



Processor Awards Frequently Asked Questions

What is a processor?

A processor manufactures medical marijuana products. There are three different types of processors – standalone, vertically integrated facilities, and a plant-only processor which is a cultivator who distributes plant material directly to dispensaries.

The processor application fee is \$10,000 and the certificate of operation fee is \$90,000; a processor annual license renewal fee is \$100,000

How long will it take for processors to be operational?

The construction for processors varies based on the type of facility and location. In similarly regulated states, processors that were vertically integrated with other licensees were complete shortly after receiving a provisional license. Generally, processor facility construction can be completed within a few months. However, permitting and construction delays can be a factor in operational timelines.

The plant-only processor license will also be available to cultivators in Ohio once they obtain a certificate of operation. The plant-only processor license is for the limited purpose of packaging plant material and distributing it directly to dispensaries. This will allow product to be available as early as possible at the dispensary facilities.

What is the process for awarding licenses?

Round One

Applications were accepted: Dec. 4, 2017 – Dec. 15, 2017. The Department received 104 processor applications. From these, the Department is authorized to award up to 40 provisional licenses. The first round of awards included applicants who met the minimum requirements of the application. Fourteen provisional licenses were announced at this time.

Round Two

The Round Two clarification request was sent Oct. 3 and the deadline for submission was Oct. 24. This clarification request was only sent to applicants who did not pass the security section. It is the department's intent to award provisional licenses to the 26 top-scoring applicants once all compliance checks, including tax and background checks, are complete. If an applicant isn't able to meet those compliance checks, it will not receive a provisional license and the next top-scoring applicant will receive a provisional license.

Why were there two different rounds for awarding licenses?

Only 14 applicants met the minimum requirements to receive a provisional license; those applicants received provisional licenses as part of Round One. By rule, the Department is authorized to award up to 40 provisional licenses, a number that was selected based on research of other states, population comparisons, and estimates of potential patient demand for medical marijuana. As a result, for those applicants not awarded licenses after the initial scoring, we requested clarification and confirmation of



certain elements of the application in order to award additional licenses in a second round.

What was included in the clarification request to the applicants?

The security standards detailed in the regulations are very prescriptive. This means that facilities, to be compliant, must meet the detailed security requirements in order to receive a certificate of operations. There is very little room for a broad interpretation of these standards. The clarification request asked applicants to confirm that the proposed facilities included the security requirements and permitted the applicant to submit a new plot plan.

What is the process for scoring processor applications?

The Ohio Department of Commerce conducted a comprehensive, fair and impartial evaluation of all applications. Applications are scored by subject matter experts germane to the section of the application they are scoring. All scores were determined on a consensus basis.

The Ohio Department of Commerce has always and will continue to welcome input regarding processes and procedures. Recommendations from internal reviews, the Auditor of State and Ernst & Young were utilized in the scoring process. They included:

- Ensuring that scoring teams review and sign off on non-editable consensus score sheets to confirm they reflect the team results.
- Reviewing score sheets to avoid any scoring errors that could result from discrepancies between the number of criteria identified and the number of points awarded.
- Independently reviewing the master scoring spreadsheets to confirm formulas used and the accuracy of transcription from score sheets.

What does this mean for patients when product becomes available?

The supply and variety of medical marijuana products will be limited in the early months of 2019. The only product initially available to purchase will be in plant form. As more processor facilities receive certificates of operation, more product variety will be available.