

Retail Cannabis Lottery Winners Keep Their Licenses

Cannabis Dispensary Licensee Faces Deadline to Secure Store Location in Illinois

In Illinois, just one winner of a cannabis dispensary license faces the risk of losing it tomorrow when the deadline hits for licensees to secure a location for their stores. This scenario is less severe than many had feared, considering the complexities and challenges of setting up new cannabis dispensaries.

Background and Licensing Process

The state used lotteries in the summer of 2022 to award 185 new dispensary licenses, a move intended to nearly double the number of marijuana shops in Illinois. Winners initially had a year to get their stores open or find a location, but legislators extended the deadline last year. However, a proposal to extend the deadline further failed to pass in the General Assembly's spring session.

Importance of New Licenses

These new licenses are crucial to Governor J.B. Pritzker's goal of diversifying ownership within the cannabis industry. The deadlines are among several potential obstacles, alongside bureaucratic delays, litigation, and legislative infighting.

Efforts to Support Licensees

Erin Johnson, the state's chief cannabis regulation oversight officer, emphasized the Department of Financial & Professional Regulation's (IDFPR) efforts to support licensees. "The IDFPR has been working as hard as it can to get that number down as low as humanly possible," Johnson said. "It's about becoming operational, finding a location. But it's also about proving that you have taken steps to find a location. Obviously, zoning in Chicago is not easy."

Johnson noted that IDFPR is considering various circumstances to prevent a large-scale rescission of licenses. "We're doing everything we can within the bounds of statute and the rules we have to follow to make sure they're able to open," she added.

Progress and Achievements

Despite the challenges, new licensees have opened 108 cannabis stores, nearly matching the 110 stores operated by the winners of the original medical marijuana licenses. This progress aligns with the state's diversity goals for the cannabis industry.

A state-issued diversity report highlighted that 59% of retail licenses issued through January 2023 were awarded to minority- or women-led businesses, a significant increase from the 21% in the original medical

marijuana licensing round. The report indicates that Illinois boasts higher women and minority ownership than other states. New licensees now account for about one-third of the industry's sales.

“We are on the right track,” Johnson stated. “We are seeing more people open.”

Challenges and Financial Hurdles

One of the biggest challenges for license winners is securing adequate funding. The financial landscape of the cannabis industry has shifted dramatically since Illinois legalized recreational marijuana, with falling weed stock values and diminishing hopes for banking reform and widespread legalization.

To address funding gaps, the state established a \$10 million loan fund for dispensaries. The state plans to issue \$240,000 loans to retail licensees in the coming months. However, opening and stocking a dispensary can cost up to \$1 million, highlighting the financial hurdles many licensees face.

Independent Craft Growers Association

The [Independent Craft Growers Association](#), which represents winners of new licenses to grow cannabis, reported that 28 out of 39 license winners are at risk of losing their licenses by August 1. The group is seeking a deadline extension from the Department of Agriculture to avoid this outcome.

As the deadline looms, the efforts of state officials, coupled with financial assistance programs, aim to support licensees in overcoming hurdles and achieving operational status. The progress in diversifying the industry's ownership is a positive indicator of the state's commitment to inclusivity and equity in the cannabis market. However, the financial and logistical challenges underscore the complexities of establishing a thriving cannabis business in Illinois. The coming months will be critical as the state and licensees work together to navigate these challenges and continue expanding the industry.

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