

Blog Entry: The Ohio Department of Commerce Proposes “Factsheet” in Advance of Publishing Draft Cultivator Rules

NOVEMBER 2, 2016

Source: Array

On November 1, 2016, the Ohio Department of Commerce released its “Cultivator Rules” factsheet, which outlines the key elements of its initial draft rules for cultivation licenses under the Ohio Medical Marijuana Control Program. The rules have not been proposed in full yet, though it appears likely they will be released later in the day.

The rules contemplate two levels of cultivation licenses, “Level I” and “Level II.” The rules cap the total number of Level I cultivation licenses at 12, and require a \$20,000 application fee and \$180,000 license fee. Level II cultivation licenses are more restricted in number, to six total licenses, but cost 1/10th the amount of the Level I licenses, with application fees set at \$2,000 and license fees set at \$18,000. The multiple levels of licenses suggest that Commerce is looking to facilitate both large cultivation facilities and smaller, possibly craft, cultivation facilities.

The licenses will initially be provisional when granted, and the cultivator must pass inspection and be prepared to cultivate within nine months of issuance. In addition, a cultivation license applicant must include quality assurance and security plans upon application, as well as demonstrate “adequate capital to meet facility plans and operational needs.” Capital requirements in other states have created a significant barrier to entry, so this requirement will be of particular interest to market participants, particularly those targeting Level II cultivation licenses.

The factsheet does not provide detail on critical items such as canopy limits or geographic distribution of the cultivators, though these items may be covered in the full rules once released.

The factsheet states that the first opportunity to comment will be starting tomorrow November 2, 2016 and be open through November 15th. The full factsheet and related information is available on the Ohio Medical Marijuana Control Program’s website (medicalmarijuana.ohio.gov).

Members of Benesch’s Regulated Industries Group will continue to monitor and provide updates on the Medical Marijuana Advisory Committee meetings and rulemaking process.