



Medical Marijuana Control Program Informational Sheet

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Ohio legalized medical marijuana in September 2016 with the passage of House Bill 523. This legislation set forth the framework for Ohio's Medical Marijuana Control Program, which regulates the cultivation, processing, and dispensing of medical marijuana throughout the state. Although the Medical Marijuana Control Program must be fully operational no later than September 8, 2018, many of the program's details, to include the licensure of cultivators, processors and dispensaries, have not yet been finalized. As one of the fastest growing markets in the country, there are a multitude of business opportunities involved in the medical marijuana industry in Ohio.

TIMELINE

- **May 2016**
House Bill 523, which legalized medical marijuana in Ohio pursuant to an operational Medical Marijuana Control Program, was passed by the Ohio General Assembly and signed into law by Governor John Kasich.
- **September 8, 2016**
House Bill 523 became effective.
- **May 2017**
The Ohio Department of Commerce finalized the medical marijuana cultivator administrative rules and released the Level I and II cultivator license applications.
- **June 2017**
Level I and II cultivator license applications were due to the Ohio Department of Commerce.
- **July 2017**
The Ohio Department of Commerce released the testing laboratory application for public institutions of higher education located in the State of Ohio.
- **August 2017**
The Ohio Department of Commerce, State of Ohio Board of Pharmacy, and State Medical Board of Ohio finalized the remainder of the medical marijuana administrative rules including the processor, testing laboratory, dispensary, patient/caregiver, and physician rules.
- **Anticipated September 2017**
The Ohio Department of Commerce will release the processor license application and private testing laboratory application. The State of Ohio Board of Pharmacy will release the dispensary license application.
- **Anticipated November 2017**
The Department of Commerce will award provisional licenses to the Level I and II cultivators. Provisional licensees have nine months to fully comply with all state requirements and obtain a certificate of operation. Subsequently, the processor, dispensary, and private testing laboratory license applications will likely be released by the state.
- **Anticipated Spring 2018**
The processor, dispensary, and private testing laboratory provisional licenses will likely be awarded. Provisional processor and testing laboratory licensees have six months to fully comply with all state requirements and obtain a certificate of operation. A dispensary with a provisional license has 180 days to fully comply with all state requirements.
- **September 8, 2018**
Ohio's Medical Marijuana Control Program must be fully operational no later than this date.
- **After September 8, 2018**
Physicians with certificates to recommend medical marijuana can begin working with patients who wish to be placed on the medical marijuana registry established by the State of Ohio Board of Pharmacy.

REGULATORY AUTHORITY

Regulating bodies for Ohio's Medical Marijuana Control Program:

- The Ohio Department of Commerce is responsible for reviewing and awarding cultivator, processor, and testing laboratory applications.
- The Ohio Board of Pharmacy will provide licenses to dispensaries and register patients and caregivers.
- The State Medical Board of Ohio will oversee physicians applying for marijuana certificates and control and regulate the list of conditions that qualify for a medical marijuana recommendation.

VERTICAL INTEGRATION

A business can be vertically integrated—meaning the same owner can have licenses for cultivation, processing, and up to five (5) dispensaries (with geographic restrictions).

A business licensed as a testing laboratory cannot have a financial interest in a cultivation, processing, or dispensing facility.

A physician cannot have a financial interest in any medical marijuana business.

EMPLOYER PROTECTIONS

Unlike some prescription drugs and medical conditions, an employer is not required to accommodate an employee's use of medical marijuana. Moreover, an employer may prohibit the use of medical marijuana or discharge an employee for his or her use of medical marijuana, regardless of whether he or she is a registered patient. In regard to workers' compensation claims, an employee will be denied compensation due to their use of medical marijuana. Employers should always consult an attorney when making changes to their Employee Handbook or Drug Free Workplace Policy.

IMPACT OF FEDERAL LAW

Although marijuana is a Schedule 1 controlled substance under federal law, more than half of U.S. states have decriminalized or legalized marijuana. Additionally, under current federal law, 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. This prohibition was set to expire in September 2017 but was reauthorized for another three months in the latest federal budget deal brokered by President Donald Trump.

COSTS

Cultivators

24 marijuana cultivator licenses are available. 12 Level I licenses, which are permitted to operate up to 25,000 square feet of space each and 12 Level II licenses, which are permitted to operate up to 3,000 square feet of space each.

Level I:

- Initial license fee: \$180,000
- Application fee: \$20,000
- Annual license 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:

- Initial license fee: \$18,000
- Application fee: \$2,000
- Annual license renewal fee: \$20,000
- Required liquid assets: 50,000
- Required surety bond: \$75,000 (with an opportunity to reduce annually for continued compliance)

Processors

40 processor licenses are available.

- 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

- 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

Up to 60 dispensary licenses are available and each applicant is eligible to have up to 5 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.

- 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

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

Other Costs to Consider

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

POTENTIAL LEGAL ISSUES

- Real estate, zoning and land use to include site selection, property acquisition, brokerage agreements, zoning permits and approvals, and lease negotiations and other contract preparation, and construction issues;
- Business formation, non-disclosure agreements, vendor relationships, and supplier contracts;
- Government affairs including working with the State of Ohio to procure a medical marijuana processor, dispensary, or testing laboratory license and local governments regarding local ordinances, zoning regulations and during the site selection process;
- Employment issues including employee hiring, compensation and discipline, employee handbooks, employee screening and testing, and occupational safety and health compliance;
- Commercial banking relationships;
- Regulatory compliance;
- Tax compliance; and
- Trade name/trademark/service mark registration.



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