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Fiscal Note & Local Impact Statement

Click here for S.B. 56's Bill Analysis

Version: In House Judiciary

Primary Sponsor: Sen. Huffman

Local Impact Statement Procedure Required: Yes

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Highlights

Adult-use marijuana excise tax

- The bill maintains the 10% tax rate, but it repeals and replaces the revenue distribution of adult-use excise tax receipts. The bill credits all revenue to the GRF except, for seven years starting in FY 2026, it credits 25% of the revenue to municipalities and townships that have at least one dispensary active or provisional license issued by June 30, 2026.
- As of June 2, 2025, the state has received about $48.7 million from the excise tax, but no appropriations of the excise tax revenue have been made. The bill also does not include any appropriations of this revenue.

Intoxicating hemp and drinkable cannabinoid products

- The bill imposes two new taxes – a 10% tax on the intoxicating hemp product (IHP) receipts received by licensed dispensaries and a $3.50 per gallon excise tax on manufacturers' sales of drinkable cannabinoid products (DCPs) – and requires all revenue from both taxes be credited to the state GRF. The estimated total tax revenue that would be generated from both taxes would be roughly between $11.1 million and $12.8 million per year.
- Currently, 96.6% of tax revenue is credited to the GRF while the remaining 3.4% is allocated to the Local Government Fund (LGF, Fund 7069) and the Public Library Fund (PLF, Fund 7065), as each fund receives 1.7% of GRF tax revenue under current law. The GRF revenue gain would be roughly between $10.7 million and $12.4 million while the LGF and PLF would each gain between $190,000 and $220,000 annually.

- The bill prohibits a municipality from levying a tax on intoxicating hemp and DCPs that is the same or similar to the tax levied by the bill.

Department of Commerce – Division of Marijuana Control

- The bill integrates regulation of adult-use marijuana, IHPs, and DCPs into a new Division of Marijuana Control in the Department of Commerce (COM). The existing Division of Cannabis Control (DCC), which regulates medical and adult-use marijuana, consists of 55 employees. COM anticipates hiring 30 or more additional positions to regulate IHPs and DCPs, for licensing and oversight, with additional annual wage costs of between $1.6 million to almost $2.1 million annually, depending on staffing decisions.
- Current operating costs are covered by application, initial certificate of operation, and renewal fees collected from cultivators, processors, testing laboratories, and dispensaries deposited into the Medical Marijuana Control Fund (Fund 5SY0). This is also the fund that would collect fees for licensing the various cultivators, manufacturers, processors, and retailers in the IHP and DCP industries. The bill requires the Division to establish these fees by rule.
- The bill limits the number of marijuana dispensaries that may operate within the state at any one time to 400.

Department of Public Safety

- The bill allows the Ohio Investigative Unit (OIU) within the Department of Public Safety to assist the Division of Marijuana Control in enforcing the Marijuana Control Law. OIU expects to incur additional costs, including the need to hire additional staff.

Detailed Analysis

Adult-use marijuana excise tax

Under current law, there is a 10% excise tax on adult-use marijuana in addition to the sales and use tax. The revenue from this excise tax is deposited into the Adult Use Tax Fund (Fund QG18). From there the Director of Budget and Management (OBM) is required to transfer the cash, after any necessary transfer to the Tax Refund Fund for refunds attributable to the excise tax, to four funds: 36% to the Cannabis Social Equity and Jobs Fund, 36% to the Host Community Cannabis Fund, 25% to the Substance Abuse and Addiction Fund, and the remaining 3% to the Division of Cannabis Control and Tax Commissioner Fund.

The bill maintains the 10% tax rate but repeals and replaces the revenue distribution with a new arrangement. Beginning in FY 2026, and for the following six fiscal years, the OBM Director is required to distribute 25% of revenues in the Marijuana Receipts Fund,[1] after making any transfers to the Tax Refund Fund, to the Host Community Cannabis Fund, for the benefit of municipal corporations or townships that have, as of June 30, 2026, and at all times since, at least one licensed dispensary or location for which a provisional license has been issued. Distributions to such municipal corporations and townships must be based on the portion of the excise tax

[1] Whereas current law initially deposits tax receipts into the Adult Use Fund, the bill replaces the name of this fund with "Marijuana Receipts Fund."

attributable to each municipal corporation or township. The bill requires the OBM Director to transfer amounts remaining in the Marijuana Receipts Fund to the GRF.

As of June 2, 2025, Fund QG18 has received about $48.7 million from the excise tax in the first nine months of collections, but no transfers have been made to the other funds. In addition, no appropriations of the excise tax revenue have been made. The bill also does not include any appropriations of this revenue.

Finally, the bill prohibits municipal governments from levying an excise tax on adult-use marijuana, thus preventing them from collecting additional revenue from such a tax. Current law already has an analogous prohibition in R.C. 3780.25, which is repealed by the bill and replaced with a prohibition in R.C. 715.013.

Taxation of IHPs and DCPs

The bill imposes two new taxes: (1) a 10% tax on the intoxicating hemp product (IHP) receipts received by licensed dispensaries in the state, and (2) an excise tax on sales by a manufacturer to a distributor or retailer of drinkable cannabinoid products (DCPs) at the rate of $3.50 per gallon of such products sold. The bill requires all revenue from both taxes be credited to the state GRF.

Along with these taxes, the bill makes the Department of Commerce (COM) responsible for regulating the sale of both IHPs and DCPs. For IHPs, this includes overseeing all persons who cultivate, process, distribute, and sell such products. For DCPs, the bill establishes a three-tier system of regulation covering manufacturers, distributors, and retailers. As a result of these new responsibilities, COM will incur new costs, chiefly for hiring additional staff to administer the new regulatory program. There will also be enforcement costs for the Department of Public Safety's Ohio Investigative Unit, as well as impacts on local courts. The fiscal impacts are described in more detail in the sections below.

The bill requires a dispensary to register with the Tax Commissioner no later than 30 days after first receiving IHP receipts. The bill also requires a manufacturer to register with the Tax Commissioner no later than 30 days after first selling a DCP to a distributor or retailer.

The bill specifies that if the Tax Commissioner notifies a dispensary or manufacturer required to register under the bill to remit the applicable taxes due, and the dispensary or manufacturer fails to so register and remit the tax within 60 days after the notice, the Tax Commissioner is allowed to impose an additional penalty of up to 35% of the tax due. The bill allows the Tax Commissioner to make an assessment, based on any information in the Commissioner's possession, against any person that fails to file a return or pay applicable taxes. The bill also specifies other requirements associated with applicable taxes, including return filing dates, refunds, delinquent payments, penalties, and interest.

The estimated total tax revenue that would be generated from both new taxes would be roughly between $11.1 million and $12.8 million per year. Tax revenue collections from those taxes would be collected on the effective date of the bill, potentially beginning sometime in FY 2026. Approximately 96.6% of such tax revenue would be credited to the GRF. Any tax revenue gain credited to the GRF will also increase allocations to the Local Government Fund (LGF) and the Public Library Fund (PLF), as each fund receives 1.7% of GRF tax revenue under current law. Any revenue gain to the LGF will increase allocations to counties, municipalities, townships, and other local government entities. Any revenue gain to the PLF will increase allocations to public libraries.

The estimated tax revenue from a 10% tax on the IHP receipts received by licensed dispensaries is based upon the estimated tax base of hemp-derived cannabinoid products per adult population in Minnesota and information from the 2023 National Cannabinoid Report published by Whitney Economics. Based on both sources, the estimated tax base for all hemp products in Ohio would be up to $240 million per year, of which $53 million is assumed to be for DCPs and the remaining $187 million is attributed to all other hemp products. However, the bill limits the sale of IHPs to a licensed adult-use cannabis dispensary, which will significantly curtail taxable sales of IHPs. Assuming this restriction reduces the tax base for IHPs by about 50%,[2] a 10% tax on the IHP receipts received by licensed dispensaries would generate roughly $9.4 million per year. Future sales of IHPs may increase or decrease depending on consumption patterns of hemp products and adult-use marijuana, as the two could be considered substitutes.

To estimate tax revenue from DCPs, information from a report on the U.S. cannabis beverages market, produced by Grandview Research and other assumptions were used. According to the report, the U.S. cannabis beverages market was valued at $1.51 billion in 2023. In addition, according to a Market Watch article, Cannabis Drinks Take Hold, the estimated price of a 12-ounce can of cannabis drinks range between $5 and $10. Based on information on the U.S. market value and the estimated prices, the estimated amount of the U.S. cannabis beverages market as measured in gallons in 2023 would range between 14.2 million gallons and 28.3 million gallons. Based on 2022-2023 National Surveys on Drug Use and Health (NSDUH), the proportion of adults in Ohio compared to the nation that used marijuana in the past month was approximately 3.6%. Thus, the estimated gallonage of cannabis beverages that was consumed by adults in Ohio could range between 0.5 million gallons and 1 million gallons. Therefore, estimated tax revenue from DCPs would range between $1.7 million and $3.5 million per year.

The sum of the revenue gain from both taxes would range between $11.1 million and $12.8 million annually. The GRF would retain between $10.7 million and $12.4 million while the LGF and PLF would each gain between $190,000 and $220,000 annually.

Local option taxes

The bill prohibits municipalities from levying taxes on the IHP receipts and sales of DCPs.

State agency oversight

Department of Commerce – Division of Marijuana Control

The bill combines oversight of medical and adult-use marijuana, IHPs, and DCPs under the new Division of Marijuana Control (DMC). The bill also limits the number of licensed dispensaries to 400 at any one time. The current Division of Cannabis Control (DCC), which regulates the medical and adult-use programs, currently consists of 55 employees. Its operating costs are paid

[2] Very rough statistics from other states indicate that restricting the sale of IHPs to select retailers would reduce sales by about 35%. However, it is unclear how authorized retailers in Ohio will respond. The bill limits the sale of IHPs to licensed adult-use cannabis dispensaries, but those retailers are not obligated to sell the product. Those private businesses make their own independent decisions about market demand, profitability, competition, and product quality.

through revenue deposited into the Medical Marijuana Control Fund (Fund 5SY0), which collects revenue from the following sources: (1) fees for registering patients and caregivers and issuing licenses to marijuana retail dispensaries, and (2) fees for licensing marijuana cultivators, processors, testing laboratories, and dispensaries. As of May 2025, the Division had approved the following certificates of operation, all but two of which were issued for dual-use: 37 for Level 1 (up to 25,000 sq. ft. capacity) and Level II (up to 3,000 sq. ft. capacity) cultivators, 46 for processors, nine for testing labs, and 147 for dispensaries. Table 1 below shows the current fee schedule that applies to operators in the medical and adult-use marijuana industry.

Table 1. Marijuana Licensing Fees

License Type	Application	Initial (Certificate of Operation)	License Renewal
Cultivator Level I	$20,000	$180,000	$200,000 annual
Cultivator Level II	$2,000	$18,000	$20,000 annual
Processor	$10,000	$90,000	$100,000 annual
Testing	$2,000	$18,000	$20,000 annual
Dispensary	$5,000	$70,000	$70,000 biennial

Regulatory costs for overseeing IHPs and DCPs

According to estimates that DCC shared with LBO, the Division will need to create between 29 and 35 new staff positions to regulate operators in the IHP and DCP industries. The functions, the number of full-time equivalents (FTEs) needed for these positions, and total additional wage costs for the positions are shown in Table 2 below. Most of the new positions would be in the compliance area, with 14 to 16 new positions estimated. If all these positions among the four functional areas were filled, under the bill DMC could incur new wage costs of approximately $1.6 million to nearly $2.1 million annually, not including the additional fringe benefit costs associated with the new positions, the employer's share of medical coverage and retirement contributions being the largest. (For FY 2025, the state's share of providing single coverage under the Ohio Med PPO plan is just under $8,600 annually. The state's share of retirement is 14% of the employee's salary.) Beyond payroll expenses for additional staff, there will also be additional costs for equipment, supplies, and additional office space, although no cost estimate is yet available.

Table 2. Potential New Positions Needed to Regulate IHPs and DCPs

Function	FTEs	Hourly Rate	Annual Wage Cost
Licensing	9-11	$20.28-$21.97	$379,642-$502,674
Compliance	14-16	$28.58	$832,250-$951,142

Table 2. Potential New Positions Needed to Regulate IHPs and DCPs			
Function	FTEs	Hourly Rate	Annual Wage Cost
Legal	3-4	$41.23-$45.45	$257,275-$378,144
Administration	3-4	$24.66-$25.76	$153,878-$214,323
Total	29-35		$1,623,045-$2,046,283

Other potential costs are less certain. This includes increased inspection time for hemp when compared to regulated marijuana, which is grown under more tightly controlled conditions. Hemp, however, can be grown outside, leaving it exposed to more contaminants.

Fees to be established by rule

To pay for the additional regulatory costs involved with oversight of IHPs and DCPs, the bill gives DMC the authority to establish fees applying to those involved in the cultivation, processing, distribution, and sales of IHPs. For DCPs, this includes persons involved with manufacturing, distributing, and marketing these products. Under the Division's existing program related to medical and recreational use marijuana, operating costs are paid through licensing and certification fees deposited into the Medical Marijuana Control Fund (Fund 5SY0).

Administrative penalties

In addition to licensing fees to be established by rule, the bill authorizes the Division to impose administrative penalties. These penalties may be levied against anyone selling an IHP or a DCP in a store that is not a licensed retailer or selling to an individual under the age of 21. The Division may also impose administrative penalties for selling an IHP or a DCP that has not been tested or that does not meet the standards for packaging, labeling, or advertising. Presumably, penalties issued for IHP and DCP violations would be deposited into the Medical Marijuana Control Fund (Fund 5SY0). However, it is slightly different for DCPs, in particular for violations at the point of sale at permitted retailers. In those cases, violations would presumably be handled by the Ohio Investigative Unit, the Division of Liquor Control, and adjudicated by the Liquor Control Commission.

Universal work permits

The bill requires DMC to establish a universal marijuana work permit program for people employed by any license holder and allows the Division to establish a fee to cover the cost. The Department of Commerce has indicated that this program would largely be handled by existing DMC staff, which would include the additional employees that would be estimated to be necessary for compliance and administration in regulating IHPs and DCPs listed above.

Department of Public Safety

Under the bill, the Department of Public Safety (DPS) is required to assist DMC in enforcing the Marijuana Control Law. The DPS Ohio Investigative Unit (OIU) may inspect or investigate the premises of any person under these laws if requested by DMC for one of their licensees or in any case of alleged criminal activity. OIU may also be invited to assist local law enforcement having jurisdiction over the person(s) inspected or investigated. According to DPS, the bill's requirements are likely to result in additional costs, including necessitating the hiring of additional staff in order to carry out these new duties. OIU enforces Ohio's alcohol, tobacco, and food stamp fraud laws. The bill adds to this authority.

Criminal offenses

The legalization of adult-use marijuana and intoxicating hemp products, under both current law and the bill, has and is expected to continue to reduce the number of marijuana offenses to some degree, especially minor misdemeanor offenses. The bill creates some new offenses though, which may offset some of these savings. These changes will result in a complicated mix of potential outcomes, largely impacting the Department of Rehabilitation and Correction (DRC), local courts, jails, and probation departments. It is possible that some of these costs would be partially offset by the penalties and fines that are collected. However, the net impact is indeterminate and would vary from jurisdiction to jurisdiction.

Based on an average daily jail cost of $93.70 per bed,[3] a misdemeanor offender sentenced to three days in a county jail costs $281; an offender sentenced to ten days costs $937; 30 days, $2,811; six months, $17,100; and one year, $34,201. This cost is offset somewhat by the collection of mandatory fines of which some portion is likely to go uncollected due to an offender's indigence or inability to pay.

For those offenders sanctioned with a felony level charge, costs would be split between the local jurisdiction (charging, defense/prosecution, and adjudication) and the state (incarceration or supervision). For FY 2024, DRC reported an average annual cost per inmate of $38,599, or $105.75 per day. However, when considering only the marginal cost increase, the cost to house an individual inmate was $13.47 per day, or $4,917 per year. Marginal costs are based on additional medical and mental health costs as well as food and clothing. It does not include additional security, facility, or administrative costs which have already been factored into the overall operating costs of DRC. Felony offenses under the bill with mandatory prison terms of up to five years with up to one additional year could result in additional costs from $29,496 (marginal cost) to up to $231,594 (institutional cost) per offender. The number of offenders that could be charged and ultimately sentenced under the bill's new prohibitions is indeterminate and would likely vary from jurisdiction to jurisdiction.

To the extent that additional cases are generated for local courts to adjudicate, the bill may also impact the amount of fine, fee, and court cost revenue, including the amount of court costs forwarded to the state, which may at least partially offset any expenses incurred. Any revenue received from fines or local court costs and fees (which vary by jurisdiction) as a result of the bill would be retained locally. Locally collected state court costs, which total $29 for misdemeanors and $60 for felonies, would be deposited in the state treasury to the credit of the Indigent Defense Support Fund (Fund 5DY0) and the Victims of Crime/Reparations Fund (Fund 4020).

Detailed below are the various new criminal prohibitions included in the bill and proposed penalty structure for each. For context, Table 3 illustrates the general penalty structure for

[3] Based on daily jail cost per bed as reported to DRC in 2024.

misdemeanors and felonies under current law. However, a number of the new prohibitions feature unique sanctions.

Table 3. Felony and Misdemeanor Sentences and Fines for Offenses Generally		
Offense Level	**Fine**	**Term of Incarceration**
Felony 1st degree*	Up to $20,000	3, 4, 5, 6, 7, 8, 9, 10, or 11 years indefinite prison term
Felony 2nd degree*	Up to $15,000	2, 3, 4, 5, 6, 7, or 8 years indefinite prison term
Felony 3rd degree	Up to $10,000	9, 12, 18, 24, 30, or 36 months definite prison term
Felony 4th Degree	Up to $5,000	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, or 18 months definite prison term
Felony 5th degree	Up to $2,500	6, 7, 8, 9, 10, 11, or 12 months definite prison term
Misdemeanor 1st degree	Up to $1,000	Jail, not more than 180 days
Misdemeanor 2nd degree	Up to $750	Jail, not more than 90 days
Misdemeanor 3rd degree	Up to $500	Jail, not more than 60 days
Misdemeanor 4th degree	Up to $250	Jail, not more than 30 days
Minor misdemeanor	Up to $150	Citation issued; no jail

*The sentencing court shall impose a minimum sentence for first and second degree felony offenses committed after March 22, 2019 (definite sentences were previously imposed). The court shall specify a maximum sentence that is 50% greater than the minimum sentence. The court may, after a hearing, reduce the minimum sentence by 5%-15% upon recommendation of the Department of Rehabilitation and Correction.

Adult-use marijuana

Transportation of marijuana or marijuana paraphernalia in a vehicle

The bill generally prohibits the transportation of marijuana or marijuana paraphernalia in a motor vehicle unless the marijuana or paraphernalia are in the original, unopened packaging and stored in the trunk of the vehicle, or other allowable space. A violation of either prohibition is a minor misdemeanor offense.

Personal use and possession offenses

The bill regulates personal use of marijuana by placing restrictions on use and possession. The bill prohibits the smoking, combustion, and vaporization of marijuana in public places (minor misdemeanor), limits the quantities that one may possess, limits the number of plants an individual may grow at home, and prohibits a person under 21 years of age from purchasing, using, or possessing marijuana (minor misdemeanor).

Underage offenses

In addition to the prohibition against purchasing, using, or possessing marijuana by a person under 21, the bill also prohibits a person under 21 from purchasing or obtaining marijuana in a fraudulent manner.

The table below shows the level of offense, mandatory range, and length of potential license suspension for those guilty of using a fake or falsified identification to purchase or obtain adult-use marijuana from a licensed dispensary under 21. Under the bill, a court may sentence an offender to community service in lieu of suspending the offender's license or temporary instruction permit. All fines are in addition to other sanctions applicable for a misdemeanor offense under current law.

Table 4. Punishments for Violations of the Prohibition Against Using a Fake or Falsified Identification to Obtain Marijuana by a Person Under 21

Violation	Level of Offense*	Mandatory Fine Range	Length of License Suspension**
First violation	M-1	$250-$1,000	None
One prior violation	M-1	$500-$1,000	Not to exceed 1 year
Two prior violations	M-1	$500-$1,000	3 months to 2 years

*M is used to denote a misdemeanor offense.
**Includes a temporary instruction permit, probationary driver's license, or driver's license.

Industry-related offenses

The bill creates a number of prohibitions related to the adult-use marijuana industry. Those include prohibitions against:

- Giving, selling, or distributing adult-use marijuana to a person under 21, a first degree misdemeanor on the first offense, elevating to a fifth degree felony with a prior conviction and which additionally requires the immediate revocation of a license issued by DMC;
- Growing, cultivating, processing, selling, dispensing, or conducting other activities that otherwise require a license or registration under the bill, a violation of which is an offense of trafficking marijuana or illegal cultivation of marijuana as applicable; and
- Selling more than the possession limits to a single customer in a single day, a violation of which is an offense of trafficking marijuana.

Penalties for trafficking in marijuana under current law range from a fifth degree felony to a first degree felony under certain circumstances. Penalties for the illegal cultivation of marijuana under current law range from a minor misdemeanor to a first degree felony under certain circumstances. In both cases, the offense level is dependent on the amount of marijuana involved.

Intoxicating hemp products

By creating prohibitions against selling intoxicating hemp products and having an intoxicating hemp product that is a beverage or DCP in a public place, as well as adding driving under the influence of a hemp product to the OVI law, the bill may increase the number of criminal cases for certain local courts to adjudicate. As a result, there may be an increase in costs for local courts to adjudicate any new cases and for state and local criminal justice systems to sanction offenders. These increased costs will vary by court and depend on the number of individuals who are ultimately charged, convicted, and subsequently sentenced to a period of incarceration in a local jail or state prison.

Selling an intoxicating hemp product

Under the bill, a person who recklessly violates the prohibition against selling an intoxicating hemp product is guilty of a first degree misdemeanor on a first offense and a fifth degree felony on each subsequent offense. Recklessly selling an intoxicating hemp product to a person under 21 is a fifth degree felony.

Impaired driving (OVI)

The bill adds IHPs and DCPs to the definition of "drug of abuse" and authorizes law enforcement to arrest an individual who operates a vehicle under the influence of an IHP or a DCP under the state's operating a vehicle impaired (OVI) law. Such conduct is currently illegal however, explicitly including those substances as a "drug of abuse" may make prosecuting alleged OVI violations involving IHPs and DCPs easier. As a result, there may be a likely no more than minimal increase in the number of OVI convictions annually. OVI violations are generally first degree misdemeanors subject to not more than 180 days in a local jail, a fine of $375 to $1,075, and a mandatory one to three-year driver's license suspension. OVI violations also require a three-day mandatory jail term or completion of a driver's intervention program in addition to any other jail term imposed. The offense level and penalties increase based on the circumstances present.

Administrative license suspension

Under continuing law, an automatic administrative driver's license suspension is imposed from the time of the alleged OVI until the court hearing to determine the operator's guilt. If more administrative driver's license suspensions are imposed, the Bureau of Motor Vehicles may experience an increase in administrative costs and a corresponding increase in reinstatement fee revenue. The fee to reinstate an administrative license suspension is $475, which is credited to various funds in the state treasury.[4]

Open container in public places

Under the bill, a person who knowingly violates the prohibition against having an opened container of an intoxicating hemp product that is a beverage or DCP in public places is guilty of a minor misdemeanor, which is subject to a fine of up to $150.

[4] R.C. 4511.191(F).

Expungements

The bill allows a person who was convicted of or plead guilty to a violation of possession of marijuana or hashish to apply for expungement provided that the amount of the drug involved was not more than 2.5 ounces of marijuana, or 15 grams of hashish. The courts and clerks of courts can expect to process a large number of expungement application filings.

The bill's expungement provisions are similar to current law provisions for record expungements generally. When an application to expunge a record is filed, the court is required to set a hearing date and notify the prosecutor's office. The prosecutor may object to the application by filing a formal objection with the court prior to the hearing date. The court is required to direct the relevant probation department providing services to that particular county to investigate and submit reports concerning the applicant. Upon filing an application with a court, the applicant, unless deemed to be indigent, is required to pay a $50 fee, of which $30 is forwarded to the state treasury. Presuming that there will be a large number of applications made, revenue generated for the state and counties (especially larger counties) is expected to be sizable.

The combined annual cost for the clerks of courts, sentencing courts, prosecutors, and probation departments to perform the required additional work generated by this provision is indeterminate, although that cost could be significant. It is uncertain if the revenues generated from the $20 portion of the application fees would completely offset these costs.

Under current law, the court is required to send notice of an order to seal or expunge a record of conviction to the state's Bureau of Criminal Investigation (BCI) and to any public office or agency that the court knows or has reason to believe may have any record of the case, whether or not it is an official record. The latter potentially includes state and local law enforcement, prosecuting attorneys, probation departments, and the Adult Parole Authority. Because of the bill, the number of applications received and subsequent sealing/expungement orders issued will increase, perhaps significantly so.

Unemployment benefits

Currently, if a person is discharged from employment for using marijuana, the person will be considered to have been discharged for just cause, if the use of marijuana violates the employer's marijuana regulating policies, zero-tolerance policy, or other formal program or policy regulating the use of marijuana. The bill states that such a person will not be eligible to serve a waiting period or to receive unemployment benefits.

The Ohio Department of Job and Family Services administers the state's Unemployment Compensation system. Ohio employers fund benefits by paying contributions to Ohio's Unemployment Compensation Fund (most private sector employers) or reimbursing that fund for benefits paid (public sector and certain nonprofit employers).

Synopsis of Fiscal Effect Changes

The substitute version of the bill maintains the 10% tax rate, but it repeals and replaces the revenue distribution of adult-use excise tax receipts. The bill credits all revenue to the GRF except, for seven years starting in FY 2026, it credits 25% of the revenue to municipalities and townships that have at least one dispensary active or provisional license issued by June 30, 2026.

The substitute bill adds several new provisions which include regulatory and tax changes pertaining to intoxicating hemp products (IHPs) and drinkable cannabinoid products (DCPs). The most notable fiscal impacts to these changes are briefly summarized below.

- The substitute bill imposes a 10% tax on the IHP receipts received by licensed dispensaries in the state, and it imposes a $3.50 per gallon excise tax on sales by a manufacturer to a distributor or retailer of DCPs. The estimated total tax revenue that would be generated from both taxes would be roughly between $11.1 million and $12.8 million per year.
- The bill integrates regulation of adult-use marijuana, IHPs, and DCPs into a new Division of Marijuana Control (DMC) in the Department of Commerce (COM). COM anticipates hiring 30 or more additional positions to regulate IHPs and DCPs, for licensing and oversight, with additional annual wage costs of between $1.6 million to almost $2.1 million annually, depending on staffing decisions.
- The bill limits the number of marijuana dispensaries that may operate within the state at any one time to 400.
- The bill creates several criminal prohibitions pertaining to IHPs and DCPs, most notably concerning operating a vehicle impaired (OVI) offenses, selling to minors, and open container laws which may increase the number of criminal cases for certain local courts to adjudicate. The Ohio Investigative Unit (OIU) will also be granted authority to assist DMC with enforcement aspects of the Marijuana Control Law.

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