

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1520

By: Quinn

AS INTRODUCED

An Act relating to medical marijuana; amending Sections 2, 3 and 4, State Question No. 788, Initiative Petition No. 412 and Section 14, Chapter 11, O.S.L. 2019, as amended by Section 9, Chapter 477, O.S.L. 2019 (63 O.S. Supp. 2019, Sections 421, 422, 423 and 427.14), which relate to medical marijuana businesses; increasing certain fee amounts; clarifying language; updating statutory references; and providing an effective date.

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

SECTION 1. AMENDATORY Section 2, State Question No. 788, Initiative Petition No. 412 (63 O.S. Supp. 2019, Section 421), is amended to read as follows:

Section 421. A. The ~~Oklahoma~~ State Department of Health shall, within thirty (30) days of passage of this initiative, make available, ~~on their~~ the Department's website, in an easy to find location, an application for a medical marijuana dispensary license. The application fee shall be ~~Two Thousand Five Hundred Dollars~~ ~~(\$2,500.00)~~ Ten Thousand Dollars (\$10,000.00) and a method of payment ~~will~~ shall be provided on the website. ~~Retail~~ Dispensary

1 applicants must all be Oklahoma state residents. Any entity
2 applying for a ~~retail~~ dispensary license must be owned by an
3 Oklahoma state resident and must be registered to do business in
4 Oklahoma. The ~~Oklahoma State Department of Health~~ Department shall
5 have ~~two (2) weeks~~ ninety (90) business days to review the
6 application, approve or ~~reject~~ deny the application, and mail the
7 ~~approval/rejection~~ approval or denial letter ~~(if rejected, stating~~
8 any reasons for rejection) denial, to the applicant.

9 B. The ~~Oklahoma State Department of Health~~ Department must
10 approve all applications which meet the following criteria:

11 1. ~~Applicant~~ The applicant must be age twenty-five (25) or
12 older;

13 2. Any applicant, applying as an individual, must show
14 residency in the State of Oklahoma;

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

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

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

22 6. All applicants must disclose all ownership;

23 7. Applicant(s) with only nonviolent felony conviction(s) in
24 the last two (2) years, any other felony conviction in five 5

1 (years), inmates, or any person currently incarcerated may not
2 qualify for a medical marijuana dispensary license.

3 C. ~~Retailers will~~ Dispensaries shall be required to ~~complete~~
4 submit a monthly sales report to the ~~Oklahoma Department of Health~~
5 Department. This report ~~will~~ shall be due on the 15th of each month
6 and provide reporting on the previous month. This report ~~will~~ shall
7 detail the weight of marijuana purchased at wholesale and the weight
8 of marijuana sold to card holders, and account for any waste. The
9 report ~~will~~ shall show total sales in dollars, tax collected in
10 dollars, and tax due in dollars. The ~~Oklahoma State Department of~~
11 ~~Health will~~ Department shall have oversight and auditing
12 responsibilities to ensure that all marijuana being grown is
13 accounted for. A retailer ~~will~~ shall only be subject to a penalty
14 if a gross discrepancy exists and cannot be explained. Penalties
15 for fraudulent reporting occurring within any ~~2-year~~ two-year time
16 period ~~will be~~ shall be punishable by an initial fine of Five
17 Thousand Dollars (\$5,000.00) ~~(first)~~ for the first offense and
18 revocation of ~~licensing~~ ~~(second)~~ license for a subsequent offense.

19 D. Only a licensed medical marijuana ~~retailer~~ dispensary may
20 conduct retail sales of marijuana, or marijuana derivatives in the
21 form provided by licensed processors, and these products ~~can~~ may
22 only be sold to a medical marijuana license holder or ~~their~~
23 caregiver of the medical marijuana license holder. Penalties for
24 fraudulent sales occurring within any ~~2-year~~ two-year time period

1 ~~will be~~ shall be punishable by an initial fine of Five Thousand
2 Dollars (\$5,000.00) ~~(first)~~ for the first offense and revocation of
3 ~~licensing (second)~~ license for a subsequent offense.

4 SECTION 2. AMENDATORY Section 3, State Question No. 788,
5 Initiative Petition No. 412 (63 O.S. Supp. 2019, Section 422), is
6 amended to read as follows:

7 Section 422. A. The ~~Oklahoma~~ State Department of Health ~~will~~
8 shall, within thirty (30) days of passage of this initiative, make
9 available, ~~on their~~ the Department's website, in an easy to find
10 location, an application for a commercial grower license. The
11 application fee ~~will~~ shall be ~~Two Thousand Five Hundred Dollars~~
12 ~~(\$2,500.00)~~ Ten Thousand Dollars (\$10,000.00) and methods of payment
13 ~~will~~ shall be provided on the website. The ~~Oklahoma State~~
14 ~~Department of Health has two (2) weeks~~ Department shall have ninety
15 (90) business days to review the application, approve or ~~reject~~ deny
16 the application, and mail the ~~approval/rejection~~ approval or denial
17 letter ~~(if rejected, stating any reasons for rejection)~~ denial to
18 the applicant.

19 B. The ~~Oklahoma State Department of Health~~ Department must
20 approve all applications which meet the following criteria:

21 1. ~~Applicant~~ The applicant must be age twenty-five (25) or
22 older;

23 2. Any applicant, ~~applying as an individual,~~ must show
24 residency in the State of Oklahoma;

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;

8 6. All applicants must disclose all ownership;

9 7. Applicant(s) with only nonviolent felony conviction(s) in
10 the last two (2) years, any other felony conviction in five (5)
11 years, inmates, or any person currently incarcerated may not qualify
12 for a commercial grower license.

13 C. A licensed commercial grower may sell marijuana to a
14 licensed ~~retailer~~ dispensary, or a licensed ~~packager~~ processor.

15 Further, these sales ~~will~~ shall be considered wholesale sales and
16 not subject to taxation. Under no circumstances may a licensed

17 commercial grower sell marijuana directly to a medical marijuana

18 license holder. A licensed commercial grower may only sell at the

19 wholesale level to a licensed retailer or a licensed processor. If

20 the federal government lifts restrictions on buying and selling

21 marijuana between states, then a licensed commercial grower ~~would~~

22 shall be allowed to sell and buy marijuana wholesale from, or to, an

23 out of state wholesale provider. A licensed commercial grower ~~will~~

24 shall be required to complete a monthly yield and sales report to
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1 the ~~Oklahoma Department of Health~~ Department. This report ~~will~~
2 shall be due on the 15th of each month and provide reporting on the
3 previous month. This report ~~will~~ shall detail the amount of
4 marijuana harvested in pounds, the amount of drying or dried
5 marijuana on hand, the amount of marijuana sold to processors in
6 pounds, the amount of waste in pounds, and the amount of marijuana
7 sold to retailers in ~~lbs~~ pounds. Additionally, this report ~~will~~
8 shall show total wholesale sales in dollars. The ~~Oklahoma State~~
9 ~~Department of Health~~ Department shall have oversight and
10 auditing responsibilities to ensure that all marijuana being grown
11 is accounted for. A licensed grower ~~will~~ shall only be subject to a
12 penalty if a gross discrepancy exists and cannot be explained.
13 Penalties for fraudulent reporting or sales occurring within any ~~2~~
14 year two-year time period ~~will~~ shall be an initial fine of Five
15 Thousand Dollars (\$5,000.00) ~~(first)~~ for the first offense and
16 revocation of licensing ~~(second)~~ for a subsequent offense.

17 D. There shall be no limits on how much marijuana a licensed
18 grower can grow.

19 SECTION 3. AMENDATORY Section 4, State Question No. 788,
20 Initiative Petition No. 412 (63 O.S. Supp. 2019, Section 423), is
21 amended to read as follows:

22 Section 423. A. The ~~Oklahoma~~ State Department of Health shall,
23 within thirty (30) days of passage of this initiative, make
24 available, on ~~their~~ the Department's website, in an easy to find

1 location, an application for a medical marijuana processing license.
2 The application fee shall be ~~Two Thousand Five Hundred Dollars~~
3 ~~(\$2,500.00)~~ Ten Thousand Dollars (\$10,000.00) and methods of payment
4 ~~will~~ shall be provided on the website. The ~~Oklahoma State~~
5 ~~Department of Health~~ Department shall have ~~two (2) weeks~~ ninety (90)
6 business days to review the application, approve or ~~reject~~ deny the
7 application, and mail the ~~approval/rejection~~ approval or denial
8 letter ~~(if rejected, stating any reasons for rejection)~~ denial, to
9 the applicant.

10 B. The ~~Oklahoma State Department of Health~~ Department must
11 approve all applications which meet the following criteria:

12 1. ~~Applicant~~ The applicant must be age twenty-five (25) or
13 older;

14 2. Any applicant, applying as an individual, must show
15 residency in the State of Oklahoma;

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

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

21 5. All applying individuals or entities must be registered to
22 conduct business in the State of Oklahoma;

23 6. All applicants must disclose all ownership;

1 7. Applicant(s) with only nonviolent felony conviction(s) in
2 the last two (2) years, any other felony conviction in five (5)
3 years, inmates, or any person currently incarcerated may not qualify
4 for a medical marijuana processing license.

5 C. A licensed processor may take marijuana plants and distill
6 or process these plants into concentrates, edibles, and other forms
7 for consumption. As required by subsection D of this section, the
8 ~~Oklahoma State Department of Health will~~ Department shall, within
9 sixty (60) days of passage of this initiative, make available a set
10 of standards which ~~will~~ shall be used by licensed processors in the
11 preparation of edible marijuana products. ~~This should~~ The standards
12 shall be in line with current food preparation guidelines and no
13 excessive or punitive rules may be established by the ~~Oklahoma State~~
14 ~~Department of Health~~ Department. Once a year, the ~~Oklahoma State~~
15 ~~Department of Health~~ Department may inspect a processing operation
16 and determine its compliance with the preparation standards. If
17 deficiencies are found, a written report of deficiency ~~will~~ shall be
18 issued to the processor. The processor ~~will~~ shall have one (1)
19 month to correct the deficiency or be subject to a fine of Five
20 Hundred Dollars (\$500.00) for each deficiency. A licensed processor
21 may sell marijuana products it creates to a licensed ~~retailer,~~
22 dispensary or any other licensed processor. Further, these sales
23 ~~will~~ shall be considered wholesale sales and not subject to
24 taxation. Under no circumstances may a licensed processor sell

1 marijuana, or any marijuana product, directly to a medical marijuana
2 license holder. However, a licensed processor may process cannabis
3 into a concentrated form, for a medical license holder, for a fee.
4 Processors ~~will~~ shall be required to complete a monthly yield and
5 sales report to the ~~Oklahoma State Department of Health~~ Department.
6 This report ~~will~~ shall be due on the 15th of each month and provide
7 reporting on the previous month. This report ~~will~~ shall detail
8 amount of marijuana purchased in pounds, the amount of marijuana
9 cooked or processed in pounds, and the amount of waste in pounds.
10 Additionally, this report will show total wholesale sales in
11 dollars. The ~~Oklahoma State Department of Health~~ will Department
12 shall have oversight and auditing responsibilities to ensure that
13 all marijuana being grown is accounted for. A licensed processor
14 ~~will~~ shall only be subject to a penalty if a gross discrepancy
15 exists and cannot be explained. Penalties for fraudulent reporting
16 occurring within any ~~2-year~~ two-year time period ~~will~~ shall be an
17 initial fine of Five Thousand Dollars (\$5,000.00) ~~(first)~~ for the
18 first offense and revocation of licensing ~~(second)~~ for a subsequent
19 offense.

20 D. ~~The inspection and compliance of processors producing~~
21 ~~products with marijuana as an additive. The Oklahoma State~~
22 ~~Department of Health will~~ The Department shall be compelled to,
23 within thirty (30) days of passage of this initiative, appoint a
24 board of twelve (12) Oklahoma residents, who are marijuana industry

1 experts, to create a list of food safety standards for processing
2 and handling medical marijuana in ~~Oklahoma~~ this state. These
3 standards ~~will~~ shall be adopted by the agency and the agency ~~can~~ may
4 enforce these standards for processors. The agency ~~will~~ shall
5 develop a standards review procedure and these standards ~~can~~ may be
6 altered by calling another board of twelve (12) Oklahoma marijuana
7 industry experts. A signed letter of twenty (20) operating
8 processors ~~would~~ shall constitute a need for a new board and
9 standard review.

10 E. If it becomes permissible~~7~~ under federal law, marijuana may
11 be moved across state lines.

12 F. Any device used for the consumption of medical marijuana
13 shall be considered legal to be sold, manufactured, distributed~~7~~ and
14 possessed. No merchant, wholesaler, manufacturer~~7~~ or individual may
15 unduly be harassed or prosecuted for ~~selling, manufacturing, the~~
16 sale, manufacture or possession of medical marijuana paraphernalia.

17 SECTION 4. AMENDATORY Section 14, Chapter 11, O.S.L.
18 2019, as amended by Section 9, Chapter 477, O.S.L. 2019 (63 O.S.
19 Supp. 2019, Section 427.14), is amended to read as follows:

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

- 23 1. Medical marijuana commercial grower;
- 24 2. Medical marijuana processor;

- 1 3. Medical marijuana dispensary;
- 2 4. Medical marijuana transporter; and
- 3 5. Medical marijuana testing laboratory.

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

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

10 D. The nonrefundable application fee for a medical marijuana
11 business license shall be Two Thousand Five Hundred Dollars
12 (\$2,500.00) for the license categories of medical marijuana
13 transporter and medical marijuana testing laboratory. The
14 nonrefundable application fee for a medical marijuana business
15 license shall be Ten Thousand Dollars (\$10,000.00) for the license
16 categories of medical marijuana commercial grower, medical marijuana
17 processor and medical marijuana dispensary.

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

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

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

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

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

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

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

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

16 a. all applicants shall be age twenty-five (25) or older,

17 b. any applicant applying as an individual shall show
18 proof that the applicant is an Oklahoma resident
19 pursuant to paragraph 11 of this subsection,

20 c. any applicant applying as an entity shall show that
21 seventy-five percent (75%) of all members, managers,
22 executive officers, partners, board members or any
23 other form of business ownership are Oklahoma
24 residents pursuant to paragraph 11 of this subsection,
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- 1 d. all applying individuals or entities shall be
2 registered to conduct business in the State of
3 Oklahoma,
4 e. all applicants shall disclose all ownership interests
5 pursuant to ~~this act~~ the Oklahoma Medical Marijuana
6 and Patient Protection Act, and
7 f. applicants shall not have been convicted of a
8 nonviolent felony in the last two (2) years, and any
9 other felony conviction within the last five (5)
10 years, shall not be current inmates, or currently
11 incarcerated in a jail or corrections facility;

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

20 9. All applicants for a medical marijuana business license,
21 research facility license or education facility license authorized
22 by ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
23 Act shall undergo an Oklahoma criminal history background check
24 conducted by the Oklahoma State Bureau of Investigation (OSBI)

1 within thirty (30) days prior to the application for the license,
2 including:

- 3 a. individual applicants applying on their own behalf,
- 4 b. individuals applying on behalf of an entity,
- 5 c. all principal officers of an entity, and
- 6 d. all owners of an entity as defined by ~~this act~~ the
7 Oklahoma Medical Marijuana and Patient Protection Act;

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

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

- 19 a. an unexpired Oklahoma-issued driver license,
- 20 b. an Oklahoma voter identification card,
- 21 c. a utility bill preceding the date of application,
22 excluding cellular telephone and Internet bills,
- 23 d. a residential property deed to property in the State
24 of Oklahoma, and

1 e. a rental agreement preceding the date of application
2 for residential property located in the State of
3 Oklahoma.

4 Applicants that were issued a medical marijuana business license
5 prior to the enactment of the Oklahoma Medical Marijuana and Patient
6 Protection Act are hereby exempt from the two-year or five-year
7 Oklahoma residency requirement mentioned above;

8 12. All license applicants shall be required to submit a
9 registration with the Oklahoma State Bureau of Narcotics and
10 Dangerous Drugs Control as provided in Sections 2-302 through 2-304
11 of Title 63 of the Oklahoma Statutes;

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

- 15 a. front and back of an Oklahoma driver license,
- 16 b. front and back of an Oklahoma identification card,
- 17 c. a United States passport or other photo identification
18 issued by the United States government,
- 19 d. certified copy of the applicant's birth certificate
20 for minor applicants who do not possess a document
21 listed in this section, or
- 22 e. a tribal identification card approved for
23 identification purposes by the Oklahoma Department of
24 Public Safety; and

1 14. All applicants shall submit an applicant photograph.

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

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

9 2. Approved applicants shall be issued a medical marijuana
10 business license for the specific category applied under which shall
11 act as proof of their approved status. Rejection letters shall
12 provide a reason for the rejection. Applications may only be
13 rejected based on the applicant not meeting the standards set forth
14 in the provisions of this section, improper completion of the
15 application, or for a reason provided for in ~~this act~~ the Oklahoma
16 Medical Marijuana and Patient Protection Act. If an application is
17 rejected for failure to provide required information, the applicant
18 shall have thirty (30) days to submit the required information for
19 reconsideration. No additional application fee shall be charged for
20 such reconsideration.

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

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

4 H. A license provided by ~~this act~~ the Oklahoma Medical
5 Marijuana and Patient Protection Act or by Section 421, 422, 423 or
6 425 of Title 63 of the Oklahoma Statutes shall not be issued until
7 all relevant local licenses and permits have been issued by the
8 municipality, including but not limited to an occupancy permit or
9 certificate of compliance.

10 I. In the event that an applicant has not received the
11 necessary permits, certificates or licenses from a municipality, but
12 the applicant has fulfilled all other obligations required by ~~this~~
13 ~~act~~ the Oklahoma Medical Marijuana and Patient Protection Act, the
14 Authority shall grant a conditional license. A conditional license
15 shall remain valid for a period of one (1) year or until the
16 applicant obtains the necessary local permits, certificates or
17 licenses. An applicant shall not transfer any medical marijuana,
18 concentrate or products to a medical marijuana business, patient or
19 caregiver until approval is received from the Authority.

20 J. A medical marijuana business license shall not be issued to
21 or held by:

22 1. A person until all required fees have been paid;
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24
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1 2. A person who has been convicted of a nonviolent felony
2 within two (2) years of the date of application, or within five (5)
3 years for any other felony;

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

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

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

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

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

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

20 7. A person whose authority to be a caregiver as defined in
21 ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection Act
22 has been revoked by the Department.

23 K. In investigating the qualifications of an applicant or a
24 licensee, the Department, Authority and municipalities may have

1 access to criminal history record information furnished by a
2 criminal justice agency subject to any restrictions imposed by such
3 an agency. In the event the Department considers the criminal
4 history record of the applicant, the Department shall also consider
5 any information provided by the applicant regarding such criminal
6 history record, including but not limited to evidence of
7 rehabilitation, character references and educational achievements,
8 especially those items pertaining to the period of time between the
9 last criminal conviction of the applicant and the consideration of
10 the application for a state license.

11 L. The failure of an applicant to provide the requested
12 information by the Authority deadline may be grounds for denial of
13 the application.

14 M. All applicants shall submit information to the Department
15 and Authority in a full, faithful, truthful and fair manner. The
16 Department and Authority may recommend denial of an application
17 where the applicant made misstatements, omissions,
18 misrepresentations or untruths in the application or in connection
19 with the background investigation of the applicant. This type of
20 conduct may be considered as the basis for additional administrative
21 action against the applicant. Typos and scrivener errors shall not
22 be grounds for denial.

23 N. A licensed medical marijuana business premises shall be
24 subject to and responsible for compliance with applicable provisions

1 for medical marijuana business facilities as described in the most
2 recent versions of the Oklahoma Uniform Building Code, the
3 International Building Code and the International Fire Code, unless
4 granted an exemption by the Authority or municipality.

5 O. All medical marijuana business licensees shall pay the
6 relevant licensure fees prior to receiving licensure to operate a
7 medical marijuana business, as defined in ~~this act~~ the Oklahoma
8 Medical Marijuana and Patient Protection Act for each class of
9 license.

10 SECTION 5. This act shall become effective November 1, 2020.

12 57-2-3245 DC 1/15/2020 7:49:04 PM