



## Missouri Department of Health and Senior Services

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## Chief Equity Officer Eligibility Review

With the passage of Constitutional Amendment 3 in November 2022 by Missouri voters, the Missouri Department of Health and Senior Services (DHSS) was given authority to regulate the production and distribution of marijuana. DHSS was also tasked with granting a limited number of new facility licenses known as “microbusinesses.” These licenses are small businesses that are designed to provide a path to facility ownership for individuals who might not otherwise easily access that opportunity. The Missouri Constitution provides that individuals who meet at least one of the eligibility criteria set forth in Article XIV, Section 2, may apply for a marijuana microbusiness facility license.

There are two types of microbusiness licenses—dispensary and wholesale. A microbusiness dispensary facility is licensed to engage in the process of dispensing marijuana product for medical or adult use. A microbusiness wholesale facility is licensed to engage in the process of cultivating and/or manufacturing marijuana product for medical or adult use.

In July 2024, the Division of Cannabis Regulation (DCR) issued 57 marijuana microbusiness licenses. By law, DCR needed to issue a minimum of six microbusiness licenses per congressional district, including two dispensary licenses and four wholesale licenses, for a total of 48, which are selected through a lottery process. During the first round of microbusiness licensing, 48 licenses were initially awarded with nine of those licenses being revoked after minimum standards review. During the second round of microbusiness licensing, DCR issued additional licenses to replace licenses revoked during the first round. The additional licenses include one wholesale license in Congressional District 5 and eight dispensary licenses in Congressional Districts 1, 2, 4, 5, 6, and 7 to raise the total number of issued licenses from 48 to 57. Prior to issue of the licenses, DCR conducted a review of the drawn applications to determine whether applicants were eligible to receive a license.

Per Article XIV, Section 2.4(14) of the Missouri Constitution, within 60 days of the issuance of the licenses, the Chief Equity Officer (CEO) shall conduct a review of and certify that microbusiness licenses were awarded to eligible applicants. The CEO shall publish in a manner available to the public the results of the review that contains only aggregate information on licensee eligibility criteria.

## Eligibility Review Results

### Constitutional Requirement:

Article XIV, Section 2.4(12)

An entity may apply to the department for and obtain only one license to operate a marijuana microbusiness facility, which may be either a microbusiness dispensary facility or a microbusiness wholesale facility.

### Results:

DCR generated a report for the April 15 - April 29, 2024, application period listing all individuals with

ownership interest in microbusiness applicant entities. DCR analyzed the list to ensure that no individual appeared on the report in duplicate. Two individuals were identified who applied for more than one license. The CEO conducted a review of the results and certifies that none of these identified individuals have ownership in the awarded microbusiness licenses.

### **Constitutional Requirement:**

Article XIV Section 2.4(12)

An entity may not be an owner of more than one marijuana microbusiness facility license. An owner of a marijuana microbusiness facility may not also be an owner of another licensed marijuana facility or medical facility regulated under this Article.

### **Results:**

Per Article XIV Section 2.2(21) owner is defined as an individual who has a financial (other than a security interest, lien, or encumbrance) or voting interest in ten percent (10%) or greater of a marijuana facility. DCR generated a report for the April 15 – April 29, 2024, application period listing all individuals with ownership interest in the highly ranked applications result from the lottery drawing. Highly ranked applications included the top two dispensary and top four wholesale applications in each congressional district, as well as two contingent applications per congressional district/license type. As described above, some districts were also issued additional licenses to replace the nine revoked licenses from Round 1. DCR analyzed the list to verify no individuals were an owner of an existing facility license. The CEO reviewed the results of this analysis agreeing that none of the individuals or entities are owners of existing marijuana facility or medical facility licenses.

### **Constitutional Requirement:**

Article XIV, Section 2.4(12)

An applicant for a marijuana microbusiness license shall be majority owned by individuals who each meet at least one of the eligibility criteria outlined in this Article. Majority owned is defined as more than fifty percent (50%) of other financial interests (other than a security interest, lien encumbrance) or more than fifty percent (50%) of the voting interests of an entity, including any parent and subsidiary entities.

### **Results:**

The CEO reviewed eligibility for the fifty-seven (57) issued microbusiness licenses. Majority owners are required to submit documents demonstrating eligibility for microbusiness facility ownership as outlined in 19 CSR 100-1.060(4)(B). The review by the CEO included eligibility criteria documentation submitted during application as well as documentation requested during post-licensure minimum standards and eligibility verification. The documents were reviewed to ensure they met the requirements outlined in 19 CSR 100-1.060(4)(B) and were sufficient to demonstrate eligibility for the criteria chosen. For individuals that chose more than one eligibility criteria, all criteria chosen were reviewed.

The CEO certified eligibility for 7 microbusiness dispensary licenses and 18 microbusiness wholesale licenses. The CEO identified indications of ineligibility for 17 microbusiness dispensary licenses and 15 microbusiness wholesale licenses. Issues in relation to ineligibility include failure to provide adequate documentation to verify the majority owner met the eligibility criteria chosen at application, a disqualifying felony offense, and/or failure to provide documentation that the facility would be operated by eligible individuals as required pursuant to Section 2.4(12) of Article XIV.

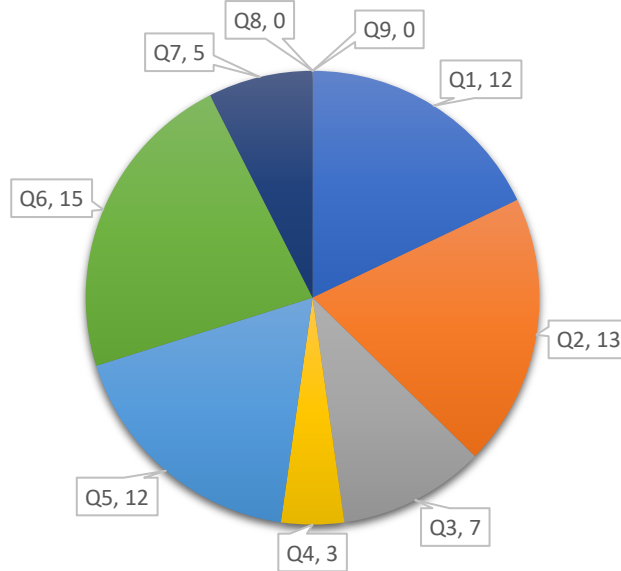
License Type	Eligibility Certified	Eligibility Not Certified
Dispensary	7	17
Wholesale	18	15

Licenses that are not certified as eligible are subject to revocation. Notices of pending revocation provide a 30-day response period, in accordance with Article XIV Section 2.4(1)(a) and 19 CSR 100-1.020(3)(G), during which licensees may submit records or information demonstrating why the license is eligible and should not be revoked. Revoked licenses may be added to the number of available licenses awarded in the next application timeframe.

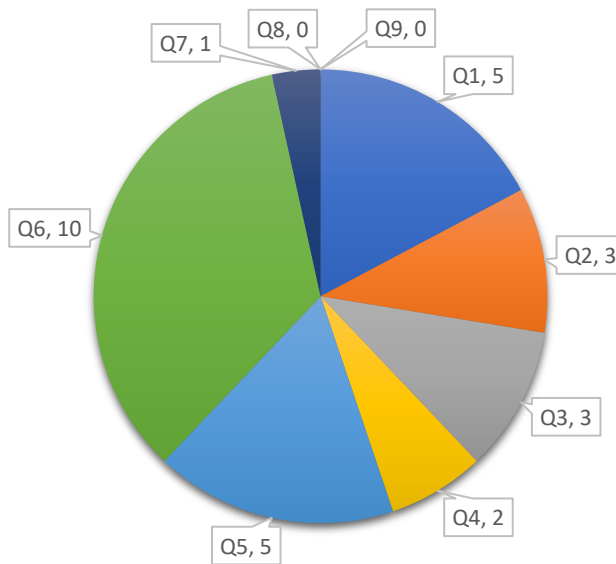
Applicants were allowed to claim more than one eligibility criteria at application; however, this was not required. Totals represented in Figures 1-3 reflect all eligibility criteria claimed, not the criteria on which majority owners were deemed eligible after review. Final licensee eligibility data will be available after all notices of pending revocation are resolved. Refer to Table 1 for eligibility criteria descriptions.

Table 1. Eligibility criteria for majority owners pursuant to Article XIV Section 2.4(12)(a-e)	
Q1	Applicants claiming a net worth of less than two hundred fifty thousand dollars (\$250,000) and have had an income below two hundred fifty percent (250%) of the federal poverty level for at least three (3) of the ten (10) calendar years prior to applying for a microbusiness license.
Q2	Applicants claiming a service-connected disability.
Q3	Applicants claiming an arrest, prosecution, or conviction for a non-violent marijuana offense
Q4	Applicants with a parent, guardian, or spouse with an arrest, prosecution, or conviction for a non-violent marijuana offense.
Q5	Applicants claiming residency in a ZIP code or census tract area where thirty percent (30%) or more of the population lives below the federal poverty level.
Q6	Applicants claiming residency in a ZIP code or census tract area with an unemployment rate of fifty percent (50%) or higher than the state average.
Q7	Applicants claiming residency in a ZIP code or census tract area where the historic rate of incarceration for marijuana-related offenses is fifty percent (50%) higher than the rate for the entire state.
Q8	Applicants claiming graduation from a school district that was unaccredited, or had a similar designation, at the time of graduation.
Q9	Applicants claiming residency in a ZIP code containing an unaccredited school district, or similar successor designation, for three (3) of the past five (5) years.

**Figure 1. Eligibility Criteria claimed by majority owners for microbusiness licenses Round 2**



**Figure 2. Eligibility criteria claimed by majority owners for microbusiness dispensary licenses Round 2**



**Figure 3. Eligibility criteria claimed by majority owners for microbusiness wholesale licenses Round 2**

