Industry Licensing Trends

Growth, Contraction, and Cross-Border Consolidation — Implications for Financial Institutions

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September 2026

Growth Is Concentrating; Ownership Is Consolidating Across State Lines

01

Growth

Active license growth concentrated in a handful of states.

02

Contraction

States where active licenses are shrinking, including some that rank high on new issuance alone.

03

MSO Consolidation

Multistate operators buying, selling, and consolidating.

GROWTH

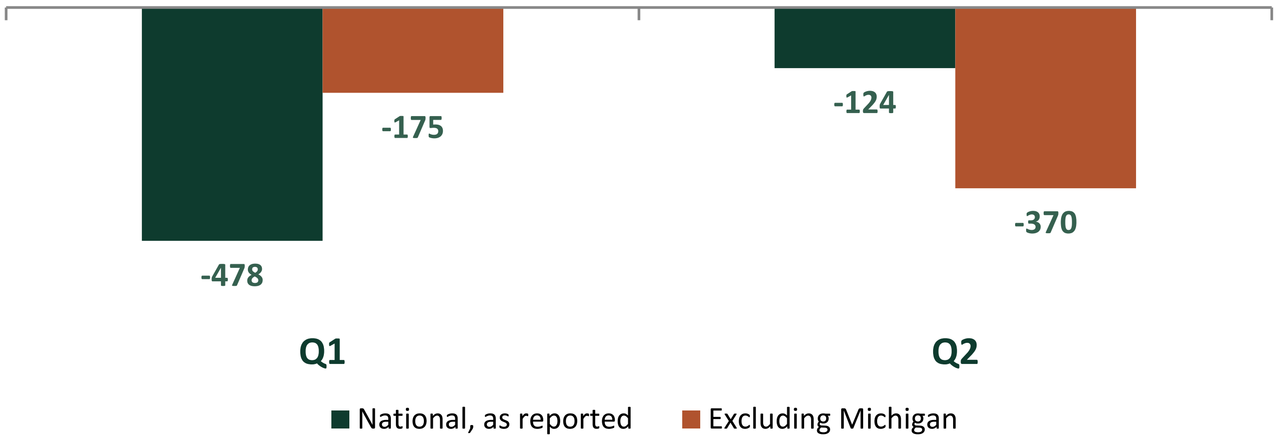
New Licensing Rebounded to 1,256 — Nearly All of It Is One Michigan Batch

1,256
New licenses issued

+51%
vs. Q1 2026

37,222
Active licenses

Net active-license change, all activities



Michigan alone

+246 in Q2 (vs. –303 in Q1)

That +549 swing is the entire gap between the two bars — not a market-wide improvement.

Active Licenses Grew in 21 States and Contracted in 12

GROWING

State	Mar '26	Jun '26	Net
Michigan	3712	3958	**+246**
Minnesota	231	313	**+82**
Missouri	410	482	**+72**
New Jersey	1000	1067	**+67**
New York	2478	2523	**+45**
Florida	795	817	**+22**

CONTRACTING

State	Mar '26	Jun '26	Net
Vermont	561	546	**–15**
Oregon	2636	2605	**–31**
New Mexico	1493	1443	**–50**
Maine	1951	1880	**–71**
California	7898	7749	**–149**
Oklahoma	4307	3913	**–394**

- **Minnesota, Missouri, New Jersey, New York — broad-based growth, the strongest new-account signal in the data.**
- **Michigan's number is one firm's cultivation batch — real, but concentrated in one operator, not a broad state trend.**
- **California and Oklahoma are the largest contractions.**

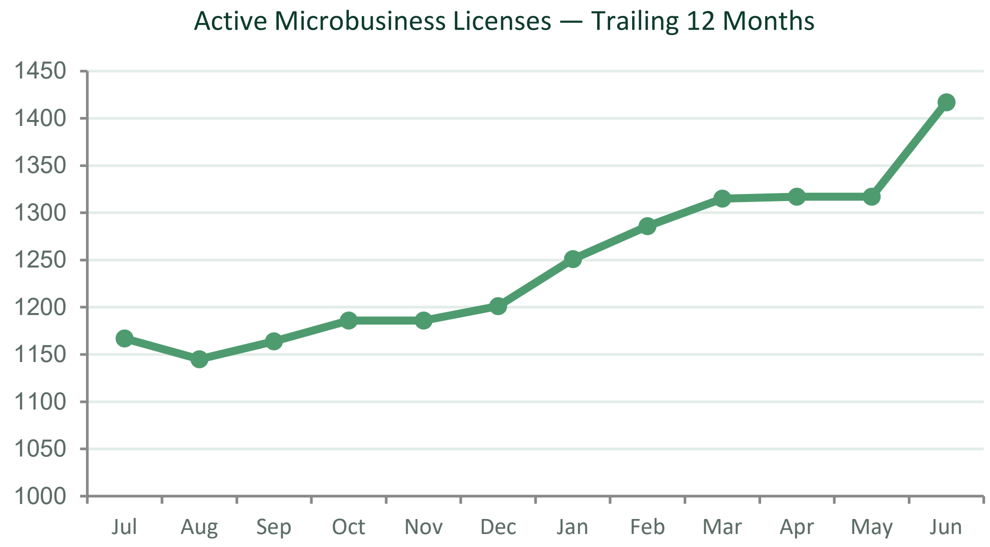
Net active-license change, Mar–Jun 2026, all license activities.

GROWTH

Minnesota and Missouri Show Confirmed Growth; Virginia and Alabama Are Untested

CONFIRMED GROWTH

- **Minnesota (+82) and Missouri (+72) rank 2nd and 3rd nationally in active-license growth, behind only Michigan's one-firm batch.**
- Microbusiness licensing specifically explains most of it: 77% of Minnesota's growth, 72% of Missouri's.



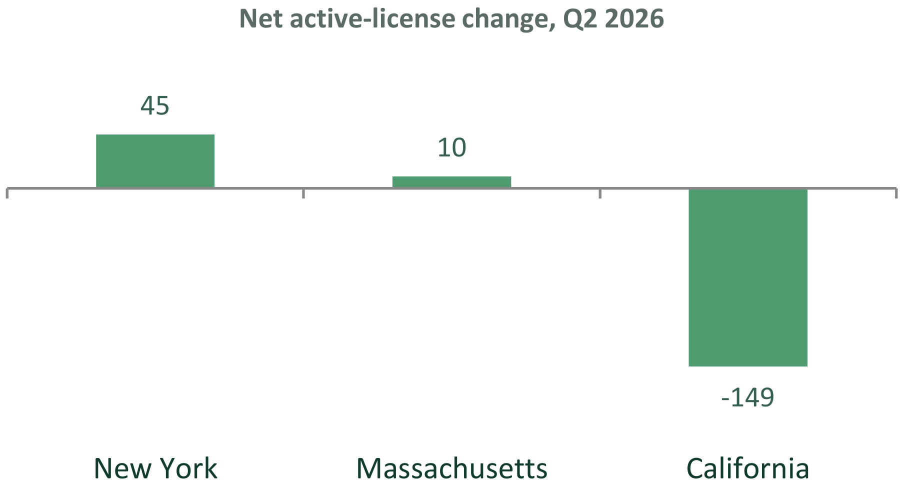
Explains most of Minnesota and Missouri's growth — not evidence for Virginia or Alabama.

NEW MARKETS TO WATCH

- **Virginia's** retail framework doesn't launch until 2027; **Alabama's** first dispensary opened in June. Neither has a track record — the opportunity is that they're new, not that they're confirmed growing.

New York Slowed; California Contracted

- **New York — new-license issuance slowed sharply, but active base still grew +45 net in Q2.**
- **Massachusetts — price collapse and a repeal vote, the most acute tail risk (low-odds, high-severity) of the three.**
- **California — active licenses contracted by 149 in Q2**



NY and CA figures verified against the Q2 2026 all-activities active-license workbook.

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Ownership Changed Hands in Six States This Quarter

State	What Changed	Type
New York	Etain, Beleaf sold (buyers undisclosed); PharmaCann NY → Grown Rogue. Two are original 2015 ROs.	*Legacy turnover*
Nevada & Florida	Vireo consolidating (C21, Planet 13, Eaze) while AYR exits both states to Arboretum.	*Consolidation + exit*
Ohio	Cannabist sold its OH entities to Holistic ($47M); Vireo added 2 more OH operators.	*Consolidation*
New Jersey	Nabis acquired Hudson's distribution license; AYR also exited NJ assets.	*Consolidation + exit*
Virginia	Cannabist sold VA assets to a Millstreet affiliate (~$130M).	*Distressed exit*
Colorado, Arizona	Native Roots → Verdant Capital; Sonoran Roots → JARS Cannabis.	*Single-state deals*

Every entry here is a BSA/KYC re-verification event for whoever currently banks that account.

Good Day Farm Faces Missouri Ownership-Concentration Litigation

GOOD DAY FARM

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10%	~27%	40%
Constitutional ownership cap	**Alleged dispensary control**	**Alleged wholesale share**
The limit the suit alleges was evaded	Good Day Farm, via affiliated entities	Plus coordinated price-fixing claims

- **Good Day Farm allegedly controls ~27% of Missouri's dispensaries through affiliated entities — nearly triple the state's 10% constitutional ownership cap.**
- **Regulators reportedly discontinued the ownership affidavit that could have surfaced this — the allegations are being tested in court, not caught by the regulator. A live underwriting and BSA question for any bank with exposure to Good Day Farm or its affiliated entities.**

MSO CONSOLIDATION

Vireo Is Consolidating; Cannabist and AYR Are Divesting

Distressed Sellers

Multi-state divestitures under financial pressure — a credit-risk signal for any bank currently holding those accounts, not just an M&A data point.

Active Consolidators

Vireo Growth — 9+ acquisitions since January, the clearest consolidation pace in the data this quarter.

Single-State Buyers

Verdant Capital, JARS Cannabis — smaller, more contained relationship-continuity events in Colorado and Arizona.

Footnote: *Curaleaf's unresolved hostile bid for Aurora Cannabis is a live Canadian public-company fight — not a U.S. licensing or banking-relationship story. Noted for completeness only.*

FEDERAL

Partial Rescheduling Took Effect in April; the Hemp Deadline Is ~~November 12~~ December 11

Rescheduling (partial, in effect)

Late April: FDA-approved products and marijuana under qualifying state medical licenses moved to Schedule III. Qualifying medical operators exit §280E's deduction limits — a real improvement to operator cash position and creditworthiness.

Broader rescheduling — pending

Expedited DEA hearing ran June 29–July 15. Post-hearing briefs due August 17; the ALJ's recommendation is nonbinding. A final rule is plausible by late 2026 or 2027 — not assured.

Section 781 hemp deadline

December 11, 2026: the federal definition of hemp narrows, rendering many intoxicating-hemp products noncompliant. Relevant mainly for banks with hemp-beverage clients.

What This Means for Your FI

Growth

- **Minnesota** and **Missouri** — new licenses that translated into net growth, unlike New Mexico, where similar issuance was outpaced by expirations
- **Virginia** and **Alabama** — newly-created license classes and a newly-opened market worth early attention

Contraction

- **California** — confirmed active-license contraction
- **Massachusetts** — active base roughly flat (+10), but price collapse and the Nov 3 repeal vote are forward risk, not current contraction
- Any account tied to **Cannabist** or **AYR Wellness** divestitures

MSO Consolidation

- **Missouri** — **Good Day Farm** ownership-concentration litigation; a forced-divestiture outcome would redistribute licenses among owners, not shrink the active count
- Every New York account tied to **Etain**, **PharmaCann NY**, or **Beleaf**
- **Ohio, Nevada, Florida, New Jersey** accounts touched by **Vireo / Cannabist / AYR activity**

WHAT TO WATCH IN Q3

Five Signals for Next Quarter

1. **Massachusetts, November 3**

   The first live repeal vote on a billion-dollar regulated market — existential risk to every cannabis account a bank holds in that state, if it passes.

2. **New York's ownership turnover**

   Does the Etain / PharmaCann / Beleaf pattern continue — and which banks pick up the resulting accounts?

3. **The Section 781 deadline**

   ~~November 12~~ December 11 reshapes intoxicating hemp absent congressional action.

4. **Does Vireo keep buying?**

   And does another distressed MSO start selling? Nine-plus deals since January is a pace, not a ceiling.

5. **Michigan's August 18 cliff**

   268 single-firm licenses reach their shared expiration. Administrative footnote, not an urgent credit signal — included for completeness, not as a priority watch item.

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