



Illinois Grants Over \$30 Million in Loans to Social Equity Cannabis Businesses

Last week, Illinois governor JB Pritzker and the Illinois Department of Commerce and Economic Opportunity awarded over \$30 million in direct forgivable loans to 95 licensed social equity cannabis businesses.^[1] Illinois previously awarded over \$20 million in direct forgivable loans to specific social equity cannabis businesses (craft growers, infusers, transporters, and dispensaries), but this latest round of loans was open to all types of licensed cannabis businesses.^[2] The loans are intended to promote equity in Illinois' cannabis industry and allow businesses with more limited economic resources to break into a growing industry.

A business can qualify for the social equity loan under one of two categories. First, the business can have at least 51% ownership and control by one or more Illinois residents who: (1) have lived in a Disproportionately Impacted Area (DIA), defined as areas that "have high rates of arrest and incarceration related to cannabis offenses, among other qualifications including high poverty and unemployment" for five of the past 10 years, (2) have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, or (3) have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement. Second, the business can have more than 10 full-time employees, with more than half of those employees that (1) currently reside in a DIA, (2) have been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement, or (3) have a parent, child, or spouse that has been arrested for, convicted of, or adjudicated delinquent for cannabis-related offenses eligible for expungement. The state considers social equity status, financial need, and business plans when determining the loan recipients.^[3]

Although cannabis has been legal for adult recreational use in Illinois since January 1, 2020, the vast majority of cannabis companies that were selling recreational marijuana in 2020 were white-owned companies that had previously been selling cannabis for medical use.^[4] Many aspiring cannabis operators have had difficulty launching their businesses because they lack economic resources and industry access. In fact, less than half of the 500+ marijuana social equity operators that have been licensed are operational.^[5]

Marijuana has not yet been legalized federally and many federally insured banks are unwilling to give loans to these business.^[6] The Illinois state loans are intended to address this issue and help boost the cannabis industry in Illinois. Although the loans are a small fraction of the cost required to open a dispensary or growing operation, and some businesses are still struggling to open,^[7] the loans can help give the social equity licensed operators the start they need for their businesses. Cannabis businesses are still pushing Illinois lawmakers for further assistance, in the form of lower cannabis taxes and permits to sell tax-exempt medical cannabis.^[8]

The Trump administration's move this week to reclassify marijuana as a less dangerous drug could also help aspiring cannabis companies nationwide secure funding and lower cannabis taxes.

This blog was drafted by [Suzanne Konrad](#), an attorney in the Spencer Fane Chicago office. For more information, please visit www.spencerfane.com.

^[1] <https://www.illinois.gov/news/release.html?releaseid=32421>.

^[2] *Id.*

^[3]

https://senatorlightford.com/images/DCEO_Social_Equity_Cannabis_Loans_One-Pager_v_1-31-20_FINAL.pdf.

^[4] <https://mjbizdaily.com/news/illinois-cannabis-social-equity-businesses/615608/>.

^[5] *Id.*

[6] <https://www.chicagotribune.com/2026/04/21/illinois-cannabis-awards-startups/>.

[7] *Id.*

[8] *Id.*

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