

1 **SENATE FLOOR VERSION**

2 March 3, 2022

3 SENATE BILL NO. 1697

By: Jech of the Senate

4 and

5 Moore of the House

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7
8 An Act relating to medical marijuana growing
operations; amending 63 O.S. 2021, Section 427.14, as
9 last amended by Section 8, Chapter 584, O.S.L. 2021,
which relates to the medical marijuana business
10 license; requiring bond to be submitted during
application process if participating in growing
11 operations; requiring bond to be filed with the
Oklahoma Medical Marijuana Authority for designated
12 area of commercial growing operations; providing
minimum amount; allowing Authority to require
13 additional coverage; requiring amount should be
sufficient in event of loss of license; providing for
14 codification; and declaring an emergency.

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

18 SECTION 1. AMENDATORY 63 O.S. 2021, Section 427.14, as
19 last amended by Section 8, Chapter 584, O.S.L. 2021, is amended to
20 read as follows:

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

24 1. Medical marijuana commercial grower;

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

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

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

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

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

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

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

3. Applicants shall submit a complete application to the 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, meets the following criteria:

11 a. all applicants shall be age twenty-five (25) years of
12 age or older,

13 b. any applicant applying as an individual shall show
14 proof that the applicant is an Oklahoma resident
15 pursuant to paragraph ~~11~~ 12 of this subsection,

16 c. any applicant applying as an entity shall show that
17 seventy-five percent (75%) of all members, managers,
18 executive officers, partners, board members or any
19 other form of business ownership are Oklahoma
20 residents pursuant to paragraph ~~11~~ 12 of this
21 subsection,

22 d. all applying individuals or entities shall be
23 registered to conduct business in this state,
24

1 e. all applicants shall disclose all ownership interests
2 pursuant to the Oklahoma Medical Marijuana and Patient
3 Protection Act, and

4 f. applicants shall not have been convicted of a
5 nonviolent felony in the last two (2) years, and any
6 other felony conviction within the last five (5)
7 years, shall not be current inmates, or currently
8 incarcerated in a jail or corrections facility;

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

17 9. All applicants for a medical marijuana business license,
18 research facility license or education facility license authorized
19 by the Oklahoma Medical Marijuana and Patient Protection Act shall
20 undergo an Oklahoma criminal history background check conducted by
21 the Oklahoma State Bureau of Investigation (OSBI) within thirty (30)
22 days prior to the application for the license including:

- 23 a. individual applicants applying on their own behalf,
24 b. individuals applying on behalf of an entity,

1 c. all principal officers of an entity, and

2 d. all owners of an entity as defined by Section 427.2 of
3 this title;

4 10. All applicants for a medical marijuana business license
5 seeking to operate a commercial grow shall file along with their
6 application a bond as prescribed in Section 2 of this act;

7 ~~10.~~ 11. All applicable fees charged by OSBI are the
8 responsibility of the applicant and shall not be higher than fees
9 charged to any other person or industry for such background checks;

10 ~~11.~~ 12. In order to be considered an Oklahoma resident for
11 purposes of a medical marijuana business application, all applicants
12 shall provide proof of Oklahoma residency for at least two (2) years
13 immediately preceding the date of application or five (5) years of
14 continuous Oklahoma residency during the preceding twenty-five (25)
15 years immediately preceding the date of application. Sufficient
16 documentation of proof of residency shall include a combination of
17 the following:

18 a. an unexpired Oklahoma-issued driver license,

19 b. an Oklahoma voter identification card,

20 c. a utility bill preceding the date of application,
21 excluding cellular telephone and Internet bills,

22 d. a residential property deed to property in this state,
23 and
24

1 e. a rental agreement preceding the date of application
2 for residential property located in this state.

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

7 ~~12.~~ 13. All license applicants shall be required to submit a
8 registration with the Oklahoma State Bureau of Narcotics and
9 Dangerous Drugs Control as provided in Sections 2-302 through 2-304
10 of this title;

11 ~~13.~~ 14. All applicants shall establish their identity through
12 submission of a color copy or digital image of one of the following
13 unexpired documents:

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

24 ~~14.~~ 15. All applicants shall submit an applicant photograph.

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

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

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

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

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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 Authority.

4 H. A medical marijuana business license shall not be issued to
5 or held by:

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

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

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

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

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

19 a. file taxes, interest or penalties due related to a
20 medical marijuana business, or

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

1 6. A sheriff, deputy sheriff, police officer or prosecuting
2 officer, or an officer or employee of the Authority or municipality;
3 or

4 7. A person whose authority to be a caregiver as defined in the
5 Oklahoma Medical Marijuana and Patient Protection Act has been
6 revoked by the Authority.

7 I. In investigating the qualifications of an applicant or a
8 licensee, the Authority and municipalities may have access to
9 criminal history record information furnished by a criminal justice
10 agency subject to any restrictions imposed by such an agency. In
11 the event the Authority considers the criminal history record of the
12 applicant, the Authority shall also consider any information
13 provided by the applicant regarding such criminal history record
14 including but not limited to evidence of rehabilitation, character
15 references and educational achievements, especially those items
16 pertaining to the period of time between the last criminal
17 conviction of the applicant and the consideration of the application
18 for a state license.

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

22 K. All applicants shall submit information to the Authority in
23 a full, faithful, truthful and fair manner. The Authority may
24 recommend denial of an application where the applicant made

1 misstatements, omissions, misrepresentations or untruths in the
2 application or in connection with the background investigation of
3 the applicant. This type of conduct may be considered as the basis
4 for additional administrative action against the applicant. Typos
5 and scrivener errors shall not be grounds for denial.

6 L. A licensed medical marijuana business premises shall be
7 subject to and responsible for compliance with applicable provisions
8 for medical marijuana business facilities as described in the most
9 recent versions of the Oklahoma Uniform Building Code, the
10 International Building Code and the International Fire Code, unless
11 granted an exemption by the Authority or municipality.

12 M. All medical marijuana business licensees shall pay the
13 relevant licensure fees prior to receiving licensure to operate a
14 medical marijuana business, as defined in the Oklahoma Medical
15 Marijuana and Patient Protection Act for each class of license.

16 N. An original medical marijuana business license issued on or
17 after June 26, 2018, by the Authority, for a medical marijuana
18 commercial grower, a medical marijuana processor or a medical
19 marijuana dispensary shall be deemed to have been grandfathered into
20 the location on the date the original license was first issued for
21 purposes of determining the authority of the business to conduct and
22 continue the same type of business at that location under a license
23 issued by the Authority, except as may be provided in Sections 425
24 and 426.1 of this title. Any change in ownership after the original

1 medical marijuana business license has been issued by the Authority
2 shall be construed by the Authority to be a continuation of the same
3 type of business originally licensed at that location. Nothing
4 shall authorize the Authority to deny issuance or renewal of a
5 license or transfer of license due to a change in ownership for the
6 same business location previously licensed, except when a revocation
7 is otherwise authorized by law or a protest is made under the
8 municipal compliance provisions of Section 426.1 of this title.

9 SECTION 2. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 427.25 of Title 63, unless there
11 is created a duplication in numbering, reads as follows:

12 A. It shall be unlawful for any holder of a medical marijuana
13 business license pursuant to Section 427.14 of Title 63 of the
14 Oklahoma Statutes to engage in any commercial growing operations in
15 this state without acquiring a bond. The bond shall cover that area
16 of land within the permit area upon which the business licensee will
17 initiate and conduct commercial growing operations.

18 B. Every applicant for a commercial grower license or
19 commercial grower licensee shall file with the Oklahoma Medical
20 Marijuana Authority a bond satisfactory to the Authority and in the
21 amount no less than Twenty-five Thousand Dollars (\$25,000.00) for
22 each license sought or held, with a surety company qualified to do
23 business in this state as surety. The bond shall be furnished to
24 the state for the use of the state pursuant to the provisions of

1 this act. The bond shall be conditional that the obligor will
2 comply with the provisions of this act and all rules and regulations
3 made pursuant to this act and will pay all amounts of money that may
4 be due to the state during the time such bond is in effect.

5 C. The Authority may require a higher amount depending upon the
6 reclamation requirements of the approved application. The amount
7 shall reflect the probable difficulty of reclamation with
8 consideration for such factors including, but not limited to,
9 topography, hydrology, and revegetation potential. The amount of
10 the bond for a commercial growing operation shall be sufficient to
11 assure the completion of the reclamation plan if the work has to be
12 performed by the Authority in the event of revocation of license.

13 SECTION 3. It being immediately necessary for the preservation
14 of the public peace, health or safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

17 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS, COMMERCE AND TOURISM
18 March 3, 2022 - DO PASS
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