

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 58th Legislature (2022)

4
5 COMMITTEE SUBSTITUTE
6 FOR
7 HOUSE BILL NO. 3891

By: Townley and **Grego** of the
House

and

Weaver of the Senate

11 COMMITTEE SUBSTITUTE

12 An Act relating to medical marijuana; amending 63
13 O.S. 2021, Section 422, which relates to medical
14 marijuana commercial grower licensing; prohibiting
15 medical marijuana commercial grow operations from
16 being located near public schools; providing for the
17 continuation of licensure under certain
18 circumstances; defining term; providing an exception
19 to certain defined term; and providing an effective
20 date.

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

22 SECTION 1. AMENDATORY 63 O.S. 2021, Section 422, is
23 amended to read as follows:

24 Section 422. A. The State Department of Health shall, within
thirty (30) days of passage of this initiative, make available on
its website in an easy-to-find location an application for a

1 commercial grower license. The application fee shall be Two
2 Thousand Five Hundred Dollars (\$2,500.00). A method of payment
3 shall be provided on the website of the Department. The State
4 Department of Health shall have ninety (90) days to review the
5 application; approve, reject or deny the application; and mail the
6 approval, rejection or denial letter stating the reasons for the
7 rejection or denial to the applicant.

8 B. The State Department of Health shall approve all
9 applications which meet the following criteria:

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

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

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

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

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

21 6. All applicants must disclose all ownership interests in the
22 commercial grower operation.

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 commercial grower may sell marijuana to a
5 licensed dispensary or a licensed processor. Further, sales by a
6 licensed commercial grower shall be considered wholesale sales and
7 shall not be subject to taxation. Under no circumstances may a
8 licensed commercial grower sell marijuana directly to a licensed
9 medical marijuana patient or licensed caregiver. A licensed
10 commercial grower may only sell at the wholesale level to a licensed
11 dispensary, a licensed grower or a licensed processor. If the
12 federal government lifts restrictions on buying and selling
13 marijuana between states, then a licensed commercial grower would be
14 allowed to sell and buy marijuana wholesale from, or to, an out-of-
15 state wholesale provider. A licensed commercial grower shall be
16 required to complete a monthly yield and sales report to the State
17 Department of Health. This report shall be due on the fifteenth of
18 each month and provide reporting on the previous month. This report
19 shall detail the amount of marijuana harvested in pounds, the amount
20 of drying or dried marijuana on hand, the amount of marijuana sold
21 to licensed processors in pounds, the amount of waste in pounds, and
22 the amount of marijuana sold to licensed dispensaries in pounds.
23 Additionally, this report shall show total wholesale sales in
24 dollars. The State Department of Health shall have oversight and

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

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

E. Beginning on the effective date of this act, licensed 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 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 State Commissioner of Health.

F. 1. The location of any licensed medical marijuana processor or licensed medical marijuana commercial grow operation is specifically prohibited within one thousand (1,000) feet of any public school. The distance indicated in this subsection shall be measured from the nearest property line of the public school to the nearest perimeter wall of the licensed premises of the medical marijuana processor or medical marijuana commercial grower.

2. If a licensed medical marijuana processor or licensed medical marijuana commercial grow operation was established within one thousand (1,000) feet of a public school at the time of initial

1 licensure, the medical marijuana processor or medical marijuana
2 commercial grower licensee shall be permitted to continue operating
3 at the licensed premises in the same manner and not be subject to
4 nonrenewal or revocation due to subsequent events or changes in
5 regulations occurring after licensure that would render the medical
6 marijuana processor or medical marijuana commercial grower in
7 violation of the provisions of this subsection. If any public
8 school is established within one thousand (1,000) feet of any
9 medical marijuana processor or medical marijuana commercial grow
10 operation after such medical marijuana processor or medical
11 marijuana commercial grower has been licensed, the provisions of
12 this subsection shall not be a deterrent to the renewal of such
13 license or warrant revocation of the license.

14 3. As used in this subsection, "public school" means all free
15 schools supported by public taxation, and shall include grades
16 prekindergarten through twelve and technology center schools that
17 provide vocational and technical instruction for high school
18 students who attend the technology center school on a tuition-free
19 basis. The term "public school" shall include property used for
20 athletic events including stadiums, athletic facilities, ballparks
21 and fields that are owned, used, or operated by a public school.
22 The term "public school" shall not include private schools, home
23 schools, or virtual schools. For purposes of this subsection, a
24 property owned, used, or operated by a public school that is not

1 used for classroom instruction on core curriculum, such as an
2 administrative building, shall not constitute a public school unless
3 such property is located on the same campus as a building used for
4 classroom instruction on core curriculum.

5 SECTION 2. This act shall become effective November 1, 2022.

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7 COMMITTEE REPORT BY: COMMITTEE ON ALCOHOL, TOBACCO AND CONTROLLED
8 SUBSTANCES, dated 03/03/2022 - DO PASS, As Amended and Coauthored.
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