

Ohio Medical Marijuana: Status of the New State Industry

By [Cassandra Manna](#) and [Madison Whalen](#)

Ohio legalized medical marijuana in the spring of 2016 and has since been developing the Medical Marijuana Control Program (MMCP) to regulate the cultivation, processing, and dispensing of medical marijuana throughout the state. The finalized rules and regulations regarding cultivators, processors, dispensaries, physicians, and caregivers and patients are now in effect. A summary of the rules and regulations are provided below.

It is important to note that marijuana is currently considered a Schedule I substance under federal law. This means that it is an illegal substance equivalent to cocaine or heroin because, according to federal law, it has no medical use. However, more than half of the states have decriminalized or legalized marijuana, and it has become one of the fastest growing industries in the country. Currently, the U.S. Department of Justice is prohibited from using federal funds to prosecute federal marijuana violations in the 30 states that have legalized medical marijuana. Although this prohibition was set to expire in September, President Trump recently worked on a budget deal with the Senate that included the reauthorization of the prohibition for another three months.

Cultivators

There are 24 marijuana cultivator licenses available comprised of 12 Level I and 12 Level II licenses. Applications have already been submitted and it is anticipated that the Department of Commerce will award provisional licenses to the Level I and II cultivators in November 2017.

- Level I (permitted to operate up to 25,000 square feet of space):
 - Initial license fee: \$180,000
 - Application fee: \$20,000
 - Annual renewal fee: \$200,000
 - Required liquid assets: \$500,000
 - Required surety bond: \$750,000 (with an opportunity to reduce annually for continued compliance)
- Level II (permitted to operate up to 3,000 square feet of space):
 - Initial license fee: \$18,000
 - Application fee: \$2,000
 - Annual renewal fee: \$20,000
 - Required liquid assets: \$50,000

- Required surety bond: \$75,000 (with an opportunity to reduce annually for continued compliance)

Processors

There are 40 processor licenses available. The Department of Commerce should release the processor license application in September 2017. The applications will likely be due in November or December of 2017 and awarded in the spring of 2018.

- Initial license fee: \$90,000
- Application fee: \$10,000
- Annual license renewal fee: \$100,000
- Required liquid assets: \$250,000
- Required escrow or surety bond: \$250,000 in escrow or bond (with an opportunity to reduce annually for continued compliance)

Testing Laboratories

Testing laboratory licenses will initially be issued only to public institutions of higher education located in Ohio. However, the law allows qualified private testing laboratories to be eligible for testing laboratory licenses one year after the implementation of the medical marijuana law. Applications for these licenses by public institutions of higher education were released in July 2017 on the MMCP website and are due by September 22, 2017. The applications for qualified private testing laboratories will likely be released this fall and awarded by June 2018.

- Application fee: \$2,000
- Certificate of operation fee: \$18,000
- Annual license renewal fee: \$20,000
- Required liquid assets: \$250,000
- Required escrow or surety bond: \$75,000 (with opportunity to reduce annually for continued compliance)

Dispensaries

There are 60 dispensary licenses available and each applicant can have up to five licenses/locations. In order to give patients from all regions of Ohio easy access to medical marijuana, the state has divided available licenses by regions and districts. Applications for dispensary licenses are available on the MMCP website. The applications are due between November 2-17, 2017. Provisional dispensary licenses will likely be awarded in spring 2018.

- Application fee: \$5,000

- Certificate of operation fee: \$75,000
- Biannual license renewal fee: \$75,000
- Required liquid assets: \$250,000
- Required escrow or surety bond: \$50,000 (with opportunity to reduce annually for continued compliance)

Patients/Caregivers

Both patients and caregivers need to register with an online system in order to obtain or administer a medical marijuana prescription. The state is currently in negotiations with various companies to develop this online system to monitor and track a prescription from the doctors to the patients and caregivers.

- Patient registration fee: \$50
- Caregiver registration fee: \$25 registration fee

Additional Costs to Medical Marijuana Businesses

A medical marijuana business will also need to consider the following costs when creating its business concept as this industry evolves. It is important to note that a medical marijuana business can be vertically integrated with multiple licenses across the industry if those licenses are for cultivation, processing, and dispensaries only. A single medical marijuana business may own up to five dispensaries (with geographic restrictions).

On the other hand, a medical marijuana business licensed as a testing laboratory cannot have any interest in a cultivation, processing, or dispensing facility. Additionally, a physician cannot have an interest in any medical marijuana business.

Additional cost considerations include:

- Fees for registration of employees and employee identification cards
- Fees for product registration
- Insurance policy
- Waste removal
- Security requirements
- Compliance for state inspections
- Transportation
- Packaging
- Record keeping

Roetzel & Andress has broad experience working with state and local governments on behalf of businesses. Roetzel will continue to provide updates on this growing industry but do not hesitate to reach out to us with any questions regarding corporate services, real estate zoning and land use issues, employment services, or government affairs as it relates to the medical marijuana industry.

Lewis W. Adkins, Jr., Practice Group Manager,
Public Law
ladkins@ralaw.com

Melissa R. Hoeffel, Partner-in-Charge, Columbus
mhoeffel@ralaw.com

Ronald B. Lee, Practice Group Manager, Product
Liability & Toxic Tort
rlee@ralaw.com

Christopher P. Reuscher, Practice Group
Manager, Corporate, Tax & Transactional
creuscher@ralaw.com

Douglas E. Spiker, Practice Group Manager,
Employment Services
dspiker@ralaw.com

Cassandra Manna
cmanna@ralaw.com

Madison Lisotto Whalen
mwhalen@ralaw.com