

Missouri Revokes 25 Cannabis Microbusiness Licenses

Missouri Cannabis Regulators Revoke 25 Microbusiness Licenses Due to Failure to Meet Social Equity Requirements

In a significant enforcement action, Missouri's Division of Cannabis Regulation (DCR) has revoked 25 microbusiness licenses after determining the license holders failed to meet essential eligibility criteria designed to promote social equity within the state's cannabis industry.

The Revocation of 25 Microbusiness Licenses

The revocations were announced on April 14, 2025, and involve licenses granted in the second round of microbusiness awards issued in July 2024. This follows a previous round of revocations in March 2024, bringing the total number of revoked licenses to 34 out of 105 granted during the first two rounds. A substantial portion of these revocations stemmed from the failure to meet the state's ownership qualifications, with two others related to disqualifying felony offenses.

Microbusiness Program Aimed at Social Equity

Missouri's microbusiness licenses were designed to assist individuals from historically disadvantaged groups, offering them an opportunity to participate in the cannabis industry despite high entry barriers. The state set eligibility standards, such as a net worth under \$250,000 or veteran status with a service-connected disability, to support those who face difficulties in gaining access to capital or entrepreneurial resources.

The program is part of Missouri's broader effort to build an inclusive cannabis market following the legalization of adult-use cannabis sales in February 2023. Over \$1.1 billion in adult-use cannabis sales were reported within the first year of dispensary operations, as per the Missouri Department of Health and Senior Services.

Restrictions and Challenges for Microbusinesses

Microbusiness licensees operate under several constraints. They are permitted to buy cannabis products only from other microbusinesses and cannot engage in product transfers with comprehensive license holders. Additionally, cultivation microbusinesses are restricted to growing a maximum of 250 flowering plants, far fewer than the 30,000 square feet allowed for comprehensive licensees.

Addressing Predatory Practices

In response to earlier revocations, the DCR issued guidance for future applicants to avoid falling prey to predatory business practices. The DCR identified situations where companies or individuals acted as

intermediaries, offering qualified individuals small stakes in cannabis businesses while maintaining control over operations. These arrangements were found to undermine the intent of the social equity program, as the eligible individuals did not have real ownership or decision-making power within the business.

The DCR made clear that such arrangements were not compliant with the spirit of the law and would not be tolerated.

Ongoing Eligibility Reviews and Future Licensing

The DCR continues to monitor microbusiness ownership structures to ensure compliance with the state's eligibility requirements. In October 2024, the DCR issued 32 notices of pending revocation to second-round licensees following a detailed review. After further investigation, seven of the applicants were found to meet ownership requirements, leaving 25 licenses revoked in the latest round.

Currently, Missouri plans to issue 144 microbusiness licenses over three rounds. The first two rounds have already seen the issuance of 105 licenses, with 71 recipients meeting eligibility standards. This means 73 licenses will be available for the third round, and additional rounds may be necessary if further revocations occur.

Moving Forward with Future Licensing Rounds

Missouri's DCR is actively planning for the third round of microbusiness licenses, which will include 48 dispensary licenses and 96 cultivation and manufacturing licenses. Should further revocations occur, a fourth round of licensing may be required to ensure that all licensees meet the state's eligibility criteria.

The DCR is committed to upholding the integrity of Missouri's cannabis program, ensuring that microbusiness licenses serve their intended purpose of providing equitable opportunities for qualified individuals to succeed in the growing cannabis industry.

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