Policy Matters Ohio

POLICY BRIEF

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DeWine proposes changes to cannabis tax policy

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In 2023, over two million Ohioans voted to legalize marijuana[1] sales and to use tax revenue from those sales to benefit communities where dispensaries are located (called "host communities"), fund substance-abuse research, and create restorative justice programs to remediate some of the harm done by the war on drugs. Gov. DeWine's Executive Budget proposal would change how the revenue generated by cannabis sales are collected and used.

Simply, the governor's proposed budget eliminates all revenue streams and tax rates passed by Issue 2, replacing them with an increased excise tax on recreational marijuana sales from 10% to 20%. The proposal would deposit the revenue in a new fund for non-medical marijuana tax revenue (QG18). The fund supports a variety of programs and line items across six different agencies: Health, Commerce, the Attorney General's office, Public Safety, Behavioral Health, and Tax.

The governor's plan funds 12 different line items, many of them new, across a variety of programs — including marijuana-related conviction expungement and the 9-8-8 suicide hotline.

Below is a full list of proposals suggested in the governor's budget paid for by the proposed Marijuana Tax Revenue Fund. Note that these are proposals only; line items, funding levels, and other details are likely to change as the budget moves through the legislature. Policy Matters will continue to monitor and report on these policies.

Department of Corrections and Rehabilitation

ALI 501631: County Jail Construction and Renovation Grants: This line item was previously the local jails grant program and was funded by a one-time transfer to the General Revenue Fund. The proposal would increase funding for this program to provide capital grants to local jails around the state for construction and renovation projects and change the source to non-

[1] The Ohio Revised Code uses "marijuana" and "cannabis" interchangeably. Cannabis refers to plants and products containing a certain level of THC. Marijuana is a type of cannabis product, but not all cannabis products are marijuana. For more on this distinction, see this article from the Cleveland Clinic.

medical cannabis. The project would be funded at $62,437,500 in FY 26 and $92,500,000 in FY 27. The line was funded at $75,000,000 in the previous line item in FY 25.

Department of Public Safety

ALI 767602: Investigative Unit Administration: Previously, the Investigative Unit's operating expenses were paid for completely out of the General Revenue Fund. In the upcoming budget, a portion of the unit's operating expenses will be supported by non-medical marijuana sales tax revenue at $9,990,000 in FY 26 and $14,800,000 in FY 27. This works in combination with another line item – 767420 – the General Revenue portion of the unit's funding at $12,554,073 in FY 26 and $10,718,860 in FY 27. The total revenue over the biennium would be $48 million dollars.

ALI 768623: Local Drug Task Force: This funding increases grants available to local drug task forces. The additional grants will be supported by non-medical marijuana sales tax revenue at $12,487,500 in FY26 and $18,500,000 in FY27.

ALI 769639: Safe Driving Programs: This funding will provide grants to schools for driver training programs, which was highlighted in the governor's press conference as a priority for the administration. These new grants will be supported by non-medical marijuana sales tax revenue at $19,980,000 in FY 26 and $29,600,000 in FY 27.

ALI 761681: Peace Officer Training: This funding will go to additional training for police officers in state and local law enforcement. The new program will be supported by non-medical marijuana sales tax revenue at $39,960,000 in FY 26 and $59,200,000 in FY 27.

Department of Taxation

ALI 110658: Marijuana Control Administration – TAX: This newly proposed line item will be used to fund the administration of the non-medical marijuana tax fund at $204,795 in FY 26 and $303,400 in FY27.

Attorney General's Office

ALI 055675: Law Enforcement Training: The governor's budget proposes replacing the funding source in this program from General Revenue Fund dollars with marijuana tax revenue at $34,965,000 in FY 26 and $40,000,000 in FY 27. In previous budgets, this line has been used to reimburse for police officer training programs.

ALI 055676: Marijuana Possession Expungement: This is a new program that will support the expungement of marijuana possession offenses with non-medical marijuana sales tax revenue at $12,487,500 in FY 26 and $14,250,000 in FY 27.

Behavioral Health/Mental Health and Addiction Services

ALI 336668: 9-8-8 Suicide Crisis and Response: This line item would replace the original 9-8-8 Suicide and Crisis Response line item, which was funded at $20.7 million in FY26 and $25.8 million in FY27. The new item will continue the program under a new line item and funded by non-medical marijuana sales at $31,691,840 in FY 26 and $41,298,200 in FY 27.

ALI 336667: Treatment, Prevention, and Education: This new line item doesn't have a lot of details in the proposed budget, but it's funded with non-medical cannabis at $3,273,160 in FY 26 and $10,501,800 in FY 27.

Department of Commerce

ALI 800660: Marijuana Control Administration – COM: This proposed line item will support the Marijuana Control Administration for the non-medical use program. The Ohio Department of Commerce is tasked with licensing and regulating cannabis cultivators, processors, dispensaries, and testing laboratories, and overseeing the Patient & Caregiver Registry as well as the toll-free helpline. This program is funded with non-medical marijuana taxes at $6,043,950 in FY26 and $8,946,600 in FY27.

Department of Health

ALI 4406A1: Poison Control and Laboratory Testing: This is a new poison control line within the Health Department that we don't have a lot of information about. However, in other areas of the budget, the governor does state that a focus of the administration is on Lead poisoning, and with no other "poison" related lines added this may be related. The program would be funded at $ 9,990,000 in FY 26 and $ 14,800,000 in FY 27.