

OKLAHOMA STATE SENATE
CONFERENCE
COMMITTEE REPORT

May 11, 2022

Mr. President:

Mr. Speaker:

The Conference Committee, to which was referred

SB1697

By: Jech of the Senate and Newton of the House

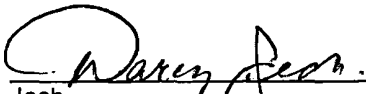
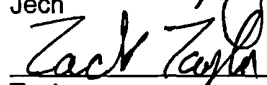

Title: Medical marijuana; growing operations; requiring bond for grow operations. Emergency.


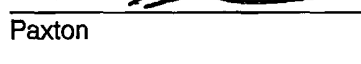
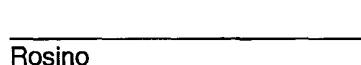
together with Engrossed House Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the House recede from all Amendments.
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

SENATE CONFEREES:


Jech

Taylor

Dossett (J.J.)


Leewright

Paxton

Rosino

HOUSE CONFEREES:

Conference Committee on Alcohol, Tobacco, and Controlled Substances

1 STATE OF OKLAHOMA

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

3 CONFERENCE COMMITTEE SUBSTITUTE
4 FOR ENGROSSED

5 SENATE BILL NO. 1697

By: Jech and Pederson of the
Senate

6 and

7 Newton of the House

8
9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to medical marijuana growing
11 operations; amending 63 O.S. 2021, Section 427.14, as
12 last amended by Section 8, Chapter 584, O.S.L. 2021,
13 which relates to the medical marijuana business
14 license; requiring bond to be submitted during
15 application process if participating in growing
16 operations; requiring bond to be filed with the
17 Oklahoma Medical Marijuana Authority for designated
18 area of commercial growing operations; providing
19 minimum amount; allowing Authority to require
20 additional coverage; requiring amount should be
21 sufficient in event of loss of license; providing an
22 exception; updating statutory language; providing for
23 codification; and declaring an emergency.
24

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

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

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

- 4 1. Medical marijuana commercial grower;
- 5 2. Medical marijuana processor;
- 6 3. Medical marijuana dispensary;
- 7 4. Medical marijuana transporter; and
- 8 5. Medical marijuana testing laboratory.

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

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

15 D. The nonrefundable application fee for a medical marijuana
16 business license shall be Two Thousand Five Hundred Dollars
17 (\$2,500.00).

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

- 21 1. All applications for licenses and registrations authorized
22 pursuant to this section shall be made upon forms prescribed by the
23 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 Authority 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) years of
17 age or older,

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

21 c. any applicant applying as an entity shall show that
22 seventy-five percent (75%) of all members, managers,
23 executive officers, partners, board members or any
24 other form of business ownership are Oklahoma

1 residents pursuant to paragraph ~~11~~ 12 of this
2 subsection,

3 d. all applying individuals or entities shall be
4 registered to conduct business in this state,

5 e. all applicants shall disclose all ownership interests
6 pursuant to the Oklahoma Medical Marijuana and Patient
7 Protection Act, and

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

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

21 9. All applicants for a medical marijuana business license,
22 research facility license or education facility license authorized
23 by the Oklahoma Medical Marijuana and Patient Protection Act shall
24 undergo an Oklahoma criminal history background check conducted by

1 the Oklahoma State Bureau of Investigation (OSBI) within thirty (30)
2 days prior to the application for the license 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 Section 427.2 of
7 this title;

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

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

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

- 22 a. an unexpired Oklahoma-issued driver license,
- 23 b. an Oklahoma voter identification card,

- c. a utility bill preceding the date of application,
excluding cellular telephone and Internet bills,
- d. a residential property deed to property in this state,
and
- e. a rental agreement preceding the date of application
for residential property located in this state.

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

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

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

- a. front and back of an Oklahoma driver license,
- b. front and back of an Oklahoma identification card,
- c. a United States passport or other photo identification
issued by the United States government,
- d. certified copy of the applicant's birth certificate
for minor applicants who do not possess a document
listed in this section, or

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

4 ~~14.~~ 15. All applicants shall submit an applicant photograph.

5 F. The Authority shall review the medical marijuana business
6 application, approve or reject the application and mail the
7 approval, rejection or status-update letter to the applicant within
8 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 shall
14 act as proof of their approved status. Rejection letters shall
15 provide a reason for the rejection. Applications may only be
16 rejected based on the applicant not meeting the standards set forth
17 in the provisions of this section, improper completion of the
18 application or for a reason provided for in the Oklahoma Medical
19 Marijuana and Patient Protection Act. If an application is rejected
20 for failure to provide required information, the applicant shall
21 have thirty (30) days to submit the required information for
22 reconsideration. No additional application fee shall be charged for
23 such reconsideration.

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

5 4. Approval, rejection or status-update letters shall be sent
6 to the applicant in the same method the application was submitted to
7 the Authority.

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

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

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

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

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

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

23 a. file taxes, interest or penalties due related to a
24 medical marijuana business, or

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

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

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

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

21 J. The failure of an applicant to provide the requested
22 information by the Authority deadline may be grounds for denial of
23 the application.
24

1 K. All applicants shall submit information to the Authority in
2 a full, faithful, truthful and fair manner. The Authority may
3 recommend denial of an application where the applicant made
4 misstatements, omissions, misrepresentations or untruths in the
5 application or in connection with the background investigation of
6 the applicant. This type of conduct may be considered as the basis
7 for additional administrative action against the applicant. Typos
8 and scrivener errors shall not be grounds for denial.

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

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

19 N. An original medical marijuana business license issued on or
20 after June 26, 2018, by the Authority, for a medical marijuana
21 commercial grower, a medical marijuana processor or a medical
22 marijuana dispensary shall be deemed to have been grandfathered into
23 the location on the date the original license was first issued for
24 purposes of determining the authority of the business to conduct and

1 continue the same type of business at that location under a license
2 issued by the Authority, except as may be provided in Sections 425
3 and 426.1 of this title. Any change in ownership after the original
4 medical marijuana business license has been issued by the Authority
5 shall be construed by the Authority to be a continuation of the same
6 type of business originally licensed at that location. Nothing
7 shall authorize the Authority to deny issuance or renewal of a
8 license or transfer of license due to a change in ownership for the
9 same business location previously licensed, except when a revocation
10 is otherwise authorized by law or a protest is made under the
11 municipal compliance provisions of Section 426.1 of this title.

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

15 A. It shall be unlawful for any holder of a medical marijuana
16 business license pursuant to Section 427.14 of Title 63 of the
17 Oklahoma Statutes to engage in any commercial growing operations in
18 this state without acquiring a bond, unless otherwise provided in
19 subsection D of this section. The bond shall cover that area of
20 land within the permit area upon which the business licensee will
21 initiate and conduct commercial growing operations.

22 B. Every applicant for a commercial grower license or
23 commercial grower licensee shall file with the Oklahoma Medical
24 Marijuana Authority a bond satisfactory to the Authority and in the

1 amount no less than Twenty-five Thousand Dollars (\$25,000.00) for
2 each license sought or held, with a surety company qualified to do
3 business in this state as surety. The bond shall be furnished to
4 the state for the use of the state pursuant to the provisions of
5 this act. The bond shall be conditional that the obligor will
6 comply with the provisions of this act and all rules and regulations
7 made pursuant to this act and will pay all amounts of money that may
8 be due to the state during the time such bond is in effect.

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

17 D. A holder of a medical marijuana business license pursuant to
18 Section 427.14 of Title 63 of the Oklahoma Statutes engaging in a
19 commercial growing operation may operate without obtaining a bond
20 upon verification by the Authority that the permitted land on which
21 the licensee operates the commercial growing operation has been
22 owned by the licensee for a least a five-year period prior to
23 submission of application.

1 SECTION 3. 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.

5
6 58-2-3901 MR 5/17/2022 10:02:34 AM

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24