



Chris J. Lindsey, Esq.
Marijuana Policy Project

Big Picture on Rules

- **Nobody likes them**
 - Because of course
- **They are essential**
 - How medical marijuana law operates
 - Federal and state policy intersects
 - Uncertainty is not a business advantage
- **And they are the future**
 - Oregon has ~48 marijuana-related bills under consideration right now
 - Washington has nearly as many

Big Picture on Rules

From 50,000 ft.

- Cole II is still gospel
- Only three states are outliers, and all three are rebooting their programs
- Sean Spicer didn't call out medical marijuana as an issue
- Increasingly important that government has your back

Ohio in Context

- No pre-existing regulatory system to modify
- Having three agencies makes it more complicated than most
- Odds were that any bill passed by lawmakers would err on the side of over-regulation
- Rule making process was make-or-break for the success of the program
- Ohio's agencies have been remarkably open to public comment. Contrast that with practically anywhere else
- Agencies have latitude to implement change

Ohio in Context

- It will be costly.
- Patient population is not yet known.
- It will rely primarily on medical cannabis specialists.
- Banks will be a problem, but probably not a huge problem.
- Testing is likely to become an area of focus and a possible bottleneck.

How companies line up

- Cultivators – may sell product to dispensaries and processors
- Processors – may purchase product and sell it to dispensaries
- Testing labs – must test and approve a sample from every lot sold in Ohio
- Dispensaries – Purchase from cultivators and processors, provide to patients
- Some vertical integration is allowed.
Cultivator-processor-dispensary

Cultivators

- May grow, harvest, package, transport (to processors, dispensaries)
- Two tiers – Level I and Level II
 - Level I, up to 25,000, with expansion up to 75,000 sq/ft possible
 - Level II, up to 3,000, with expansion up to 9,000 sq/ft possible
- One cultivator license only
- 9 months from prelim to fully operational

Cultivators

- **Application fee**

Level I = \$20,000

Level 2 = \$2,000

- **License fee (2 yrs)**

Level I = \$200,000 (with credit for application fee)

Level II - \$20,000 (also with credit for app fee)

- **Cultivators must prove financial responsibility , incl. —**

Escrow acct/assets = \$1.5M for Level I

\$150k for Level II

Surety bond = \$1.5M for Level I

\$150k for Level II

Dispensaries

- Currently capped at 60, more possible after September 8, 2018
- Divided among dispensary districts
- Unlike cultivators, licensees can obtain multiple retail licenses
- Will develop relationships with patients
- May source products from any cultivator and any processor
- Be ready to talk with the press

Dispensaries

- **Application fee = \$5,000**
- **License fee (2 yrs) = \$80,000**
- **Dispensaries must prove financial responsibility , incl. —
Escrow or surety account, or surety bond = \$50,000**

Processors

- Up to 40 processors, with additional possible after September 8, 2018
- 6 months from preliminary approval to final certificate of operation
- Full suite of extraction methods available
- As with most states, there are considerable testing, packaging and labeling requirements
- Extracts are capped at 70%

Processors

- **Application fee = \$10,000**
- **License fee (1 yr?) = \$100,000 (credit for application fee)**
- **Processors must prove financial responsibility , incl. —**
 - Escrow or surety account, or surety bond = \$750,000**
 - Liquid assets of at least \$250,000**

Physicians

- At least two hours of continuing medical education
 - Coverage of conditions
 - And how cannabis can help treat them
- No financial interest in any type of licensee
- Standard of care has already been proposed
- Patient applications must be submitted by the physicians, not the patient

Testing labs

- Institutions of higher learning get first dibs
- Owners may only have one lab
- Must be operational within 6 months from provisional license
- Must have a designated director to supervise staff and maintain standards
- ISO certification within two years of *provisional* license
- Labs collect the samples
- No financial interest in any other licensee

Testing labs

- **Application fee = \$2,000**
- **License fee (1 yr) = \$20,000 (credit for application fee)**
- **Labs must prove financial responsibility , incl. at least \$250,000 in liquid assets, unencumbered**

Thank you!

Chris Lindsey
Marijuana Policy Project
clindsey@mpp.org
202-905-2036