

An Act

ENROLLED HOUSE
BILL NO. 2095

By: Echols and McDugle of the
House

and

Paxton of the Senate

An Act relating to medical marijuana; amending 63 O.S. 2021, Section 426, as amended by Section 27, Chapter 228, O.S.L. 2022 (63 O.S. Supp. 2022, Section 426), which relates to taxes on retail sales of medical marijuana; updating statutory citation; providing for the permanent revocation of medical marijuana business license for nonpayment of taxes; amending 63 O.S. 2021, Sections 427.3, as amended by Section 1, Chapter 342, O.S.L. 2022, 427.4, as amended by Section 9, Chapter 251, O.S.L. 2022, 427.6, as last amended by Section 1, Chapter 328, O.S.L. 2022, 427.14, as amended by Section 4, Chapter 332, O.S.L. 2022, Section 2, Chapter 342, O.S.L. 2022, 427.16, as amended by Section 16, Chapter 251, O.S.L. 2022, 427.17, as last amended by Section 1, Chapter 353, O.S.L. 2022, 427.19, as amended by Section 19, Chapter 251, O.S.L. 2022, and 427.20, as amended by Section 20, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Sections 427.3, 427.4, 427.6, 427.14, 427.14a, 427.16, 427.17, 427.19 and 427.20), which relate to the Oklahoma Medical Marijuana and Patient Protection Act; allowing the Authority to enter into memorandums of understanding with state agencies; providing certain state agencies investigative and enforcement authority relating to medical marijuana business licenses; granting certain state agencies peace officer powers; providing for the execution of warrants; expanding scope of powers regarding illegal marijuana and marijuana products; authorizing certain state agencies to perform on-site assessments and record reviews; directing the Oklahoma Medical Marijuana Authority to refer

complaints to certain state agencies; making certain acts unlawful; providing penalties; authorizing the subpoena of documents under certain circumstances; changing background check requirement; providing certain restriction on issuing medical marijuana commercial grower license; extending moratorium date; allowing certain state agencies enforcement powers relating to the transportation of medical marijuana; enabling certain state agencies monitoring, inspection and auditing powers of medical marijuana testing laboratories; providing for the permission of certain state agencies to enter and inspect medical marijuana research and education facilities; providing licensing penalties for refusing to permit entry for inspections; authorizing unannounced, on-site inspections; directing the Authority to refer complaints of criminal activity to state or local law enforcement authorities; amending 63 O.S. 2021, Section 430, as amended by Section 3, Chapter 317, O.S.L. 2022 (63 O.S. Supp. 2022, Section 430), which relates to the Oklahoma Medical Marijuana Waste Management Act; authorizing unannounced on-site inspections by certain state agencies; and providing an effective date.

SUBJECT: Medical marijuana

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 63 O.S. 2021, Section 426, as amended by Section 27, Chapter 228, O.S.L. 2022 (63 O.S. Supp. 2022, Section 426), is amended to read as follows:

Section 426. A. The tax on retail medical marijuana sales shall be established at seven percent (7%) of the gross amount received by the seller.

B. This tax shall be collected at the point of sale. Except as provided for in subsection D, tax proceeds will be applied primarily to finance the regulatory office.

C. Except as provided for in subsection D of this section, if proceeds from the levy authorized by subsection A of this section exceed the budgeted amount for running the regulatory office, any surplus shall be apportioned with seventy-five percent (75%) going to the General Revenue Fund and may only be expended for common education including funding redbud school grants pursuant to Section 3-104 of Title 70 of the Oklahoma Statutes. Twenty-five percent (25%) shall be apportioned to the State Department of Health and earmarked for drug and alcohol rehabilitation and prevention.

D. Pursuant to Section ~~14~~ 255.2 of ~~this act~~ Title 68 of the Oklahoma Statutes, the Oklahoma Tax Commission shall have authority to assess, collect and enforce the tax specified in subsection A of this section including any interest and penalty thereon.

E. For fiscal year 2022, proceeds from the levy authorized by subsection A of this section shall be apportioned as follows:

1. The first Sixty-five Million Dollars (\$65,000,000.00) shall be apportioned as follows:

- a. fifty-nine and twenty-three hundredths percent (59.23%) to the State Public Common School Building Equalization Fund,
- b. thirty-four and sixty-two hundredths percent (34.62%) to the Oklahoma Medical Marijuana Authority, a division within the Oklahoma State Department of Health, and
- c. six and fifteen hundredths percent (6.15%) to the Oklahoma State Department of Health and earmarked for drug and alcohol rehabilitation; and

2. Any surplus collections shall be apportioned to the General Revenue Fund of the State Treasury.

F. If any medical marijuana business licensee intentionally does not remit the taxes as required by the provisions of this section or the provisions of Section 1354 of Title 68 of the Oklahoma Statutes, the Authority shall permanently revoke the medical marijuana business license of the business licensee and the business licensee shall be permanently ineligible to receive any other type of medical marijuana business license issued by the Authority, including licenses for a dispensary, commercial grower

operation, processing facility, transporter, research, education facility, and waste disposal facility.

SECTION 2. AMENDATORY 63 O.S. 2021, Section 427.3, as amended by Section 1, Chapter 342, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.3), is amended to read as follows:

Section 427.3 A. There is hereby created the Oklahoma Medical Marijuana Authority within the State Department of Health which shall address issues related to the medical marijuana program in Oklahoma including, but not limited to, the issuance of patient licenses and medical marijuana business licenses, and the dispensing, cultivating, processing, testing, transporting, storage, research, and the use of and sale of medical marijuana pursuant to the Oklahoma Medical Marijuana and Patient Protection Act.

B. The Department shall provide support staff to perform designated duties of the Authority. The Department shall also provide office space for meetings of the Authority.

C. The Authority shall implement the provisions of the Oklahoma Medical Marijuana and Patient Protection Act consistently with the voter-approved State Question No. 788, Initiative Petition No. 412, subject to the provisions of the Oklahoma Medical Marijuana and Patient Protection Act.

D. The Authority shall exercise its respective powers and perform its respective duties and functions as specified in the Oklahoma Medical Marijuana and Patient Protection Act and this title including, but not limited to, the following:

1. Determine steps the state shall take, whether administrative or legislative in nature, to ensure that research on marijuana and marijuana products is being conducted for public purposes, including the advancement of:

- a. public health policy and public safety policy,
- b. agronomic and horticultural best practices, and
- c. medical and pharmacopoeia best practices;

2. Contract with third-party vendors and other governmental entities in order to carry out the respective duties and functions

as specified in the Oklahoma Medical Marijuana and Patient Protection Act;

3. Upon complaint or upon its own motion and upon a completed investigation, levy fines as prescribed in applicable laws, rules, and regulations and suspend, revoke, or not renew licenses pursuant to applicable laws, rules, and regulations;

4. Issue subpoenas for the appearance or production of persons, records, and things in connection with disciplinary or contested cases considered by the Authority;

5. Apply for injunctive or declaratory relief to enforce the provisions of applicable laws, rules, and regulations;

6. Inspect and examine all licensed premises of medical marijuana businesses, research facilities, education facilities, and waste disposal facilities in which medical marijuana is cultivated, manufactured, sold, stored, transported, tested, distributed, or disposed of;

7. Upon action by the federal government by which the production, sale, and use of marijuana in Oklahoma does not violate federal law, work with the Oklahoma State Banking Department and the State Treasurer to develop good practices and standards for banking and finance for medical marijuana businesses;

8. Establish internal control procedures for licenses including accounting procedures, reporting procedures, and personnel policies;

9. Establish a fee schedule and collect fees for performing background checks as the Authority deems appropriate. The fees charged pursuant to this paragraph shall not exceed the actual cost incurred for each background check;

10. Establish a fee schedule and collect fees for material changes requested by the licensee;

11. Establish regulations, which require a medical marijuana business to submit information to the Authority, deemed reasonably necessary to assist the Authority in the prevention of diversion of medical marijuana by a licensed medical marijuana business. Such information required by the Authority may include, but shall not be limited to:

- a. the square footage of the licensed premises,
- b. a diagram of the licensed premises,
- c. the number and type of lights at the licensed medical marijuana commercial grower business,
- d. the number, type, and production capacity of equipment located at the medical marijuana processing facility,
- e. the names, addresses, and telephone numbers of employees or agents of a medical marijuana business,
- f. employment manuals and standard operating procedures for the medical marijuana business, and
- g. any other information as the Authority reasonably deems necessary; ~~and~~

12. Declare and establish a moratorium on processing and issuing new medical marijuana business licenses pursuant to Section 427.14 of this title for an amount of time the Authority deems necessary; and

13. Enter into and negotiate the terms of Memorandums of Understanding between the Authority and other state agencies concerning the enforcement of laws regulating medical marijuana in this state. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Oklahoma Attorney General shall have full authority to investigate and enforce any violations of the laws regarding medical marijuana including medical marijuana business licenses held by commercial growers, processors, transporters, researchers, education facilities, and waste disposal facilities.

SECTION 3. AMENDATORY 63 O.S. 2021, Section 427.4, as amended by Section 9, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.4), is amended to read as follows:

Section 427.4 A. The Oklahoma Medical Marijuana Authority shall employ an Executive Director and other personnel as necessary to assist the Authority in carrying out its duties. The Executive Director shall be appointed by the Governor, with the advice and consent of the Senate. The Executive Director shall serve at the pleasure of the Governor and may be removed or replaced without

cause. Compensation for the Executive Director shall be determined pursuant to Section 3601.2 of Title 74 of the Oklahoma Statutes.

B. The Authority shall not employ an individual if any of the following circumstances exist:

1. The individual has a direct or indirect interest in a licensed medical marijuana business; or

2. The individual or his or her spouse, parent, child, spouse of a child, sibling, or spouse of a sibling has an application for a medical marijuana business license pending before the Authority or is a member of the board of directors of a medical marijuana business, or is an individual financially interested in any licensee or medical marijuana business.

C. All officers and employees of the Authority shall be in the exempt unclassified service as provided for in Section 840-5.5 of Title 74 of the Oklahoma Statutes.

D. The Executive Director may delegate to any officer or employee of the Authority any of the powers of the Executive Director and may designate any officer or employee of the Authority to perform any of the duties of the Executive Director.

E. The Executive Director may promulgate rules governing the oversight and implementation of the Oklahoma Medical Marijuana and Patient Protection Act.

F. The Authority is hereby authorized to create employment positions necessary for the implementation of its obligations pursuant to the Oklahoma Medical Marijuana and Patient Protection Act including, but not limited to, investigators of the Authority and a director of enforcement. The Authority, the director of enforcement, the Executive Director, ~~and~~ investigators of the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General shall have all the powers and authority of a peace officer of this state for the purpose of enforcing the provisions of the Oklahoma Medical Marijuana and Patient Protection Act and other laws pertaining to medical marijuana, rules promulgated by the Executive Director, or criminal laws of this state. These powers shall include but not be limited to:

1. Investigating violations or suspected violations of the Oklahoma Medical Marijuana and Patient Protection Act or other laws pertaining to medical marijuana, any rules promulgated pursuant thereto, and any violations of criminal laws of this state discovered through the course of such investigations;

2. Serving and executing all warrants, summonses, subpoenas, administrative citations, notices or other processes relating to the enforcement of laws regulating marijuana, concentrate, and marijuana product;

3. Seizing, destroying, confiscating, embargoing, or placing an administrative hold on any marijuana or marijuana product not properly logged in inventory records or untraceable product not required to be in the system, altered or improperly packaged, or illegally held in violation of the Oklahoma Medical Marijuana and Patient Protection Act, any other laws of this state, or any rules promulgated by the Executive Director;

4. Assisting or aiding any law enforcement officer in the performance of his or her duties upon such law enforcement officer's request or the request of other local officials having jurisdiction;

5. Referring any evidence, reports, or charges regarding violations of any provision of the Oklahoma Medical Marijuana and Patient Protection Act that carries criminal penalty, or of any other criminal laws of this state, to the appropriate law enforcement authority and prosecutorial authority for action;

6. Aiding the enforcement authorities of this state or any county or municipality of the state, or the federal government, in prosecutions of violations of the Oklahoma Medical Marijuana and Patient Protection Act or any other laws of this state that carry criminal penalty involving crimes discovered during the investigation of violations or suspected violations of the Oklahoma Medical Marijuana and Patient Protection Act or other laws pertaining to medical marijuana or any rules promulgated pursuant thereto;

7. Requiring any business applicant or licensee to permit an inspection of licensed premises during business hours or at any time of apparent operation, marijuana equipment, and marijuana accessories, or books and records; and to permit the testing of or examination of medical marijuana, concentrate, or product;

8. Requiring applicants and licensees to submit complete and current applications, information and fees required by the Oklahoma Medical Marijuana and Patient Protection Act, the Oklahoma Medical Marijuana Waste Management Act and Sections 420 through 426.1 of this title, and approve material changes made by the applicant or licensee;

9. Requiring medical marijuana business licensees to submit a sample or unit of medical marijuana or medical marijuana product to the quality assurance laboratory when the Authority has reason to believe the medical marijuana or medical marijuana product may be unsafe for patient consumption or inhalation or has not been tested in accordance with the provisions of the Oklahoma Medical Marijuana and Patient Protection Act and the rules and regulations promulgated by the Executive Director. The licensee shall provide the samples or units of medical marijuana or medical marijuana products at its own expense but shall not be responsible for the costs of testing; and

10. Requiring medical marijuana business licensees to periodically submit samples or units of medical marijuana or medical marijuana products to the quality assurance laboratory for quality assurance purposes. Licensed growers, processors, dispensaries and transporters shall not be required to submit samples or units of medical marijuana or medical marijuana products more than twice a year. The licensee shall provide the samples or units of medical marijuana or medical marijuana products at its own expense but shall not be responsible for the costs of testing.

G. All investigators of the Authority shall meet all training requirements and qualifications for peace officers as required by Section 3311 et seq. of Title 70 of the Oklahoma Statutes.

H. During the course of an investigation, ~~the director of enforcement or any investigator of the Authority,~~ as provided by subsection F of this section, may arrest a violator or suspected violator of any laws of this state committed in the presence of the ~~director of enforcement or any investigator of the Authority~~ or upon the development of probable cause that such crime has been committed. ~~The director of enforcement or any investigator of the Authority~~ as provided by subsection F of this section may, upon request of a sheriff or another peace officer of this state, or any political subdivision thereof, assist in the apprehension and arrest of a violator or suspected violator of any of the laws of this state.

I. The Executive Director may employ or contract with attorneys, as needed, to advise the ~~Executive Director and the~~ Authority on all legal matters and to appear for and represent the Executive Director and the Authority in all administrative hearings and all litigation or other proceedings which may arise in the discharge of their duties. At the request of the Executive Director, such attorneys shall assist district attorneys in prosecuting charges of violators of the Oklahoma Medical Marijuana and Patient Protection Act or any other laws of this state that carry criminal penalty involving crimes discovered during the investigation of violations or suspected violations of the Oklahoma Medical Marijuana and Patient Protection Act or other laws pertaining to medical marijuana or any rules promulgated pursuant thereto.

SECTION 4. AMENDATORY 63 O.S. 2021, Section 427.6, as last amended by Section 1, Chapter 328, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.6), is amended to read as follows:

Section 427.6 A. The Oklahoma Medical Marijuana Authority shall address issues related to the medical marijuana program in this state including, but not limited to, monitoring and disciplinary actions as they relate to the medical marijuana program.

B. 1. The Authority ~~or~~, its designee, or the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may perform on-site inspections or investigations of a licensee or applicant for any medical marijuana business license, research facility, education facility or waste disposal facility to determine compliance with applicable laws, rules and regulations or submissions made pursuant to this section. The Authority, its designee, or the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may enter the licensed premises of a medical marijuana business, research facility, education facility or waste disposal facility licensee or applicant to assess or monitor compliance or ensure qualifications for licensure.

2. Post-licensure inspections shall be limited to twice per calendar year. However, investigations and additional inspections may occur when the Authority believes an investigation or additional inspection is necessary due to a possible violation of applicable

laws, rules or regulations. The ~~State Commissioner of Health Authority~~ may adopt rules imposing penalties including, but not limited to, monetary fines and suspension or revocation of licensure for failure to allow the Authority reasonable access to the licensed premises for purposes of conducting an inspection.

3. The Authority, its designee, or the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may review relevant records of a licensed medical marijuana business, licensed medical marijuana research facility, licensed medical marijuana education facility or licensed medical marijuana waste disposal facility, and may require and conduct interviews with such persons or entities and persons affiliated with such entities, for the purpose of determining compliance with Authority requirements and applicable laws, rules and regulations.

4. The Authority may refer complaints alleging criminal activity that are made against a licensee to appropriate state or local law enforcement authorities including, but not limited to, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General.

C. Disciplinary action may be taken against an applicant or licensee for not adhering to applicable laws pursuant to the terms, conditions and guidelines set forth in the Oklahoma Medical Marijuana and Patient Protection Act.

D. Disciplinary actions may include revocation, suspension or denial of an application, license or final authorization and other action deemed appropriate by the Authority.

E. Disciplinary actions may be imposed upon a medical marijuana business licensee for:

1. Failure to comply with or satisfy any provision of applicable laws, rules or regulations;

2. Falsification or misrepresentation of any material or information submitted to the Authority or other licensees;

3. Failing to allow or impeding entry by authorized representatives of the Authority;

4. Failure to adhere to any acknowledgement, verification or other representation made to the Authority;

5. Failure to submit or disclose information required by applicable laws, rules or regulations or otherwise requested by the Authority;

6. Failure to correct any violation of this section cited as a result of a review or audit of financial records or other materials;

7. Failure to comply with requested access by the Authority to the licensed premises or materials;

8. Failure to pay a required monetary penalty;

9. Diversion of medical marijuana or any medical marijuana product, as determined by the Authority;

10. Threatening or harming a medical marijuana patient licensee, caregiver licensee, a medical practitioner or an employee of the Authority; and

11. Any other basis indicating a violation of the applicable laws and regulations as identified by the Authority.

F. Disciplinary actions against a licensee may include the imposition of monetary penalties, which may be assessed by the Authority. The Authority may suspend or revoke a license for failure to pay any monetary penalty lawfully assessed by the Authority against a licensee.

G. 1. In addition to any other penalties prescribed by law, penalties for sales, purchases or transfers for value of medical marijuana by a medical marijuana business or employees or agents of the medical marijuana business to persons other than those allowed by law occurring within any one-year time period may include an initial fine of Five Thousand Dollars (\$5,000.00) for a first violation and a fine of Fifteen Thousand Dollars (\$15,000.00) for any subsequent violation.

2. Penalties for grossly inaccurate or fraudulent reporting occurring within any two-year time period may include an initial administrative fine of Five Thousand Dollars (\$5,000.00) for a first violation and an administrative fine of Ten Thousand Dollars (\$10,000.00) for any subsequent violation. The medical marijuana

business shall be subject to a revocation of any license granted pursuant to the Oklahoma Medical Marijuana and Patient Protection Act upon a second incident of grossly inaccurate or fraudulent reporting in a ten-year period by the medical marijuana business or any employee or agent thereof.

3. After investigation by the Authority, the Authority may revoke the license of any person directly involved with the diversion of marijuana.

4. If the Authority, after investigation, is able to establish, by a preponderance of evidence, a pattern of diversion or negligence leading to diversion, the Authority may revoke any business licenses associated with the diversion and any entity with common ownership.

H. 1. In addition to any other penalties prescribed by law, a first offense for intentional and impermissible diversion of medical marijuana, medical marijuana concentrate, or medical marijuana products for value by a patient or caregiver to an unauthorized person shall be subject to an administrative fine of Four Hundred Dollars (\$400.00). The Authority shall have the authority to enforce the provisions of this subsection.

2. In addition to any other penalties prescribed by law, an additional incident resulting in a second offense for impermissible diversion of medical marijuana, medical marijuana concentrate, or medical marijuana products by a patient or caregiver to an unauthorized person for value shall be subject to an administrative fine of One Thousand Dollars (\$1,000.00), and shall result in revocation of the license or licenses of the person.

3. Any person who shares less than three (3) grams of medical marijuana with an unauthorized person, without the transfer being for value or other consideration, shall not be subject to criminal prosecution but shall be subject to an administrative fine of Four Hundred Dollars (\$400.00).

I. The intentional diversion of medical marijuana, medical marijuana concentrate or medical marijuana products by a licensed medical marijuana patient or caregiver, medical marijuana business or employee of a medical marijuana business to an unauthorized minor person who the licensed medical marijuana patient or caregiver, medical marijuana business or employee of a medical marijuana business knew or reasonably should have known to be a minor person shall be subject to an administrative fine of Two Thousand Five

Hundred Dollars (\$2,500.00). For an additional incident resulting in a second or subsequent offense, the licensed medical marijuana patient or caregiver, medical marijuana business or employee of a medical marijuana business shall be subject to a cite and release citation and, upon a finding of guilt or a plea of no contest, a fine of Five Thousand Dollars (\$5,000.00) and automatic revocation of the medical marijuana license.

J. In addition to any other penalties prescribed by law, it shall be unlawful for a licensed medical marijuana commercial grower to knowingly hire or employ undocumented immigrants to perform work inside a medical marijuana commercial grow facility or anywhere on the property of the medical marijuana commercial grow operation. A licensed medical marijuana commercial grower that violates the provisions of this subsection shall, upon conviction, be guilty of a misdemeanor punishable by imprisonment in the county jail for a term not exceeding one (1) year, or by a fine not exceeding Five Hundred Dollars (\$500.00), or by both such fine and imprisonment. In addition, the license of the medical marijuana commercial grower shall be subject to revocation and the Authority may deny future license applications.

K. In addition to any other remedies provided for by law, the Authority, pursuant to its rules and regulations, may issue a written order to any licensee the Authority has reason to believe has violated Sections 420 through 426.1 of this title, the Oklahoma Medical Marijuana and Patient Protection Act, the Oklahoma Medical Marijuana Waste Management Act, or any rules promulgated by the State Commissioner of Health and to whom the Authority has served, not less than thirty (30) days previously, a written notice of violation of such statutes or rules.

1. The written order shall state with specificity the nature of the violation. The Authority may impose any disciplinary action authorized under the provisions of this section including, but not limited to, the assessment of monetary penalties.

2. Any order issued pursuant to the provisions of this section shall become a final order unless, not more than thirty (30) days after the order is served to the licensee, the licensee requests an administrative hearing in accordance with the rules and regulations of the Authority. Upon such request, the Authority shall promptly initiate administrative proceedings.

~~K.~~ L. Whenever the Authority finds that an emergency exists requiring immediate action in order to protect the health or welfare of the public, the Authority may issue an order, without providing notice or hearing, stating the existence of said emergency and requiring that action be taken as the Authority deems necessary to meet the emergency. Such action may include, but is not limited to, ordering the licensee to immediately cease and desist operations by the licensee. The order shall be effective immediately upon issuance. Any person to whom the order is directed shall comply immediately with the provisions of the order. The Authority may assess a penalty not to exceed Ten Thousand Dollars (\$10,000.00) per day of noncompliance with the order. In assessing such a penalty, the Authority shall consider the seriousness of the violation and any efforts to comply with applicable requirements. Upon application to the Authority, the licensee shall be offered a hearing within ten (10) days of the issuance of the order.

~~L.~~ M. All hearings held pursuant to this section shall be in accordance with the Oklahoma Administrative Procedures Act.

SECTION 5. AMENDATORY 63 O.S. 2021, Section 427.14, as amended by Section 4, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.14), is amended to read as follows:

Section 427.14 A. There is hereby created the medical marijuana business license, which shall include the following categories:

1. Medical marijuana commercial grower;
2. Medical marijuana processor;
3. Medical marijuana dispensary;
4. Medical marijuana transporter; and
5. Medical marijuana testing laboratory.

B. The Oklahoma Medical Marijuana Authority, with the aid of the Office of Management and Enterprise Services, shall develop a website for medical marijuana business applications.

C. The Authority shall make available on its website in an easy-to-find location, applications for a medical marijuana business.

D. 1. The annual, nonrefundable fee for a medical marijuana transporter license shall be Two Thousand Five Hundred Dollars (\$2,500.00).

2. The initial fee for a medical marijuana commercial grower license shall be calculated based upon the total amount of square feet of canopy or acres the grower estimates will be harvested for the year. The annual, nonrefundable license fee shall be based upon the total amount of square feet of canopy harvested by the grower during the previous twelve (12) months. The amount of the fees shall be determined as follows:

a. For an indoor, greenhouse, or light deprivation medical marijuana grow facility:

- (1) Tier 1: Up to ten thousand (10,000) square feet of canopy, the fee shall be Two Thousand Five Hundred Dollars (\$2,500.00),
- (2) Tier 2: Ten thousand one (10,001) square feet of canopy to twenty thousand (20,000) square feet of canopy, the fee shall be Five Thousand Dollars (\$5,000.00),
- (3) Tier 3: Twenty thousand one (20,001) square feet of canopy to forty thousand (40,000) square feet of canopy, the fee shall be Ten Thousand Dollars (\$10,000.00),
- (4) Tier 4: Forty thousand one (40,001) square feet of canopy to sixty thousand (60,000) square feet of canopy, the fee shall be Twenty Thousand Dollars (\$20,000.00),
- (5) Tier 5: Sixty thousand one (60,001) square feet of canopy to eighty thousand (80,000) square feet of canopy, the fee shall be Thirty Thousand Dollars (\$30,000.00),
- (6) Tier 6: Eighty thousand one (80,001) square feet of canopy to ninety-nine thousand nine hundred ninety-nine (99,999) square feet of canopy, the fee shall be Forty Thousand Dollars (\$40,000.00), and

(7) Tier 7: One hundred thousand (100,000) square feet of canopy and beyond, the fee shall be Fifty Thousand Dollars (\$50,000.00), plus an additional twenty-five cents (\$0.25) per square foot of canopy over one hundred thousand (100,000) square feet.

b. For an outdoor medical marijuana grow facility:

(1) Tier 1: Up to two and one-half (2 1/2) acres, the fee shall be Two Thousand Five Hundred Dollars (\$2,500.00),

(2) Tier 2: Two and one-half (2 1/2) acres up to five (5) acres, the fee shall be Five Thousand Dollars (\$5,000.00),

(3) Tier 3: Five (5) acres up to ten (10) acres, the fee shall be Ten Thousand Dollars (\$10,000.00),

(4) Tier 4: Ten (10) acres up to twenty (20) acres, the fee shall be Twenty Thousand Dollars (\$20,000.00),

(5) Tier 5: Twenty (20) acres up to thirty (30) acres, the fee shall be Thirty Thousand Dollars (\$30,000.00),

(6) Tier 6: Thirty (30) acres up to forty (40) acres, the fee shall be Forty Thousand Dollars (\$40,000.00),

(7) Tier 7: Forty (40) acres up to fifty (50) acres, the fee shall be Fifty Thousand Dollars (\$50,000.00), and

(8) Tier 8: If the amount of acreage exceeds fifty (50) acres, the fee shall be Fifty Thousand Dollars (\$50,000.00) plus an additional Two Hundred Fifty Dollars (\$250.00) per acre.

c. For a medical marijuana commercial grower that has a combination of both indoor and outdoor growing facilities at one location, the medical marijuana

commercial grower shall be required to obtain a separate license from the Authority for each type of grow operation and shall be subject to the licensing fees provided for in subparagraphs a and b of this paragraph.

d. As used in this paragraph:

- (1) "canopy" means the total surface area within a cultivation area that is dedicated to the cultivation of flowering marijuana plants. The surface area of the plant canopy must be calculated in square feet and measured and must include all of the area within the boundaries where the cultivation of the flowering marijuana plants occurs. If the surface of the plant canopy consists of noncontiguous areas, each component area must be separated by identifiable boundaries. If a tiered or shelving system is used in the cultivation area, the surface area of each tier or shelf must be included in calculating the area of the plant canopy. Calculation of the area of the plant canopy may not include the areas within the cultivation area that are used to cultivate immature marijuana plants and seedlings, prior to flowering, and that are not used at any time to cultivate mature marijuana plants. If the flowering plants are vertically grown in cylinders, the square footage of the canopy shall be measured by the circumference of the cylinder multiplied by the total length of the cylinder,
- (2) "greenhouse" means a structure located outdoors that is completely covered by a material that allows a controlled level of light transmission, and
- (3) "light deprivation" means a structure that has concrete floors and the ability to manipulate natural light.

3. The annual, nonrefundable license fee for a medical marijuana processor license shall be determined as follows:

- a. Tier 1: Zero (0) to ten thousand (10,000) pounds of biomass or production or use of up to one hundred (100) liters of cannabis concentrate, the annual fee shall be Two Thousand Five Hundred Dollars (\$2,500.00),
- b. Tier 2: Ten thousand one (10,001) pounds to fifty thousand (50,000) pounds of biomass or production or use from one hundred one (101) to three hundred fifty (350) liters of cannabis concentrate, the annual fee shall be Five Thousand Dollars (\$5,000.00),
- c. Tier 3: Fifty thousand one (50,001) pounds to one hundred fifty thousand (150,000) pounds of biomass or production or use from three hundred fifty-one (351) to six hundred fifty (650) liters of cannabis concentrate, the annual fee shall be Ten Thousand Dollars (\$10,000.00),
- d. Tier 4: One hundred fifty thousand one (150,001) pounds to three hundred thousand (300,000) pounds of biomass or production or use from six hundred fifty-one (651) to one thousand (1,000) liters of cannabis concentrate, the annual fee shall be Fifteen Thousand Dollars (\$15,000.00), and
- e. Tier 5: More than three hundred thousand one (300,001) pounds of biomass or production or use in excess of one thousand one (1,001) liters of cannabis concentrate, the annual fee shall be Twenty Thousand Dollars (\$20,000.00).

For purposes of this paragraph only, if the cannabis concentrate is in nonliquid form, every one thousand (1,000) grams of concentrated marijuana shall be calculated as one (1) liter of cannabis concentrate.

4. The initial fee for a medical marijuana dispensary license shall be Two Thousand Five Hundred Dollars (\$2,500.00). The annual, nonrefundable license fee for a medical marijuana dispensary license shall be calculated at ten percent (10%) of the sum of twelve (12) calendar months of the combined annual state sales tax and state excise tax of the dispensary. The minimum fee shall be not less than Two Thousand Five Hundred Dollars (\$2,500.00) and the maximum fee shall not exceed Ten Thousand Dollars (\$10,000.00).

5. The annual, nonrefundable license fee for a medical marijuana testing laboratory shall be Twenty Thousand Dollars (\$20,000.00).

E. All applicants seeking licensure or licensure renewal as a medical marijuana business shall comply with the following general requirements:

1. All applications for licenses and registrations authorized pursuant to this section shall be made upon forms prescribed by the Authority;

2. Each application shall identify the city or county in which the applicant seeks to obtain licensure as a medical marijuana business;

3. Applicants shall submit a complete application to the Authority before the application may be accepted or considered;

4. All applications shall be complete and accurate in every detail;

5. All applications shall include all attachments or supplemental information required by the forms supplied by the Authority;

6. All applications shall be accompanied by a full remittance for the whole amount of the application fees. Application fees are nonrefundable;

7. All applicants shall be approved for licensing review that, at a minimum, meets the following criteria:

- a. twenty-five (25) years of age or older,
- b. if applying as an individual, proof that the applicant is an Oklahoma resident pursuant to paragraph 11 of this subsection,
- c. if applying as an entity, proof that seventy-five percent (75%) of all members, managers, executive officers, partners, board members or any other form of business ownership are Oklahoma residents pursuant to paragraph 11 of this subsection,

- d. if applying as an individual or entity, proof that the individual or entity is registered to conduct business in the State of Oklahoma,
- e. disclosure of all ownership interests pursuant to the Oklahoma Medical Marijuana and Patient Protection Act, and
- f. proof that the medical marijuana business, medical marijuana research facility, medical marijuana education facility and medical marijuana waste disposal facility applicant or licensee has not been convicted of a nonviolent felony in the last two (2) years, or any other felony conviction within the last five (5) years, is not a current inmate in the custody of the Department of Corrections, or currently incarcerated in a jail or corrections facility.

Upon reasonable suspicion that a medical marijuana business licensee is illegally growing, processing, transferring, selling, disposing, or diverting marijuana, the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, or the Attorney General may subpoena documents necessary to establish the personal identifying information of all owners and individuals with any ownership interest in the business;

8. There shall be no limit to the number of medical marijuana business licenses or categories that an individual or entity can apply for or receive, although each application and each category shall require a separate application and application fee. A commercial grower, processor and dispensary, or any combination thereof, are authorized to share the same address or physical location, subject to the restrictions set forth in the Oklahoma Medical Marijuana and Patient Protection Act;

9. All applicants for a medical marijuana business license, research facility license or education facility license authorized by the Oklahoma Medical Marijuana and Patient Protection Act, or for a renewal of such license, shall undergo ~~an Oklahoma criminal history~~ a national fingerprint-based background check conducted by the Oklahoma State Bureau of Investigation (OSBI) within thirty (30) days prior to the application for the license, including:

- a. individual applicants applying on their own behalf,

- b. individuals applying on behalf of an entity,
- c. all principal officers of an entity, and
- d. all owners of an entity as defined by the Oklahoma Medical Marijuana and Patient Protection Act;

10. All applicable fees charged by the OSBI are the responsibility of the applicant and shall not be higher than fees charged to any other person or industry for such background checks;

11. In order to be considered an Oklahoma resident for purposes of a medical marijuana business application, all applicants shall provide proof of Oklahoma residency for at least two (2) years immediately preceding the date of application or five (5) years of continuous Oklahoma residency during the preceding twenty-five (25) years immediately preceding the date of application. Sufficient documentation of proof of residency shall include a combination of the following:

- a. an unexpired Oklahoma-issued driver license,
- b. an Oklahoma identification card,
- c. a utility bill preceding the date of application, excluding cellular telephone and Internet bills,
- d. a residential property deed to property in the State of Oklahoma, and
- e. a rental agreement preceding the date of application for residential property located in the State of Oklahoma.

Applicants that were issued a medical marijuana business license prior to August 30, 2019, are hereby exempt from the two-year or five-year Oklahoma residence requirement mentioned above;

12. All license applicants shall be required to submit a registration with the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control as provided in Sections 2-302 through 2-304 of this title;

13. All applicants shall establish their identity through submission of a color copy or digital image of one of the following unexpired documents:

- a. front of an Oklahoma driver license,
- b. front of an Oklahoma identification card,
- c. a United States passport or other photo identification issued by the United States government, or
- d. a tribal identification card approved for identification purposes by the Oklahoma Department of Public Safety; and

14. All applicants shall submit an applicant photograph.

F. The Authority shall review the medical marijuana business application; approve, reject or deny the application; and mail the approval, rejection, denial or status-update letter to the applicant within ninety (90) business days of receipt of the application.

G. 1. The Authority shall review the medical marijuana business applications and conduct all investigations, inspections and interviews before approving the application.

2. Approved applicants shall be issued a medical marijuana business license for the specific category applied under, which shall act as proof of their approved status. Rejection and denial letters shall provide a reason for the rejection or denial. Applications may only be rejected or denied based on the applicant not meeting the standards set forth in the provisions of the Oklahoma Medical Marijuana and Patient Protection Act and Sections 420 through 426.1 of this title, improper completion of the application, or for a reason provided for in the Oklahoma Medical Marijuana and Patient Protection Act and Sections 420 through 426.1 of this title. If an application is rejected for failure to provide required information, the applicant shall have thirty (30) days to submit the required information for reconsideration. No additional application fee shall be charged for such reconsideration. Unless the Authority determines otherwise, an application that has been resubmitted but is still incomplete or contains errors that are not clerical or typographical in nature shall be denied.

3. Status-update letters shall provide a reason for delay in either approval, rejection or denial should a situation arise in which an application was submitted properly but a delay in processing the application occurred.

4. Approval, rejection, denial or status-update letters shall be sent to the applicant in the same method the application was submitted to the Authority.

H. A license for a medical marijuana business, medical marijuana research facility, medical marijuana education facility or medical marijuana waste disposal facility shall not be issued to or held by:

1. A person until all required fees have been paid;

2. A person who has been convicted of a nonviolent felony within two (2) years of the date of application, or within five (5) years for any other felony;

3. A corporation, if the criminal history of any of its officers, directors or stockholders indicates that the officer, director or stockholder has been convicted of a nonviolent felony within two (2) years of the date of application, or within five (5) years for any other felony;

4. A person under twenty-five (25) years of age;

5. A person licensed pursuant to this section who, during a period of licensure, or who, at the time of application, has failed to:

a. file taxes, interest or penalties due related to a medical marijuana business, or

b. pay taxes, interest or penalties due related to a medical marijuana business;

6. A sheriff, deputy sheriff, police officer or prosecuting officer, or an officer or employee of the Authority or municipality;

7. A person whose authority to be a caregiver, as defined in Section 427.2 of this title, has been revoked by the Authority; or

8. A person who was involved in the management or operations of any medical marijuana business, medical marijuana research facility, medical marijuana education facility or medical marijuana waste disposal facility that, after the initiation of a disciplinary action, has had a medical marijuana license revoked, not renewed, or surrendered during the five (5) years preceding submission of the application and for the following violations:

- a. unlawful sales or purchases,
- b. any fraudulent acts, falsification of records or misrepresentation to the Authority, medical marijuana patient licensees, caregiver licensees or medical marijuana business licensees,
- c. any grossly inaccurate or fraudulent reporting,
- d. threatening or harming any medical marijuana patient, caregiver, medical practitioner or employee of the Authority,
- e. knowingly or intentionally refusing to permit the Authority access to premises or records,
- f. using a prohibited, hazardous substance for processing in a residential area,
- g. criminal acts relating to the operation of a medical marijuana business, or
- h. any violations that endanger public health and safety or product safety.

I. In investigating the qualifications of an applicant or a licensee, the Authority and municipalities may have access to criminal history record information furnished by a criminal justice agency subject to any restrictions imposed by such an agency.

J. The failure of an applicant or licensee to provide the requested information by the Authority deadline may be grounds for denial of the application.

K. All applicants and licensees shall submit information to the Authority in a full, faithful, truthful and fair manner. The Authority may recommend denial of an application where the applicant

or licensee made misstatements, omissions, misrepresentations or untruths in the application or in connection with the background investigation of the applicant. This type of conduct may be grounds for administrative action against the applicant or licensee. Typos and scrivener errors shall not be grounds for denial.

L. A licensed medical marijuana business premises shall be subject to and responsible for compliance with applicable provisions consistent with the zoning where such business is located as described in the most recent versions of the Oklahoma Uniform Building Code, the International Building Code and the International Fire Code, unless granted an exemption by a municipality or appropriate code enforcement entity.

M. All medical marijuana business, medical marijuana research facility, medical marijuana education facility and medical marijuana waste disposal facility licensees shall pay the relevant licensure fees prior to receiving licensure to operate.

N. A medical marijuana business, medical marijuana research facility, medical marijuana education facility or medical marijuana waste disposal facility that attempts to renew its license after the expiration date of the license shall pay a late renewal fee in an amount to be determined by the Authority to reinstate the license. Late renewal fees are nonrefundable. A license that has been expired for more than ninety (90) days shall not be renewed.

O. No medical marijuana business, medical marijuana research facility, medical marijuana education facility or medical marijuana waste disposal facility shall possess, sell or transfer medical marijuana or medical marijuana products without a valid, unexpired license issued by the Authority.

P. No more than one medical marijuana commercial grower license shall be issued for any one property.

SECTION 6. AMENDATORY Section 2, Chapter 342, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.14a), is amended to read as follows:

Section 427.14a A. Beginning August 1, 2022, and ending August 1, ~~2024~~ 2026, the Oklahoma Medical Marijuana Authority shall, based on the number of current medical marijuana business licenses for dispensaries, processors, and commercial growers, declare and establish a moratorium on processing and issuing new medical

marijuana business licenses for dispensaries, processors, and commercial growers. The Executive Director of the Authority shall be authorized to terminate the moratorium at any time prior to August 1, ~~2024~~ 2026, if the Executive Director determines that all pending licensing reviews, inspections, or investigations have been completed by the Authority.

B. The provisions of this section shall not apply to the renewal of a medical marijuana business license for a dispensary, processor, or commercial grower under the provisions of Section 427.14 of ~~Title 63 of the Oklahoma Statutes~~ this title or to the issuance of a medical marijuana business license necessitated by a change in the ownership or location of a medical marijuana dispensary, medical marijuana processor, or medical marijuana commercial grower; provided, however, the Authority shall be authorized to deny the request for issuance of a medical marijuana business license due to a change in ownership if the licensee is subject to any disciplinary action that may necessitate the revocation, suspension, or nonrenewal of the medical marijuana business license.

C. The Authority shall review and process applications for medical marijuana business licenses for dispensaries, processors, and commercial growers if applications were received on or before August 1, 2022.

D. The Authority shall promulgate rules as necessary to implement the provisions of this section.

SECTION 7. AMENDATORY 63 O.S. 2021, Section 427.16, as amended by Section 16, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.16), is amended to read as follows:

Section 427.16 A. There is hereby created a medical marijuana transporter license as a category of the medical marijuana business license.

B. Pursuant to Section 424 of this title, the Oklahoma Medical Marijuana Authority shall issue a medical marijuana transporter license to licensed medical marijuana commercial growers, processors and dispensaries upon issuance of such licenses and upon each renewal. Medical marijuana transporter licenses shall also be issued to licensed medical marijuana research facilities, medical marijuana education facilities and medical marijuana testing laboratories upon issuance of such licenses and upon each renewal.

C. A medical marijuana transporter license may also be issued to qualifying applicants who are registered with the Secretary of State and otherwise meet the requirements for a medical marijuana business license set forth in the Oklahoma Medical Marijuana and Patient Protection Act and the requirements set forth in this section to provide logistics, distribution and storage of medical marijuana, medical marijuana concentrate and medical marijuana products.

D. A medical marijuana transporter license shall be valid for one (1) year and shall not be transferred with a change of ownership. A licensed medical marijuana transporter shall be responsible for all medical marijuana, medical marijuana concentrate and medical marijuana products once the transporter takes control of the product.

E. A transporter license shall be required for any person or entity to transport or transfer medical marijuana, medical marijuana concentrate or medical marijuana products from a licensed medical marijuana business to another medical marijuana business, or from a medical marijuana business to a medical marijuana research facility or medical marijuana education facility.

F. A medical marijuana transporter licensee may contract with multiple licensed medical marijuana businesses.

G. A medical marijuana transporter may maintain a licensed premises to temporarily store medical marijuana, medical marijuana concentrate and medical marijuana products and to use as a centralized distribution point. A medical marijuana transporter may store and distribute medical marijuana, medical marijuana concentrate and medical marijuana products from the licensed premises. The licensed premises shall meet all security requirements applicable to a medical marijuana business.

H. A medical marijuana transporter licensee shall use the seed-to-sale tracking system developed pursuant to the Oklahoma Medical Marijuana and Patient Protection Act to create shipping manifests documenting the transport of medical marijuana, medical marijuana concentrate and medical marijuana products throughout the state.

I. A licensed medical marijuana transporter may maintain and operate one or more warehouses in the state to handle medical marijuana, medical marijuana concentrate and medical marijuana

products. Each location shall be registered and inspected by the Authority prior to its use.

J. With the exception of a lawful transfer between medical marijuana businesses who are licensed to operate at the same physical address, all medical marijuana, medical marijuana concentrate and medical marijuana products shall be transported:

1. In vehicles equipped with Global Positioning System (GPS) trackers;

2. In a locked container and clearly labeled "Medical Marijuana or Derivative"; and

3. In a secured area of the vehicle that is not accessible by the driver during transit.

K. A transporter agent may possess marijuana at any location while the transporter agent is transferring marijuana to or from a licensed medical marijuana business, licensed medical marijuana research facility or licensed medical marijuana education facility. The Authority shall administer the provisions of this section and the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General shall have the authority to enforce the provisions of this section concerning transportation.

L. The Authority shall issue a transporter agent license to individual agents, employees, officers or owners of a transporter license in order for the individual to qualify to transport medical marijuana, medical marijuana concentrate or medical marijuana products.

M. The annual fee for a transporter agent license shall be Twenty-five Dollars (\$25.00) and shall be paid by the transporter license holder or the individual applicant. Transporter license reprints shall be Twenty Dollars (\$20.00).

N. The Authority shall issue each transporter agent a registry identification card within thirty (30) days of receipt of:

1. The name, address and date of birth of the person;

2. Proof of current state residency;

3. Proof of identity as required for a medical marijuana business license;

4. Possession of a valid state-issued driver license;

5. Verification of employment with a licensed transporter;

6. The application and affiliated fee; and

7. A copy of the criminal background check conducted by the Oklahoma State Bureau of Investigation, paid for by the applicant.

O. If the transporter agent application is denied, the Authority shall notify the transporter in writing of the reason for denying the registry identification card.

P. A registry identification card for a transporter shall expire one (1) year after the date of issuance or upon notification from the holder of the transporter license that the transporter agent ceases to work as a transporter.

Q. The Authority may revoke the registry identification card of a transporter agent who knowingly violates any provision of this section, and the transporter is subject to any other penalties established by law for the violation.

R. The Authority may revoke or suspend the transporter license of a transporter that the Authority determines knowingly aided or facilitated a violation of any provision of this section, and the license holder is subject to any other penalties established in law for the violation.

S. Vehicles used in the transport of medical marijuana or medical marijuana product shall be:

1. Insured at or above the legal requirements in this state;

2. Capable of securing medical marijuana during transport; and

3. In possession of a shipping container as defined in Section 427.2 of this title capable of securing all transported products.

T. Prior to the transport of any medical marijuana, medical marijuana concentrate or medical marijuana products, an inventory manifest shall be prepared at the origination point of the medical

marijuana. The inventory manifest shall include the following information:

1. For the origination point of the medical marijuana:
 - a. the licensee number for the commercial grower, processor or dispensary,
 - b. address of origination of transport, and
 - c. name and contact information for the originating licensee;

2. For the end recipient license holder of the medical marijuana:

- a. the license number for the dispensary, commercial grower, processor, research facility or education facility destination,
- b. address of the destination, and
- c. name and contact information for the destination licensee;

3. Quantities by weight or unit of each type of medical marijuana product contained in transport;

4. The date of the transport and the approximate time of departure;

5. The arrival date and estimated time of arrival;

6. Printed names and signatures of the personnel accompanying the transport; and

7. Notation of the transporting licensee.

U. 1. A separate inventory manifest shall be prepared for each licensee receiving the medical marijuana.

2. The transporter agent shall provide the other medical marijuana business with a copy of the inventory manifest at the time the product changes hands and after the other licensee prints his or her name and signs the inventory manifest.

3. A receiving licensee shall refuse to accept any medical marijuana, medical marijuana concentrate or medical marijuana products that are not accompanied by an inventory manifest.

4. Originating and receiving licensees shall maintain copies of inventory manifests and logs of quantities of medical marijuana received for seven (7) years from date of receipt.

SECTION 8. AMENDATORY 63 O.S. 2021, Section 427.17, as last amended by Section 1, Chapter 353, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.17), is amended to read as follows:

Section 427.17 A. There is hereby created a medical marijuana testing laboratory license as a category of the medical marijuana business license. The Oklahoma Medical Marijuana Authority ~~is~~, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General are hereby enabled to monitor, inspect and audit a licensed testing laboratory under the Oklahoma Medical Marijuana and Patient Protection Act.

B. 1. The Authority is hereby authorized to contract with a private laboratory for the purpose of conducting compliance testing of medical marijuana testing laboratories licensed in this state. Any such laboratory under contract for compliance testing shall be prohibited from conducting any other commercial medical marijuana testing in this state. The laboratory the Authority contracts with for compliance testing shall not employ, or be owned by, the following:

- a. any individual that has a direct or indirect interest in a licensed medical marijuana business, or
- b. any individual or his or her spouse, parent, child, spouse of a child, sibling or spouse of a sibling that has an application for a medical marijuana business license pending before the Authority or is a member of the board of directors of a medical marijuana business, or is an individual financially interested in any licensee or medical marijuana business located within this state.

2. The private laboratory under contract with the Authority for compliance testing and a board or committee comprised of licensed

Oklahoma medical marijuana laboratories currently accredited by the International Organization for Standardization (ISO) shall provide to the Authority its recommendations for all equipment and standards to be utilized by licensed medical marijuana testing laboratories when testing samples of medical marijuana, medical marijuana concentrate, and medical marijuana products as well as standard operating procedures when extracting and testing medical marijuana, medical marijuana concentrate, and medical marijuana products. The recommendations shall be submitted to the Authority no later than June 1, 2023. The Authority shall have ninety (90) days from the date it receives the recommendations to promulgate new rules or modify its current rules for laboratory standards and testing. Beginning June 1, 2024, medical marijuana testing laboratories renewing their medical marijuana business license shall be subject to and comply with any new or modified rules relating to the testing of medical marijuana, medical marijuana concentrate, and medical marijuana products. The refusal or failure of a medical marijuana testing laboratory licensee to comply with new or modified rules relating to laboratory standards and testing procedures promulgated under the provisions of this paragraph shall result in the permanent revocation of the medical marijuana testing laboratory license.

C. The Authority shall develop acceptable testing practices including, but not limited to, testing, standards, quality control analysis, equipment certification and calibration, and chemical identification and substances used.

D. A person who is a direct beneficial owner of a medical marijuana dispensary, medical marijuana commercial grower or medical marijuana processor shall not be an owner of a laboratory.

E. A laboratory and a laboratory applicant shall comply with all applicable local ordinances including, but not limited to, zoning, occupancy, licensing and building codes.

F. A separate license shall be required for each specific laboratory.

G. A medical marijuana testing laboratory license may be issued to a person who performs testing on medical marijuana and medical marijuana products for medical marijuana businesses, medical marijuana research facilities, medical marijuana education facilities, and testing on marijuana and marijuana products grown or produced by a patient or caregiver on behalf of a patient, upon verification of registration. A medical marijuana testing

laboratory may also conduct research related to the development and improvement of its testing practices and procedures. No state-approved medical marijuana testing facility shall operate unless a medical laboratory director is on site during operational hours.

H. Laboratory applicants and licensees shall comply with the application requirements of this section and shall submit such other information as required for a medical marijuana business applicant, in addition to any information the Authority may request for initial approval and periodic evaluations during the approval period.

I. A medical marijuana testing laboratory may accept samples of medical marijuana, medical marijuana concentrate or medical marijuana product from a medical marijuana business, medical marijuana research facility or medical marijuana education facility for testing purposes only, which purposes may include the provision of testing services for samples submitted by a medical marijuana business for product development. The Authority may require a medical marijuana business to submit a sample of medical marijuana, medical marijuana concentrate or medical marijuana product to a medical marijuana testing or quality assurance laboratory upon demand.

J. A medical marijuana testing laboratory may accept samples of medical marijuana, medical marijuana concentrate or medical marijuana product from an individual person for testing only under the following conditions:

1. The individual person is a patient or caregiver pursuant to the Oklahoma Medical Marijuana and Patient Protection Act or is a participant in an approved clinical or observational study conducted by a research facility; and

2. The medical marijuana testing laboratory shall require the patient or caregiver to produce a valid patient license and current and valid photo identification.

K. A medical marijuana testing laboratory may transfer samples to another medical marijuana testing laboratory for testing. All laboratory reports provided to or by a medical marijuana business or to a patient or caregiver shall identify the medical marijuana testing laboratory that actually conducted the test.

L. A medical marijuana testing laboratory may utilize a licensed medical marijuana transporter to transport samples of

medical marijuana, medical marijuana concentrate and medical marijuana product for testing, in accordance with the Oklahoma Medical Marijuana and Patient Protection Act and the rules adopted pursuant thereto, between the originating medical marijuana business requesting testing services and the destination laboratory performing testing services.

M. The medical marijuana testing laboratory shall establish policies to prevent the existence of or appearance of undue commercial, financial or other influences that may diminish the competency, impartiality and integrity of the testing processes or results of the laboratory, or that may diminish public confidence in the competency, impartiality and integrity of the testing processes or results of the laboratory. At a minimum, employees, owners or agents of a medical marijuana testing laboratory who participate in any aspect of the analysis and results of a sample are prohibited from improperly influencing the testing process, improperly manipulating data or improperly benefiting from any ongoing financial, employment, personal or business relationship with the medical marijuana business that provided the sample. A medical marijuana testing laboratory shall not test samples for any medical marijuana business in which an owner, employee or agent of the medical marijuana testing laboratory has any form of ownership or financial interest in the medical marijuana business.

N. The Authority, pursuant to rules promulgated by the Executive Director of the Authority, shall develop standards, policies and procedures as necessary for:

1. The cleanliness and orderliness of a laboratory premises and the location of the laboratory in a secure location, and inspection, cleaning and maintenance of any equipment or utensils used for the analysis of test samples;

2. Testing procedures, testing standards for cannabinoid and terpenoid potency and safe levels of contaminants, and remediation procedures;

3. Controlled access areas for storage of medical marijuana and medical marijuana product test samples, waste and reference standards;

4. Records to be retained and computer systems to be utilized by the laboratory;

5. The possession, storage and use by the laboratory of reagents, solutions and reference standards;

6. A certificate of analysis (COA) for each lot of reference standard;

7. The transport and disposal of unused marijuana, marijuana products and waste;

8. The mandatory use by a laboratory of an inventory tracking system to ensure all harvest and production batches or samples containing medical marijuana, medical marijuana concentrate or medical marijuana products are identified and tracked from the point they are transferred from a medical marijuana business, a patient or a caregiver through the point of transfer, destruction or disposal. The inventory tracking system reporting shall include the results of any tests that are conducted on medical marijuana, medical marijuana concentrate or medical marijuana product;

9. Standards of performance;

10. The employment of laboratory personnel;

11. A written standard operating procedure manual to be maintained and updated by the laboratory;

12. The successful participation in a proficiency testing program approved by the Executive Director for each testing category listed in this section, in order to obtain and maintain certification;

13. The establishment of and adherence to a quality assurance and quality control program to ensure sufficient monitoring of laboratory processes and quality of results reported;

14. The immediate recall of medical marijuana or medical marijuana products that test above allowable thresholds or are otherwise determined to be unsafe;

15. The establishment by the laboratory of a system to document the complete chain of custody for samples from receipt through disposal;

16. The establishment by the laboratory of a system to retain and maintain all required records, including business records, and

processes to ensure results are reported in a timely and accurate manner; and

17. Any other aspect of laboratory testing of medical marijuana or medical marijuana product deemed necessary by the Executive Director.

O. A medical marijuana testing laboratory shall promptly provide the Authority or designee of the Authority access to a report of a test and any underlying data that is conducted on a sample at the request of a medical marijuana business or qualified patient. A medical marijuana testing laboratory shall also provide access to the Authority or designee of the Authority to laboratory premises and to any material or information requested by the Authority to determine compliance with the requirements of this section.

P. A medical marijuana testing laboratory shall retain all results of laboratory tests conducted on marijuana or products for a period of at least seven (7) years and shall make them available to the Authority upon request.

Q. A medical marijuana testing laboratory shall test samples from each harvest batch or product batch, as appropriate, of medical marijuana, medical marijuana concentrate and medical marijuana product for each of the following categories of testing, consistent with standards developed by the Executive Director:

1. Microbials;
2. Mycotoxins;
3. Residual solvents;
4. Pesticides;
5. Tetrahydrocannabinol (THC) and other cannabinoid potency;
6. Terpenoid type and concentration; and
7. Heavy metals.

R. A licensed medical marijuana testing laboratory shall test each individual harvest batch. A grower shall separate each harvest lot of usable marijuana into harvest batches containing no more than

fifteen (15) pounds, with the exception of any plant material to be sold to a licensed processor for the purposes of turning the plant material into concentrate which may be separated into harvest batches of no more than fifty (50) pounds. A processor shall separate each medical marijuana production lot into production batches containing no more than four (4) liters of concentrate or nine (9) pounds for nonliquid products, and for final products, the Oklahoma Medical Marijuana Authority shall be authorized to promulgate rules on final products as necessary. Provided, however, the Authority shall not require testing of final products less often than every one thousand (1,000) grams of THC. As used in this subsection, "final products" shall include, but not be limited to, cookies, brownies, candies, gummies, beverages and chocolates.

S. Medical marijuana testing laboratory licensure shall be contingent upon successful on-site inspection, successful participation in proficiency testing and ongoing compliance with the applicable requirements in this section.

T. A medical marijuana testing laboratory shall be inspected prior to initial licensure and up to two (2) times per year thereafter by an inspector approved by the Authority. The Authority may enter the licensed premises of a testing laboratory to conduct investigations and additional inspections when the Authority believes an investigation or additional inspection is necessary due to a possible violation of applicable laws, rules or regulations.

U. Medical marijuana testing laboratories shall obtain accreditation by an accrediting body approved by the Executive Director within one (1) year of the date the initial license is issued. Renewal of any medical marijuana testing laboratory license shall be contingent upon accreditation in accordance with this subsection. All medical marijuana testing laboratories shall obtain accreditation prior to applying for and receiving a medical marijuana testing laboratory license.

V. Unless authorized by the provisions of this section, a commercial grower shall not transfer or sell medical marijuana and a processor shall not transfer, sell or process into a concentrate or product any medical marijuana, medical marijuana concentrate or medical marijuana product unless samples from each harvest batch or production batch from which that medical marijuana, medical marijuana concentrate or medical marijuana product was derived has been tested by a medical marijuana testing laboratory and passed all contaminant tests required by the Oklahoma Medical Marijuana and

Patient Protection Act and applicable laws, rules and regulations. A licensed commercial grower may transfer medical marijuana that has failed testing to a licensed processor only for the purposes of decontamination or remediation and only in accordance with the provisions of the Oklahoma Medical Marijuana and Patient Protection Act and the rules and regulations promulgated by the Executive Director. Remediated and decontaminated medical marijuana may be returned only to the originating licensed commercial grower.

W. Kief shall not be transferred or sold except as authorized in the rules and regulations promulgated by the Executive Director.

SECTION 9. AMENDATORY 63 O.S. 2021, Section 427.19, as amended by Section 19, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.19), is amended to read as follows:

Section 427.19 A. A medical marijuana research license may be issued to a person to grow, cultivate, possess and transfer, by sale or donation, marijuana pursuant to the Oklahoma Medical Marijuana and Patient Protection Act for the limited research purposes identified in this section.

B. The annual fee for a medical marijuana research license shall be Five Hundred Dollars (\$500.00) and shall be payable by an applicant for a medical marijuana research license upon submission of his or her application to the Oklahoma Medical Marijuana Authority.

C. A medical marijuana research license may be issued for the following research purposes:

1. To test chemical potency and composition levels;
2. To conduct clinical investigations of marijuana-derived medicinal products;
3. To conduct research on the efficacy and safety of administering marijuana as part of medical treatment;
4. To conduct genomic, horticultural or agricultural research; and
5. To conduct research on marijuana-affiliated products or systems.

D. 1. As part of the application process for a medical marijuana research license, an applicant shall submit to the Authority a description of the research that the applicant intends to conduct and whether the research will be conducted with a public institution or using public money. If the research will not be conducted with a public institution or with public money, the Authority shall grant the application if it determines that the applicant meets the criteria in this section.

2. If the research will be conducted with a public institution or public money, the Authority shall review the research project of the applicant to determine if it meets the requirements of this section and to assess the following:

- a. the quality, study design, value or impact of the project,
- b. whether the applicant has the appropriate personnel, expertise, facilities, infrastructure, funding and human, animal or other approvals in place to successfully conduct the project, and
- c. whether the amount of marijuana to be grown by the applicant is consistent with the scope and goals of the project.

3. If the Authority determines that the research project does not meet the requirements of this section or assesses the criteria to be inadequate, the application shall be denied.

E. A medical marijuana research licensee may only transfer, by sale or donation, marijuana grown within its operation to other medical marijuana research licensees. The Authority may revoke a medical marijuana research license for violations of this section and any other violation of the Oklahoma Medical Marijuana and Patient Protection Act.

F. A medical marijuana research licensee may contract to perform research in conjunction with a public higher education research institution or another medical marijuana research licensee.

G. The growing, cultivating, possessing or transferring, by sale or donation, of marijuana in accordance with this section and the rules promulgated pursuant thereto, by a medical marijuana research licensee shall not be a criminal or civil offense under

state law. A medical marijuana research license shall be issued in the name of the applicant and shall specify the location in this state at which the medical marijuana research licensee intends to operate. A medical marijuana research licensee shall not allow any other person to exercise the privilege of the license.

H. If the research conducted includes a public institution or public money, the Authority shall review any reports made by medical marijuana research licensees under state licensing authority rule and provide the Authority with its determination on whether the research project continues to meet research qualifications pursuant to this section.

I. Submission of an application for a medical marijuana research license shall constitute permission for entry to and inspection of the facility of the medical marijuana research licensee during hours of operation and other reasonable times. Refusal to permit such entry for inspection shall constitute grounds for the nonrenewal, suspension, or revocation of the medical marijuana research license. The Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may perform an unannounced, on-site inspection of the operations and any facility of the medical marijuana research licensee. If the Authority receives a complaint concerning noncompliance by a medical marijuana research licensee, the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may conduct additional unannounced, on-site inspections beyond the required biannual inspections provided for in Section 427.6 of this title. The Authority shall refer all complaints alleging criminal activity that are made against a licensed medical marijuana research facility to appropriate state or local law enforcement authorities.

SECTION 10. AMENDATORY 63 O.S. 2021, Section 427.20, as amended by Section 20, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.20), is amended to read as follows:

Section 427.20 A. There is hereby created a medical marijuana education facility license.

B. A medical marijuana education facility license may be issued to a person to possess or cultivate marijuana for the limited education and research purposes identified in this section.

C. A medical marijuana education facility license may only be granted to a not-for-profit organization structured under Section 501(c)(3) of the Internal Revenue Code, operating as a not-for-profit organization in this state registered with the Office of the Secretary of State.

D. A medical marijuana education facility license may only be granted upon the submission of an annual fee of Five Hundred Dollars (\$500.00) to the Oklahoma Medical Marijuana Authority.

E. A medical marijuana education facility license may be issued for the following education and research purposes:

1. To test cultivation techniques, strategies, infrastructure, mediums, lighting and other related technology;

2. To demonstrate cultivation techniques, strategies, infrastructure, mediums, lighting and other related technology;

3. To demonstrate the application and use of product manufacturing technologies;

4. To conduct genomic, horticultural or agricultural research; and

5. To conduct research on marijuana-affiliated products or systems.

F. As part of the application process for a medical marijuana education facility license, an applicant shall submit to the Authority a description of the project and curriculum that the applicant intends to conduct and whether the project and curriculum will be conducted with a public institution or using public money. If the project and curriculum will not be conducted with a public institution or with public money, the Authority shall grant the application. If the research will be conducted with a public institution or public money, the Authority shall review the research project of the applicant to determine if it meets the requirements of this section and to assess the following:

1. The quality, study design, value or impact of the project;

2. Whether the applicant has the appropriate personnel, expertise, facilities, infrastructure, funding and human, animal or other approvals in place to successfully conduct the project; and

3. Whether the amount of marijuana to be grown by the applicant is consistent with the scope and goals of the project.

If the Authority determines that the education project does not meet the requirements of this section or assesses the criteria to be inadequate, the application shall be denied.

G. A medical marijuana education facility licensee may only transfer, by sale or donation, marijuana grown within its operation to medical marijuana research licensees. The Authority may revoke a medical marijuana education facility license for violations of this section and any other violation of applicable laws, rules and regulations.

H. A medical marijuana education facility licensee may contract to perform research in conjunction with a public higher education research institution or another research licensee.

I. The growing, cultivating, possessing or transferring, by sale or donation, of marijuana in accordance with this section and the rules promulgated pursuant thereto, by a medical marijuana education facility licensee shall not be a criminal or civil offense under state law. A medical marijuana education facility license shall be issued in the name of the applicant and shall specify the location in this state at which the medical marijuana education facility licensee intends to operate. A medical marijuana education facility licensee shall not allow any other person to exercise the privilege of the license.

J. Submission of an application for a medical marijuana education facility license shall constitute permission for entry to and inspection of the facility of the medical marijuana education facility licensee during hours of operation and other reasonable times. Refusal to permit such entry for inspection shall constitute grounds for the nonrenewal, suspension, or revocation of the medical marijuana education facility license. The Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may perform an unannounced, on-site inspection of the operations and any facility of the medical marijuana education facility licensee. If the Authority receives a complaint concerning noncompliance by a medical marijuana education facility licensee, the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may

conduct additional unannounced, on-site inspections beyond the inspections provided for in Section 427.6 of this title. The Authority shall refer all complaints alleging criminal activity that are made against a licensed medical marijuana education facility to appropriate state or local law enforcement authorities.

SECTION 11. AMENDATORY 63 O.S. 2021, Section 430, as amended by Section 3, Chapter 317, O.S.L. 2022 (63 O.S. Supp. 2022, Section 430), is amended to read as follows:

Section 430. A. There is hereby created and authorized a medical marijuana waste disposal license. A person or entity in possession of a medical marijuana waste disposal license shall be entitled to possess, transport and dispose of medical marijuana waste. No person or entity shall dispose of medical marijuana waste without a valid medical marijuana waste disposal license. The Oklahoma Medical Marijuana Authority shall issue licenses upon proper application by a licensee and determination by the Authority that the proposed site and facility are physically and technically suitable. Upon a finding that a proposed medical marijuana waste disposal facility is not physically or technically suitable, the Authority shall deny the license. The Authority may, upon determining that public health or safety requires emergency action, issue a temporary license for treatment or storage of medical marijuana waste for a period not to exceed ninety (90) days. The Authority shall not, for the first year of the licensure program, issue more than ten medical marijuana waste disposal licenses. Upon the conclusion of the first year, the Authority shall assess the need for additional medical marijuana waste disposal licenses and shall, if demonstrated, increase the number of licenses as deemed necessary by the Authority.

B. Entities applying for a medical marijuana waste disposal license shall undergo the following screening process:

1. Complete an application form, as prescribed by the Authority, which shall include:

- a. an attestation that the applicant is authorized to make application on behalf of the entity,
- b. full name of the organization,
- c. trade name, if applicable,

- d. type of business organization,
- e. complete mailing address,
- f. an attestation that the commercial entity will not be located on tribal land,
- g. telephone number and email address of the entity, and
- h. name, residential address and date of birth of each owner and each member, manager and board member, if applicable;

2. The application for a medical marijuana waste disposal license made by an individual on his or her own behalf shall be on the form prescribed by the Authority and shall include, but not be limited to:

- a. the first, middle and last name of the applicant and suffix, if applicable,
- b. the residence address and mailing address of the applicant,
- c. the date of birth of the applicant,
- d. the preferred telephone number and email address of the applicant,
- e. an attestation that the information provided by the applicant is true and correct, and
- f. a statement signed by the applicant pledging not to divert marijuana to any individual or entity that is not lawfully entitled to possess marijuana; and

3. Each application shall be accompanied by the following documentation:

- a. a list of all persons or entities that have an ownership interest in the entity,
- b. a certificate of good standing from the Secretary of State, if applicable,

- c. an Affidavit of Lawful Presence for each owner,
- d. proof that the proposed location of the disposal facility is at least one thousand (1,000) feet from a school. The distance indicated in this subparagraph shall be measured from the nearest property line of such school to the nearest perimeter wall of the premises of such disposal facility. If any school is established within one thousand (1,000) feet of any disposal facility after such disposal facility has been licensed, the provisions of this subparagraph shall not be a deterrent to the renewal of such license or warrant revocation of the license. For the purposes of this section, "school" shall mean the same as provided in Section 427.2 of this title, and
- e. documents establishing the applicant, the members, managers and board members, if applicable, and seventy-five percent (75%) of the ownership interests are Oklahoma residents as established in Section 420 et seq. of this title, as it relates to proof of residency.

C. No license shall be issued except upon proof of sufficient liability insurance and financial responsibility. Liability insurance shall be provided by the applicant and shall apply to sudden and nonsudden bodily injury or property damage on, below or above the surface, as required by the rules of the Authority. Such insurance shall be maintained for the period of operation of the facility and shall provide coverage for damages resulting from operation of the facility during operation and after closing.

D. Submission of an application for a medical marijuana waste disposal license shall constitute permission for entry to and inspection of the facility of the licensee during hours of operation and other reasonable times. Refusal to permit such entry of inspection shall constitute grounds for the nonrenewal, suspension or revocation of a license. The Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Attorney General may perform an annual unannounced, on-site inspection of the operations and any facility of the licensee. If the Authority receives a complaint concerning noncompliance by a licensee with the provisions of the Oklahoma Medical Marijuana Waste Management Act, the Authority, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the

Oklahoma State Bureau of Investigation, and the Attorney General may conduct additional unannounced, on-site inspections beyond ~~an annual inspection~~ the inspections provided for in Section 427.6 of this title. The Authority may refer all complaints alleging criminal activity that are made against a licensed facility to appropriate state or local law enforcement authorities.

E. The Authority shall issue an annual permit for each medical marijuana waste disposal facility operated by a licensee. A permit shall be issued only upon proper application by a licensee and determination by the Authority that the proposed site and facility are physically and technically suitable. Upon a finding that a proposed medical marijuana waste disposal facility is not physically or technically suitable, the Authority shall deny the permit. The Authority shall have the authority to revoke a permit upon a finding that the site and facility are not physically and technically suitable for processing. The Authority may, upon determining that public health or safety requires emergency action, issue a temporary permit for treatment or storage of medical marijuana waste for a period not to exceed ninety (90) days.

F. The cost of a medical marijuana waste disposal license shall be Five Thousand Dollars (\$5,000.00) for the initial license. The cost of a medical marijuana waste disposal facility permit shall be Five Hundred Dollars (\$500.00). A medical marijuana waste disposal facility permit that has been revoked shall be reinstated upon remittance of a reinstatement fee of Five Hundred Dollars (\$500.00) to restore the facility permit. All license and permit fees shall be deposited into the Oklahoma Medical Marijuana Authority Revolving Fund as provided in Section 427.5 of this title.

G. The holder of a medical marijuana waste disposal license shall not be required to obtain a medical marijuana transporter license provided for in the Oklahoma Medical Marijuana and Patient Protection Act for purposes of transporting medical marijuana waste.

H. All commercial licensees, as defined in Section 428.1 of this title, shall utilize a licensed medical marijuana waste disposal service to process all medical marijuana waste generated by the licensee.

I. The State Commissioner of Health shall promulgate rules for the implementation of the Oklahoma Medical Marijuana Waste Management Act. Promulgated rules shall address disposal process

standards, site security and any other subject matter deemed necessary by the Authority.

SECTION 12. This act shall become effective November 1, 2023.

Passed the House of Representatives the 20th day of March, 2023.

Presiding Officer of the House
of Representatives

Passed the Senate the 25th day of April, 2023.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____