

Cannabis and COVID-19 – A Business Guide

By Daniel S. Rosenbaum

The COVID-19 public crisis is affecting businesses in a myriad of ways, including cannabis businesses. The effects of the coronavirus on our economy and society are likely to become significantly worse in the upcoming weeks and months and those involved in the cannabis industry need to be prepared. The following are critical considerations for businesses and consumers in the cannabis industry during these unprecedented circumstances.

It is vital to understand how the cannabis businesses are classified in your area. As more and more businesses in a variety of industries close across the country due to local, state, and federal guidelines, only essential businesses are guaranteed to remain open. States such as Illinois, Maryland, Michigan and Ohio and miscellaneous other entities such as Los Angeles County, the New York State Department of Health, the Nevada Health Response Center, and Gunnison and Summit counties in Colorado have declared cannabis businesses essential. The Illinois Department of Financial and Professional Regulations specifically allow medical dispensaries to sell cannabis on property or on public walkways or curbs next to the dispensaries, but delivery to patients was still not allowed. These measures will serve to provide an uninterrupted supply to medical marijuana patients in those areas and gives some of these fledgling operations a crucial bridge to make it through these uncertain economic times.

In areas where both medical and recreational cannabis use is allowed, businesses need to reduce the risk of unnecessary medical patient exposure, including separation from general customers, limiting the number of customers in an area at one time, following the six foot distance rule, and improving sanitary practices. Cannabis businesses need to consider the time it takes for employees to pass background checks, fingerprinting, etc. If employees are quarantined and/or sick, staffing needs may change drastically. There may also be restrictions on employees working in more than one location.

Cannabis is a growing industry and may grow even more as those affected by or concerned with COVID-19 use it for stress and anxiety, but cash flow may become an issue. The implications of cannabis being illegal at the federal level continue to add complications as cannabis companies do not have bankruptcy protections, are generally forced to operate as cash-only businesses, have difficulty getting standard insurance plans, and unfortunately will not qualify for assistance under any federal bailout packages. Cannabis businesses need to make sure they have access to enough capital to keep the business going. The cannabis industry should concentrate efforts on keeping legislatures focused on helping this industry as much as possible, while at the same time, ensuring that the business continues to provide crucial services to their medical patients.

If you need information on Illinois cannabis provisions or have any cannabis-related questions, please contact any of the listed attorneys.

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