

Higher taxes, no home grow: Here's what Ohio Senate Republicans propose for recreational marijuana

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COLUMBUS, Ohio — Ohio Senate Republicans unveiled proposed changes Monday to the recreational marijuana law voters approved last month, seeking to prohibit home grow of plants, increase and create new taxes, lower THC limits, the amount of product a person can possess, and ban some advertising, among other alterations.

An Ohio Senate committee tacked the marijuana law changes to [an uncontroversial alcohol regulation bill](#) that the Ohio House approved in June. Republicans who control the chamber [had promised they would rewrite the law](#).

Senators are racing against time to pass the changes. The initiated statute, Issue 2, goes into effect on Thursday. While the adult-use cannabis program won't be entirely ready — for instance, state regulators have to create a system to license adult-use cultivators and dispensaries — parts of the law will go into effect, such as home grow and new possession limits of 2.5 ounces for flower and roughly 0.5 ounces of extract.

Even if the Senate can pass their changes by Thursday, they would have to be approved by the Ohio House and signed by Gov. Mike DeWine. Both the House and Senate are controlled by Republicans, but the two chambers have differing politics that make the House viewed as being more marijuana-friendly. Any changes wouldn't take effect until 90 days after they are passed unless they get support from two-thirds of both the House and Senate.

State Sen. Rob McColley, a Northwest Ohio Republican, described the changes to the members of the committee, which approved adding them onto the alcohol bill along party lines.

-Increasing and creating new taxes. The initiated statute passed by voters created a 10% tax on marijuana products purchased at dispensaries. Consumers also would have to pay state and local sales taxes. The 10% rate is tied with Michigan for the lowest of any state that taxes marijuana sales. The initiated statute's backers said they designed it to try to keep prices low enough to compete with the black market. The

Senate's plan would increase point-of-sale taxes to 15%. Additionally, cultivators would be subject to an additional gross-receipts tax of 15%. McColley said nonpartisan legislative staffers project \$250 million in annual revenue once the program is fully operational, including \$149.7 million from the gross-receipts tax. Furthermore, hundreds of millions more in sales taxes are anticipated from dispensary sales.

-THC content decreases. The THC limits in the initiated statute were set at 35% for plant material and 90% for extracts, [although some observers said](#) the statute wasn't written clear enough for people to determine whether those were floors or ceilings. Senate Republicans wants the maximum THC limit to be 25% for plant material and 50% for extracts. However, for vape products, state regulators are allowed to pass a rule permitting above 50% THC in accordance to industry standards, McColley said. These THC limits are lower [than in the law the legislature passed in 2016](#) creating the medical marijuana program, which allows 35% for flower and 70% for extracts.

-Eliminating home grow. Issue 2 allows home grow of up to six plants per Ohioan aged 21 and older, and no more than 12 plants in a household. The law allowed landlords to prohibit home grow. The Senate proposal would get rid of home grow altogether. [Six plants can create](#) 1.5 pounds of marijuana, enough for 1,333 joints. If the plants flower and harvest at the same time, that exceeds the possession limits in the initiated statute, McColley said.

-Decrease possession limits. Beginning Thursday, if an Ohioan is caught with marijuana, they cannot be arrested as long as they possess under the legal limits in the initiated statute: 2.5 ounces in most forms, including flower, except for THC extract, which is capped at roughly 0.5 ounces. But if the Senate Republicans successfully pass their proposal, possession limits would decrease to one ounce for plant material, five grams for extracts (approximately 0.18 ounces) and 500 milligrams of THC in other forms, such as edibles (just under 0.02 ounces.)

-Fewer dispensaries. Under the initiated statute, there would be up to 350 adult-use dispensary licenses. Most of the dispensaries are automatically given to growers and dispensaries currently in the medical business as long as they meet the parameters in the state's adult-use application process. Then, an additional 50 adult-use dispensary licenses would be given to minorities and others in communities affected by the war on drugs. After that, no new dispensary licenses would be handed out for 24 months. That assumes all medical businesses want to go into adult use. In Montana, for instance, [20% of medical dispensaries](#) opted not to go into adult use. The Senate's changes would cap initial dispensary licenses at 230. McColley noted that "that's

more medical marijuana dispensaries than we would have Kroger grocery stores in the state of Ohio. I believe the Kroger stores are at 195.” When issuing dispensary licenses, state regulators would consider geographic distribution. More than one dispensary per square mile is prohibited, unless they were all licensed as medical dispensaries and won adult-use licenses. The state would use a lottery system to award licenses under the Senate’s plan.

-Redirecting of revenues. The initiated statute states 36% of the tax revenues from marijuana are to go to a [fund to help people affected by the war on drugs](#) get into the marijuana industry; another 36% is to go to communities hosting adult-use cannabis businesses; 25% is for a Substance Abuse and Addiction Fund; and 3% is to support state marijuana regulators and the Ohio Department of Taxation. Senate Republicans, in their plan, removed local-government funding money and directed the largest chunk of state revenues to the General Revenue Fund, over which they have discretion to spend. Their plan proposes 30% going to a law enforcement training fund; 15% going to a marijuana substance abuse treatment and prevention fund; 10% for a safe driver training fund; and 45% to go to the General Revenue Fund, from which the cost for marijuana regulation would be paid.

-No smoking in public places. Combustion, or smoking, is not allowed in Ohio’s medical-marijuana program, although vaping is allowed. The initiated statute allows smoking and states that cannabis use in indoor places, such as a bar or comedy club, can be determined by the property owners. The changes by the Senate would prohibit all smoking – and vaping – in public places and in vehicles. Smoking can only occur in a private residence.

-Advertisement limits. Ohio drivers will not see dispensary billboards along the roads as in Michigan, if the Senate gets its way. While the initiated statute states that advertising limits are to be established by regulators when they create rules around the adult-use program, the Senate plan explicitly says billboards would be prohibited. The Senate proposal would also ban broadcasting ads on radio and TV, as well as digital ads. All marijuana packages and dispensaries, under the measure, would have to contain a message, similar to the U.S. Surgeon General’s warning on packs of cigarettes, that use of marijuana by people under age 21 is harmful and illegal.

-Product restrictions. The Senate proposal would ban products from having an image containing human, animal or fruit characteristics to prevent them from appealing to kids. For instance, THC gummy bears would be prohibited. Packaging also would not be allowed to contain such figures. Ohio’s medical-marijuana

businesses that backed the initiated statute expected these restrictions, and instead of explicitly listing them, stated in the statute that packaging standards are to be established by regulators when they create rules for the adult-use program. Ohio's medical-marijuana program also already prohibits products that could be appealing to kids. Similar restrictions can be found in marijuana programs across the country.

-Employer rights. The Senate plan would clarify laws that state employers are allowed to drug test and have zero tolerance policies. This already exists in the state's medical-marijuana program, and it would repeat what's already in the initiated statute under a section called "Rights of employer."

The new marijuana law, which passed with 57% of the vote last month, is scheduled to take effect on Thursday, though parts of the law -- like issuing licenses to sell marijuana -- won't be in place until around September of 2024. Because Issue 2 was approved as what's called an initiated statute, lawmakers are able to rewrite the law as they see fit.

McColley said that the removal of home grow has been controversial, even among Republicans in the Senate, with some wanting to allow it, but with a lower number of plants.

State Sen. Michael Rulli, a Youngstown-area Republican who chairs the Ohio Senate General Government Committee, where the changes were unveiled, called recreational marijuana "a disaster" in most states.

"When you look at other states -- California, Oregon, Michigan, Washington state, North Carolina -- it's a disaster," Rulli said. "You have whole industries that have fallen in on themselves, Michigan probably being the worst."

Many states are [experiencing product oversupply](#). In some states, [marijuana dispensaries have closed](#), unable to make a profit. Marijuana stocks traded on the Canadian Securities Exchange [are down](#).

However, from the perspective of consumers, lower prices are welcomed.

State Sen. Bill DeMora, a Columbus Democrat, said he disagrees with most of the changes Republicans made in the bill. For instance, he thinks six plants per person is too many, but he opposes eliminating home grow since so many Ohioans voted for the initiated statute because they supported it.

"The voters' intent is nowhere to be found," he said. "I think this bill needs a lot of work."

DeMora said he disagrees with the Senate's THC limits. He thinks the taxes are too high. He doesn't like how the Senate changes remove money intended for local governments that host marijuana businesses.

"I don't want to give all this money to the General Revenue Fund," he said. "I want it to go to local governments. We're supposed to let them spend it the way they have to."

People will testify for or against the bill on Tuesday in the Senate General Government Committee. But Rulli only gave the public about 2.5 hours [to notify him](#) if they want to testify.

Jeremy Pelzer contributed to this story.