STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2428 By: May

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AS INTRODUCED

An Act relating to medical marijuana; amending 63 O.S. 2021, Sections 421, 422, and 423, as amended by Sections 1, 2, and 3, Chapter 332, O.S.L. 2022, and 424 (63 O.S. Supp. 2022, Sections 421, 422, and 423), which relate to licensing requirements for medical marijuana dispensaries, commercial growers, processors and transporters; updating language; providing for temporary and annual licenses; amending 63 O.S. 2021, Sections 427.14, as amended by Section 4, Chapter 332, O.S.L. 2022 and 427.16, as amended by Section 16, Chapter 251, O.S.L. 2022 (63 O.S. Supp. 2022, Sections 427.14 and 427.16), which relate to the Oklahoma Medical Marijuana and Patient Protection Act; creating temporary and annual licensing program for certain medical marijuana businesses; stating conditions for temporary licenses; requiring adherence to certain rules and regulations; 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; prohibiting issuance of license until certain inspections are completed; authorizing rejection of applications; defining term; clarifying circumstances that allow for the issuance of annual medical marijuana business licenses; requiring current licensees to submit certain documentation prior to renewal; establishing timelines and procedures; requiring person issued a temporary and annual license to annually submit certain documentation when seeking renewal of the license; updating language; creating temporary

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            licensing program for medical marijuana transporters;
            and providing an effective date.
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    BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
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        SECTION 1.
                       AMENDATORY
                                      63 O.S. 2021, Section 421, as
    amended by Section 1, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
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    Section 421), is amended to read as follows:
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        Section 421. A. The Oklahoma Medical Marijuana Authority shall
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    make available on its website in an easy-to-find location an
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    application applications for a temporary medical marijuana
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    dispensary license and annual medical marijuana dispensary license.
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    The application fee to fees for the temporary or annual license
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    shall be paid by the applicant shall be in the amounts provided for
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    in Section 427.14 of this title. A method of payment for the
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    application fee fees shall be provided on the website of the
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    Authority. Dispensary Medical marijuana dispensary applicants must
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    all be residents of Oklahoma. Any entity applying for a temporary
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    or annual medical marijuana dispensary license must be owned by an
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    Oklahoma resident and must be registered to do business in Oklahoma.
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    The Authority shall have ninety (90) business days to review the
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    application for a temporary medical marijuana dispensary license;
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    approve, reject or deny the application; and mail the approval,
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    rejection or denial letter stating reasons for the rejection or
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    denial to the applicant.
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B. The In addition to the requirements provided for in the Oklahoma Medical Marijuana and Patient Protection Act, the Authority shall approve all applications which meet the following criteria:

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

- 2. The applicant, if applying as an individual, must show residency in the State of Oklahoma;
- 3. All applying entities must show that all members, managers, and board members are Oklahoma residents;
- 4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership may not exceed twenty-five percent (25%);
- 5. All applying individuals or entities must be registered to conduct business in the State of Oklahoma; and
- 6. All applicants must disclose all ownership interests in the dispensary.

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

C. Licensed medical marijuana dispensaries shall be required to complete a monthly sales report to the Authority. This report shall be due on the fifteenth of each month and provide reporting on the

previous month. This report shall detail the weight of marijuana purchased at wholesale and the weight of marijuana sold to licensed medical marijuana patients and licensed caregivers and account for any waste. The report shall show total sales in dollars, tax collected in dollars, and tax due in dollars. The Authority shall have oversight and auditing responsibilities to ensure that all marijuana being grown is accounted for.

- D. Only a licensed medical marijuana dispensary may conduct retail sales of marijuana or marijuana derivatives. Beginning on the effective date of this act, licensed medical marijuana dispensaries shall be authorized to package and sell pre-rolled marijuana to licensed medical marijuana patients and licensed caregivers. The products described in this subsection shall contain only the ground parts of the marijuana plant and shall not include marijuana concentrates or derivatives. The total net weight of each pre-roll packaged and sold by a medical marijuana dispensary shall not exceed one (1) gram. These products shall be tested, packaged and labeled in accordance with Oklahoma law and rules promulgated by the Authority.
- E. No medical marijuana dispensary shall offer or allow a medical marijuana patient licensee, caregiver licensee or other member of the public to handle or otherwise have physical contact with any medical marijuana not contained in a sealed or separate package. Provided, such prohibition shall not preclude an employee

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

SECTION 2. AMENDATORY 63 O.S. 2021, Section 422, as amended by Section 2, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022, Section 422), is amended to read as follows:

Section 422. A. The Oklahoma Medical Marijuana Authority shall make available on its website in an easy-to-find location an application applications for a temporary medical marijuana commercial grower license and annual medical marijuana commercial grower license. The application fee fees for the temporary or annual license shall be paid by the applicant in the amounts provided for in Section 427.14 of this title. A method of payment for the application fee fees shall be provided on the website of the Authority. The Authority shall have ninety (90) days to review the application for a temporary medical marijuana commercial grower

1 license; approve, reject or deny the application; and mail the
2 approval, rejection or denial letter stating the reasons for the
3 rejection or denial to the applicant.

- B. The In addition to the requirements provided for in the Oklahoma Medical Marijuana and Patient Protection Act, the Authority shall approve all applications which meet the following criteria:
- 7 1. The applicant must be twenty-five (25) years of age or 8 older;
 - 2. The applicant, if applying as an individual, must show residency in the State of Oklahoma;
 - 3. All applying entities must show that all members, managers, and board members are Oklahoma residents;
 - 4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership may not exceed twenty-five percent (25%);
 - 5. All applying individuals or entities must be registered to conduct business in the State of Oklahoma; and
 - 6. All applicants must disclose all ownership interests in the commercial grower operation.

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

C. A licensed medical marijuana commercial grower may sell marijuana to a licensed medical marijuana dispensary or a licensed medical marijuana processor. Further, sales by a licensed medical marijuana commercial grower shall be considered wholesale sales and shall not be subject to taxation. Under no circumstances may a licensed medical marijuana commercial grower sell marijuana directly to a licensed medical marijuana patient or licensed medical marijuana caregiver. A licensed medical marijuana commercial grower may only sell at the wholesale level to a licensed medical marijuana dispensary, a licensed medical marijuana commercial grower or a licensed medical marijuana processor. If the federal government lifts restrictions on buying and selling marijuana between states, then a licensed medical marijuana commercial grower would be allowed to sell and buy marijuana wholesale from, or to, an out-of-state wholesale provider. A licensed medical marijuana commercial grower shall be required to complete a monthly yield and sales report to the Authority. This report shall be due on the fifteenth of each month and provide reporting on the previous month. This report shall detail the amount of marijuana harvested in pounds, the amount of drying or dried marijuana on hand, the amount of marijuana sold to licensed processors in pounds, the amount of waste in pounds, and the amount of marijuana sold to licensed medical marijuana dispensaries in pounds. Additionally, this report shall show total wholesale sales in dollars. The Authority shall have oversight and

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auditing responsibilities to ensure that all marijuana being grown by licensed medical marijuana commercial growers is accounted for.

- D. There shall be no limits on how much marijuana a licensed medical marijuana commercial grower can grow.
- E. Beginning on the effective date of this act, licensed medical marijuana commercial growers shall be authorized to package and sell pre-rolled marijuana to licensed medical marijuana dispensaries. The products described in this subsection shall contain only the ground parts of the marijuana plant and shall not include marijuana concentrates or derivatives. The total net weight of each pre-roll packaged and sold by licensed medical marijuana commercial growers shall not exceed one (1) gram. These products must be tested, packaged and labeled in accordance with Oklahoma law and rules promulgated by the Authority.
- SECTION 3. AMENDATORY 63 O.S. 2021, Section 423, as amended by Section 3, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022, Section 423), is amended to read as follows:
- Section 423. A. The Oklahoma Medical Marijuana Authority shall make available on its website in an easy-to-find location an application applications for a temporary medical marijuana processor license and annual medical marijuana processing processor license.

 The Authority shall be authorized to issue two types of annual medical marijuana processor licenses based on the level of risk

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posed by the type of processing conducted:

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

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denial to the applicant.

The application fee fees for a nonhazardous or hazardous medical

marijuana processor the temporary or annual license shall be paid by

the applicant in the amounts provided for in Section 427.14 of this

title. A method of payment shall be provided on the website of the

Authority. The Authority shall have ninety (90) days to review the

application for a temporary medical marijuana processor license;

approve, reject or deny the application; and mail the approval,

rejection or denial letter stating the reasons for the rejection or

- B. The Authority shall approve all applications which meet the following criteria:
 - 1. The applicant must be twenty-five (25) years of age or older:
 - 2. The applicant, if applying as an individual, must show residency in the State of Oklahoma;
 - 3. All applying entities must show that all members, managers, and board members are Oklahoma residents;
 - 4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership may not exceed twenty-five percent (25%);
 - 5. All applying individuals or entities must be registered to conduct business in the State of Oklahoma; and

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

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

- C. 1. A licensed <u>medical marijuana</u> processor may take marijuana plants and distill or process these plants into concentrates, edibles, and other forms for consumption.
- 2. As required by subsection D of this section, the Authority shall make available a set of standards which shall be used by licensed medical marijuana processors in the preparation of edible marijuana products. The standards should be in line with current food preparation guidelines. No excessive or punitive rules may be established by the Authority.
- 3. Up to two times a year, the Authority may inspect a processing operation and determine its compliance with the preparation standards. If deficiencies are found, a written report of the deficiency shall be issued to the licensed medical marijuana processor. The licensed medical marijuana processor shall have one (1) month to correct the deficiency or be subject to a fine of Five Hundred Dollars (\$500.00) for each deficiency.

4. A licensed <u>medical marijuana</u> processor may sell marijuana products it creates to a licensed <u>medical marijuana</u> dispensary or any other licensed <u>medical marijuana</u> processor. All sales by a licensed <u>medical marijuana</u> processor shall be considered wholesale sales and shall not be subject to taxation.

- 5. Under no circumstances may a licensed medical marijuana processor sell marijuana or any marijuana product directly to a licensed medical marijuana patient or licensed medical marijuana caregiver. However, a licensed medical marijuana processor may process cannabis into a concentrated form for a licensed medical marijuana patient for a fee.
- 6. Licensed medical marijuana processors shall be required to complete a monthly yield and sales report to the Authority. This report shall be due on the fifteenth of each month and shall provide reporting on the previous month. This report shall detail the amount of marijuana and medical marijuana products purchased in pounds, the amount of marijuana cooked or processed in pounds, and the amount of waste in pounds. Additionally, this report shall show total wholesale sales in dollars. The Authority shall have oversight and auditing responsibilities to ensure that all marijuana being processed is accounted for.
- D. The Authority shall oversee the inspection and compliance of licensed <u>medical marijuana</u> processors producing products with marijuana as an additive. The Authority shall be compelled to \overline{r}

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    within thirty (30) days of passage of this initiative, appoint
    twelve (12) Oklahoma residents to the Medical Marijuana Advisory
    Council, who are marijuana industry experts, to create a list of
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    food safety standards for processing and handling medical marijuana
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    in Oklahoma. These standards shall be adopted by the Authority and
    the Authority may enforce these standards for licensed medical
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    marijuana processors. The Authority shall develop a standards
    review procedure and these standards can be altered by calling
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    another council of twelve (12) Oklahoma marijuana industry experts.
    A signed letter of twenty operating, licensed medical marijuana
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    processors shall constitute a need for a new council and standards
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1.3 If it becomes permissible under federal law, marijuana may 14 be moved across state lines.

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review.

- F. Any device used for the processing or consumption of medical marijuana shall be considered legal to be sold, manufactured, distributed and possessed. No merchant, wholesaler, manufacturer or individual may be unduly harassed or prosecuted for selling, manufacturing or possessing marijuana paraphernalia.
- SECTION 4. AMENDATORY 63 O.S. 2021, Section 424, is amended to read as follows:
- 22 Section 424. A. A temporary medical marijuana transportation transporter license will or an annual medical marijuana transporter license shall be issued to qualifying applicants for a medical

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   marijuana retail dispensary, growing medical marijuana commercial
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   grower, or <del>processing</del> medical marijuana processor license.
   transportation temporary or annual medical marijuana transporter
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   license will shall be issued at the time of approval of a retail,
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   growing, or processing the temporary or annual medical marijuana
   dispensary, medical marijuana commercial grower, or medical
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   marijuana processor license. The fees for the temporary or annual
   license shall be paid by the applicant in the amounts provided for
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   in Section 427.14 of this title.
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- B. A transportation medical marijuana transporter license will shall allow the holder to transport medical marijuana from an Oklahoma_licensed medical marijuana retailer dispensary, licensed growing medical marijuana commercial grower facility, or licensed medical marijuana processor facility to an Oklahoma_licensed medical marijuana retailer dispensary, licensed growing medical marijuana commercial grower facility, or licensed medical marijuana processing facility.
- C. All <u>medical</u> marijuana or <u>medical</u> marijuana products shall be transported in a locked container and clearly labeled "Medical Marijuana or Derivative".
- 21 SECTION 5. AMENDATORY 63 O.S. 2021, Section 427.14, as
 22 amended by Section 4, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
 23 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 license applications.
- D. Beginning November 1, 2023, the Authority shall require all persons or entities seeking licensure as a medical marijuana commercial grower, medical marijuana processor, medical marijuana dispensary, or medical marijuana transporter to first apply for a temporary medical marijuana business license.
- 1. A temporary medical marijuana business license is a conditional license and does not authorize the licensee to conduct any sales of medical marijuana or marijuana products, the growing or processing of marijuana, or the transportation of any medical

marijuana or marijuana products by the licensee. A temporary medical marijuana business licensee shall follow all applicable rules and regulations promulgated by the Authority.

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- 2. A temporary medical marijuana business license does not obligate the Authority to issue an annual medical marijuana business license nor does the temporary medical marijuana business license create a vested right in the holder to either an extension of the temporary medical marijuana business license or to the granting of a subsequent annual medical marijuana business license.
- 3. A temporary medical marijuana business license issued under the provisions of this subsection shall be valid for one hundred eighty (180) days from its effective date.
- 4. A temporary medical marijuana business license may be extended by the Authority for additional ninety-day periods not to exceed eighteen (18) months if:
 - an application for an annual license has been

 submitted to the Authority prior to the initial

 expiration date of the temporary medical marijuana
 business license, and
 - b. the Authority determines that the application and required documentation submitted by the applicant for an annual medical marijuana business license is deficient in some manner.

5. In addition to the initial fee for a medical marijuana
business license provided for in subsection E of this section, a
nonrefundable application fee for a temporary medical marijuana
business license shall be assessed in the amount of One Thousand
Dollars (\$1,000.00). A nonrefundable fee of One Thousand Dollars
(\$1,000.00) shall be assessed for every ninety-day extension
requested by the holder of a temporary medical marijuana business
license and subsequently granted by the Authority.

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- 6. In addition to the general requirements provided for in subsection F of this section, persons or entities applying for a temporary medical marijuana business license or applying to renew a medical marijuana business license shall submit the following to the Authority:
 - a. business-formation documents, which may include, but not be limited to, articles of incorporation, operating agreements, partnership agreements, and fictitious business name statements. The applicant shall also provide all documents filed with the Oklahoma Secretary of State,
 - b. financial information pertaining to the operations of the medical marijuana business, which shall include the following:
 - (1) a list of funds belonging to the applicant held in savings, checking, or other accounts

maintained by a financial institution. The

applicant shall provide for each account the name

of the financial institution, the address of the

financial institution, account type, account

number, and the amount of money in the account,

- (2) a list of loans made to the applicant. For each loan, the applicant shall provide the amount of the loan, the date of the loan, term of the loan, security provided for the loan, and the name, address, and phone number of the lender,
- (3) a list of investments made into the medical marijuana business. For each investment, the applicant shall provide the amount of the investment, the date of the investment, term of the investment, and the name, address, and phone number of the investor, and
- (4) a list of all monetary gifts, equipment, and property of any kind given to the applicant for the purpose of or in exchange for applying for or operating a medical marijuana business. For each gift, the applicant shall provide the value or a description of the gift and the name, address, and phone number of the provider of the gift,

1	<u>C.</u>	a complete list of every individual who has a
2		financial interest in the medical marijuana business
3		who is not an owner of the medical marijuana business,
4	<u>d.</u>	whether the applicant has an ownership or a financial
5		interest in any other medical marijuana business
6		licensed under the provisions of the Oklahoma Medical
7		Marijuana and Patient Protection Act,
8	<u>e.</u>	a complete and detailed diagram of the proposed
9		premises. If changes to the proposed premises occur
10		during the application period, a revised set of plans
11		shall be submitted to the Authority for final
12		inspection. The diagram shall be to scale and shall
13		show the following:
14		(1) boundaries of the property and the proposed
15		premises to be licensed, showing all boundaries,
16		dimensions, entrances and exits, interior
17		partitions, walls, rooms, windows, doorways, and
18		common or shared entryways, and shall include a
19		brief statement or description of the principal
20		activity to be conducted therein,
21		(2) the location of medical marijuana business
22		activities that will take place in each area of
23		the premises, and limited-access areas,
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1		(3) where all cameras are located with a number
2		assigned to each camera for identification
3		purposes, and
4		(4) if the proposed premises consists of only a
5		portion of the property, labels indicating which
6		part of the property is the proposed premises and
7		what the remaining property is used for,
8	<u>f.</u>	if the applicant is not the landowner of the real
9		property upon which the premises is located, a
10		document from the landowner or the agent of the
11		landowner that states that the applicant has the right
12		to occupy the property and acknowledging the applicant
13		may use the property for the medical marijuana
14		business activity for which the applicant is applying
15		for licensure. An applicant shall also provide a copy
16		of the rental agreement, as applicable,
17	<u>g.</u>	if the applicant is the landowner of the real property
18		upon which the premises is located, a copy of the
19		title or deed to the property,
20	<u>h.</u>	if the applicant is applying for a medical marijuana
21		commercial grower license, the applicant shall also
22		submit the following:
23		(1) for indoor and mixed-light cultivation,
24		identification of all power sources for

1			cultivation activities including, but not limited
2			to, illumination, heating, cooling, and
3			ventilation,
4	_	(2)	if the applicant is proposing to use a diversion
5			from a waterbody, groundwater well, or rain
6			catchment system as a water source for
7			cultivation, the applicant shall include the
8			following locations on the property diagram with
9			locations also provided as coordinates in either
10			latitude and longitude or the Oklahoma Coordinate
11			<pre>System:</pre>
12			(a) sources of water used, including the
13			location of waterbody diversion, pump
14			location, and distribution system, and
15			(b) location, type, and capacity of each storage
16			unit to be used for cultivation, and
17	_	(3)	a proposed cultivation plan, which shall include
18			identification of all water sources used for
19			cultivation activities, and
20	<u>i.</u>	evid	ence of insurance including, but not limited to:
21	_	(1)	general liability insurance,
22	_	(2)	workers' compensation insurance or a copy of an
23			Affidavit of Exempt Status filed with the
24			Workers' Compensation Commission if compensation
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- 7. The Authority may request additional information from the applicant.
- 8. The Authority may reject an application for an annual medical marijuana business license if the requirements for a temporary medical marijuana business license or any provision of the Oklahoma Medical Marijuana and Patient Protection Act are not satisfied.
- 9. For purposes of this subsection, "financial interest"

 concerning a medical marijuana business shall include any

 contractual agreements for profit sharing, subcontracting, or

 similar financial arrangements; provided, that such disclosures

 alone shall not automatically indicate ownership of the license or

 require disclosure as an owner of the license.
- E. 1. The In addition to the fee for a temporary medical marijuana transporter license, the annual, nonrefundable fee for a medical marijuana transporter license shall be Two Thousand Five Hundred Dollars (\$2,500.00).
- 2. The In addition to the nonrefundable application fee for a temporary medical marijuana business license, 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:

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- 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),

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- (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:

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"canopy" means the total surface area within a cultivation area that is dedicated to the cultivation of flowering marijuana plants. 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

1 2 3 (2) 5 6 and 7 (3) 8 9 natural light. 10 11 12 1.3 shall be determined as follows: 14 a. 15 16 17 18 (\$2,500.00),19 b. 20 2.1

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circumference of the cylinder multiplied by the total length of the cylinder,

- "greenhouse" means a structure located outdoors that is completely covered by a material that allows a controlled level of light transmission,
- "light deprivation" means a structure that has concrete floors and the ability to manipulate
- 3. The In addition to the nonrefundable application fee for a temporary medical marijuana business license, the annual, nonrefundable license fee for a medical marijuana processor license
 - 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
 - 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),

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- 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 fiftyone (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 In addition to the nonrefundable application fee for a temporary medical marijuana business license, 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 In addition to the nonrefundable application fee for a temporary medical marijuana business license, the annual, nonrefundable license fee for a medical marijuana testing laboratory shall be Twenty Thousand Dollars (\$20,000.00).

- \overline{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;

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- 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;

- 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 background check conducted by the Oklahoma State Bureau of Investigation (OSBI) within thirty (30) days prior to the application for the license, including:

1 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

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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. G. The Authority shall review the <u>temporary</u> medical marijuana business <u>license</u> 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. H. 1. The Authority shall review the temporary medical marijuana business applications and conduct all investigations, inspections and interviews before approving the application for an annual medical marijuana business license for the specific category applied under. The annual medical marijuana business license shall not be issued until the Authority determines that all necessary inspections and reviews including, but not limited to, plan reviews, safety inspections or compliance inspections, have been completed.
- 2. Approved applicants shall be issued a an annual 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 for an annual medical marijuana business license may only be rejected or denied based on the applicant not meeting the standards set forth in the provisions of subsection D of this section for a temporary medical marijuana business license, 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 for an annual medical marijuana business license is rejected for failure to

provide required information, the applicant shall have thirty (30) days be granted an extension of time as provided for in paragraph 4 of subsection D of this section to submit the required information for reconsideration. No additional application fee and shall be charged for such reconsideration assessed a nonrefundable fee of One Thousand Dollars (\$1,000.00) for every ninety-day extension requested by the applicant and subsequently granted by the Authority. 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.
- 5. Medical marijuana businesses issued a medical marijuana business license prior to the effective date of this act shall be required to submit business-formation documents, financial and property information, and insurance information pertaining to the operations of the medical marijuana business, as prescribed in subparagraphs a, b, c, d, e, f, and i of paragraph 6 of subsection D

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    of this section, to the Authority prior to renewal of the medical
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    marijuana business license. The medical marijuana business licensee
    shall submit the required documentation not less than sixty (60)
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    days prior to the date of renewal of the medical marijuana business
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    license. The Authority shall have thirty (30) days to review the
    submitted documentation and an additional thirty (30) days
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    immediately thereafter for purposes of resolving any
    inconsistencies, discrepancies, or disputed issues found within the
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    submitted documentation. If the medical marijuana business licensee
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    fails to submit the required documentation sixty (60) days prior to
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    the date of renewal, the license of the medical marijuana business
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    shall be suspended until such time as the documentation is submitted
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    to the Authority.
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6. Medical marijuana businesses that have been issued a temporary and annual medical marijuana business license pursuant to the provisions of subsection D of this section shall be required to annually submit updated business-formation documents, financial and property information, and insurance information pertaining to the operations of the medical marijuana business, as prescribed in subparagraphs a, b, c, d, e, f, and i of paragraph 6 of subsection D of this section, to the Authority when seeking renewal of the medical marijuana business license.

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H. I. A license for a medical marijuana business, medical marijuana research facility, medical marijuana education facility or

1 medical marijuana waste disposal facility shall not be issued to or
2 held by:

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

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- 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,

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- 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.

1. J. 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.

 $\frac{J.}{K.}$ 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. L. 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.

H. M. 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. N. 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. O. 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. P. 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.
 - SECTION 6. 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 <u>temporary and an annual</u> medical marijuana transporter license to licensed medical marijuana commercial growers, licensed medical marijuana processors, and

licensed medical marijuana dispensaries upon issuance of such
licenses and upon each renewal. Medical marijuana transporter
licenses shall also be issued to licensed medical marijuana research
facilities, licensed medical marijuana education facilities and
licensed medical marijuana testing laboratories upon issuance of
such licenses and upon each renewal.

- C. A temporary or annual 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 Section 427.14 of this title, 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.

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- 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 and 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
 - 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.

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4. Originating and receiving licensees shall maintain copies of
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    inventory manifests and logs of quantities of medical marijuana
    received for seven (7) years from date of receipt.
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        SECTION 7. This act shall become effective November 1, 2023.
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