

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3734

By: Fetgatter and **Davis** of the
House

and

Rogers of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to medical marijuana; amending 63
12 O.S. 2021, Sections 421, 422, 423 and 424, which
13 relate to licensing requirements for medical
14 marijuana dispensaries, commercial growers,
15 processors, and transporters; providing for temporary
16 and annual licenses; providing statutory references
17 for fees; updating language; amending 63 O.S. 2021,
18 Sections 427.14 and 427.16, which relate to the
19 Oklahoma Medical Marijuana and Patient Protection
20 Act; creating temporary and annual licensing program
21 for certain medical marijuana businesses; stating
22 conditions for temporary licenses; requiring
23 adherence to certain rules and regulations;
24 clarifying obligations of the Oklahoma Medical
 Marijuana Authority when issuing temporary licenses;
 stating length of term of temporary licenses;
 providing for extensions under certain circumstances;
 establishing fees for temporary licenses and
 extensions; requiring submission of certain
 information to the Authority; authorizing rejection
 of applications; clarifying circumstances that allow
 for the issuance of annual medical marijuana business
 licenses; updating language; creating temporary
 licensing program for medical marijuana transporters;
 and declaring an emergency.

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

2 SECTION 1. AMENDATORY 63 O.S. 2021, Section 421, is
3 amended to read as follows:

4 Section 421. A. ~~The State Department of Health shall, within~~
5 ~~thirty (30) days of passage of this initiative,~~ Oklahoma Medical
6 Marijuana Authority shall make available on its website in an easy-
7 to-find location an application for a temporary medical marijuana
8 dispensary license and an annual medical marijuana dispensary
9 license. ~~The application fee shall be Two Thousand Five Hundred~~
10 ~~Dollars (\$2,500.00)~~ fees for the temporary or annual license shall
11 be paid by the applicant in the amounts provided for in Section
12 427.14 of this title. A method of payment for the application fees
13 shall be provided on the website of the ~~Department~~ Authority.
14 ~~Dispensary~~ Medical marijuana dispensary applicants must all be
15 residents of Oklahoma. Any entity applying for a temporary or
16 annual medical marijuana dispensary license must be owned by an
17 Oklahoma resident and must be registered to do business in Oklahoma.
18 The ~~Department~~ Authority shall have ninety (90) business days to
19 review the application for a temporary medical marijuana dispensary
20 license; approve, reject or deny the application; and mail the
21 approval, rejection or denial letter stating reasons for the
22 rejection or denial to the applicant.

23 B. ~~The State Department of Health~~ In addition to the
24 requirements provided for in the Oklahoma Medical Marijuana and

1 Patient Protection Act, the Authority shall approve all applications
2 which meet the following criteria:

3 1. The applicant must be twenty-five (25) years of age or
4 older;

5 2. The applicant, if applying as an individual, must show
6 residency in the State of Oklahoma;

7 3. All applying entities must show that all members, managers,
8 and board members are Oklahoma residents;

9 4. An applying entity may show ownership of non-Oklahoma
10 residents, but that percentage ownership may not exceed twenty-five
11 percent (25%);

12 5. All applying individuals or entities must be registered to
13 conduct business in the State of Oklahoma; and

14 6. All applicants must disclose all ownership interests in the
15 dispensary.

16 Applicants with a nonviolent felony conviction in the last two
17 (2) years, any other felony conviction in the last five (5) years,
18 inmates in the custody of the Department of Corrections or any
19 person currently incarcerated shall not qualify for a temporary or
20 annual medical marijuana dispensary license.

21 C. Licensed medical marijuana dispensaries shall be required to
22 complete a monthly sales report to the ~~State Department of Health~~
23 Authority. This report shall be due on the fifteenth of each month
24 and provide reporting on the previous month. This report shall

1 detail the weight of marijuana purchased at wholesale and the weight
2 of marijuana sold to licensed medical marijuana patients and
3 licensed caregivers and account for any waste. The report shall
4 show total sales in dollars, tax collected in dollars, and tax due
5 in dollars. The ~~State Department of Health~~ Authority shall have
6 oversight and auditing responsibilities to ensure that all marijuana
7 being grown is accounted for.

8 D. Only a licensed medical marijuana dispensary may conduct
9 retail sales of marijuana or marijuana derivatives. Beginning on
10 the effective date of this act, licensed medical marijuana
11 dispensaries shall be authorized to package and sell pre-rolled
12 marijuana to licensed medical marijuana patients and licensed
13 caregivers. The products described in this subsection shall contain
14 only the ground parts of the marijuana plant and shall not include
15 marijuana concentrates or derivatives. The total net weight of each
16 pre-roll packaged and sold by a medical marijuana dispensary shall
17 not exceed one (1) gram. These products shall be tested, packaged
18 and labeled in accordance with Oklahoma law and rules promulgated by
19 the ~~State Commissioner of Health~~ Authority.

20 E. No medical marijuana dispensary shall offer or allow a
21 medical marijuana patient licensee, caregiver licensee or other
22 member of the public to handle or otherwise have physical contact
23 with any medical marijuana not contained in a sealed or separate
24 package. Provided, such prohibition shall not preclude an employee

1 of the medical marijuana dispensary from handling loose or
2 nonpackaged medical marijuana to be placed in packaging consistent
3 with the Oklahoma Medical Marijuana and Patient Protection Act and
4 the rules promulgated by the Authority for the packaging of medical
5 marijuana for retail sale. Provided, further, such prohibition
6 shall not prevent a medical marijuana dispensary from displaying
7 samples of its medical marijuana in separate display cases, jars or
8 other containers and allowing medical marijuana patient licensees
9 and caregiver licensees the ability to handle or smell the various
10 samples as long as the sample medical marijuana is used for display
11 purposes only and is not offered for retail sale.

12 SECTION 2. AMENDATORY 63 O.S. 2021, Section 422, is
13 amended to read as follows:

14 Section 422. A. ~~The State Department of Health shall, within~~
15 ~~thirty (30) days of passage of this initiative,~~ Oklahoma Medical
16 Marijuana Authority shall make available on its website in an easy-
17 to-find location an application applications for a temporary medical
18 marijuana commercial grower license and an annual medical marijuana
19 commercial grower license. The application fee shall be Two
20 Thousand Five Hundred Dollars (\$2,500.00) fees for the temporary or
21 annual license shall be paid by the applicant in the amounts
22 provided for in Section 427.14 of this title. A method of payment
23 for the application fees shall be provided on the website of the
24 Department Authority. The State Department of Health Authority

1 shall have ninety (90) days to review the application for a
2 temporary medical marijuana commercial grower license; approve,
3 reject or deny the application; and mail the approval, rejection or
4 denial letter stating the reasons for the rejection or denial to the
5 applicant.

6 B. ~~The State Department of Health~~ In addition to the
7 requirements provided for in the Oklahoma Medical Marijuana and
8 Patient Protection Act, the Authority shall approve all applications
9 which meet the following criteria:

10 1. The applicant must be twenty-five (25) years of age or
11 older;

12 2. The applicant, if applying as an individual, must show
13 residency in the State of Oklahoma;

14 3. All applying entities must show that all members, managers,
15 and board members are Oklahoma residents;

16 4. An applying entity may show ownership of non-Oklahoma
17 residents, but that percentage ownership may not exceed twenty-five
18 percent (25%);

19 5. All applying individuals or entities must be registered to
20 conduct business in the State of Oklahoma; and

21 6. All applicants must disclose all ownership interests in the
22 commercial grower operation.

23 Applicants with a nonviolent felony conviction in the last two
24 (2) years, any other felony conviction in the last five (5) years,

1 inmates in the custody of the Department of Corrections or any
2 person currently incarcerated shall not qualify for a temporary or
3 annual medical marijuana commercial grower license.

4 C. A licensed medical marijuana commercial grower may sell
5 marijuana to a licensed medical marijuana dispensary or a licensed
6 medical marijuana processor. Further, sales by a licensed medical
7 marijuana commercial grower shall be considered wholesale sales and
8 shall not be subject to taxation. Under no circumstances may a
9 licensed medical marijuana commercial grower sell marijuana directly
10 to a licensed medical marijuana patient or licensed medical
11 marijuana caregiver. A licensed medical marijuana commercial grower
12 may only sell at the wholesale level to a licensed medical marijuana
13 dispensary, a licensed medical marijuana commercial grower or a
14 licensed medical marijuana processor. If the federal government
15 lifts restrictions on buying and selling marijuana between states,
16 then a licensed medical marijuana commercial grower would be allowed
17 to sell and buy marijuana wholesale from, or to, an out-of-state
18 wholesale provider. A licensed medical marijuana commercial grower
19 shall be required to complete a monthly yield and sales report to
20 the ~~State Department of Health~~ Authority. This report shall be due
21 on the fifteenth of each month and provide reporting on the previous
22 month. This report shall detail the amount of marijuana harvested
23 in pounds, the amount of drying or dried marijuana on hand, the
24 amount of marijuana sold to licensed processors in pounds, the

1 amount of waste in pounds, and the amount of marijuana sold to
2 licensed medical marijuana dispensaries in pounds. Additionally,
3 this report shall show total wholesale sales in dollars. The ~~State~~
4 ~~Department of Health~~ Authority shall have oversight and auditing
5 responsibilities to ensure that all marijuana being grown by
6 licensed medical marijuana commercial growers is accounted for.

7 D. There shall be no limits on how much marijuana a licensed
8 medical marijuana commercial grower can grow.

9 E. Beginning on the effective date of this act, licensed
10 medical marijuana commercial growers shall be authorized to package
11 and sell pre-rolled marijuana to licensed medical marijuana
12 dispensaries. The products described in this subsection shall
13 contain only the ground parts of the marijuana plant and shall not
14 include marijuana concentrates or derivatives. The total net weight
15 of each pre-roll packaged and sold by medical marijuana commercial
16 growers shall not exceed one (1) gram. These products must be
17 tested, packaged and labeled in accordance with Oklahoma law and
18 rules promulgated by the ~~State Commissioner of Health~~ Authority.

19 SECTION 3. AMENDATORY 63 O.S. 2021, Section 423, is
20 amended to read as follows:

21 Section 423. A. The ~~State Department of Health~~ shall, within
22 ~~thirty (30) days of passage of this initiative,~~ Oklahoma Medical
23 Marijuana Authority shall make available on its website in an easy-
24 to-find location an application for a temporary medical marijuana

1 processor license and an annual medical marijuana processing
2 processor license. The ~~Department~~ Authority shall be authorized to
3 issue two types of annual medical marijuana processor licenses based
4 on the level of risk posed by the type of processing conducted:

- 5 1. Nonhazardous medical marijuana processor license; and
- 6 2. Hazardous medical marijuana processor license.

7 The application ~~fee for a nonhazardous or hazardous medical~~
8 ~~marijuana processor license shall be Two Thousand Five Hundred~~
9 ~~Dollars (\$2,500.00)~~ fees for the temporary or annual license shall
10 be paid by the applicant in the amounts provided for in Section
11 427.14 of this title. A method of payment shall be provided on the
12 website of the ~~Department~~ Authority. The ~~State Department of Health~~
13 Authority shall have ninety (90) days to review the temporary
14 medical marijuana processor license application; approve, reject or
15 deny the application; and mail the approval, rejection or denial
16 letter stating the reasons for the rejection or denial to the
17 applicant.

18 B. The ~~State Department of Health~~ Authority shall approve all
19 applications which meet the following criteria:

- 20 1. The applicant must be twenty-five (25) years of age or
21 older;
- 22 2. The applicant, if applying as an individual, must show
23 residency in the State of Oklahoma;

24

1 3. All applying entities must show that all members, managers,
2 and board members are Oklahoma residents;

3 4. An applying entity may show ownership of non-Oklahoma
4 residents, but that percentage ownership may not exceed twenty-five
5 percent (25%);

6 5. All applying individuals or entities must be registered to
7 conduct business in the State of Oklahoma; and

8 6. All applicants must disclose all ownership interests in the
9 processing operation.

10 Applicants with a nonviolent felony conviction in the last two
11 (2) years, any other felony conviction in the last five (5) years,
12 inmates in the custody of the Department of Corrections or any
13 person currently incarcerated shall not qualify for a temporary or
14 annual medical marijuana ~~processing~~ processor license.

15 C. 1. A licensed medical marijuana processor may take
16 marijuana plants and distill or process these plants into
17 concentrates, edibles, and other forms for consumption.

18 2. ~~As required by subsection D of this section, the State~~
19 ~~Department of Health shall, within sixty (60) days of passage of~~
20 ~~this initiative,~~ The Authority shall make available a set of
21 standards which shall be used by licensed medical marijuana
22 processors in the preparation of edible marijuana products. The
23 standards should be in line with current food preparation

24

1 guidelines. No excessive or punitive rules may be established by
2 the ~~State Department of Health~~ Authority.

3 3. Up to two times a year, the ~~State Department of Health~~
4 Authority may inspect a processing operation and determine its
5 compliance with the preparation standards. If deficiencies are
6 found, a written report of the deficiency shall be issued to the
7 licensed medical marijuana processor. The licensed medical
8 marijuana processor shall have one (1) month to correct the
9 deficiency or be subject to a fine of Five Hundred Dollars (\$500.00)
10 for each deficiency.

11 4. A licensed medical marijuana processor may sell marijuana
12 products it creates to a licensed medical marijuana dispensary or
13 any other licensed medical marijuana processor. All sales by a
14 licensed medical marijuana processor shall be considered wholesale
15 sales and shall not be subject to taxation.

16 5. Under no circumstances may a licensed medical marijuana
17 processor sell marijuana or any marijuana product directly to a
18 licensed medical marijuana patient or licensed medical marijuana
19 caregiver. However, a licensed medical marijuana processor may
20 process cannabis into a concentrated form for a licensed medical
21 marijuana patient for a fee.

22 6. Licensed medical marijuana processors shall be required to
23 complete a monthly yield and sales report to the ~~State Department of~~
24 ~~Health~~ Authority. This report shall be due on the fifteenth of each

1 month and shall provide reporting on the previous month. This
2 report shall detail the amount of marijuana and medical marijuana
3 products purchased in pounds, the amount of marijuana cooked or
4 processed in pounds, and the amount of waste in pounds.
5 Additionally, this report shall show total wholesale sales in
6 dollars. The ~~State Department of Health~~ Authority shall have
7 oversight and auditing responsibilities to ensure that all marijuana
8 being processed is accounted for.

9 D. The ~~Department~~ Authority shall oversee the inspection and
10 compliance of licensed medical marijuana processors producing
11 products with marijuana as an additive. The ~~State Department of~~
12 ~~Health~~ Authority shall be compelled to, ~~within thirty (30) days of~~
13 ~~passage of this initiative,~~ appoint twelve (12) Oklahoma residents
14 to the Medical Marijuana Advisory Council, who are marijuana
15 industry experts, to create a list of food safety standards for
16 processing and handling medical marijuana in Oklahoma. These
17 standards shall be adopted by the ~~Department~~ Authority and the
18 ~~Department~~ Authority may enforce these standards for licensed
19 medical marijuana processors. The ~~Department~~ Authority shall
20 develop a standards review procedure and these standards can be
21 altered by calling another council of twelve (12) Oklahoma marijuana
22 industry experts. A signed letter of twenty operating, licensed
23 processors shall constitute a need for a new council and standards
24 review.

1 E. If it becomes permissible under federal law, marijuana may
2 be moved across state lines.

3 F. Any device used for the processing or consumption of medical
4 marijuana shall be considered legal to be sold, manufactured,
5 distributed and possessed. No merchant, wholesaler, manufacturer or
6 individual may be unduly harassed or prosecuted for selling,
7 manufacturing or possessing marijuana paraphernalia.

8 SECTION 4. AMENDATORY 63 O.S. 2021, Section 424, is
9 amended to read as follows:

10 Section 424. A. A temporary medical marijuana transporter
11 license or an annual medical marijuana transportation transporter
12 license will shall be issued to qualifying applicants for a medical
13 marijuana retail dispensary, growing medical marijuana commercial
14 grower, or processing medical marijuana processor license. The
15 transportation temporary or annual medical marijuana transporter
16 license will shall be issued at the time of approval of a retail,
17 growing the temporary or annual medical marijuana dispensary,
18 medical marijuana commercial grower, or processing medical marijuana
19 processor license. The fees for the temporary or annual license
20 shall be paid by the applicant in the amounts provided for in
21 Section 427.14 of this title.

22 B. A medical marijuana transportation transporter license will
23 shall allow the holder to transport medical marijuana from an
24 Oklahoma-licensed medical marijuana retailer dispensary, licensed

1 ~~growing~~ medical marijuana commercial grower facility, or ~~licensed~~
2 medical marijuana processor facility to an Oklahoma-licensed medical
3 marijuana ~~retailer~~ dispensary, ~~licensed growing~~ medical marijuana
4 commercial grower facility, or ~~licensed~~ medical marijuana processing
5 facility.

6 C. All medical marijuana or medical marijuana products shall be
7 transported in a locked container and clearly labeled "Medical
8 Marijuana or Derivative".

9 SECTION 5. AMENDATORY 63 O.S. 2021, Section 427.14, is
10 amended to read as follows:

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

- 14 1. Medical marijuana commercial grower;
- 15 2. Medical marijuana processor;
- 16 3. Medical marijuana dispensary;
- 17 4. Medical marijuana transporter; and
- 18 5. Medical marijuana testing laboratory.

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

22 C. The Authority shall make available on its website in an
23 easy-to-find location, applications for a temporary medical
24

1 marijuana business license and annual medical marijuana business
2 license.

3 D. ~~The annual, nonrefundable application fee for a medical~~
4 ~~marijuana business license shall be Two Thousand Five Hundred~~
5 ~~Dollars (\$2,500.00)~~ Upon the effective date of this act, the
6 Authority shall require all persons or entities seeking licensure as
7 a medical marijuana commercial grower, medical marijuana processor,
8 medical marijuana dispensary, or medical marijuana transporter to
9 first apply for a temporary medical marijuana business license.

10 1. A temporary medical marijuana business license is a
11 conditional license and does not authorize the licensee to conduct
12 any sales of medical marijuana or marijuana products, the growing or
13 processing of marijuana, or the transportation of any medical
14 marijuana or marijuana products by the licensee. A temporary
15 medical marijuana business licensee shall follow all applicable
16 rules and regulations promulgated by the Authority.

17 2. A temporary medical marijuana business license does not
18 obligate the Authority to issue an annual medical marijuana business
19 license nor does the temporary medical marijuana business license
20 create a vested right in the holder to either an extension of the
21 temporary medical marijuana business license or to the granting of a
22 subsequent annual medical marijuana business license.

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1 3. A temporary medical marijuana business license issued under
2 the provisions of this subsection shall be valid for one hundred
3 eighty (180) days from its effective date.

4 4. A temporary medical marijuana business license may be
5 extended by the Authority for additional ninety-day periods not to
6 exceed eighteen (18) months if:

7 a. an application for an annual license has been
8 submitted to the Authority prior to the initial
9 expiration date of the temporary medical marijuana
10 business license, and

11 b. the Authority determines that the application and
12 required documentation submitted by the applicant for
13 an annual medical marijuana business license is
14 deficient in some manner.

15 5. The nonrefundable application fee for a temporary medical
16 marijuana business license shall be One Thousand Dollars
17 (\$1,000.00). A nonrefundable fee of One Thousand Dollars
18 (\$1,000.00) shall be assessed for every ninety-day extension
19 requested by the holder of a temporary medical marijuana business
20 license and subsequently granted by the Authority.

21 6. In addition to the general requirements provided for in
22 subsection E of this section, persons or entities applying for a
23 temporary medical marijuana business license or applying to renew a
24

1 medical marijuana business license shall submit the following to the
2 Authority:

3 a. business-formation documents, which may include, but
4 not be limited to, articles of incorporation,
5 operating agreements, partnership agreements, and
6 fictitious business name statements. The applicant
7 shall also provide all documents filed with the
8 Oklahoma Secretary of State,

9 b. financial information pertaining to the operations of
10 the medical marijuana business, which shall include
11 the following:

12 (1) a list of funds belonging to the applicant held
13 in savings, checking, or other accounts
14 maintained by a financial institution. The
15 applicant shall provide for each account, the
16 name of the financial institution, the address of
17 the financial institution, account type, account
18 number, and the amount of money in the account,

19 (2) a list of loans made to the applicant. For each
20 loan, the applicant shall provide the amount of
21 the loan, the date of the loan, term of the loan,
22 security provided for the loan, and the name,
23 address, and phone number of the lender,

1 (3) a list of investments made into the medical
2 marijuana business. For each investment, the
3 applicant shall provide the amount of the
4 investment, the date of the investment, term of
5 the investment, and the name, address, and phone
6 number of the investor, and

7 (4) a list of all gifts of any kind given to the
8 applicant for its use in conducting medical
9 marijuana business activities. For each gift,
10 the applicant shall provide the value or a
11 description of the gift and the name, address,
12 and phone number of the provider of the gift,

13 c. a complete list of every individual who has a
14 financial interest in the medical marijuana business
15 who is not an owner of the medical marijuana business,

16 d. whether the applicant has an ownership or a financial
17 interest in any other medical marijuana business
18 licensed under the provisions of the Oklahoma Medical
19 Marijuana and Patient Protection Act,

20 e. a complete and detailed diagram of the proposed
21 premises. The diagram shall be to scale and shall
22 show the following:

23 (1) boundaries of the property and the proposed
24 premises to be licensed, showing all boundaries,

1 dimensions, entrances and exits, interior
2 partitions, walls, rooms, windows, doorways, and
3 common or shared entryways, and shall include a
4 brief statement or description of the principal
5 activity to be conducted therein,

6 (2) the location of medical marijuana business
7 activities that will take place in each area of
8 the premises, and limited-access areas,

9 (3) where all cameras are located and a number
10 assigned to each camera for identification
11 purposes, and

12 (4) if the proposed premises consists of only a
13 portion of the property, labels indicating which
14 part of the property is the proposed premises and
15 what the remaining property is used for,

16 f. if the applicant is not the landowner of the real
17 property upon which the premises is located, the
18 applicant shall provide to the Authority a document
19 from the landowner or the agent of the landowner that
20 states that the applicant has the right to occupy the
21 property and acknowledging the applicant may use the
22 property for the medical marijuana business activity
23 for which the applicant is applying for licensure. An
24

1 applicant shall also provide a copy of the rental
2 agreement, as applicable,

3 g. if the applicant is the landowner of the real property
4 upon which the premises is located, the applicant
5 shall provide to the Authority a copy of the title or
6 deed to the property,

7 h. if the applicant is applying for a medical marijuana
8 commercial grower license, the applicant shall also
9 submit the following:

10 (1) for indoor and mixed light cultivation,
11 identification of all power sources for
12 cultivation activities including, but not limited
13 to, illumination, heating, cooling, and
14 ventilation,

15 (2) if the applicant is proposing to use a diversion
16 from a waterbody, groundwater well, or rain
17 catchment system as a water source for
18 cultivation, include the following locations on
19 the property diagram with locations also provided
20 as coordinates in either latitude and longitude
21 or the Oklahoma Coordinate System:

22 (a) sources of water used, including the
23 location of waterbody diversion, pump
24 location, and distribution system, and

1 (b) location, type, and capacity of each storage
2 unit to be used for cultivation, and

3 (3) a proposed cultivation plan, which shall include
4 identification of all water sources used for
5 cultivation activities, and

6 i. evidence of insurance including, but not limited to:

7 (1) general liability insurance,

8 (2) workers' compensation insurance or a copy of an

9 Affidavit of Exempt Status filed with the

10 Workers' Compensation Commission if compensation

11 coverage is not required pursuant to the

12 Administrative Workers' Compensation Act, and

13 (3) product liability insurance.

14 7. The Authority may request additional information from the
15 applicant.

16 8. The Authority may reject an application for an annual
17 medical marijuana business license if the requirements for a
18 temporary medical marijuana business license or any provision of the
19 Oklahoma Medical Marijuana and Patient Protection Act are not
20 satisfied.

21 E. All applicants seeking licensure or licensure renewal as a
22 medical marijuana business shall comply with the following general
23 requirements:
24

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

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

7 3. Applicants shall submit a complete application to the
8 ~~Department~~ Authority before the application may be accepted or
9 considered;

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

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

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

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

20 a. twenty-five (25) years of age or older,

21 b. if applying as an individual, proof that the applicant
22 is an Oklahoma resident pursuant to paragraph 11 of
23 this subsection,
24

- 1 c. if applying as an entity, proof that seventy-five
2 percent (75%) of all members, managers, executive
3 officers, partners, board members or any other form of
4 business ownership are Oklahoma residents pursuant to
5 paragraph 11 of this subsection,
- 6 d. if applying as an individual or entity, proof that the
7 individual or entity is registered to conduct business
8 in the State of Oklahoma,
- 9 e. disclosure of all ownership interests pursuant to the
10 Oklahoma Medical Marijuana and Patient Protection Act,
11 and
- 12 f. proof that the medical marijuana business, medical
13 marijuana research facility, medical marijuana
14 education facility and medical marijuana waste
15 disposal facility applicant or licensee has not been
16 convicted of a nonviolent felony in the last two (2)
17 years, or any other felony conviction within the last
18 five (5) years, is not a current inmate in the custody
19 of the Department of Corrections, or currently
20 incarcerated in a jail or corrections facility;

21 8. There shall be no limit to the number of medical marijuana
22 business licenses or categories that an individual or entity can
23 apply for or receive, although each application and each category
24 shall require a separate application and application fee. A

1 commercial grower, processor and dispensary, or any combination
2 thereof, are authorized to share the same address or physical
3 location, subject to the restrictions set forth in the Oklahoma
4 Medical Marijuana and Patient Protection Act;

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

- 12 a. individual applicants applying on their own behalf,
- 13 b. individuals applying on behalf of an entity,
- 14 c. all principal officers of an entity, and
- 15 d. all owners of an entity as defined by the Oklahoma
16 Medical Marijuana and Patient Protection Act;

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

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

1 years immediately preceding the date of application. Sufficient
2 documentation of proof of residency shall include a combination of
3 the following:

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

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

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

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

- 23 a. front of an Oklahoma driver license,
- 24 b. front of an Oklahoma identification card,

- 1 c. a United States passport or other photo identification
2 issued by the United States government, or
3 d. a tribal identification card approved for
4 identification purposes by the Oklahoma Department of
5 Public Safety; and

6 14. All applicants shall submit an applicant photograph.

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

12 G. 1. The Authority shall review the temporary medical
13 marijuana business license applications and conduct all
14 investigations, inspections and interviews before approving the
15 application for an annual medical marijuana business license.

16 2. The annual, nonrefundable application fee for a medical
17 marijuana business license shall be One Thousand Five Hundred
18 Dollars (\$1,500.00).

19 3. Approved applicants shall be issued a an annual medical
20 marijuana business license for the specific category applied under,
21 which shall act as proof of their approved status. Rejection and
22 denial letters shall provide a reason for the rejection or denial.
23 Applications for an annual medical marijuana business license may
24 only be rejected or denied based on the applicant not meeting the

1 standards set forth in the provisions of subsection D of this
2 section for a temporary medical marijuana business license, the
3 provisions of the Oklahoma Medical Marijuana and Patient Protection
4 Act and Sections 420 through 426.1 of this title, improper
5 completion of the application, or for a reason provided for in the
6 Oklahoma Medical Marijuana and Patient Protection Act and Sections
7 420 through 426.1 of this title. If an application for an annual
8 medical marijuana business license is rejected for failure to
9 provide required information, the applicant shall ~~have thirty (30)~~
10 ~~days~~ be granted an extension of time as provided for in paragraph 4
11 of subsection D of this section to submit the required information
12 for reconsideration. ~~No additional application fee and shall be~~
13 ~~charged for such reconsideration~~ assessed a nonrefundable fee of One
14 Thousand Dollars (\$1,000.00) for every ninety-day extension
15 requested by the applicant and subsequently granted by the
16 Authority. Unless the Department determines otherwise, an
17 application that has been resubmitted but is still incomplete or
18 contains errors that are not clerical or typographical in nature
19 shall be denied.

20 ~~3.~~ 4. Status-update letters shall provide a reason for delay in
21 either approval, rejection or denial should a situation arise in
22 which an application was submitted properly but a delay in
23 processing the application occurred.

24

1 4- 5. Approval, rejection, denial or status-update letters
2 shall be sent to the applicant in the same method the application
3 was submitted to the ~~Department~~ Authority.

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

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

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

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

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

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

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

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

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

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

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

- 13 a. unlawful sales or purchases,
- 14 b. any fraudulent acts, falsification of records or
15 misrepresentation to the Authority, medical marijuana
16 patient licensees, caregiver licensees or medical
17 marijuana business licensees,
- 18 c. any grossly inaccurate or fraudulent reporting,
- 19 d. threatening or harming any medical marijuana patient,
20 caregiver, medical practitioner or employee of the
21 ~~Department~~ Authority,
- 22 e. knowingly or intentionally refusing to permit the
23 ~~Department~~ Authority access to premises or records,

24

- 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 ~~Department~~, 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 ~~Department and~~ Authority in a full, faithful, truthful and fair manner. The ~~Department and~~ 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.

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

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

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

19 O. No medical marijuana business, medical marijuana research
20 facility, medical marijuana education facility or medical marijuana
21 waste disposal facility shall possess, sell or transfer medical
22 marijuana or medical marijuana products without a valid, unexpired
23 license issued by the ~~Department~~ Authority.

24

1 SECTION 6. AMENDATORY 63 O.S. 2021, Section 427.16, is
2 amended to read as follows:

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

6 B. Pursuant to Section 424 of this title, the Oklahoma Medical
7 Marijuana Authority shall issue a temporary and an annual medical
8 marijuana transporter license to licensed medical marijuana
9 commercial growers, licensed medical marijuana processors, and
10 licensed medical marijuana dispensaries upon issuance of such
11 licenses and upon each renewal. Medical marijuana transporter
12 licenses shall also be issued to licensed medical marijuana research
13 facilities, licensed medical marijuana education facilities and
14 licensed medical marijuana testing laboratories upon issuance of
15 such licenses and upon each renewal.

16 C. A temporary or annual medical marijuana transporter license
17 may also be issued to qualifying applicants who are registered with
18 the Oklahoma Secretary of State and otherwise meet the requirements
19 for a medical marijuana business license set forth in Section 427.14
20 of this title, the Oklahoma Medical Marijuana and Patient Protection
21 Act, and the requirements set forth in this section to provide
22 logistics, distribution and storage of medical marijuana, medical
23 marijuana concentrate and medical marijuana products.

24

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

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

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

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

23 H. A medical marijuana transporter licensee shall use the seed-
24 to-sale tracking system developed pursuant to the Oklahoma Medical

1 Marijuana and Patient Protection Act to create shipping manifests
2 documenting the transport of medical marijuana, medical marijuana
3 concentrate and medical marijuana products throughout the state.

4 I. A licensed medical marijuana transporter may maintain and
5 operate one or more warehouses in the state to handle medical
6 marijuana, medical marijuana concentrate and medical marijuana
7 products. Each location shall be registered and inspected by the
8 Authority prior to its use.

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

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

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

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

19 K. A transporter agent may possess marijuana at any location
20 while the transporter agent is transferring marijuana to or from a
21 licensed medical marijuana business, licensed medical marijuana
22 research facility or licensed medical marijuana education facility.
23 The Department shall administer and enforce the provisions of this
24 section concerning transportation.

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

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

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

- 12 1. The name, address and date of birth of the person;
- 13 2. Proof of current Oklahoma residency;
- 14 3. Proof of identity as required for a medical marijuana
15 business license;
- 16 4. Possession of a valid Oklahoma driver license;
- 17 5. Verification of employment with a licensed transporter;
- 18 6. The application and affiliated fee; and
- 19 7. A copy of the criminal background check conducted by the
20 Oklahoma State Bureau of Investigation, paid for by the applicant.

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

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

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

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

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

- 16 1. Insured at or above the legal requirements in Oklahoma;
- 17 2. Capable of securing medical marijuana during transport; and
- 18 3. In possession of a shipping container as defined in Section
19 427.2 of this title capable of securing all transported products.

20 T. Prior to the transport of any medical marijuana, medical
21 marijuana concentrate or medical marijuana products, an inventory
22 manifest shall be prepared at the origination point of the medical
23 marijuana. The inventory manifest shall include the following
24 information:

- 1 1. For the origination point of the medical marijuana:
 - 2 a. the licensee number for the commercial grower,
 - 3 processor or dispensary,
 - 4 b. address of origination of transport, and
 - 5 c. name and contact information for the originating
 - 6 licensee;
- 7 2. For the end recipient license holder of the medical
8 marijuana:
 - 9 a. the license number for the dispensary, commercial
 - 10 grower, processor, research facility or education
 - 11 facility destination,
 - 12 b. address of the destination, and
 - 13 c. name and contact information for the destination
 - 14 licensee;
- 15 3. Quantities by weight or unit of each type of medical
16 marijuana product contained in transport;
- 17 4. The date of the transport and the approximate time of
18 departure;
- 19 5. The arrival date and estimated time of arrival;
- 20 6. Printed names and signatures of the personnel accompanying
21 the transport; and
- 22 7. Notation of the transporting licensee.
- 23 U. 1. A separate inventory manifest shall be prepared for each
24 licensee receiving the medical marijuana.

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

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

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

11 SECTION 7. It being immediately necessary for the preservation
12 of the public peace, health or safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

15
16 COMMITTEE REPORT BY: COMMITTEE ON ALCOHOL, TOBACCO AND CONTROLLED
17 SUBSTANCES, dated 03/03/2022 - DO PASS, As Amended and Coauthored.

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