

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 1301:18-2-05

Rule Type: New

Rule Title/Tagline: Application to Convert Chapter 3796 license to dual-use cannabis license.

Agency Name: Department of Commerce

Division: Division of Cannabis Control

Address: 77 South High Street 20th, Floor Columbus OH 43215

Contact: Kathryn Cornelius-Blume **Phone:** 614.644.7048

Email: kathryn.cornelius-blume@com.ohio.gov

I. Rule Summary

1. Is this a five year rule review? No
 - A. What is the rule's five year review date?
2. Is this rule the result of recent legislation? No
3. What statute is this rule being promulgated under? 119.03
4. What statute(s) grant rule writing authority? 3780.03
5. What statute(s) does the rule implement or amplify? 3780.03, 3780.10
6. Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires? No
 - A. If so, what is the citation to the federal law or rule? Not Applicable
7. What are the reasons for proposing the rule?

Non-medical cannabis application licensing rules are required pursuant to the voter-approved initiated statute.
8. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

Pursuant to ORC 3780.10, the Division must issue non-medical cannabis licenses by September 7, 2024, to applicants who have a medical marijuana certificate of operation or provisional license issued under ORC 3796.

The draft rules propose to make applications available for a dual-use license. A dual-use license permits the licensee to participate in both the medical and adult-use cannabis markets. A current medical marijuana licensee who wishes to participate in the non-medical cannabis market at their current location must apply for a dual-use license. There is no application fee for a dual-use license application.

- 9. Does the rule incorporate material by reference? No**
- 10. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.**

Not Applicable

- 11. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

- 12. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.**

This will have no impact on revenues or expenditures.

0

This rule will not have an impact on the agency's revenues or expenditures. The rule prescribes a simple application with only five components, all of which should be readily available information for applicants and therefore will take minimal time and resources to complete. There's no application fee.

- 13. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

Not Applicable.

14. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No
15. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No
16. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.

Not Applicable.

III. Common Sense Initiative (CSI) Questions

17. Was this rule filed with the Common Sense Initiative Office? Yes
18. Does this rule have an adverse impact on business? Yes
 - A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? Yes

Requires licensure to conduct dual-use cannabis operations.
 - B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No
 - C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes

Requires applicants to report certain information pursuant to the application process.
 - D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business of which it will apply or applies? No

IV. Regulatory Restriction Requirements under S.B. 9. Note: This section only applies to agencies described in R.C. 121.95(A).

19. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes
 - A. How many new regulatory restrictions do you propose adding to this rule? 6

(A) Pursuant to 1301:18-2-02(A)(1) a cultivator, processor, testing laboratory, or dispensary that is currently licensed pursuant to chapter 3796 may apply to convert its current medical facility and site to a dual-use facility. To be eligible for conversion, the applicant must comply with all dual-use application requirements outlined under this rule.

(B) A chapter 3796 licensed entity seeking to convert its current facility to a dual-use facility must submit a complete application on a form as prescribed by the division.

(1) The applicant's designated point of contact that shall serve as the main contact for the division for the duration of the application period.

(C) Upon receipt of a complete application for a dual-use license, the division shall review the application.

(E) Upon determination that an applicant failed to meet all requirements of paragraph (B) of this rule, the division shall notify the applicant in writing of all deficiencies contained within the application.

(F) Within ten business days of receipt of written notification from the division, the applicant shall alleviate all deficiencies outlined and submit any further documentation requested by the division

B. How many existing regulatory restrictions do you propose removing from this rule? 12

3796:4-1-02(A) The department shall provide advance notice to the public indicating the commencement date and time period for accepting applications.

3796:4-1-02(A) The director shall have the right to amend the notice prior to the deadline for submitting an application.

3796:4-1-02(A) The director shall publish such amended notice in the same manner as the original notice.

3796:4-1-02(A) The director shall also have the right to cancel a notice of open application prior to the award of a testing laboratory provisional license.

3796:4-1-02(B) The provisional license application shall be submitted in accordance with Chapter 3796. of the Revised Code and this division.

3796:4-1-02(B) An applicant for a testing laboratory provisional license shall submit, in accordance with the application instructions, the following:

3796:4-1-02(B)(2) A business plan, which, at a minimum, shall include:

3796:4-1-02(B)(2) (e) An organizational chart of the company, including name, address, and date of birth of each principal officer and board member of the testing laboratory, provided that all those individuals shall be at least twenty-one years of age;

3796:4-1-02(B)(2) (g) All persons subject to the criminal records checks shall submit both an Ohio bureau of criminal identification and investigation criminal records check and a federal bureau of criminal investigation criminal records check pursuant to division (B) of section 3796.12 of the Revised Code;

3796:4-1-02(B)(3) An operations plan that establishes policies and procedures in accordance with the requirements of ISO/IEC 17025 "General Requirements for the Competence of Testing and Calibration Laboratories," that the applicant will implement for the secure and proper analytical testing of medical marijuana, which, at a minimum, shall include:

3796:4-1-02(B)(3) An operations plan that establishes policies and procedures in accordance with the requirements of ISO/IEC 17025 "General Requirements for the Competence of Testing and Calibration Laboratories," that the applicant will implement for the secure and proper analytical testing of medical marijuana, which, at a minimum, shall include:

3796:4-1-02(B)(3) An operations plan that establishes policies and procedures in accordance with the requirements of ISO/IEC 17025 "General Requirements for the Competence of Testing and Calibration Laboratories," that the applicant will implement for the secure and proper analytical testing of medical marijuana, which, at a minimum, shall include:

C. If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.

OAC 3796:4-1-02

D. Please justify the adoption of the new regulatory restriction(s).

The Division is required by statute to make applications available for non-medical cannabis licensing available for current medical marijuana licensees.

The rule prescribes the information that licensees must provide on the non-medical cannabis license application.

Rule Summary and Fiscal Analysis

Part A – General Questions

Rule Number: OAC 1301:18-2-05

Rule Type: New

Rule Title/Tagline: Application to Convert Chapter 3796 License to Dual-Use Cannabis License

Agency Name: Department of Commerce

Division: Division of Cannabis Control

Address: 77 S. High St., 20th Floor, Columbus, OH 43215

Contact: Emily Groseclose

Phone: 614-981-1931

Email: Emily.Groseclose@com.ohio.gov

I. Rule Summary

1. Is this a five year rule review? No
 - A. What is the rule's five year review date? n/a
2. Is this rule the result of recent legislation? Yes
 - A. If so, what is the bill number, General Assembly and Sponsor?
Citizen-initiated statute approved by voters 11/7/2023 (ORC 3780)
3. What statute is this rule being promulgated under? 119.03
4. What statute(s) grant rule writing authority? 3780.03
5. What statute(s) does the rule implement or amplify? 3780.03 and 3780.10
6. Does the rule implement a federal law or rule in a manner that is more stringent or burdensome than the federal law or regulation requires? No
 - A. If so, what is the citation to the federal law or rule?

7. What are the reasons for proposing the rule?

Non-medical cannabis application licensing rules are required pursuant to the voter-approved initiated statute.

8. Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.

Pursuant to ORC 3780.10, the Division must issue non-medical cannabis licenses by September 7, 2024, to applicants who have a medical marijuana certificate of operation or provisional license issued under ORC 3796.

The draft rules propose to make applications available for a dual-use license. A dual-use license permits the licensee to participate in both the medical and adult-use cannabis markets. A current medical marijuana licensee who wishes to participate in the non-medical cannabis market at their current location must apply for a dual-use license. There is no application fee for a dual-use license application.

9. Does the rule incorporate material by reference?

No

10. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.75, please explain the basis for the exemption and how an individual can find the referenced material.

n/a

11. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.

n/a

II. Fiscal Analysis

12. Please estimate the increase / decrease in the agency's revenues or expenditures in the current biennium due to this rule.

This rule will not have an impact on the agency's revenues or expenditures.

13. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?

The rule prescribes a simple application with only five components, all of which should be readily available information for applicants and therefore will take minimal time and resources to complete. There's no application fee.

14. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B).

No

15. Does the rule regulate environmental protection? (If yes, you must complete an

RSFA Part C).

No

16. If the rule imposes a regulation fee, explain how the fee directly relates to your agency's cost in regulating the individual or business.

n/a

III. Common Sense Initiative (CSI) Questions

17. Was this rule filed with the Common Sense Initiative Office? Yes
18. Does this rule have an adverse impact on business? Yes
- A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? Yes
 - B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No
 - C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes
 - D. Is it likely that the rule will directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies? No

IV. Regulatory Restriction Requirements under S.B.9. Note: This section only applies to agencies described in R. C. 121.95(A).

19. Are you adding a new or removing an existing regulatory restriction as defined in R.C. 121.95? Yes
- A. How many new regulatory restrictions do you propose adding to this rule? Six
 - B. How many existing regulatory restrictions do you propose removing from this rule? None
 - C. If you are not removing existing regulatory restrictions from this rule, please list the rule number(s) from which you are removing restrictions.
OAC 3796:4-1-02
 - D. Please justify the adoption of the new regulatory restriction(s).
The Division is required by statute to make applications available for non-medical cannabis licensing available for current medical marijuana licensees. The rule prescribes the information that licensees must provide on the non-

medical cannabis license application.