabis that is produced by extracting cannabinoids, including tetrahydrocannabinol (THC), from the plant through the use of:

propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

water, ice, or dry ice; or

butane, propane, CO_2, ethanol, or isopropanol; and

with the intended use of smoking or making a cannabis-infused product. [410 ILCS 705/1-10]

"Cannabis flower" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including:

derivatives or subspecies, such as indica, of all strains of cannabis; and

raw kief, leaves, and buds, but not:

resin that has been extracted from any part of the plant; nor

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. [410 ILCS 705/1-10]

"Cannabis-infused product" means beverage, food, oils, ointments, tincture, topical formulation, or another product containing cannabis that is not intended to be smoked. [410 ILCS 705/65-5]

"Cannabis Purchaser Excise Tax" or "Tax" means the tax imposed by Section 65-10 of the Law.

"Craft grower" means a facility operated by an organization or business that is licensed by the Department of Agriculture to cultivate, dry, cure, and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization. A craft grower may contain up to 5,000 square feet of canopy space on its premises for plants in the flowering state. The Department of Agriculture may authorize an increase or decrease of flowering stage cultivation space in increments of 3,000 square feet by rule based on market need, craft grower capacity, and the licensee's history of compliance or noncompliance, with a maximum space of 14,000 square feet for cultivating plants in the flowering stage, which must be cultivated in all stages of growth in an enclosed and secure area. A craft grower may share premises with a processing organization or a dispensing organization, or both, provided each licensee stores currency and cannabis or cannabis-infused products in a separate secured vault to which the other licensee does not have access or all licensees sharing a vault share more than 50% of the same ownership. [410 ILCS 705/1-10]

"Cannabis retailer" means a dispensing organization that sells cannabis for use and not for resale. [410 ILCS 705/65-5]

"Department" means the Department of Revenue. [410 ILCS 705/65-5]

"Dispensary" means a facility operated by a dispensing organization at which activities licensed by the Act may occur. [410 ILCS 705/1-10]

"Dispensing organization" means a facility operated by an organization or business that is licensed by the Department of Financial and Professional Regulation to acquire cannabis from a cultivation center, craft grower, processing organization, infuser, or another dispensary for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia, or related supplies under the Act to purchasers or to qualified registered medical cannabis patients and caregivers. As used in the Act, dispensing organization includes a registered medical cannabis organization as defined in the Compassionate Use of Medical Cannabis Program Act or its successor Act that has obtained an Early Approval Adult Use Dispensing Organization License. [410 ILCS 705/1-10]

"Electronic cash register" means a device that keeps a register or supporting documents through the use of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in any manner. [410 ILCS 705/65-38]

"Infuser organization" or "infuser" means a facility operated by an organization or business that is licensed by the Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product. [410 ILCS 705/65-5]

"Law" means the Cannabis Purchaser Excise Tax Law [410 ILCS 705/Art. 65].

"Person" means:

> *a natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company; or*

a receiver, executor, trustee, guardian, or other representative appointed by order of any court. [410 ILCS 705/65-5]

"Phantom-ware" means a hidden programming option embedded in the operating system of an electronic cash register or hardwired into an electronic cash register that can be used to create a second set of records or that can eliminate or manipulate transaction records in an electronic cash register. [410 ILCS 705/65-38]

"Purchase price":

means the consideration paid for a purchase of cannabis, valued in money, whether received in money or otherwise, including cash, gift cards, credits, and property; and

shall be determined without any deduction on account of the cost of materials used, labor or service costs, or any other expense whatsoever.

However, "purchase price" does not include consideration paid for:

any charge for a payment that is not honored by a financial institution;

any finance or credit charge, penalty or charge for delayed payment, or discount for prompt payment; and

any amounts added to a purchaser's bill because of charges made under the tax imposed by the Cannabis Purchase Excise Tax Law, the Municipal Cannabis Retailers' Occupation Tax Law [65 ILCS 5/8-11-23], *the County Cannabis Retailers' Occupation Tax Law* [55 ILCS 5/5-1006.8], *the Retailers' Occupation Tax Act* [35 ILCS 120], *the Use Tax Act* [35 ILCS 105], *the Service Occupation Tax Act* [35 ILCS 115], *the Service Use Tax Act* [35 ILCS 110], *or any locally imposed occupation or use tax.* [410 ILCS 705/65-5]

"Purchaser" means a person who acquires cannabis for a valuable consideration. [410 ILCS 705/65-5]

"Taxpayer" means a cannabis retailer who is required to collect the Tax imposed under the Law. [410 ILCS 705/65-5]

"Transaction data" includes:

items purchased by a purchaser;

the price of each item;

a taxability determination for each item;

a segregated tax amount for each taxed item;

the amount of cash or credit tendered;

the net amount returned to the customer in change;

the date and time of the purchase;

the name, address, and identification number of the vendor; and

the receipt or invoice number of the transaction. [410 ILCS 705/65-38]

"Transaction report" means a report that documents, without limitation, the sales, taxes, or fees collected, media totals, and discount voids at an electronic cash register and that is printed on a cash register tape at the end of a day or shift, or a report that documents every action at an electronic cash register and is stored electronically. [410 ILCS 705/65-38]

Section 423.110 Tax Imposed

a) *Beginning January 1, 2020, a tax is imposed upon purchasers for the privilege of using cannabis at the following rates:*

1) *Any cannabis, other than a cannabis-infused product, with an adjusted delta-9-tetrahydrocannabinol level at or below 35% shall be taxed at a rate of 10% of the purchase price;*

2) *Any cannabis, other than a cannabis-infused product, with an adjusted delta-9-tetrahydrocannabinol level above 35% shall be taxed at a rate of 25% of the purchase price; and*

3) *A cannabis-infused product shall be taxed at a rate of 20% of the purchase price.* [410 ILCS 705/65-10]

b) *The purchase of any product that contains any amount of cannabis or any derivative thereof is subject to the Tax on the full purchase price of the product.*

EXAMPLE: A dispensary sells a cannabis-infused product that contains ⅛ ounce of cannabis for $80. One-eighth of an ounce of cannabis normally sells for $30. The dispensary must collect $16 in Tax on the sales price of the infused product ($80 x .2 = $16).

c) *The Tax is not imposed on cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act.*

d) *The Tax is not imposed with respect to any transaction in interstate commerce, to the extent the transaction may not, under the Constitution and statutes of the United States, be made the subject of taxation by this State.*

e) *The Tax shall not be imposed on any purchase by a purchaser if the cannabis retailer is prohibited by federal or State Constitution, treaty, convention, statute, or court decision from collecting the Tax from the purchaser.* [410 ILCS 705/65-10]

Section 423.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation

a) The Act prohibits dispensing organizations from *selling cannabis, cannabis-infused products, and concentrates in combination or bundled with each other or any other items for one price.* [410 ILCS 705/15-70(n)(17)]

1) *If a cannabis retailer sells cannabis, concentrate, or cannabis-infused products in combination or bundled with items that are not subject to the Tax under the Law for one price in violation of the prohibition on this activity under Section 15-70 of the Act, then the Tax is imposed on the purchase price of the entire bundled product.* [410 ILCS 705/65-11]

2) The tax rate applicable to the entire bundle shall be determined as follows:

A) A retailer must aggregate all cannabis items in the bundle that are taxed at the same rate (i.e., 10%, 20%, 25%).

B) The retailer must calculate the total selling price for all cannabis products in each tax rate group.

C) The tax rate attributable to the tax rate group with the highest selling price shall be applied to all cannabis products in the bundle.

EXAMPLE: A dispensary makes gift baskets that contain a ¼ ounce of cannabis with less than with less than 35% THC that normally sells for $65, a pipe that normally sells for $15, 4 cannabis-infused pods that normally sell for a total of $40, and an electronic device the pods can be used with that normally sells for $45. The dispensary offers the basket for $135. The Tax is imposed at the rate of 10% on the purchase price of $135.

b) *Each item of cannabis, concentrate and cannabis-infused product must be separately identified by quantity and price on the receipt.* [410 ILCS 705/15-70(n)(17)]

Section 423.120 Collection of Tax

a) *The Tax imposed by the Law shall be collected from the purchaser by the cannabis retailer at the rate stated in Section 423.110 with respect to cannabis sold by the cannabis retailer to the purchaser, and shall be remitted to the Department as provided in Section 423.130. All sales to a purchaser who is not a cardholder under the Compassionate Use of Medical Cannabis Program Act are presumed subject to Tax collection. Cannabis retailers shall collect the Tax from purchasers by adding the Tax to the amount of the purchase price received from the purchaser for selling cannabis to the purchaser*. [410 ILCS 705/65-15]

b) When a cannabis retailer collects the Tax from the purchaser, the cannabis retailer shall give the purchaser a receipt. The receipt must show the name and address of the cannabis retailer, the date of the purchase, a brief description of the property sold, the amount of the purchase price on which the Tax is based, and the amount of Tax collected stated as a distinct item separate and apart from the purchase price of the property sold.

c) *If a cannabis retailer collects the Tax measured by a purchase price that is not subject to the Tax, or if a cannabis retailer, in collecting the Tax measured by a purchase price that is subject to the Tax, collects more from the purchaser than the required amount of the Tax on the transaction, the purchaser shall have a legal right to claim a refund of that amount from the cannabis retailer. If, however, that amount is not refunded to the purchaser for any reason, the cannabis retailer is liable to pay that amount to the Department.*

d) *Any person purchasing cannabis subject to the Tax as to which there has been no charge made to him or her of the Tax shall make payment of the Tax in the form and manner provided by the Department not later than the 20th day of the month following the month of purchase of the cannabis.* [410 ILCS 705/65-15]

Section 423.125 Tax Collected as Debt Owed the State

Any cannabis retailer required to collect the Tax imposed by the Law shall be liable to the Department for the Tax, whether or not the Tax has been collected by the cannabis retailer, and any Tax shall constitute a debt owed by the cannabis retailer to this State. To the extent that a cannabis retailer required to collect the Tax has actually collected that Tax, the Tax is held in trust for the benefit of the Department. [410 ILCS 705/65-25]

Section 423.130 Return and Payment of Tax by Cannabis Retailer

a) *Each cannabis retailer that is required or authorized to collect the Tax imposed by the Law shall make a return to the Department, by electronic means, on or before the 20th day of each month for the preceding calendar month stating the following:*

1) *the cannabis retailer's name;*

2) *the address of the cannabis retailer's principal place of business and the address of the principal place of business (if that is a different address) from which the cannabis retailer engaged in the business of selling cannabis subject to the Tax:*

3) *the total purchase price received by the cannabis retailer for cannabis subject to the Tax;*

4) *the amount of the Tax due at each rate;*

5) *the signature of the cannabis retailer; and*

6) *any other information the Department may reasonably require.*

b) *All returns required to be filed and payments required to be made under the Law shall be by electronic means. Cannabis retailers who demonstrate hardship in paying electronically may petition the Department to waive the electronic payment requirement.* Taxpayers may not petition the Department for a waiver of the requirement to file all returns by electronic means.

c) *Any amount that is required to be shown or reported on any return or other document under the Law shall, if the amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount if the fractional part of a dollar is $0.50 or more and decreased to the nearest whole-dollar amount if the fractional part of a dollar is less than $0.50. If a total amount of less than $1 is payable, refundable, or creditable, the amount shall be disregarded if it is less than $0.50 and shall be increased to $1 if it is $0.50 or more.*

d) *The cannabis retailer making the return provided for in this Section shall also pay to the Department, in accordance with this Section, the amount of Tax imposed by the Law, less a discount of 1.75%, but not to exceed $1,000 per return period, which is allowed to reimburse the cannabis retailer for the expenses incurred in keeping records, collecting the Tax, preparing and filing returns, remitting the Tax, and supplying data to the Department upon request. No discount may be claimed by a cannabis retailer on returns not timely filed and for taxes not timely remitted. No discount may be claimed by a taxpayer for any return that is not filed electronically. No discount may be claimed by a taxpayer for any payment that is not made electronically, unless a waiver has been granted under subsection (b).*

e) *Notwithstanding any other provision of the Law concerning the time within which a cannabis retailer may file a return, any cannabis retailer who ceases to engage in the kind of business that makes the person responsible for filing returns under the Law shall file a final return under the Law with the Department within one month after discontinuing the business.*

f) *Each cannabis retailer shall make estimated payments to the Department on or before the 7th, 15th, 22nd, and last day of the month during which Tax liability to*

the Department is incurred. The payments shall be in an amount not less than the lower of either 22.5% of the cannabis retailer's actual Tax liability for the month or 25% of the cannabis retailer's actual Tax liability for the same calendar month of the preceding year. The amount of the quarter-monthly payments shall be credited against the final Tax liability of the cannabis retailer's return for that month. If any such quarter-monthly payment is not paid at the time or in the amount required by this subsection, then the cannabis retailer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of the quarter-monthly payment actually and timely paid, except insofar as the cannabis retailer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this subsection.

g) *If any payment provided for in this Section exceeds the taxpayer's liabilities under the Law, as shown on an original monthly return, the Department will, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by the credit memorandum may be assigned by the taxpayer to a similar taxpayer under the Law, in accordance with reasonable rules to be prescribed by the Department. If no such request is made, the taxpayer may credit the excess payment against the Tax liability subsequently to be remitted to the Department under the Law, in accordance with reasonable rules prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and that taxpayer shall be liable for penalties and interest on the difference. If a cannabis retailer fails to sign a return within 30 days after the proper notice and demand for signature by the Department is received by the cannabis retailer, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.* [410 ILCS 705/65-30]

Section 423.135 Registration of Cannabis Retailers

a) It shall be unlawful for any cannabis retailer to engage in the business of selling cannabis at retail in this State without a certificate of registration from the Department. *Every cannabis retailer subject to the Tax under the Law shall apply to the Department for a certificate of registration under the Law. All applications for registration under the Law shall be made by electronic means.* [410 ILCS 705/65-20]

b) Each application shall be signed and verified and shall state:

1) the name and social security number of the applicant;

2) the address of the cannabis retailer's principal place of business;

3) the address of the place of business from which the cannabis retailer engages in the business of selling cannabis at retail in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application) from which the cannabis retailer engages in the business of selling cannabis at retail in this State;

4) the name and address of the person or persons who will be responsible for filing returns and payment of Taxes due (see 35 ILCS 735/3-7);

5) in the case of a publicly traded corporation, the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing Tax returns; and, in the case of all other corporations, the name, title, and social security number of each corporate officer;

6) in the case of a limited liability company, the name, social security number, and FEIN of each manager and member; and

7) any other information as the Department may reasonably require.

c) Upon completion, in proper form, of the application for certificate of registration, the Department will issue to the applicant a certificate of registration that shall permit the person to whom it is issued to engage in the business as a retailer of cannabis in this State. If an applicant engages in the business of selling cannabis at retail at another location in this State, the Department will furnish him or her with a sub-certificate of registration for that place of business, and the applicant shall display the appropriate sub-certificate of registration at that place of business. The sub-certificate of registration will bear the same registration number as that appearing upon the certificate of registration to which the sub-certificate relates. *No certificate of registration shall be issued under the Law*

unless the applicant has obtained a license from the Department of Financial and Professional Regulation under the Act. [35 ILCS 705/65-20]

d) A certificate of registration shall automatically be renewed, subject to revocation as provided by the Law and Section 423.140, for an additional 1 year from the date of its expiration, unless otherwise notified by the Department as provided by this Section.

e) The Department may require an applicant for a certificate of registration to furnish a bond at the time of filing the application. The certificate of registration will not be issued by the Department until the applicant provides the Department with satisfactory security, if required.

f) *The Department may refuse to issue, reissue, or renew a certificate of registration authorized to be issued by the Department if a person who is named as the owner, a partner, a corporate officer, or, in the case of a limited liability company, a manager or member, of the applicant on the application for the certificate of registration is or has been named as the owner, a partner, a corporate officer, or, in the case of a limited liability company, a manager or member, on the application for the certificate of registration of a person that is in default for moneys due under the Law or any other tax or fee Act administered by the Department. For purposes of this Section only, in determining whether a person is in default for moneys due, the Department will include only amounts established as a final liability within the 20 years prior to the date of the Department's notice of refusal to issue or reissue the certificate of registration, permit, or license.* [20 ILCS 2505/2505-380(b)]

g) When a taxpayer to whom a certificate of registration is issued under the Law is in default to the State of Illinois for delinquent returns or for moneys due under the Law or any other State tax law or municipal or county ordinance administered or enforced by the Department, the Department shall, not less than 60 days before the expiration of the certificate of registration, give notice to the taxpayer to whom the certificate was issued:

1) of the account period of the delinquent returns;

2) of the amount of Tax, penalty and interest due and owing from the taxpayer; and

3) that the certificate of registration shall not be automatically renewed upon its expiration date unless the taxpayer, on or before the date of expiration, has filed and paid the delinquent returns or paid the defaulted amount in full.

h) The Department may, in its discretion, approve renewal by a taxpayer who is in default if, at the time of renewal, the taxpayer files all of the delinquent returns or pays to the Department the percentage of the defaulted amount as may be determined by the Department and agrees in writing to a payment plan for paying the balance of the defaulted amount.

i) Any person aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. After receipt of the request for a hearing, the Department will give notice to the person of the time and place fixed for the hearing, will hold a hearing, and will issue its final administrative decision in the matter to the person. In the absence of a protest within 20 days, the Department's decision will become final without any further determination being made or notice given.

j) The Department will notify the Department of Financial and Professional Regulation upon a decision under the Law not to issue, reissue or renew a certificate of registration to a cannabis retailer.

Section 423.140 Revocation of Certificate of Registration

a) *The Department has the power, after notice and an opportunity for a hearing, to revoke a certificate of registration issued by the Department if the holder of the certificate of registration fails to file a return, or to pay the Tax, fee, penalty, or interest shown in a filed return, or to pay any final assessment of Tax, fee, penalty, or interest, as required by the Law or any other tax or fee Act administered by the Department.* [20 ILCS 2505/2505-380(a)]

b) The Department, after notice and hearing, will revoke the certificate of registration (including all sub-certificates of registration, if any, issued under Section 423.135) of any cannabis retailer who violates any of the provisions of the Law. Before revocation of a certificate of registration, the Department will, within 90 days after non-compliance and at least 7 days prior to the date of the hearing, give the cannabis retailer notice in writing of the charge against him or her, and on the date designated will conduct a hearing upon this matter. The lapse

of the 90-day period shall not preclude the Department from conducting revocation proceedings at a later date if necessary.

c) The Department will notify the Department of Financial and Professional Regulation upon revocation of a certificate of registration issued to a cannabis retailer.

Section 423.145 Books and Records

a) *Every retailer of cannabis, whether or not the retailer has obtained a certificate of registration under Section 423.135, shall keep complete and accurate records of cannabis held, purchased, sold, or otherwise disposed of, and shall preserve and keep all invoices, bills of lading, sales records, and copies of bills of sale, returns, and other pertinent papers and documents relating to the purchase, sale, or disposition of cannabis. These records need not be maintained on the licensed premises but must be maintained in the State of Illinois. However, all original invoices or copies of invoices covering purchases of cannabis must be retained on the licensed premises for a period of 90 days after the purchase, unless the Department has granted a waiver in response to a written request in cases in which records are kept at a central business location within the State of Illinois.* [410 ILCS 705/65-36(a)] If a waiver is granted, the taxpayer must, within a reasonable time after notification by the Department, make all pertinent books, records, papers and documents available at a location within Illinois for the purpose of inspection or audit as the Department may deem necessary.

b) The Department will grant a written waiver under subsection (a) when the cannabis retailer submits a letter to the Department containing:

1) the cannabis retailer's license number and FEIN;

2) the address or addresses of the licensed premises where records are currently maintained;

3) the address of the central location where the cannabis retailer intends to maintain the records; and

4) an acknowledgement by the cannabis retailer that the Department, upon 30 days written notice, may revoke the waiver of the cannabis retailer for one or more licensed premises if the retailer:

A) fails to make records available in accordance with the requirements of this Section and the written waiver; or

B) transfers or sells the licensed premises to another person.

c) *Books, records, papers, and documents that are required by the Law to be kept shall be kept in English language and shall, at all times during the usual business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The books, records, papers, and documents for any period with respect to which the Department is authorized to issue a notice of Tax liability shall be preserved until the expiration of that period.* [410 ILCS 705/65-36(b)]

d) All books and records kept by a cannabis retailer pursuant to rules adopted by the Department of Financial and Professional Regulation to implement the Act shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cannabis retailer's automated data processing and/or point of sale system.

Section 423.150 Arrest; Search and Seizure Without a Warrant

a) *Any duly authorized employee of the Department may:*

1) *arrest without warrant any person committing in his or her presence a violation of any of the provisions of the Law;*

2) *without a search warrant, inspect all cannabis located in any place of business;*

3) *seize any cannabis in the possession of the cannabis retailer in violation of the Act or the Law; and*

4) *seize any cannabis on which the Tax has not been paid.*

b) *The cannabis so seized is subject to confiscation and forfeiture as provided in Sections 423.155 and 423.160.* [410 ILCS 705/65-41]

Section 423.155 Seizure and Forfeiture

a) *After seizing any cannabis as provided in Section 423.150, the Department will hold a hearing and determine whether the retailer was properly registered to sell the cannabis at the time of its seizure by the Department. The Department will give not less than 20 days' notice of the time and place of the hearing to the owner of the cannabis, if the owner is known, and also to the person in whose possession the cannabis was found, if that person is known and if the person in possession is not the owner of the cannabis. If neither the owner nor the person in possession of the cannabis is known, the Department will cause publication of the time and place of the hearing to be made at least once in each week for 3 weeks successively in a newspaper of general circulation in the county where the hearing is to be held.*

b) *If, as the result of the hearing, the Department determines that the retailer was not properly registered at the time the cannabis was seized, the Department will enter an order declaring the cannabis confiscated and forfeited to the State, to be held by the Department for disposal by it as provided in Section 423.160. The Department will give notice of the order to the owner of the cannabis, if the owner is known, and also to the person in whose possession the cannabis was found, if that person is known and if the person in possession is not the owner of the cannabis. If neither the owner nor the person in possession of the cannabis is known, the Department will cause publication of the order to be made at least once in each week for 3 weeks successively in a newspaper of general circulation in the county where the hearing was held.* [410 ILCS 705/65-42]

Section 423.160 Search Warrant; Issuance and Return; Process; Confiscation of Cannabis; Forfeitures

a) *If a peace officer of this State or any duly authorized officer or employee of the Department has reason to believe that any violation of the Law or this Part has occurred and that the person violating the law or this Part has in that person's possession any cannabis in violation of the Law or this Part, that peace officer or officer or employee of the Department may file or cause to be filed his or her complaint in writing, verified by affidavit, with any court within whose jurisdiction the premises to be searched are situated, stating the facts upon which the belief is founded, the premises to be searched, and the property to be seized, and procure a search warrant and execute that warrant.*

b) *Upon the execution of the search warrant, the peace officer, or officer or employee of the Department executing the search warrant shall make due return of the warrant to the court issuing the warrant, together with an inventory of the property taken under the warrant. The court must then issue process against the owner of the property if the owner is known; otherwise, process must be issued against the person in whose possession the property is found, if that person is known. In case of inability to serve process upon the owner or the person in possession of the property at the time of its seizure, notice of the proceedings before the court must be given in the same manner as required by the law governing cases of attachment. Upon the return of the process duly served or upon the posting or publishing of notice made, as appropriate, the court or jury, if a jury is demanded, shall proceed to determine whether the property so seized was held or possessed in violation of the Law or this Part. If a violation is found, judgment shall be entered confiscating the property and forfeiting it to the State and ordering its delivery to the Department. In addition, the court may tax and assess the costs of the proceedings.*

c) *When any cannabis has been declared forfeited to the State by the Department, as provided in Section 423.155 and this Section, and when all proceedings for the judicial review of the Department's decision have terminated, the Department will, to the extent that its decision is sustained on review, destroy or maintain and use the cannabis in an undercover capacity.*

d) *The Department may, before any destruction of cannabis, permit the true holder of trademark rights in the cannabis to inspect the cannabis in order to assist the Department in any investigation regarding the cannabis.* [410 ILCS 705/65-43]

Section 423.165 Violations and Penalties; Interest

a) *When the amount due is under $300, the following are guilty of a Class 4 felony:*

1) *any retailer of cannabis who:*

A) *fails to file a return;*

B) *willfully fails or refuses to make any payment to the Department of the Tax imposed by the Law; or*

C) *files a fraudulent return; or*

2) *any officer or agent of a corporation engaged in the business of selling cannabis to purchasers located in this State who signs a fraudulent return filed on behalf of the corporation; or*

3) *any accountant or other agent who knowingly enters false information on the return of any taxpayer under the Law.*

b) *When the amount due is $300 or more, the following are guilty of a Class 3 felony:*

1) *any retailer of cannabis who files, or causes to be filed, a fraudulent return; or*

2) *any officer or agent of a corporation engaged in the business of selling cannabis to purchasers located in this State who files or causes to be filed or signs or causes to be signed a fraudulent return filed on behalf of the corporation; or*

3) *any accountant or other agent who knowingly enters false information on the return of any taxpayer under the Law.*

c) *Any person who violates any provision of Section 423.135, fails to keep books and records as required under the Law and this Part, or willfully violates this Part is guilty of a Class 4 felony. A person commits a separate offense on each day that he or she engages in business in violation of Section 423.135. If a person fails to produce the books and records for inspection by the Department upon request, a prima facie presumption shall arise that the person has failed to keep books and records as required under the Law and this Part. A person who is unable to rebut this presumption is in violation of the Law and this Part and is subject to the penalties provided in this Section.*

d) *Any person who violates any provision of Section 423.135, fails to keep books and records as required under the Law, or willfully violates this Part, is guilty of a business offense and may be fined up to $5,000. If a person fails to produce books and records for inspection by the Department upon request, a prima facie presumption shall arise that the person has failed to keep books and records as required under the Law and this Part. A person who is unable to rebut this presumption is in violation of the Law and this Part and is subject to the penalties*

provided in this Section. A person commits a separate offense on each day that he or she engages in business in violation of Section 423.135.

e) *Any taxpayer or agent of a taxpayer who, with the intent to defraud, purports to make a payment due to the Department by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, is guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 2012* [720 ILCS 5].

f) *Any person who fails to keep books and records or fails to produce books and records for inspection, as required by Section 423.145, is liable to pay to the Department, for deposit in the Tax Compliance and Administration Fund, a penalty of:*

1) *$1,000 for the first failure to keep books and records or failure to produce books and records for inspection, as required by Section 423.145; and*

2) *$3,000 for each subsequent failure to keep books and records or failure to produce books and records for inspection, as required by Section 423.145.*

g) *Any person who knowingly acts as a retailer of cannabis in this State without first having obtained a certificate of registration to do so in compliance with Section 423.135 shall be guilty of a Class 4 felony.*

h) *A person commits the offense of tax evasion under the Law when he or she knowingly attempts in any manner to evade or defeat the Tax imposed on him or her or on any other person, or the payment of that Tax, and he or she commits an affirmative act in furtherance of the evasion.*

1) *As used in this Section, "affirmative act in furtherance of the evasion" means an act designed in whole or in part to:*

A) *conceal, misrepresent, falsify, or manipulate any material fact; or*

B) *tamper with or destroy documents or materials related to a person's Tax liability.*

2) *Two or more acts of tax evasion may be charged as a single count in any indictment, information, or complaint and the amount of Tax deficiency*

may be aggregated for purposes of determining the amount of Tax that is attempted to be, or is, evaded and the period between the first and last acts may be alleged as the date of the offense.

A) *When the amount of Tax, the assessment or payment of which is attempted to be, or is, evaded, is less than $500, a person is guilty of a Class 4 felony.*

B) *When the amount of Tax, the assessment or payment of which is attempted to be, or is, evaded, is $500 or more but less than $10,000, a person is guilty of a Class 3 felony.*

C) *When the amount of Tax, the assessment or payment of which is attempted to be, or is, evaded, is $10,000 or more but less than $100,000, a person is guilty of a Class 2 felony.*

D) *When the amount of Tax, the assessment or payment of which is attempted to be, or is, evaded, is $100,000 or more, a person is guilty of a Class 1 felony.*

i) *Any person who knowingly sells, purchases, installs, transfers, possesses, uses, or accesses any automated sales suppression device, zapper, or phantom-ware in this State is guilty of a Class 3 felony.*

j) *A prosecution for any act in violation of this Section may be commenced at any time within 5 years of the commission of that act.*

k) *Any person whose principal place of business is in this State and who is charged with a violation under this Section shall be tried in the county where his or her principal place of business is located unless he or she asserts a right to be tried in another venue.*

l) *Except as otherwise provided in this Section, a prosecution for a violation described in this Section may be commenced within 3 years after the commission of the act constituting the violation.* [410 ILCS 705/65-38]

m) All provisions of the Uniform Penalty and Interest Act [35 ILCS 735] that are not inconsistent with the Law shall apply.

Section 423.170 Cannabis Retailers; Purchase and Possession of Cannabis

Cannabis retailers shall purchase cannabis for resale only from cannabis business establishments. [410 ILCS 705/65-45]

Section 423.175 Administration and Enforcement

a) *The Department shall have full power to:*

1) *administer and enforce the Law;*

2) *collect all Taxes and penalties due under the Law;*

3) *dispose of Taxes and penalties collected in the manner provided in subsection (b); and*

4) *determine all rights to credit memoranda arising on account of the erroneous payment of Tax or penalty under the Law.*

b) *In the administration of, and compliance with, the Law, the Department and persons who are subject to the Law shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 2, 3-55, 3a, 4, 5, 7, 10a, 11, 12a, 12b, 14, 15, 19, 20, 21, and 22 of the Use Tax Act and Sections 1, 2-12, 2b, 4 (except that the time limitation provisions shall run from the date when the tax is due rather than from the date when gross receipts are received), 5 (except that the time limitation provisions on the issuance of notices of tax liability shall run from the date when the tax is due rather than from the date when gross receipts are received and except that, in the case of a failure to file a return required by the Act, no notice of tax liability shall be issued on and after each July 1 and January 1 covering tax due with that return during any month or period more than 6 years before that July 1 or January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5j, 6d, 7, 8, 9, 10, 11, and 12 of the Retailers' Occupation Tax Act and all of the provisions of the Uniform Penalty and Interest Act* [35 ILCS 735] *that are not inconsistent with the Law, as fully as if those provisions were set forth in the Law. References in the incorporated Sections of the Retailers' Occupation Tax Act and the Use Tax Act to retailers, to sellers, or to persons engaged in the business of selling tangible personal property mean cannabis retailers when used in the Law.*

References in the incorporated Sections to sales of tangible personal property mean sales of cannabis subject to Tax under the Law when used in the Law. [410 ILCS 705/65-40]

c) To avoid needless repetition, the substance and provisions of all Use Tax Regulations (86 Ill. Adm. Code 150) and all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Cannabis Purchaser Excise Tax Law will apply in implementation of the Law.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

1) Heading of the Part: County Cannabis Retailers' Occupation Tax

2) Code Citation: 86 Ill. Adm. Code 424

3)

Section Numbers:	Adopted Actions:
424.100	New Section
424.105	New Section
424.110	New Section
424.115	New Section
424.120	New Section
424.125	New Section
424.130	New Section
424.135	New Section
424.140	New Section
424.145	New Section
424.150	New Section
424.155	New Section

4) Statutory Authority: 55 ILCS 5/5-1006.8

5) Effective Date of Rules: June 2, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? Yes. To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Law will apply in implementation of the Law. 86 Ill. Adm. Code 424.155(c).

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 2669; February 14, 2020

10) Has JCAR issued a Statement of Objection to this rulemaking? No. By letter dated April 21, 2020, JCAR advised the Department of Revenue that no Certificate of No Objection would be voted on the rulemaking at its April 2020 meeting, and the Department may file the rule for adoption at the expiration of the Second Notice period.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

11) Differences between Proposal and Final Version: The only changes made were the ones agreed upon with JCAR. Only grammatical and technical changes were made. No substantive changes were made.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? No

14) Are there any other rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: The rules implement PA 101-27, in part, codified at 55 ILCS 5/5-1006.8, and PA 101-363. The corporate authorities of any county may, by ordinance, impose a tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Pilot Program Act. If imposed, the tax shall be imposed only in 0.25% increments. The tax rate may not exceed: 1) 3.75% of the gross receipts of sales made in unincorporated areas of the county; and 2) 3% of the gross receipts of sales made in a municipality located in the county. The tax is imposed on the full selling price of the product. The tax is not imposed on cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act.

16) Information and questions regarding these adopted rules shall be directed to:

Richard S. Wolters
Associate Counsel
Legal Services Office
Illinois Department of Revenue
101 West Jefferson
Springfield IL 62794

217/782-2844

The full text of the Adopted Rules begins on the next page:

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 424
COUNTY CANNABIS RETAILERS' OCCUPATION TAX

Section

424.100 Nature of the Tax
424.105 Definitions
424.110 Tax Imposed
424.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation
424.120 Registration of Cannabis Retailers
424.125 Revocation of Certificate of Registration
424.130 Return and Payment of Tax by Cannabis Retailers
424.135 Books and Records
424.140 Claims and Credit Memoranda
424.145 Penalties and Interest; Procedures
424.150 Ordinances and Resolutions Imposing or Discontinuing a Tax
424.155 Administration and Enforcement

AUTHORITY: Implementing the County Cannabis Retailers' Occupation Tax Law [55 ILCS 5/5-1006.8].

SOURCE: Adopted at 44 Ill. Reg. 10778, effective June 2, 2020.

Section 424.100 Nature of the Tax

a) The corporate authorities of any county may, by ordinance, impose a tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Program Act [410 ILCS 130], at retail in the county. The Tax is imposed on the cannabis retailer.

b) Persons subject to any Tax imposed under the Law may reimburse themselves for their seller's Tax liability under the Law by separately stating the Tax as an additional charge. That charge may be stated in combination (in a single amount) with any State or local tax administered by the Department that sellers are required to collect.

c) *The Tax imposed under the Law and all civil penalties that may be assessed as an incident of the Tax shall be collected and enforced by the Department of Revenue.* [55 ILCS 5/5-1006.8]

Section 424.105 Definitions

"Act" means the Cannabis Regulation and Tax Act [410 ILCS 705].

"Cannabis" means:

marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not;

the seeds of the plant;

the resin extracted from any part of the plant;

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; and

cannabis flower, concentrate, and cannabis-infused products.

"Cannabis" does not include:

the mature stalks of the plant;

fiber produced from the stalks;

oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake;

the sterilized seed of the plant that is incapable of germination;

industrial hemp as defined and authorized under the Industrial Hemp Act [505 ILCS 5]; or

cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act. [410 ILCS 705/1-10]

"Cannabis business establishment" means a cultivation center, craft grower, processing organization, infuser organization, dispensing organization, or transporting organization licensed under the Cannabis Regulation and Tax Act. [410 ILCS 705/1-10]

"Cannabis concentrate" means a product derived:

from cannabis that is produced by extracting cannabinoids, including tetrahydrocannabinol (THC), from the plant through the use of:

propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

water, ice, or dry ice; or

butane, propane, CO_2, ethanol, or isopropanol; and

with the intended use of smoking or making a cannabis-infused product [410 ILCS 705/1-10].

"Cannabis flower" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including:

derivatives or subspecies, such as indica, of all strains of cannabis; and

raw kief, leaves, and buds, but not:

resin that has been extracted from any part of the plant; nor

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. [410 ILCS 705/1-10]

"Cannabis-infused product" means beverage, food, oils, ointments, tincture, topical formulation, or another product containing cannabis that is not intended to be smoked. [410 ILCS 705/65-5]

"Cannabis retailer" means a dispensing organization licensed under the Cannabis Regulation and Tax Act that sells cannabis for use and not for resale. [410 ILCS 705/65-1]

"County Cannabis Retailers' Occupation Tax" or "Tax" means the tax imposed by the Law.

"Department" means the Department of Revenue.

"Gross receipts" from the sales of cannabis by a cannabis retailer means the total selling price or the amount of such sales. In the case of charges and time sales, the amount thereof shall be included only when payments are received by the cannabis retailer.

"Law" means the County Cannabis Retailers' Occupation Tax Law [55 ILCS 5/5-1006.8].

"Person" means:

a natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company; or

a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Purchaser" means a person who acquires cannabis for a valuable consideration.

"Selling price" or "Amount of sale" means the consideration for a sale valued in money, whether received in money or otherwise, including cash, credits, property, and services, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost, or any other expense whatsoever, but does not include separately stated charges identified on the invoice by cannabis retailers to reimburse themselves for their Tax liability under the Law. However, "selling price" does not include consideration paid for:

any charge for a payment that is not honored by a financial institution;

any finance or credit charge, penalty or charge for delayed payment, or discount for prompt payment; and

any amounts added to a purchaser's bill because of charges made under the County Cannabis Retailers' Occupation Tax Law, the Cannabis Purchaser Excise Tax Law [410 ILCS 705/Art. 65], the Municipal Cannabis Retailers' Occupation Tax Law [65 ILCS 5/8-11-23], the Use Tax Act [35 ILCS 105], the Service Use Tax Act [35 ILCS 110], or any locally imposed occupation tax.

"Taxpayer" means a cannabis retailer who is required to remit the tax imposed under the Law.

Section 424.110 Tax Imposed

a) *The corporate authorities of any county may, by ordinance, impose a Tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Program Act, at retail in the county on the gross receipts of the sales made in the course of business. If imposed, the Tax shall be imposed only in 0.25% increments. The Tax rate may not exceed:*

1) *3.75% of the gross receipts of sales made in unincorporated areas of the county; and*

2) *3% of the gross receipts of sales made in a municipality located in the county.* [55 ILCS 5/5-1006.8]

b) The sale of any product that contains any amount of cannabis or any derivative of cannabis is subject to the Tax under subsection (a) on the full selling price of the product.

c) The Tax imposed by this Section is not imposed with respect to any transaction in interstate commerce, to the extent the transaction may not, under the Constitution and statutes of the United States, be made the subject of taxation by this State.

d) The Tax imposed under the Law is in addition to all other occupation, privilege, or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision thereof.

Section 424.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation

a) Section 15-70(n)(17) of the Act prohibits dispensing organizations from selling cannabis, cannabis-infused products, and concentrates in combination or bundled with each other or any other items for one price. If a cannabis retailer sells cannabis, concentrate, or cannabis-infused products in combination or bundled with items that are not subject to Tax under the Law for one price in violation of the prohibition on this activity in Section 15-70 of the Act, then the Tax is imposed on the selling price of the entire bundled product.

EXAMPLE: A cannabis retailer makes gift baskets that contain a ¼ ounce of cannabis that normally sells for $60, a pipe that normally sells for $20, 4 cannabis-infused pods that normally sell for $40, and an electronic device the pods can be used with that normally sells for $45. The cannabis retailer offers the basket for $135. The Tax is imposed on the selling price of $135.

b) *Each item of cannabis, concentrate and cannabis-infused product must be separately identified by quantity and price on the receipt.* [410 ILCS 705/15-70(n)(17)]

Section 424.120 Registration of Cannabis Retailers

a) It shall be unlawful for any cannabis retailer to engage in the business of selling cannabis at retail in this State without a certificate of registration from the Department.

b) Every person subject to the Tax under the Law shall apply to the Department (on a form prescribed and furnished by the Department) for a certificate of registration under the Law. Application for a certificate of registration shall be made to the Department on forms furnished by the Department.

c) *The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act* [35 ILCS 120] *shall permit a person to engage in the business of selling cannabis under the Law without registering separately with the Department*. If a retailer holding a certificate of registration under the

Retailers' Occupation Tax Act engages in the business of selling cannabis at another location in this State, *the Department shall furnish him or her with a sub-certificate of registration for that place of business, and the applicant shall display the appropriate sub-certificate of registration at that place of business. The sub-certificate of registration shall bear the same registration number as that appearing upon the certificate of registration to which the sub-certificate relates.* [35 ILCS 120/2a] A certificate of registration or sub-certificate of registration issued under the Retailers' Occupation Tax Act waives the registration requirements under this Section. However, the Department may require the retailer to provide such other information as the Department may reasonably require for it to administer and enforce the provisions of the Law. A retailer may not engage in the business of selling cannabis until he or she is issued a certificate of registration.

Section 424.125 Revocation of Certificate of Registration

a) The revocation of a cannabis retailer's certificate of registration under the Retailers' Occupation Tax Act revokes a cannabis retailer's certificate of registration under the Law.

b) The Department shall notify the Department of Professional and Financial Regulation upon revocation of a certificate of registration issued to a cannabis retailer.

Section 424.130 Return and Payment of Tax by Cannabis Retailers

a) *Retailers shall file all cannabis Tax returns and shall make all cannabis Tax payments by electronic means in the manner and form required by the Department* [35 ILCS 120/3].

b) The information required for the Tax shall be furnished on the cannabis retailer's State cannabis dispensary Tax return.

c) If the cannabis retailer files its Illinois Retailers' Occupation Tax returns on the gross receipts basis, it must report County Cannabis Retailers' Occupation Tax information in its returns on the same basis. If the cannabis retailer files its Illinois Retailers' Occupation Tax returns on the gross sales basis, it must report County Cannabis Retailers' Occupation Tax information in its returns on the gross sales basis.

Section 424.135 Books and Records

a) Every cannabis retailer shall keep books and records of all sales of cannabis, together with invoices, bills of lading, sales records, copies of bills of sale, inventories prepared as of December 31 of each year, or otherwise annually as has been the custom in the specific trade, and other pertinent papers and documents. For purposes of this Section, "records" means all data maintained by the cannabis retailer, including data on paper, microfilm, microfiche or any type of machine-sensible data compilation.

b) All books and records and other papers and documents that are required by the Law to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.

c) It shall be presumed that all sales of cannabis are subject to Tax under the Law until the contrary is established, and the burden of proving that a transaction is not taxable under this Part shall be upon the cannabis retailer.

d) Penalties

1) Except for the books and records identified in subsection (e), any cannabis retailer who fails to keep books and records, or fails to produce books and records for examination as required by this Section, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of:

A) $1,000 for the first failure to keep books and records or produce books and records for examination; and

B) $3,000 for each subsequent failure to keep books and records or produce books and records for examination.

2) The penalties imposed under this subsection (d) shall not apply if the taxpayer shows that it acted with ordinary business care and prudence.

e) All books and records kept by a cannabis retailer, pursuant to rules adopted by the Department of Financial and Professional Regulation to implement the Act, shall,

at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cannabis retailer's automated data processing and/or point of sale system.

Section 424.140 Claims and Credit Memoranda

Cannabis retailers may file claims for credit or refund of Tax in accordance with the procedures, limitations and restrictions contained in Sections 6, 6a, 6b, 6c, and 6d of the Retailers' Occupation Tax Act.

Section 423.145 Penalties and Interest; Procedures

a) All penalties (both civil and criminal), provisions concerning interest and procedures (such as the making of assessments, the venue and mode of conducting hearings, subpoenas, matters pertaining to judicial review and other procedural subjects), together with statutes of limitation, are the same under the Law as under the Illinois Retailers' Occupation Tax Act.

b) All provisions of the Uniform Penalty and Interest Act [35 ILCS 735] that are not inconsistent with the Law shall apply.

Section 424.150 Ordinances and Resolutions Imposing or Discontinuing a Tax

a) *An ordinance or resolution imposing or discontinuing the Tax under the Law or effecting a change in the rate of the Tax that is adopted on or after June 25, 2019 (the effective date of Public Act 101-27), and for which a certified copy is filed with the Department on or before April 1, 2020, shall be administered and enforced by the Department beginning on July 1, 2020.*

b) *For ordinances filed with the Department after April 1, 2020, an ordinance or resolution imposing or discontinuing the Tax or effecting a change in the rate of the Tax shall either:*

1) *be adopted, with a certified copy of the ordinance filed with the Department on or before the first day of April. After the filing the Department will proceed to administer and enforce the Law as of the first day of July next following the adoption and filing; or*

2) *be adopted, with a certified copy of the ordinance filed with the Department on or before the first day of October. After the filing, after which the Department will proceed to administer and enforce the Law as of the first day of January next following the adoption and filing.* [55 ILCS 5/5-1006.8(f)].

Section 424.155 Administration and Enforcement

a) *The Department shall have full power to:*

1) *administer and enforce the Law;*

2) *collect all Taxes and penalties due under the Law;*

3) *submit to the State Treasurer, for deposit in the Local Cannabix Retailers' Occupation Tax Trust Fund, all Taxes and penalties collected under the Law,* excluding those described in Section 424.135(d)*; and*

4) *determine all rights to credit memoranda arising on account of the erroneous payment of Tax or penalty under the Law.*

b) *In the administration of and compliance with the Law, the Department and persons who are subject to the Law shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and employ the same modes of procedure, as are described in Sections 1, 1a, 1d, 1e, 1f, 1i, 1j, 1k, 1m, 1n, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax), 2a, 2b, 2c, 2i, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act as fully as if those provisions were set forth in the Law.* [55 ILCS 5/5-1006.8]

c) To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Law will apply in implementation of the Law.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

1) Heading of the Part: Municipal Cannabis Retailers' Occupation Tax

2) Code Citation: 86 Ill. Adm. Code 425

3)

Section Numbers:	Adopted Actions:
425.100	New Section
425.105	New Section
425.110	New Section
425.115	New Section
425.120	New Section
425.125	New Section
425.130	New Section
425.135	New Section
425.140	New Section
425.145	New Section
425.150	New Section
425.155	New Section

4) Statutory Authority: 65 ILCS 5/8-11-23; 35 ILCS 120/12

5) Effective Date of Rules: June 2, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? Yes. To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Law will apply in implementation of the Law. 86 Ill. Adm. Code 425.155(c).

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 2682; February 14, 2020

10) Has JCAR issued a Statement of Objection to this rulemaking? No. By letter dated April 21, 2020, JCAR advised the Department of Revenue that no Certificate of No Objection would be voted on the rulemaking at its April 2020 meeting, and the Department may file the rule for adoption at the expiration of the Second Notice period.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

11) Differences between Proposal and Final Version: The only changes made were the ones agreed upon with JCAR. Only grammatical and technical changes were made. No substantive changes were made.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? No

14) Are there any other rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: The rules implement PA 101-27, codified in relevant part at 65 ILCS 5/8-11-23. The corporate authorities of any municipality may, by ordinance, impose a tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Program Act, at retail in the municipality on the gross receipts from these sales made in the course of that business. If imposed, the tax shall be imposed only in 0.25% increments. The tax rate may not exceed 3% of the gross receipts of sales made in a municipality. The sale of any product that contains any amount of cannabis or any derivative thereof is subject to the tax on the full selling price of the product. The tax is not imposed on cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act.

16) Information and questions regarding these adopted rules shall be directed to:

Richard S. Wolters
Associate Counsel
Legal Services Office
Illinois Department of Revenue
101 West Jefferson
Springfield IL 62794

217/782-2844

The full text of the Adopted Rules begins on the next page:

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED RULES

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 425
MUNICIPAL CANNABIS RETAILERS' OCCUPATION TAX

Section

425.100 Nature of the Tax
425.105 Definitions
425.110 Tax Imposed
425.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation
425.120 Registration of Cannabis Retailers
425.125 Revocation of Certificate of Registration
425.130 Return and Payment of Tax by Cannabis Retailers
425.135 Books and Records
425.140 Claims and Credit Memoranda
425.145 Penalties and Interest; Procedures
425.150 Ordinances and Resolutions Imposing or Discontinuing a Tax
425.155 Administration and Enforcement

AUTHORITY: Implementing the Municipal Cannabis Retailers' Occupation Tax Law [65 ILCS 5/8-11-23].

SOURCE: Adopted at 44 Ill. Reg. 10790, effective June 2, 2020.

Section 425.100 Nature of the Tax

a) The corporate authorities of any municipality may, by ordinance, impose a tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Program Act [410 ILCS 130], at retail in the municipality. The Tax is imposed on the cannabis retailer.

b) Persons subject to any Tax imposed under the Law may reimburse themselves for their seller's tax liability under the Law by separately stating the Tax as an additional charge. That charge may be stated in combination (in a single amount) with any State or local tax administered by the Department that sellers are required to collect.

c) *The Tax imposed under the Law and all civil penalties that may be assessed as an incident of the Tax shall be collected and enforced by the Department of Revenue.* [65 ILCS 5/8-11-23]

Section 425.105 Definitions

"Act" means the Cannabis Regulation and Tax Act [410 ILCS 705].

"Cannabis" means

marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including derivatives or subspecies, such as indica, of all strains of cannabis, whether growing or not;

the seeds of the plant;

the resin extracted from any part of the plant;

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other naturally produced cannabinol derivatives, whether produced directly or indirectly by extraction; and

cannabis flower, concentrate, and cannabis-infused products.

"Cannabis" does not include:

the mature stalks of the plant;

fiber produced from the stalks;

oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from it), fiber, oil or cake;

the sterilized seed of the plant that is incapable of germination;

industrial hemp as defined and authorized under the Industrial Hemp Act [505 ILCS 5]; or

cannabis that is subject to tax under the Compassionate Use of Medical Cannabis Program Act. [410 ILCS 705/1-10]

"Cannabis business establishment" means a cultivation center, craft grower, processing organization, infuser organization, dispensing organization, or transporting organization licensed under the Cannabis Regulation and Tax Act. [410 ILCS 705/1-10]

"Cannabis concentrate" means a product derived:

from cannabis that is produced by extracting cannabinoids, including tetrahydrocannabinol (THC), from the plant through the use of:

propylene glycol, glycerin, butter, olive oil or other typical cooking fats;

water, ice, or dry ice; or

butane, propane, CO_2, ethanol, or isopropanol; and

with the intended use of smoking or making a cannabis-infused product. [410 ILCS 705/1-10]

"Cannabis flower" means marijuana, hashish, and other substances that are identified as including any parts of the plant Cannabis sativa and including:

derivatives or subspecies, such as indica, of all strains of cannabis; and

raw kief, leaves, and buds, but not:

resin that has been extracted from any part of the plant; nor

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. [410 ILCS 705/1-10]

"Cannabis-infused product" means beverage, food, oils, ointments, tincture, topical formulation, or another product containing cannabis that is not intended to be smoked. [410 ILCS 705/65-5]

"Cannabis retailer" means a dispensing organization licensed under the Cannabis Regulation and Tax Act that sells cannabis for use and not for resale. [410 ILCS 705/65-1]

"Department" means the Department of Revenue.

"Gross receipts" from the sales of cannabis by a cannabis retailer means the total selling price or the amount of such sales. In the case of charges and time sales, the amount thereof shall be included only when payments are received by the cannabis retailer.

"Law" means the Municipal Cannabis Retailers' Occupation Tax Law [65 ILCS 5/8-11-23].

"Municipal Cannabis Retailers' Occupation Tax" or "Tax" means the Tax imposed by the Law.

"Person" means:

a natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company; or

a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Purchaser" means a person who acquires cannabis for a valuable consideration.

"Selling price" or "Amount of sale" means the consideration for a sale valued in money, whether received in money or otherwise, including cash, credits, property, and services, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost, or any other expense whatsoever, but does not include separately stated charges identified on the invoice by cannabis retailers to reimburse themselves for their Tax liability under the Law. However, "selling price" does not include consideration paid for:

any charge for a payment that is not honored by a financial institution;

any finance or credit charge, penalty or charge for delayed payment, or discount for prompt payment; and

any amounts added to a purchaser's bill because of charges made under the Municipal Cannabis Retailers' Occupation Tax Law, the Cannabis Purchaser Excise Tax Law [410 ILCS 705/Art.65], the County Cannabis Retailers' Occupation Tax Law [55 ILCS 5/5-1006.8], the Use Tax Act [35 ILCS 105], the Service Use Tax Act [35 ILCS 110], or any locally imposed occupation tax.

"Taxpayer" means a cannabis retailer who is required to remit the Tax imposed under the Law.

Section 425.110 Tax Imposed

a) *The corporate authorities of any municipality may, by ordinance, impose a Tax upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Program Act, at retail in the municipality on the gross receipts of the sales made in the course of business. If imposed, the Tax shall be imposed only in 0.25% increments. The Tax rate may not exceed 3% of the gross receipts of sales made in a municipality.* [65 ILCS 5/8-11-23(a)]

b) The sale of any product that contains any amount of cannabis or any derivative of cannabis is subject to the Tax under subsection (a) on the full selling price of the product.

c) The Tax is not imposed with respect to any transaction in interstate commerce, to the extent the transaction may not, under the Constitution and statutes of the United States, be made the subject of taxation by this State.

d) The Tax is in addition to all other occupation, privilege, or excise taxes imposed by the State of Illinois or by any municipal corporation or political subdivision thereof.

Section 425.115 Bundling of Taxable and Nontaxable Items; Prohibition; Taxation

a) Section 15-70(n)(17) of the Act prohibits dispensing organizations from selling cannabis, cannabis-infused products, and concentrates in combination or bundled with each other or any other items for one price. If a cannabis retailer sells cannabis, concentrate, or cannabis-infused products in combination or bundled with items that are not subject to Tax under the Law for one price in violation of the prohibition on this activity in Section 15-70 of the Act, then the Tax is imposed on the selling price of the entire bundled product.

EXAMPLE: A cannabis retailer makes gift baskets that contain a ¼ ounce of cannabis that normally sells for $60, a pipe that normally sells for $20, 4 cannabis-infused pods that normally sell for $40, and an electronic device the pods can be used with that normally sells for $45. The cannabis retailer offers the basket for $135. The Tax is imposed on the selling price of $135.

b) *Each item of cannabis, concentrate and cannabis-infused product must be separately identified by quantity and price on the receipt.* [410 ILCS 705/15-70(n)(17)]

Section 425.120 Registration of Cannabis Retailers

a) It shall be unlawful for any cannabis retailer to engage in the business of selling cannabis at retail in this State without a certificate of registration from the Department.

b) Every person subject to the Tax under the Law shall apply to the Department (on a form prescribed and furnished by the Department) for a certificate of registration under the Law. Application for a certificate of registration shall be made to the Department on forms furnished by the Department.

c) *The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act* [35 ILCS 120] *shall permit a person to engage in the business of selling cannabis under the Law without registering separately with the Department.* If a retailer holding a certificate of registration under the Retailers' Occupation Tax Act engages in the business of selling cannabis at another location in this State, *the Department shall furnish him or her with a sub-certificate of registration for that place of business, and the applicant shall display the appropriate sub-certificate of registration at that place of business. The sub-certificate of registration shall bear the same registration number as that*

appearing upon the certificate of registration to which the sub-certificate relates. [35 ILCS 120/2a] A certificate of registration or sub-certificate of registration issued under the Retailers' Occupation Tax Act waives the registration requirements under this Section. However, the Department may require the retailer to provide such other information as the Department may reasonably require for it to administer and enforce the provisions of the Law. A retailer may not engage in the business of selling cannabis until he or she is issued a certificate of registration.

Section 425.125 Revocation of Certificate of Registration

a) The revocation of a cannabis retailer's certificate of registration under the Retailers' Occupation Tax Act revokes a cannabis retailer's certificate of registration under the Law.

b) The Department shall notify the Department of Financial and Professional Regulation upon revocation of a certificate of registration issued to a cannabis retailer.

Section 425.130 Return and Payment of Tax by Cannabis Retailers

a) *Retailers shall file all cannabis Tax returns and shall make all cannabis Tax payments by electronic means in the manner and form required by the Department.* [35 ILCS 120/3]

b) The information required for the Tax shall be furnished on the cannabis retailer's State cannabis dispensary Tax return.

c) If the cannabis retailer files its Illinois Retailers' Occupation Tax returns on the gross receipts basis, it must report Municipal Cannabis Retailers' Occupation Tax information in its returns on the same basis. If the cannabis retailer files its Illinois Retailers' Occupation Tax returns on the gross sales basis, it must report Municipal Cannabis Retailers' Occupation Tax information in its returns on the gross sales basis.

Section 425.135 Books and Records

a) Every cannabis retailer shall keep books and records of all sales of cannabis, together with invoices, bills of lading, sales records, copies of bills of sale,

inventories prepared as of December 31 of each year, or otherwise annually as has been the custom in the specific trade, and other pertinent papers and documents. For purposes of this Section, "records" means all data maintained by the cannabis retailer, including data on paper, microfilm, microfiche or any type of machine-sensible data compilation.

b) All books and records and other papers and documents that are required by the Law to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.

c) It shall be presumed that all sales of cannabis are subject to Tax under the Law until the contrary is established, and the burden of proving that a transaction is not taxable under this Part shall be upon the cannabis retailer.

d) Penalties

1) Except for the books and records identified in subsection (e), any cannabis retailer who fails to keep books and records, or fails to produce books and records for examination as required by this Section, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of:

A) $1,000 for the first failure to keep books and records or produce books and records for examination; and

B) $3,000 for each subsequent failure to keep books and records or produce books and records for examination.

2) The penalties imposed under this subsection (d) shall not apply if the taxpayer shows that it acted with ordinary business care and prudence.

e) All books and records kept by a cannabis retailer, pursuant to rules adopted by the Department of Financial and Professional Regulation to implement the Act, shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cannabis retailer's automated data processing and/or point of sale system.

Section 425.140 Claims and Credit Memoranda

Cannabis retailers may file claims for credit or refund of Taxes in accordance with the procedures, limitations, and restrictions contained in Sections 6, 6a, 6b, 6c, and 6d of the Retailers' Occupation Tax Act.

Section 425.145. Penalties and Interest; Procedures

a) All penalties (both civil and criminal), provisions concerning interest and procedures (such as the making of assessments, the venue and mode of conducting hearings, subpoenas, matters pertaining to judicial review and other procedural subjects), together with statutes of limitation, are the same under the Law as under the Illinois Retailers' Occupation Tax Act.

b) All provisions of the Uniform Penalty and Interest Act [35 ILCS 735] that are not inconsistent with the Law shall apply.

Section 425.150 Ordinances and Resolutions Imposing or Discontinuing a Tax

a) *An ordinance or resolution imposing or discontinuing a Tax under the Law or effecting a change in the rate of the Tax that is adopted on or after June 25, 2019 (the effective date of Public Act 101-27), and for which a certified copy is filed with the Department on or before April 1, 2020, shall be administered and enforced by the Department beginning on July 1, 2020.*

b) *For ordinances filed with the Department after April 1, 2020, an ordinance or resolution imposing or discontinuing the Tax or effecting a change in the rate of the Tax shall either:*

1) *be adopted, with a certified copy of the ordinance filed with the Department, on or before the first day of April. After the filing, the Department will proceed to administer and enforce the Law as of the first day of July next following the adoption and filing; or*

2) *be adopted, with a certified copy of the ordinance filed with the Department on or before the first day of October. After the filing, the Department will proceed to administer and enforce the Law as of the first day of January next following the adoption and filing.* [65 ILCS 5/8-11-23(f)]

Section 425.155 Administration and Enforcement

a) *The Department shall have full power to:*

1) *administer and enforce the Law;*

2) *collect all Taxes and penalties due under the Law;*

3) *submit to the State Treasurer, for deposit in the Local Cannabis Retailers' Occupation Tax Trust Fund, all Taxes and penalties collected under the Law,* excluding those described in Section 425.135(d)*; and*

4) *determine all rights to credit memoranda arising on account of the erroneous payment of Tax or penalty under the Law.*

b) *In the administration of and compliance with the Law, the Department and persons who are subject to the Law shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and employ the same modes of procedure, as are described in Sections 1, 1a, 1d, 1e, 1f, 1i, 1j, 1k, 1m, 1n, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax), 2a, 2b, 2c, 2i, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act as fully as if those provisions were set forth in the Law.* [65 ILCS 5/8-11-23]

c) To avoid needless repetition, the substance and provisions of all Retailers' Occupation Tax Regulations (86 Ill. Adm. Code 130) that are not incompatible with the Law will apply in implementation of the Law.

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED AMENDMENTS

1) Heading of the Part: Medical Cannabis Cultivation Privilege Tax Law

2) Code Citation: 86 Ill. Adm. Code 429

3)

Section Numbers:	Adopted Actions:
429.105	Amendment
429.115	Amendment
429.120	Amendment
429.125	Amendment
429.135	Amendment

4) Statutory Authority: 410 ILCS 130/215

5) Effective Date of Rules: June 2, 2020

6) Does this rulemaking contain an automatic repeal date? No

7) Does this rulemaking contain incorporations by reference? No

8) A copy of the adopted rules, including any material incorporated by reference, is on file in the Agency's principal office and is available for public inspection.

9) Notice of Proposal published in the *Illinois Register*: 44 Ill. Reg. 2695; February 14, 2020

10) Has JCAR issued a Statement of Objection to this rulemaking? No. By letter dated April 21, 2020, JCAR advised the Department of Revenue that no Certificate of No Objection would be voted on the rulemaking at its April 2020 meeting, and the Department may file the rule for adoption at the expiration of the Second Notice period.

11) Differences between Proposal and Final Version: The only changes made were the ones agreed upon with JCAR. Only grammatical and technical changes were made. No substantive changes were made.

12) Have all the changes agreed upon by the Agency and JCAR been made as indicated in the agreement letter issued by JCAR? Yes

13) Will this rulemaking replace an emergency rule currently in effect? No

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED AMENDMENTS

14) Are there any rulemakings pending on this Part? No

15) Summary and Purpose of Rulemaking: The amendments implement changes made to the Medical Cannabis Cultivation Privilege Tax Law by PA 101-363. Section 429.105 is amended to strike the word "Pilot" from the short title of the Compassionate Use of Medical Cannabis Pilot Program Act. Section 429.115 is amended to change the registration requirements for cultivators of medical cannabis to make them consistent with the registration requirements in the Retailers' Occupation Tax Act. Section 429.115 is also amended to add registration language contained in the Department of Revenue Law in the Civil Administrative Code of Illinois. Section 429.120 is amended to add language regarding revocation of certificate of registrations contained in the Department of Revenue Law. Section 429.150 is amended to add language regarding the filing of returns by electronic means. Section 429.130 is also amended to add language that permits the Department to require cultivators to file returns in combination with returns due under the recently enacted Cannabis Regulation and Tax Act (PA 101-27). Section 429.135 is amended to add a penalty for failing to maintain books and records for inspection by the Department.

16) Information and questions regarding these adopted rules shall be directed to:

Richard S. Wolters
Associate Counsel
Legal Services Office
Illinois Department of Revenue
101 West Jefferson
Springfield IL 62794

217/782-2844

The full text of the Adopted Amendments begins on the next page:

DEPARTMENT OF REVENUE

NOTICE OF ADOPTED AMENDMENTS

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 429
MEDICAL CANNABIS CULTIVATION PRIVILEGE TAX LAW

Section
429.105 Definitions
429.110 Nature and Rate of the Tax
429.115 Registration
429.120 Revocation of Certificate of Registration
429.125 Returns
429.130 Claims and Credit Memoranda
429.135 Books and Records
429.140 Penalties and Interest
429.145 Department's Authority to Administer the Law

AUTHORITY: Implementing the Medical Cannabis Cultivation Privilege Tax Law [410 ILCS 130/190 through 215] and authorized by Section 215 of the Medical Cannabis Cultivation Privilege Tax Law [410 ILCS 130].

SOURCE: Adopted at 38 Ill. Reg. 17084, effective July 25, 2014; emergency amendment at 40 Ill. Reg. 3305, effective February 3, 2016, for a maximum of 150 days; amended at 40 Ill. Reg. 9222, effective June 24, 2016; amended at 44 Ill. Reg. 10802, effective June 2, 2020.

Section 429.105 Definitions

"Act" means the Compassionate Use of Medical Cannabis ~~Pilot~~ Program Act [410 ILCS 130].

"Cannabis" includes:

marihuana, hashish and other substances that are identified as including any parts of the plant Cannabis sativa, whether growing or not;

the seeds of the plant;

the resin extracted from any part of the plant; and

any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin, including tetrahydrocannabinol (THC) and all other cannabinol derivatives, including its naturally occurring or synthetically produced ingredients, whether produced directly or indirectly by extraction, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis.

"Cannabis" shall not include:

the mature stalks of the plant;

fiber produced from the stalks;

oil or cake made from the seeds of the plant;

any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted from stalks), fiber, oil or cake; or

the sterilized seed of the plant that is incapable of germination. [720 ILCS 550/3(a)]

"Cultivation center" means a facility operated by an organization or business that is registered by the Department of Agriculture to perform necessary activities to provide only registered medical cannabis dispensing organizations with usable medical cannabis. [410 ILCS 130/10(e)]

"Department" means the Department of Revenue. [410 ILCS 130/195]

"Designated caregiver" means a person who:

is at least 21 years of age;

has agreed to assist with a patient's medical use of cannabis;

has not been convicted of an excluded offense; and

assists no more than one registered qualifying patient with his or her medical use of cannabis. [410 ILCS 130/10(i)]

"Dispensing organization" means a facility operated by an organization or business that is registered by the Department of Financial and Professional Regulation to acquire medical cannabis from a registered cultivation center for the purpose of dispensing cannabis, paraphernalia, or related supplies and educational materials to registered qualifying patients. [410 ILCS 130/10(o)]~~.~~

"Law" means the Medical Cannabis Cultivation Privilege Tax Law [410 ILCS 130/190 through 215].

"Medical cannabis" means cannabis and its constituent cannabinoids, such as tetrahydrocannabinol (THC) and cannabidiol (CBD), used as an herbal remedy or therapy to treat disease or alleviate symptoms. Medical cannabis can be administered by a variety of routes, including, but not limited to: vaporizing or smoking dried buds; administering tinctures or tonics; applying topicals such as ointments or balms; consuming infused food products, such as soda or teas; or taking capsules.

"Medical cannabis container" means a sealed, traceable, food compliant, tamper resistant, tamper evident container, or package used for the purpose of containment of medical cannabis from a cultivation center to a dispensing organization. [410 ILCS 130/10(n)]~~.~~

"Medical cannabis infused product" means food, oils, ointments, or other products containing usable cannabis that are not smoked. [410 ILCS 130/10(q)]~~.~~

"Ounce" means 28.35 grams.

"Person" means an individual, partnership, corporation, or public or private organization. [410 ILCS 130/195]~~.~~

"Qualifying patient" means a qualifying patient registered under the Compassionate Use of Medical Cannabis~~ Pilot~~ Program Act. [410 ILCS 130/195]~~.~~

"Sales price" means the consideration for a sale valued in money, whether received in money or otherwise, including cash, credits, property, and services, and shall be determined without any deduction on account of the cost of the

property sold, the cost of materials used, labor or service cost, or any other expense whatsoever.

"Usable cannabis" means the seeds, leaves, buds, and flowers of the cannabis plant and any mixture or preparation thereof, but does not include the stalks, and roots of the plant. It does not include the weight of any non-cannabis ingredients combined with cannabis, such as ingredients added to prepare a topical administration, food, or drink. [410 ILCS 130/10(w)]~~.~~

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)

Section 429.115 Registration

a) It is unlawful for any person to engage in the business of cultivating medical cannabis in this State without a certificate of registration from the Department.

b) *Every person subject to the tax under the Law shall apply to the Department (on~~upon~~ a form prescribed and furnished by the Department) for a certificate of registration under this Law. Application for a certificate of registration shall be made to the Department on~~upon~~ forms furnished by the Department.* [410 ILCS 130/205(a)]

c) *The certificate of registration that~~which~~ is issued by the Department to a retailer under the Retailers' Occupation Tax Act* [35 ILCS 120] *shall permit a person to engage in a business of cultivating medical cannabis under the Law without registering separately with the Department* [410 ILCS 130/205(a)]. If a retailer holding a certificate of registration under the Retailers' Occupation Tax Act engages in the business of cultivating medical cannabis at another location in this State, *the Department shall furnish him* or her *with a sub-certificate of registration for that place of business, and the applicant shall display the appropriate sub-certificate of registration at that place of business.* The *sub-certificate of registration shall bear the same registration number as that appearing upon the certificate of registration to which the sub-certificate relates.* [35 ILCS 120/2a] A certificate of registration or sub-certificate of registration issued under the Retailers' Occupation Tax Act waives the registration requirements process under subsection (d). However, the Department may require the retailer to provide such other information as the Department may reasonably require to administer and enforce the provisions of the Law. A retailer

may not engage in the business of cultivating medical cannabis until he or she is issued a certificate of registration under subsection (f).

d) Each application shall be signed and verified and shall state:

1) the name and social security number of the applicant;

2) the address of his or her principal place of business;

3) the address of the place of business from which he or she engages in the business of cultivating medical cannabis in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application), from which he or she engages in the business of cultivating medical cannabis in this State;

4) the name and address of the person or persons who will be responsible for filing returns and payment of taxes due under the Law;

5) in the case of a publicly traded corporation, ~~the FEIN of the corporation, and~~ the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing tax returns under the Law~~, along with the last 4 digits of each of their social security numbers;~~ and, in the case of all other corporations, the ~~FEIN of the corporation, and the~~ name, title, and~~,~~ social security number of each corporate officer;

6) in the case of a limited liability company, the name, social security number, and FEIN of each manager and member; and

7) such other information as the Department may reasonably require.

e) The Department may, in accordance with Section 2a of the Retailers' Occupation Tax Act, require an applicant for a certificate of registration under subsection (d), at the time of filing the application, to furnish a bond. No certificate of registration under the Law will be issued by the Department until the applicant provides the Department with satisfactory security, if required.

f) Upon receipt of the application for certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, if required, the Department will issue to the applicant a certificate of registration that shall permit the person to whom it is issued to engage in the business of cultivating medical cannabis in this State at the location identified on the certificate, and the certificate of registration shall be conspicuously displayed at the location. No certificate of registration issued to an applicant shall be valid after the expiration of 1 year~~5 years~~ from the date of its issuance or last renewal. A certificate of registration shall be renewed automatically, subject to revocation as provided by the Law, for an additional 1 year from the date of its expiration, unless otherwise notified by the Department as provided by this Section. For retailers possessing a certificate of registration under the Retailers' Occupation Tax Act, after review of the certificate of registration issued under the Retailers' Occupation Tax Act, the issuance of a sub-certificate of registration, if necessary, and receipt of any additional information the Department may reasonably require, the Department will issue to the applicant a certificate of registration under the Law that shall permit the person to whom it is issued to engage in the business of cultivating medical cannabis in this State at the location identified on the certificate, and the certificate of registration shall be conspicuously displayed at that location. A certificate of registration issued to a retailer shall be valid until the expiration of the certificate of registration issued to the retailer under the Retailers' Occupation Tax Act. A cultivation center must also possess a Cultivation Center License issued by the Illinois Department of Agriculture for the location prior to commencement of any activities. (See 8 Ill. Adm. Code 1000.100.)

g) Any person aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. After receipt of the request for a hearing, the Department shall give notice to the person of the time and place fixed for the hearing, shall hold a hearing, and shall issue its final administrative decision in the matter to the person. In the absence of a protest within 20 days, the Department's decision shall become final without any further determination being made or notice given.

h) *The Department may refuse to issue, reissue, or renew a certificate of registration authorized to be issued by the Department if a person who is named as the owner, a partner, a corporate officer, or, in the case of a limited liability company, a manager or member, of the applicant on the application for the certificate of registration is, or has been, named as the owner, a partner, a corporate officer,*

or, in the case of a limited liability company, a manager or member, on the application for the certificate of registration of a person that is in default for moneys due under the Law or any other tax or fee Act administered by the Department. For purposes of this Section only, in determining whether a person is in default for moneys due, the Department shall include only amounts established as a final liability within the 20 years prior to the date of the Department's notice of refusal to issue or reissue the certificate of registration, permit, or license. [20 ILCS 2505/2505-380(b)]

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)

Section 429.120 Revocation of Certificate of Registration

a) The Department may, after notice and a hearing, revoke the certificate of registration of any person who violates any of the provisions of the Law. Before revocation of a certificate of registration the Department shall, within 90 days after non-compliance and at least 7 days prior to the date of the hearing, give the person so accused notice in writing of the charge against him or her, and on the date designated shall conduct a hearing upon this matter. The lapse of the 90 day period shall not preclude the Department from conducting revocation proceedings at a later date if necessary.

b) A person permitted by Section 429.115(c) to operate a cultivation center under a certificate of registration issued pursuant to the Retailers' Occupation Tax Act must cease selling medical cannabis if the certificate of registration is revoked unless and until the person obtains a certificate of registration issued pursuant to the Retailers' Occupation Tax Act or obtains a separate certificate of registration under the Law.

c) *The Department has the power, after notice and an opportunity for a hearing, to revoke a certificate of registration issued by the Department if the holder of the certificate of registration fails to file a return, or to pay the tax, fee, penalty, or interest shown in a filed return, or to pay any final assessment of tax, fee, penalty, or interest, as required by the Law or any other tax or fee Act administered by the Department.* [20 ILCS 2505/2505-380]

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)

Section 429.125 Returns

a) *On or before the 20th day of each calendar month, every person subject to the tax imposed under the Law during the preceding calendar month shall file a return with the Department stating:*

1) *The name and address of the taxpayer;*

2) The taxpayer's registration number*;*

3) *The number of ounces of medical cannabis sold to dispensary organizations during the preceding calendar month;*

4) The total consideration received from the sale of medical cannabis;

5) The amount of any credits*;*

6) *The amount of tax due*;

7) *The signature of the taxpayer*; and

8) *Such other reasonable information as the Department may require.* [410 ILCS 130/210]

b) *The taxpayer shall remit the amount of the tax due to the Department at the time the taxpayer files his or her return.* [410 ILCS 130/210]~~. Taxpayers may be required to use electronic funds transfer to pay their tax liability. (See 20 ILCS 2505/2505-210.)~~ *Section 60-20 of the Cannabis Regulation and Tax Act applies to returns filed and taxes paid under the Law to the same extent as if those provisions were set forth in the Law.* [410 ILCS 130/210(b)] *All returns required to be filed and payments required to be made under the Law shall be by electronic means. Taxpayers who demonstrate hardship in paying electronically may petition the Department to waive the electronic payment requirement.* [410 ILCS 705/60-20] Taxpayers may not petition the Department for a waiver of the requirement to file all returns by electronic means.

c) *If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.* [410 ILCS 130/210]~~.~~

d) The Department may require a cultivator to combine the return for the tax under the Act with the return for the tax under the Cannabis Regulation and Tax Act. *If the return for the tax under the Act is combined with the return for tax under the Cannabis Regulation and Tax Act, then the vendor's discount allowed under Section 60-20 of the Cannabis Regulation and Tax Act and any cap on that discount imposed by Section 60-20 of the Cannabis Regulation and Tax Act shall apply to the combined return.* [410 ILCS 705/60-20]

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)

Section 429.135 Books and Records

a) Every cultivation center *shall keep books and records of all sales of medical cannabis*~~of medical cannabis~~*, together with invoices, bills of lading, sales records, copies of bills of sale, monthly inventories*~~inventories~~*, inventories prepared as of December 31 of each year, and other pertinent papers and documents*~~documents~~. [35 ILCS 120/7]

b) *All books and records and other papers and documents that*~~that~~ *are required by this Section and the Law*~~Section and the Law~~ *to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees*. [35 ILCS 120/7] Records shall be maintained at the physical location of the cultivation center. All books and records kept by a cultivation center pursuant to rules adopted by the Illinois Department of Agriculture to implement the Act shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. The Department shall also have access to the cultivation center's automated data processing and/or point of sale system.

c) *Books and records and other papers reflecting gross receipts received during any*~~during any~~ *period with respect to which the Department is authorized to issue notices of tax liability shall, for purposes of this Part*~~this Part~~*, be preserved until the expiration of that*~~the expiration of that~~ *period unless the Department, in writing, authorizes their destruction or disposal prior to that*~~that~~ *expiration*. [35 ILCS 120/7] However, if the Department allows a cultivation center to destroy books and records prior to the expiration of the preservation period, the cultivation center is not relieved of any obligation to maintain books and records

under any rule or regulation adopted by another State agency to implement the Act.

d) Penalties

1) *Any person who fails to keep books and records or fails to produce books and records for examination, as required by this Section, is liable to pay to the Department, for deposit into the Tax Compliance and Administration Fund, a penalty of:*

A) *$1,000 for the first failure to keep books and record's or produce books and records for examination; and*

B) *$3,000 for each subsequent failure to keep books and records or produce books and records for examination.*

2) *The penalties imposed under this subsection (d) shall not apply if the taxpayer shows that it acted with ordinary business care and prudence.* [35 ILCS 120/7]

(Source: Amended at 44 Ill. Reg. 10802, effective June 2, 2020)

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF EMERGENCY AMENDMENTS

1) Heading of the Part: Political Subdivision Emergency Services and Disaster Agencies

2) Code Citation: 29 Ill. Adm. Code 301

3)

Section Numbers:	Emergency Actions:
301.125	New Section
301.450	Amendment
301.510	Amendment

4) Statutory Authority: Implements and is authorized by Sections 5(f)(4), 5(f)(5.5), and 5(f)(5.10) of the Illinois Emergency Management Agency Act, 20 ILCS 3305.

5) Effective Date of the Emergency Rules: June 8, 2020

6) Does this emergency rulemaking contain an automatic repeal date? This rulemaking is not set to expire before the end of the 150-day period.

7) Date Filed with the Index Department: June 8, 2020

8) A copy of the emergency rules, including any material incorporated by reference is on file at the Agency's office located at 1035 Outer Park Drive, Springfield IL, and is available for public inspection.

9) Reason for the Emergency Rules: Due to the current COVID-19 disaster in all counties of the State and flooding disaster in several more counties, IEMA has found it necessary to amend its rules concerning emergency services and disaster agencies (ESDAs). The rules need to allow flexibility for ESDAs in regard to exercise and accreditation requirements so as not to jeopardize accreditation and federal funding while ESDAs are in the midst of an extensive disaster response.

10) A Complete Description of the Subjects and Issues Involved: These amendments to Part 301 clarify requirements and processes and allow greater flexibility for IEMA and local ESDAs when dealing with disasters. Local ESDAs have requirements for training and exercises in order to become accredited by IEMA and receive federal funding. Due to extreme and extended response to disasters in 2019 and 2020, it has become difficult for local ESDA coordinators to meet the training and exercise requirements for accreditation. Therefore, IEMA is proposing to provide greater flexibility by eliminating timing limits when requesting a waiver of exercise requirements under Section 301.450 and by allowing for the extension of accreditation deadlines in Section 301.510. In addition,

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF EMERGENCY AMENDMENTS

IEMA is adding an exemption/exception provision in order to provide a mechanism for IEMA to meet the needs of local ESDAs when they need relief from requirements due to the responsibilities of their jobs, including responding to disasters.

11) Are there any other rulemakings pending on this Part? No

12) Statement of Statewide Policy Objective: The requirements imposed by the proposed rulemaking are not expected to require local governments to establish, expand, or modify their activities in such a way as to necessitate additional expenditures from local revenues.

13) Information and questions regarding these emergency rules shall be directed to:

Traci Burton, Paralegal Assistant
Illinois Emergency Management Agency
1035 Outer Park Drive
Springfield IL 62704

217/785-9860

The full text of the Emergency Amendments begins on the next page:

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF EMERGENCY AMENDMENTS

TITLE 29: EMERGENCY SERVICES, DISASTERS, AND CIVIL DEFENSE
CHAPTER I: ILLINOIS EMERGENCY MANAGEMENT AGENCY
SUBCHAPTER c: ADMINISTRATION AND ORGANIZATION OF
POLITICAL SUBDIVISION EMERGENCY SERVICES AND DISASTER AGENCIES

PART 301
POLITICAL SUBDIVISION EMERGENCY SERVICES AND DISASTER AGENCIES

SUBPART A: GENERAL PROVISIONS

Section
301.110 Purpose, Scope, Applicability
301.125 Waivers, Exemptions, and Exceptions
EMERGENCY
301.120 Definitions
301.130 Severability
301.140 Multiple County ESDA Consolidation
301.170 Program Requirements

SUBPART B: EMERGENCY OPERATIONS PLAN REQUIREMENTS

Section
301.210 Authority
301.220 Initial Analysis and Assessment
301.230 Basic Plan Requirements
301.240 Functional Annex Requirements
301.250 Hazard Specific Annexes
301.260 Other Annexes (Repealed)
301.280 Supporting Plans

SUBPART C: EMERGENCY OPERATIONS PLAN
SUBMISSION AND REVIEW REQUIREMENTS

Section
301.310 EOP Submission and Review Requirements for Mandated ESDAs and Accredited ESDAs
301.320 EOP Submission and Review Requirements for Non-Mandated ESDAs

SUBPART D: EXERCISE REQUIREMENTS

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF EMERGENCY AMENDMENTS

Section
301.410 Exercise Requirements for the Emergency Operations Plan
301.420 Exercise Planning
301.430 Exercise Evaluation and Approval for Mandated ESDAs and Accredited ESDAs
301.440 Exercise Evaluation and Acceptance for Non-Mandated ESDAs
301.450 Waiver of Exercise Requirement
EMERGENCY

SUBPART E: ACCREDITATION AND CERTIFICATION OF ESDAS

Section
301.510 Accreditation of ESDAs
EMERGENCY
301.520 Certification of Non-Mandated ESDAs

SUBPART F: WORKERS' COMPENSATION ACT AND WORKERS' OCCUPATIONAL DISEASES ACT COVERAGE FOR VOLUNTEERS

Section
301.610 Authority
301.620 Eligibility
301.630 Procedures for Filing a Claim

SUBPART G: REQUIREMENTS FOR THE EMERGENCY MANAGEMENT ASSISTANCE GRANT PROGRAM

Section
301.710 Purpose
301.720 Eligible Applicants
301.730 Application Procedures
301.740 Allocation Determination
301.750 Reimbursement Procedures
301.760 Reconsideration of Reimbursement Denial

AUTHORITY: Implementing and authorized by Sections 5(f)(4), (5), (5.5), (5.10) and 10 of the Illinois Emergency Management Agency Act [20 ILCS 3305].

ILLINOIS EMERGENCY MANAGEMENT AGENCY

NOTICE OF EMERGENCY AMENDMENTS

SOURCE: Adopted at 26 Ill. Reg. 3036, effective February 26, 2002; amended at 31 Ill. Reg. 11565, effective July 26, 2007; amended at 42 Ill. Reg. 15933, effective July 31, 2018; emergency amendment at 44 Ill. Reg. 10814, effective June 8, 2020, for a maximum of 150 days.

SUBPART A: GENERAL PROVISIONS

Section 301.125 Waivers, Exemptions, and Exceptions
EMERGENCY

IEMA may, upon application or upon its own initiative, grant such waivers, exemptions or exceptions from the requirements of this Part as it determines are authorized by law and will not result in undue hazard to public health and safety or property.

(Source: Added by emergency rulemaking at 44 Ill. Reg. 10814, effective June 8, 2020, for a maximum of 150 days)

SUBPART D: EXERCISE REQUIREMENTS

Section 301.450 Waiver of Exercise Requirement
EMERGENCY

a) If an actual disaster ~~or emergency~~ occurs during a jurisdiction's four-year exercise cycle, IEMA, or the county for non-mandated unaccredited ESDAs, has the discretion to waive the requirements of this Subpart. In addition to a letter requesting a waiver, ESDAs shall submit the following documentation as directed by IEMA or the county, but no later than 60 days prior to the application for accreditation or certification:

1) Mandated~~Within 60 days after the EOC is no longer active, mandated~~ ESDAs and non-mandated accredited ESDAs shall submit an After Action Report (AAR) and a Corrective Action/Improvement Plan to their IEMA regional office. In addition, for information purposes only, non-mandated accredited ESDAs shall also submit the AAR and Corrective Action/Improvement Plan to the county in which they reside.

2) Except~~Within 60 days after the EOC is no longer active, except~~ for those non-mandated ESDAs accredited pursuant to Section 301.510, non-mandated ESDAs shall submit an After Action Report (AAR) and a Corrective Action/Improvement Plan to the county in which they reside.

AGENCY NOTE: Prior to an ESDA submitting the required documents for a waiver, IEMA or the county, as appropriate, shall determine which core capabilities will be evaluated to meet the exercise requirement.

b) The IEMA State Exercise Officer, in conjunction with the respective Regional Coordinator, shall be responsible for evaluating waiver requests for mandated and non-mandated accredited ESDAs. Counties shall be responsible for evaluating waiver requests for non-mandated unaccredited ESDAs. Requests for a waiver and supporting documentation shall be evaluated and approved based on FEMA's Homeland Security Exercise and Evaluation Program (HSEEP) requirements.~~The actual response as an exercise shall be approved or accepted in the same manner as an exercise is approved or accepted pursuant to Sections 301.430 and 301.440.~~

c) The IEMA State Exercise Officer and counties shall provide approvals of waiver requests in writing.

(Source: Amended by emergency rulemaking at 44 Ill. Reg. 10814, effective June 8, 2020, for a maximum of 150 days)

SUBPART E: ACCREDITATION AND CERTIFICATION OF ESDAS

Section 301.510 Accreditation of ESDAs
EMERGENCY

a) The following ESDAs are eligible to apply for IEMA accreditation:

1) Mandated ESDAs; and

2) Non-mandated ESDAs determined biennially by the IEMA Director, or his/her designee, to have demonstrated justification to IEMA for accreditation eligibility based on the following political subdivision criteria:

A) Heightened, greater than average disaster vulnerability;

B) An increased need for ESDA services in the political subdivision due to all of the following:

i) Population size and concentration;

ii) Insufficiency of county ESDA resources to meet the emergency management needs of the political subdivision; and

iii) A high concentration of emergency management resources in the political subdivision existing prior to the accreditation eligibility review;

C) Evidence that the ESDA coordinator provides to the political subdivision a paid emergency management work effort as coordinator of at least 50% of the political subdivision's standard full-time work week, not including exercise hours; and

D) Documentation of the emergency management services provided to the political subdivision by the ESDA, including, but not limited to, documentation of emergency operations plans, training, exercises, and actual responses, during a minimum of the past 5 years.

b) For IEMA accreditation, eligible applicants, determined in accordance with subsection (a), shall satisfy all of the following requirements:

1) Submit a copy of the political subdivision ordinance creating the ESDA affixed with the official seal by the clerk of the political subdivision.

2) Submit documentation of the ESDA coordinator's Notice of Appointment card.

3) Submit evidence that the political subdivision supports a paid emergency management work effort of at least 50% of the political subdivision's standard full-time work week, not including exercise hours.

4) Submit documentation that:

A) An ESDA coordinator appointed after January 1, 2002 has completed, within 12 months after the date of appointment, the IEMA New Coordinators Workshop Course and the Principles of

Emergency Management Course or courses determined by IEMA to be consistent with or at least as stringent as these courses; and

B) After the first year of appointment, or for ESDA coordinators appointed prior to January 1, 2002, the ESDA coordinator has biennially completed 48 hours of professional development training, of which a minimum of 24 hours is IEMA-sponsored professional development training. The IEMA-sponsored professional development training program shall, at a minimum, be consistent with and at least as stringent as the FEMA Professional Development Series. Coordinators may receive credit for up to 24 hours of non-IEMA-sponsored professional development training, including, but not limited to, emergency management conferences, independent study courses, college courses or internet courses, but only if such training is consistent with or at least as stringent as training in the IEMA-sponsored professional development training program and is pre-approved for a specific number of credit hours in writing by IEMA prior to the training.

5) Complete an EOP that meets the requirements of Subparts B and C.

6) Conduct an exercise in accordance with the requirements of Subpart D.

7) Complete and submit all current National Incident Management System (NIMS) compliance documents as established by IEMA.

c) The term of accreditation shall be at least~~is~~ two years but not longer than four years, with beginning and ending dates indicated on the accreditation document issued by IEMA. IEMA may extend an existing term of accreditation as long as the total term of accreditation does not exceed four years. Eligible ESDA applicants may seek accreditation renewal by satisfying the requirements of subsection (b).

d) IEMA shall issue an accreditation document, including extensions of an existing term of accreditation, under signature of the IEMA Director.

(Source: Amended by emergency rulemaking at 44 Ill. Reg. 10814, effective June 8, 2020, for a maximum of 150 days)

JOINT COMMITTEE ON ADMINISTRATIVE RULES

SECOND NOTICES RECEIVED

The following second notices were received during the period of June 2, 2020 through June 8, 2020. These rulemakings are scheduled for the June 16, 2020 meeting. Other items not contained in this published list may also be considered. Members of the public wishing to express their views with respect to a rulemaking should submit written comments to the Committee at the following address: Joint Committee on Administrative Rules, 700 Stratton Bldg., Springfield IL 62706.

Second Notice Expires	Agency and Rule	Start of First Notice	JCAR Meeting
7/18/20	Board of Higher Education, Nurse Educator Fellowship Program (23 Ill. Adm. Code 1105)	4/3/20 44 Ill. Reg. 5562	6/16/20
7/18/20	Board of Higher Education, Grow Your Own Teacher Grants (23 Ill. Adm. Code 1085)	3/20/20 44 Ill. Reg. 4120	6/16/20

2020-40
EXECUTIVE ORDER IN RESPONSE TO COVID-19
(COVID-19 EXECUTIVE ORDER NO. 38)

WHEREAS, Coronavirus 2019 (COVID-19), a novel severe acute respiratory illness, has rapidly spread throughout Illinois in a short period of time, necessitating stringent guidance from federal, state, and local public health officials and significant measures to respond to the increasing public health disaster; and,

WHEREAS, COVID-19 can spread among people through respiratory transmissions, asymptomatic people can transit the virus, and there is currently no effective treatment or vaccine; and,

WHEREAS, on March 9, 2020, I, JB Pritzker, Governor of Illinois, declared all counties in the State of Illinois as a disaster area in response to the outbreak of COVID-19; and,

WHEREAS, on April 1, 2020, I declared all counties in the State of Illinois as a disaster area due to the exponential spread of COVID-19; and,

WHEREAS, on April 30, 2020, due to the expected continuing spread of COVID-19, the resulting health impacts across the State, and the need to address the potential shortages of hospital beds, ICU beds, ventilators, personal protective equipment and materials for testing for the virus, I declared all counties in the State of Illinois as a disaster area; and,

WHEREAS, on May 29, 2020, due to the thousands of lives lost to COVID-19 in Illinois, the continued increase of cases, the continued threat of shortages of hospital beds, ER beds, and ventilators, the improved but still insufficient testing capacity, and the economic devastation caused by the virus, I again declared all counties in the State of Illinois as a disaster area (together with the previous proclamations identified in this Executive Order, the Gubernatorial Disaster Proclamations); and,

WHEREAS, it is necessary and appropriate for the State of Illinois to continue to take immediate and significant measures to prevent or slow the spread of COVID-19 and protect public health during the COVID-19 outbreak; and,

WHEREAS, Restore Illinois is a five-phased plan to reopen Illinois, guided by health metrics and involving the cautious resumption of distinct business, education, and recreation activities in each phase; and,

WHEREAS, the Restore Illinois plan establishes four health regions in Illinois, each with the ability to independently move through the phased approach; and,

WHEREAS, as of June 4, 2020, all four health regions have moved into Phase 3 of the Restore Illinois plan; and,

WHEREAS, Phase 3 allows for schools to reopen and provide limited in-person instruction, in accordance with Illinois Department of Public Health (IDPH) guidance; and,

WHEREAS, Executive Order 2020-38 mandates the practice of social distancing, wearing face coverings in public spaces and whenever a six-foot social distance cannot consistently be maintained, and limiting gatherings to ten people or less; and,

WHEREAS, the Illinois State Board of Education and IDPH are issuing guidance and recommendations for schools that choose to transition to limited in-person instruction during Phase 3; and,

WHEREAS, the Child Labor Law, 820 ILCS 205/1 et seq., authorizes the City or County Superintendent of Schools, or their duly authorized agents, to issue employment certificates for minors desiring employment; and,

WHEREAS, the Child Labor Law, 820 ILCS 205/12, requires an application for an employment certificate to be submitted in person by the minor desiring employment; and,

WHEREAS, school and office closures resulting from the COVID-19 outbreak have made it difficult, and sometimes impossible, to submit and process employment certificate applications while ensuring the safety of students, families, and employees;

THEREFORE, by the powers vested in me as the Governor of the State of Illinois, pursuant to the Illinois Constitution and Sections 7(1), 7(2), 7(8), and 7(12) of the Illinois Emergency Management Agency Act, 20 ILCS 3305, and consistent with the powers in public health laws, I hereby order the following, effective June 4, 2020:

Section 1. All public and nonpublic schools in Illinois serving pre-kindergarten through 12th grade students may open for limited in-person educational purposes, such as summer school, following the completion of the regular 2019-2020 school term. All public and nonpublic schools may continue to provide food and other non-educational services. Schools must follow IDPH guidance during Phase 3 and take proactive measures to ensure the safety of students, staff, and visitors, including, but not limited to:

a. Limiting the number of people in one space to ten or fewer, consistent with public health guidance.

b. Ensuring compliance with social distancing requirements to the greatest extent possible. For purposes of this Executive Order, social distancing includes

maintaining at least six-foot distance from other individuals and discouraging physical contact between individuals.

c. Ensuring appropriate hygienic practices, including washing hands with soap and water for at least twenty seconds as frequently as possible or using hand sanitizer, covering coughs or sneezes (into the sleeve or elbow, not hands), discouraging the sharing of personal items, and regularly cleaning high-touch surfaces.

d. Requiring the use of appropriate personal protective equipment, including the use of face coverings by students, staff, and visitors who are over age two and able to medically tolerate a face covering. Schools must provide face coverings to all employees who are not able to maintain a minimum six-foot social distance at all times and, to the extent possible, make disposable face coverings available for all students.

Section 2. During the duration of the Gubernatorial Disaster Proclamations, the provision in the Child Labor Law, 820 ILCS 205/12, requiring an applications for an employment certificate to be submitted in person by the minor desiring employment, is suspended. This statutory provision is suspended only with respect to the requirement that applications be submitted in person. The Illinois Department of Labor shall implement emergency rules to provide an alternative process for the submission and approval of applications for employment certificates issued pursuant to 820 ILCS 205/12.

Section 3. This Executive Order supersedes any contrary provision of any other prior Executive Order. Any provisions that are not contrary to those in this Executive Order shall remain in full force and effect.

Section 4. If any provision of this Executive Order or its application to any person or circumstance is held invalid by any court of competent jurisdiction, this invalidity does not affect any other provision or application of this Executive Order, which can be given effect without the invalid provision or application. To achieve this purpose, the provisions of this Executive Order are declared to be severable.

Issued by the Governor June 4, 2020
Filed by the Secretary of State June 4, 2020

2020-41
EXECUTIVE ORDER IN RESPONSE TO COVID-19
(COVID-19 EXECUTIVE ORDER NO. 39)

WHEREAS, Coronavirus 2019 (COVID-19), a novel severe acute respiratory illness, has rapidly spread throughout Illinois in a short period of time, necessitating stringent guidance from federal, state, and local public health officials and significant measures to respond to the increasing public health disaster; and,

WHEREAS, COVID-19 can spread among people through respiratory transmissions, asymptomatic people can transit the virus, and there is currently no effective treatment or vaccine; and,

WHEREAS, on March 9, 2020, I, JB Pritzker, Governor of Illinois, declared all counties in the State of Illinois as a disaster area in response to the outbreak of COVID-19; and,

WHEREAS, on April 1, 2020, I declared all counties in the State of Illinois as a disaster area due to the exponential spread of COVID-19; and,

WHEREAS, on April 30, 2020, due to the expected continuing spread of COVID-19 and the resulting health impacts across the State, as well as the need to prevent potential shortages of hospital beds, ICU beds, ventilators, personal protective equipment and materials for testing for the virus, I declared all counties in the State of Illinois as a disaster area; and,

WHEREAS, on May 29, 2020, due to the thousands of lives lost to COVID-19 in Illinois, the continued increase of cases, the continued threat of shortages of hospital beds, ER beds, and ventilators, the improved but still insufficient testing capacity, and the financial destruction caused by the virus, I again declared all counties in the State of Illinois as a disaster area (together with the previous proclamations identified in this Executive Order, the Gubernatorial Disaster Proclamations); and,

WHEREAS, it is necessary and appropriate for the State of Illinois to continue to take immediate and significant measures to prevent or slow the spread of COVID-19 and protect public health during the COVID-19 outbreak; and,

WHEREAS, Executive Order 2020-38 mandates the practice of social distancing, wearing face coverings in public spaces, and limited gatherings of ten people or less; and,

WHEREAS, the Sports Wagering Act, 230 ILCS 45/25-30(f), 25-35(f), and 25-40(i) requires that individuals create a sports wagering account in person at a facility authorized pursuant to the Act; and,

WHEREAS, due to social distancing requirements put in place to protect public health, and because existing licensed casino gambling facilities authorized pursuant to the Sports Wagering Act have been closed to the public since March 16, 2020 and will reopen only when safe to do so

pursuant to the Restore Illinois plan, Illinois residents may not be able to appear in-person at a licensed casino;

THEREFORE, by the powers vested in me as the Governor of the State of Illinois, pursuant to Sections 7(1), 7(2), 7(8), and 7(12) of the Illinois Emergency Management Agency Act, 20 ILCS 3305, I hereby order the following, effective June 4, 2020:

Section 1. During the duration of the Gubernatorial Disaster Proclamations, the provisions in the Sports Wagering Act, 230 ILCS 45/25-30(f), 25-35(f), and 25-40(i), requiring in-person creation of a sports wagering account at a facility authorized pursuant to the Act in order to participate in sports wagering offered over the internet or through a mobile application, are suspended.

Section 2. If any provision of this Executive Order or its application to any person or circumstance is held invalid by any court of competent jurisdiction, this invalidity does not affect any other provision or application of this Executive Order, which can be given effect without the invalid provision or application. To achieve this purpose, the provisions of this Executive Order are declared to be severable.

Issued by the Governor June 4, 2020
Filed by the Secretary of State June 4, 2020

PROCLAMATION

2020-50
Gubernatorial Disaster Proclamation

WHEREAS, on Memorial Day, May 25, 2020, after Minneapolis Police Officer Derek Chauvin handcuffed George Floyd, an African-American man, and pinned him to the ground with his knee on Mr. Floyd's neck for more than eight minutes, Mr. Floyd became unresponsive and died; and,

WHEREAS, Mr. Floyd's death has led to large public protests that are still continuing in communities across the United States, including Chicago and throughout Illinois, as thousands of people express their pain, fear and rage at the deaths of African Americans, including Breonna Taylor, Ahmaud Arbery, Laquan McDonald and Rekia Boyd, caused by centuries of individual and systemic racism in our country; and,

WHEREAS, these tragic deaths and the protests they have sparked come at the same time as Illinois, along with the entire country, is dealing with the spread of COVID-19, a global pandemic that has caused widespread illness, death and economic devastation, all disproportionately impacting the African-American community; and,

WHEREAS, while thousands of people protested peacefully in communities throughout Illinois, separate groups of individuals have taken aggressive and damaging action as the protests proceeded or following the peaceful conclusions of the protests; and

WHEREAS, on Sunday, May 31, 2020, protests occurred in communities in Lake, Peoria, and Stephenson, Counties; and,

WHEREAS, in a number of instances as these protests took place, groups of individuals engaged in destructive and illegal action, including destroying property and looting, and in some instances, the illegal action continued for several hours after the protests had ended; and

WHEREAS, the police departments in a number of communities throughout the State have been and continue to be challenged in their efforts to maintain the peace by protecting the many peaceful protesters and their communities and preventing damage to property; and,

WHEREAS, after rioting in neighboring Scott County, Iowa, resulted in two deaths, local officials in Rock Island County feared that the riots would spill over into their county, and on June 1, 2020, six mayors of Rock Island County municipalities imposed a curfew from 9:00 p.m. until 5:00 a.m., each night until further notice; and

PROCLAMATION

WHEREAS, in Carbondale, Illinois, protests on Sunday, May 31, 2020, were followed by incidents of vandalism and theft, and in nearby Paducah, Kentucky, protests on June 1, 2020, were followed by incidents of damage to businesses; and

WHEREAS, the circumstances in Carbondale, Illinois, and Paducah, Kentucky, present a threat of rioting and other civil unrest in southern Illinois, including Williamson County, which is located at the intersection of two major interstate highways, I-24 and I-57; and

WHEREAS, Lake County, Peoria County, and several other local jurisdictions have requested assistance from the State of Illinois to protect residents and to ensure that peaceful protests can continue and that local police departments are able to prevent and, when necessary, respond appropriately to any instances of violence; and,

WHEREAS, protests are expected to continue into the weekend of June 6-7, 2020, in communities throughout the State; and,

WHEREAS, based on the foregoing facts, the current circumstances in communities in Lake, Peoria, Rock Island, Stephenson, and Williamson Counties present a threat of injury or loss of life to numerous individuals seeking to express their outrage in peaceful protest, as well as to bystanders, and present a threat of additional damage to property; and

WHEREAS, these circumstances rise to the level of rioting or the threat of rioting in these areas and constitute a disaster as provided in Section 4 of the Illinois Emergency Management Agency Act; and,

WHEREAS, it is the policy of the State of Illinois that the State will be prepared to address any disasters and, therefore, it is necessary and appropriate to make additional State resources available to ensure that Illinoisans remain safe and secure; and,

WHEREAS, these conditions provide legal justification under Section 7 of the Illinois Emergency Management Agency Act for the issuance of a proclamation of disaster; and,

WHEREAS, the Illinois Constitution, in Article V, Section 8, provides that "the Governor shall have the supreme executive power, and shall be responsible for the faithful execution of the laws," and states, in the Preamble, that a central purpose of the Illinois Constitution is "provide for the health, safety, and welfare of the people";

NOW, THEREFORE, in the interest of aiding the people of Illinois and the local governments responsible for ensuring public health, safety, and welfare, I, JB Pritzker, Governor of the State of Illinois, hereby proclaim as follows:

PROCLAMATION

Section 1. Pursuant to the provisions of Section 7 of the Illinois Emergency Management Agency Act, 20 ILCS 3305/7, I find that a disaster exists within the State of Illinois and specifically declare Lake, Peoria, Rock Island, Stephenson, and Williamson Counties as disaster areas. The proclamation authorizes the exercise of all of the emergency powers provided in Section 7 of the Illinois Emergency Management Agency Act, 20 ILCS 3305/7, including but not limited to those specific emergency powers set forth below.

Section 2. The Illinois Emergency Management Agency is directed to implement the State Emergency Operations Plan to coordinate State resources to support local governments in disaster response and recovery operations.

Section 3. To aid with emergency purchases necessary for response and other emergency powers as authorized by the Illinois Emergency Management Agency Act, the provisions of the Illinois Procurement Code that would in any way prevent, hinder or delay necessary action in coping with the disaster are suspended to the extent they are not required by federal law. If necessary, and in accordance with Section 7(1) of the Illinois Emergency Management Agency Act, 20 ILCS 3305/7(1), the Governor may take appropriate executive action to suspend additional statutes, orders, rules, and regulations.

Section 4. Pursuant to Section 7(3) of the Illinois Emergency Management Agency Act, 20 ILCS 3305/7(3), this proclamation activates the Governor's authority, as necessary, to transfer the direction, personnel or functions of State departments and agencies or units thereof for the purpose of performing or facilitating emergency response programs.

Section 5. All State agencies are directed to cooperate with the Governor, other State agencies and local authorities in the development and implementation of strategies and plans to respond to and recover from the impacts of the present disaster.

Section 6. This proclamation can facilitate requests for federal emergency and/or disaster assistance if a complete and comprehensive assessment of damage indicates that effective recovery is beyond the capabilities of the State and affected local governments.

Section 7. This proclamation shall be effective immediately and remain in effect for 30 days.

Issued by the Governor June 3, 2020
Filed by the Secretary of State June 3, 2020

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