



Social Equity FAQs for Prospective Licensees

Useful Links
Social Equity FAQs Industry-Wide Bulletin 21-04
MED Social Equity Webpage
MED Rules Webpage
OEDIT's Cannabis Business Office Website

Dear Marijuana Industry Stakeholders:

This resource is to assist prospective Social Equity Licensees understand more about Colorado’s regulated marijuana licensing process. Please use the following table of contents to navigate through this resource. Please be aware that the information contained in this FAQ resource does not represent legal advice or replace a licensee’s responsibility to read, understand, and maintain compliance with all relevant statutes and rules.

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Eligibility

1. Can I qualify as a Social Equity Licensee under more than one eligibility criteria?

Yes, if the applicant believes they qualify under more than one eligibility criteria, please check all boxes on the [Finding of Suitability application](#) that apply and provide supporting documentation for each.

2. Who can provide the affirmation verifying the place of residence when using the Disproportionately Impacted Area/Opportunity Zone criteria for eligibility?

Anyone who can verify the applicant’s place of residence during the applicable time period can provide the affirmation. The individual should have direct knowledge of the applicant’s residency and state how they know this information (such as is/was a neighbor, family member, etc.). § 44-10-308(4)(c)(I) C.R.S. and Rule 2-220(C)(2)(c)(i), 1 CCR 212-3.

3. What information is acceptable to verify the place of residency for 15 years between 1980 and 2010 aside from the affirmation?

The applicant can provide school records, rental/lease agreements, utility bills, mortgage statements, loan documents, bank records, or tax returns to confirm their residence.

4. Are there requirements for an arrest/conviction of a marijuana related offense to qualify? Did the arrest/conviction need to happen within Colorado? Did the arrest/conviction need to happen as an adult, or is it still applicable if it happened as a minor? What forms of proof are required?

To qualify as a Social Equity Licensee using the arrest or conviction of a marijuana offense criteria, the arrest or conviction does not need to have taken place in Colorado, and the offense could have taken place when the applicant was a minor or an adult. To demonstrate that the applicant meets this criteria, they would need to provide official court documents, arresting law enforcement agency reports or documents, or similar documents demonstrating arrest, conviction, or asset forfeiture. Arrest and/or conviction records relating to a minor may be sealed or access-restricted and could require additional time to obtain. § 44-10-308(4)(c)(II) C.R.S. and Rule 2-220(C)(2)(c)(ii), 1 CCR 212-3.

5. How does the MED calculate household income when using that as the eligibility criteria?

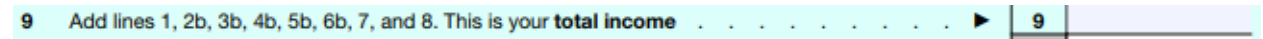
The MED compares the applicant’s tax return for the year prior to the year the application is submitted to the most recently published U.S. Census Bureau American Community Survey Median Income Table. With the applicant’s Finding of Suitability application, please provide the Form 1040 tax return filed with the IRS for the “prior year” (the last calendar year) if the 1040 Filing Status was either:

- Individually
- Married filing jointly
- Head of household, or
- Qualified widow/widower.

If the Filing Status was “married filing separately,” please provide the Form 1040 tax return that was filed with the IRS for the prior year **and** the spouse’s Form 1040.

To avoid any confusion regarding the “prior year” tax return, if an applicant applies between January 1 and April 15 AND has not yet filed a tax return for the previous year, the application may be delayed or denied until the prior year's tax return is provided. (For example, if the application is submitted in 2022, the MED will look at 2021 tax returns). § 44-10-308(4)(c)(III) C.R.S. and Rule 2-220(C)(2)(c)(iii), 1 CCR 212-3.

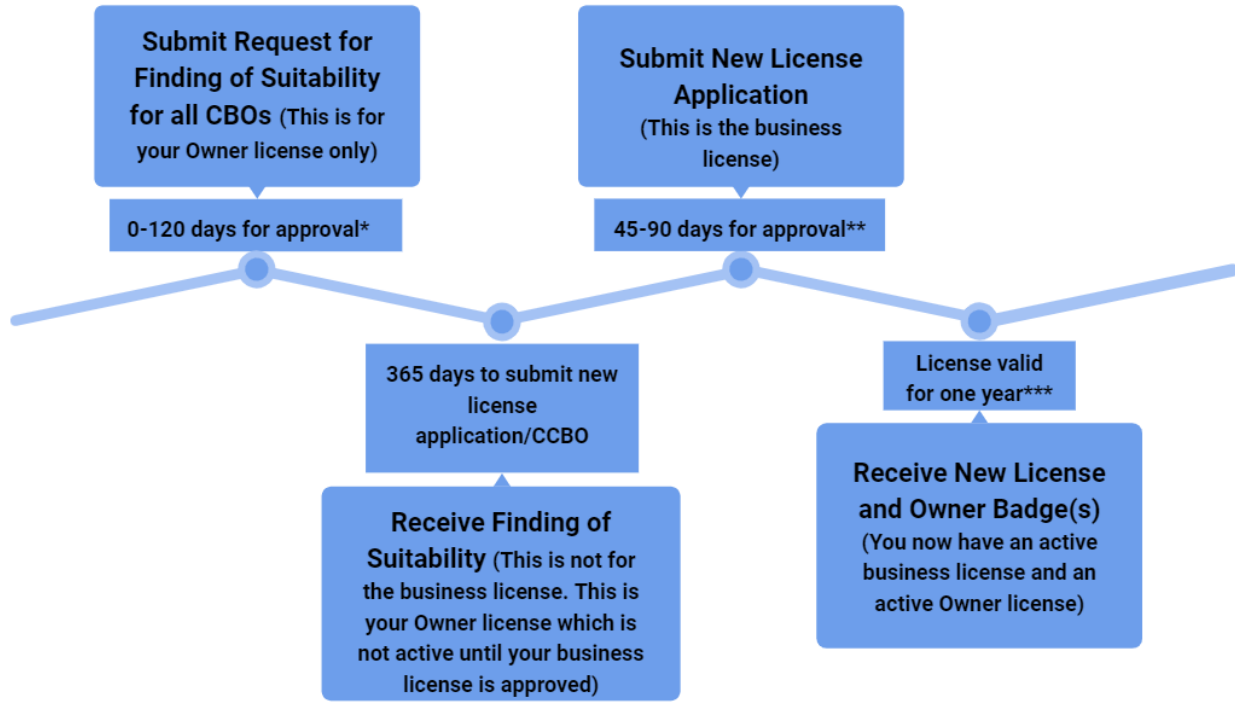
The MED will utilize the Total Income amount (located on line 9 from the Form 1040) for determining income for purposes of the Finding of Suitability.



The MED will compare the Total Income to the U.S. Census Bureau American Community Survey Median Income Table for purposes of determining whether an applicant’s Total Income does “not exceed 50% of the state median income.”

Contact the MED for additional questions regarding income qualification (see the *Assistance* section at the end of this resource).

Application Timeframes



* A 120 day extension may be granted by the State Licensing Authority for Reasonable Cause.

** Statutory timeframe for new Retail licenses.

*** All licenses are valid for one year except Transporter licenses which are valid for two years.

An approved Finding of Suitability is valid for one year. Once the applicant has received the letter of approval for Finding of Suitability, the applicant has 365 days from the date of approval to submit an application for a new business license or a Change of Owner application to be added to the ownership of an existing business license. Rule 2-235(H), 1 CCR 212-3.

If an application is not submitted within 365 days, a new request for a Finding of Suitability and a new Finding of Suitability application fee will need to be submitted and approved before applying for a new business license or a Change of Owner application to be added to the ownership of an existing business license. Rule 2-235(H), 1 CCR 212-3.

Finding of Suitability Application

1. How do I complete the Social Equity Finding of Suitability application?

Here are the [Application instructions](#) for the Social Equity Finding of Suitability.

2. If I apply for a Social Equity License and receive notification that I don't qualify, can my application be converted to a regular, non-Social Equity License?

Yes, if the applicant is informed during the course of the investigation that they do not meet the Social Equity License eligibility criteria, they may request the application be converted to a non-Social Equity Finding of Suitability for no additional fee.

3. Do I have to provide 180 days of financial account statements?

This depends on the sources of funding the applicant intends to use for their proposed business. Financial account information must be provided at the time the Finding of Suitability application is submitted OR may be provided at the time the business license application is submitted. Whether in the form of 180 days of financial account statements, promissory notes, or proof of assets, financial documentation must be provided in order to verify the source(s) of funding the applicant intends to use for the business.

Please keep in mind, the earlier in the application process the funding source(s) are identified and disclosed, the more streamlined the licensing process will be. § 44-10-305(1) C.R.S., § 44-10-310(8) C.R.S. and Rule 2-235(D)(3)(b), 1 CCR 212-3.

4. Do I have to establish the actual business before applying for a Social Equity Finding of Suitability?

The applicant is not required to have their business set up when submitting a Finding of Suitability application. If the business is not established, please enter "TBD" (To Be Determined) in the sections referring to the business name and records on the Finding of Suitability application. Once the business is established with the Colorado Secretary of State, the name, location, and other information for the business will be provided in a new Regulated Marijuana Business License application that is submitted after being found suitable for licensure. (See *Application Timeframes* section above.)

When an applicant does not associate with a Regulated Marijuana Business License within one year of being found suitable, they must reapply for a Finding of Suitability and pay the Finding of Suitability application fee. § 44-10-309 C.R.S., § 44-10-311 C.R.S., § 44-10-313 C.R.S., and Rule 2-220, 1 CCR 212-3.

5. How do I verify if someone is a Social Equity Licensee?

Using the [Licensee Look-Up Tool](#) on our website, make sure to search for "person" and not "facility", and narrow the search results to "Owner - SE".

Business License Application

Social Equity owner licenses are issued separately from Regulated Marijuana Business licenses. A Regulated Marijuana Business license application may only be submitted once all required Finding of Suitabilities have been issued by the Division. Rule 2-220(A)(8), 1 CCR 212-3.

1. Does ONE of the owners on the application have to own 51% of the business to qualify or can multiple qualified Social Equity Licensees cumulatively own 51% for the business to qualify?

The minimum 51% direct or indirect ownership held by Social Equity Licensees can be held by one individual or can be an aggregate amount of all Social Equity Licensees' owner's interests combined. § 44-10-308(4)(d) C.R.S. and Rule 2-220(C)(2)(d), 1 CCR 212-3.

2. Is it a requirement to have a property in my possession for my business before I'm able to submit a license application for a new marijuana business?

In order to apply for a business license the applicant must be able to provide documentation that they are or will be in possession of the premises for which the application is made. This is not required for No-Premises Transporters and Operators. § 44-10-311 C.R.S. and Rule 2-220(A)(6), 1 CCR 212-3.

3. Can the Regulated Marijuana Business license be transferred to different owners?

Yes, however the ownership must remain owned at least 51% by at least one Social Equity Licensee in order to retain the business license status. Please be aware the local licensing authority must allow the change of ownership as well. There may be further restrictions based on grants and funding that may have been provided by OEDIT and other sources. § 44-10-312 C.R.S. and Rule 2-245, 1 CCR 212-3.

4. Is there a limit on how often a license may be transferred or change ownership?

No, there is no limit.

Fees

1. What fees do I need to pay when submitting my application?

This will vary depending on the business structure, the category of business license(s) applied for, and the jurisdiction in which the applicant intends to operate. Please refer to the [Current MED Fee Schedule](#) and see Rule 2-205, 1 CCR 212-3 for all MED-required fees. Always be sure to check with the relevant Local Licensing Authority for any requirements and fees at the local level.

- Finding of Suitability: All proposed Controlling Beneficial Owners [which includes individual Owners and Owner Entities (holding companies) with 10% or greater Owner's Interest or Control], will need to submit applications and fees for a Finding of Suitability: *\$800 each*.
- Business Application and License Fees:
 - Accelerator Program: There is no fee for submission of any new business license application for Accelerator Program business licenses (Accelerator Store; Accelerator Cultivator; Accelerator Manufacturer).
 - Independent Operation: New business license fees vary based on license type: *\$2,220 - \$7,440*
- Delivery Permit Fees (Issued only to Store and Transporter Licensees):
 - Delivery permit valid for more than 6 months*: *\$4,880*
 - Delivery permit valid for less than 6 months*: *\$2,440*

*Delivery permit expiration dates will be tied to the license which they are affiliated with but will not be valid for more than one year.

Please note that fees are due at the time of application and that fees are subject to change. Any changes to fees will be noticed via the Division's rulemaking process (sign up [here](#) to receive updates from the Division, including rulemaking notifications).

Assistance

1. **What financial help exists for Social Equity licensing? What types of software and tech assistance are available for Social Equity applicants?**

[Visit OEDIT's Cannabis Business Office website](#) for more information.

2. **What's the best way to reach the MED with questions?**

Applicants and licensees can use the [MED Inquiry Form](#) to submit questions to MED for assistance. Find more information, program updates, and events on the [MED's Social Equity webpage](#). You can also contact Danielle Henry, MED Policy Advisor at danielle.henry@state.co.us.

3. **Anything else I should know before starting the licensing process?**

Local Jurisdiction Requirements & Restrictions:

- The information provided herein applies only to state-level processes and requirements. Please consult with or refer to resources provided by the relevant local jurisdiction to understand local requirements and restrictions that you are subject to. We recommend you do this prior to submitting your Finding of Suitability application.

Potential for Federal Immigration Consequences:

- Pursuant to section § 44-10-305(4), C.R.S., prior to submitting an application for a license, registration or permit, the applicant needs to be aware that having a Regulated Marijuana Business license and working in the Regulated Marijuana industry *may have adverse federal immigration consequences*.

Additional Resources:

- Subscribe to Receive Updates From the MED: Sign up [here](#) to receive updates from the Division.
- Access Resources from MED Town Halls & Events [here](#)
- Access Compliance Tools [here](#) (Compliance Tips & Industry Bulletins)
- View MED Office Locations [here](#)