

1 ENGROSSED HOUSE AMENDMENT  
TO

2 ENGROSSED SENATE BILL NO. 532

By: Brooks and McCortney of the  
Senate

3  
4 and

5 Fetgatter of the House

6

7

8

An Act relating to foreclosure of medical marijuana  
businesses; establishing procedures for continuation  
of operations of certain foreclosed businesses;  
requiring submission of certain proof to State  
Department of Health; prohibiting certain additional  
fees; requiring promulgation of certain rules;  
providing for codification; and providing an  
effective date.

12

13

14 AMENDMENT NO. 1. Delete the title, enacting clause and entire bill  
and replace with:

15

16

"An Act relating to foreclosure of medical marijuana  
businesses; establishing procedures for continuation  
of operations of certain foreclosed businesses;  
requiring submission of certain proof to State  
Department of Health; prohibiting certain additional  
fees; requiring promulgation of certain rules;  
amending Section 14 of Enrolled House Bill No. 2612  
of the 1st Session of the Oklahoma Legislature,  
which relates to medical marijuana business  
licenses; modifying exclusions from licensure;  
providing for codification; and providing an  
effective date.

22

23

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

1 SECTION 1. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1560 of Title 12, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. In the event that a licensed medical marijuana dispensary,  
5 commercial grower or processor is foreclosed, is the subject of an  
6 order appointing a receiver, becomes insolvent, bankrupt or  
7 otherwise ceases operations, a secured party or receiver may  
8 continue operations at the dispensary, grower or processor upon  
9 submitting to the Oklahoma Medical Marijuana Authority, State  
10 Department of Health, proof that the secured party or receiver, or  
11 if the secured party or receiver is a business entity, any  
12 individual who has a financial interest in the secured party or  
13 receiver, meets the requirements and restrictions set forth in:

14 1. For licensed medical marijuana dispensaries, Section 421 of  
15 Title 63 of the Oklahoma Statutes;

16 2. For licensed commercial medical marijuana growers, Section  
17 422 of Title 63 of the Oklahoma Statutes; or

18 3. For licensed medical marijuana processors, Section 423 of  
19 Title 63 of the Oklahoma Statutes.

20 The Authority may prescribe the form and manner of submitting  
21 proof under this subsection. Neither the state nor agency of this  
22 state shall require an additional fee from the secured party or  
23 receiver, other than payment of annual fees which may become due  
24 during the operation by the secured party or receiver.

1 B. Subject to the requirements of subsection A of this section,  
2 the Oklahoma Medical Marijuana Authority, State Department of  
3 Health, shall promulgate rules for the manner and conditions under  
4 which:

5 1. Marijuana items left by a deceased, insolvent or bankrupt  
6 person or licensee, or subject to a security interest or a court  
7 order appointing a receiver, may be foreclosed, sold under execution  
8 or otherwise disposed whether by foreclosure or by sale as a going  
9 concern;

10 2. The business of a licensee who is deceased, insolvent,  
11 bankrupt, or the subject of an order appointing receiver or a  
12 foreclosure by a secured party, may be operated for a reasonable  
13 period following the death, insolvency, appointment of a receiver or  
14 bankruptcy; and

15 3. A secured party or court-appointed receiver may continue to  
16 operate a business for which a license has been issued under Section  
17 421, 422 or 423 of Title 63 of the Oklahoma Statutes for a  
18 reasonable period after default on the indebtedness by the debtor or  
19 after the appointment of the receiver.

20 SECTION 2. AMENDATORY Section 14 of Enrolled House Bill  
21 No. 2612 of the 1st Session of the 57th Oklahoma Legislature, is  
22 amended to read as follows:

23 Section 14. A. There is hereby created the medical marijuana  
24 business license, which shall include the following categories:

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

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

9 C. The Authority shall make available on its website ~~or the~~  
10 ~~website of the Oklahoma Medical Marijuana Authority~~ in an easy-to-  
11 find location, applications for a medical marijuana business.

12 D. The nonrefundable application fee for a medical marijuana  
13 business license shall be Two Thousand Five Hundred Dollars  
14 (\$2,500.00).

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

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

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

23 3. Applicants shall submit a complete application to the  
24 Department 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) or older,
- 12 b. any applicant applying as an individual shall show  
13 proof that the applicant is an Oklahoma resident  
14 pursuant to paragraph 11 of this subsection,
- 15 c. any applicant applying as an entity shall show that  
16 seventy-five percent (75%) of all members, managers,  
17 executive officers, partners, board members or any  
18 other form of business ownership are Oklahoma  
19 residents pursuant to paragraph 11 of this subsection,
- 20 d. all applying individuals or entities shall be  
21 registered to conduct business in the State of  
22 Oklahoma,
- 23 e. all applicants shall disclose all ownership interests  
24 pursuant to this act, and

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 this act;

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

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

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

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

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

21 12. All license applicants shall be required to submit a  
22 registration with the Oklahoma State Bureau of Narcotics and  
23 Dangerous Drugs Control as provided in Sections ~~2-202~~ 2-302 through  
24 ~~2-204~~ 2-304 of Title 63 of the Oklahoma Statutes;

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

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

14 14. All applicants shall submit an applicant photograph.

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

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

22 2. Approved applicants shall be issued a medical marijuana  
23 business license for the specific category applied under which shall  
24 act as proof of their approved status. Rejection letters shall

1 provide a reason for the rejection. Applications may only be  
2 rejected based on the applicant not meeting the standards set forth  
3 in the provisions of this section, improper completion of the  
4 application, or for a reason provided for in this act. If an  
5 application is rejected for failure to provide required information,  
6 the applicant shall have thirty (30) days to submit the required  
7 information for reconsideration. No additional application fee  
8 shall be charged for such reconsideration.

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

13 4. Approval, rejection or status-update letters shall be sent  
14 to the applicant in the same method the application was submitted to  
15 the Department.

16 H. A license provided by this act or by Section 421, 422, 423  
17 or 425 of Title 63 of the Oklahoma Statutes shall not be issued  
18 until all relevant local licenses and permits have been issued by  
19 the municipality, including but not limited to an occupancy permit  
20 or certificate of compliance.

21 I. In the event that an applicant has not received the  
22 necessary permits, certificates or licenses from a municipality, but  
23 the applicant has fulfilled all other obligations required by this  
24 act, the Authority shall grant a conditional license. A conditional

1 license shall remain valid for a period of one (1) year or until the  
2 applicant obtains the necessary local permits, certificates or  
3 licenses. An applicant shall not transfer any medical marijuana,  
4 concentrate or products to a medical marijuana business, patient or  
5 caregiver until approval is received from the Authority.

6 J. A medical marijuana business license shall not be issued to  
7 or held by:

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

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

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

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

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

21 a. file taxes, interest or penalties due related to a  
22 medical marijuana business, or

23 b. pay taxes, interest or penalties due related to a  
24 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  
5 this act has been revoked by the Department;~~or~~

6       ~~8. A publicly traded company.~~

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

19       L. 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       M. All applicants shall submit information to the Department  
23 and Authority in a full, faithful, truthful and fair manner. The  
24 Department and Authority may recommend denial of an application

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

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

13 O. All medical marijuana business licensees shall pay the  
14 relevant licensure fees prior to receiving licensure to operate a  
15 medical marijuana business, as defined in this act for each class of  
16 license.

17 SECTION 3. This act shall become effective November 1, 2019."  
18  
19  
20  
21  
22  
23  
24



1 ENGROSSED SENATE  
2 BILL NO. 532

By: Brooks and McCortney of the  
Senate

3 and

4 Fetgatter of the House

5  
6  
7 An Act relating to foreclosure of medical marijuana  
8 businesses; establishing procedures for continuation  
9 of operations of certain foreclosed businesses;  
10 requiring submission of certain proof to State  
11 Department of Health; prohibiting certain additional  
12 fees; requiring promulgation of certain rules;  
13 providing for codification; and providing an  
14 effective date.

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

16 SECTION 4. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 1560 of Title 12, unless there  
18 is created a duplication in numbering, reads as follows:

19 A. In the event that a licensed medical marijuana dispensary,  
20 commercial grower or processor is foreclosed, is the subject of an  
21 order appointing a receiver, becomes insolvent, bankrupt or  
22 otherwise ceases operations, a secured party or receiver may  
23 continue operations at the dispensary, grower or processor upon  
24 submitting to the Oklahoma Medical Marijuana Authority, State  
Department of Health, proof that the secured party or receiver, or  
if the secured party or receiver is a business entity, any

1 individual who has a financial interest in the secured party or  
2 receiver, meets the requirements and restrictions set forth in:

3 1. For licensed medical marijuana dispensaries, Section 421 of  
4 Title 63 of the Oklahoma Statutes;

5 2. For licensed commercial medical marijuana growers, Section  
6 422 of Title 63 of the Oklahoma Statutes; or

7 3. For licensed medical marijuana processors, Section 423 of  
8 Title 63 of the Oklahoma Statutes.

9 The Authority may prescribe the form and manner of submitting  
10 proof under this subsection. Neither the state nor agency of this  
11 state shall require an additional fee from the secured party or  
12 receiver, other than payment of annual fees which may become due  
13 during the operation by the secured party or receiver.

14 B. Subject to the requirements of subsection A of this section,  
15 the Oklahoma Medical Marijuana Authority, State Department of  
16 Health, shall promulgate rules for the manner and conditions under  
17 which:

18 1. Marijuana items left by a deceased, insolvent or bankrupt  
19 person or licensee, or subject to a security interest or a court  
20 order appointing a receiver, may be foreclosed, sold under execution  
21 or otherwise disposed whether by foreclosure or by sale as a going  
22 concern;

23 2. The business of a licensee who is deceased, insolvent,  
24 bankrupt, or the subject of an order appointing receiver or a

1 foreclosure by a secured party, may be operated for a reasonable  
2 period following the death, insolvency, appointment of a receiver or  
3 bankruptcy; and

4 3. A secured party or court-appointed receiver may continue to  
5 operate a business for which a license has been issued under Section  
6 421, 422 or 423 of Title 63 of the Oklahoma Statutes for a  
7 reasonable period after default on the indebtedness by the debtor or  
8 after the appointment of the receiver.

9 SECTION 5. This act shall become effective November 1, 2019.

10 Passed the Senate the 5th day of March, 2019.

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

\_\_\_\_\_  
Presiding Officer of the Senate

Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,

2019.

\_\_\_\_\_  
Presiding Officer of the House  
of Representatives