

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1469

By: Quinn

AS INTRODUCED

An Act relating to medical marijuana; amending Sections 2, 3 and 4, State Question No. 788, Initiative Petition No. 412 (63 O.S. Supp. 2019, Sections 421, 422 and 423), which relate to certain licenses; requiring proof of liability insurance and worker compensation coverage as condition for licensure; setting liability amount; providing an effective date; and declaring an emergency.

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 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) and a method of payment will be provided on the website. Retail applicants must all be Oklahoma state residents. Any entity

1 applying for a retail license must be owned by an Oklahoma state  
2 resident and must be registered to do business in Oklahoma. The  
3 Oklahoma State Department of Health shall have two (2) weeks to  
4 review the application, approve or reject the application, and mail  
5 the approval/rejection letter (if rejected, stating reasons for  
6 rejection) to the applicant.

7 B. The Oklahoma State Department of Health must approve all  
8 applications which meet the following criteria:

9 1. Applicant must be age twenty-five (25) or older;

10 2. Any applicant, 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;

19 6. All applicants must disclose all ownership;

20 7. Applicant(s) with only nonviolent felony conviction(s) in  
21 the last two (2) years, any other felony conviction in ~~five~~ 5  
22 ~~(years)~~ five (5) years, inmates, or any person currently  
23 incarcerated may not qualify for a medical marijuana dispensary  
24 license; and

1       8. Beginning July 1, 2020, every applicant shall submit,  
2 whether applying as a person or entity, written proof of possessing  
3 a liability insurance policy in the amount of One Million Dollars  
4 (\$1,000,000.00) and workers' compensation coverage satisfactory  
5 under the Workers' Compensation Act for all persons working at the  
6 dispensary. Such insurance and workers' compensation shall be  
7 required to be in effect during the term of licensure.

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

22       D. Only a licensed medical marijuana retailer may conduct  
23 retail sales of marijuana, or marijuana derivatives in the form  
24 provided by licensed processors, and these products can only be sold

1 to a medical marijuana license holder or their caregiver. Penalties  
2 for fraudulent sales occurring within any ~~2-year~~ two-year time  
3 period will be an initial fine of Five Thousand Dollars (\$5,000.00)  
4 (first) and revocation of licensing (second).

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

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

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

- 20 1. Applicant must be age twenty-five (25) or older;
- 21 2. Any applicant, applying as an individual, must show  
22 residency in the State of Oklahoma;
- 23 3. All applying entities must show that all members, managers,  
24 and board members are Oklahoma residents;

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

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

6       6. All applicants must disclose all ownership;

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

11       8. Beginning July 1, 2020, every applicant shall submit,  
12 whether applying as a person or entity, written proof of possessing  
13 a liability insurance policy in the amount of One Million Dollars  
14 (\$1,000,000.00) and workers' compensation coverage satisfactory  
15 under the Workers' Compensation Act for all persons working at the  
16 commercial grower facility. Such insurance and workers'  
17 compensation shall be required to be in effect during the term of  
18 licensure.

19       C. A licensed commercial grower may sell marijuana to a  
20 licensed retailer, or a licensed packager. Further, these sales  
21 will be considered wholesale sales and not subject to taxation.  
22 Under no circumstances may a licensed commercial grower sell  
23 marijuana directly to a medical marijuana license holder. A  
24 licensed commercial grower may only sell at the wholesale level to a

1 licensed retailer or a licensed processor. If the federal  
2 government lifts restrictions on buying and selling marijuana  
3 between states, then a licensed commercial grower would be allowed  
4 to sell and buy marijuana wholesale from, or to, an out of state  
5 wholesale provider. A licensed commercial grower will be required  
6 to complete a monthly yield and sales report to the Oklahoma  
7 Department of Health. This report will be due on the 15th of each  
8 month and provide reporting on the previous month. This report will  
9 detail amount of marijuana harvested in pounds, the amount of drying  
10 or dried marijuana on hand, the amount of marijuana sold to  
11 processors in pounds, the amount of waste in pounds, and the amount  
12 of marijuana sold to retailers in ~~the~~ pounds. Additionally, this  
13 report will show total wholesale sales in dollars. The Oklahoma  
14 State Department of Health will have oversight and auditing  
15 responsibilities to ensure that all marijuana being grown is  
16 accounted for. A licensed grower will only be subject to a penalty  
17 if a gross discrepancy exists and cannot be explained. Penalties  
18 for fraudulent reporting or sales occurring within any ~~2-year~~ two-  
19 year time period will be an initial fine of Five Thousand Dollars  
20 (\$5,000.00) (first) and revocation of licensing (second).

21 D. There shall be no limits on how much marijuana a licensed  
22 grower can grow.  
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1       SECTION 3.       AMENDATORY       Section 4, State Question No. 788,  
2 Initiative Petition No. 412 (63 O.S. Supp. 2019, Section 423), is  
3 amended to read as follows:

4       Section 423. A. The Oklahoma State Department of Health shall  
5 within thirty (30) days of passage of this initiative, make  
6 available, on their website, in an easy to find location, an  
7 application for a medical marijuana processing license. The  
8 application fee shall be Two Thousand Five Hundred Dollars  
9 (\$2,500.00) and methods of payment will be provided on the website.  
10 The Oklahoma State Department of Health shall have two (2) weeks to  
11 review the application, approve or reject the application, and mail  
12 the approval/rejection letter (if rejected, stating reasons for  
13 rejection) to the applicant.

14       B. The Oklahoma State Department of Health must approve all  
15 applications which meet the following criteria:

- 16       1. Applicant must be age twenty-five (25) or older;
- 17       2. Any applicant, applying as an individual, must show  
18 residency in the State of Oklahoma;
- 19       3. All applying entities must show that all members, managers,  
20 and board members are Oklahoma residents;
- 21       4. An applying entity may show ownership of non-Oklahoma  
22 residents, but that percentage ownership may not exceed twenty-five  
23 percent (25%);

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

3        6. All applicants must disclose all ownership;

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

8        8. Beginning July 1, 2020, every applicant shall submit,  
9 whether applying as a person or entity, written proof of possessing  
10 a liability insurance policy in the amount of One Million Dollars  
11 (\$1,000,000.00) and workers' compensation coverage satisfactory  
12 under the Workers' Compensation Act for all persons working at the  
13 processing facility. Such insurance and workers' compensation shall  
14 be required to be in effect during the term of the licensure.

15        C. A licensed processor may take marijuana plants and distill  
16 or process these plants into concentrates, edibles, and other forms  
17 for consumption. As required by subsection D of this section, the  
18 Oklahoma State Department of Health will, within sixty (60) days of  
19 passage of this initiative, make available a set of standards which  
20 will be used by licensed processors in the preparation of edible  
21 marijuana products. This should be in line with current food  
22 preparation guidelines and no excessive or punitive rules may be  
23 established by the Oklahoma State Department of Health. Once a  
24 year, the Oklahoma State Department of Health may inspect a



1 processing operation and determine its compliance with the  
2 preparation standards. If deficiencies are found, a written report  
3 of deficiency will be issued to the processor. The processor will  
4 have one (1) month to correct the deficiency or be subject to a fine  
5 of Five Hundred Dollars (\$500.00) for each deficiency. A licensed  
6 processor may sell marijuana products it creates to a licensed  
7 retailer, or any other licensed processor. Further, these sales  
8 will be considered wholesale sales and not subject to taxation.  
9 Under no circumstances may a licensed processor sell marijuana, or  
10 any marijuana product, directly to a medical marijuana license  
11 holder. However, a licensed processor may process cannabis into a  
12 concentrated form, for a medical license holder, for a fee.  
13 Processors will be required to complete a monthly yield and sales  
14 report to the Oklahoma State Department of Health. This report will  
15 be due on the 15th of each month and provide reporting on the  
16 previous month. This report will detail amount of marijuana  
17 purchased in pounds, the amount of marijuana cooked or processed in  
18 pounds, and the amount of waste in pounds. Additionally, this  
19 report will show total wholesale sales in dollars. The Oklahoma  
20 State Department of Health will have oversight and auditing  
21 responsibilities to ensure that all marijuana being grown is  
22 accounted for. A licensed processor will only be subject to a  
23 penalty if a gross discrepancy exists and cannot be explained.  
24 Penalties for fraudulent reporting occurring within any ~~2-year~~ two-

1 year time period will be an initial fine of Five Thousand Dollars  
2 (\$5,000.00) (first) and revocation of licensing (second).

3 D. The inspection and compliance of processors producing  
4 products with marijuana as an additive. The Oklahoma State  
5 Department of Health will be compelled to, within thirty (30) days  
6 of passage of this initiative, appoint a board of twelve (12)  
7 Oklahoma residents, who are marijuana industry experts, to create a  
8 list of food safety standards for processing and handling medical  
9 marijuana in Oklahoma. These standards will be adopted by the  
10 agency and the agency can enforce these standards for processors.  
11 The agency will develop a standards review procedure and these  
12 standards can be altered by calling another board of twelve (12)  
13 Oklahoma marijuana industry experts. A signed letter of twenty (20)  
14 operating processors would constitute a need for a new board and  
15 standard review.

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

18 F. Any device used for the consumption of medical marijuana  
19 shall be considered legal to be sold, manufactured, distributed, and  
20 possessed. No merchant, wholesaler, manufacturer, or individual may  
21 unduly be harassed or prosecuted for selling, manufacturing, or  
22 possession of medical marijuana paraphernalia.

23 SECTION 4. This act shall become effective July 1, 2020.  
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1       SECTION 5. It being immediately necessary for the preservation  
2 of the public peace, health or safety, an emergency is hereby  
3 declared to exist, by reason whereof this act shall take effect and  
4 be in full force from and after its passage and approval.  
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