



# Office of the City Clerk

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## Legislation Text

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**File #:** R2020-354, **Version:** 1

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### RESOLUTION

WHEREAS, the State of Illinois approved the Cannabis Regulation and Tax Act (410 ILCS 705/) (the "Adult Use Cannabis Act"); and

WHEREAS, the City of Chicago ("City") is a home rule municipality as described in Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois; and pursuant to its home rule power, the City may exercise any power and perform any function relating to its government and affairs, including the power to regulate for the protection of the public health, safety, morals, and welfare and the Chicago City Council ("City Council") approved the Amendment of Municipal Code Title 17 regarding cannabis-related activities; and

WHEREAS, the Act includes provisions designed to stimulate opportunities for ownership of state-licensed cannabis businesses by people who live within Disproportionately Impacted Areas or who otherwise qualify as Social Equity Applicants (collectively "SEA Individuals");

WHEREAS, at this time, few SEA Individuals or minorities own and operate state-licensed cannabis businesses; and whereas the Act creates incentives to redress this inequity by awarding providing application bonus points to companies that are owned by such SEA Individuals (such companies "SEA Companies");

WHEREAS, certain bad actors may seek to unfairly use SEA Individuals as fronts for purported SEA Companies without providing such SEA Individuals demonstrable genuine ownership or control over the company and with the plan to remove the SEA Individuals from the business when such SEA Individuals are no longer convenient; and whereas such bad actors should be prevented from winning state-licensed cannabis licenses on the basis of participating in an SEA-front Company;

WHEREAS, House Bill 5545 of the 101st General Assembly amends the Act by adding tests to determine whether SEA Individuals have bona fide actual ownership and control over the SEA Companies with which they are associated;

WHEREAS, amid the economic crisis caused by the COVID-19 pandemic, existing Illinois cannabis companies, which are not owned by minorities, continue to thrive. Cannabis growers and distributors are included as "essential" services in Executive Order 2020-10; and whereas adult use and medical cannabis sales have increased nationwide, even as the rest of the economy has suffered negative effects of closures;

WHEREAS, it is critical that notwithstanding the COVID-19 pandemic, the State should maintain focus on the Act's intention to redress the harms of the war on drugs and to provide opportunities for SEA Individuals to benefit from winning state-licensed cannabis licenses on the basis of participating in an SEA-front Company and the Act provides that on May 1, 2020, the State should award new licenses for cannabis dispensaries in locations within the City of Chicago and around the State of Illinois,

NOW THEREFORE, BE IT RESOLVED THAT the Members of the City Council encourage the 101st General Assembly and the Governor to pass and sign House Bill 5545, and, notwithstanding the distractions of the

**1**

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COVID-19 pandemic, to maintain focus on ensuring that SEA Individuals, especially minorities, will genuinely benefit from the once-in-a-lifetime opportunity to own new State-regulated businesses.

