

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 2272

By: West (Josh), Cornwell,
McEntire, Sneed and Grego
of the House

and

Murdock of the Senate

8 An Act relating to medical marijuana; creating the
9 Oklahoma Cap on Medical Marijuana Businesses Act of
10 2021; directing the Oklahoma Medical Marijuana
11 Authority to publicly announce caps on certain
12 medical marijuana business licenses; providing
13 procedures for determining amount of licenses;
14 providing application requirements for active medical
15 marijuana business licenses; providing for the
16 reduction of medical marijuana dispensary, processor
17 and commercial grower licenses; prohibiting renewal
18 of licenses for inactivity; directing the Authority
19 to promulgate certain rules and regulations for
20 number-based lottery system; providing for
21 codification; and declaring an emergency.

17 AUTHOR: Add the following Senate Coauthors: Bergstrom and Bullard

18 AMENDMENT NO. 1. Page 1, strike the title, enacting clause and
19 entire bill and insert

20 "An Act relating to medical marijuana; amending
21 Section 15, Chapter 11, O.S.L. 2019 (63 O.S. Supp.
22 2020, Section 427.15), which relates to disclosing
23 financial interests; requiring an attestation under
24 penalty of perjury for foreign interests in marijuana
businesses by certain date; amending Section 6,
Chapter 11, O.S.L. 2019, as amended by Section 7,
Chapter 477, O.S.L. 2019 (63 O.S. Supp. 2020, Section
427.6), which relates to monitoring and disciplinary

1 actions; updating statutory references; modifying
2 language; providing for certain inspections within
3 certain time; providing grace periods to gain
4 compliance; requiring termination of license for
5 failure to provide proof of business operations
6 within certain time; providing an effective date; and
7 declaring an emergency.

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

9 SECTION 1. AMENDATORY Section 15, Chapter 11, O.S.L.
10 2019 (63 O.S. Supp. 2020, Section 427.15), is amended to read as
11 follows:

12 Section 427.15. A. The ~~State Department of Health~~ Oklahoma
13 Medical Marijuana Authority is hereby authorized to develop policies
14 and procedures for disclosure by a medical marijuana business of
15 financial interest and ownership.

16 B. Upon the effective date of this act, current medical
17 marijuana business licensees and applicants seeking licensure as a
18 medical marijuana business shall be required to submit under penalty
19 of perjury an attestation confirming or denying the existence of any
20 foreign financial interests in the medical marijuana business
21 operation and shall disclose the identity of such ownership, if
22 applicable. Medical marijuana business licensees shall, within
23 sixty (60) days after the effective date of this act, submit such
24 attestation to the Oklahoma State Bureau of Narcotics and Dangerous
Drugs Control. Applicants for a medical marijuana business license
shall, within sixty (60) days after the approval of a medical

1 marijuana business license application by the Oklahoma Medical
2 Marijuana Authority, submit such attestation to the Bureau. Failure
3 to submit the attestation or accompanying information to the Bureau
4 within the specified sixty-day time period shall result in the
5 immediate revocation of the medical marijuana business license. The
6 Bureau shall prescribe the form of the attestation required under
7 the provisions of this subsection and shall make the form available
8 on its publicly accessible Internet website.

9 SECTION 2. AMENDATORY Section 6, Chapter 11, O.S.L.
10 2019, as amended by Section 7, Chapter 477, O.S.L. 2019 (63 O.S.
11 Supp. 2020, Section 427.6), is amended to read as follows:

12 Section 427.6. A. The State Department of Health shall address
13 issues related to the medical marijuana program in Oklahoma
14 including, but not limited to, monitoring and disciplinary actions
15 as they relate to the medical marijuana program.

16 B. 1. The Oklahoma Medical Marijuana Authority, Department or
17 its designee may perform on-site assessments of a licensee or
18 applicant for any medical marijuana business license issued pursuant
19 to ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
20 Act to determine compliance with ~~this act~~ the Oklahoma Medical
21 Marijuana and Patient Protection Act or submissions made pursuant to
22 this section. The Oklahoma Medical Marijuana Authority, Department
23 or its designee may enter the licensed premises of a medical
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1 marijuana business licensee or applicant to assess or monitor
2 compliance.

3 2. ~~Inspections~~ Except as otherwise provided by law, inspections
4 shall be limited to twice per calendar year and twenty-four (24)
5 hours of notice shall be provided to a medical marijuana business
6 applicant or licensee prior to an on-site assessment. However,
7 additional inspections may occur when the Oklahoma Medical Marijuana
8 Authority or Department shows that an additional inspection is
9 necessary due to a violation of ~~this act~~ or noncompliance with the
10 Oklahoma Medical Marijuana and Patient Protection Act. Such
11 inspection may be without notice if the Oklahoma Medical Marijuana
12 Authority or Department believes that such notice will result in the
13 destruction of evidence.

14 3. The Department may review relevant records of a licensed
15 medical marijuana business, licensed medical marijuana research
16 facility or licensed medical marijuana education facility, and may
17 require and conduct interviews with such persons or entities and
18 persons affiliated with such entities, for the purpose of
19 determining compliance with ~~Department~~ rules, requirements and
20 applicable laws. However, prior to conducting any interviews with
21 the medical marijuana business, research facility or education
22 facility, the licensee shall be afforded sufficient time to secure
23 legal representation during such questioning if requested by the
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1 business or facility or any of its agents or employees or
2 contractors.

3 4. The Department shall refer complaints alleging criminal
4 activity that are made against a licensee to appropriate Oklahoma
5 state or local law enforcement authorities.

6 C. Disciplinary action may be taken against an applicant or
7 licensee under ~~this act~~ the Oklahoma Medical Marijuana and Patient
8 Protection Act for not adhering to the law pursuant to the terms,
9 conditions and guidelines set forth in ~~this act~~ the Oklahoma Medical
10 Marijuana and Patient Protection Act.

11 D. Disciplinary actions may include revocation, suspension or
12 denial of an application, license or final authorization and other
13 action deemed appropriate by the Department or the Oklahoma Medical
14 Marijuana Authority.

15 E. Disciplinary actions may be imposed upon a medical marijuana
16 business licensee for:

17 1. Failure to comply with or satisfy any provision of this
18 section;

19 2. Falsification or misrepresentation of any material or
20 information submitted to the Department;

21 3. Failing to allow or impeding a monitoring visit by
22 authorized representatives of the Department;

23 4. Failure to adhere to any acknowledgement, verification or
24 other representation made to the Department;

1 5. Failure to submit or disclose information required by this
2 section or otherwise requested by the Department;

3 6. Failure to correct any violation of this section cited as a
4 result of a review or audit of financial records or other materials;

5 7. Failure to comply with requested access by the Department to
6 the licensed premises or materials;

7 8. Failure to pay a required monetary penalty;

8 9. Diversion of medical marijuana or any medical marijuana
9 product, as determined by the Department;

10 10. Threatening or harming a patient, a medical practitioner or
11 an employee of the Department; and

12 11. Any other basis indicating a violation of the applicable
13 laws and regulations as identified by the Department.

14 F. Disciplinary actions against a licensee may include the
15 imposition of monetary penalties, which may be assessed by the
16 Department.

17 G. Penalties for sales by a medical marijuana business to
18 persons other than those allowed by law occurring within any two-
19 year time period may include an initial fine of One Thousand Dollars
20 (\$1,000.00) for a first violation and a fine of Five Thousand
21 Dollars (\$5,000.00) for any subsequent violation. The medical
22 marijuana business may be subject to a revocation of any license
23 granted pursuant to ~~this act~~ the Oklahoma Medical Marijuana and
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1 Patient Protection Act upon a showing that the violation was willful
2 or grossly negligent.

3 H. 1. First offense for intentional and impermissible
4 diversion of medical marijuana, concentrate, or products by a
5 patient or caregiver to an unauthorized person shall not be punished
6 under a criminal statute but may be subject to a fine of Two Hundred
7 Dollars (\$200.00).

8 2. The second offense for impermissible diversion of medical
9 marijuana, concentrate, or products by a patient or caregiver to an
10 unauthorized person shall not be punished under a criminal statute
11 but may be subject to a fine of not to exceed Five Hundred Dollars
12 (\$500.00) and may result in revocation of the license upon a showing
13 that the violation was willful or grossly negligent.

14 I. The following persons or entities may request a hearing to
15 contest an action or proposed action of the Department:

16 1. A medical marijuana business, research facility or education
17 facility licensee whose license has been summarily suspended or who
18 has received a notice of contemplated action to suspend or revoke a
19 license or take other disciplinary action; and

20 2. A patient or caregiver licensee whose license has been
21 summarily suspended or who has received notice of contemplated
22 action to suspend or revoke a license or take other disciplinary
23 action.

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1 J. All hearings held pursuant to this section shall be in
2 accordance with the Oklahoma Administrative Procedures Act, Section
3 250 et seq. of Title 75 of the Oklahoma Statutes.

4 K. 1. Beginning September 1, 2021, the Oklahoma Medical
5 Marijuana Authority shall schedule an on-site meeting and compliance
6 inspection of the premises with the medical marijuana dispensary
7 licensee at the location of the medical marijuana dispensary, the
8 medical commercial grower at the location of the medical marijuana
9 commercial grower site and the medical marijuana processor at the
10 location of the medical marijuana processing site. The on-site
11 meeting and compliance inspection shall occur within the first one
12 hundred eighty (180) days after issuance of the medical marijuana
13 dispensary license, commercial grower license or processor license
14 and shall be conducted for purposes of verifying whether the medical
15 marijuana licensee is actively operating or is working towards
16 operational status.

17 2. If, at the time of the on-site meeting and compliance
18 inspection, the medical marijuana licensee fails to provide proof to
19 the Authority that the medical marijuana business is actively
20 operating or working towards operational status, the Authority shall
21 grant the medical marijuana licensee a grace period of one hundred
22 eighty (180) days to become operational. Upon expiration of this
23 grace period, the Authority shall schedule a second on-site meeting
24 and compliance inspection of the premises to verify whether the

1 medical marijuana licensee has begun operations at the licensed
2 premises or is continuing to work towards operational status.

3 3. If, after the second on-site meeting and compliance
4 inspection, the medical marijuana licensee fails to provide proof to
5 the Authority that the medical marijuana licensee is actively
6 operating or continuing to work towards operational status, the
7 Authority shall be authorized to grant the medical marijuana
8 licensee an additional grace period of one hundred eighty (180) days
9 to become operational.

10 4. Upon expiration of the second grace period, the Authority
11 shall terminate the medical marijuana business license if the
12 medical marijuana licensee has failed to provide proof to the
13 Authority that the medical marijuana dispensary is actively
14 conducting business operations at the licensed premises.

15 SECTION 3. This act shall become effective July 1, 2021.

16 SECTION 4. It being immediately necessary for the preservation
17 of the public peace, health or safety, an emergency is hereby
18 declared to exist, by reason whereof this act shall take effect and
19 be in full force from and after its passage and approval."
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1 Passed the Senate the 21st day of April, 2021.

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3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2021.

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8 _____
9 Presiding Officer of the House
10 of Representatives

1 ENGROSSED HOUSE
2 BILL NO. 2272

By: West (Josh), Cornwell,
McEntire, Sneed and Grego
of the House

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8 An Act relating to medical marijuana; creating the
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10 2021; directing the Oklahoma Medical Marijuana
11 Authority to publicly announce caps on certain
12 medical marijuana business licenses; providing
13 procedures for determining amount of licenses;
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15 marijuana business licenses; providing for the
16 reduction of medical marijuana dispensary, processor
17 and commercial grower licenses; prohibiting renewal
18 of licenses for inactivity; directing the Authority
19 to promulgate certain rules and regulations for
20 number-based lottery system; providing for
21 codification; and declaring an emergency.

22
23 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

24 SECTION 5. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 431 of Title 63, unless there is
created a duplication in numbering, reads as follows:

Sections 1 through 4 of this act shall be known and may be cited
as the "Oklahoma Cap on Medical Marijuana Businesses Act of 2021".

1 SECTION 6. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 431.1 of Title 63, unless there
3 is created a duplication in numbering, reads as follows:

4 A. On July 1, 2021, or fifteen (15) days from the effective
5 date of this act, the Oklahoma Medical Marijuana Authority shall
6 announce publicly that the number of medical marijuana dispensary
7 licenses, medical marijuana processor licenses and medical marijuana
8 commercial grower licenses authorized in the State of Oklahoma shall
9 be capped for a two-year period beginning September 1, 2021, and
10 ending September 1, 2023.

11 B. Beginning September 1, 2021, and ending September 1, 2023,
12 the number of medical marijuana dispensary licenses, medical
13 marijuana processor licenses and medical marijuana commercial grower
14 licenses authorized in the State of Oklahoma shall be capped at the
15 total number of licenses active in each category as of September 1,
16 2021, combined with the total number of applications pending in each
17 category with the Oklahoma Medical Marijuana Authority which were
18 submitted prior to September 1, 2021. In order to determine the
19 final amount of authorized medical marijuana dispensary licenses,
20 medical marijuana processor licenses and medical marijuana
21 commercial grower licenses in this state, the Authority shall first
22 process all pending applications for each license category received
23 prior to September 1, 2021, and add that number to the total number
24 of active licenses in each category as of September 1, 2021.

1 Applications for a medical marijuana dispensary license, medical
2 marijuana processor license or medical marijuana commercial grower
3 license shall not be accepted beginning September 1, 2021, except as
4 provided in subsection C of this section.

5 C. All applicants submitting an application for an active
6 medical marijuana dispensary license, medical marijuana processor
7 license or medical marijuana commercial grower license, prior to
8 September 1, 2021, shall meet all requirements to hold a medical
9 marijuana business license at the time of application. However,
10 such applicant shall not be required to submit a Certificate of
11 Compliance prior to submitting an application under the provisions
12 of this subsection and each applicant shall have one hundred eighty
13 (180) days from the date such license is provisionally approved to
14 submit a Certificate of Compliance to the Oklahoma Medical Marijuana
15 Authority. Only upon submission and acceptance by the Authority of
16 the Certificate of Compliance, and provided the applicant continues
17 to meet all other requirements provided for in Sections 421 through
18 423 of Title 63 of the Oklahoma Statutes and the Oklahoma Medical
19 Marijuana and Patient Protection Act, shall the applicant be awarded
20 an active business license. In the event an applicant does not
21 submit a Certificate of Compliance or fails to meet any other
22 requirements for licensure within one hundred eighty (180) days of
23 being awarded a license, the license shall automatically terminate
24 and shall not be extended.

1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 431.2 of Title 63, unless there
3 is created a duplication in numbering, reads as follows:

4 A. 1. Beginning September 1, 2021, and ending September 1,
5 2023, the number of medical marijuana dispensary licensees
6 authorized to operate in the State of Oklahoma shall be
7 automatically reduced by the number of medical marijuana dispensary
8 licenses surrendered, canceled or otherwise terminated, until such
9 time as the total number of active medical marijuana dispensary
10 licenses is equal in number to two thousand.

11 2. Beginning September 1, 2022, any medical marijuana
12 dispensary licensee who does not actively use the medical marijuana
13 dispensary license for a period of eighteen (18) months shall not be
14 authorized to renew the license. For purposes of this subsection,
15 the active use of a medical marijuana dispensary license shall
16 require that a dispensary licensee have a minimum of Five Thousand
17 Dollars (\$5,000.00) per month in gross monthly sales calculated on a
18 twelve-month rolling average. Gross monthly sales shall be
19 calculated by taking the total amount of income and subtracting all
20 discounts and sales and excise tax collected on medical marijuana
21 and medical marijuana products.

22 B. 1. Beginning September 1, 2021, and ending September 1,
23 2023, the number of medical marijuana commercial grower licensees
24 authorized in the State of Oklahoma shall be automatically reduced

1 by the number of medical marijuana commercial grower licenses
2 surrendered, canceled or otherwise terminated, until the total
3 number of active medical marijuana commercial grower licenses is
4 equal in number to or less than five thousand.

5 2. Beginning September 1, 2022, any medical marijuana
6 commercial grower licensee who does not actively use the license for
7 a period of eighteen (18) months shall not be authorized to renew
8 the license. For purposes of this subsection, active use of a
9 medical marijuana commercial grower license shall require that a
10 commercial grower licensee have under cultivation a minimum of fifty
11 marijuana plants per month, calculated on a twelve-month rolling
12 average.

13 C. 1. Beginning September 1, 2021, and ending September 1,
14 2023, the number of medical marijuana processor licensees authorized
15 in the State of Oklahoma shall be automatically reduced by the
16 number of medical marijuana processor licenses surrendered, canceled
17 or otherwise terminated, until the total number of active medical
18 marijuana processor licenses is equal in number to or less than one
19 thousand.

20 2. Beginning September 1, 2022, any medical marijuana processor
21 licensee who does not actively use the license for a period of
22 eighteen (18) months shall not be authorized to renew the license.
23 For purposes of this subsection, active use of a medical marijuana
24 processor license shall require that a processor licensee have a

1 minimum of Five Thousand Dollars (\$5,000.00) per month in gross
2 monthly sales calculated on a twelve-month rolling average. Gross
3 monthly sales shall be calculated by taking the total amount of
4 income and subtracting all discounts.

5 SECTION 8. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 431.3 of Title 63, unless there
7 is created a duplication in numbering, reads as follows:

8 The Authority shall, within ninety (90) days of the effective
9 date of this act, promulgate rules and regulations to govern an
10 impartial, number-based lottery to govern issuance of all available
11 medical marijuana business licenses up to the cap amount for the
12 specific medical marijuana business license category.

13 SECTION 9. 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.

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1 Passed the House of Representatives the 10th day of March, 2021.

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3 _____
4 Presiding Officer of the House
of Representatives

5 Passed the Senate the ____ day of _____, 2021.

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9 Presiding Officer of the Senate