

High Street Releases Proposed Rules for Ohio's Medical Marijuana Cultivators

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Legal Update

Ohio's medical marijuana regulations are budding. Ohio recently released proposed rules for cultivators, those interested in "growing, harvesting, packaging, and transporting medical marijuana." There will be two types of cultivator licenses available. Level I licenses will authorize grow operations in a 25,000-square foot space and applicants will be charged a \$20,000 fee. Level II licenses will authorize grow operations in a 3,000-square foot space and applicants will be charged \$2,000.

The Application

The application must be prepared with an attention to detail because each will be scored to determine which applications are ultimately chosen to be granted a provisional license. Applicants for either Level of application must submit the following:

1. Business Plan. The applicant's type of business organization, and evidence that the proposed cultivator may operate on a particular piece of property.
2. Operations Plan. Agricultural cultivation techniques, and facility staffing and employment matters to ensure compliance with all of Ohio's medical marijuana laws.
3. Quality Assurance Plan. The intended use of pesticides and agricultural products, best practices for packaging and labeling, and disposal standards for medical marijuana wastes.
4. Security Plan. The installation of a security system, and the implementation of record keeping policies.
5. A Financial Plan. The cost breakdown of the applicant's anticipated costs and the source of funding for such costs, along with documentation showing the applicant has at least \$500,000 in liquid assets for Level I cultivators or \$50,000 in liquid assets for Level II cultivators.

A Provisional License

If chosen, an applicant will be issued a provisional license and given nine months to show that its facility is operational. A licensee may demonstrate this by showing that the facility complies with all of the details in its

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submitted application. Furthermore, the licensee must also show that it is "financially responsible," or has general and products liability insurance coverage with limits determined by the state, and a surety bond or an escrow account in the amount of \$1,500,000 for Level I cultivators and \$150,000 for Level II cultivators.

A Certificate of Operation

A provisional licensee that successfully demonstrates the above will then be granted a certificate of operation, enabling it to cultivate medical marijuana.

The public will have until the close of business on January 27, 2017, to comment on these proposed rules by emailing mmcprules@com.state.oh.us. For more information on Ohio's medical marijuana law, contact Brian Higgins or any member of Frost Brown Todd's Health Care Industry Team.

**This does not constitute legal advice. Please note that marijuana is still illegal at the federal level and those participating in Ohio's medical marijuana industry may be subject to federal prosecution.*