

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

SENATE BILL 1697

By: Jech

AS INTRODUCED

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

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:

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;
3. Medical marijuana dispensary;

1 4. Medical marijuana transporter; and

2 5. Medical marijuana testing laboratory.

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

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

9 D. The nonrefundable application fee for a medical marijuana
10 business license shall be Two Thousand Five Hundred Dollars
11 (\$2,500.00).

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

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

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

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

23 4. All applications shall be complete and accurate in every
24 detail;

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

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

7 7. All applicants shall be approved for licensing review that,
8 at a minimum, meets the following criteria:

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

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

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

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

22 e. all applicants shall disclose all ownership interests
23 pursuant to the Oklahoma Medical Marijuana and Patient
24 Protection Act, and
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1 f. applicants shall not have been convicted of a
2 nonviolent felony in the last two (2) years, and any
3 other felony conviction within the last five (5)
4 years, shall not be current inmates, or currently
5 incarcerated in a jail or corrections facility;

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

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

- 20 a. individual applicants applying on their own behalf,
- 21 b. individuals applying on behalf of an entity,
- 22 c. all principal officers of an entity, and
- 23 d. all owners of an entity as defined by Section 427.2 of
- 24 this title;

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

4 ~~10.~~ 11. All applicable fees charged by OSBI are the
5 responsibility of the applicant and shall not be higher than fees
6 charged to any other person or industry for such background checks;

7 ~~11.~~ 12. In order to be considered an Oklahoma resident for
8 purposes of a medical marijuana business application, all applicants
9 shall provide proof of Oklahoma residency for at least two (2) years
10 immediately preceding the date of application or five (5) years of
11 continuous Oklahoma residency during the preceding twenty-five (25)
12 years immediately preceding the date of application. Sufficient
13 documentation of proof of residency shall include a combination of
14 the following:

- 15 a. an unexpired Oklahoma-issued driver license,
- 16 b. an Oklahoma voter identification card,
- 17 c. a utility bill preceding the date of application,
- 18 excluding cellular telephone and Internet bills,
- 19 d. a residential property deed to property in this state,
- 20 and
- 21 e. a rental agreement preceding the date of application
- 22 for residential property located in this state.

23 Applicants that were issued a medical marijuana business license
24 prior to the enactment of the Oklahoma Medical Marijuana and Patient
25

1 Protection Act are hereby exempt from the two-year or five-year
2 Oklahoma residence requirement mentioned above;

3 ~~12.~~ 13. All license applicants shall be required to submit a
4 registration with the Oklahoma State Bureau of Narcotics and
5 Dangerous Drugs Control as provided in Sections 2-302 through 2-304
6 of this title;

7 ~~13.~~ 14. All applicants shall establish their identity through
8 submission of a color copy or digital image of one of the following
9 unexpired documents:

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

20 ~~14.~~ 15. All applicants shall submit an applicant photograph.

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

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

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

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

20 4. Approval, rejection or status-update letters shall be sent
21 to the applicant in the same method the application was submitted to
22 the Authority.

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

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

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

5 3. A corporation, if the criminal history of any of its
6 officers, directors or stockholders indicates that the officer,
7 director or stockholder 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 4. A person under twenty-five (25) years of age;

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

14 a. file taxes, interest or penalties due related to a
15 medical marijuana business, or

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

18 6. A sheriff, deputy sheriff, police officer or prosecuting
19 officer, or an officer or employee of the Authority or municipality;
20 or

21 7. A person whose authority to be a caregiver as defined in the
22 Oklahoma Medical Marijuana and Patient Protection Act has been
23 revoked by the Authority.
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1 I. In investigating the qualifications of an applicant or a
2 licensee, the Authority and municipalities may have access to
3 criminal history record information furnished by a criminal justice
4 agency subject to any restrictions imposed by such an agency. In
5 the event the Authority considers the criminal history record of the
6 applicant, the Authority shall also consider any information
7 provided by the applicant regarding such criminal history record
8 including but not limited to evidence of rehabilitation, character
9 references and educational achievements, especially those items
10 pertaining to the period of time between the last criminal
11 conviction of the applicant and the consideration of the application
12 for a state license.

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

16 K. All applicants shall submit information to the Authority in
17 a full, faithful, truthful and fair manner. The Authority may
18 recommend denial of an application where the applicant made
19 misstatements, omissions, misrepresentations or untruths in the
20 application or in connection with the background investigation of
21 the applicant. This type of conduct may be considered as the basis
22 for additional administrative action against the applicant. Typos
23 and scrivener errors shall not be grounds for denial.

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

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

11 N. An original medical marijuana business license issued on or
12 after June 26, 2018, by the Authority, for a medical marijuana
13 commercial grower, a medical marijuana processor or a medical
14 marijuana dispensary shall be deemed to have been grandfathered into
15 the location on the date the original license was first issued for
16 purposes of determining the authority of the business to conduct and
17 continue the same type of business at that location under a license
18 issued by the Authority, except as may be provided in Sections 425
19 and 426.1 of this title. Any change in ownership after the original
20 medical marijuana business license has been issued by the Authority
21 shall be construed by the Authority to be a continuation of the same
22 type of business originally licensed at that location. Nothing
23 shall authorize the Authority to deny issuance or renewal of a
24 license or transfer of license due to a change in ownership for the

1 same business location previously licensed, except when a revocation
2 is otherwise authorized by law or a protest is made under the
3 municipal compliance provisions of Section 426.1 of this title.

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

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

13 B. Every applicant for a commercial grower license or
14 commercial grower licensee shall file with the Oklahoma Medical
15 Marijuana Authority a bond satisfactory to the Authority and in the
16 amount no less than Twenty-five Thousand Dollars (\$25,000.00) for
17 each license sought or held, with a surety company qualified to do
18 business in this state as surety. The bond shall be furnished to
19 the state for the use of the state pursuant to the provisions of
20 this act. The bond shall be conditional that the obligor will
21 comply with the provisions of this act and all rules and regulations
22 made pursuant to this act and will pay all amounts of money that may
23 be due to the state during the time such bond is in effect.

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

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

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