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## *Kansas City Officials Draft Rules for First-Ever Cannabis Lounges*

Marijuana consumption lounges could soon open in Kansas City, Missouri, under new rules being prepared by city officials. The proposal, which still requires City Council approval, would make Kansas City the latest metro to embrace on-site cannabis use, following in the footsteps of St. Louis and other U.S. cities experimenting with social-use spaces.

Missouri voters legalized adult-use marijuana in 2022, but the statewide framework left local governments with the final say over cannabis lounges. In St. Louis, such venues have proven popular, with some even offering THC-infused beverages alongside traditional social experiences.

## **Proposed Rules Aim to Keep Lounges Separate From Retailers**

Kansas City's draft ordinance includes clear restrictions on how lounges may operate:

- **No Co-Location With Dispensaries:** Lounges would not be permitted to share space with licensed marijuana retailers or other cannabis businesses.
- **Nightclub-Style Zoning:** The city would regulate lounges similar to taverns and nightclubs, dictating where they may be located.
- **Proximity Restrictions:** Establishments must remain a safe distance away from schools, day care centers, and churches.

Councilmember Wes Rogers emphasized that the framework is designed not just for consumer safety but also to foster inclusion. "This is about giving small businesses and minority entrepreneurs a chance to participate in the cannabis industry," Rogers told *The Kansas City Star*.

## **No Timeline Yet for Licensing Applications**

Although the proposal signals strong momentum, city officials have not announced a specific timeline for when the new rules will be finalized or when entrepreneurs can apply for lounge licenses. Approval will ultimately rest with the City Council, and further debate is expected before a final vote.

## Missouri Cannabis Regulators Advance Social Equity Rules

At the state level, the Missouri Division of Cannabis Regulation (DCR) is also proposing new measures that could reshape the industry. These rules include:

- **Revocation and Denial Powers:** Regulators could deny or revoke permits for businesses previously stripped of licenses due to legal violations.
- **Microbusiness Ownership Clarification:** New language would tighten oversight of social equity licenses, ensuring they remain majority-owned by eligible in-state individuals rather than out-of-state investors.
- **Stricter Recall Protocols:** Cannabis products that cannot be traced back to a licensed Missouri cultivator would be subject to mandatory recalls.

These changes come in response to widespread abuse of the microbusiness program. Regulators have already revoked dozens of licenses after discovering that applicants were not majority-owned by qualifying individuals.

## Cannabis Lounges Seen as Social Equity Opportunity

Supporters of consumption lounges argue that the model could open the door for entrepreneurs who lack the capital to operate a full-scale cultivation or retail business. Lounges, which require smaller footprints and lower overhead, may provide a lower barrier to entry for minority and women-owned businesses in the cannabis sector.

Kansas City officials have positioned the lounge initiative as part of a broader effort to enhance fairness and accessibility in Missouri's legal cannabis marketplace.

## Missouri Cannabis Market Shows Steady Growth

The regulatory changes are being debated against the backdrop of strong market performance. According to Seattle-based analytics firm Headset:

- **August 2025 Sales:** \$130.22 million, a 3.2% increase year-over-year.
- **2025 Annual Sales Projection:** \$1.66 billion, per MJBiz Factbook estimates.
- **Cumulative Market Size:** By fall 2025, Missouri's legal cannabis industry is expected to surpass \$4 billion in total sales since adult-use operations launched in February 2023.

Industry observers cite Missouri as one of the Midwest's most successful cannabis markets, and the introduction of lounges could add another layer of consumer engagement and spending.

## **What Comes Next for Kansas City's Cannabis Industry?**

If approved, Kansas City's cannabis lounges would represent a new chapter in Missouri's adult-use industry one focused on inclusivity, responsible regulation, and social consumption. While no timeline has been set, both city and state regulators appear aligned on introducing frameworks that expand business opportunities while tightening oversight.

As Kansas City debates its ordinance, entrepreneurs, consumers, and regulators alike will be watching closely to see whether the city becomes the next hotspot for cannabis hospitality in the Midwest.

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