

# Arizona's Medical Cannabis Licensing Lottery: Pros and Cons

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Arizona Medical Marijuana Dispensaries Random Selection October 6, 2016  
Most states that award medical cannabis licenses do so using a merit system, but Arizona employs a random lottery to award some licenses. On October 6th, the Arizona Department of Health Services awarded 9 non-profit dispensary licenses using a random selection process overseen by two associates from a CPA firm, Henry & Horne, LLP. It had received 750 applications in total for 31 certificates, with applicants paying a non-refundable fee of \$5000. The process was [live-streamed on Youtube](#).

Governing magazine interviewed several experts and thought leaders to assess the pros and cons of the random lottery. It highlighted recent problems in Massachusetts, where there were charges of corruption in its merit process, and Maryland, where there has been litigation due to complaints about geography being unfairly included. Taylor West of the National Cannabis Industry Association points to lotteries avoiding political influence but not always getting the “best results.” Ryan

Hurley of the Rose Law Group points to several post-licensing conflicts among successful applicants. Kris Krane of 4Front Ventures pointed to the Washington State “qualified lottery” model that served as a hybrid. He and West also pointed to limits on the number of licenses, like Florida, as adding to the negatives of a merit-based system.

What do you think is the best way to allocate licenses, lottery or merit? Let us know at LinkedIn’s [Cannabis Investors & Entrepreneurs](#)

Read Rebecca Beitsch’s “Licensing Medical Marijuana Stirs Up Trouble for States”: <http://www.governing.com/topics/mgmt/sl-medical-marijuana-licenses.html>