



## 10(B) Dispensary - Process to Obtain Certificate of Operation

The Division of Cannabis Control (DCC or Division) is providing the following updated guidance to 10(B) dispensary applicants and provisional license holders regarding the process and requirements to obtain a 10(B) Dispensary Certificate of Operation. This is an update to the [guidance](#) initially issued on September 6.

**Please read this document in its entirety to understand what you need to do to be eligible for a Certificate of Operation.**

The Division has issued provisional licenses to 10(B) applicants who have met the requirements regarding site control, local zoning, and compliance with the 500-foot rule, as described [here](#), and will continue doing so as applicants meet these requirements.

A provisional license must be issued before an applicant can be considered for a Certificate of Operation. A provisional license does **not** permit the holder to sell cannabis. The provisional license is simply issued as a placeholder while the provisional licensee works to meet the requirements to obtain a Certificate of Operation.

The following is a list of documentation that must be submitted and requirements that must be met before a Certificate of Operation can be issued, and is intended to assist licensees in preparing to become operational. Provisional licensees must follow all requirements of the Ohio Revised Code (O.R.C.) 3780 and 3796; the rules adopted pursuant to those chapters; and all guidance issued by the Division whether specifically mentioned in this guidance or not.

As a reminder, pursuant to Ohio Administrative Code (O.A.C.) [1301:18-2-06](#)(M), 10(B) dispensaries must obtain a Certificate of Operation within 12 months of the issuance of a provisional license.

### CERTIFICATE OF OPERATION CHECKLIST

Below is a list of the items the Division will be reviewing prior to the issuance of a Certificate of Operation. Please note, if you have not already provided the required documentation, you must do so in accordance with the instructions below.

Submissions must have the subject line *“Business Name – 10(B) Dispensary Provisional License Number – 10(B) Provisional Dispensary Document Submission.”*

Documentation to be Submitted to [DCCApplications@com.ohio.gov](mailto:DCCApplications@com.ohio.gov)

1. Evidence of Bond/Escrow Account, and General Liability Insurance coverage, including supporting documentation ([1301:18-3-08](#))
2. Copy of correspondence with local jurisdiction and law enforcement
3. Foundational Training materials ([3796:6-3-19](#))
4. Advertising ([3796:6-3-24](#))
  - a. Signage
  - b. Logos



- c. Labels
  - d. Patient education materials
  - e. Other foundational training materials
  - f. Any other advertising material
5. Secretary of State Business Entity and Trade Name Registrations
  6. Disclosure of ownership, control, and financial interest ([1301:18-3-04](#))

Documentation to be Submitted to [DCCCompliance@com.ohio.gov](mailto:DCCCompliance@com.ohio.gov)

7. Site/Floor Plans ([1301:18-8-02](#), [1301:18-8-05](#))
8. Standard Operating Procedures ([1301:18-8-02](#), [3796:6-3](#))

Actions Required

9. Licensee must have no outstanding tax obligations ([1301:18-2-06](#))
10. Agreement Letter completed
11. Employee badging/affiliations to new 10(B) license
12. Designation of at least one responsible party ([1301:18-8-03](#))
13. Designation of a Metrc Admin
14. Passage of Final Inspection (including point-of-sale validations, permits/occupancy, and security/surveillance checks)
15. Payment of Certificate of Operation fee (\$70,000) after assessed ([3796:6-5-01](#))

If your file is too large or you prefer not to send a file over direct email, you may submit it via the State of Ohio's file drop. To do so, you must follow the steps below. Failure to follow these steps may result in your files not being received by the Division.

Step 1: Drop the files in the State of Ohio File Drop here: <https://filedrop.cloudfs.ohio.gov/>.

- Must enter the recipient email as [DCCApplications@com.ohio.gov](mailto:DCCApplications@com.ohio.gov) or [DCCCompliance@com.ohio.gov](mailto:DCCCompliance@com.ohio.gov), as specified above depending on the document being submitted.

Step 2: Email [DCCApplications@com.ohio.gov](mailto:DCCApplications@com.ohio.gov) or [DCCCompliance@com.ohio.gov](mailto:DCCCompliance@com.ohio.gov) after submitting your files, with the subject line "*Business Name – 10(B) Dispensary Provisional License Number – 10(B) Provisional Dispensary Document Submission*" and indicate that your files have been submitted in the File Drop.

Please find additional information below regarding these requirements.



## RULE & GUIDANCE REQUIREMENTS

The rules referenced above are those in effect as of the date of this guidance. The Division expects additional [proposed rules](#) to become effective in the coming months. Licensees are required to be compliant with effective rules and guidance issued by the Division.

Guidance can be found at [www.com.ohio.gov/dispensaryguidance](http://www.com.ohio.gov/dispensaryguidance) and <https://com.ohio.gov/divisions-and-programs/cannabis-control/licensee-resources/applications/supplemental-guidance>.

### 1. FINANCIAL RESPONSIBILITY

All licensees are required to maintain evidence of financial responsibility in compliance with O.A.C. [1301:18-3-08](#), which must include both of the following:

1. Commercial general liability insurance covering products liability through an insurance company authorized to conduct business within the state of Ohio; and
2. One of the following:
  - a. An escrow account with a chartered financial institution within the state of Ohio acting as the escrow agent; or
  - b. A surety bond executed by a corporate surety company licensed by the state of Ohio and authorized to execute surety bonds pursuant to chapter 3929 of the Revised Code naming the licensee as the principal of the bond

The amount required for the escrow account or surety bond is as follows per license type:

- Level One Cultivator: \$750,000
- Level Two Cultivator: \$75,000
- Processor: \$250,000
- Testing Laboratory: \$75,000
- Dispensary: \$50,000

To comply with this rule, a bond or escrow must accurately reflect the licensee's business name as printed on its certificate of operation and its license number issued by the Division. Only one bond or escrow is required per license; therefore, licensees issued a dual-use license are not required to obtain two separate escrows or bonds for medical and non-medical.

### 2. CORRESPONDENCE WITH LOCAL JURISDICTION

Provisional licensees are required to contact the local government and law enforcement covering the location of the licensed facility before a Certificate of Operation can be issued.

Contact may be made in person or by phone, email, or mail. However, the licensee must be sure to follow-up with the jurisdiction and law enforcement **in writing**. The provisional licensee must provide a copy of this correspondence to the Division. You must also provide the Division with the name and contact information of the person you have corresponded with.



All of the following must be included in the written correspondence to the local government and law enforcement:

- a. The licensee name, provisional license number, and facility physical address.
- b. Contact information where local government or law enforcement can reach a representative of the licensee, including the contact individual's name, email address, and phone number.
- c. That the licensee has been awarded a provisional license and the date of its issuance.
- d. That the provisional license does not authorize the licensee to begin selling cannabis. The Division of Cannabis Control is currently reviewing application materials which may result in the issuance of a Certificate of Operation which would allow the licensee to begin cannabis sales. The licensee will follow-up this communication informing the local government and law enforcement when a Certificate of Operation has been issued and when the facility intends to begin dual-use or adult-use cannabis activities, as applicable, before commencing those activities.

### **3. FOUNDATIONAL TRAINING MATERIALS**

All dispensary employees are required to receive approved foundational training. Please see O.A.C. [3796:6-3-19](#) (C) and (F) for the current requirements. Additional guidance and appropriate forms can be found [here](#).

### **4. ADVERTISING**

All advertising must comply with the medical rules until updated rules are effective. In addition to O.A.C. [3796:6-3-24](#), guidance can be found [here](#).

### **6. OWNERSHIP, CONTROL, AND FINANCIAL INTEREST DISCLOSURE**

Pursuant to O.A.C. [1301:18-2-04](#), each 10(B) provisional licensee must disclose all required ownership, control, and financial interest as required by the rule – detailed below:

1. Ownership list and capitalization table.
  - a. In order to comply with this rule, licensees are required to provide a complete and comprehensive disclosure of any person who maintains an ownership or equity interest in licensee, whether it be directly or indirectly, and as follows:
    - i. As defined in O.A.C. 1301:18-1-01, any owner who has a 10% or greater ownership interest within the ownership structure of the licensee.
    - ii. As defined by in O.A.C. 1301:18-1-01, any person who has a financial interest in licensee.
    - iii. As defined by O.A.C. 1301:18-1-01, any person who has control over licensee.
  - b. The information provided must clearly show any person with an ownership or equity interest in the licensed entity and the percentage of their respective interest. The preferred methodology to provide the totality of this information is in the form



- c. of a capitalization table. However, should a capitalization table not clearly outline those required for disclosure, licensee is mandated to separately evidence all those applicable.
    - d. In the event a person outlined above is a business entity (e.g., LLC, corporation, etc.), licensees must disclose the business entity and a complete list of any and all associated individual(s) within the specified entity.
    - e. Any person that is not required to be disclosed, e.g., maintains a less than 10% ownership interest and acts solely as a passive investor in licensee, must still be outlined and indicated in some manner on the capitalization table so that the total equity outlined amounts to 100%.
  2. Organizational chart identifying all owners, officers, and board members.
    - a. In order to comply with this rule, licensees are required to provide a comprehensive organizational chart of all owners, officers, board members, and any person that controls licensee that is otherwise not disclosed in the ownership list or capitalization table above.
    - b. If applicable, licensees are also required to disclose the overarching corporate structure of the licensee and outline all owners, officers, board members, and any person who controls the associated person.
    - c. Additionally, the organizational chart must specify any person who is an owner, whether it be a direct or indirect owner in licensee. This includes any person that may constitute a holding company or parent company that maintains or manages the licensee. In the event a person outlined above is a business entity, please provide a complete list of any and all associated individual(s) within the entity.
  3. For each individual owner, officer, and board member:
    - a. Full legal name.
    - b. Address.
    - c. Date of birth.
    - d. Role.
    - e. Any ownership, financial interest, or control in any other cannabis entity, whether it be in Ohio or another state or jurisdiction.
  4. For any instance in which the licensee or any person associated with the licensee is currently or was previously licensed or authorized in another state or jurisdiction to cultivate, produce, test, dispense, or otherwise deal with the distribution of marijuana in any form, the following:
    - a. A statement granting permission to contact the regulatory agency that granted the license, accompanied by the contact information; and
    - b. If the license, authorization, or application was ever fined, denied, suspended, revoked, or otherwise sanctioned, a copy of documentation so indicating, or a statement that the applicant was so licensed and was never sanctioned.
  5. Unless otherwise fully evidenced above, licensees are also required to disclose the following:
    - a. A list of any person with direct or indirect financial interest in the licensed entity.
    - b. A list of any person with direct or indirect control over the licensed entity.



- i. This includes any current or future right to control.
- c. A list of any of the following regardless of whether they meet the definition of ownership, financial interest, or control:
  - i. Option agreement, debt conversion, or other agreement which creates a current or future right in equity in the applicant.
  - ii. Disclosure is mandatory regardless of whether such modification is contingent upon certain acts or omissions.
- d. A copy of any pending or executed merger, sale, option to purchase, letter of intent, consulting, management, support, administrative services, or other similar agreements between the licensee and any other person or that person's affiliates.
- e. Any other documentation evidencing the ownership structure, financial interest, or control of the licensee.
- f. The intent of this section of the rule is to capture any and all remaining contracts and/or agreements between licensee and another person that were not otherwise disclosed above. Pursuant to this section, licensees are required to disclose to the Division applicable agreements regardless of whether they meet the O.A.C.1301:18-1-01 defined terms of ownership, financial interest, or control. For example, if a licensee executed a contract that grants a third party a future ownership right that is less than 10%, it must disclose this to the Division.

Each licensee is to disclose all applicable documentation specified in the rule and the DCC [guidance](#), regardless of whether the licensee previously provided and/or disclosed the information or documentation to the Division, MMCP, the Department, the Board of Pharmacy, or pursuant to the most recent December 2023 Request for Ownership Information.

As a reminder, information submitted to the Division may be subject to disclosure under public records law unless otherwise an appropriate exception applies, such the licensee outlines the information is trade secret or other sensitive personal information (e.g., social security numbers).

## 7. SITE/FLOOR PLANS

Dispensaries are required to establish, maintain, and comply with written policies and procedures for the daily operation and distribution of cannabis. Pursuant to O.A.C. [1301:18-8-02](#), dispensaries must establish areas in the facility that are compartmentalized based upon function, which at a minimum includes the designated retail space and secure limited access areas.

It is the dispensary's responsibility to ensure that the dispensary retail floor is not accessed by unauthorized individuals under 21 years of age, and that the secure limited access areas are not accessed by unauthorized individuals. Additionally, dispensaries must ensure appropriate measures are in place to prevent the theft, loss, or diversion of cannabis.

10(B) provisional licensees must submit proposed facility floor plans to the Division for review and approval before a Certificate of Operation may be issued. Floor plans must include, at a minimum, the facility layout and room dimensions, labels indicating what each area is, and



labels indicating secure limited access areas and the retail area. It must also include security features such as camera placement and access controls.

Once a floor plan is approved, the Division expects the licensee to build in accordance with that approved plan. Changes to it must be approved in writing by the Division. Depending on the circumstances a Change of Operations or Variance request may be required. Please direct any questions to [DCCCompliance@com.ohio.gov](mailto:DCCCompliance@com.ohio.gov).

### **Secure Limited Access Areas**

Pursuant to O.A.C. [1301:18-8-02](#), dispensaries must designate areas within the facility that are compartmentalized based upon function, which includes designated secure limited access areas that are accessible only by authorized employees.

Secure limited access areas shall include:

- A storage area for all cannabis, cannabis paraphernalia, and any other inventory;
- A security area for all security and surveillance systems and equipment;
- A cannabis destruction and disposal area that complies with proposed O.A.C. [1301:18-3-12](#); and,
- An area for receipt of all deliveries to the facility.

All secure limited access areas must be constantly monitored, video surveilled, and meet all requirements under proposed O.A.C. [1301:18-8-05](#).

Each dispensary must post conspicuous signage at all secure limited access areas stating “Do not enter – Restricted Access Area – Access Restricted to Authorized Employees Only.”

Unless otherwise authorized by the Division, no dispensary may create or allow photographs, videos, or other media depicting any secure limited access area.

These are the requirements and standards that must be met under O.A.C. 1301:18-8-02. The rule does **not** specifically require vaults, day storage, pass-through windows, or secured delivery bays. However, the secure limited access area must meet the standards laid out in the proposed rules.

### **Retail Area**

Each dispensary shall maintain a designated retail area.

- Each designated retail area must be secure and video surveilled pursuant to O.A.C. [1301:18-8-05](#) to prevent diversion, theft, loss, or unauthorized access by the public.



- No cannabis, cannabis paraphernalia, or other inventory may be maintained in the designated retail area.
- Within the retail area, each dispensary shall establish a secure limited access area that is physically separated from the remainder of the retail area and is accessible only by authorized registered employees. This area must:
  - Maintain all cash registers or other points of sale; and
  - Ensure any cannabis, cannabis paraphernalia, or other inventory maintained in the area is limited in quantity, separately secured to prevent theft, and not visible from outside the facility.
    - Inventory may be considered secured if an authorized registered employee is physically present in that secure limited access area or the inventory is locked in a secure storage compartment.
  - No person under the age of 21 who is not a medical marijuana patient is permitted to access a dispensary's retail area. Dispensaries must have procedures in place to verify identification to prevent unauthorized access.

These are the requirements and standards that must be met under O.A.C. 1301:18-8-02. The proposed rule does **not** specifically require man traps, lobbies, or consultation rooms. However, the retail area must meet the standards laid out in the proposed rules.

### **Location of Facility Situated on Parcel**

The floor plans submitted must also indicate the location where the facility will be situated relative to the parcel of land. As a reminder, if an applicant submitted coordinates as part of their 10(B) Facility Site Location application, the location of those coordinates must be located within the facility.

### **Drive-Thru & Curbside Pickup**

A dispensary may propose to utilize both a drive-up window and curbside pickup. Standards for both can be found in O.A.C. [1301:18-8-02\(J\)](#) and (K) and the [Drive-Thru Guidance](#) and [Curbside Pickup Guidance](#).

### **Security & Surveillance**

Minimum security and surveillance requirements for dispensaries can be found in O.A.C. [1301:18-8-05](#).

All dispensaries must meet the minimum security and surveillance requirements before a Certificate of Operation may be issued.



## 8. STANDARD OPERATING PROCEDURES

Licensees must comply with O.A.C. [1301:18-8-02](#) Dispensary Operating Procedures and Quality Insurance. Other operational requirements can be found in O.A.C. [Chapter 3796:6-3](#). To the extent the rules in O.A.C. 3796 conflict with O.A.C. 1301, the rules in O.A.C. 1301 supersede.

Additional requirements can be found in Dual-Use guidance at <https://com.ohio.gov/divisions-and-programs/cannabis-control/licensee-resources/applications/supplemental-guidance>.

## 10. AGREEMENT LETTER

All licensees must comply with O.A.C. 3796 and all conditions placed on licensure until rules are adopted under O.A.C. 1301:18, unless otherwise specified by the Division. No provisional license will be granted a Certificate of Operation without agreeing to comply with this and any other conditions outlined by the Division in subsequent communication.

Prior to your final inspection, the Division will provide your agreement letter and any further instructions.

## 11. EMPLOYEE BADGING & AFFILIATION

All owners, officers, board members, administrators, individuals responsible for the daily operation of the facility, employees, and agents of the licensee must obtain an employee badge from the Division prior to the commencement of business. All of these individuals must also submit fingerprints for both an FBI and BCI background check.

Employees who are already properly badged can be affiliated with the new 10(B) provisional license. To do so, an eLicense Account Administrator must access eLicense and affiliate each employee to the new provisional facility license.

A “CCE” employee badge may be affiliated (via the facility relationship function) to each facility license across a “family of companies.”

- Each facility for which an individual is employed, is an agent, owner, officer, or board member, or administers the daily operation, must be affiliated with that employee in DCC eLicense.
- If the individual is an owner or responsible party, such employee type must be designated on the eLicense employee record for each facility that it applies.

For instructions on updating employee license affiliations, see the [eLicense Portal User Manual](#) beginning on page 27.



## 12. RESPONSIBLE PARTIES

Each dispensary must also designate at least one and up to three responsible parties, pursuant to O.A.C. [1301:18-8-03](#).

- The designated responsible party manages the facility's daily operations and ensures compliance with all standard operating procedures.
- A designated responsible party is to be physically present at the licensed premises for at least 20 hours per week and be immediately available to communicate with dispensary staff or the Division during any operating hours when they are not physically present.
- See O.A.C. [1301:18-8-03](#) for further information and requirements of designated responsible parties.

## 14. FINAL INSPECTION

A provisional dispensary licensee must notify the Division once it is capable of operating and before selling any cannabis. The licensee must not request an inspection until it is fully ready to operate, meaning all compliance, licensing, and other requirements have been met. The dispensary will be inspected to ensure it is capable of operating in accordance with Ohio Revised Code 3780 and 3796, and the rules promulgated pursuant to those chapters.

If the inspection is not satisfactory, the dispensary will be notified of necessary corrective actions. A dispensary may not request another inspection until all of those corrective actions have been completed. Once the dispensary notifies the Division that the corrective actions have been completed, the Division will schedule another inspection, which may occur 30 calendar days following the request.

Inspections will cover, among other things, operating procedures, the point-of-sale system to correctly process a medical and non-medical sale, and appropriate security and surveillance coverage pursuant to O.A.C. [1301:18-8-05](#).

### Point-of-Sale Validation

Each dispensary must demonstrate in a test sale scheduled and monitored by the Division that their point-of-sale system is capable of all of the following:

#### 1. Correctly achieving a sale to a medical patient.

- a. Transmitting sales to Metrc, including each item sold (price and product identifier), and sales total (after discount and before taxes), and patient identification.
  - i. Ensuring that inventory is correctly deducted from Metrc following a sale.



b. Dispensation is properly transmitted to the Prescription Monitoring Program (PMP) Clearinghouse. Ohio's PMP is the Ohio Automated Rx Reporting System (OARRS).

c. Printing the label required pursuant to O.A.C. 3796:6-3-09.

**2. Correctly achieving a sale to a non-medical consumer.**

a. Transmitting sales to Metrc, including each item sold (price and product identifier), and sales total (after discount and before taxes). No consumer identification.

i. Ensuring that inventory is correctly deducted from Metrc following a sale.

b. Sale is NOT transmitted to the PMP Clearinghouse.

c. Printing a label with, at a minimum, the following information:

- i. Dispensary business name or trade name (i.e., DBA)
- ii. Dispensary license number

**3. Assessing the 10% adult-use excise tax on non-medical sales only.**

a. Sales tax must be assessed on both medical and non-medical sales.

b. Taxes must be calculated independently, each based on the sale price.

- For example, if the sale price is \$154.00 and the sales tax is 7.00% while the excise tax is 10.00%, the total is \$180.18.
- The sales tax on \$154 is \$10.78 and the excise tax on \$154 is \$15.40 so the total charged to the customer is \$180.18.

c. Review the Department of Taxation's FAQ regarding applying Sales and Use Tax [here](#).

**4. Printing a sales receipt that provides, at a minimum, the following information:**

- a. Notation that it is a medical or non-medical sale.
- b. Description of each item sold and the sale price.
- c. Any discounts credited, list separately.
- d. Sales tax, listed separately.
- e. Excise tax, if applicable, listed separately.

**Transaction Limits**

Dispensaries are responsible for preventing sales that exceed the transaction limits outlined below, until updated rules become effective.

Dispensaries should work with their point-of-sale system vendor to utilize technology where possible to ensure compliance with these limits. Some dispensaries need to make technical updates to their point-of-sale configurations to accurately reflect ratios for each product in accordance with the day units prescribed in O.A.C. 3796:8-2-04.



### Non-Medical Consumers

- Non-medical consumers may not purchase more than ten whole day units of cannabis combined across all forms pursuant to O.A.C. [3796:8-2-04](#) per day.
  - For example, a non-medical consumer may purchase 1.0 ounce of plant material for vaporization OR ten units of oil for vaporization containing 590mg of THC each OR ten packages of edibles totaling not more than 1100mg of THC total.

### Medical Marijuana Patients & Caregivers

- For medical marijuana patients, the 90-day supply and whole day unit amounts remain the same under O.A.C. [3796:8-2-04](#), until updated rules are effective.

In addition to operating procedures to appropriately calculate and dispense days' supply without exceeding a medical marijuana patient's supply limit, the dispensary must have operating procedures in place to not exceed transaction limits for non-medical consumers, as prescribed in the paragraph above.