



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 56*
136th General Assembly

Bill Analysis

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

Version: As Reported by House Finance

Primary Sponsor: Sen. Huffman

Nick Thomas and Jeff Grim, Research Analysts, and other LSC staff

SUMMARY

Overview

- Repeals the Cannabis Control Law and combines regulations concerning the cultivation, processing, dispensing, use, and home grow of adult-use and medical marijuana into one chapter, referred to in this analysis as the Marijuana Control Law.
- Condenses the operations of the Division of Cannabis Control (DCC) and the Division of Marijuana Control (DMC) into DMC.

Product regulations

- Prohibits possession or use of marijuana that is not acquired from a licensed Ohio dispensary or cultivated at the adult-use consumer's primary residence in accordance with the Marijuana Control Law.
- Eliminates DMC's authority to approve new forms of adult-use marijuana.
- Prohibits adult-use or medical marijuana that is attractive to children or bears the likeness or characteristics of a realistic or fictional human, animal, or fruit.
- Reduces allowable tetrahydrocannabinol (THC) levels in adult-use marijuana extracts from a maximum of 90% (or more) to a maximum of 70%.
- Removes DMC's authority to eliminate THC limits for adult-use marijuana products.
- Allows DMC to increase THC limits for adult-use and medical marijuana extracts.

*This analysis was prepared before the report of the House Judiciary Committee appeared in the House Journal. Note that the legislative history may be incomplete.

- Allows DMC to adopt rules establishing content limits for adult-use and medical marijuana by serving or per package.
- Prohibits a licensed dispensary from dispensing or selling more adult-use marijuana than can be legally possessed to the same adult-use consumer in the same day.
- Requires adult-use marijuana products to be packaged and labeled with certain information and warnings.
- Adds pre-rolled marijuana products as an allowable form of adult-use marijuana.
- Allows adult-use consumers to transfer up to one ounce of plant material or 15 grams of extract to another adult-use consumer if the transfer takes place at a private residence and is without remuneration.

Home grow

- Maintains the current law limitations on the number of home grow plants, six per adult and 12 per residence, but applies a criminal penalty against any person who exceeds the limits, as opposed to double the limits.
- Prohibits cultivating homegrown marijuana at a childcare home, halfway house, community transitional housing facility, community residential center, or a residential premises occupied pursuant to a rental agreement that prohibits home grow.
- Prohibits cultivating, growing, or possessing homegrown marijuana on behalf of another person.

Adult-use consumers

- Specifies that the possession limits do not apply to seeds, live plants, or clones being cultivated, grown, or processed in accordance with the home grow law.
- Makes changes regarding possession and transfer requirements and limitations regarding adult-use and homegrown marijuana.
- Requires edible adult-use and medical marijuana to be stored in its original packaging when not in use.
- Requires adult-use and homegrown marijuana and marijuana paraphernalia to be transported in the trunk or behind the back row of seats in a place not easily accessible to the driver.
- Prohibits the possession or use of marijuana paraphernalia that is not approved by DCC rule.
- Specifies that the smoking, combustion, and vaporization of adult-use and homegrown marijuana, and vaporization (and in public places, smoking and combustion) of medical marijuana, is prohibited in a public place, place of public employment, a private residence that is a childcare home, a halfway home, or residential premises occupied pursuant to a rental agreement that prohibits such activities.

- Applies elevated penalties to persons who smoke, combust, or vaporize marijuana in a vehicle, streetcar, trackless trolley, watercraft, or aircraft.
- Enhances the criminal and administrative penalties for persons who knowingly distribute marijuana to a person under 21 years of age.

Licensing

- Combines the adult-use and medical marijuana licenses and requires licensed cultivators, processors, dispensaries, and laboratories to work with both adult-use and medical marijuana.
- Modifies the eligibility criteria for licensure and requires DMC to rank applicants that meet those criteria using an impartial and evidence-based process according to eligibility, suitability, and ability to operate.
- Requires DMC, if it uses a lottery system to issue licenses, to assign better odds to applicants that are highly rated under the ranking process.
- Specifies that “10(B) licenses” issued under the Cannabis Control Law before the bill’s effective date are subject to all procedures, requirements, and penalties that apply to the equivalent license under the Marijuana Control Law.
- Requires DMC to merge equivalent licenses issued to the same person and used at the same location.
- Eliminates level III adult-use cultivator licenses.
- Modifies the setback requirements concerning the location of dispensaries, cultivators, processors, and laboratories in relation to churches, schools, public libraries, public parks, and public playgrounds.
- Repeals the prohibition against dispensaries providing samples of adult-use marijuana products.
- Allows DMC to prohibit advertisements that are false, misleading, targeted to minors, attractive to minors, promote excessive use, promote illegal activity, are obscene or indecent, contain depictions of marijuana use, or promote marijuana as an intoxicant.
- Requires DMC’s rules concerning advertisement of adult-use marijuana products to be no less stringent than the most stringent rules or laws regulating tobacco or alcohol sales.
- Prohibits adult-use and medical marijuana products from being marketed using any graphic, picture, or drawing that bears any resemblance to a cartoon character or popular figure whose target audience is children or youth.
- Requires pre-approval by DCC of names, logos, signs, or materials used to advertise adult-use or medical marijuana.
- Prohibits advertisements asserting or suggesting that adult-use marijuana has any health or therapeutic benefits.

- Prohibits marijuana advertisements within 500 feet of a school, church, public library, public playground, or public park but exempts signage on the facility of a license holder.

Cultivators, processors, and dispensaries

- Requires DMC to issue two types of cultivation licenses: a level I license that authorizes a cultivation area up to 100,000 square feet and a level II license that authorizes a cultivation area of up to 15,000 square feet.
- Allows DMC to expand the cultivation area of a license holder that was not allotted the maximum cultivation area so long as the total cultivation area does not exceed that maximum square footage.
- Specifies that dispensaries can only accept government-issued identification as proof of the identity of a registered patient or caregiver or of the age of an adult-use consumer.
- Allows DMC to revoke a provisional dispensary license if the license holder does not obtain a certificate of operation within 18 months.
- Caps the number of active dispensaries at 400.
- Requires DMC to issue dispensary licenses in a way that prevents oversaturation and to refrain from issuing a license for a facility that is within one mile of another dispensary.
- Prohibits DMC from issuing a license or approving a relocation to a location or facility for which a permit to sell beer or intoxicating liquor has been issued.
- Prohibits transferring a provisional license.

Cannabis misuse prevention

- Retains and recodifies existing law requiring DMC to contract with a statewide nonprofit corporation for the development and implementation of cannabis and related drug misuse prevention, education, and public awareness initiatives.

Employment with a license holder

- Eliminates the requirement that a person seeking employment with an adult-use marijuana business obtain a license from DMC.
- Requires such a person to complete the same background check required for employees of medical marijuana businesses under current law.
- Specifies the criminal offenses that disqualify an individual from employment with a license holder rather than requiring DMC to identify those offenses by rule.
- Requires DMC to establish standards for provisional employment of individuals who have exigent circumstances for the period in which the individual's background check is pending.

Administration

- Eliminates DMC authority to adopt rules concerning technical standards for security and surveillance equipment, temporary and provisional licenses, changes in ownership or control of marijuana businesses, and educating the public about marijuana.
- Specifies that rules adopted under the Cannabis Control Law before the bill's effective date remain in effect until repealed or amended by DMC.
- Requires DCC to adopt rules prohibiting gifts, samples, or other free or discounted goods or services to induce or reward a license holder for business or referrals.
- Requires DMC to establish standards and procedures for the online and mobile ordering of adult-use and medical marijuana.
- Requires DMC to establish standards for the delivery of medical marijuana.
- Authorizes the Legislative Service Commission to renumber rules adopted under the Cannabis Control Law to account for its consolidation with the Medical Marijuana Control Law.
- Specifies that rules pending before the Common Sense Initiative or the Joint Committee on Agency Rule Review on the bill's effect date are considered to be proposed under the Marijuana Control Law.
- Exempts DMC rules from continuing law requirements concerning reduction of regulatory restrictions for 12 months following the bill's effective date.
- Allows the Ohio Investigative Unit (OIU) within the Department of Public Safety to assist DMC in enforcing the Marijuana Control Law.
- Modifies the criminal penalties imposed on persons who violate the Marijuana Control Law.

Name, image, and likeness (NIL) deals

- Expands the authority of institutions of higher education to prohibit students from entering into certain name, image, or likeness (NIL) deals to include adult-use marijuana products and license holders.

Local government authority

- Expands local government authority to prohibit or limit the number of licensed marijuana cultivators, processors, dispensaries, or testing laboratories.

Employment

- Specifies that a person who is discharged from employment for using marijuana is not eligible to serve a waiting period or be paid unemployment benefits for the duration of the person's unemployment.

Current agricultural use valuation

- Makes land used to cultivate adult-use marijuana ineligible to be valued for property tax purposes as other agricultural land pursuant to its current agricultural use value.

Expungement of prior marijuana possession offenses

- Permits a person who, prior to the bill's effective date, was a defendant named in a dismissed complaint, indictment, or information for or was convicted of or pled guilty to a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams hashish to apply to the sentencing court to have the official record or record of conviction expunged.
- Specifies that unless indigent, the applicant must pay a filing fee of \$50, with \$30 of the fee designated to go to the state treasury (with half of that amount credited to the Attorney General Reimbursement Fund) and \$20 to go to the county general revenue fund.
- Requires the court that receives an application for expungement under the bill to set a date for a hearing within 45 to 90 days after the date of the filing of the application and to notify the prosecutor of the hearing, and permits the prosecutor to file an objection.
- Requires the court, at the hearing, to do the following:
 - Determine whether the applicant has, prior to the bill's effective date, been a defendant named in a dismissed complaint, indictment, or information for or been convicted of or pleaded guilty to a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams of hashish;
 - If the prosecutor has filed an objection, consider the reasons against granting the application;
 - Weigh the interests of the applicant in having the official record or record of conviction expunged against the legitimate needs, if any, of the government to maintain those records.
- Requires the court to order expungement if the record meets eligibility requirements and, if the court orders the expungement, requires the court to send notice of the order to each public office or agency that the court has reason to believe may have an official record pertaining to the case.

Appropriation

- Appropriates \$47.5 million in FY 2026 and \$49 million in FY 2027 from the Host Community Cannabis Fund to make marijuana excise tax distributions to municipal corporations and townships that have adult-use dispensaries.

Hemp products

- Provides for the regulation of intoxicating hemp products and for drinkable cannabinoid products (DCPs) under the following scheme:

- Specifies that the Division of Marijuana Control in the Department of Commerce is responsible for the regulation of intoxicating hemp products; and
 - Specifies that the Division of Liquor Control in the Department of Commerce is responsible for the regulation of all DCPs.
- Establishes two distinct regulatory frameworks that apply to intoxicating hemp products and DCPs.

Regulation of general intoxicating hemp products

- Generally prohibits a person from selling an intoxicating hemp product in Ohio, but allows a hemp dispensary licensed under the bill to sell such products under specified conditions.
- Defines an “intoxicating hemp product” as a hemp product containing more than 0.5 mgs of delta-9 THC per serving, 2 mgs of delta-9 THC per package, or 0.5 mgs of total non-delta-9 THC per package.
- Specifies that an intoxicating hemp product does not include a low-level or high-level DCP (see below) or a hemp product that cannot be ingested, inhaled, snorted, sniffed, or used sublingually.
- States that a violation of the prohibition against selling an intoxicating hemp product is a first degree misdemeanor on a first offense and a fifth degree felony on each subsequent offense.
- Establishes testing requirements for intoxicating hemp products that are sold at retail in Ohio and that are produced in and outside of Ohio that are generally consistent with the testing requirements governing marijuana.

Hemp dispensary license

- Requires an entity that seeks to sell at retail an intoxicating hemp product in Ohio to file an application for biennial licensure as a hemp dispensary with the Division of Marijuana Control for each location from which it seeks to operate and requires the Division to issue a license if certain conditions are met, including:
 - The criminal background check conducted pursuant to the bill demonstrates that the applicant and specified employees have not been convicted of or pleaded guilty to a disqualifying offense;
 - The applicant complies with all applicable Ohio tax laws; and
 - The applicant demonstrates that the municipal corporation or township in which the dispensary will be located has not passed a moratorium or taken any other action that would prohibit the applicant from operating there.
- Establishes various hemp dispensary license application and licensure fees.
- Establishes a grandfather provision that requires the Division to issue a hemp dispensary license to an entity that sold or offered for sale intoxicating hemp products on or before August 30, 2025, if specified conditions apply.

Rules and regulations

- Specifies that a licensed hemp dispensary cannot sell an intoxicating hemp product that has not been tested and that does not comply with specified packaging, labeling, and advertising requirements.
- Grants the Superintendent of Cannabis Control jurisdiction over all persons participating in the distribution and sale at retail of intoxicating hemp products in Ohio, including the authority to complete regulating, investigating, and penalizing those persons in a manner that is consistent with the Superintendent's authority with respect to marijuana.
- Grants that same jurisdiction to the Superintendent over all persons participating in the cultivation and processing of intoxicating hemp products in Ohio, but requires the Superintendent to coordinate and consult with the Department of Agriculture.
- Requires the Director to establish limits on the potency, serving sizes, and package sizes of intoxicating hemp products, and requires the limits on potency to include a prohibition against the inclusion of any synthetic THC.
- Requires the Superintendent, within 180 days after the bill's effective date, to adopt rules regarding the regulation of intoxicating hemp products, including rules on advertising intoxicating hemp products.

Enforcement

- Establishes additional prohibitions involving the sale of hemp products, including:
 - Selling at retail in Ohio a hemp product and marketing it as marijuana;
 - Using any terms associated with the sale at retail in Ohio of a hemp product that would cause a consumer to infer that the hemp product is marijuana; and
 - Selling an intoxicating hemp product that was not cultivated by a hemp cultivator that was not licensed in Ohio, another state, or by the United States Department of Agriculture.
- States that a person cannot be prosecuted or penalized for the above prohibitions until 210 days after the bill's effective date if certain conditions apply, including the facility at which the person is selling the intoxicating hemp product does not allow individuals under 21 to enter the facility.
- Authorizes the Director to impose an administrative penalty against a person who violates the bill's prohibitions governing intoxicating hemp product sales.

Miscellaneous

- Allows an individual who purchases an intoxicating hemp product from a licensed hemp dispensary to transfer an intoxicating hemp product to another individual who is 21 or over if certain conditions are met, including the transfer is without remuneration.
- Generally allows the legislative authority of a municipal corporation or a board of township trustees to adopt an ordinance or a resolution, to prohibit, or limit the number

of, licensed hemp dispensaries within the municipal corporation or within the unincorporated territory of the township, but establishes specified exceptions.

Regulation of drinkable cannabinoid products (DCPs)

- Establishes a three-tier regulatory framework governing DCPs by providing for the regulation of DCP manufacturers, DCP distributors, and low-level and high-level DCP retailers.
- Divides DCPs into low-level and high-level DCP categories, and applies the following criteria to both of those categories:
 - The product contains cannabinoids that are solely derived from hemp;
 - The product is prepackaged and intended to be consumed via ingestion;
 - The product does not contain more than 0.3% of any THC and does not include a drug;
 - The product container does not contain more than one serving of 12 fluid ounces; and
 - The product is not an intoxicating hemp product.
- Delineates, for regulatory purposes, low-level DCPs and high-level DCPs as follows:
 - A low-level DCP contains 5 mgs or less of total THC per serving; and
 - A high-level DCP contains between 5 and 10 mgs of total THC per serving.
- Allows microdistilleries, small breweries, bars, or restaurants (A-1-A, A-1c, or class D liquor permit holders) to sell low-level DCPs at retail only for on-premises consumption.
- Allows grocery stores or carryout stores (class C liquor permit holders) to sell low-level and high-level DCPs at retail only for off-premises consumption.
- Establishes several prohibitions regarding activities related to the manufacture, distribution, and sale of DCPs, including prohibiting:
 - Selling at retail a low-level DCP unless a person is a low-level or high-level retailer or selling at retail a high-level DCP unless a person is a high-level retailer;
 - If a person is a manufacturer, selling a DCP unless the manufacturer is registered under the bill (see below);
 - If a person is a DCP manufacturer, selling a DCP to any person other than a wholesale beer, wine, or mixed beverage distributor (distributor) or a retailer; and
 - Selling at retail a DCP to an individual who is under 21.
- States that a person who recklessly violates the prohibition against selling DCPs at retail without being a retailer is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on a second or subsequent offense.
- States that a person who recklessly violates the prohibition against selling a DCP to a person under 21 is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on a second or subsequent offense.

- Requires a manufacturer of DCPs to annually register with the Director of Commerce.
- Requires a manufacturer to test each DCP in accordance with rules adopted by the Director prior to selling the product or offering the product to a distributor.
- Similar to the bill's testing requirements for intoxicating hemp products, requires a DCP that is sold at retail in Ohio to be tested in the same manner as marijuana.
- Requires a manufacturer to include a label on each DCP container that it sells or offers for sale in Ohio that contains certain information, including:
 - The product name or common name on the front of the label;
 - The amount of any THC, in milligrams, as identified in the certificate of analysis.
- Generally requires each manufacturer to assign to a distributor, for each of the manufacturer's brands, a sales area or territory within which the distributor is the exclusive distributor.
- Generally establishes prohibitions against manufacturers, distributors, and retailers from having any financial interest or investment in each other, including by providing assistance via gift or loan and accepting gifts or loans.
- Authorizes the Superintendent of Liquor Control to impose an administrative penalty or take other enforcement actions against a person who violates the prohibitions governing DCPs or any rules adopted under the bill, and requires the Superintendent to establish those penalties in the rules.
- States that a DCP manufacturer may possess adult-use marijuana to do either of the following:
 - Use the marijuana to manufacture a DCP; or
 - Use the marijuana to manufacture an intoxicating hemp product that is a beverage containing more than 10 mgs of total THC per 12 fluid ounce servings for export outside Ohio.

Impaired driving (OVI)

- Authorizes law enforcement to arrest an individual who operates a vehicle under the influence of intoxicating hemp or a DCP, similar to other drugs of abuse such as a controlled substance or harmful intoxicant under current law.

Opened containers of intoxicating hemp products that are beverages and DCPs

- Allows the consumption of an opened container of an intoxicating hemp product that is a beverage or a DCP in specified locations, including on the premises of a private residence.
- Prohibits a person, with specified exceptions, from having in the person's possession an opened container of an intoxicating hemp product that is a beverage or a DCP in public

places, and states that an offender who violates the prohibition is guilty of a minor misdemeanor.

Enforcement against license or permit holder

- Requires certain state licensing authorities to adopt rules to enforce violations of the bill directly against the following licensees that are involved with the sale of intoxicating hemp products and DCPs:
 - Lottery sales agents licensed by the State Lottery Commission;
 - Cigarette distributors and retailers licensed by the Tax Commissioner; and
 - Alcohol manufacturers, distributors, and retailers permitted by the Division of Liquor Control.

Additional enforcement by Ohio Investigative Unit

- Requires the Ohio Investigative Unit to enforce the bill's prohibitions against sales of intoxicating hemp products and DCPs, but does not preclude enforcement by local authorities.

Possession of hemp byproducts by DCP manufacturers

- States that a DCP manufacturer may possess hemp byproducts (as designated under the Hemp Law) to do either of the following:
 - Manufacture a DCP; and
 - Manufacture an intoxicating hemp product that is a beverage that contains more than 10 mgs of total THC for export outside Ohio.

Taxation of intoxicating hemp products and DCPs

- Levies a 10% tax on a licensed hemp dispensary's gross receipts from the retail sale of intoxicating hemp products.
- Levies an excise tax on a manufacturer's sale of DCPs to distributors or retailers equal to \$1.20 for each gallon sold.
- Extends each tax to illegal sales of intoxicating hemp products and DCPs.
- Credits revenue from each of these taxes to the GRF.

Regulation of nonintoxicating hemp and hemp products

- Requires the Department of Agriculture, in consultation and in cooperation with the Department of Public Safety's Ohio Investigative Unit, to enforce the law governing hemp cultivation and processing.

Severability

- Specifies that if any portion of the requirements, or the application thereof, in the bill are held by a court to be invalid, the invalidity does not affect other provisions or the

application of the provisions that can be given effect without the invalid provision or application.

TABLE OF CONTENTS

Overview	15
Product regulations.....	16
Scope of legalization.....	16
Authorized forms.....	16
THC limits.....	17
Limit on amount dispensed.....	17
Packaging and labeling	17
Home grow.....	17
Adult-use consumers	18
Possession	18
Transfer	19
Transportation.....	19
Storage	19
Paraphernalia and accessories.....	20
Smoking, combustion, and vaporization	20
Generally.....	20
In vehicles	21
Underage use and false identification	21
False identification	21
Distribution to underage persons	22
Parents or guardians.....	22
Adverse actions against adult-use consumers.....	22
Licensing.....	23
Combine licenses.....	24
Evaluation and ranking of applicants	24
Eligibility criteria	24
Ranking process.....	28
Lottery	29
Renewal applications.....	29
10(B) licenses.....	29
Background.....	29
Merge with medical licenses	30
Other adult-use licenses.....	30

Disqualifying offenses	30
Setback requirements	31
Samples	31
Advertising.....	32
Cultivators	33
Cultivation area	33
Permitted activities	33
Packaging and labeling	33
Provisional licenses	34
Processors	34
Permitted activities	34
Provisional licenses	35
Dispensaries	35
Permitted activities	35
Identification requirement.....	36
Medical marijuana supply	36
Warning requirements	36
Provisional licenses	36
License caps.....	36
Location of facilities.....	37
Employment with a license holder	37
Cannabis misuse prevention.....	37
Administration	38
Changes to rulemaking requirements under the Medical Marijuana Law	38
Repeal of rulemaking requirements under the Cannabis Control Law.....	38
New rulemaking requirements	39
Mobile order and delivery	39
Gifts.....	39
Nonmarijuana additives	39
Consolidation of rules	39
Enforcement.....	40
Electronic database	40
Civil actions against DCC.....	41
Venue for legal challenges	41
Local government authority	41
Employment.....	42
Name, image, and likeness (NIL) deals	43

CAUV eligibility of land used for marijuana cultivation	43
Expungement of prior marijuana possession offenses	43
Prosecutor objection; investigation	44
Hearing	44
Effect of court order	45
Filing fee	45
Youth prevention program	45
Appropriation.....	46
Hemp Products	46
Overview of current hemp regulations	46
Intoxicating hemp	46
Regulation of general intoxicating hemp products.....	47
Authorization for hemp dispensaries to sell intoxicating hemp products.....	48
Hemp dispensary license	48
Grandfathered entities and number of licenses	51
Application and licensure fees	51
Tax information	52
Criminal records checks.....	52
Rules and regulations	53
Additional prohibitions.....	54
Delayed prosecution.....	55
Administrative penalties and enforcement	55
Miscellaneous.....	55
Actions of municipal corporations and townships.....	55
Transfer of intoxicating hemp products between individuals	56
Signage for hemp dispensaries.....	56
Additional defined terms.....	56
Regulation of drinkable cannabinoid products (DCPs)	60
Grandfathering sales of DCPs	61
Prohibitions against distribution and sale.....	62
Manufacturer registration and other requirements	64
Testing requirements	64
Labeling requirements.....	64
Distribution areas	65
Prohibitions regarding financial interest.....	65
Rules	66
Additional prohibitions.....	66

Administrative penalties and other enforcement actions	66
Enforcement against license or permit holder	67
Additional enforcement by the Ohio Investigative Unit	67
Impaired driving (OVI)	67
Opened container provisions	67
Possession of hemp byproducts DCP manufacturers	68
Taxation of intoxicating hemp products and DCPs	68
Intoxicating hemp products receipts tax.....	69
DCP excise tax.....	69
Tax on illegal sales	69
Regulation of nonintoxicating hemp and hemp products	69
Severability.....	70

DETAILED ANALYSIS

Overview

The bill repeals the Cannabis Control Law, which took effect December 7, 2023, and merges regulations concerning cultivation, processing, dispensing, use, and home grow of adult-use marijuana with those concerning medical marijuana – collectively referred to in this analysis as the Marijuana Control Law.

The bill also combines the operations of the Division of Marijuana Control (DMC), which oversees the cultivation, processing, and dispensing of medical marijuana, with the Division of Cannabis Control (DCC), which performs the same functions respecting adult-use marijuana. The combined Division, which remains in the Department of Commerce (COM), is called DMC. The bill replaces all Revised Code references to DCC with DMC and all references to the Superintendent of Cannabis Control with the Superintendent of Marijuana Control. The change clarifies that one agency, DMC, oversees the entire Marijuana Control Law, covering both medical marijuana and adult-use marijuana.

The bill also makes numerous changes concerning the form and potency of adult-use marijuana products; home grow; possession, transfer, and transportation of adult-use marijuana; smoking, combustion, and vaporization; licensing; administration and enforcement; local government authority; and taxation of marijuana products.

Product regulations

Scope of legalization

Current law authorizes adults who are at least 21 years of age (“adult-use consumers”) to possess and use “adult-use cannabis” which is broadly defined to include any part of a cannabis plant.¹ The bill instead legalizes only the possession and use of the following:

- Medical marijuana cultivated, processed, dispensed, and tested for a medical purpose in accordance with the Marijuana Control Law;
- Adult-use marijuana cultivated, processed, dispensed, and tested in accordance with the Marijuana Control Law;
- Homegrown marijuana cultivated, grown, and processed at the adult-use consumer’s primary residence in accordance with the Marijuana Control Law.

The distinction is that, under the bill, it is illegal to use or possess marijuana acquired outside the confines of the Marijuana Control Law. For example, an adult-use consumer may legally possess and use marijuana acquired from an out-of-state dispensary under current law, whereas, under the bill, out-of-state marijuana is contraband.²

Authorized forms

The bill retains all forms of adult-use marijuana allowed by current law: seeds, live plants, clones, oils, tinctures, plant material, edibles, patches, extracts, drops, lozenges, smoking or combustible products, vaporization products, beverages, pills, capsules, suppositories, oral pouches, oral strips, oral and topical sprays, salves, lotions or similar cosmetic products, and inhalers. In addition, the bill allows pre-rolled adult-use marijuana products. However, the bill eliminates the authority of DMC to approve additional forms of adult-use marijuana.

The bill also retains the forms of medical marijuana allowed by current law: oils, tinctures, plant material, edibles, and patches. The bill retains the authority of DMC to approve additional forms of medical marijuana.³

Continuing law prohibits any form of medical marijuana that is considered attractive to children according to rules adopted by DMC. The bill extends the same prohibition to adult-use marijuana. Furthermore, the bill expressly prohibits adult-use marijuana or medical marijuana from being dispensed in a form that bears the likeness or characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings.⁴

¹ R.C. 3780.01 and 3780.36, repealed.

² R.C. 3796.01, 3796.04, 3796.22, and 3796.221.

³ R.C. 3796.06; R.C. 3780.04, repealed.

⁴ R.C. 3796.06(D).

THC limits

The bill reduces the amount of tetrahydrocannabinol (THC) allowed in adult-use marijuana products. Current law requires DMC to adopt rules that set THC limits for adult-use cannabis at no less than 35% for plant material and 90% for extracts. The bill specifies that the THC limits for adult-use marijuana are the same as the limits that apply to medical marijuana: 35% for plant material and 70% for extracts. The bill repeals the authority of DMC to increase or eliminate THC limits on adult-use marijuana, but enables DMC to increase the THC limits for adult-use and medical marijuana extracts. It also allows DMC to establish THC content limits for adult-use and marijuana products by content per service or per package.⁵

Limit on amount dispensed

Current law prohibits a licensed dispensary from dispensing or selling more than the amount of adult-use cannabis that may be legally possessed. The bill specifies that this is a daily limit, as opposed to a limit for each transaction. Furthermore, the bill specifies that a dispensary that knowingly violates the prohibition is guilty of trafficking marijuana.⁶ Continuing law requires any new criminal offense to be assigned a mental state, i.e., the state of mind with which a person must act to be legally responsible for the offense. The bill's addition of "knowingly" ensures compliance with that requirement.⁷

Packaging and labeling

Current law prohibits a retail dispensary from *accepting* any adult-use cannabis product from another license holder unless the product is packaged and labeled in compliance with DCC rules. The bill instead requires a licensed dispensary to *ensure* that the label of any package containing adult-use marijuana includes all of the following in accordance with rules adopted by DMC:

- The name and address of the processor and dispensary;
- A statement that the use of adult-use marijuana by individuals under 21 years of age is both harmful and illegal;
- The quantity, strength, kind, or form of adult-use marijuana contained in the package.⁸

Home grow

Under continuing law, adult-use consumers may cultivate, grow, and possess up to six marijuana plants, with not more than 12 plants being grown per household. Currently, any person who grows more than double the allowable number of plants is guilty of the illegal trafficking in drugs and the illegal manufacture of drugs.⁹ The bill maintains the current law limits on the

⁵ R.C. 3796.06(E); R.C. 3780.03(C)(21), repealed.

⁶ R.C. 3796.20(C)(2) and 3796.99(F).

⁷ R.C. 2901.20, not in the bill.

⁸ R.C. 3796.20(C)(3); R.C. 3780.15(B)(2), repealed.

⁹ R.C. 3780.29(F) and 3780.99(F), repealed.

number of plants that may be grown but specifies that a person who knowingly exceeds the limit is guilty of illegal cultivation of marijuana.¹⁰

Home growers are currently permitted to transfer up to six plants to another adult-use consumer so long as the transfer is made without advertisement or remuneration. The bill authorizes the transfer of adult-use and homegrown marijuana as specified below under **“Possession.”** Note that the possession limits exclude any seeds, live plants, or clones being cultivated, grown, or possessed under the home grow law.¹¹

Current law requires home grow to take place at the adult-use consumer’s “primary residence,” i.e., the residence of an individual in which the individual’s habitation is fixed and to which, whenever the person is absent, the person has the intention of returning.¹² The bill applies the same requirement but does not define primary residence. It also prohibits home grow at any of the following:

- A primary residence that is a childcare home or that is occupied pursuant to a rental agreement that prohibits home grow;
- A halfway house, community transitional housing facility, community residential center, or other similar facility licensed by the Division of Parole and Community Services (DPCS);
- A residential premises occupied pursuant to a rental agreement that prohibits home grow activities.

Cultivation, growth, or possession of homegrown marijuana on behalf of another person is explicitly prohibited by the bill.¹³

Adult-use consumers

Possession

Current law allows adult-use consumers to possess up to 2.5 ounces (70.87 grams) of marijuana in any form other than extract and up to 15 grams of adult-use extract. The bill is similar, but applies the possession limits to plant material (up to 2.5 ounces) and extracts (15 grams). Furthermore, the bill specifies that the possession limit for plant material does not apply to seeds, live plants, or clones being cultivated, grown, or processed in accordance with home grow law.

As described above, under **“Scope of legalization,”** the possession limits under current law apply to “cannabis,” which could include any marijuana, regardless of how it is acquired. The bill allows possession of only “homegrown marijuana” and “adult-use marijuana.” That limits possession to marijuana acquired from a licensed dispensary or grown legally under

¹⁰ R.C. 3796.04(A)(1) and (C) and 3796.99(E).

¹¹ R.C. 3796.221; R.C. 3780.29, repealed.

¹² R.C. 3780.01(A)(33) and 3780.29, repealed.

¹³ R.C. 3796.04.

the home grow law. Marijuana acquired elsewhere, like an out-of-state dispensary, cannot be legally possessed under the bill.¹⁴

Transfer

Under current law, an adult-use consumer may transfer cannabis to another adult-use consumer in amounts not to exceed the possession limits so long as the transfer is without advertisement or remuneration. Transferring adult-use cannabis in amounts greater than the possession limits is considered the illegal trafficking of drugs.¹⁵

The bill allows the transfer of adult-use and homegrown marijuana, but not medical marijuana, to another adult-use consumer if all of the following conditions are met:

- The transfer is without remuneration;
- The amount transferred to the same adult-use consumer in the same day does not exceed two and one-half ounces of plant material (excluding seeds, live plants, or clones) or 15 grams of extract;
- The transfer occurs at privately owned real property that is used primarily for residential or agricultural purposes, including any dwellings, facilities, improvements, and appurtenances on such real property.¹⁶

Under the bill, any person other than a license holder who knowingly transfers marijuana outside the confines of the requirements described above is guilty of trafficking in marijuana.¹⁷

Transportation

The bill prohibits any person from knowingly transporting marijuana other than adult-use marijuana, homegrown marijuana, or medical marijuana in a motor vehicle. In addition, such products must be stored in the trunk of the vehicle or, if there is no trunk, behind the last upright seat of the vehicle or in an area not normally occupied by the driver or passengers and not easily accessible by the driver. Furthermore, adult-use marijuana, medical marijuana, and marijuana paraphernalia must be stored in the original, unopened packaging during transport. Violation of any of the bill's transportation requirements is a minor misdemeanor.¹⁸

Storage

The bill requires edible medical and adult-use marijuana products to be stored in their original packaging at all times when not actively being used.¹⁹

¹⁴ R.C. 3796.221; R.C. 3780.36(B), repealed.

¹⁵ R.C. 3780.36(B)(2) and 3780.99(G), repealed.

¹⁶ R.C. 3796.221.

¹⁷ R.C. 3796.99(F).

¹⁸ R.C. 3796.062 and 3796.99(I) and (J); R.C. 2925.141, not in the bill.

¹⁹ R.C. 3796.06(H).

Paraphernalia and accessories

Current law allows adult-use consumers to possess and use any marijuana “paraphernalia,” which is defined as equipment, products, or materials used in planting, propagating, cultivating, growing, harvesting, composting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing cannabis into the human body.²⁰

The bill repeals that definition and instead requires DMC to adopt rules specifying which marijuana paraphernalia and accessories may be used in the administration of adult-use marijuana and homegrown marijuana. The same rule-based requirement applies to medical marijuana under continuing law.²¹

Smoking, combustion, and vaporization

Generally

Under continuing law, smoking or combustion of adult-use marijuana is subject to the same limitations that apply to smoking cigarettes, i.e., it is prohibited in public places and places of employment.²² Smoking and combustion of medical marijuana is prohibited altogether. Furthermore, current law imposes a criminal penalty for using adult-use cannabis in “public areas.”²³

The bill repeals the general prohibition on public use, but specifies that smoking, combustion, and vaporization of adult-use and homegrown marijuana, and vaporization of medical marijuana, is prohibited anywhere other than privately owned real property that is used primarily for residential or agricultural purposes, including any dwellings, facilities, improvements, and appurtenances on such real property. Furthermore, smoking, combustion, and vaporization of adult-use or homegrown marijuana, and vaporization of medical marijuana, is prohibited in any of the following:

- A private residence that is a childcare home;
- A place where smoking, combustion, or vaporization is prohibited according to a lease agreement;
- A public place, place of employment, halfway house, community transitional housing facility, community residential center, or other similar facility licensed by DPCS (however, smoking and combustion of medical marijuana is also prohibited in a public place).

²⁰ R.C. 3780.01(A)(31), repealed.

²¹ R.C. 3796.03(B)(10).

²² R.C. Chapter 3794, not in the bill.

²³ R.C. 3780.99(B), repealed.

Violation of the bill's smoking, combustion, and vaporization provisions is a minor misdemeanor.²⁴

In vehicles

Continuing law explicitly prohibits an individual from operating a vehicle, motor vehicle, streetcar, trackless trolley, bike, watercraft, or aircraft while using adult-use marijuana or while under its influence. A person who operates or has physical control over a vehicle, streetcar, trackless trolley, watercraft, or aircraft while under the influence of marijuana is subject to the relevant OVI laws.²⁵

Under current law, a passenger smoking, combusting, or vaporizing adult use cannabis in a vehicle, streetcar, trackless trolley, watercraft, or aircraft is guilty of a minor misdemeanor. The bill instead provides that such a passenger is guilty of a misdemeanor of the third degree if the driver is operating or has physical control over the vehicle, streetcar, trackless trolley, watercraft, or aircraft.²⁶

Underage use and false identification

False identification

Current law prohibits using a false identification to acquire or use adult-use marijuana. Violators of the prohibition are subject to the following penalties:

- First offense – fined between \$250 and \$1,000 and jailed for up to six months.
- Second offense – fined between \$500 and \$1,000 and jailed for up to six months. Also subject to a Class 7 driving suspension (a period of less than a year) or community service, at the discretion of the court.
- Third offense – fined between \$500 and \$1,000 and jailed for up to six months. Also subject to a Class 6 driving suspension (between 3 months and 2 years), driving suspension until the offender turns 21, or community service, at the discretion of the court.²⁷

The bill maintains the same penalties but specifies that the financial sanctions are in lieu of any other financial sanctions or penalties that may apply to the violation. Continuing law, unchanged by the bill, specifies default financial sanctions for misdemeanors. Without the clarification, an offender might be subject to two sets of financial sanctions.²⁸

²⁴ R.C. 3796.06(C), 3796.24(H)(5), and 3796.99(B).

²⁵ R.C. 3796.99(A)(1).

²⁶ R.C. 3796.01 and 3796.99(A)(2).

²⁷ R.C. 3780.99(C), repealed.

²⁸ R.C. 3796.06(G) and 3796.99(G).

Distribution to underage persons

Under the bill, a person that knowingly transfers marijuana to another person under 21 years of age is guilty of a first degree misdemeanor for a first offense and a fifth degree felony for all subsequent offenses.²⁹ Current law applies the same initial penalty for an employee or agent of a licensed adult-use dispensary who knowingly sells cannabis to an individual under 21 years of age.³⁰ In effect, the bill extends the prohibition and corresponding penalties to all persons and increases the penalty for subsequent violations.

Under current law, DCC is permitted to suspend or revoke a cultivator, processor, or dispensary license for violations, including dispensing marijuana to an underage person.³¹ The bill instead requires DMC to immediately revoke the license of any person who distributes marijuana to an underage person.³²

Parents or guardians

Current law prohibits parents or guardians from knowingly permitting their residence or private property to be used by underage persons to use marijuana. A first violation of this prohibition is a third-degree misdemeanor. Second and subsequent violations are a first degree misdemeanor. If the violation results in death or great bodily harm, the violation is a fourth degree felony. The bill repeals this prohibition and the corresponding penalties.³³

Adverse actions against adult-use consumers

Current law prohibits the following adverse actions against an adult-use consumer based solely on the consumer's use of adult-use marijuana or activities within the Cannabis Control Law:

- A state licensing board taking a disciplinary action against professional license holder;
- A court issuing an adjudication that a child is abused or neglected, an allocation of parental rights and responsibilities, or a parenting time order, unless there is clear and convincing evidence that the child is unsafe;
- Disqualifying a person from medical care, including with respect to a transplant waiting list;
- Taking action under any criminal or civil statute;
- Subjecting a person to a field sobriety test absent reasonable suspicion that the individual is under the influence;
- Rejecting a person as a tenant, unless required by federal law;

²⁹ R.C. 3796.06(F) and 3796.99(C).

³⁰ R.C. 3780.99(E), repealed.

³¹ R.C. 3780.26, repealed.

³² R.C. 3796.06(F) and 3796.99(C)(2).

³³ R.C. 3780.36(G) and 3780.99(I), repealed.

- Disqualifying an individual from a public benefit program.³⁴

The bill revokes all of these protections save the one specifying that engaging in authorized marijuana activities is not a sufficient basis for conducting a field sobriety test and the one that protects an individual from being disqualified from a public benefit program for the use or possession of adult-use marijuana. The bill applies the public benefits protection to the use or possession of medical marijuana and homegrown marijuana. Additionally, the bill exempts from that protection unemployment benefits generally, including the continuing law disqualification for being discharged for using marijuana in violation of the employer's formal program or policy regulating marijuana use.³⁵

The bill expands the express authority for landlords to prohibit consumption of marijuana in a residential premises by combustion to include consumption of marijuana by smoking and vaporization and to include common areas. It also expressly enables landlords to prohibit the cultivation of homegrown marijuana.³⁶

Licensing

Under current law, licenses to cultivate, process, dispense, or test adult-use cannabis are distinct from licenses to cultivate, process, dispense, or test medical marijuana. The adult-use licenses have their own separate application and renewal procedures, eligibility criteria, fees, and process requirements. An operator could, in theory, choose to work with only adult-use cannabis or only medical marijuana. However, in practice, all current license holders are either "dual-use" – meaning that they cultivate, process, dispense, or test both medical marijuana and adult-use marijuana – or "medical only."

As of January 7, 2025, DCC and DMC have issued the following licenses:

DMC Licenses	
License Category	Permitted Activities
37 cultivators	23 level I dual-use cultivators
	14 level II dual-use cultivators
46 processors	46 dual-use processors
252 dispensaries	153 operational dual-use dispensaries

³⁴ R.C. 3780.33(A) to (G), repealed.

³⁵ R.C. 3796.24(E) and (G), by reference to R.C. 3796.28.

³⁶ R.C. 3796.24(F).

DMC Licenses	
License Category	Permitted Activities
	11 medical only provisional dispensaries
	88 dual-use provisional dispensaries
8 testing laboratories	6 dual-use testing laboratories
	2 medical only provisional laboratories

There are approximately 454,947 registered medical marijuana patients and 41,788 registered caregivers in Ohio.³⁷

Combine licenses

The bill combines the adult-use and medical licenses and requires license holders to work with both medical marijuana and adult-use marijuana.³⁸

Evaluation and ranking of applicants

Current law requires DMC or DCC, as applicable, to issue an adult-use or medical marijuana license to an applicant if all conditions for licensure are met. The bill eliminates that requirement and instead prohibits DMC from issuing a license to an applicant that does not meet all eligibility requirements. DMC must evaluate and prioritize applicants for licensure according to eligibility, suitability, and ability to operate.³⁹

Eligibility criteria

The table below describes the similarities and differences between the eligibility criteria that apply to medical and adult-use license applicants under current law, and those that apply to all license applicants under the bill.

License Eligibility Criteria		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
Criminal records check confirms that the applicant has not been convicted of or pleaded guilty to any disqualifying offenses	Criminal records check confirms that the applicant has not been convicted of or pleaded guilty to any disqualifying offenses	Same as the adult-use licenses under current law (R.C. 3796.01(A)(21) and 3796.09(C)(1)).

³⁷ [DCC Update: By the Numbers, June 18, 2025](#), which may be accessed by conducting a keyword search on DCC's website: com.ohio.gov/divisions-and-programs/cannabis-control.

³⁸ R.C. 3796.18(A)(2), 3796.19(A)(2), 3796.20(A)(2), and 3796.21.

³⁹ R.C. 3796.09 and 3796.10; R.C. 3780.11, repealed.

License Eligibility Criteria		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
identified by administrative rule (<i>R.C. 3796.09(B)(1)</i> , <i>3796.10(B)(1)</i> , and <i>3796.03(B)(2)(b)</i>).	<p>within five years of the date the application is submitted (<i>R.C. 3780.11(B)(1)</i>, <i>repealed</i>).</p> <p>Defines “disqualifying offense” as:</p> <ul style="list-style-type: none"> Any felony or first degree misdemeanor violation of the Drug Offenses Law, the Controlled Substances Law, or the Pharmacists and Dangerous Drugs Law; Any theft or felony offense; Any criminal violation of the Pure Food and Drug Law; A crime of moral turpitude; A violation of any substantially similar former law. <p>“Disqualifying offense” does not include a misdemeanor related to marijuana possession, trafficking, illegal cultivation, illegal use or possession of drug paraphernalia, or other marijuana-related crimes (<i>R.C. 3780.01(A)(17)</i>, <i>repealed</i>).</p>	
Applicant does not have an ownership or investment interest in, or a compensation arrangement with, a testing laboratory (<i>R.C. 3796.09(B)(2)</i> and <i>3796.10(B)(2)</i>).	Same as the medical licenses (<i>R.C. 3780.11(B)(2)</i> , <i>repealed</i>).	Similar to the medical licenses under current law, but further specifies that none of the applicant’s current or prospective owners, officers, board members, administrators, employees, agents, or affiliates who may significantly influence or control

License Eligibility Criteria		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
		<p>the applicant's activities may have an ownership or investment interest in, or a compensation agreement with, a testing laboratory.</p> <p>Specifies that the requirement does not apply to applicants for a testing laboratory license <i>(R.C. 3796.09(C)(2) and 3796.10(C)(2))</i>.</p>
<p>Applicant does not share corporate officers or employees with a testing laboratory <i>(R.C. 3796.09(B)(3) and 3796.10(B)(3))</i>.</p>	<p>Same as the medical licenses <i>(R.C. 3780.11(B)(3), repealed)</i>.</p>	<p>Similar to the medical licenses under current law, but further specifies that none of the applicant's current or prospective owners, officers, board members, administrators, employees, agents, or affiliates who may significantly influence or control the applicant's activities may share any corporate officers or employees with a testing laboratory.</p> <p>Specifies that the requirement does not apply to applicants for a testing laboratory license. <i>(R.C. 3796.09(C)(3) and 3796.10(C)(3))</i>.</p>
<p>Applicant's facility will not be located within 500 feet of a school, church, public library, public playground, or public park <i>(R.C. 3796.09(B)(4) and 3796.10(B)(4))</i>.</p>	<p>Similar to the medical licenses but includes an exception for existing medical license holders <i>(R.C. 3780.11(B)(6), repealed)</i>.</p>	<p>Same as the medical licenses under current law <i>(R.C. 3796.09(C)(4) and 3796.10(C)(4))</i>.</p>
<p>Applicant is in compliance with all applicable state tax laws <i>(R.C. 3796.09(B)(5) and 3796.10(B)(5))</i>.</p>	<p>Same as the medical licenses <i>(R.C. 3780.11(B)(7), repealed)</i>.</p>	<p>Same as the medical licenses under current law <i>(R.C. 3796.09(C)(5) and 3796.10(C)(6))</i>.</p>

License Eligibility Criteria		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
No provision.	No provision.	Applicant demonstrates sufficient liquid capital and ability to meet financial responsibility requirements <i>(R.C. 3796.09(C)(6) and 3796.10(C)(7))</i> .
No provision.	No provision.	Applicant demonstrates that the proposed facility is not located in a municipal corporation or township that prohibits marijuana operators <i>(R.C. 3796.09(C)(7) and 3796.10(C)(8))</i> .
No provision.	No provision.	Application does not include false, misleading, or deceptive information and does not omit material information <i>(R.C. 3796.09(C)(8) and 3796.10(C)(9))</i> .
No provision.	No provision.	Applicant pays all fees required by DMC <i>(R.C. 3796.09(C)(9) and 3796.10(C)(10))</i> .
No provision.	No provision.	Applicant for a dispensary license demonstrates that the proposed facility is not located within one mile of another licensed dispensary and has not been issued a permit to sell beer or intoxicating liquor <i>(R.C. 3796.10(C)(5))</i> .
No provision.	Applicant for a testing laboratory license demonstrates that it does not have an ownership or investment interest in, a compensation agreement with, or share corporate officers or employees with, another	No provision.

License Eligibility Criteria		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
	adult-use license holder (<i>R.C. 3780.11(B)(4) and (5)</i>).	
No provision.	Applicant is not 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 (<i>R.C. 3780.11(B)(9)</i>).	No provision.
Applicant demonstrates compliance with all eligibility requirements prescribed by administrative rule (<i>R.C. 3796.09(B)(6) and 3796.10(B)(6)</i>).	Same as the medical licenses (<i>R.C. 3780.11(B)(8), repealed</i>).	Same as the medical licenses under current law (<i>R.C. 3796.09(C)(10) and 3796.10(C)(11)</i>).

Ranking process

Should the number of applicants exceed the number of available licenses, the bill requires DMC to use an “impartial and evidenced based process” to rank applicants. The ranking process must take into account all of the following:

- The applicant’s plans for business, operations, security, finances, environment, generating jobs, and economic development;
- The applicant’s principal place of business; the proposed location of the applicant’s facility;
- The applicant’s employment practices;
- The applicant’s plans to hire and educate Ohio residents, veterans, disabled persons, women, and minorities;
- The criminal records of all persons subject to the records check;
- The civil and administrative history of the applicant;
- Other criteria specified by law or administrative rule.⁴⁰

⁴⁰ R.C. 3796.09(D) and 3796.10(D).

Lottery

The bill allows DMC to use a lottery system to issue licenses but specifies certain procedural conditions for that system. DMC must rank applicants into the following categories: (1) highly exceeds, (2) exceeds, (3) meets, and (4) does not meet. The number of applicants in each of the first three categories must be roughly equal, to the extent possible under the impartial, evidence-based process described above.

In conducting the lottery, DMC must give applicants in the “exceeds” category double the odds of being selected as compared to applicants in the “meets” category. Similarly, applicants in the “highly exceeds” category must receive double the odds of applicants in the “exceeds” category. Applicants in the “does not meet” category are ineligible for licensure.⁴¹

Renewal applications

The bill specifies that applications for renewal are not subject to the ranking or lottery requirements. Furthermore, it prohibits DMC from denying a renewal application based solely on the location of the applicant’s existing facility in proximity to other license holders.⁴²

10(B) licenses

Background

Current law guarantees licenses under the Cannabis Control Law for certain medical marijuana license holders (“10(B) licenses”). Specifically, DCC is required to issue the following licenses:

- For medical marijuana retail dispensaries, one adult-use dispensary license for the same location and, unless the applicant has common ownership or control with an adult-use cultivator or processor, one adult-use dispensary license for a different location;
- For level I medical marijuana cultivators, three adult-use dispensary licenses at locations specified in the application and one level I adult-use cultivator license for the same location as the medical cultivation facility;
- For level II medical marijuana cultivators, one adult-use dispensary license at a location specified in the application and one adult-use cultivator license for the same location as the medical cultivation facility;
- For medical marijuana processors, one adult-use processor license for the same location as the medical processor facility;
- For medical marijuana testing laboratories, one adult-use laboratory license for the same location as the medical marijuana testing laboratory.

⁴¹ R.C. 3796.09(E) and 3796.10(E).

⁴² R.C. 3796.09(G) and 3796.10(G).

Provisional license holders that do not receive a full certificate of operation by December 7, 2025, do not receive these guaranteed licenses.⁴³

Merge with medical licenses

The bill repeals the authority for DMC to issue 10(B) licenses but it preserves the validity of licenses issued before the bill's effective date. All 10(B) licenses issued before the bill's effective date must be treated the same as the equivalent license under the Marijuana Control Law. The table below addresses "equivalent licenses" for the purposes of the bill.

Equivalent Licenses	
10(B) License	Marijuana Control Law
Adult-use cultivator	Level I or level II cultivator license
Adult-use processor	Processor
Adult-use dispensary	Retail dispensary
Adult-use testing laboratory	Laboratory

The holder of a 10(B) license is subject to all procedures, requirements, and penalties that apply to the holder of the equivalent, non-10(B) license. If a 10(B) license issued before the effective date of the bill is held by the same person and used at the same location as an equivalent license, DCC is required to merge the licenses and treat them as the same license for all purposes, including expiration and renewal.⁴⁴

Other adult-use licenses

The bill eliminates DCC's authority to issue up to 50 additional adult-use dispensary licenses, and up to 40 level III cultivator licenses, with preference given to certified Cannabis Social Equity and Jobs Program participants. The Cannabis Social Equity and Jobs Program is repealed by the bill. Under current law, level III cultivators are authorized to develop a cultivation area of up to 5,000 square feet, or more if an expansion is approved by DMC. No level III adult-use cultivator licenses have been issued as of June 18, 2025.⁴⁵

Disqualifying offenses

Under the Cannabis Control Law, a "disqualifying offense" is any of the following:

- Any felony or first degree misdemeanor violation of the Drug Offenses Law, the Controlled Substances Law, or the Pharmacists and Dangerous Drugs Law;
- Any theft or felony offense;

⁴³ R.C. 3780.10, repealed.

⁴⁴ R.C. 3796.33.

⁴⁵ R.C. 3780.10 and 3780.07(F), repealed.

- Any criminal violation of the Pure Food and Drug Law;
- A crime of moral turpitude;
- A violation of any substantially similar former law.

“Disqualifying offense” does not include a misdemeanor related to marijuana possession, trafficking, illegal cultivation, illegal use or possession of drug paraphernalia, or other marijuana-related crimes. Under the Medical Marijuana Law, DMC identifies the offenses that disqualify an applicant for licensure by rule.

The bill applies the Cannabis Control Law definition to all license applicants.⁴⁶

Setback requirements

Continuing law prohibits a cultivator, processor, dispensary, or laboratory from commencing operations at a facility located within 500 feet of a church, public library, public playground, public park, or school. Under current law, if a medical license holder requests to relocate within 500 feet of such a location, DCC is required to deny the request. However, current law allows relocation of an adult-use facility within 500 feet of a church, public library, public playground, public park, or school under certain limited circumstances:

- If the license holder has a certificate of operation and is doing business under a different license at that same location (for example, if a licensed dispensary seeks to relocate to the same location at which it processes marijuana);
- Research related to adult-use cannabis at a state university, academic medical center, or private or public research and development organization;
- An expansion of a cultivation area allowed under the Cannabis Control Law.⁴⁷

The bill repeals these exceptions. If a requested relocation of any marijuana facility would result in the facility being located within 500 feet of a church, public library, public playground, public park, or school, DMC is required to deny the request. However, the bill specifies that DMC is not required to revoke the license of an existing marijuana operator, or require that operator to relocate, if a church, public library, public playground, public park, or school is established on, or relocates to, a parcel within 500 feet of that operational marijuana facility.⁴⁸

Samples

Current law prohibits adult-use license holders from dispensing adult-use marijuana without remuneration, unless authorized by a DCC rule.⁴⁹ A person who violates that prohibition

⁴⁶ R.C. 3796.01(A)(20).

⁴⁷ R.C. 3780.07, repealed.

⁴⁸ R.C. 3796.30.

⁴⁹ R.C. 3780.20(B), repealed.

is guilty of the illegal dispensing of drug samples.⁵⁰ The bill repeals the prohibition and related penalty.

Advertising

Current law authorizes DCC to adopt reasonable standards that prevent advertisements for adult-use marijuana that are false, targeted towards minors, promote excessive use, or promote illegal activity.⁵¹ The bill expands DMC's rulemaking authority to medical marijuana advertisements. Furthermore, it allows DMC to prohibit advertisements that are attractive to minors, obscene or indecent, contain depictions of marijuana use, or promote marijuana as an intoxicant.⁵² Any rules adopted by DMC concerning adult-use marijuana advertising must be no less stringent than the most stringent rules that apply to tobacco or alcohol advertising.⁵³

Under the bill, neither adult-use nor medical marijuana may be marketed using any graphic, picture, or drawing that bears any resemblance to a cartoon character or popular figure whose target audience is children or youth.⁵⁴ Furthermore, no person may place or maintain, or cause to be placed or maintained, an advertisement for marijuana within 500 feet of the boundaries of a parcel of real estate having situated on it a school, church, public library, public playground, or public park. This prohibition, however, does not apply to signage on the facility of a license holder.⁵⁵ With regard to the advertisement of adult-use marijuana, the bill prohibits any assertion or suggestion that adult-use marijuana has health or therapeutic benefits.

Current law prohibits rules that require preapproval of adult-use marijuana advertisements or that overly burden the legitimate commercial speech of license holders. The bill repeals that prohibition and instead institutes a preapproval process. The bill requires all names, logos, signs, or materials used to market adult-use or medical marijuana to be submitted to DMC for approval before their use. DMC must approve or disapprove such submissions within 15 business days or the name, logo, sign, or material is deemed to be approved.⁵⁶

The bill maintains the current law authorization for DMC, at any time, to conduct an audit of an applicant's or license holder's published advertisements to ensure compliance with advertising laws.⁵⁷ If DMC determines that a person has violated the advertising laws or corresponding rules, DMC may require the person to stop using the advertisement and proceed with any enforcement action DMC deems "necessary and proper."⁵⁸

⁵⁰ R.C. 2925.36, not in the bill; R.C. 3780.99(H), repealed.

⁵¹ R.C. 3780.21(A), repealed.

⁵² R.C. 3796.32(A).

⁵³ R.C. 3796.32(B).

⁵⁴ R.C. 3796.32(D).

⁵⁵ R.C. 3796.32(F).

⁵⁶ R.C. 3796.32(G); R.C. 3780.21(B), repealed.

⁵⁷ R.C. 3796.32(C); R.C. 3780.21(C), repealed.

⁵⁸ R.C. 3796.32(H).

Cultivators

Cultivation area

Under current law, there are three types of adult-use cultivator licenses:

- Level I – may cultivate up to 100,000 square feet;
- Level II – may cultivate up to 15,000 square feet;
- Level III – may cultivate up to 5,000 square feet.

All adult-use cultivators may request an increase in cultivation areas from DCC.⁵⁹

The current law license “types” and cultivation area limitations for medical marijuana cultivators are prescribed by administrative rule as follows:

- Level I – may cultivate up to 25,000 square feet;
- Level II – may cultivate up to 3,000 square feet.

The bill eliminates the Level III cultivator license, but applies the square footage limitations for Level I and Level II adult-use cannabis cultivators to all cultivators. With the approval of DMC, a licensed cultivator may request and receive one or more expansions to the cultivator’s cultivation area so long as the resulting total cultivation area, including all expansions, does not exceed the applicable maximum cultivation area for the license type.⁶⁰

Permitted activities

The bill allows a licensed cultivator to deliver or sell adult-use marijuana to any other license holder. Under current law, an adult-use cultivator is permitted to deliver, sell, or transfer adult-use cannabis to other cultivators, processors, or dispensaries, but not laboratories. Medical marijuana cultivators are currently permitted to deliver or sell medical marijuana only to license processors.

The bill also retains a provision of the Cannabis Control Law that allows adult-use cultivators to acquire seeds, clones, plants, and other genetic material, and applies it to all licensed cultivators.⁶¹

Packaging and labeling

The bill requires cultivators to identify, package, and label all marijuana products in accordance with the Marijuana Control Law before delivering or selling the products to a licensed processor.⁶²

⁵⁹ R.C. 3780.01(A)(19) to (23) and 3780.07(F), repealed.

⁶⁰ R.C. 3796.18(D) and (E).

⁶¹ R.C. 3796.18(A)(1)(b) and (c); R.C. 3780.12 and 3780.13, repealed.

⁶² R.C. 3796.18(C).

Provisional licenses

The bill specifies that a provisional cultivator license (i.e., a temporary license that sets forth certain conditions to be met before the cultivator may begin operations) is not transferrable.⁶³

Processors

Permitted activities

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

Processor Activities		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	Marijuana Licenses (Under the Bill)
Obtain medical marijuana from one or more licensed cultivators <i>(R.C. 3796.19(A)(1))</i> .	Obtain adult-use cannabis from any licensed cultivator, processor, or dispensary <i>(R.C. 3780.14(A)(1))</i> .	Obtain adult-use or medical marijuana from any license holder <i>(R.C. 3796.19(A)(1)(a))</i> .
Process medical marijuana obtained from one or more licensed cultivators into an allowable form <i>(R.C. 3796.19(A)(2))</i> .	Process adult-use cannabis into an allowable form <i>(R.C. 3780.14(A)(2))</i> .	Process medical and adult-use marijuana into any allowable form <i>(R.C. 3796.19(A)(1)(b))</i> .
Deliver or sell medical marijuana to one or more licensed dispensaries <i>(R.C. 3796.19(A)(3))</i> .	Distribute, transfer, or sell adult-use cannabis to any licensed cultivator, processor, or dispensary <i>(R.C. 3780.14(A)(3))</i> .	Deliver, transfer, or sell processed adult-use or medical marijuana to other license holders <i>(R.C. 3796.19(A)(1)(c))</i> .
Comply with certain packaging and labeling requirements <i>(R.C. 3796.19(B))</i> .	No provision.	Similar to the medical licenses under current law but adds additional packaging and labeling requirements (discussed below) and specifies that the processor must comply before delivering or selling the marijuana product to a dispensary <i>(R.C. 3796.19(B)(3), 3796.03, and 3796.32)</i> .

⁶³ R.C. 3796.09(H) and 3796.01(A)(18).

Provisional licenses

The bill specifies that a provisional processor license is not transferrable.⁶⁴

Dispensaries

Permitted activities

The bill modifies the activities that may be performed by a licensed dispensary as follows:

Dispensary Activities		
Medical Licenses (Current Law)	Adult-Use Licenses (Current Law)	All Licenses (Under the Bill)
Obtain medical marijuana from one or more processors (<i>R.C. 3796.20(A)(1)</i>).	Obtain adult-use cannabis from any licensed cultivator, processor, or dispensary (<i>R.C. 3780.15(A)(1)</i>).	Obtain adult-use and medical marijuana from any license holder (<i>R.C. 3796.20(A)(1)(a)</i>).
Dispense or sell medical marijuana to registered patients and caregivers (<i>R.C. 3796.20(A)(2)</i>).	Distribute, transfer, or sell, adult-use cannabis to adult-use consumers or any licensed cultivator, processor, or dispensary (<i>R.C. 3780.15(A)(2) and (4)</i>).	Dispense or sell medical marijuana to registered patients and caregivers, and adult-use marijuana to adult-use consumers (<i>R.C. 3796.20(A)(1)(b) and (c)</i>).
No provision.	Sell paraphernalia that may be used in the administration of adult-use cannabis (<i>R.C. 3780.15(A)(4)</i>).	Similar to the adult-use licenses under current law but adds paraphernalia that may be used in the administration of medical marijuana (<i>R.C. 3796.20(A)(1)(d)</i>).
No provision.	Provide delivery of adult-use cannabis to adult-use consumers (<i>R.C. 3780.15(A)(3)</i>).	No provision.
No provision.	No provision.	Provide delivery of medical marijuana to patients and caregivers (<i>R.C. 3796.20(A)(1)(e)</i>).

⁶⁴ R.C. 3796.09(H).

Identification requirement

Current law requires both medical and adult-use dispensaries to check the consumer's identification before dispensing marijuana products. The bill specifies that the identification presented must be government-issued.⁶⁵

Medical marijuana supply

The bill also requires all dispensaries to ensure a sufficient supply of medical marijuana products necessary to meet demand.⁶⁶

Warning requirements

Current law requires adult-use dispensaries to maintain addiction services information materials available at the adult-use consumer's request.⁶⁷ No similar requirement applies to medical dispensaries. The bill eliminates that requirement and instead mandates all dispensaries to prominently display both of the following:

- A statement that the use of adult-use or homegrown marijuana by underage individuals is both harmful and illegal;
- Information about the addictive qualities of marijuana and the potential negative health consequences associated with its use.⁶⁸

Provisional licenses

Under the bill, DMC is permitted to revoke a dispensary license for failure to secure a certificate of operation within 18 months after provisional licensure. However, DMC is required to grant up to two six-month extensions if the provisionally licensed dispensary demonstrates a good-faith effort at becoming operational.⁶⁹

The bill specifies that a provisional dispensary license is not transferable.⁷⁰

License caps

Current law requires DCC, every two years, to review the number of adult-use cannabis licenses and issue additional licenses, dependent upon demand.⁷¹ DCC is required to issue a report based on this review.⁷² The bill removes the review and reporting requirements and simply

⁶⁵ R.C. 3796.20(B)(1) and (C)(1); R.C. 3780.15(B)(1), repealed.

⁶⁶ R.C. 3796.20(B)(4).

⁶⁷ R.C. 3780.15(C), repealed.

⁶⁸ R.C. 3796.20(D)(3).

⁶⁹ R.C. 3796.05(B)(2).

⁷⁰ R.C. 3796.10(H).

⁷¹ R.C. 3780.10(E), repealed.

⁷² R.C. 3780.10(F), repealed.

caps the total number of dispensaries (adult-use and medical marijuana) that may be operational at any given time at 400.⁷³

Location of facilities

The bill requires DMC to issue dispensary licenses in such a way as to prevent oversaturation in any one geographic location. DMC is also prohibited from issuing a license or approving a relocation that would result in a dispensary being located within one mile of another dispensary. Furthermore, the bill prohibits DMC from issuing a license or approving a relocation to a location or facility for which a permit to sell beer or intoxicating liquor has been issued.⁷⁴

Employment with a license holder

Current law requires persons seeking employment with an adult-use cannabis license holder to obtain a license from DCC. Individuals seeking an employment license must apply on a form prescribed by DCC and complete a background check. DCC is required to charge an application fee to cover actual regulatory costs associated with the license. The employment license is portable and authorizes the holder to work for any entity licensed under the Cannabis Control Law, so long as the person is registered with DCC for each location where the person works or is employed.⁷⁵

The bill repeals the license and associated procedures and instead applies a modified version of the background check requirements prescribed by current law for persons seeking employment with licensed marijuana operators. Under current law, the offenses that disqualify a person from employment with a license holder are identified by DMC rule. Instead, the bill provides that the same disqualifying offenses that apply to license holders also apply to persons seeking employment with a license holder. Furthermore, the bill requires DMC to establish standards for provisional employment of persons who have “exigent circumstances.” Only persons that submit evidence of compliance with the background check requirements are eligible for provisional employment. The initial provisional employment authorization is valid for no longer than three months, but DMC may renew the authorization for an additional three months. The bill states that DMC may use “all available resources in establishing standards for instant background checks.” The meaning of that provision is not clear.⁷⁶

Cannabis misuse prevention

The bill retains and recodifies current law requiring DMC to contract with a statewide nonprofit corporation for the development and implementation of cannabis and related drug misuse and prevention, education, and public awareness initiatives. The existing law requires the activities to be driven by data, evaluation, and research and specifies specific characteristics the

⁷³ R.C. 3796.05(B)(1).

⁷⁴ R.C. 3796.05(B)(4).

⁷⁵ R.C. 3780.17, repealed.

⁷⁶ R.C. 3796.13.

initiatives must have. DMC must oversee, evaluate, and annually report on the initiatives to the General Assembly.⁷⁷

Administration

Changes to rulemaking requirements under the Medical Marijuana Law

The topics addressed by DMC rule under the bill are mostly similar to those required under the current Medical Marijuana Law. However, the bill eliminates the authority to determine the number of dispensaries that may operate at a given time and instead caps the number of active dispensaries at 400.⁷⁸ Furthermore, the bill eliminates the requirement for rules addressing what happens when a school, church, public library, public playground, or public park is established or relocates within 500 feet of an existing license holder. The bill specifies that, in that scenario, the license holder is not required to relocate its operations.⁷⁹

Repeal of rulemaking requirements under the Cannabis Control Law

The bill repeals the rulemaking requirements under the Cannabis Control Law. Some of those rule requirements closely resemble rules required under the bill. However, other Cannabis Control Law rules do not have a clear equivalent. For example, the bill repeals requirements that DCC adopt rules doing the following:

- Preventing practices detrimental to the public interest;
- Educating the public about adult-use cannabis;
- Allowing delivery of adult-use cannabis products;
- Exempting institutional or private investors who do not have significant control or influence over a license applicant or license holder from licensing requirements;
- Establishing license and renewal fees based on the amount of funding needed to pay the actual cost of administering the Cannabis Control Law;
- Establishing a process for approving a change in ownership or a transfer of control of a license holder;
- Establishing a process for expanding a license holder's cultivation area;
- Establishing standards and procedures for laboratory testing;
- Establishing insurance or surety bond requirements for adult-use license holders;

⁷⁷ R.C. 3796.34 (recodifying R.C. 3780.37).

⁷⁸ R.C. 3796.03(B)(3) and 3796.05(B)(1).

⁷⁹ R.C. 3796.03(B)(4), and (B)(9) and 3796.30(C).

- Prescribing technical standards for security and surveillance equipment and security service providers;
- Prescribing standards for recordkeeping and financial accounts.⁸⁰

The Cannabis Control Law allows any citizen to commence an action in the Franklin County Court of Common Pleas to compel DCC to adopt rules related to adult-use cannabis, if it fails to do so within nine months after December 7, 2023. The bill repeals the right to a cause of action.⁸¹

New rulemaking requirements

Mobile order and delivery

The Cannabis Control Law requires DCC to adopt rules prescribing standards and procedures to allow for online and mobile ordering and delivery of adult-use cannabis products. The bill retains the online and mobile ordering provision and also applies it to both adult-use and medical marijuana products. It creates a rulemaking requirement concerning the delivery of medical marijuana products to a registered patient or caregiver but does not require rules concerning the delivery of adult-use marijuana.⁸²

Gifts

The bill instead requires DMC to establish standards prohibiting a person from using gifts, samples, or other free or discounted goods or services to induce or reward a license holder for business or referrals.⁸³

Nonmarijuana additives

The bill requires DMC to establish standards for nonmarijuana ingredients used in adult-use and medical marijuana products. These standards may consider industry best practices and criteria set by the Federal Food and Drug Administration for food ingredients, vitamins, and supplements. DMC may prohibit ingredients that do not meet such standards.⁸⁴

Consolidation of rules

The bill provides for the consolidation of rules adopted under the existing Medical Marijuana Control Law and the Cannabis Control Law. All rules adopted pursuant to the existing Cannabis Control Law that existed immediately prior to the effective date of the bill, and that are not in conflict with the requirements of the bill, continue in effect until repealed or amended by DMC. The Director of the Legislative Service Commission is authorized to renumber rules adopted under both the Medical Marijuana Control Law and the Cannabis Control Law as needed to facilitate the consolidation. Any rules pending before the Common Sense Initiative or the Joint Committee on Agency Rule Review on

⁸⁰ R.C. 3780.03, repealed.

⁸¹ R.C. 3780.28, repealed.

⁸² R.C. 3796.03(B)(15); R.C. 3780.03(C)(17), repealed).

⁸³ R.C. 3796.03(B)(16).

⁸⁴ R.C. 3796.03(B)(17).

the effective date of the bill are to be treated as having been proposed under the Marijuana Control Law, as enacted by the bill. DMC rules adopted in the year following the bill's effective date are exempt from Ohio laws concerning the reduction of regulatory restrictions.⁸⁵

Enforcement

The Cannabis Control Law specifies that DCC is not required to enforce minor violations.⁸⁶ It also allows the Attorney General to bring an action to enforce the Cannabis Control Law upon receiving a written request from DCC. The bill repeals both of these provisions and a corresponding provision in the Medical Marijuana Law.⁸⁷

The bill instead places oversight of all marijuana license holders under the merged DMC, allowing DMC to suspend, suspend without prior hearing, revoke, or refuse to renew a marijuana license. Current law authorizes DMC, when suspending a retail dispensary license without a hearing, to use a telephone conference call to review the allegations and take a vote. The bill repeals this authority.⁸⁸

The bill allows the Ohio Investigative Unit (OIU) within the Department of Public Safety to assist DMC in enforcing the Marijuana Control Law. It also specifies that OIU may not investigate or inspect a person or facility for an alleged violation unless OIU is invited by local law enforcement or the person being investigated is a license holder and one or both of the following apply:

- DMC requests OIU to inspect or investigate;
- The inspection or investigation involves alleged criminal activity.

However, the bill specifies that OIU is not prohibited from enforcing the Marijuana Control Law outside the premises of a license holder's marijuana facilities. The authority of OIU to investigate such violations is concurrent to the jurisdiction of any law enforcement officer.⁸⁹

Electronic database

Current law requires DMC to establish and maintain an electronic database to monitor all medical and adult-use marijuana from its seed or clone source through its cultivation, processing, testing, and dispensing. The bill maintains the requirement that both adult-use and medical marijuana be tracked in the database. Any data collected in the database is prohibited from being released. However, the bill allows information that does not identify a specific patient, caregiver, or adult-use consumer to be released in summary, statistical, or aggregate form.⁹⁰

⁸⁵ Section 5.

⁸⁶ R.C. 3780.26(E), repealed.

⁸⁷ R.C. 3796.15(B) and 3780.27, repealed.

⁸⁸ R.C. 3796.14(A)(4).

⁸⁹ R.C. 3796.01, 3796.14, 3796.15, 5502.01, 5502.13, and 5502.14.

⁹⁰ R.C. 3796.07.

Civil actions against DCC

The bill repeals all of the following provisions related to a possible failure on the part of DCC to implement the requirements of the current Cannabis Control Law:

- Requirement that DCC begin accepting applications for adult-use licensure no later than June 7, 2024.⁹¹
- Specification that, if DCC fails to adopt rules related to adult-use cannabis by September 7, 2024, or fails to issue licenses by June 7, 2024, any citizen may bring a lawsuit to compel DCC to perform the actions mandated under the Cannabis Control Law.⁹²
- Authorization, if DCC fails to issue a license or a denial after an application has been filed, for the applicant to sue to compel DCC to carry out its duties, and also operate under a temporary license.⁹³
- Specification that these provisions are not to be construed as authorizing marijuana operations under a license that has been suspended, denied, or revoked.⁹⁴

Venue for legal challenges

Current law requires actions challenging the constitutionality of the current Cannabis Control Law, rules adopted by DCC, or actions of DCC to be brought in the Franklin County Court of Common Pleas within 90 days after December 7, 2023, the effective date of the rule, or the date of the action, as applicable. It further specifies that the requirement does not apply to any claim within the original jurisdiction of the Ohio Supreme Court or a court of appeals. It also requires the Franklin County Court of Common Pleas to prioritize actions described above over any other civil claim before the Court. The bill repeals these requirements.⁹⁵

Local government authority

Current law allows a municipal corporation or township to prohibit, or limit the number of, adult-use operators within the boundaries of the subdivision, subject to certain limitations. The bill retains similar authority but specifies that a township or municipality cannot prohibit or limit the marijuana activities of a person who holds a medical marijuana license or adult-use license on the effective date of the bill. Further, a township or municipality cannot prohibit or limit any activity authorized under the Marijuana Control Law, such as home grow.⁹⁶

The bill repeals numerous limitations on municipal and township authority to regulate marijuana, current law provisions that:

⁹¹ R.C. 3780.11(A), repealed.

⁹² R.C. 3780.28(A), repealed.

⁹³ R.C. 3780.28(B), repealed.

⁹⁴ R.C. 3780.28(C), repealed.

⁹⁵ R.C. 3780.28, repealed.

⁹⁶ R.C. 3796.29; R.C. 3780.25(A), repealed.

- Prohibit a municipal corporation or township from prohibiting or limiting home grow or other activities authorized by the Cannabis Control Law.
- Prohibit a municipal corporation or township from prohibiting or limiting adult-use cultivators, processors, or dispensaries that are co-located on the same parcel or contiguous parcels as an existing medical marijuana cultivator or processor.
- Prohibit a municipal corporation or township from prohibiting or limiting a licensed medical marijuana dispensary that has its certificate of operation on December 7, 2023, from also operating an adult-use dispensary, unless the municipal corporation or township adopts a prohibiting or limiting ordinance or resolution within 120 days after the adult-use dispensary license is issued.
- Requires a dispensary to cease operations within 60 days after a municipal corporation or township passes an ordinance or resolution as described above unless the dispensary files a petition with the Board of Elections. The petition must be signed by the lessor of 100 qualified electors of the municipal corporation or township or 5% of the total amount of qualified electors of the municipal corporation or township. Following submission of such a petition, the issue of whether the adult-use dispensary may remain open must be placed on the next general election ballot. The dispensary may continue to operate until the issue is decided.
- Specifies that if the majority of qualified voters of the municipal corporation or township approve the dispensary's continued operations, the dispensary may continue to operate the municipal corporation or township may continue receiving host community cannabis funding.
- Specifies that if the majority of qualified voters of the municipal corporation or township vote to disapprove the dispensary's continued operations, the dispensary may request (and DCC must approve) relocation of its operations outside the municipal corporation or township. The dispensary must close its operations in the municipal corporation or township within 90 days after certification of the election results, or until its request to relocate is approved by DCC, whichever is later.⁹⁷

Employment

Current law requires that a person be considered to have been discharged from employment for just cause under the Unemployment Compensation Law if the person is discharged for using marijuana in violation of the employer's drug-free workplace policy, zero-tolerance policy, or other formal program or policy regulating marijuana use (a person who is discharged for just cause is disqualified from serving a waiting week or receiving benefits under the Unemployment Compensation Law for the duration of the person's unemployment unless an

⁹⁷ R.C. 3780.25, repealed.

exception applies).⁹⁸ The bill also specifies that such a person is ineligible to serve a waiting period or be paid unemployment benefits for the duration of the person's unemployment.⁹⁹

Additionally, under continuing law, it is not a violation of the Ohio Civil Rights Law if an employer discriminates against a person for medical marijuana use if that use violates the employer's drug-free workplace policy, zero-tolerance policy, or other formal program or policy regulating medical marijuana use. The bill expands this to include adult-use marijuana and homegrown marijuana use.¹⁰⁰

Name, image, and likeness (NIL) deals

The bill expands the authority of institutions of higher education to prohibit students from entering into certain name, image, or likeness (NIL) deals to include adult-use marijuana products and license holders. Current law authorizes institutions of higher education to prohibit students from entering into NIL deals with certain entities, such as casinos, tobacco manufacturers, or medical marijuana license holders. The bill expands this authority to include adult-use marijuana license holders.¹⁰¹

CAUV eligibility of land used for marijuana cultivation

Pursuant to authority granted in the Ohio Constitution, farmland may be valued at its current agricultural use value ("CAUV") – its value considering only its use for agriculture – rather than its fair market value.¹⁰² This usually results in a lower tax bill for farm owners because the land is often valued below its actual market value, particularly in areas where farmland is in demand for development purposes. The bill makes land used to cultivate adult-use marijuana ineligible to be valued for property tax purposes as other agricultural land pursuant to its CAUV. A similar exclusion already applies to lands used to cultivate medical marijuana under continuing law.¹⁰³

Expungement of prior marijuana possession offenses

The bill permits a person who, prior to the bill's effective date, was a defendant named in a dismissed complaint, indictment, or information for or was convicted of or pled guilty to a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams of hashish to apply to the sentencing court at any time on or after the bill's effective date to have the official record or record of their conviction in the case expunged.¹⁰⁴

⁹⁸ R.C. 3780.35(B), repealed, and R.C. 3796.28(B); R.C. 4141.29, not in the bill.

⁹⁹ R.C. 3796.28(B).

¹⁰⁰ R.C. 3796.28(C).

¹⁰¹ R.C. 3376.07.

¹⁰² Ohio Constitution, Article II, Section 36.

¹⁰³ R.C. 5713.30.

¹⁰⁴ R.C. 2953.321(B) and (C) and 2925.11(C)(3)(a) and (b) and (7)(a) to (d), not in the bill.

The application must do all of the following:¹⁰⁵

1. Identify the applicant, the offense for which the expungement is sought, the date of the conviction of, plea of guilty to, or dismissal of charges for that offense, and the court in which the conviction occurred, or the plea of guilty was entered, or the charges were dismissed;
2. Include evidence that the charge or offense was a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams of hashish; that the dismissal, conviction, or plea of guilty occurred prior to the bill's effective date; and that the conduct that was the basis of the charge or violation involved a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving not more than 15 grams of hashish;
3. Include a request for expungement of the official record or record of conviction of that offense.

Upon the filing of an application and the payment of the \$50 fee described below under **"Filing fee,"** if applicable, the court must set a date for a hearing and notify the prosecutor for the case of the hearing.¹⁰⁶

Prosecutor objection; investigation

The prosecutor may file an objection with the court prior to the date set for the hearing, which must specify the reasons for believing a denial of the application is justified. The court must then direct its regular probation officer, a state probation officer, or the department of probation of the county in which the applicant resides to make inquiries and written reports as the court requires concerning the applicant.¹⁰⁷

Hearing

The bill requires the court to hold a hearing not less than 45 days and not more than 90 days after the date of the filing of the application. At the hearing, the court must do all of the following:¹⁰⁸

- Determine whether the applicant has, prior to the bill's effective date, been a defendant named in a dismissed complaint, indictment, or information for or been convicted of or pleaded guilty to a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams of hashish;
- If the prosecutor has filed an objection, consider the reasons against granting the application specified by the prosecutor in the objection;

¹⁰⁵ R.C. 2953.321(C).

¹⁰⁶ R.C. 2953.321(D).

¹⁰⁷ R.C. 2953.321(D)(1).

¹⁰⁸ R.C. 2953.321(D)(2) and (E).

- Weigh the interests of the applicant in having the official record or record of conviction expunged against the legitimate needs, if any, of the government to maintain those records.

If the court determines that the applicant, prior to the bill's effective date, had been named in a dismissed complaint, indictment, or information for or had been convicted of or pleaded guilty to a misdemeanor marijuana or hashish possession offense or a felony hashish possession offense involving the possession of not more than 15 grams of hashish, and that the interests of the applicant in having the official record or record of conviction sealed are not substantially outweighed by any legitimate governmental needs to maintain those records, the court must do both of the following:¹⁰⁹

- Order the expungement of all official records pertaining to the case and the deletion of all index references to the case;
- Send notice of the order to each public office or agency that the court has reason to believe may have an official record pertaining to the case.

Effect of court order

The proceedings in the case that is the subject of an order issued under the bill will be considered not to have occurred and the official records, conviction, or guilty plea of the person who is the subject of the proceedings must be expunged. The records may not be used for any purpose, including, but not limited to, a statutorily prescribed criminal records check. The applicant may, and the court must, reply that no record exists with respect to the applicant upon any inquiry into the matter.¹¹⁰

Filing fee

An applicant must pay a fee of \$50 upon filing the application for expungement under the bill. The court must pay \$30 of the fee into the state treasury, with half of that amount credited to the Attorney General Reimbursement Fund, and \$20 of the fee into the county general revenue fund.¹¹¹

Youth prevention program

The bill requires the Department of Mental Health and Addiction Services (DMHAS) to establish and administer a statewide program to prevent youth use of marijuana. The program is required to do all of the following:

- Use a harm reduction approach;
- Include practices aimed at the prevention or reduction of substance use, substance abuse, substance dependence, and substance use disorders;

¹⁰⁹ R.C. 2953.321(F)(1).

¹¹⁰ R.C. 2953.321(F)(2), by reference to R.C. 109.572, not in the bill.

¹¹¹ R.C. 2953.321(G), by reference to R.C. 109.11, not in the bill.

- Use other evidence-based approaches selected by DMHAS.¹¹²

Appropriation

The bill appropriates \$47.5 million in FY 2026 and \$49 million in FY 2027 from the Host Community Cannabis Fund to make marijuana excise tax distributions to municipal corporations and townships that have adult use dispensaries.¹¹³ Under continuing law, that fund receives 36% of receipts from this tax.¹¹⁴

Hemp Products

Overview of current hemp regulations

Current law allows the Director of Agriculture to establish a Hemp Cultivation Program to monitor and regulate hemp cultivation¹¹⁵ and requires the Director to create a Hemp Processing Program to monitor and regulate the processing of hemp into hemp products. Hemp is a variety of the plant *Cannabis sativa* L. (cannabis) that can be used in a variety of applications, such as paper, textiles, biofuel, animal feed, food, and personal care products. Both hemp and marijuana are derived from cannabis. However, hemp contains a lower concentration (0.3% or below) of cannabis's main psychoactive constituent, delta-9 tetrahydrocannabinol (THC).

Under the programs, the Director must issue hemp cultivation licenses, if the Director establishes a Hemp Cultivation Program, and hemp processing licenses to eligible applicants. Thus, any person who plants or harvests hemp, or processes and stores hemp on the site of cultivation until transported for sale, must obtain a hemp cultivation license. A person who converts hemp into a hemp product must obtain a hemp processing license. However, any person may possess, buy, or sell hemp or a hemp product without a license, provided the person is not cultivating or processing the hemp.¹¹⁶

Intoxicating hemp

As indicated above, the current definitions in the Hemp Law focus on the percentage content of delta-9 THC (0.3% or below). Thus, if a product that includes hemp meets that standard, it is considered a hemp product. However, some processors have created hemp products with additional THC compounds that are not delta-9 THC (e.g., delta-8 THC). The result can be a product that meets the definition of a hemp product (because it is 0.3% delta-9 THC or below), but that has intoxicating effects because other THC compounds are manufactured into the product at a high enough level to cause intoxication. The original intent of the Hemp Law was to allow for the production and sale of products that are not intoxicating. As it stands, because hemp is not regulated as a controlled substance like marijuana, these intoxicating hemp

¹¹² R.C. 5119.171.

¹¹³ Sections 8 through 10.

¹¹⁴ R.C. 3780.22, repealed by the bill; R.C. 3796.40.

¹¹⁵ Under current law, the Director may transfer authority to monitor and regulate hemp cultivation to the U.S. Department of Agriculture (USDA). See R.C. 928.02, not in the bill.

¹¹⁶ R.C. Chapter 928.

products, which include processed foods (e.g., gummies and other candies) and beverages, can be sold at any location to any person, including children.

The bill retains the Hemp Cultivation and Processing Programs and establishes a statutory framework for the regulation of the sale of intoxicating hemp products. The bill's framework establishes two categories of these products – general intoxicating hemp products and drinkable cannabinoid products (DCPs), both to be regulated by divisions in the Department of Commerce. The Division of Marijuana Control regulates intoxicating hemp products, and the Division of Liquor Control regulates DCPs. The bill establishes two types of DCPs – low-level DCPs and high-level DCPs. DCPs are a type of hemp product that can have intoxicating effects, and the bill's regulatory framework for the regulation of these products is different than the bill's regulatory framework for all other intoxicating hemp products. The bill allows low-level DCPs to be sold at retail from class A-1-A, A-1c, and D liquor permit holders. High-level DCPs may be sold at retail from class C liquor permit holders. All other intoxicating hemp products may be sold at retail only from hemp dispensaries licensed in accordance with the bill.¹¹⁷

Regulation of general intoxicating hemp products

As indicated above, the bill prohibits any person from selling an intoxicating hemp product at retail in Ohio, except for a licensed hemp dispensary (see below). Whoever recklessly violates the prohibition is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on a second or subsequent offense. Similarly, if the offense involves the sale of an intoxicating hemp product to a person under 21, whoever recklessly violates the prohibition is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on each subsequent offense. The bill states that notwithstanding any other provision of law to the contrary, a person who sells an intoxicating hemp product cannot be prosecuted under any other criminal statute that otherwise would apply to the person because the person engaged in illegally selling an intoxicating hemp product. A person who violates the prohibition is also potentially subject to administrative penalties established under rules adopted by the Superintendent of Cannabis Control.¹¹⁸

Under the bill, an “intoxicating hemp product” is a hemp product containing more than 0.5 mgs of delta-9 THC per serving, 2 mgs of delta-9 THC per package, or 0.5 mgs of total non-delta-9 THC per package. It does not include a hemp product that cannot be ingested, inhaled, snorted, sniffed, or used sublingually or a low-level or high-level DCP (see “**Regulation of drinkable cannabinoid products**,” below).

“Total non-delta-9 THC” is the sum, after the application of any necessary conversion factor, of the percentage by weight of THC, other than delta-9 THC, and the percentage by weight of THC acid. “At retail” means for use or consumption by the ultimate consumer and not for resale.¹¹⁹

¹¹⁷ R.C. Chapter 3779.

¹¹⁸ R.C. 3779.02(A), 3779.07, 3779.08, and 3779.99(A) and (B).

¹¹⁹ R.C. 3779.01(A), (E), and (H).

Authorization for hemp dispensaries to sell intoxicating hemp products

As indicated above, the bill allows a licensed hemp dispensary (see below), subject to rules adopted under the bill governing intoxicating hemp products, to sell intoxicating hemp products at retail in Ohio. A hemp dispensary may do so provided it does not sell the intoxicating hemp product to a person under 21. The hemp dispensary also must verify a person's age by examining the person's identification card. A licensed hemp dispensary is prohibited from doing any of the following:

1. Selling an intoxicating hemp product that has not been tested in compliance with rules adopted by the Division of Marijuana Control that otherwise apply to marijuana. An intoxicating hemp product that is sold in Ohio must be tested as follows:
 - a. At a facility licensed in Ohio in accordance with the Marijuana Control Law and rules adopted under it.
 - b. In a facility in another state that meets requirements in that state that are substantially similar to that of Ohio's Marijuana Control Law.
2. Selling an intoxicating hemp product that does not comply with the standards and procedures for packaging and labeling set forth in rules adopted by the Division that otherwise apply to marijuana;
3. Violating any applicable rules adopted by the Superintendent under the bill, including rules establishing advertising requirements governing intoxicating hemp products;
4. Selling any cigarette, tobacco product, vapor product, or electronic smoking product, as those terms are defined in the law governing cigarette taxes; and
5. Allowing an individual who is under 21 to enter the dispensary.

A person who violates any of the above prohibitions is subject to administrative penalties established under rules adopted by the Superintendent. However, there are no criminal penalties associated with these prohibitions.¹²⁰

Hemp dispensary license

The bill requires an entity that seeks to sell at retail an intoxicating hemp product in Ohio to file an application for licensure as a hemp dispensary with the Division of Marijuana Control. The entity must file an application for each location from which it seeks to operate. Each application must be submitted in accordance with rules adopted under the bill governing intoxicating hemp products.¹²¹

The Division must evaluate and prioritize applications for hemp licensure according to the applicant's eligibility, suitability, and ability to operate. The Division must issue a biennial license to an applicant if all of the following conditions are met:

¹²⁰ R.C. 3779.02(A), (B), and (D), 3779.07, and 3779.08(D).

¹²¹ R.C. 3779.03(A).

1. The report of a criminal records check conducted on all persons associated with the application demonstrates that each person has not been convicted of or pleaded guilty to a disqualifying offense (see below);
2. The applicant demonstrates that none of its current or prospective owners, officers, board members, administrators, employees, agents, or affiliates who may significantly influence or control the applicant's activities have an ownership or investment interest in or compensation arrangement with a testing facility specified in the bill;
3. The applicant demonstrates that none of its current or prospective owners, officers, board members, administrators, employees, agents, or affiliates who may significantly influence or control the applicant's activities share any corporate officers or employees with a testing facility specified in the bill;
4. The applicant demonstrates that the proposed location or facility will not be located within 500 feet of a school, church, public library, public playground, or public park;
5. The applicant demonstrates that the proposed location or facility is not either of the following:
 - a. Located within one mile of another licensed hemp dispensary; or
 - b. Issued a liquor permit under the Liquor Control Law to sell beer and intoxicating liquor.
6. The information provided to the Division pursuant to the bill demonstrates that the applicant is in compliance with applicable Ohio tax laws;
7. The applicant demonstrates sufficient liquid capital and ability to meet financial responsibility requirements;
8. The applicant demonstrates that the municipal corporation or township in which it will be located has not passed a moratorium or taken any other action that would prohibit the applicant from operating there as provided under the bill (see below);
9. The application does not contain false, misleading, or deceptive information and does not omit material information;
10. The applicant pays all applicable fees established under the bill; and
11. The applicant meets all other licensure eligibility conditions established in rules adopted under the bill.¹²²

If the number of eligible applicants exceeds the number of available licenses, the Division must use an impartial and evidence-based process to rank the eligible applicants. The ranking process must take into account all of the following:

1. The applicant's business plan;
2. The applicant's operations plan;

¹²² R.C. 3779.03(B) and (C).

3. The applicant's security plan;
4. The applicant's financial plan;
5. The applicant's principal place of business;
6. The applicant's environmental plan;
7. The applicant's employment practices;
8. The criminal records of all persons subject to the criminal records check requirement (see below);
9. The civil and administrative history of the applicant and persons associated with the applicant; and
10. Any other eligibility, suitability, or operations-based determination specified in the bill or rules adopted under the bill governing intoxicating hemp products.¹²³

If the Division uses a lottery system to issue hemp dispensary licenses, the applicants must be grouped into the following distinct categories:

1. Highly exceeds;
2. Exceeds;
3. Meets; and
4. Does not meet.

The Division must group the applicants so that the number of applicants in each of the "highly exceeds," "exceeds," and "meets" categories is roughly equal, unless doing so is not possible while conforming to an impartial and evidence-based process. The Division must place applicants that do not meet the eligibility requirements in the "does not meet" category.

In conducting the lottery, the Division must give applicants in the "exceeds" category double the odds of being selected as compared to applicants in the "meets" category. The Division must give applicants in the "highly exceeds" category double the odds of being selected as compared to applicants in the "exceeds" category. An applicant grouped in the "does not meet" category is ineligible for licensure.¹²⁴

The bill states that a biennial license may be renewed in accordance with the procedures established in rules adopted under the bill governing intoxicating hemp products. Prior to the renewal of the license, the applicant must pay the renewal fee established by the bill. Applications for renewal are not subject to the evaluation, prioritization, ranking, and lottery provisions discussed above.¹²⁵

¹²³ R.C. 3779.03(D).

¹²⁴ R.C. 3779.03(E).

¹²⁵ R.C. 3779.03(F).

Grandfathered entities and number of licenses

The bill requires the Division to issue a hemp dispensary license to an entity that sold or offered for sale intoxicating hemp products on or before August 30, 2025 (grandfathered entity), if both of the following apply:

1. The entity's receipts from hemp product and intoxicating hemp product sales exceeded 80% of its total gross receipts for either calendar year 2024 or the 12 months immediately prior to the bill's effective date; and
2. The entity complies with all other requirements for hemp dispensary licensure established under the bill and rules adopted under it.¹²⁶

The bill generally prohibits the Division from issuing more than 400 hemp dispensary licenses to operate in Ohio at any one time. However, the Division may issue more than 400 hemp dispensary licenses if it licenses more than 400 grandfathered entities. In that case, the Division cannot issue any additional licenses until the number of valid licenses issued to grandfathered entities is under 400. At that time, the prohibition against more than 400 hemp dispensary licenses applies.¹²⁷

Application and licensure fees

The bill requires the Division of Marijuana Control to charge the following hemp dispensary fees:¹²⁸

Type of fee	Amount of fee
Filing an application	\$5,000
Initial first-year license for an applicant that is a grandfathered entity	\$10,000
Initial second-year license fee for an applicant that is a grandfathered entity	\$15,000
Initial two-year license fee for an applicant that is not a grandfathered entity	\$75,000
Two-year renewal license fee for a hemp dispensary that is a grandfathered entity	\$35,000
Two-year renewal license fee for a hemp dispensary that is not a grandfathered entity	\$75,000

¹²⁶ R.C. 3779.03(G).

¹²⁷ R.C. 3779.031.

¹²⁸ R.C. 3779.032.

Tax information

The bill requires the Department of Taxation, upon the request of the Division of Marijuana Control, to provide to the Division both of the following information:

1. Whether an applicant for a hemp dispensary license is in compliance with the applicable tax laws of Ohio; and
2. Any past or pending violation by the applicant of those tax laws, and any penalty imposed on the applicant for a violation.

The Department of Taxation must provide the tax records regardless of any public records law to the contrary or any law relating to the confidentiality of tax return information.

The Division must request the information only as it pertains to a hemp dispensary license application that the Division is reviewing. The Department may charge the Division a reasonable fee to cover the administrative cost of providing the information.

The bill states that tax information received by the Division is confidential. Except as otherwise permitted by other state law or federal law, the Division must not make the information available to any person other than the applicant to whom the information applies.¹²⁹

Criminal records checks

The bill requires specified persons associated with an entity that is applying for a hemp dispensary license, and any of its employees, to complete a standard criminal records check through BCII or the FBI under specified circumstances. It also establishes procedures similar to the criminal records check procedures for adult-use marijuana dispensaries licensed under the Marijuana Control Law.

In addition to establishing the standard requirements and procedures for criminal records checks, the bill states that a criminal records check report is not a public record for the purposes of public records laws. In addition, the report must not be made available to any person other than the following:

1. The person who is the subject of the criminal records check or the person's representative;
2. The members and staff of the Division; and
3. A court, hearing officer, or other necessary individual involved in a case dealing with either of the following:
 - a. A license denial resulting from the criminal records check; or
 - b. An administrative or criminal action regarding any violation of the bill or rules adopted under the bill governing intoxicating hemp products.

¹²⁹ R.C. 3779.04.

The Division must deny a hemp dispensary license if, after receiving the information and notification required by the bill, a person subject to the criminal records check requirement fails to do either of the following:

1. Access, complete, or forward to the Superintendent of BCII the form prescribed under the law governing criminal records checks or the standard impression sheet prescribed pursuant to that law; or
2. Instruct the Superintendent to submit the completed report of the criminal records check directly to the Division.¹³⁰

Rules and regulations

The bill provides that to ensure the integrity of intoxicating hemp product sales and operations in Ohio, the Superintendent of Cannabis Control has jurisdiction over all persons participating in the distribution and sale at retail of intoxicating hemp products in Ohio. In addition, the Superintendent, in consultation and cooperation with the Department of Agriculture, has jurisdiction over all persons participating in the cultivation and processing of intoxicating hemp products for sale at retail in Ohio. This jurisdiction includes the authority to complete regulating, investigating, and penalizing those persons in a manner that is consistent with the Superintendent's authority with respect to marijuana. To carry out this responsibility, the Director, within 180 days of the bill's effective date, must adopt rules in accordance with the Administrative Procedure Act.

As part of the rules, the Superintendent must establish limits on the potency, serving sizes, and package sizes of intoxicating hemp products. The limits on potency must include a prohibition against the inclusion of any synthetic THC in an intoxicating hemp product. The limits on potency cannot exceed the potency limits for adult-use marijuana established under the Marijuana Control Law. The Superintendent also must establish and maintain a list of approved THC's that may be included for use in intoxicating hemp products.¹³¹

In addition, the Superintendent, within 180 days of the bill's effective date, must adopt specific rules in accordance with the Administrative Procedure Act that do all of the following:

1. Establish application procedures for hemp dispensary licenses;
2. Specify conditions that must be met to be eligible for issuance of a hemp dispensary license;
3. Establish hemp dispensary license renewal procedures;
4. Specify reasons for which a hemp dispensary license may be suspended, be revoked, or not be renewed or issued and the reasons for which an administrative penalty may be imposed on a hemp dispensary license holder;
5. Establish standards under which a hemp dispensary license suspension may be lifted;

¹³⁰ R.C. 3779.05 and 3779.051.

¹³¹ R.C. 3779.08(B).

6. Establish the amount of administrative penalties to be imposed by the Superintendent and procedures for imposing those penalties;
7. Establish a list of contaminants that are prohibited for inclusion in an intoxicating hemp product;
8. Establish a list of substances, that enhance the effects of the THC, that are prohibited for inclusion in an intoxicating hemp product; and
9. Establish requirements for the advertisement of intoxicating hemp products consistent with advertisement requirements for adult-use marijuana and medical marijuana established under the Marijuana Control Law. The rules must include a requirement that a person that advertises an intoxicating hemp product submit the advertisement to the Superintendent for the Superintendent's approval. The Superintendent must approve or deny an advertisement within 21 business days after submission.¹³²

Although the Marijuana Control Law and rules adopted under it require all marijuana sold in Ohio to be cultivated and processed in Ohio, the bill specifies that the Superintendent cannot require hemp that is processed into an intoxicating hemp product to be cultivated or processed in Ohio.¹³³

Additional prohibitions

The bill prohibits a person from doing any of the following:

1. Selling at retail in Ohio a hemp product and marketing it as marijuana;
2. Using any terms associated with the sale at retail in Ohio of a hemp product that would cause a consumer to infer that the hemp product is marijuana;
3. Using any terms associated with the sale at retail in Ohio of a hemp product that would cause a consumer to infer that the person selling the hemp product is a licensed hemp dispensary;
4. If the person is the ultimate consumer of an edible intoxicating hemp product, failing to store the product in the original packaging at all times when the product is not actively in use;
5. Selling an intoxicating hemp product that includes hemp that was not cultivated by one of the following:
 - a. A hemp cultivator licensed under the Hemp Law in Ohio or by the USDA if the Director of Agriculture transfers the Hemp Cultivation Program to the USDA;
 - b. A hemp cultivator that is licensed in another state by the USDA; or
 - c. A hemp cultivator that is licensed in another state by a governing body of that state whose hemp production plans have been approved by the USDA.

¹³² R.C. 3779.08(A).

¹³³ R.C. 3779.08(C).

6. Selling an intoxicating hemp product that is adulterated with any of the following:
 - a. A drug, as defined in the law governing dangerous drugs;
 - b. Contaminants, as defined in rules adopted under the bill for intoxicating hemp products;
 - c. Other substances that enhance the effects of the THC included in the product as specified in those rules.

The prohibition specified in (3), above, does not apply to a licensed hemp dispensary. A person who violates any of the above prohibitions is subject to administrative penalties established under rules adopted by the Director. However, there are no criminal penalties associated with these prohibitions.¹³⁴

Delayed prosecution

The bill prohibits a person from being prosecuted or penalized for a violation of the bill's prohibitions governing intoxicating hemp products for 210 days after the bill's effective date if both the following apply:

1. The person is selling an intoxicating hemp product on the bill's effective date; and
2. The facility at which the person is selling the intoxicating hemp product does not allow individuals under 21 to enter the facility.¹³⁵

Administrative penalties and enforcement

As indicated above, the bill authorizes the Superintendent to impose an administrative penalty or take other enforcement actions against a person who violates any of the prohibitions established by the bill governing intoxicating hemp products. The Superintendent must establish the administrative penalties in rules.

The Superintendent must afford a person an opportunity for an adjudication hearing under the Administrative Procedure Act to challenge the Superintendent's determination to impose an administrative penalty or take other enforcement action. The Superintendent's determination, the imposition of the administrative penalty, and taking other enforcement action may be appealed in accordance with specified provisions of the Administrative Procedure Act.¹³⁶

Miscellaneous

Actions of municipal corporations and townships

The bill authorizes the legislative authority of a municipal corporation or a board of township trustees to adopt an ordinance or a resolution to prohibit, or limit the number of, licensed hemp dispensaries within the municipal corporation or within the unincorporated

¹³⁴ R.C. 3779.02(C), (E) to (G); 3779.07; and 3779.08.

¹³⁵ R.C. 3779.021.

¹³⁶ R.C. 3779.07 and 3779.08(A).

territory of the township, respectively. However, the legislative authority or board cannot adopt or enforce an ordinance or a resolution that does any of the following:

1. Prohibits or limits the operations of a grandfathered entity, except that a municipal corporation or township may enforce an ordinance or a resolution if it was adopted on or before August 30, 2025;
2. Prohibits or limits any activity authorized under the bill governing intoxicating hemp products, except as expressly permitted above; and
3. Prohibits or limits research related to intoxicating hemp conducted at a state university, academic medical center, or private research and development organization as part of a research protocol approved by an institutional review board or equivalent entity.¹³⁷

Transfer of intoxicating hemp products between individuals

The bill states, that notwithstanding any of the bill's provisions governing intoxicating hemp products, an individual who obtains an intoxicating hemp product from a licensed hemp dispensary may transfer the product to another individual who is 21 or over if both of the following apply:

1. The transfer occurs without remuneration; and
2. The transfer occurs on any privately owned real property that is used primarily for residential or agricultural purposes, including any dwellings, facilities, improvements, and appurtenances on such real property.¹³⁸

Signage for hemp dispensaries

The bill requires a licensed hemp dispensary to prominently display both of the following:

1. A statement that the use of intoxicating hemp products by individuals under 21 is both harmful and illegal; and
2. Information about the addictive qualities of intoxicating hemp products and the potential negative health consequences associated with their use.¹³⁹

Additional defined terms

The bill makes other definitional changes, and creates several new definitions as follows:¹⁴⁰

¹³⁷ R.C. 3779.10.

¹³⁸ R.C. 3779.022.

¹³⁹ R.C. 3779.11.

¹⁴⁰ R.C. 928.01 and 3779.01.

Defined terms		
Term	Existing law	The bill
Sell	Not defined.	The exchange, barter, gift, offer for sale, and sale of an intoxicating hemp product.
Hemp	The plant <i>Cannabis sativa</i> L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, containing a delta-9 THC concentration of up to 0.3% on a dry weight basis.	Same.
Hemp product	Any product, containing a delta-9 THC concentration of up to 0.3%, that is made with hemp. It includes cosmetics, personal care products, dietary supplements or food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, particleboard, and any other product containing one or more cannabinoids derived from hemp, including cannabidiol.	Generally retains the definition with the following changes: <ol style="list-style-type: none"> 1. Includes vapor products and processed hemp flowers; 2. Does not include a noncannabinoid hemp product (see below); and 3. Includes any hemp not in the possession of a licensed hemp cultivator or hemp processor.
Noncannabinoid hemp product	Not defined.	Any product that is made from hemp that does not include cannabinoids. It includes cloth, cordage, fiber, fuel, paint, paper, particleboard, and foods that have been approved by the U.S. FDA as generally recognized as safe.
THC	Not defined.	Naturally occurring substances contained in the plant, or in the resinous extractives of cannabis, sp. or derivatives, and their isomers with similar chemical structure to delta-1-cis or trans THC, and their optical isomers, salts, and salts of isomers. It includes, but is not limited to, delta-8 THC, delta-10 THC, THC-o acetate, tetrahydrocannabiphorol, tetrahydrocannabivarin, hexahydrocannabinol, delta-6-cis or

Defined terms		
Term	Existing law	The bill
		<p>trans THC, delta-3,4-cis or trans THC, 9-hexahydrocannabinol, and delta-9-THC acetate. Since nomenclature of these substances is not internationally standardized, compounds of these structures, regardless of numerical designation of atomic positions, are included.</p> <p>THC does not include the following:</p> <ol style="list-style-type: none"> 1. THC approved by the U.S. FDA for marketing as a medication or recognized by the FDA as generally recognized as safe; 2. Cannabichromene (CBC); 3. Cannabicyclol (CBL); 4. Cannabidiol (CBD); 5. Cannabidivanol (CBDV); 6. Cannabielsoin (CBE); 7. Cannabigerol (CBG); 8. Cannabigerovarin (CBGV); 9. Cannabinol (CBN); or 10. Cannabivarin (CBV).
Vapor product	Not defined.	A product that contains or is made or derived from hemp and that is intended and marketed for human consumption, including by smoking, inhaling, snorting, or sniffing. "Vapor product" includes any component, part, or additive that is intended for use in an electronic smoking device, a mechanical heating element, battery, or electronic circuit and is used to deliver the product.
Electronic smoking device	Not defined.	Any device that can be used to deliver aerosolized or vaporized hemp or any other substance to the person inhaling from the device, including an electronic cigarette, electronic cigar, electronic hookah, vaping pen, or electronic pipe.

Defined terms		
Term	Existing law	The bill
		“Electronic smoking device” includes any component, part, or accessory of such a device, whether or not sold separately, and includes any substance intended to be aerosolized or vaporized during the use of the device.
Processed hemp flower	Not defined.	The flower of a hemp plant that has been dried or cured.
Identification card	Not defined.	A state-issued driver’s or commercial driver’s license, an identification card issued or an equivalent identification card issued by another state, a military identification card issued by the U.S. Department of Defense, or a U.S. or foreign passport that displays a picture of the individual for whom the license, card, or passport is issued and shows that the person buying is then at least 21.
Disqualifying offense	Not defined.	<p>Similar to the Marijuana Control Law, generally committing, attempting to commit, or aiding and abetting another in committing any of the following:</p> <ol style="list-style-type: none"> 1. Any offense set forth in the Drug Offenses, Controlled Substances, or Dangerous Drugs Laws, the violation of which constitutes a felony or a misdemeanor of the first degree; 2. Any theft offense set forth under the Theft and Fraud Law, the violation of which constitutes a felony; 3. Any violation for which a penalty is imposed under the Pure Food and Drug Law; 4. A crime of moral turpitude as defined in current law;

Defined terms		
Term	Existing law	The bill
		<p>5. A violation of any former law of Ohio, any existing or former law of another state, any existing or former law applicable in a military court or Indian tribal court, or any existing or former law of any nation other than the United States that is or was substantially equivalent to any of the offenses listed above.</p> <p>“Disqualifying offense” does not include either of the following:</p> <ol style="list-style-type: none"> 1. A misdemeanor offense regarding which an applicant for licensure or employment is convicted of, or pleads guilty to, more than five years before the date the application is submitted; and 2. Any misdemeanor offense related to marijuana possession, marijuana trafficking, illegal cultivation of marijuana, illegal use or possession of drug paraphernalia or marijuana drug paraphernalia, or other misdemeanor marijuana-related offenses.

Regulation of drinkable cannabinoid products (DCPs)

In addition to establishing requirements governing general intoxicating hemp products, the bill also establishes a framework for the regulation of low-level and high-level DCPs and requires the Division of Liquor Control in the Department of Commerce to implement that framework. The framework established by the bill includes a three-tier system for the sale of

low-level and high-level DCPs by providing for the regulation of DCP manufacturers, DCP distributors, and low-level and high-level DCP retailers.¹⁴¹

The bill allows low-level retailers to sell at retail low-level DCPs only for on-premises consumption. Low-level retailers are micro-distilleries, small breweries, bars, and restaurants (A-1-A, A-1c, and class D liquor permit holders). Additionally, the bill allows high-level retailers to sell at retail low-level and high-level DCPs only for off-premises consumption. High-level retailers are grocery stores and carryout stores (class C liquor permit holders). Low-level and high-level DCPs may be distributed by a manufacturer or distributor.

Under the bill, both categories of DCPs mean a liquid hemp product to which all the following apply:

1. The product contains cannabinoids that are solely derived from hemp;
2. The product is prepackaged and intended to be consumed via ingestion;
3. The product does not include a drug as defined in the law governing dangerous drugs;
4. The product does not contain more than 0.3% of any THC;
5. The product does not contain more than one serving, which is 12 fluid ounces; and
6. The product is not an intoxicating hemp product.

For regulatory purposes, a low-level DCP contains 5 mgs or less of total THC per serving and a high-level DCP contains between 5 and 10 mgs of total THC per serving.¹⁴²

Grandfathering sales of DCPs

The bill states that, prior to the effective date of the rules adopted under the bill governing DCPs (see below), a low-level retailer may sell low-level DCPs and a high-level retailer may sell low-level or high-level DCPs, a distributor may distribute those products, and a manufacturer may manufacture those products, provided both of the following apply:

1. The DCPs comply with the labeling requirements for DCPs established in the bill; and
2. The sales, distribution, and manufacturing are otherwise in compliance with the bill's applicable statutory provisions.

On and after the effective date of those rules, sales, distribution, and manufacturing of those products must be in full compliance with those rules and with the bill's applicable statutory provisions.¹⁴³

¹⁴¹ For purposes of the analysis, if a provision applies to both low-level and high-level DCPs, the general term "DCPs" is used. Also, if a provision applies to both a low-level retailer and a high-level retailer, the general term "retailer" is used.

¹⁴² R.C. 3779.21(D) to (G) and (J).

¹⁴³ R.C. 3779.22(C).

Prohibitions against distribution and sale

The bill prohibits a person from doing any of the following regarding DCPs:

1. Selling at retail a DCP unless the person is authorized to do so under the bill;
2. If the person is a DCP manufacturer, selling a DCP unless the person is registered under the bill;
3. If the person is a DCP manufacturer, selling a low-level DCP to any person other than a low-level retailer, high-level retailer, or distributor;
4. If the person is a DCP manufacturer, selling a high-level DCP to any person other than a high-level retailer or distributor;
5. Selling for distribution a DCP unless the person is a distributor;
6. If the person is a distributor, selling a low-level DCP in Ohio to any person other than a low-level or high-level retailer;
7. If the person is a distributor, selling a high-level DCP in Ohio to any person other than a high-level retailer;
8. Selling at retail a DCP to an individual who is under 21;
9. Failing to verify that an individual who attempts to purchase or purchases a DCP at retail is at least 21 by examining the individual's identification card;
10. Selling a DCP that contains alcohol;
11. If the person is a high-level retailer, failing to store a low-level or high-level DCP for sale at retail in a display case that is solely used for the sale of DCPs and that clearly states that the product is a low-level or high-level DCP;
12. If the person is not a low-level retailer, allowing an individual who purchases a low-level DCP from the retailer to consume the DCP on the retailer's premises;
13. If the person is a retailer, selling a DCP at a price less than the price paid by the retailer to purchase the product from a distributor;
14. If the person is a retailer and the person is purchasing a DCP directly from a manufacturer for subsequent retail sale, selling a DCP at a price less than the price paid by the retailer to purchase the product from the manufacturer;
15. If the person is a distributor, charging a different price to a retailer for DCPs based on the quantity of DCPs sold to the retailer; and
16. Similar to the bill's provisions governing intoxicating hemp products, selling a DCP that includes hemp that was not cultivated by one of the following:
 - a. A hemp cultivator licensed under the Hemp Law in Ohio or by the USDA if the Director of Agriculture transfers the Hemp Cultivation Program to the USDA;
 - b. A hemp cultivator that is licensed in another state by the USDA; or

- c. A hemp cultivator that is licensed in another state by a governing body of that state whose hemp production plans have been approved by the USDA.¹⁴⁴

A person who recklessly violates (1) and (8), above, is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on a second or subsequent offense. There are no criminal penalties for any other prohibition specified above. Furthermore, the bill does not provide for criminal penalties for any prohibitions and requirements discussed below. However, the Superintendent of Liquor Control may impose administrative penalties or take other enforcement action against a violator of the above prohibitions (see below).¹⁴⁵

“Delta-9 THC,” “hemp,” “hemp product,” “THC,” “at retail,” and “identification card” all have the same meanings in the bill’s provisions governing DCPs as they do in the bill’s provisions governing general intoxicating hemp products. However, there are several additional definitions as follows:¹⁴⁶

Defined terms		
Term	Existing law	The bill
Distributor	Not defined.	A beer, wine, or mixed beverage distributor (class B liquor permit holder) or the holder of an equivalent permit or other authorization issued by another state that sells, offers for sale, arranges for sale, or delivers a DCP to a retailer located in Ohio. “Distributor” does not include either of the following: <ol style="list-style-type: none"> 1. A DCP manufacturer; or 2. A person that is common carrier and that is used to complete delivery of a DCP to a retailer (e.g., UPS or FedEx).
Manufacturer	Not defined.	A person, whether located in Ohio or outside of Ohio, that manufactures a DCP for sale in Ohio.
Sale and sell	Not defined.	Includes the exchange, barter, gift, offer for sale, sale, distribution and delivery of any kind, and the transfer of title or possession of DCP either by

¹⁴⁴ R.C. 3779.22(B)(1) to (11) and (14) to (18).

¹⁴⁵ R.C. 3779.221, 3779.23, and 3779.99(E) and (F).

¹⁴⁶ R.C. 3779.01(A), (B), and (D) to (G).

Defined terms		
Term	Existing law	The bill
		constructive or actual delivery by any means or devices.

Manufacturer registration and other requirements

The bill prohibits a person from manufacturing a DCP for sale in Ohio without registering with the Superintendent of Liquor Control in accordance with rules adopted by the Superintendent. The Superintendent must issue a registration if the applicant submits an application and is in compliance with the Superintendent's rules. A registration is valid for one year and must be renewed in the same manner as an initial registration.¹⁴⁷

Testing requirements

The bill requires a DCP manufacturer to test the product in accordance with the Superintendent's rules adopted under the bill prior to selling the product or offering the product for sale to a distributor. No manufacturer, distributor, or retailer can sell or offer to sell a DCP that is not tested in accordance with the bill's provisions and rules or that exceeds the maximum allowable level for a substance or organism specified in those rules.¹⁴⁸

A DCP manufacturer must contract with a testing laboratory to provide the required testing. Similar to the bill's testing requirements for intoxicating hemp products, the bill requires a DCP that is sold at retail in Ohio generally to be tested in the same manner as marijuana. The DCP must be tested in a facility licensed under the Marijuana Control Law or, as approved by the Superintendent, in a facility in another state that meets Ohio's testing facility requirements under that law. For each test conducted, the facility must issue a certificate of analysis that includes the results of the test as required in rules adopted under the bill governing DCPs.

The bill specifies that no distributor or retailer can be held liable for any violations or causes of action if a DCP distributed or sold by the distributor or retailer is not consistent with testing as represented.¹⁴⁹

Labeling requirements

The bill requires a DCP manufacturer, in accordance with rules adopted by the Superintendent, to include a label on each DCP container that it sells or offers for sale in Ohio that includes the following information in legible print:

1. The product name or common name on the front of the label;
2. The brand name on the front of the label;

¹⁴⁷ R.C. 3779.23 and 3779.24.

¹⁴⁸ R.C. 3779.23 and 3779.25(A).

¹⁴⁹ R.C. 3779.25(B) to (D).

3. The size of the container or net count of individual items included in the container on the front of the label;
4. The net weight or volume of the items included in the container;
5. The number of servings per container;
6. A list of ingredients;
7. The amount of THC, in milligrams, as identified in the certificate of analysis as required under the bill;
8. The number of calories per container;
9. The words “This product is a Low-level Drinkable Cannabinoid Product” or “This product is a High-level Drinkable Cannabinoid Product,” as applicable;
10. A conspicuous warning statement conveying that the product contains THC, that the effects of drinking a DCP are different than those from drinking an alcoholic beverage, and that a person should use caution when consuming DCPs or mixing the consumption of DCPs with alcoholic beverages; and
11. A symbol approved by the Superintendent warning potential consumers that the product contains THC. The symbol may include the American Society for Testing and Materials intoxicating cannabis products symbol (D8441/D8441M).

The manufacturer must include the amount of THC, in milligrams, as identified in the certificate of analysis as required under the bill, on the container of a DCP. However, the THC amount included on the container may deviate by 10% of the actual amount stated on the certificate of analysis.¹⁵⁰

Distribution areas

The bill requires each manufacturer to assign to each of the manufacturer’s distributors a sales area or territory within which each distributor must be the distributor of the brand or brands of the manufacturer. However, the bill states that if a manufacturer manufactures more than one brand of DCP, the manufacturer may assign sales areas or territories to additional distributors for the distribution and sale of the additional brand or brands, so long as not more than one distributor distributes the same brand or brands within the same sales area or territory.

A “sales area or territory” is an exclusive geographic area or territory that is assigned to a particular distributor and that either has one or more political subdivisions as its boundaries or consists of an area of land with readily identifiable geographic boundaries.¹⁵¹

Prohibitions regarding financial interest

Similar to the liquor control laws, the bill generally establishes prohibitions against manufacturers, distributors, and retailers from having any financial interest or financial

¹⁵⁰ R.C. 3779.23 and 3779.26(A) and (B).

¹⁵¹ R.C. 3779.27.

investment in each other. However, these prohibitions do not apply to a licensed hemp dispensary.¹⁵²

Rules

The bill requires the Superintendent, within six months of the bill's effective date, to adopt rules in accordance with the Administrative Procedure Act for the administration and enforcement of the bill's provisions governing DCPs, including rules governing the registration of manufacturers and testing and labeling of DCPs. In addition, the Superintendent must adopt rules governing the establishment and maintenance of a list of approved THC's that may be included for use in DCPs. Finally, the Superintendent must adopt rules governing the advertisement of DCPs. The Superintendent must include in the rules a requirement that a person who advertises a DCP submit the advertisement to the Superintendent for the Superintendent's approval. The Superintendent must approve or deny an advertisement within 21 business days after submission.¹⁵³

Additional prohibitions

The bill establishes the following additional prohibitions:

1. No manufacturer or testing laboratory may fail to comply with the bill's testing requirements;
2. No manufacturer may fail to comply with the bill's labeling requirements;
3. No distributor may distribute a specific brand of DCP in any area or territory other than the area or territory assigned to the distributor; and
4. No person may violate a rule adopted by the Director under the bill.

Although the bill does not provide criminal penalties for violations of the above prohibitions, it does allow the Superintendent to impose administrative penalties or take other enforcement action against a violator of (4), above.¹⁵⁴

Administrative penalties and other enforcement actions

Similar to the bill's provisions governing intoxicating hemp products, the bill authorizes the Superintendent of Liquor Control to impose an administrative penalty or take other enforcement actions against a person who violates the bill's prohibitions governing the sale, distribution, and manufacturing of DCPs or any rules adopted under it governing those prohibitions. The Superintendent must establish the administrative penalties and procedures for imposing those penalties in rules.

The Superintendent must afford a person an opportunity for an adjudication hearing under the Administrative Procedure Act to challenge the Superintendent's determination to impose an administrative penalty or take other enforcement actions, the Superintendent's

¹⁵² R.C. 3779.22(B)(12) and (13) and 3779.28.

¹⁵³ R.C. 3779.23.

¹⁵⁴ R.C. 3779.22(B)(18), 3779.221, 3779.23, 3779.25(E), 3779.26(C), and 3779.27(B).

imposition of an administrative penalty, or both. The Superintendent's determination, the imposition of the administrative penalty, and taking other enforcement action may be appealed in accordance with specified provisions of the Administrative Procedure Act.¹⁵⁵

Enforcement against license or permit holder

The bill requires certain state licensing authorities to adopt rules in accordance with the Administrative Procedure Act to enforce violations of the bill directly against the following licensees that are involved with the sale of intoxicating hemp products and DCPs:

1. Lottery sales agents licensed by the State Lottery Commission;
2. Cigarette distributors and retailers licensed by the Tax Commissioner; and
3. Alcohol manufacturers, distributors, and retailers permitted by the Division of Liquor Control.¹⁵⁶

Additional enforcement by the Ohio Investigative Unit

The bill requires the Ohio Investigative Unit in the Department of Public Safety to enforce or caused to be enforced the bill's provisions governing intoxicating hemp products and DCPs. If the Unit has information that the law governing those products has been violated, it must investigate the matter and take any action as it considers appropriate. The bill clarifies that local law enforcement has concurrent enforcement authority with the Ohio Investigative Unit.¹⁵⁷

Impaired driving (OVI)

The bill authorizes law enforcement to arrest an individual who operates a vehicle under the influence of intoxicating hemp or a DCP, similar to other drugs of abuse such as a controlled substance or a harmful intoxicant under current law. Under current law, driving under the influence of a hemp product is not a violation of the OVI law.¹⁵⁸

Opened container provisions

Similar to the law governing opened containers of alcoholic beverages, the bill allows a person to have in the person's possession an opened container of an intoxicating hemp product that is a beverage or a DCP in certain locations. With one exception discussed below, the opened container provisions for each type of product are the same, and the locations where these products may be opened for consumption are as follows:

1. On the premises of a private residence; and
2. In a chauffeured limousine that is located on any street, highway, or other public or private property open to the public for purposes of vehicular travel or parking if all the following apply:

¹⁵⁵ R.C. 3779.221 and 3779.23(F).

¹⁵⁶ R.C. 3779.99(D).

¹⁵⁷ R.C. 3779.06, 5502.01, 5502.13, and 5502.14.

¹⁵⁸ R.C. 4506.01.

- a. The person, or the guest of the person, pays all or a portion of the fee imposed for the use of a chauffeured limousine pursuant to a prearranged contract;
- b. The person or guest is a passenger in the limousine; and
- c. The person or guest is in the limousine but is not occupying a seat in the front compartment of the limousine where the operator of the limousine is located.

A person may have in the person's possession an opened container of a low-level DCP on the premises of a low-level retailer, provided the low-level retailer sold the low-level DCP to the person.

Except as provided above, no person can have in the person's possession an opened container of an intoxicating hemp product that is a beverage or a DCP in any of the following circumstances:

1. In any public place;
2. While operating or being a passenger in or on a motor vehicle on any street, highway, or other public or private property open to the public for purposes of vehicular travel or parking;
3. While being in or on a stationary motor vehicle on any street, highway, or other public or private property open to the public for purposes of vehicular travel or parking.¹⁵⁹

A person who knowingly violates the above prohibition is guilty of a minor misdemeanor.¹⁶⁰

Possession of hemp byproducts by DCP manufacturers

The bill states that, notwithstanding any provision of the law to the contrary, a DCP manufacturer may utilize a hemp byproduct (as designated under the Hemp Law) to do either of the following:

1. Manufacture a DCP;
2. Manufacture an intoxicating hemp product that is a beverage that contains more than 10 mgs of total THC for export outside Ohio.¹⁶¹

Taxation of intoxicating hemp products and DCPs

Beginning July 1, 2026, the bill levies two separate taxes – one is a gross receipts tax on a dispensary's sale of intoxicating hemp products and the second is an excise tax on a manufacturer's sale of DCPs. Both taxes are administered by the Tax Commissioner, and the revenue from each tax is credited to the GRF.¹⁶² As an enforcement mechanism, the bill also

¹⁵⁹ R.C. 3779.09 and 3779.29.

¹⁶⁰ R.C. 3779.99(C) and (G).

¹⁶¹ R.C. 3779.30.

¹⁶² R.C. 3779.40 to 3779.48 and 3779.99(H) to (J); Section 4, with conforming changes in R.C. 131.02, 5703.052, 5703.053, 5703.19, 5703.263, 5703.50, 5703.70, 5703.77, and 5743.45.

extends these taxes to illegal sales of such products. Salient details of each tax are discussed below.

Intoxicating hemp products receipts tax

The bill's tax on intoxicating hemp products is imposed on licensed hemp dispensaries and equals 10% of the dispensary's gross receipts from the retail sale of intoxicating hemp products. Each dispensary subject to the tax is required to register with the Tax Commissioner and remit the tax monthly. While the tax is imposed on dispensaries, it is treated as part of the price for sales and use tax purposes, and so will result in additional sales and use tax collections from consumers. The bill prescribes procedural requirements for the tax, e.g., penalties, interest, and assessment procedures for underpayments, interest and refund procedures for overpayments, recordkeeping and inspection requirements, and electronic filing. These administrative provisions are similar in nature to other taxes administered by the Tax Commissioner.¹⁶³

The bill also bars municipalities from levying similar taxes and authorizes the cancellation of a taxpayer's dispensary license for failure to pay the tax.¹⁶⁴

DCP excise tax

The bill's tax on DCPs takes the form of an excise tax imposed on DCP manufacturers. It equals \$1.20 for every gallon of DCPs sold to distributors or retailers. Similar to the intoxicating hemp products tax, each DCP manufacturer is required to register with the Tax Commissioner and remit the tax monthly, with similar administrative and enforcement provisions applying.¹⁶⁵ The bill also bars municipalities from levying similar taxes.¹⁶⁶

Tax on illegal sales

The bill extends both of the bill's taxes to illegal, nondispensary retail sales of intoxicating hemp products and illegal sales of DCPs on which the excise tax has not been paid. Illegally sold products are subject to the same tax rates and administrative provisions to which dispensaries and DCP manufacturers are subject to, as described above. The Commissioner is also empowered to seize and sell any illegally sold products to cover any delinquent taxes.¹⁶⁷

Regulation of nonintoxicating hemp and hemp products

Current law requires the Director of Agriculture, in consultation with the Governor and the Attorney General, to adopt rules in accordance with the Administrative Procedure Act establishing standards and procedures for the regulation of hemp processing. It also requires the Director, in consultation with the Governor and the Attorney General, to adopt rules establishing standards and procedures for the regulation of hemp cultivation if the Director implements a

¹⁶³ R.C. 3779.40(A)(2), (B), (D), (F), and (G), 3779.41 to 3779.46, and 3779.99(H) to (J).

¹⁶⁴ R.C. 715.013 and 3779.451.

¹⁶⁵ R.C. 3779.40(C), (E), and (F), 3779.41, 3779.42 to 3779.45, 3779.46, and 3779.99(H) to (J).

¹⁶⁶ R.C. 715.013.

¹⁶⁷ R.C. 3779.47 and 3779.48.

program to monitor and regulate hemp cultivation. Those rules include standards for the testing and labeling of hemp and hemp products. The bill also requires the rules to include standards for the packaging of hemp and hemp products.¹⁶⁸

The bill requires the Department of Agriculture, in consultation and in cooperation with the Department of Public Safety's Ohio Investigative Unit, to enforce the law governing hemp cultivation and processing.¹⁶⁹

Severability

The bill specifies that if any portion of the requirements, or the application thereof, in the bill are held by a court to be invalid, the invalidity does not affect other provisions or the application of the provisions that can be given effect without the invalid provision or application.¹⁷⁰

HISTORY

Action	Date
Introduced	01-28-25
Reported, S. General Government	02-26-25
Passed Senate (23-9)	02-26-25
Reported, H. Judiciary	10-21-25
Re-referred, H. Rules & Reference	10-21-25
Re-referred, H. Finance	10-21-25
Reported, H. Finance	---

ANSB0056RH2-136/sb

¹⁶⁸ R.C. 928.03(X).

¹⁶⁹ R.C. 928.08.

¹⁷⁰ Section 6.