

1 **SENATE FLOOR VERSION**

2 February 27, 2023

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 806

By: Howard and Garvin

6 An Act relating to medical marijuana; amending 63
7 O.S. 2021, Section 427.14, as last amended by Section
8 2, Chapter 328, O.S.L. 2022 (63 O.S. Supp. 2022,
9 Section 427.14), which relates to medical marijuana
10 business license; requiring an applicant to submit
11 verification of ownership or lease of a licensed
12 medical marijuana business premises; updating
13 statutory reference; authorizing the Oklahoma Medical
14 Marijuana Authority to require certain application
15 for transfer of license; prohibiting transfer without
16 approval; allowing Authority to revoke license or
17 forbid future licenses; establishing fee for
18 application; providing for promulgation of rules;
19 prohibiting transfers during certain investigations;
20 allowing for only one transfer per year; providing
21 for codification; and providing an effective date.

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

23 SECTION 1. AMENDATORY 63 O.S. 2021, Section 427.14, as
24 last amended by Section 2, Chapter 328, O.S.L. 2022 (63 O.S. Supp.
2022, Section 427.14), is amended to read as follows:

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

1. Medical marijuana commercial grower;
2. Medical marijuana processor;

- 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 annual, nonrefundable application fee for a medical
11 marijuana business license shall be Two Thousand Five Hundred
12 Dollars (\$2,500.00).

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

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

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

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

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

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

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

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

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

12 b. if applying as an individual, proof that the applicant
13 is a resident of this state pursuant to paragraph 11
14 of this subsection,

15 c. if applying as an entity, proof that seventy-five
16 percent (75%) of all members, managers, executive
17 officers, partners, board members or any other form of
18 business ownership are residents of this state
19 pursuant to paragraph 11 of this subsection,

20 d. if applying as an individual or entity, proof that the
21 individual or entity is registered to conduct business
22 in this state,
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24

- 1 e. disclosure of all ownership interests pursuant to the
2 Oklahoma Medical Marijuana and Patient Protection Act,
3 ~~and~~
- 4 f. proof that the medical marijuana business, medical
5 marijuana research facility, medical marijuana
6 education facility and medical marijuana waste
7 disposal facility applicant or licensee has not been
8 convicted of a nonviolent felony in the last two (2)
9 years, or any other felony conviction within the last
10 five (5) years, is not a current inmate in the custody
11 of the Department of Corrections, or currently
12 incarcerated in a jail or corrections facility, and
- 13 g. proof that the applicant has possessory right to the
14 real estate where the business will operate by
15 submission of a copy of an executed deed of conveyance
16 or a signed lease for the property;

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

1 that no address or physical location shall be permitted to have
2 multiple licenses within the same category;

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

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

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

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

1 documentation of proof of state residency shall include a
2 combination of the following:

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

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

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

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

- 21 a. front of a state-issued driver license,
- 22 b. front of a state-issued identification card,
- 23 c. a United States passport or other photo identification
24 issued by the United States government, or

1 d. a tribal identification card approved for
2 identification purposes by the Department of Public
3 Safety; and

4 14. All applicants shall submit an applicant photograph.

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

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

12 2. Approved applicants shall be issued a medical marijuana
13 business license for the specific category applied under, which
14 shall act as proof of their approved status. Rejection and denial
15 letters shall provide a reason for the rejection or denial.
16 Applications may only be rejected or denied based on the applicant
17 not meeting the standards set forth in the provisions of the
18 Oklahoma Medical Marijuana and Patient Protection Act and Sections
19 420 through 426.1 of this title, improper completion of the
20 application, or for a reason provided for in the Oklahoma Medical
21 Marijuana and Patient Protection Act and Sections 420 through 426.1
22 of this title. If an application is rejected for failure to provide
23 required information, the applicant shall have thirty (30) days to
24 submit the required information for reconsideration. No additional

1 application fee shall be charged for such reconsideration. Unless
2 the Authority determines otherwise, an application that has been
3 resubmitted but is still incomplete or contains errors that are not
4 clerical or typographical in nature shall be denied.

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

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

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

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

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

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

- 1 4. A person under twenty-five (25) years of age;
- 2 5. A person licensed pursuant to this section who, during a
3 period of licensure, or who, at the time of application, has failed
4 to:
- 5 a. file taxes, interest or penalties due related to a
6 medical marijuana business, or
- 7 b. pay taxes, interest or penalties due related to a
8 medical marijuana business;
- 9 6. A sheriff, deputy sheriff, police officer or prosecuting
10 officer, or an officer or employee of the Authority or municipality;
- 11 7. A person whose authority to be a caregiver, as defined in
12 Section 427.2 of this title, has been revoked by the Authority; or
- 13 8. A person who was involved in the management or operations of
14 any medical marijuana business, medical marijuana research facility,
15 medical marijuana education facility or medical marijuana waste
16 disposal facility that, after the initiation of a disciplinary
17 action, has had a medical marijuana license revoked, not renewed, or
18 surrendered during the five (5) years preceding submission of the
19 application and for the following violations:
- 20 a. unlawful sales or purchases,
- 21 b. any fraudulent acts, falsification of records or
22 misrepresentation to the Authority, medical marijuana
23 patient licensees, caregiver licensees or medical
24 marijuana business licensees,

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

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

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

K. All applicants and licensees shall submit information to the Authority in a full, faithful, truthful and fair manner. The Authority may recommend denial of an application where the applicant or licensee made misstatements, omissions, misrepresentations or untruths in the application or in connection with the background

1 investigation of the applicant. This type of conduct may be grounds
2 for administrative action against the applicant or licensee. Typos
3 and scrivener errors shall not be grounds for denial.

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

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

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

23 O. No medical marijuana business, medical marijuana research
24 facility, medical marijuana education facility or medical marijuana

1 waste disposal facility shall possess, sell, or transfer medical
2 marijuana or medical marijuana products without a valid, unexpired
3 license issued by the Authority.

4 P. A medical marijuana business license holder shall require
5 all individuals employed under their license to be issued a
6 credential pursuant to the provisions of Section ~~3 of this act~~
7 427.14a of this title prior to employment.

8 SECTION 2. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 427.14c of Title 63, unless
10 there is created a duplication in numbering, reads as follows:

11 A. After the effective date of this act, no medical marijuana
12 business license shall be transferred without approval of an
13 application to transfer by the Oklahoma Medical Marijuana Authority.

14 B. For purposes of this act, the "application to transfer"
15 shall include all information required of a new licensee for the
16 transferee including, but not limited to, a detailed inventory of
17 all seeds, plant tissue, clones, plants, usable marijuana or trim,
18 leaves and other plant matter, batches of extract, and marijuana
19 concentrates that are to be transferred. Attempts to transfer the
20 medical marijuana business license or substantially all of the
21 listed medical marijuana products of a medical marijuana business
22 outside of the normal course of business without approval from the
23 Authority shall be grounds for revocation of the license and denial
24 for further licenses.

1 C. The application fee for the application to transfer shall be
2 the same as the fee charged for the underlying license application.

3 D. The Authority shall promulgate rules regarding the approval
4 and denial of transfers of licenses. Transfers shall not be allowed
5 for any licensee who is under investigation by the Authority or any
6 other law enforcement agency. No business license shall be
7 transferred more than once in a calendar year.

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

9 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS AND COMMERCE
10 February 27, 2023 - DO PASS AS AMENDED BY CS

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