2025 ANNUAL CANNABIS REPORT

Illinois Department of Commerce and Economic Opportunity

  

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SUMMARY

> *"Illinois is committed to empowering Social Equity Applicants not just to hold licenses, but also to thrive as successful, well-supported entrepreneurs with access to the tools and resources needed to compete and grow in the cannabis industry."*
>
> *-Office of Economic Equity & Empowerment, DCEO*

The Illinois Department of Commerce and Economic Opportunity (DCEO) leads two central components of Illinois' Cannabis Social Equity Program: the Cannabis Social Equity Loan Program and the Cannabis Social Equity Technical Assistance (TA) Program.

Through the Cannabis Social Equity Loan Program, funded via the Cannabis Business Development Fund (CBDF), DCEO has awarded over $23 million in Direct Forgivable Loans (DFLs) to support qualified social equity dispensary, craft grower, infuser, and transporter licensees across the state.

- **Round 1**: DCEO disbursed $18.3 million to support 33 social equity loan recipients, including craft growers, infusers, and transporters. Notably, 80% of these loans were awarded to Minority- and Women-Owned Business Enterprises (M/WBEs), representing approximately 84% of the total loan dollars awarded in that round.

- **Round 2**: DCEO has disbursed $5.04 million to 21 social equity loan applicants (adult-use dispensing organizations). These applicants were selected based on criteria including social equity status, financial need, financial resources, and progress toward operational readiness.

- **Round 3**: On August 11, 2025, DCEO launched Round 3 of the DFL Program, allocating up to $40 million to support all social equity license types, including adult-use dispensing organizations, craft growers, infusers, and transporters. The application window closed on September 25, 2025. To support applicants and stakeholders, DCEO hosted informational webinars and technical assistance sessions throughout the application period.

In 2026, DCEO will issue Round 2 of the Cannabis Social Equity Technical Assistance (TA) Program, prioritizing post-license support for qualified Social Equity Applicants (SEAs) across Illinois. This round of TA will deliver targeted, high-impact training, legal services, and operational guidance to help SEAs successfully launch, operate, and sustain compliant cannabis business establishments. By building capacity in key areas such as regulatory compliance, financial readiness, and business planning, this TA round will provide SEAs with the tools and resources needed to compete and grow in Illinois' regulated cannabis industry.

2025 ACCOMPLISHMENTS

JANUARY 2025

Processing lending agreements through internal systems to ensure execution at IOC.

FEBRUARY 2025

Eighteen cash requests were processed, releasing funds totaling $4.32 million for DFL Round 2.

MARCH 2025

DCEO continues to review and monitor submissions from Round 1 program participants; this is ongoing.

APRIL 2025

Began working with Baker Tilly to revise the Progress & Expense Report for borrowers to streamline the reporting process.

MAY 2025

DCEO hosted a Technical Assistance session for Round 2 borrowers to walk through the revised reporting template.

JUNE 2025

Started the draft of Round 3 application and materials.

JULY 2025

Director of Loan & Grants hired.

Finalized application materials for DFL Round 3.

AUGUST 2025

Application window for DFL Round 3 opened 08/11/2025.

SEPTEMBER 2025

Application window for DFL Round 3 closed 09/25/2025.

OCTOBER 2025

Intake of loan applications received for DFL Round 3 in process.

NOVEMBER 2025

Review of DFL Round 3 loan applications still in process.

DECEMBER 2025

Review of DFL Round 3 loan applications continues to progress.

2026 GOALS

In FY2026, DCEO will focus on strengthening the administration, efficiency, and long-term sustainability of the Cannabis Social Equity Program. Key priorities include:

1. Deploy funding to all DFL Round 3 loan recipients.
2. Release the Cannabis Social Equity Technical Assistance (TA) Notice of Funding Opportunity (NOFO)
3. Implement Data Management Initiatives
4. Expand Staffing Capacity to Support Growth
5. Develop Sustainability Plans for Cannabis Business Development Fund (CBDF) to Support Future Programming

DCEO FY2026 Goals & Essential Projects

1. **Deploy Funding to All DFL Round 3 Loan Recipients**
   Complete award determinations, disbursements and borrower onboarding to support compliance and reporting requirements.

2. **Release the Cannabis Social Equity Technical Assistance (TA) Program NOFO**
   Release and administer the second round of the Cannabis Social Equity TA Program, prioritizing post-license support to SEAs, including business operations, legal assistance, regulatory compliance, and financial readiness.

3. **Implement Data Management Initiatives**
   To support increased program volume and significantly improve operational efficiency, we will move forward with two essential data management initiatives:

   - **Execute a Smartsheet contract** to streamline applicant intake, deficiency review, progress and expense reporting, review and reporting workflows; improving data accuracy and visibility across the program.

   - **Advance procurement of a centralized loan management system** to strengthen loan oversight and administration.

4. **Expand Staffing Capacity to Support Growth**
   Continue building staffing capacity to support expanding cannabis program responsibilities, including review and monitoring of progress and expense reports, TA provider programmatic reporting, and deployment and tracking of borrower invoice payments.

5. **Develop Sustainability Plans for CBDF to Support Future Programming**
   Assess the CBDF and develop a sustainability plan to guide future funding, programming, and long-term support for SEAs. This plan will ensure SEAs have access to the financial resources needed to establish, operate, and sustain compliant and successful cannabis businesses in Illinois.

DCEO FY2025 Metric Goals

Secure Technical Assistance for all social equity licensees	Deploy funding to all Round 3 DFL loan recipients	Increase number of DFL loans by 10-20%

KEY DATA POINTS

1. Round 1 of the Direct Forgivable Loan (DFL) program saw a total of $18.3 million disbursed to 33 social equity craft growers, infusers, and transporters.
    - Two craft growers, one infuser and one transporter DFL have been forgiven to date totaling $2.2 million.

2. Round 2 of the DFL program has currently allocated $5.04 million to 21 social equity dispensaries.
    - To date, one forgiveness application has been received for $240,000.00.

3. Round 3 of the DFL was open to all qualified social equity licensees, with a focus on timely processing and funding.

DCEO FY2025 Metrics

DFL Round 1	DFL Round 2	DFL Round 3
$18.3M	**$5.04M**	Final funding amount TBD

Direct Forgivable Loan (DFL) Program (Rounds 1-3)

Round 1

A total of 33 Direct Forgivable Loans were provided to craft growers, infusers, and transporters in Round 1. The total DFL amount disbursed via Round 1 was $18.3 million. Three licensees were selected but decided not to pursue a DFL, and one sold their license prior to launch of the DFL program.

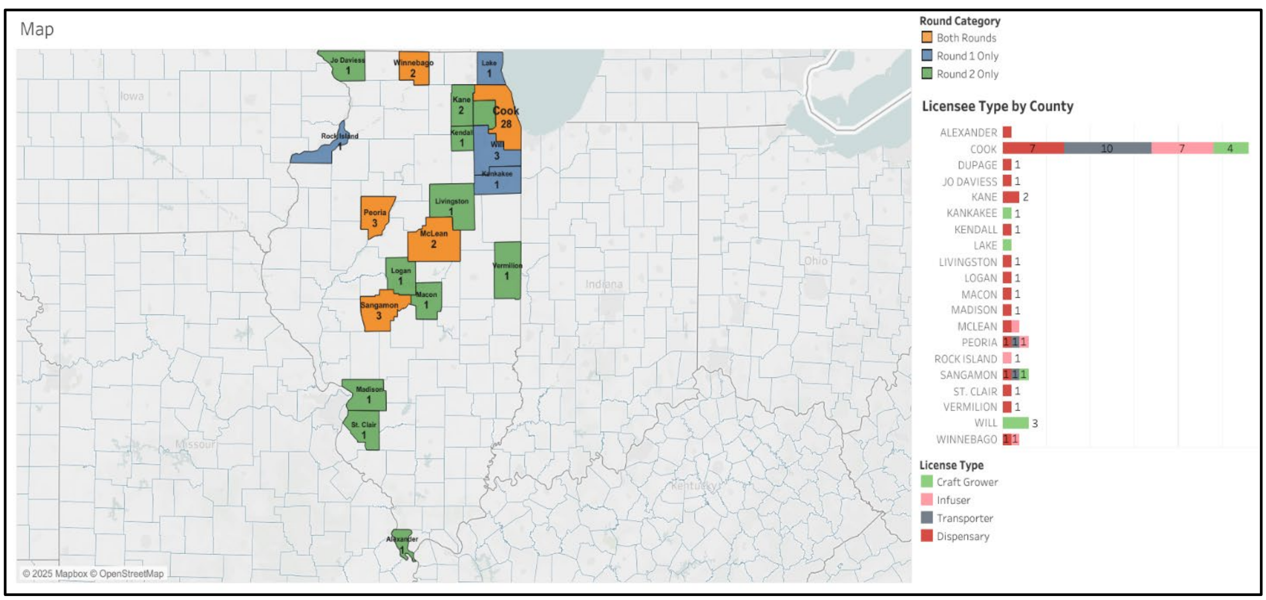
Round 2

21 Direct Forgivable Loans, totaling $5.04 million have been awarded to dispensaries in Round 2. The Department initially approved 23 direct forgivable loans to qualified borrowers, however:

- DCEO denied one loan application that had previously been approved. Final compliance checks revealed that the licensee applied for the loan under an entity different from the one holding the license, as the licensee is transferring its license to a non-social equity owner.
- One borrower rescinded their loan.
- Three loans are currently navigating the approval process given the submission of all required documentation.

[Click here](https://public.data.illinois.gov/#/site/Public/views/DCEOMap/TotalRound1?:iid=1) to interactive map that displays the license types by county (https://public.data.illinois.gov/#/site/Public/views/DCEOMap/TotalRound1?:iid=1)

DFL Round 1 & 2 Distribution Map

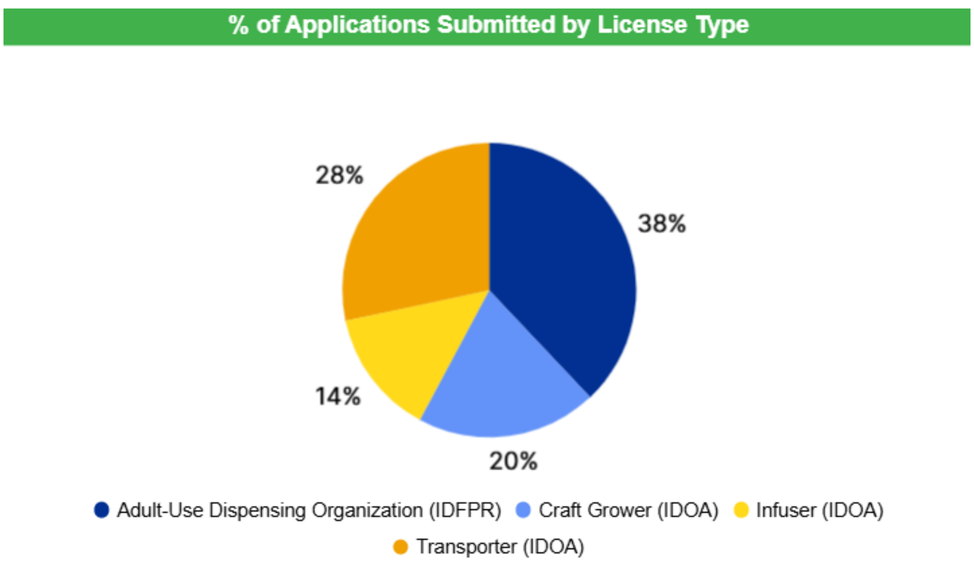


Round 3
Round 3 of the DFL was open to all qualified social equity cannabis applicants (craft growers, infusers, transporters, and adult-use dispensing organizations). The application window for Round 3 opened on Monday, August 11, 2025, and closed on Thursday, September 25, 2025, at 5:00pm CDT.

DCEO received a record-breaking 166 applications, quadrupling participation from previous rounds. The breakdown by license type is as follows:

- Craft Growers: 33 Applications
- Infusers: 23 Applications
- Transporters: 47 Applications
- Adult-Use Dispensing Organizations: 63 Applications

The DCEO Cannabis Team is currently working in conjunction with our Legal and Financial Review teams to review all eligible applications in the queue.



Participation Loan Program (PLP)

$3,600,000	**5**
in loans issued in FY 2023	cannabis businesses awarded loans in FY 2023

In addition to the Direct Forgivable Loan Program, DCEO offered a Participation Loan Program (PLP) that partnered Cannabis Business Development Fund lending with private lenders. The program was phased out in 2023, but DCEO issued $3.6 million in loans ($2.55 million was DCEO funding, $1.05 million was private loans) through the PLP to three craft growers, one infuser, and one transporter.

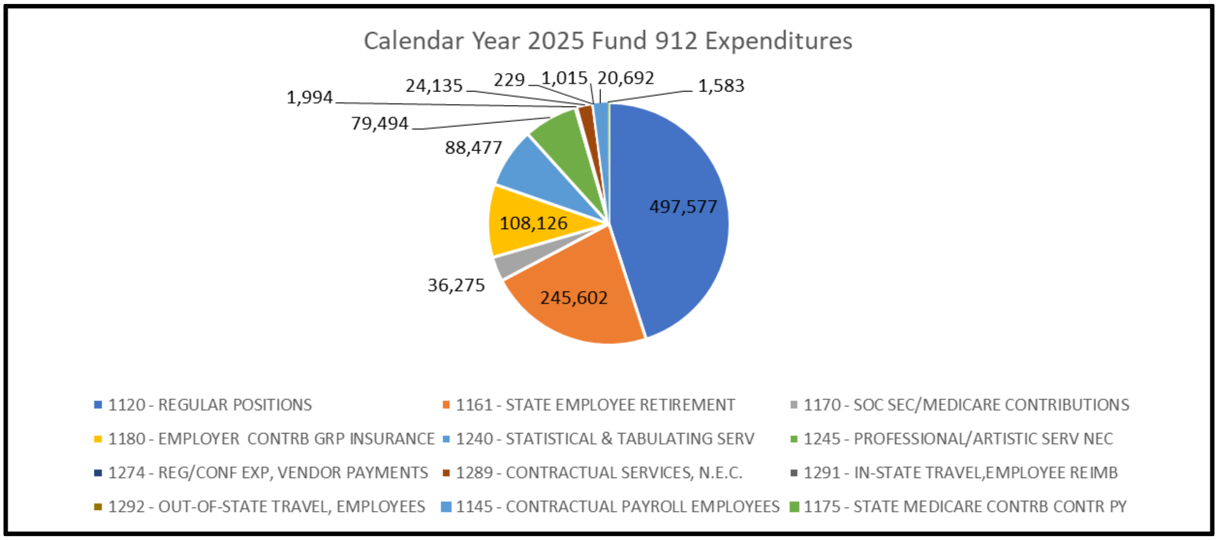
Technical Assistance

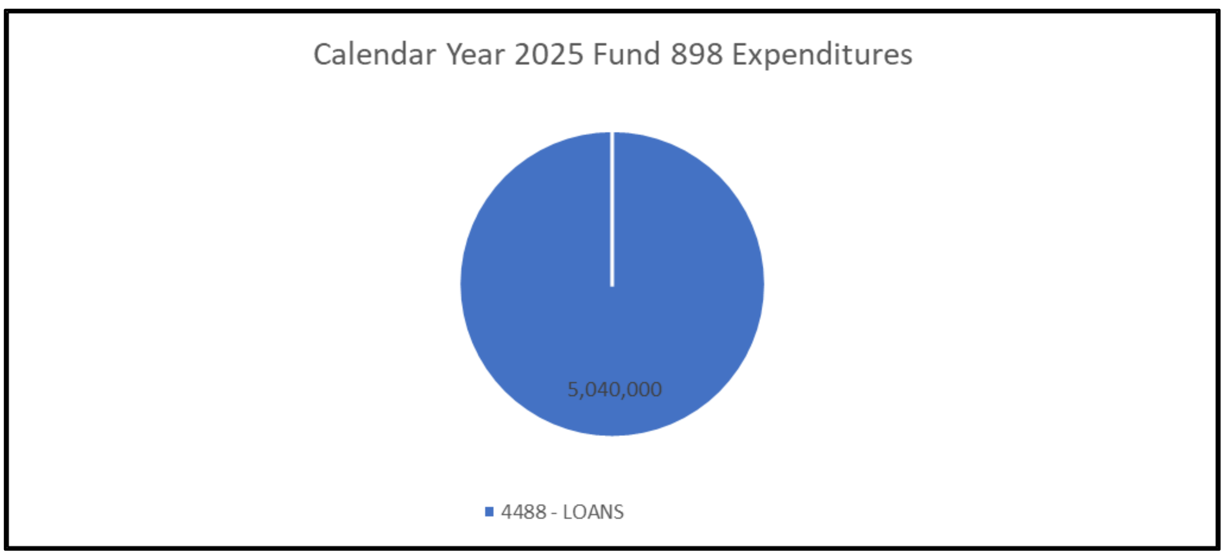
DCEO will launch a second round of the Cannabis Social Equity Technical Assistance (TA) Program in 2026 to deliver comprehensive education, specialized training, and legal services to qualified Social Equity Applicants (SEAs) across Illinois. This round will work to strengthen SEAs knowledge and operational capacity to establish and sustain compliant cannabis business establishments under a social equity license in the state. In addition to serving any new SEAs, the TA will support current qualified social equity licensees by strengthening business operations, ensuring regulatory compliance, and promoting long-term sustainability. Expanded services will include enhanced legal support, targeted post-license assistance, and loan readiness guidance, providing access to the tools and resources needed to complete and grow in the Illinois cannabis industry.

FUNDING USAGE

Fund	Fiscal Year	Appropriation	Expenditures (as of 11/19/2025)	Balance of Appropriation
0912	FY25	$1,741,300	$986,203	$755,097
0898	FY25	$76,000,000	$4,320,000	$71,680,000
0912	FY26	$2,060,100	$439,553	$1,620,547
0898	FY26	$76,000,000	$720,000	$75,280,000

0912 – Cannabis Regulation Fund
0898 – Cannabis Business Development Fund





LEGISLATIVE UPDATES AND INITIATIVES

Summary of CY2025 Updates

The General Assembly adjourned for CY2025 without the passage of legislation to bring a resolution to needed improvements and protections under the statutory framework of DCEO's cannabis social equity programming. The DCEO statutory changes are found in standalone legislation - HB2343 (Ldr. Evans) and SB1520 (Ldr. Lightford). This language, along with cannabis-related provisions from various State Agencies, is also included in SB2654 (Ldr. Lightford). Despite cross-agency collaboration and advocacy for this legislative change, SB2654 has not passed the General Assembly. The Department is working in conjunction with the legislature, various State Agencies and the Cannabis Regulation Oversight Office to advocate for its passage in the Spring 2026 legislative session.

Summary of CY2026 Initiatives

DCEO will continue to pursue legislative changes to further facilitate the efficient disbursement of funds to social equity licensees and allow for new funding models to incentivize private support for social equity licensees. These changes also include a statutory and conforming Administrative Code change to affirmatively allow for the use of a lottery system to award funds and affirmative allowance for forgiveness of loans under DCEO's cannabis social equity programming.