Commerce

S.B. 56

Primary Sponsor: Sen. Huffman

Effective date: March 20, 2026; operating appropriations effective December 19, 2025. Contains item vetoes.

Overview

- Repeals the Cannabis Control Law and combines regulations concerning the cultivation, processing, dispensing, use, and home grow of adult-use and medical marijuana into one chapter, referred to in this analysis as the Marijuana Control Law.
- Condenses the operations of the Division of Cannabis Control (DCC) and the Division of Marijuana Control (DMC) into DCC.

Product regulations

- Prohibits possession or use of marijuana that is not acquired from a licensed Ohio dispensary or cultivated at the adult-use consumer's primary residence in accordance with the Marijuana Control Law.
- Eliminates DCC's authority to approve new forms of adult-use marijuana.
- Prohibits adult-use or medical marijuana that is attractive to children or bears the likeness or characteristics of a realistic or fictional human, animal, or fruit.
- Reduces allowable tetrahydrocannabinol (THC) levels in adult-use marijuana extracts from a maximum of 90% (or more) to a maximum of 70%.
- Removes DCC's authority to eliminate THC limits for adult-use marijuana products.
- Allows DCC to increase THC limits for adult-use and medical marijuana extracts.
- Allows DCC to adopt rules establishing content limits for adult-use and medical marijuana by serving or per package.
- Prohibits a licensed dispensary from dispensing or selling more adult-use marijuana than can be legally possessed to the same adult-use consumer in the same day.
- Requires adult-use marijuana products to be packaged and labeled with certain information and warnings.
- Adds pre-rolled marijuana products as an allowable form of adult-use marijuana.
- Allows adult-use consumers to transfer up to two and one-half ounces of plant material or 15 grams of extract to another adult-use consumer if the transfer takes place at a private residence and is without remuneration.

Home grow

- Maintains existing limitations on the number of home grow plants – six per adult and 12 per residence – but applies a criminal penalty against a person who exceeds the limits by any amount of plants, as opposed to double the limits.
- Prohibits cultivating homegrown marijuana at a childcare home, halfway house, community transitional housing facility, community residential center, or a residential premises occupied pursuant to a rental agreement that prohibits home grow.
- Prohibits cultivating, growing, or possessing homegrown marijuana on behalf of another person.

Adult-use consumers

- Specifies that the possession limits do not apply to seeds, live plants, or clones being cultivated, grown, or processed in accordance with the home grow law.
- Makes changes regarding possession and transfer requirements and limitations regarding adult-use and homegrown marijuana.
- Requires edible adult-use and medical marijuana to be stored in its original packaging when not in use.
- Requires adult-use, medical, and homegrown marijuana and marijuana paraphernalia to be transported in the trunk or behind the back row of seats in a place not easily accessible to the driver.
- Prohibits the possession or use of marijuana paraphernalia that is not approved by DCC rule.
- Specifies that the smoking, combustion, and vaporization of adult-use and homegrown marijuana, and vaporization (and in public places, smoking and combustion) of medical marijuana, is prohibited in a public place, place of public employment, a private residence that is a childcare home, a halfway house, or residential premises occupied pursuant to a rental agreement that prohibits such activities.
- Applies elevated penalties to persons who smoke, combust, or vaporize marijuana in a vehicle, streetcar, trackless trolley, watercraft, or aircraft.
- Enhances the criminal and administrative penalties for persons who knowingly distribute adult-use or home grow marijuana to a person under 21 years of age.

Licensing

- Combines the adult-use and medical marijuana licenses and requires licensed cultivators, processors, dispensaries, and laboratories to work with both adult-use and medical marijuana.

- Modifies the eligibility criteria for licensure and requires DCC to rank applicants that meet those criteria using an impartial and evidence-based process according to eligibility, suitability, and ability to operate.
- Requires DCC, if it uses a lottery system to issue licenses, to assign better odds to applicants that are highly rated under the ranking process.
- Specifies that "10(B) licenses" issued under the Cannabis Control Law before March 20, 2026, are subject to all procedures, requirements, and penalties that apply to the equivalent license under the Marijuana Control Law.
- Requires DCC to merge equivalent licenses issued to the same person and used at the same location.
- Eliminates level III adult-use cultivator licenses.
- Modifies the setback requirements concerning the location or relocation of dispensaries, cultivators, processors, and laboratories in relation to churches, schools, public libraries, public parks, and public playgrounds.
- Repeals the prohibition against dispensaries providing samples of adult-use marijuana products.
- Allows DCC to prohibit advertisements that are false, targeted to minors, attractive to minors, promote excessive use, promote illegal activity, are obscene or indecent, contain depictions of marijuana use, or promote marijuana as an intoxicant.
- Requires DCC's rules concerning advertisement of adult-use marijuana products to be no less stringent than the most stringent rules or laws regulating tobacco or alcohol advertising.
- Prohibits adult-use and medical marijuana products from being marketed using any graphic, picture, or drawing that bears any resemblance to a cartoon character or popular figure whose target audience is children or youth.
- Requires pre-approval by DCC of names, logos, signs, or materials used to advertise adult-use or medical marijuana.
- Prohibits advertisements asserting or suggesting that adult-use marijuana has any health or therapeutic benefits.
- Prohibits marijuana advertisements within 500 feet of a school, church, public library, public playground, or public park, but exempts signage on the facility of a license holder.

Cultivators, processors, and dispensaries

- Requires DCC to issue two types of cultivation licenses: a level I license that authorizes a cultivation area up to 100,000 square feet and a level II license that authorizes a cultivation area of up to 15,000 square feet.

- Allows DCC to expand the cultivation area of a license holder that was not allotted the maximum cultivation area so long as the total cultivation area does not exceed that maximum square footage.
- Modifies the permitted activities that a processor may perform to cover both adult-use and medical marijuana.
- Specifies that dispensaries can only accept government-issued identification as proof of the identity of a registered patient or caregiver or of the age of an adult-use consumer.
- Allows DCC to revoke a provisional dispensary license if the license holder does not obtain a certificate of operation within 18 months.
- Caps the number of active dispensaries at 400.
- Requires DCC to issue dispensary licenses in a way that prevents oversaturation and to refrain from issuing a license for a facility that is within one mile of another dispensary.
- Prohibits DCC from issuing a license or approving a relocation to a location or facility for which a permit to sell beer or intoxicating liquor has been issued.
- Prohibits transferring a provisional license.

Cannabis misuse prevention

- Retains and recodifies the law requiring DCC to contract with a statewide nonprofit corporation for the development and implementation of cannabis and related drug misuse prevention, education, and public awareness initiatives.

Employment with a license holder

- Eliminates the requirement that a person seeking employment with an adult-use marijuana business obtain a license from DCC.
- Requires such a person to complete the same background check required for employees of medical marijuana businesses under continuing law.
- Specifies that criminal offenses that disqualify an individual from employment with a license holder are those identified by DCC in rules.
- Requires DCC to establish standards for provisional employment of individuals who have exigent circumstances for the period in which the individual's background check is pending.

Administration (PARTIALLY VETOED)

- Eliminates DCC authority to adopt rules that impose, among other things, requirements concerning technical standards for security and surveillance equipment, changes in ownership or control of license holders, and educating the public about marijuana.
- Specifies that rules adopted under the Cannabis Control Law before March 20, 2026, remain in effect until repealed or amended by DCC.

- Requires DCC to adopt rules prohibiting gifts, samples, or other free or discounted goods or services to induce or reward a license holder for business or referrals.
- Requires DCC by rule to establish standards and procedures for the online and mobile ordering of adult-use and medical marijuana.
- Requires DCC by rule to establish standards for the delivery of medical marijuana.
- Maintains the Medical Marijuana Law requirement that DCC adopt rules specifying which offenses disqualify an individual from qualifying for a license under the Marijuana Control Law.
- Would have required those rules to specify, at a minimum, that any felony offense disqualifies an individual from holding a license under the Marijuana Control Law (**VETOED**).
- Authorizes the Legislative Service Commission to renumber rules adopted under the Cannabis Control Law to account for its consolidation with the Medical Marijuana Control Law.
- Specifies that rules pending before the Common Sense Initiative or the Joint Committee on Agency Rule Review on March 20, 2026, are considered to be proposed under the Marijuana Control Law.
- Exempts DCC rules from continuing law requirements concerning reduction of regulatory restrictions on March 20, 2027.
- Allows the Ohio Investigative Unit (OIU) within the Department of Public Safety to assist DCC in enforcing the Marijuana Control Law.
- Modifies the criminal penalties imposed on persons who violate the Marijuana Control Law.

Name, image, and likeness (NIL) deals

- Expands the authority of institutions of higher education to prohibit students from entering into certain name, image, or likeness (NIL) deals to include adult-use marijuana products and license holders.

Local government authority

- Expands local government authority to prohibit or limit the number of licensed marijuana cultivators, processors, dispensaries, or testing laboratories.

Employment

- Specifies that a person who is discharged from employment for using marijuana is not eligible to serve a waiting period or be paid unemployment benefits for the duration of the person's unemployment.

Current agricultural use valuation

- Makes land used to cultivate adult-use marijuana ineligible to be valued for property tax purposes as other agricultural land pursuant to its current agricultural use value.

Local tax preemptions

- Extends local tax preemptions applicable to just medical or adult-use marijuana license holders to the other respective license holder.

Expungement of prior marijuana or hashish possession offenses

- Permits a person who, prior to March 20, 2026, was a defendant named in a dismissed complaint, indictment, or information for or was convicted of or pled guilty to an eligible marijuana or hashish possession offense to apply to the sentencing court to have the official record or record of conviction expunged.
- Provides that an eligible marijuana or hashish possession offense is a minor misdemeanor marijuana possession offense, a misdemeanor hashish possession offense, or a felony hashish possession offense involving not more than 15 grams of hashish.
- Specifies that unless indigent, the applicant must pay a filing fee of $50, with $30 of the fee designated to go to the state treasury (with half of that amount credited to the Attorney General Reimbursement Fund) and $20 to go to the county general revenue fund.
- Requires the court that receives an application for expungement to set a date for a hearing within 45 to 90 days after the date of the filing of the application.
- Requires the court to notify the prosecutor of the hearing and permits the prosecutor to file an objection to the application prior to the hearing.
- Requires the court, at the hearing, to do the following:
  - Determine whether the applicant has, prior to March 20, 2026, been a defendant named in a dismissed complaint, indictment, or information for or been convicted of or pleaded guilty to an eligible marijuana or hashish possession offense;
  - If the prosecutor has filed an objection, consider the reasons against granting the application;
  - Weigh the interests of the applicant in having the official record or record of conviction expunged against the legitimate needs, if any, of the government to maintain those records.
- Requires the court to order expungement if the record meets eligibility requirements and, if the court orders the expungement, requires the court to send notice of the order to each public office or agency that the court has reason to believe may have an official record pertaining to the case.

Appropriation

- Appropriates $47.5 million in FY 2026 and $49 million in FY 2027 from the Host Community Cannabis Fund to make marijuana excise tax distributions to municipal corporations and townships that have adult-use dispensaries.

Hemp

- Replaces definitions in the law governing hemp with new federally complaint hemp definitions that narrow the scope of what is considered hemp by specifying, in part, that hemp does not include any hemp-derived cannabinoid product that:
  - Exceeds 0.4 mg of total tetrahydrocannabinol (THC) per container;
  - Includes cannabinoids that are not capable of being naturally produced by a Cannabis sativa L. plant (cannabis plant); and
  - Includes cannabinoids that are capable of being naturally produced by a cannabis plant and were synthesized or manufactured outside the plant.
- Requires the Superintendent of Cannabis Control, in consultation with the Director of Agriculture, to establish certain lists related to the definition of hemp, including cannabinoids known to be capable of being naturally produced by a cannabis plant.
- Requires the Superintendent to update the lists based on changes made by applicable federal agencies.
- Requires the Department of Agriculture, in consultation and in cooperation with the Department of Public Safety's Ohio Investigative Unit, to enforce the law governing hemp processing.

Regulation of drinkable cannabinoid products (DCPs) (VETOED)

- Would have created a temporary regulatory structure for the sale of DCPs. (**VETOED**)
- Would have defined DCPs as a liquid hemp product to which all of the following criteria would have applied: (**VETOED**)
  - The product contains cannabinoids that are solely derived from hemp;
  - The product is prepackaged and intended to be consumed via ingestion;
  - The product does not contain more than 0.3% of any THC and does not include a drug;
  - The product does not contain more than 0.3% of total THC per serving; and
  - The product container does not contain more than one serving of 12 fluid ounces.
- Would have allowed microdistilleries, small breweries, bars, or restaurants (A-1-A, A-1c, or class D liquor permit holders) to sell DCPs at retail for on-premises consumption. (**VETOED**)
- Would have allowed grocery stores or carryout stores (class C liquor permit holders) to sell DCPs at retail for off-premises consumption. (**VETOED**)

- Would have established several prohibitions regarding the sale of hemp products, including prohibiting: (**VETOED**)
  - Selling a DCP to a person under age 21;
  - Selling at retail in Ohio a hemp product and marketing it as marijuana; and
  - Using any terms associated with the sale at retail in Ohio of a hemp product that would cause a consumer to infer that the hemp product is marijuana.
- Would have established other provisions governing the temporary regulation of DCPs, including: (**VETOED**)
  - Requiring the Superintendent of Cannabis Control to adopt policies governing the testing of DCPs and the creation and maintenance of a list of approved THCs that may be included in DCPs; and
  - Specifying that, if the federal government legalizes hemp beverages at THC limits greater than those allowable under federal law, set to take effect on November 12, 2026, it is the intent of the General Assembly to review the federal enactment and consider a more robust regulatory framework of these products in an effort to legalize hemp beverages for sale and consumption in Ohio beyond December 31, 2026.

Severability

- Specifies that if any portion of the requirements, or the application thereof, in the act are held by a court to be invalid, the invalidity does not affect other provisions or the application of the provisions that can be given effect without the invalid provision or application.