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OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research
and Drafting

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Office

S.B. 56*
136th General Assembly

Occupational Regulation Report

[Click here for S.B. 56's Bill Analysis / Fiscal Note](#)

Primary Sponsor: Sen. Huffman

Impacted Professions: Marijuana cultivators, processors, testing laboratories, and dispensaries

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LSC is required by law to issue a report for each introduced bill that substantially changes or enacts an occupational regulation. The report must: (1) explain the bill's regulatory framework in the context of Ohio's statutory policy of using the least restrictive regulation necessary to protect consumers, (2) compare the regulatory schemes governing the same occupation in other states, and (3) examine the bill's potential impact on employment, consumer choice, market competition, and cost to government.¹

LEAST RESTRICTIVE REGULATION COMPARISON

Ohio's general regulatory policy

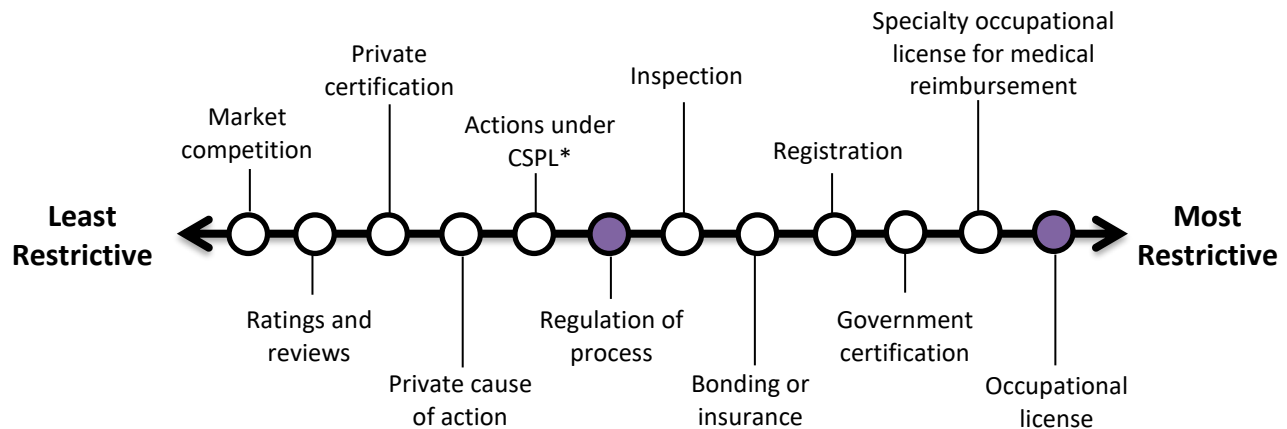
The general policy of the state is reliance on market competition and private remedies to protect the interests of consumers in commercial transactions involving the sale of goods or services. For circumstances in which the General Assembly determines that additional safeguards are necessary to protect consumers from "present, significant, and substantiated harms that threaten health, safety, or welfare," the state's expressed intent is to enact the "least restrictive regulation that will adequately protect consumers from such harms."²

The degree of "restrictiveness" of an occupational regulation is prescribed by statute. The following graphic identifies each type of occupational regulation expressly mentioned in the state's policy by least to most restrictive:

* This report addresses the "As Introduced" version of S.B. 56. It does not account for changes that may have been adopted after the bill's introduction.

¹ R.C. 103.26, not in the bill.

² R.C. 4798.01 and 4798.02, neither in the bill.



*CSPL – The Consumer Sales Practices Law

S.B. 56 merges the separate regulatory programs governing medical and adult-use marijuana into a combined program administered by the Division of Cannabis Control (DCC) in the Department of Commerce. The bill also makes numerous other changes, including modifications to process regulations and licensure provisions involving marijuana cultivators, processors, testing laboratories, and dispensaries.

Although current law governing adult use utilizes the term “cannabis,” this report instead generally utilizes the term “marijuana.” In addition, in some instances, for brevity, this report uses “medical-use law” to mean the current Medical Marijuana Control Law, “adult-use law” to mean the current Adult-Use Cannabis Control Law, and “marijuana law” to refer to the combined Marijuana Control Law established under the bill. Similarly, this report refers to licenses issued under those respective laws as a “medical-use license,” an “adult-use license,” or a “marijuana license.”

The cultivator, processor, testing laboratory, and retail dispensary licenses appear to function primarily as “business licenses” which, by definition, are currently excluded from the state’s occupational regulation policy.³ However, since it is possible for an individual to apply for and obtain such a license, they are reviewed as occupational licenses for the purposes of this report.

Necessity of regulations

Senator Stephen Huffman, the bill’s sponsor, testified that S.B. 56 merges the recently enacted, via State Issue 2, adult-use program with Ohio’s existing medical marijuana program. He asserted that consolidating both programs under the DCC will allow for consistent requirements regarding testing, packaging, labeling, and advertising of marijuana. He emphasized that, under the bill, this regulatory consistency extends to provisions that protect children.

In addition, Senator Huffman stated that the bill streamlines licensing standards and general compliance procedures and therefore will reduce bureaucracy, red tape, and government waste. He indicated that many of the entities that were granted licenses under the

³ See R.C. 4798.01, not in the bill.

adult-use program established under Issue 2 are now operational, and he highlighted that the bill ensures that those entities will maintain their licenses.

Senator Huffman also testified that the bill addresses several public safety concerns and will ban public smoking, prohibit driving while the driver or any passenger is using marijuana, and ensure that homegrown marijuana is not grown at a residence where an in-home childcare program is operating.

Furthermore, Senator Huffman explained that the bill clarifies local law enforcement's ability to investigate alleged violations and harmonizes employer protections regarding drug-free workplace policies.

Additionally, Senator Huffman stated that the bill increases the excise tax on adult-use marijuana sales from 10% to 15%, with revenue flowing to the General Revenue Fund. He asserted that the current 10% tax established by Issue 2 is among the lowest adult-use marijuana tax rates in the country and does not cover the societal costs of this newly legalized recreational drug.

Senator Huffman summarized that the bill enhances government efficiency as well as consumer and child safety while maintaining access to voter-approved adult-use marijuana.⁴

Restrictiveness of regulations

Licensure

Licensure is the most restrictive of all regulatory options identified within the state's continuum of regulations. Accordingly, the state's policy prescribes a narrow range of situations in which required licensure is appropriate; specifically, when all of the following circumstances are present: (1) the occupation involves providing a service regulated by both state and federal law, (2) the licensing framework allows individuals licensed in other states and territories to practice in Ohio, and (3) the licensing requirement is based on uniform national laws, practices, and examinations that have been adopted by at least 50 U.S. states and territories.⁵

Licensure of marijuana-related occupations appears to meet the state policy's first criterion for appropriateness because marijuana is regulated by both state and federal law. It is classified as a Schedule I substance under the federal Controlled Substance Act and, consequently, distribution of marijuana is a federal offense.⁶ Nonetheless, the U.S. Attorney General grants federal prosecutors discretion in how to prioritize enforcement of federal marijuana laws and, in recent years, prosecutors have declined to pursue charges against persons using, cultivating, or distributing marijuana in accordance with state law. As of February 1, 2025,

⁴ See [Senator Stephen A. Huffman S.B. 56 Sponsor Testimony \(PDF\)](#) (Senate General Government Committee, January 29, 2025), which is accessible by conducting a keyword "SB 56" search and looking under the "Committee Activity" tab on the General Assembly's website: legislature.ohio.gov.

⁵ R.C. 4798.02, not in the bill.

⁶ See, 21 United States Code 812.

39 states (including Ohio) have enacted laws allowing for cultivation, distribution, and use of marijuana under limited circumstances. The remaining 11 states still prohibit these activities.⁷

Licensure of marijuana-related occupations does not appear to meet the state policy's second criterion for appropriateness because there is no reciprocal framework that allows out-of-state license holders to cultivate, process, or sell marijuana in Ohio. The Occupational Licenses for Out-of-State Applicants Law contains specific exemptions for licenses issued under the Medical Marijuana Control Law, and there is no indication that the DCC has granted licensure reciprocity to holders of out-of-state licenses involving adult-use marijuana.⁸

As for the policy's third criterion involving national uniformity, licensure of marijuana-related occupations does not appear to meet it; Ohio's marijuana licenses do not appear to be based on a uniform national law.

Combining medical and adult-use licensure

The bill merges the medical and adult-use licensure programs into one marijuana licensure program which is referred to in this report as the Marijuana Control Law.⁹ A marijuana license issued under the Marijuana Control Law authorizes its holder to work with both medical and adult-use marijuana.

On its face, the bill's merger of the medical- and adult-use licensure programs may appear to decrease restrictiveness by expanding a licensee's scope of practice to include both medical and adult-use marijuana. However, many current license holders actually already work with both medical and adult-use marijuana.

To elaborate, the Medical Marijuana Control Law existed before the Adult-Use Cannabis Control Law, which took effect December 7, 2023. Several months after that date, a licensed medical marijuana cultivator, processor, testing laboratory, or dispensary became eligible to apply to convert its medical-use license to a "dual-use" license or to obtain a "10(B)" license (see "**10(B) license**" under "**Summary**," below). Either new license authorizes its holder to engage in all activities authorized under both the Medical Marijuana Control Law and the Adult-Use Cannabis Control Law.¹⁰ (No adult-use-only licenses have been issued.)

Because the bill does not allow a person to obtain a medical-use-only license (or an adult-use-only license), the bill potentially could be viewed as increasing restrictiveness for persons who would prefer to obtain a separate such license.

⁷ See, [State Medical Cannabis Laws](#), which is accessible by conducting a keyword "cannabis" search on the National Conference of State Legislatures' website: [ncsl.org](https://www.ncsl.org).

⁸ R.C. 4796.25(A), not in the bill.

⁹ Generally, R.C. Chapter 3796.

¹⁰ R.C. 3780.10; Ohio Administrative Code (O.A.C.) 1301:18-1-01(E), 1301:18-2-01, and 1301:18-2-05; see also, [Dual Use & 10\(B\) Application FAQ](#), which is accessible by conducting a keyword "dual use" search on the Department of Commerce's website: com.ohio.gov.

Overall, the bill's changes generally appear to increase restrictiveness for licensees, particularly when compared to the current Adult-Use Cannabis Control Law.

Note that it is unclear how the bill's changes interplay with grounds for disciplinary actions against a marijuana licensee. Under continuing law, grounds for such actions must be established by rule, and the actions may include suspension of, revocation of, or refusal to issue or renew a license as well as imposition of civil penalties.¹¹

Eligibility criteria for licensure

Applicants must be evaluated and prioritized according to the bill's criteria for eligibility, suitability, and ability to operate (and in certain circumstances, issuance of licenses may be determined via a lottery system).¹² Under the bill, these criteria generally appear to be more restrictive than current law requirements.

The table below compares eligibility criteria for marijuana licenses under the bill with the separate eligibility criteria for medical-use licenses and adult-use licenses under current law. It focuses on changes that increase restrictiveness. Unless specified otherwise, the eligibility criteria described in the table apply to licensure as a cultivator, processor, testing laboratory, or dispensary.

Licensure Eligibility Criteria			
Medical-Use Licensure (Current Law)	Adult-Use Licensure (Current Law)	Marijuana Licensure (Under the Bill)	Bill's Impact on Restrictiveness
Applicant's criminal records check shows no conviction or guilty plea to a disqualifying offense <i>(R.C. 3796.09(B), 3796.10(B), and 3796.03(B); O.A.C. 3796:1-1-01(A))</i>	Similar to medical-use licensure, except that: only a conviction or guilty plea within <i>five years before</i> the application submittal date renders applicant ineligible for license (i.e., less restrictive than medical-use license eligibility) <i>(R.C. 3780.11(B))</i>	Same as medical-use licensure <i>(R.C. 3796.09(C), 3796.10(C), and 3796.03(B))</i>	More restrictive than adult-use licensure due to elimination of five-year window
Applicant has no ownership or investment interest in, or a compensation arrangement with, a	Same as medical-use licensure <i>(R.C. 3780.11(B))</i>	Similar to medical-use licensure, but <i>expands</i> (except for testing laboratory licenses) to also apply to the	More restrictive than medical- and adult-use licensure due to expansion of the criterion

¹¹ R.C. 3796.14, 3796.03, and Section 4 of the bill; O.A.C. 3796:5-6-01 and 3796:5-6-02.

¹² R.C. 3780.11, 3796.09, and 3796.10.

Licensure Eligibility Criteria			
Medical-Use Licensure (Current Law)	Adult-Use Licensure (Current Law)	Marijuana Licensure (Under the Bill)	Bill's Impact on Restrictiveness
testing laboratory and does not share corporate officers or employees with a testing laboratory <i>(R.C. 3796.09(B) and 3796.10(B))</i>		applicant's current or prospective owners, officers, board members, administrators, employees, agents, or affiliates who may significantly influence or control the applicant's activities <i>(R.C. 3796.09(C) and 3796.10)</i>	
Applicant's facility will not be located within 500 feet of a school or church or of a public library, playground, or park <i>(R.C. 3796.09(B) and 3796.10(B))</i>	Similar to medical-use licensure but includes an exception for situation in which a school, church, or public library, playground, or park is established within 500 feet of the applicant's: <ul style="list-style-type: none"> ▪ Existing licensed medical-use facility; or ▪ Proposed facility after the application is submitted <i>(R.C. 3780.11(B))</i>	Same as medical-use licensure <i>(R.C. 3796.09(C) and 3796.10(C))</i>	Somewhat more restrictive than adult-use licensure, particularly due to elimination of postapplication-submittal exception

In addition, the bill increases restrictiveness by establishing new eligibility criteria for marijuana licenses that currently do not apply to either medical- or adult-use licenses. For a license to be issued, the application must not include false, misleading, or deceptive information or omit material information. Also, an applicant must do both of the following:

- Demonstrate that the proposed facility is not located in a municipal corporation or township that prohibits marijuana operations; and
- Pay all required fees.¹³

¹³ R.C. 3796.09(C) and 3796.10(C).

Furthermore, the bill requires an applicant for a dispensary license to demonstrate both of the following:

- That the proposed facility is not located within ½ mile of another licensed dispensary and has not been issued a permit to sell beer or intoxicating liquor; and
- That the applicant has sufficient liquid capital and ability to meet financial responsibility requirements.¹⁴

(Current medical-use law requires applicants for a cultivator, processor, or testing laboratory license to demonstrate such capital liquidity and financial responsibility.¹⁵)

The bill appears to decrease restrictiveness by making certain eligibility criteria for current adult-use licenses inapplicable to marijuana licenses issued under the bill. Those criteria include both of the following:

- The applicant must not be employed by a regulatory body of a governmental unit that has significant influence or control over the ability of the applicant to conduct business in Ohio; and
- To obtain a current adult-use testing laboratory license, the applicant must demonstrate that it does not have an ownership or investment interest in, a compensation agreement with, or share corporate officers or employees with, any other adult-use license holder.¹⁶

The bill also establishes eligibility criteria for marijuana licenses that have no impact on restrictiveness because they are identical to criteria for medical- and adult-use licensure. These criteria include being in compliance with all applicable state tax laws and eligibility requirements established by rule.¹⁷

Ranking process and lottery

Under the bill, if the number of applicants for a marijuana license exceeds the number of available licenses, the applicants must be ranked using an “impartial and evidence-based process” through which specified criteria must be taken into account.

The bill authorizes the DCC to issue marijuana licenses via a lottery system. In the lottery, the DCC must group applicants into categories (designated as highly exceeds, exceeds, meets, and does not meet) and weight their odds of being issued a license in accordance with instructions established in the bill. Applicants that are highly rated are assigned better odds.¹⁸

¹⁴ R.C. 3796.10(C).

¹⁵ O.A.C. 3796:2-1-02(B), 3796:3-1-03(B), and 3796:4-1-03(A).

¹⁶ R.C. 3780.11(B).

¹⁷ R.C. 3780.11, 3796.09, and 3796.10.

¹⁸ R.C. 3796.09(D) and (E) and 3796.10(D) and (E).

It appears that these provisions increase restrictiveness because, under current law, the DCC must issue a medical- or adult-use license to an applicant if all conditions for licensure are met. Under the lottery system, some applicants that meet all conditions for licensure likely would not be issued a license.¹⁹

Nontransferability of provisional licenses

Both the current Medical Marijuana Control Law and Adult-Use Cannabis Control Law provide for issuance of provisional licenses to marijuana cultivators, processors, testing laboratories, and dispensaries. A provisional license is a temporary license issued to an applicant that establishes the conditions that must be met by the provisional licensee before issuance of a certificate of operation, which allows its holder to engage in authorized activities.²⁰ Rules adopted under the current Medical Marijuana Control Law specify that the provisional licenses are nontransferable.²¹ However, the current Adult-Use Cannabis Control Law is silent regarding the transferability of provisional licenses, potentially implying that they are transferable. The bill, which specifies that provisional licenses are nontransferable, therefore appears to be more restrictive on this point than the Adult-Use Cannabis Control Law.²²

Setback requirements for relocation

Current law addresses a situation in which the relocation of a licensed cultivator, processor, testing laboratory, or dispensary would result in the licensee being located within 500 feet of a specified entity, including a church or school or a public library, playground, or park. Under the Medical Marijuana Control Law, the DCC must revoke the license of such a licensee.²³ Under the Adult-Use Cannabis Control Law, with certain exceptions, the DCC merely must deny the relocation application and allow the license holder to request relocation to a different site.²⁴

The bill, which applies to all marijuana licensees, increases restrictiveness in such a situation with respect to current adult-use licensees: it repeals the exceptions and requires the DCC to revoke the license (i.e., the same policy as for current medical-use licenses). However, the bill appears to decrease restrictiveness for current medical-use license holders by specifying that the revocation requirement does not apply if a specified entity is being established on, or relocating to, a parcel within 500 feet of an *existing* operational licensee. The bill further decreases restrictiveness by specifying that, in that scenario, the licensee is not required to relocate its operations.²⁵

¹⁹ R.C. 3780.11, 3796.09, and 3796.10.

²⁰ R.C. 3780.01(A); O.A.C. 3796: 1-1-01(A).

²¹ O.A.C. 3796:2-1-08(A), 3796: 3-1-08(A), 3796: 4-1-07(A), and 3796: 6-2-04(O).

²² R.C. 3796.01(A), 3796.09(H), and 3796.10(H).

²³ R.C. 3796.30(A).

²⁴ R.C. 3780.07 and 3780.01(A)(35), repealed.

²⁵ R.C. 3796.03(B) and 3796.30.

Local government authority

Under current law, municipal corporations and townships may prohibit, or limit the number of, medical- and adult-use cultivators, processors, and dispensaries within their boundaries. This authority is subject to several limitations with respect to adult-use operators.²⁶ The bill eliminates these limitations, thus expanding local regulatory authority and increasing restrictiveness. However, this increase in restrictiveness is offset somewhat because the bill specifies that (although a municipal ordinance or township resolution adopted before the bill's effective date may still be enforced), local authority under the bill does not include prohibiting or limiting the marijuana activities of a person who holds a medical-use or adult-use license on the bill's effective date.²⁷

Employment license

The bill decreases restrictiveness by eliminating the requirement that persons seeking employment with an adult-use marijuana licensee obtain a license from the DCC. Instead, these persons are subject to background check requirements prescribed by continuing law to such a person.²⁸

Consequences for dispensing marijuana to underage person

Under the current Adult-Use Cannabis Control Law, the DCC may suspend or revoke a cultivator, processor, or dispensary license if the licensee dispenses marijuana to an underage person.²⁹ The bill increases restrictiveness by instead requiring the DCC to immediately revoke the license of any marijuana licensee who commits the offense.³⁰

In addition, the bill increases restrictiveness by establishing a higher criminal penalty after a first violation. Current law specifies that an employee or agent of an adult-use dispensary who knowingly commits the offense is guilty of a first degree misdemeanor.³¹ The bill adds that a subsequent violation is a fifth degree felony.³²

Changes specific to certain types of licensees

The tables and narratives below describe changes regarding specific types of licenses.

Cultivators

The bill modifies current law governing marijuana cultivators as follows.

²⁶ R.C. 3780.25, repealed.

²⁷ R.C. 3780.25, repealed, and 3796.29.

²⁸ R.C. 3780.17, repealed, and 3796.13.

²⁹ R.C. 3780.26 and 3780.36, repealed.

³⁰ R.C. 3796.06(G) and 3796.99(C).

³¹ R.C. 3780.99(E), repealed.

³² R.C. 3796.99(C).

Cultivator Licenses				
Topic	Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
Authorized activities	May cultivate medical marijuana and sell it to licensed processors <i>(R.C. 3796.18)</i>	May cultivate adult-use marijuana and may distribute, transfer, and sell it to processors, dispensaries, and other adult-use cultivators May acquire seeds, clones, plants, and other genetic material (this express authorization may be implied under the current medical-use law) <i>(R.C. 3780.12 and 3780.13, repealed)</i>	May cultivate medical- and adult-use marijuana and deliver or sell it to licensed processors <i>(R.C. 3796.18)</i>	More restrictive than adult-use law due to eliminating authorization to sell to dispensaries and other adult-use cultivators
Cultivation area	Under Level I cultivator license: may cultivate up to 25,000 square feet and may request an expansion resulting in a total cultivation area of up to 50,000 square feet Under Level II cultivator license: may cultivate up to 3,000 square feet and may request an expansion resulting in a total cultivation	Under Level 1 cultivator license: may cultivate up to 100,000 square feet Under Level II cultivator license: may cultivate up to 15,000 square feet Under Level III cultivator license: may cultivate up to 5,000 square feet Dual-use cultivators may receive an expanded cultivation area of an unlimited size and may, under	Level I: same as medical-use license, except expansions may result in a total cultivation area of up to 75,000 feet Level II: same as medical-use license, except expansions may result in a total cultivation area of up to 9,000 square feet (Changes apply to all cultivators, including 10(B) licensees. See "10(B) licenses")	More restrictive than adult-use law because: <ul style="list-style-type: none"> ▪ The authorized initial cultivation areas under Level I and II licenses are smaller; ▪ The authority to issue Level III licenses is eliminated (note: as of January 30, 2025, no Level III licenses have been issued³³); and

³³ See [DCC Update by the Numbers](#), which is accessible by conducting a keyword "DCC update" search on the Department of Commerce's website: com.ohio.gov.

Cultivator Licenses				
Topic	Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
	area of up to 6,000 square feet <i>(O.A.C. 3796:1-1-01 and 3796:2-1-09)</i>	certain conditions, relocate all or part of the cultivation area to another facility <i>(R.C. 3780.01(A); 3780.07(C), (E), and (F), repealed)</i>	under " Summary ," below <i>(R.C. 3796.18(D))</i>	<ul style="list-style-type: none"> The dual-use provisions authorizing relocations and unlimited expansions are eliminated <p>Expansion provisions are less restrictive than medical license law because the bill's total authorized cultivation areas are bigger</p>

Processors

The bill modifies the activities that may be performed by a licensed marijuana processor as follows.

Authorized Activities Under a Processor License			
Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
May obtain medical marijuana from licensed cultivators <i>(R.C. 3796.19(A))</i>	May obtain adult-use marijuana from a licensed cultivator, processor, or dispensary <i>(R.C. 3780.14(A), repealed)</i>	Same as for medical-use licenses, but adds adult-use marijuana <i>(R.C. 3796.19(A))</i>	More restrictive than adult-use law due to eliminating ability to obtain marijuana from a dispensary or another processor
May process medical marijuana obtained from one or more licensed cultivators into an allowable form <i>(R.C. 3796.19(A))</i>	May process adult-use marijuana into an allowable form <i>(R.C. 3780.14(A), repealed)</i>	Same as for medical-use licenses, but adds adult-use marijuana <i>(R.C. 3796.19(A))</i>	More restrictive than adult-use law due to adding requirement that the marijuana be obtained from a licensed cultivator

Authorized Activities Under a Processor License			
Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
May deliver or sell medical marijuana to one or more licensed dispensaries <i>(R.C. 3796.19(A))</i>	May distribute, transfer, or sell adult-use marijuana to any licensed cultivator, processor, or dispensary <i>(R.C. 3780.14(A), repealed)</i>	Same as for medical-use licenses, but adds adult-use marijuana <i>(R.C. 3796.19(A))</i>	More restrictive than adult-use law due to eliminating authority to distribute, transfer, or sell marijuana to a licensed cultivator or another licensed processor

Dispensaries

The bill modifies provisions governing licensure of marijuana dispensaries as follows.

Dispensary Licenses				
Topic	Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
Cap on total number of operational dispensaries at any given time	None; the total number of dispensaries is determined based on demand, geographic access, and the state's population <i>(R.C. 3796.05(B); O.A.C. 3796:6-2-05)</i>	None; the DCC determines total number of dispensaries based on biannual review of demand, supply, and geographic distribution of dispensaries to ensure consumer access <i>(R.C. 3780.10(E), repealed)</i>	350 <i>(R.C. 3796.05(B))</i>	Potentially more restrictive than both medical- and adult-use laws due to inability to adjust maximum allowed number of dispensaries
Issuance of additional licenses with preference for participants in equity program	No provision	DCC may issue up to 50 additional adult-use dispensary licenses with preference given to participants in Cannabis Social Equity and Jobs Program (which has not been	No provision	More restrictive than adult-use law due to elimination of potential additional licenses

Dispensary Licenses				
Topic	Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
		implemented and is abolished by the bill) <i>(R.C. 3780.10(D), 3780.18, and 3780.19, repealed)</i>		
Cap on number of dispensaries owned or operated by same person	Generally, no owner may be issued more than five dispensary licenses at any given time <i>(O.A.C. 3796:6-2-06(F))</i>	Eight <i>(R.C. 3780.10(F), repealed)</i>	Same as current adult-use law <i>(R.C. 3796.20(E))</i>	Less restrictive than medical-use law due to authorizing higher number of dispensaries owned and operated by same person
Restriction on location of dispensaries in relation to other dispensaries or liquor permit premises	No provision	No provision (but continuing law prohibits liquor permit holders from allowing marijuana on their premises ³⁴)	Prohibits the DCC from issuing a license or approving a dispensary's relocation: <ul style="list-style-type: none"> ▪ That would result in a dispensary being located within ½ mile of another dispensary; or ▪ To a location or facility for which a permit to sell beer or intoxicating liquor has been issued <i>(R.C. 3796.05(B))</i>	More restrictive than medical- and adult-use laws due to location restrictions

³⁴ O.A.C. 4301:1-1-52. See also [Clearing the Air: Marijuana Not Permitted on Liquor Permit Premises, Patios](#), which is accessible by clicking on "All News" and then conducting a keyword "clearing the air" search on the Department of Commerce's website: com.ohio.gov.

Dispensary Licenses				
Topic	Medical-Use Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)	Bill's Impact on Restrictiveness
Deadline for provisional licensee to obtain certificate of operation	Generally, 270 days after issuance of provisional license <i>(O.A.C. 3796:6-2-04(L))</i>	No provision	18 months after issuance of provisional license, plus up to two six-month extensions on showing good faith effort to become operational <i>(R.C. 3796.05(B))</i>	More restrictive than adult-use law due to imposition of deadline Less restrictive than medical-use law due to longer provisional license period and opportunity for extensions
Authorized activities	May obtain medical marijuana from one or more processors <i>(R.C. 3796.20(A))</i> May dispense or sell medical marijuana to registered patients and caregivers <i>(R.C. 3796.20(A))</i> No provision	May obtain adult-use marijuana from any licensed cultivator, processor, or dispensary <i>(R.C. 3780.15(A), repealed)</i> May distribute, transfer, or sell adult-use marijuana to adult-use consumers or any licensed cultivator, processor, or dispensary <i>(R.C. 3780.15(A), repealed)</i> May provide delivery of adult-use marijuana to adult-use consumers <i>(R.C. 3780.15(A), repealed)</i>	Same as under medical-use law, but adds adult-use marijuana <i>(R.C. 3796.20(A))</i> Same as under medical-use law, but adds dispensing adult-use marijuana to adult-use consumers <i>(R.C. 3796.20(A))</i> No provision	More restrictive than adult-use law due to eliminating authority to obtain marijuana from a cultivator or another dispensary More restrictive than adult-use law due to eliminating authority to distribute, transfer, or sell marijuana to a licensed cultivator, processor, or dispensary More restrictive than adult-use law due to eliminating delivery authority

Process regulations

The state's general policy does not specify when a process regulation is the appropriate means of protecting consumers. Presumably, process regulations are preferred when market

competition, ratings and reviews, private certifications, private causes of action, and actions under the Consumer Sales Practice Act are not sufficient to achieve the intent of the regulation.³⁵

Whether these mechanisms are a sufficient means of protecting consumers is a policy decision. Thus, it is unclear whether current law and the bill satisfy this state policy criterion. However, process regulations related to intoxicating substances are common under current Ohio law. For example, when a liquor permit holder sells an alcoholic drink “to go” for off-premises consumption, it must be in a sealed, closed container and sold with a meal.³⁶

The table below summarizes how the bill modifies marijuana-related process regulations.

Process Regulations				
Topic	Medical-Use (Current Law)	Adult-Use (Current Law)	Marijuana (Under the Bill)	Bill’s Impact on Restrictiveness
Packaging and labeling requirements for cultivators	No provision	No provision (standards are required to be established by rule, but rules have not been adopted) <i>(R.C. 3780.03(C)(19), repealed)</i>	Must identify, package, and label all medical- and adult-use marijuana products before delivering or selling them to processor <i>(R.C. 3796.18(C))</i>	More restrictive than medical- and adult-use laws due to new requirement
Packaging and labeling requirements for processors	Package must be child resistant, state product’s THC and cannabidiol content, and comply with standards established in rules <i>(R.C. 3796.19(B); O.A.C. 3796:3-2-02)</i>	No provision (standards are to be established by rule, but rules have not been adopted) <i>(R.C. 3780.03(C), repealed)</i>	Same as under medical-use law, except specifies that processor must comply with packaging and labeling requirements before delivering or selling medical or adult-use marijuana to a dispensary <i>(R.C. 3796.19(B))</i>	More restrictive than both adult-use law and medical-use law due to new requirements
Packaging and labeling requirements	Must label the package with the processor’s and dispensary’s name	No provision (standards are to be established by rule,	For medical marijuana, retains existing requirements	More restrictive than adult-use law due to new requirements

³⁵ R.C. 4798.01, not in the bill.

³⁶ R.C. 4303.185(B).

Process Regulations				
Topic	Medical-Use (Current Law)	Adult-Use (Current Law)	Marijuana (Under the Bill)	Bill's Impact on Restrictiveness
for dispensaries	and address, patient's name, recommending doctor's name, directions for use, date dispensed, and quantity, strength, kind, or form of marijuana <i>(R.C. 3796.20(B))</i>	but rules have not been adopted) <i>(R.C. 3780.03(C), repealed)</i>	For adult-use marijuana, must label the package with the processor's and dispensary's name and address, a statement that use by persons under age 21 is harmful and illegal, and a description of the quantity, strength, kind, or form of marijuana <i>(R.C. 3796.20(C))</i>	
Requirements that dispensaries check identification	Must check consumer's identification before dispensing marijuana <i>(R.C. 3796.20(B))</i>	Same as medical-use law, but adds that the identification must show that the consumer is 21 or older <i>(R.C. 3780.15(B), repealed)</i>	Same as adult-use law, but adds that the identification presented must be government-issued <i>(R.C. 3796.20(C))</i>	Somewhat more restrictive than medical- and adult-use laws due to requirement to accept only government-issued identification
Medical marijuana supply requirements for dispensaries, including 10(B) licensees	No provision	No provision	Regarding medical marijuana, must ensure that: <ul style="list-style-type: none"> ▪ A sufficient supply of products is on hand to meet demand; and ▪ Medical marijuana products are kept separate from adult-use products, demarcated, and prominently displayed <i>(R.C. 3796.20(B))</i>	More restrictive than medical- and adult-use laws due to new requirements

Process Regulations				
Topic	Medical-Use (Current Law)	Adult-Use (Current Law)	Marijuana (Under the Bill)	Bill's Impact on Restrictiveness
Warning requirements for dispensaries	No provision	Must keep addiction services information available at consumer's request <i>(R.C. 3780.15(C), repealed)</i>	Eliminates the requirement in adult-use law and instead requires all dispensaries to prominently display: <ul style="list-style-type: none"> ▪ A statement that the use of adult-use or homegrown marijuana by underage persons is harmful and illegal; and ▪ Information about the addictive qualities of marijuana and potential related negative health effects <i>(R.C. 3796.20(D))</i>	More restrictive than medical- and adult-use laws due to new and increased requirements
Limit on amount dispensed	No provision	No provision	Prohibits dispensing or selling more than the amount of adult-use marijuana that the same adult-use consumer may possess in the same day Specifies that a violation constitutes trafficking marijuana <i>(R.C. 3796.20(C) and 3796.99(F))</i>	More restrictive than medical- and adult-use laws due to new prohibition and criminal penalty
Prohibition against dispensing marijuana in	No provision	No provision	Prohibits dispensing adult-use marijuana in a form resembling a real or fictional	More restrictive than medical- and adult-use laws due to new requirement

Process Regulations				
Topic	Medical-Use (Current Law)	Adult-Use (Current Law)	Marijuana (Under the Bill)	Bill's Impact on Restrictiveness
specified forms			human, animal, or fruit <i>(R.C. 3796.06(D))</i>	
Dispensing free samples	No provision	Generally prohibits licensees from dispensing adult-use marijuana samples for free and establishes a related criminal penalty for a violation <i>(R.C. 2925.36, not in the bill; R.C. 3780.20(B), and 3780.99(H), repealed)</i>	Repeals the prohibition and related penalty	Less restrictive due to eliminating prohibition and related penalty, thus allowing licensees to dispense free samples

IMPACT STATEMENT

Opportunities for employment

Under S.B. 56, employment opportunities in the marijuana industry could be limited due to more restrictive licensure requirements. New provisions, including proof of sufficient liquid capital, meeting financial responsibility standards, ensuring the dispensary is located more than ½ mile from another licensed dispensary, confirming the facility is not permitted to sell alcohol, and paying all required fees, may discourage new businesses from entering the market, ultimately reducing job opportunities.

Consumer choice and market competition

Consumer choice and market competition could be reduced due to more restrictive licensure requirements. With fewer businesses able to enter the market due to the financial and regulatory barriers, the number of available marijuana providers may be limited. This could result in less variety in products and reduced competition among businesses, ultimately affecting consumers' ability to choose from a broad range of affordable options.

Cost to government

Under S.B. 56, the cost to government could increase due to additional regulatory and oversight requirements tied to stricter licensure provisions. Implementing and monitoring

provisions such as verifying financial responsibility, ensuring compliance with location restrictions, and managing higher fees may require additional administrative resources. However, these increased costs could be partially offset by the revenue generated from the additional licensing fees. For additional information on the cost to government, see the [LSC Fiscal Note \(PDF\)](#).

SUMMARY OF PROPOSED REGULATIONS

In addition to the changes discussed under “Restrictiveness of regulations,” above, the bill makes many other changes, some of which are discussed below. For a detailed summary of the full bill, please see the [LSC Bill Analysis \(PDF\)](#).

Rules

The bill repeals the rulemaking requirements in the Adult-Use Cannabis Control Law, generally retains the rulemaking requirements in the Medical Marijuana Control Law and makes them applicable to both medical and adult-use marijuana, and requires the DCC to adopt, within nine months after the bill’s effective date, all rules that are necessary to implement the bill.³⁷

Determination of total allowed cultivators and processors

The total number of cultivators and processors allowed to hold licenses at any one time is not capped under either current law or the bill. Rather, the DCC has discretion to determine these totals. The required factors for making the determinations vary slightly between current law and the bill as follows.

Medical-Use (Current Law)	Adult-Use (Current Law)	Marijuana (Under the Bill)
Division of Marijuana Control determines total based on the state’s population and demand for medical marijuana <i>(R.C. 3796.05(A))</i>	DCC determines total based on biannual review of supply of and demand for adult-use marijuana <i>(R.C. 3780.10(E), repealed)</i>	DCC determines total based on the state’s population, demand for medical- and adult-use marijuana, and the number of adult-use cultivators that are eligible to apply for a marijuana license under the bill <i>(R.C. 3796.05(A))</i>

10(B) licenses

The bill makes changes regarding existing “10(B)” licenses. To elaborate, the continuing Adult-Use Cannabis Control Law generally requires one or more of these licenses to be issued, generally by September 7, 2024, to an applicant who held a medical-use license on that law’s

³⁷ R.C. 3780.03, repealed, 3796.03, and Section 4.

effective date, December 7, 2023.³⁸ Although both a 10(B) and a dual-use license authorize a licensee to work with both medical and adult-use marijuana, the issuance process for a 10(B) license is distinct from the process through which a medical marijuana license is converted to a dual-use license.³⁹ Notably, the 10(B) process generally requires the DCC to issue an additional dispensary license for a different location to an applicant who holds a current medical-use dispensary license and to issue one or more dispensary licenses to an applicant who holds a current medical-use cultivator license.

The bill eliminates the ability to renew a 10(B) license and instead requires the DCC to establish a process through which a holder of such a license may apply for an analogous new marijuana license. The procedures, forms, and fees must “closely resemble” those for corresponding marijuana licenses. It is somewhat unclear how this will impact applicants. For example, neither statute, rule, nor the DCC’s website appear to specify a fee for issuance of a 10(B) license, and license fees for the new marijuana licenses are to be established by rule; thus, it is impossible to compare.⁴⁰

However, the bill specifies that, unlike other applicants for a marijuana license, an applicant with a 10(B) license is not subject to the bill’s evaluation, ranking, prioritization, or lottery provisions. If the applicant meets the eligibility criteria for the new marijuana license, it must be issued to the applicant. In this respect, the process is similar to that for issuance of 10(B) licenses.⁴¹

The bill clarifies that 10(B) licensees who apply for a new marijuana license will not have their application denied based on their existing facility’s proximity to a school, church, other license holder, or a public library, playground, or park. In other words, the applicant is not required to move their existing facility merely because the application is technically for a new license rather than a renewal.⁴²

Advertising

The bill authorizes the DCC to adopt standards for advertising marijuana that are more stringent than standards to be adopted under the current Adult-Use Cannabis Control Law.⁴³ Specifically, the bill does all of the following:

³⁸ R.C. 3780.10. See also [DCC Update, June 26, 2024 \(PDF\)](#), which is accessible by conducting a keyword “DCC Newsletters” search and clicking on “Phase 1 Begins” on the Department of Commerce’s website: com.ohio.gov.

³⁹ O.A.C 1301:18-1-01(E), 1301: 18-2-01, and 1301:18-2-05; see also “What license applications have been made available?” under [Non-Medical Cannabis FAQ](#), which is accessible by conducting a keyword “cannabis FAQ” search on the Department of Commerce’s website: com.ohio.gov.

⁴⁰ R.C. 3780.10, 3780.11(C), and 3796.33; Section 4.

⁴¹ R.C. 3780.11(C) and 3796.33(D).

⁴² R.C. 3796.33(D).

⁴³ R.C. 3780.21, repealed.

- Allows the DCC to (1) prohibit advertisements that are obscene, depict marijuana use, or promote it as an intoxicant and (2) require a person to stop using an advertisement that violates the law;
- Requires rules regulating marijuana advertisements to be no less stringent than the most stringent laws regulating tobacco or alcohol sales;
- Prohibits adult-use marijuana from being marketed using an image resembling a cartoon character or popular figure whose target audience is children or youth.

It appears that these provisions are generally applicable rather than applying specifically to marijuana licensees.

The bill specifies that if the DCC determines that a person has violated these provisions or related rules, it may proceed with any enforcement action it considers “necessary and proper.”⁴⁴ This theoretically could include actions such as license suspension or revocation or imposition of civil penalties.⁴⁵

Contracts

The bill repeals a provision specifying that contracts related to adult-use license holders are enforceable.⁴⁶

Using telephone conference call to suspend license

The bill eliminates a provision in the current Medical Marijuana Control Law that allows the DCC, when suspending a dispensary license without a prior hearing, to use a telephone conference call to review the allegations and take a vote.⁴⁷

⁴⁴ R.C. 3796.32.

⁴⁵ R.C. 3796.14.

⁴⁶ R.C. 3780.33(I), repealed.

⁴⁷ R.C. 3796.14(A).

COMPARISON TO OTHER STATES

Of the states surrounding Ohio, only Michigan has legalized both medical- and adult-use marijuana. (The remaining surrounding states generally have legalized medical marijuana to some extent.⁴⁸) The table below compares certain aspects of the bill with a sampling of laws from other states that have legalized both medical- and adult-use marijuana.

State	Combined program and dual licenses for medical- and adult-use marijuana?	Regulatory body that issues licenses	State-level cap on total number of active licenses?
Ohio (under the bill)	Yes <i>(R.C. chapters 3780 and 3796)</i>	Division of Cannabis Control in the Department of Commerce ⁴⁹ <i>(R.C. 3796.02)</i>	Yes For dispensaries: 350 <i>(R.C. 3796.05(B))</i>
Arizona	Only somewhat; same regulatory body and some program commonalities, but separate statutes It appears that dual licensees must get both a medical-use and an adult-use license <i>(Ariz. Rev. Stat. Title 36, chapters 28.1 and 28.2; Ariz. Rev. Stat. 36-2850(9))</i>	Bureau of Marijuana Licensing in the Arizona Department of Health Services ⁵⁰ <i>(Ariz. Rev. Stat. 36-2801(4), 36-2804, 36-2850(7), and 36-2854)</i>	Yes, generally not more than one dispensary for every ten registered pharmacies <i>(Ariz. Rev. Stat. 36-2804(C) and 36-2854(A))</i>

⁴⁸ Ind. Code 24-4-21-1 to 24-4-21-5, 24-4-22-1 to 24-4-22-4, 35-48-1-17.5, and 35-48-1-19; Ky. Rev. Stat. 218B.010 to 218B.155; 35 Pa. Stat. 10231.101 to 10231.2110; W. Va. Code 16A-1-1 to 16A-16-1.

⁴⁹ See [Division of Cannabis Control](http://com.ohio.gov) home page, which is accessible by clicking on “Cannabis Control” on the Department of Commerce’s website: com.ohio.gov.

⁵⁰ See [Marijuana Licensing](http://azdhs.gov), which is accessible by clicking on the drop-down menu and conducting a keyword “marijuana” search on the Department of Health Services’ website: azdhs.gov.

State	Combined program and dual licenses for medical- and adult-use marijuana?	Regulatory body that issues licenses	State-level cap on total number of active licenses?
California	Yes ⁵¹ <i>(Cal. Bus. & Prof. Code 26000 to 26325)</i>	Department of Cannabis Control ⁵² <i>(Cal. Bus. & Prof. Code 26010 and 26010.7)</i>	No
Maryland	Yes <i>(Md. Alcoholic Beverages and Cannabis Code Div. III, Title 36)</i>	Maryland Cannabis Administration ⁵³ <i>(Md. Alcoholic Beverages and Cannabis Code 36-201 and 36-202(a)(4))</i>	Yes, for standard licenses as follows: Growers: 75 Processors: 100 Dispensaries: 300 <i>(Md. Alcoholic Beverages and Cannabis Code 36-401(d))</i>
Michigan	Only somewhat; same regulatory body and some program commonalities, but separate statutes It appears that licenses may be issued for both medical- and adult-use or solely for either	Cannabis Regulatory Agency ⁵⁴ <i>(Mich. Comp. Laws 333.27002, 333.27302, 333.27953(a) and (c), and 333.27959)</i>	No

⁵¹ See [California's Cannabis Laws](#), which is accessible by conducting a keyword "cannabis laws" search on the state of California's website: [ca.gov](#).

⁵² See [Department of Cannabis Control](#) home page, which is accessible by conducting a keyword "cannabis" search on the state of California's website: [ca.gov](#).

⁵³ See [Maryland Cannabis Administration](#) home page, which is accessible on the State of Maryland's website: [maryland.gov](#) by clicking on the corner drop-down menu and then clicking on "Government" followed by "Agencies."

⁵⁴ See [Cannabis Regulatory Agency](#) home page, which is accessible by conducting a keyword "cannabis agency" search on the state of Michigan's website: [michigan.gov](#).

State	Combined program and dual licenses for medical- and adult-use marijuana?	Regulatory body that issues licenses	State-level cap on total number of active licenses?
	<i>(Mich. Comp. Laws 333.26421 to 333.26430, 333.27101 to 333.27801, and 333.27951 to 333.27967)</i>		
New York	Generally yes, but adult-use operators must be licensed, and medical-use organizations must be registered <i>(NY CLS Cannabis 34 and 61)</i>	Office of Cannabis Management governed by Cannabis Control Board ⁵⁵ <i>(NY CLS Cannabis 10)</i>	No statutory cap, but Cannabis Control Board has authority to establish cap <i>(NY CLS Cannabis 10(2))</i>

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⁵⁵ See [Office of Cannabis Management](#) home page, which is accessible by conducting a keyword “cannabis” search on New York State’s website: [ny.gov](#).