

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 SENATE BILL 117

By: Bergstrom

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5
6 AS INTRODUCED

7 An Act relating to medical marijuana, amending 63
8 O.S. 2021, Sections 422, as last amended by Section
9 2, Chapter 332, O.S.L. 2022, and 423, as amended by
10 Section 3, Chapter 332, O.S.L. 2022 (63 O.S. Supp.
11 2022, Sections 422 and 423), which relate to medical
12 marijuana commercial grower and processing licenses;
13 requiring applicant to furnish certain documents
14 before operating; requiring licensee or applicant to
15 acquire a permit or official permission to register
16 with Oklahoma Medical Marijuana Authority;
17 authorizing Authority to revoke license if not in
18 compliance; updating statutory language; and
19 providing an effective date.

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

21 SECTION 1. AMENDATORY 63 O.S. 2021, Section 422, as last
22 amended by Section 2, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
23 Section 422), is amended to read as follows:

24 Section 422. A. The Oklahoma Medical Marijuana Authority shall
25 make available on its website in an easy-to-find location an
26 application for a medical marijuana commercial grower license. The
27 application fee shall be paid by the applicant in the amounts
28 provided for in Section 427.14 of this title. A method of payment

1 for the application fee shall be provided on the website of the
2 Authority. The Authority shall have ninety (90) days to review the
3 application; approve, reject or deny the application; and mail the
4 approval, rejection or denial letter stating the reasons for the
5 rejection or denial to the applicant.

6 B. The Authority shall approve all applications which meet the
7 following criteria:

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

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

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

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

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

19 6. All applicants must disclose all ownership interests in the
20 commercial grower operation; and

21 7. The applicant shall furnish documents evidencing compliance
22 with the provisions of subsection F of this section.

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 commercial
3 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 Authority. This report shall be due on the fifteenth of each
21 month and provide reporting on the previous month. This report
22 shall detail the amount of marijuana harvested in pounds, the amount
23 of drying or dried marijuana on hand, the amount of marijuana sold
24 to licensed processors in pounds, the amount of waste in pounds, and

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

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

8 E. Beginning on ~~the effective date of this act~~ June 1, 2023,
9 licensed medical marijuana commercial growers shall be authorized to
10 package and sell pre-rolled marijuana to licensed medical marijuana
11 dispensaries. The products described in this subsection shall
12 contain only the ground parts of the marijuana plant and shall not
13 include marijuana concentrates or derivatives. The total net weight
14 of each pre-roll packaged and sold by licensed medical marijuana
15 commercial growers shall not exceed one (1) gram. These products
16 must be tested, packaged and labeled in accordance with Oklahoma law
17 and rules promulgated by the Authority.

18 F. A commercial grower applicant or licensee shall, prior to
19 engaging in a commercial growing operation, either:

20 1. Acquire a water use permit from the Oklahoma Water Resources
21 Board pursuant to Section 105.9 of Title 82 of the Oklahoma Statutes
22 if the commercial growing operation uses groundwater or water from
23 an Oklahoma steam; or

1 2. Acquire an official statement of permission from the county,
2 municipality, or other political subdivision that provides water if
3 the commercial growing operation uses rural or municipal water and
4 register the statement with the Authority.

5 Upon failure of a commercial grower licensee to register the
6 water source of a commercial growing operation with the Authority
7 or, if applicable, receive a permit by the Water Resources Board
8 after ninety (90) days following license renewal, the Authority
9 shall revoke the commercial grower license.

10 SECTION 2. AMENDATORY 63 O.S. 2021, Section 423, as last
11 amended by Section 3, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
12 Section 423), is amended to read as follows:

13 Section 423. A. The Oklahoma Medical Marijuana Authority shall
14 make available on its website in an easy-to-find location an
15 application for a medical marijuana processing license. The
16 Authority shall be authorized to issue two types of medical
17 marijuana processor licenses based on the level of risk posed by the
18 type of processing conducted:

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

21 The application fee for a nonhazardous or hazardous medical
22 marijuana processor license shall be paid by the applicant in the
23 amounts provided for in Section 427.14 of this title. A method of
24 payment shall be provided on the website of the Authority. The

1 Authority shall have ninety (90) days to review the application;
2 approve, reject or deny the application; and mail the approval,
3 rejection or denial letter stating the reasons for the rejection or
4 denial to the applicant.

5 B. The Authority shall approve all applications which meet the
6 following criteria:

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

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

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

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

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

18 6. All applicants must disclose all ownership interests in the
19 processing operation; and

20 7. The applicant shall furnish documents evidencing compliance
21 with the provisions of subsection G of this section.

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

3 C. 1. A licensed processor may take marijuana plants and
4 distill or process these plants into concentrates, edibles, and
5 other forms for consumption.

6 2. As required by subsection D of this section, the Authority
7 shall make available a set of standards which shall be used by
8 licensed processors in the preparation of edible marijuana products.
9 The standards should be in line with current food preparation
10 guidelines. No excessive or punitive rules may be established by
11 the Authority.

12 3. Up to two times a year, the Authority may inspect a
13 processing operation and determine its compliance with the
14 preparation standards. If deficiencies are found, a written report
15 of the deficiency shall be issued to the licensed processor. The
16 licensed processor shall have one (1) month to correct the
17 deficiency or be subject to a fine of Five Hundred Dollars (\$500.00)
18 for each deficiency.

19 4. A licensed processor may sell marijuana products it creates
20 to a licensed dispensary or any other licensed processor. All sales
21 by a licensed processor shall be considered wholesale sales and
22 shall not be subject to taxation.

23 5. Under no circumstances may a licensed processor sell
24 marijuana or any marijuana product directly to a licensed medical
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1 marijuana patient or licensed caregiver. However, a licensed
2 processor may process cannabis into a concentrated form for a
3 licensed medical marijuana patient for a fee.

4 6. Licensed processors shall be required to complete a monthly
5 yield and sales report to the Authority. This report shall be due
6 on the fifteenth of each month and shall provide reporting on the
7 previous month. This report shall detail the amount of marijuana
8 and medical marijuana products purchased in pounds, the amount of
9 marijuana cooked or processed in pounds, and the amount of waste in
10 pounds. Additionally, this report shall show total wholesale sales
11 in dollars. The Authority shall have oversight and auditing
12 responsibilities to ensure that all marijuana being processed is
13 accounted for.

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

1 marijuana industry experts. A signed letter of twenty operating,
2 licensed processors shall constitute a need for a new council and
3 standards review.

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

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

11 G. A processor applicant or licensee shall, prior to engaging
12 in a processing operation, either:

13 1. Acquire a water use permit from the Oklahoma Water Resources
14 Board pursuant to Section 105.9 of Title 82 of the Oklahoma Statutes
15 if the processing operation uses groundwater or water from an
16 Oklahoma steam; or

17 2. Acquire an official statement of permission from the county,
18 municipality, or other political subdivision that provides water if
19 the processing operation uses rural or municipal water and register
20 the statement with the Authority.

21 Upon failure of a processor licensee to register the water
22 source of a processing operation with the Authority or, if
23 applicable, receive a permit by the Oklahoma Water Resources Board

1 after ninety (90) days following license renewal, the Authority
2 shall revoke the processor license.

3 SECTION 3. This act shall become effective November 1, 2023.

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