


MEMORANDUM

Date: July 11, 2024

Subject: Guidance re Documentation of Sufficient Capital

Relevant authority: KRS 218B.085; 915 KAR 1:010E, Section 3(5)(q) and (7)

Prepared by: Sam Flynn, Executive Director 
Kentucky Office of Medical Cannabis

915 KAR 1:010, Section 3(5)(q) requires applicants for cannabis business licenses to provide “[d]ocumentation of sufficient capital available to the applicant, either on deposit or through extension of credit from one (1) or more financial institutions, in the following amounts as applicable.” The purpose of this memorandum is to provide guidance to prospective applicants for cannabis business licenses regarding satisfying this requirement.

First, 915 KAR 1:001, Section 1(5) defines “applicant” as “**a person or entity, including any parent entity, who applies for a cannabis business license to operate as a cultivator, processor, producer, dispensary, or safety compliance facility in the commonwealth.**”

Regarding the sufficient capital requirement, included within the cannabis business license application is a “pro tip” that states as follows:

“Accepted Documents: Bank statements showing the applicant’s deposit(s) or a letter of credit or similar document from a financial institution extending credit to the applicant.”

Accordingly, the documentation submitted for this requirement must show the applicant has sufficient cash on hand in a deposit account (meaning a checking account, savings account, certificate of deposit, or money market account) or documentation from a financial institution extending credit to the applicant. “Financial institution” is not expressly defined in 915 KAR 1:001, and thus is given its plain ordinary meaning (i.e., an entity engaged in the business of providing financial services to customers, including extending credit to a business).

When submitting a deposit account statement or documentation of credit, the applicant must provide a statement or document dated within 30 days of application submission showing sufficient capital. If the statement or document is dated over 30 days from the date of application submission, the office will note this as a deficiency and allow the applicant an opportunity to cure, as provided in 915 KAR 1:010E, Section 3(7).

Finally, pursuant to 915 KAR 1:010E, Section 3(4), “[a]n applicant may submit multiple applications for a license within one (1) cannabis business license type so long as the following criteria is met: ... (b) **Each application contains documentation of sufficient capital in accordance with subsection (5)(g) of this section and the applicant shall not use the same capital for more than one (1) application ...**”

ISSUED BY:



Sam Flynn, Executive Director
Office of Medical Cannabis
Cabinet for Health and Family Services

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