



December 15, 2023

Chief Equity Officer Eligibility Review

With the passage of Amendment 3 in November 2022, the Missouri Department of Health and Senior Services (DHSS) was tasked with granting a limited number of new small business licenses called “microbusinesses.” These licenses are small businesses that are designed to allow marginalized or under-represented individuals to participate in the legal marijuana market. 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 October, the Division of Cannabis Regulation (DCR) issued forty-eight marijuana microbusiness licenses. Six microbusiness licenses were awarded within each of the eight Missouri congressional districts. Of the six in each district, two are microbusiness dispensary licenses, and four are microbusiness wholesale facility licenses. Prior to issuing the licenses, the Department conducted a review of the drawn applications to determine whether applicants were eligible to receive a license.

Per Article XIV Section 2.4(13) of the Missouri Constitution, within sixty 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 chief equity officer 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:

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 July 27 – August 10 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. Three 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:

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, owner is defined as an individual or other entity having a financial or voting interest in ten percent or greater of a medical or marijuana facility license. DCR generated a report for the July 27 – August 10 application period listing all individuals with ownership interest in the highly ranked applications resulting 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.

DCR analyzed the list to verify no individuals were an owner of an existing facility license. The CEO reviewed the results of this analysis; none of the individuals or entities are owners of an existing marijuana facility or medical facility licenses.

Constitutional Requirement:

Microbusiness licenses shall be majority owned by individuals who each meet at least one of the eligibility criteria outlined in Article XIV Section 2.4(12). Per Article XIV, majority owned is defined as more than fifty percent (50%) of the financial interests (other than a security interest, lien, or encumbrance) or more than fifty percent (50%) of the voting interests of an entity, including any parent and subsidiary entities.

Results:

The Chief Equity Officer reviewed eligibility for the forty-eight 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 thirty microbusiness wholesale licenses and seven microbusiness dispensary licenses. The CEO identified indications of ineligibility for two microbusiness wholesale licenses and nine microbusiness dispensary licenses. Issues resulting in ineligibility included failure to provide adequate documentation to verify the majority owner met the eligibility criteria chosen at application, for a disqualifying felony offense, and for failure to provide documentation that the facility would be operated by eligible individuals as required pursuant to Section 2.4(12) of Article XIV.

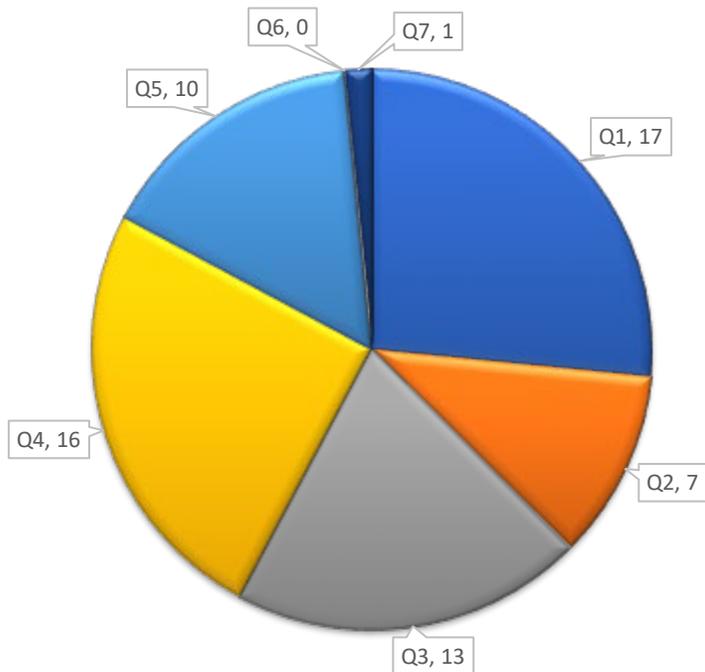
License Type	Eligibility Certified	Eligibility Not Certified
Dispensary	7	9
Wholesale	30	2

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 and 19 CSR 100-1, during which licensees may submit

records or information demonstrating why the license is eligible and should not be revoked. All revoked licenses will be added to the available licenses awarded in the next application timeframe.

Table 1. Eligibility criteria for majority owners pursuant to Article XIV.	
Q1	Applicants claiming a net worth of less than two hundred fifty thousand dollars (\$250,000) and low income.
Q2	Applicants claiming a service-connected disability.
Q3	Applicants claiming an arrest, prosecution, or conviction for a non-violent marijuana offense.
Q4	Applicants claiming residency in a ZIP code or census tract area where either thirty percent (30%) or more of the population lives below the federal poverty level or the rate of unemployment is fifty percent (50%) higher than the state average.
Q5	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.
Q6	Applicants claiming graduation from a school district that was unaccredited, or had a similar successor designation, at the time of graduation.
Q7	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 licensees.



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.

Figure 2. Eligibility criteria claimed by majority owners for microbusiness dispensary licensees.

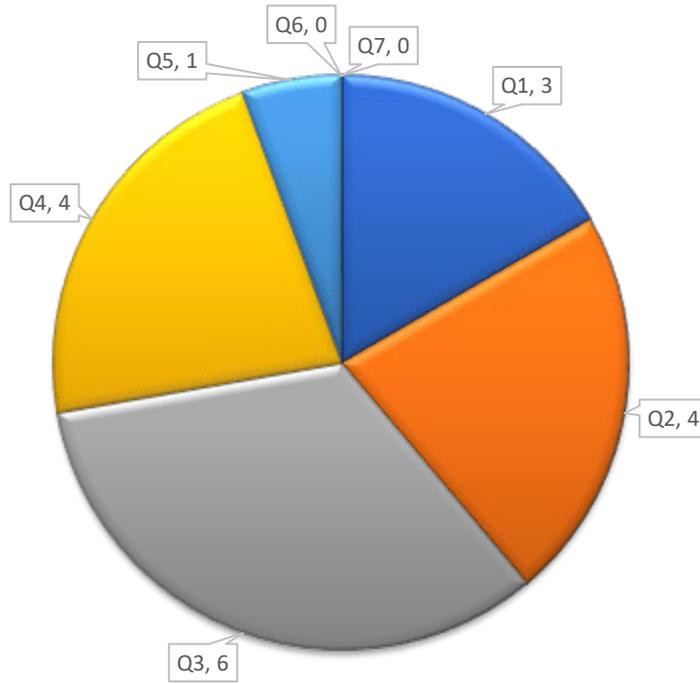


Figure 3. Eligibility criteria claimed by majority owners for microbusiness wholesale licensees.

