

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE
4 FOR ENGROSSED
5 HOUSE BILL NO. 2004

By: Fetgatter of the House

and

Rogers of the Senate

7
8 COMMITTEE SUBSTITUTE

9 An Act relating to medical marijuana; amending
10 Section 1, State Question No. 788, Initiative
11 Petition No. 412, as last amended by Section 44,
12 Chapter 161, O.S.L. 2020 (63 O.S. Supp. 2020, Section
13 420), which relates to medical marijuana patient and
14 caregiver licensing requirements; specifying
15 marijuana amounts in grams; allowing for the
16 possession of additional mature plants; deleting
17 seedling plants from list of allowable marijuana
18 products; clarifying elements of certain offense;
19 specifying biannual payment of application fees for
20 patient licenses; providing discounted patient
21 license fee for certain veterans; providing for
22 license reprints; stating fee; authorizing the
23 Authority to deny patient license applications;
24 removing recordkeeping requirement related to
approved medical marijuana licenses; clarifying types
of records and information the Authority shall seal
to protect privacy; prohibiting the Authority from
sharing records with other state agencies or
political subdivisions; providing cultivation
restrictions for caregiver licensees; requiring
applications to be signed by certain physicians who
are licensed and in good standing with their
respective boards; prohibiting the assessment of fee
by counties, cities or political subdivisions;
amending Section 2, State Question No. 788,
Initiative Petition No. 412 (63 O.S. Supp. 2020,
Section 421), which relates to dispensary licensing
requirements; increasing time limitation for
reviewing medical marijuana dispensary license

1 applications; authorizing the Authority to deny
2 dispensary license applications; increasing
3 percentage amount for nonresident ownership; deleting
4 penalties for gross discrepancy and fraudulent
5 reporting and fraudulent sales; authorizing the sale
6 of pre-rolled marijuana; providing specifications for
7 pre-rolled products; requiring certain testing,
8 packaging and labeling; amending Section 3, State
9 Question No. 788, Initiative Petition No. 412 (63
10 O.S. Supp. 2020, Section 422), which relates to
11 commercial grower licensing requirements; increasing
12 time limitation for reviewing medical marijuana
13 commercial grower license applications; authorizing
14 the Authority to deny commercial grower license
15 applications; modifying percentage of ownership;
16 authorizing commercial growers to package and sell
17 pre-rolled marijuana; providing specifications for
18 pre-rolled products; directing the Authority to
19 promulgate rules to govern sales across state lines;
20 deleting penalties for gross discrepancy and
21 fraudulent reporting and fraudulent sales; amending
22 Section 4, State Question No. 788, Initiative
23 Petition No. 412 (63 O.S. Supp. 2020, Section 423),
24 which relates to medical marijuana processor
licensing requirements; increasing time limitation
for reviewing medical marijuana processing license
applications; authorizing the Authority to deny
processing license applications; modifying percentage
of ownership; providing for twice yearly inspections;
exempting processors from obtaining sales tax permit
for licensure; providing sales and excise tax
exemption; deleting penalties for gross discrepancy
and fraudulent reporting; specifying entity that
oversees inspection and compliance of processors;
amending Section 6, State Question No. 788,
Initiative Petition No. 412, as last amended by
Section 46, Chapter 161, O.S.L. 2020 (63 O.S. Supp.
2020, Section 425), which relates to protections for
medical marijuana patient licensees; clarifying
certain protections for patient licensees and
business licensees; providing standard related to
child endangerment; providing certain exception;
clarifying zoning restrictions; establishing distance
requirement after certain date; deleting definition;
specifying manner by which distances between certain
properties shall be measured; conforming language;
amending Section 7, State Question 788, Initiative

1 Petition No. 412 (63 O.S. Supp. 2020, Section 426),
2 which relates to taxes on retail sales of medical
3 marijuana; authorizing certain veterans to apply for
4 an excise tax waiver; providing procedures for waiver
5 requests; modifying manner by which certain funds are
6 apportioned; amending Section 4, Chapter 509, O.S.L.
7 2019 (63 O.S. Supp. 2020, Section 426.1), which
8 relates to licensure revocation and hearings;
9 removing certain exception; directing the Authority
10 to make certain information available through an
11 online verification system; directing the Authority
12 to make list of marijuana-licensed premises available
13 to state agencies; requiring certain marijuana-
14 licensed premises and businesses to submit certain
15 documentation when requesting a location change;
16 allowing single certificate of compliance except
17 under certain conditions; amending Section 2, Chapter
18 11, O.S.L. 2019, as last amended by Section 48,
19 Chapter 161, O.S.L. 2020, Section 3, Chapter 11,
20 O.S.L. 2019, as amended by Section 6, Chapter 477,
21 O.S.L. 2019, Section 4, Chapter 11, O.S.L. 2019,
22 Section 6, Chapter 11, O.S.L. 2019, as amended by
23 Section 7, Chapter 477, O.S.L. 2019, Section 7,
24 Chapter 11, O.S.L. 2019, as amended by Section 5,
 Chapter 509, O.S.L. 2019, Section 8, Chapter 11,
 O.S.L. 2019, Section 9, Chapter 11, O.S.L. 2019,
 Section 10, Chapter 11, O.S.L. 2019, as amended by
 Section 2, Chapter 390, O.S.L. 2019, Section 11,
 Chapter 11, O.S.L. 2019, Section 13, Chapter 11,
 O.S.L. 2019, Section 14, Chapter 11, O.S.L. 2019, as
 last amended by Section 51, Chapter 161, O.S.L. 2020,
 Section 16, Chapter 11, O.S.L. 2019, Section 17,
 Chapter 11, O.S.L. 2019, as amended by Section 4,
 Chapter 312, O.S.L. 2019, Section 18, Chapter 11,
 O.S.L. 2019, Section 19, Chapter 11, O.S.L. 2019,
 Section 20, Chapter 11, O.S.L. 2019, Section 22,
 Chapter 11, O.S.L. 2019 and Section 23, Chapter 11,
 O.S.L. 2019, as amended by Section 11, Chapter 477,
 O.S.L. 2019 (63 O.S. Supp. 2020, Sections 427.2,
 427.3, 427.4, 427.6, 427.7, 427.8, 427.9, 427.10,
 427.11, 427.13, 427.14, 427.16, 427.17, 427.18,
 427.19, 427.20, 427.22 and 427.23), which relate to
 the Oklahoma Medical Marijuana and Patient Protection
 Act; replacing references to the State Department of
 Health with the Oklahoma Medical Marijuana Authority;
 modifying scope of certain definitions; deleting and
 adding certain definitions; updating references to

1 certain named act; adding and clarifying duties and
2 functions of the Authority; requiring licensees to
3 submit certain information; requiring licensees to
4 submit samples or units to testing laboratories under
5 certain circumstances; authorizing on-site
6 inspections or investigations of medical marijuana
7 businesses and certain facilities; authorizing the
8 Authority to enter licensed premises and certain
9 facilities; providing for post-licensure inspections;
10 deleting notice requirement; providing for
11 investigations and additional inspections under
12 certain circumstances; authorizing the Executive
13 Director of the Authority to prescribe certain
14 penalties; defining term; authorizing the review of
15 licensed medical marijuana waste disposal facility
16 records; removing provision that allows licensees to
17 secure legal representation prior to interviews
18 conducted by the Authority; authorizing the
19 suspension or revocation of business license for
20 nonpayment of monetary penalties; providing penalties
21 for grossly inaccurate or fraudulent reports;
22 providing procedures for issuing certain written
23 orders; authorizing the Authority to issue orders
24 without notice or hearing under certain
circumstances; requiring compliance with provisions
of order; providing for the assessment of monetary
penalties; affording opportunity to apply for a
hearing after issuance of order; authorizing
commercial growers to continue caring for marijuana
plants and marijuana under certain circumstances;
providing restrictions; clarifying privacy
requirements for handling records of licensed
patients and caregivers; deleting references to
certain federal act; modifying scope of certain
definition; authorizing the Authority to contact
recommending physicians of applicants or licensees;
expanding certain protections to podiatrists;
providing for patient license revocation; allowing
patients to request the withdrawal of a caregiver
license; directing withdrawal of caregiver license
without a hearing under certain circumstances;
directing certain facilities to keep transaction
records and utilize seed-to-sale tracking system;
deleting inventory tracking recordkeeping
requirement; adding medical marijuana wholesaler
license; providing certain exception related to fees;
modifying certain business licensing requirements by

1 including medical marijuana research facility,
education facility and waste disposal facility
2 applicants and licensees; requiring criminal history
background checks for license renewals; modifying
3 documentation requirement for proof of residency;
providing exemption from residency requirement for
4 certain medical marijuana business license
applicants; modifying and deleting certain
5 identification requirements; providing for the denial
of business applications; prohibiting the issuance of
6 medical marijuana research facility, education
facility and waste disposal facility licenses to
7 certain persons; removing requirement to consider
additional information when considering criminal
8 histories of business license applicants; clarifying
manner by which the Authority may seek administrative
9 action against applicants or licensees; modifying
exemption to certain compliance requirement;
10 requiring medical marijuana research facility,
education facility and waste disposal facility
11 licensees to pay licensure fees prior to receiving
license; providing late renewal fee for reinstatement
12 of licenses; making fee nonrefundable; prohibiting
reinstatement of certain expired licenses;
13 prohibiting medical marijuana businesses, medical
marijuana research facilities, education facilities
14 and waste disposal facilities from operating without
a valid, unexpired license; providing for the
15 issuance of transporter licenses to certain entities;
providing construing provision; providing for the
16 issuance of medical marijuana wholesaler licenses;
modifying certain transporter and wholesaler
17 requirements for contracting with other businesses,
security, seed-to-sale tracking and warehousing
18 products; deleting certain transporting requirements;
prohibiting delivery to certain locations; reducing
19 transporter agent license fee; providing for the
reprint of licenses without charge; stating fee for
20 subsequent license reprints; modifying and deleting
certain qualifications for issuing transporter agent
21 registry identification cards; deleting certain
inventory manifest prohibition; increasing amount of
22 time inventory manifests and logs shall be
maintained; clarifying authorization of the Authority
23 to develop certain practices and methods; removing
requirement that prohibits indirect beneficial owners
24 from owning a laboratory; narrowing scope of testing

1 laboratory licenses; allowing laboratory licensees to
2 conduct certain research; requiring laboratory
3 licensees to comply with application requirements;
4 authorizing testing laboratories to accept samples
5 from licensed medical marijuana research facilities
6 and education facilities; allowing the testing of
7 product to be conducted at testing laboratories for
8 quality assurance purposes; directing the Authority
9 to develop standards and policies for validation
10 procedures; specifying type of batches and samples
11 that must be identified and tracked by an inventory
12 tracking system; providing for the immediate recall
13 of certain products; increasing amount of time
14 required for testing laboratories to retain test
15 results; removing test batch weight limitation;
16 removing harvest batch and production batch weight
17 limitations; directing the Authority to establish
18 regulations for determining batch sizes; increasing
19 number of inspections required for testing
20 laboratories after licensure; authorizing
21 investigations and additional inspections under
22 certain circumstances; modifying certain date;
23 authorizing commercial growers to transfer certain
24 product to processors under certain conditions;
directing the Authority to establish process
validation requirements; deleting and modifying
certain labeling and packaging requirements; making
payment of research license and education license
fees annual; clarifying application process
requirements for medical marijuana education facility
licenses; authorizing revocation of licenses for
violations of applicable laws, rules and regulations;
specifying the type of records and information that
are considered confidential and exempt from the
Oklahoma Open Records Act; authorizing the Authority
to share certain information with the Oklahoma Tax
Commission; modifying name of entity that recommends
rules to the Executive Director of the Authority;
authorizing the Authority to appoint additional
members to the Medical Marijuana Advisory Council;
authorizing the Authority to tag or mark medical
marijuana, medical marijuana concentrate and medical
marijuana product under certain conditions;
authorizing the Authority to embargo medical
marijuana, medical marijuana concentrate and medical
marijuana product; making the removal or disposal of
embargoed medical marijuana, medical marijuana

1 concentrate and medical marijuana product without
2 permission unlawful; allowing the Executive Director
3 of the Authority to institute actions in district
4 court for the condemnation and destruction of
5 embargoed medical marijuana, medical marijuana
6 concentrate and medical marijuana product that fails
7 to meet certain requirements; providing for the
8 removal of embargo after certain determination by the
9 Executive Director; providing exemption from
10 liability; providing for the destruction of medical
11 marijuana, medical marijuana concentrate and medical
12 marijuana product upon findings made by the court;
13 requiring expenses associated with destruction, court
14 costs and fees to be paid by owner or defendant;
15 authorizing courts to order delivery of medical
16 marijuana, medical marijuana concentrate and medical
17 marijuana product to owner or defendant under certain
18 circumstances; directing expenses for supervision be
19 paid to the Authority by certain person; amending
20 Sections 2, 3 and 4, Chapter 337, O.S.L. 2019 (63
21 O.S. Supp. 2020, Sections 428.1, 429 and 430), which
22 relate to the Oklahoma Medical Marijuana Waste
23 Management Act; modifying scope of certain
24 definitions; authorizing the destruction of marijuana
roots and stalks; deleting documentation requirements
for entities that engage in the disposal of medical
marijuana waste; removing requirement for entities to
maintain disposal records for certain period of time;
providing for the unlimited issuance of medical
marijuana waste disposal licenses; clarifying manner
by which distance requirements shall be measured for
waste disposal facilities; removing alternative
financial assurance option; providing for the annual
issuance of permits; directing deposits into
different fund; updating statutory citations;
clarifying language; authorizing contract between
State Department of Health and Oklahoma Tax
Commission related to administration of tax on
medical marijuana; providing for collection of tax,
penalty and interest amounts; providing for
administrative fee; providing for deposit of fee
revenues; amending 68 O.S. 2011, Section 2358, as
last amended by Section 5, Chapter 201, O.S.L. 2019
(68 O.S. Supp. 2020, Section 2358), which relates to
Oklahoma taxable income and Oklahoma adjusted gross
income; providing for inapplicability of designated
section of the Internal Revenue Code of 1986, as

1 amended, with respect to Oklahoma income tax returns;
2 providing for deductibility of ordinary and necessary
3 business expenses for business entities holding
4 certain licenses; providing for codification; and
5 declaring an emergency.

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

7 SECTION 1. AMENDATORY Section 1, State Question No. 788,
8 Initiative Petition No. 412, as last amended by Section 44, Chapter
9 161, O.S.L. 2020 (63 O.S. Supp. 2020, Section 420), is amended to
10 read as follows:

11 Section 420. A. A person in possession of a state-issued
12 medical marijuana patient license shall be able to:

- 13 1. Consume marijuana legally;
- 14 2. Legally possess up to three (3) ounces or eighty-four and
15 nine-tenths (84.9) grams of marijuana on ~~their~~ his or her person;
- 16 3. Legally possess ~~six~~ twelve mature marijuana plants;
- 17 4. ~~Legally possess six seedling plants;~~
- 18 ~~5.~~ Legally possess one (1) ounce or twenty-eight and three-
19 tenths (28.3) grams of concentrated marijuana;
- 20 ~~6.~~ 5. Legally possess seventy-two (72) ounces or two thousand
21 thirty-seven and six-tenths (2,037.6) grams of edible marijuana; and
- 22 ~~7.~~ 6. Legally possess up to eight (8) ounces or two hundred
23 twenty-six and four-tenths (226.4) grams of marijuana in ~~their~~ his
24 or her residence.

1 B. Possession of up to one and one-half (1.5) ounces or forty-
2 two and forty-five one-hundredths (42.45) grams of marijuana by
3 persons ~~who can state a medical condition, but are not in possession~~
4 ~~of a state-issued~~ without a medical marijuana patient license, shall
5 constitute a ~~misdemeanor~~ an offense not subject to imprisonment,
6 punishable by a fine and court costs not to exceed Four Hundred
7 Dollars (\$400.00) ~~and shall not be subject to imprisonment for the~~
8 ~~offense.~~ Any law enforcement officer who comes in contact with a
9 person in violation of this subsection ~~and who is satisfied as to~~
10 shall verify the identity of the person, as well as any other
11 pertinent information the law enforcement officer deems necessary,
12 ~~shall~~ and upon such verification, issue to the person a written
13 citation containing a notice to answer the ~~charge~~ citation against
14 the person in the appropriate court. Upon receiving the written
15 promise of the alleged violator to answer as specified in the
16 citation, the law enforcement officer shall release the person upon
17 personal recognizance unless there has been a violation of another
18 provision of law.

19 C. A regulatory office, to be known as the Oklahoma Medical
20 Marijuana Authority, shall be established under the State Department
21 of Health which shall receive applications for medical marijuana
22 patient and caregiver license recipients, dispensaries, growers, and
23 ~~packagers~~ processors within sixty (60) days of the passage of this
24 initiative.

1 D. The ~~State Department of Health~~ shall, within thirty (30)
2 days of passage of this initiative, make available on ~~its~~ the
3 website, of the Oklahoma Medical Marijuana Authority in an easy-to-
4 find location, an application for a medical marijuana patient
5 license. The license shall be ~~good~~ valid for two (2) years. The
6 biannual application fee shall be One Hundred Dollars (\$100.00), or
7 Twenty Dollars (\$20.00) for veterans, as defined in Section 2 of
8 Title 72 of the Oklahoma Statutes, with a disability rating at or in
9 excess of fifty percent (50%) and individuals on Medicaid, Medicare
10 or SoonerCare. The methods of payment shall be provided on the
11 ~~website of the Department~~. Reprints of the medical marijuana
12 patient license shall incur a fee of Twenty Dollars (\$20.00).

13 E. A short-term medical marijuana patient license application
14 shall also be made available on the website of the ~~State Department~~
15 ~~of Health~~ Authority. A short-term medical marijuana patient license
16 shall be granted to any applicant who can meet the requirements for
17 a two-year medical marijuana patient license, but whose physician
18 recommendation for medical marijuana is only valid for sixty (60)
19 days. Short-term medical marijuana patient licenses shall be ~~issued~~
20 valid for sixty (60) days. The fee for a short-term medical
21 marijuana patient license, reprints of the short-term medical
22 marijuana patient license and the procedure for extending or
23 renewing the license shall be determined by the ~~Department~~
24 Authority.

1 F. A temporary medical marijuana patient license application
2 shall also be made available on the website of the ~~Department~~
3 Authority. A temporary medical marijuana patient license shall be
4 granted to any medical marijuana license holder from other states,
5 provided that the state has a state-regulated medical marijuana
6 program, and the applicant can prove he or she is a member of such
7 program. Temporary medical marijuana patient licenses issued
8 pursuant to this subsection shall be ~~issued~~ valid for thirty (30)
9 days. The cost for a temporary medical marijuana patient license
10 issued pursuant to this subsection shall be One Hundred Dollars
11 (\$100.00). Renewal of the license shall be granted with
12 resubmission of a ~~new~~ renewal application. No additional criteria
13 shall be required.

14 G. Medical marijuana patient license applicants shall submit
15 ~~his or her~~ their applications to the ~~State Department of Health~~
16 Authority for approval. The applicant shall be an Oklahoma state
17 resident and shall prove residency by a valid driver license,
18 utility bills, or ~~other accepted methods~~ by such other method as
19 authorized by the Authority to verify residency.

20 H. The ~~State Department of Health~~ Authority shall review the
21 medical marijuana patient license application; approve or, reject
22 or deny the application; and mail the approval ~~or~~, rejection or
23 denial letter stating ~~any~~ the reasons for rejection or denial to the
24 applicant within fourteen (14) business days of receipt of the

1 application. Approved applicants shall be issued a medical
2 marijuana patient license which shall act as proof of his or her
3 approved status. Applications may only be rejected or denied based
4 on the applicant not meeting stated criteria or improper completion
5 of the application.

6 I. ~~The State Department of Health shall only keep the following~~
7 ~~records for each approved medical marijuana license:~~

8 1. ~~A digital photograph of the license holder;~~

9 2. ~~The expiration date of the license;~~

10 3. ~~The county where the card was issued; and~~

11 4. ~~A unique 24-character identification number assigned to the~~
12 ~~license.~~

13 J. ~~The State Department of Health~~ Authority shall make
14 available, both on its website and through a telephone verification
15 system, an easy method to validate the authenticity of the medical
16 marijuana patient license by the unique ~~24-character~~ ten- to twenty-
17 four-character identification number.

18 K. J. ~~The State Department of Health~~ Authority shall ensure
19 that all ~~application~~ medical marijuana patient and caregiver records
20 and information are sealed to protect the privacy of medical
21 marijuana license applicants and such records shall not be shared
22 with any other state agency or political subdivision without a
23 warrant issued by a court of competent jurisdiction.

24

1 ~~L. K.~~ A caregiver license shall be made available for qualified
2 caregivers of a medical marijuana ~~license holder~~ patient licensee
3 who is homebound. As provided in Section ~~11 of Enrolled House Bill~~
4 ~~No. 2612~~ 427.11 of the ~~1st Session of the 57th Oklahoma Legislature~~
5 this title, the caregiver license shall provide the caregiver the
6 same rights as the medical marijuana patient licensee, including the
7 ability to possess medical marijuana, medical marijuana products and
8 mature and immature plants or cultivate medical marijuana pursuant
9 to the Oklahoma Medical Marijuana and Patient Protection Act, but
10 excluding the ability to use medical marijuana or medical marijuana
11 products unless the caregiver has a medical marijuana patient
12 license. ~~An applicant~~ All applicants for a caregiver license shall
13 submit proof of the license status ~~and homebound status~~ of the
14 medical marijuana patient and proof that the applicant is the
15 designee of the medical marijuana patient. The applicant shall also
16 submit proof that he or she is eighteen (18) years of age or older
17 and proof of his or her Oklahoma residency. ~~This shall be the only~~
18 ~~criteria for a caregiver license.~~ A licensed caregiver shall not
19 cultivate medical marijuana for more than five medical marijuana
20 patient licensees and shall not charge a medical marijuana patient
21 licensee for cultivating medical marijuana in excess of the actual
22 costs incurred in cultivating said medical marijuana.

23 ~~M. L.~~ All applicants for a medical marijuana patient license
24 shall be eighteen (18) years of age or older. A special exception

1 shall be granted to an applicant under the age of eighteen (18);
2 however, these applications shall be signed by two physicians and
3 the parent or legal guardian of the applicant.

4 ~~N.~~ M. All applications for a medical marijuana patient license
5 shall be signed by an Oklahoma physician licensed by and in good
6 standing with the State Board of Medical Licensure, the State Board
7 of Osteopathic Examiners or the Board of Podiatric Medical
8 Examiners. There are no qualifying conditions. A medical marijuana
9 patient license ~~must~~ shall be recommended according to the accepted
10 standards a reasonable and prudent physician would follow when
11 recommending or approving any medication. No physician may be
12 unduly stigmatized, penalized, subjected to discipline, sanctioned,
13 reprimanded or harassed for signing a medical marijuana patient
14 license application; provided, that the physician acted in
15 accordance with the provisions of this subsection and all other
16 rules governing the medical license of the physician in this state.

17 ~~O.~~ N. Counties and, cities and other political subdivisions in
18 this state may enact medical marijuana guidelines allowing medical
19 marijuana ~~license holders~~ patient licensees or ~~caregivers~~ caregiver
20 licensees to exceed the state limits set forth in subsection A of
21 this section. No county, city or other political subdivision in
22 this state shall have the authority to charge any fee to a medical
23 marijuana patient licensee residing in its jurisdiction for the use
24 of medical marijuana or for the cultivation of medical marijuana by

1 a medical marijuana patient licensee or caregiver licensee as
2 authorized herein.

3 SECTION 2. AMENDATORY Section 2, State Question No. 788,
4 Initiative Petition No. 412 (63 O.S. Supp. 2020, Section 421), is
5 amended to read as follows:

6 Section 421. A. The ~~Oklahoma~~ State Department of Health shall,
7 within thirty (30) days of passage of this initiative, make
8 available ~~on their~~ the website ~~of the Oklahoma Medical Marijuana~~
9 Authority in an easy-to-find location ~~an application for a medical~~
10 marijuana dispensary license. The application fee shall be Two
11 Thousand Five Hundred Dollars (\$2,500.00) ~~and a.~~ A method of
12 payment ~~will~~ shall be provided on the website of the Authority.
13 ~~Retail~~ Dispensary applicants must all be ~~Oklahoma state~~ residents of
14 Oklahoma. Any entity applying for a ~~retail~~ dispensary license must
15 be owned by an Oklahoma ~~state~~ resident and must be registered to do
16 business in Oklahoma. The ~~Oklahoma State Department of Health~~
17 Authority shall have ~~two (2) weeks~~ ninety (90) business days to
18 review the application~~;~~ approve ~~or~~ reject or deny the
19 application~~;~~ and mail the ~~approval/rejection~~ approval, rejection or
20 denial letter ~~(if rejected,~~ stating the reasons for rejection~~) or~~
21 denial to the applicant.

22 B. The ~~Oklahoma State Department of Health~~ Authority shall
23 approve all applications which meet the following criteria:
24

1 1. ~~Applicant~~ The applicant must be ~~age~~ twenty-five (25) years
2 of age or older;

3 2. ~~Any~~ The applicant, if applying as an individual, must show
4 residency in the State of Oklahoma;

5 3. All applying entities must show that all members, managers,
6 and board members are Oklahoma residents;

7 4. An applying entity may show ownership of non-Oklahoma
8 residents, but that percentage ownership may not exceed ~~twenty-five~~
9 ~~percent (25%)~~ forty-nine percent (49%);

10 5. All applying individuals or entities must be registered to
11 conduct business in the State of Oklahoma; and

12 6. All applicants must disclose all ownership ~~interests~~ interests in the
13 dispensary.

14 7. ~~Applicant(s)~~ Applicants with ~~only~~ a nonviolent felony
15 ~~conviction(s)~~ conviction in the last two (2) years, any other felony
16 conviction in ~~5 (years)~~ the last five (5) years, inmates in the
17 custody of the Department of Corrections, or any person currently
18 incarcerated ~~may~~ shall not qualify for a medical marijuana
19 dispensary license.

20 C. ~~Retailers will~~ Licensed medical marijuana dispensaries
21 shall, in the manner and form prescribed by the Authority, be
22 required to complete a monthly sales report to the ~~Oklahoma~~
23 ~~Department of Health~~ Authority. This report ~~will~~ shall be due on
24 the ~~15th~~ fifteenth of each month and provide reporting on the

1 previous month. This report ~~will~~ shall detail the weight of
2 marijuana purchased at wholesale and the weight of marijuana sold to
3 ~~card holders,~~ licensed medical marijuana patients and licensed
4 medical marijuana caregivers and account for any waste. The report
5 ~~will~~ shall show total sales in dollars, tax collected in dollars,
6 and tax due in dollars. The ~~Oklahoma State Department of Health~~
7 ~~will~~ Authority shall have oversight and auditing responsibilities to
8 ensure that all marijuana being ~~grown~~ sold is accounted for.—A
9 ~~retailer will only be subject to a penalty if a gross discrepancy~~
10 ~~exists and cannot be explained. Penalties for fraudulent reporting~~
11 ~~occurring within any 2 year time period will be an initial fine of~~
12 ~~Five Thousand Dollars (\$5,000.00) (first) and revocation of~~
13 ~~licensing (second).~~

14 D. Only a licensed medical marijuana ~~retailer may~~ dispensary
15 shall conduct retail sales of marijuana, or marijuana derivatives in
16 the form provided by licensed processors, and these products ~~can~~
17 shall only be sold to a medical marijuana ~~license holder~~ patient
18 licensees or ~~their caregiver. Penalties for fraudulent sales~~
19 ~~occurring within any 2 year time period will be an initial fine of~~
20 ~~Five Thousand Dollars (\$5,000.00) (first) and revocation of~~
21 ~~licensing (second)~~ caregiver licensees. Beginning on the effective
22 date of this act, licensed medical marijuana dispensaries shall be
23 authorized to package and sell pre-rolled marijuana to medical
24 marijuana patient licensees and caregiver licensees. The products

1 described in this subsection shall contain only the ground parts of
2 the marijuana plant and shall not include concentrates, hash or
3 derivatives. These products shall be tested, packaged and labeled
4 in accordance with Oklahoma law and rules promulgated by the
5 Authority.

6 SECTION 3. AMENDATORY Section 3, State Question No. 788,
7 Initiative Petition No. 412 (63 O.S. Supp. 2020, Section 422), is
8 amended to read as follows:

9 Section 422. A. ~~The Oklahoma~~ State Department of Health ~~will~~
10 shall, within thirty (30) days of passage of this initiative, make
11 available, on ~~their~~ the website, of the Oklahoma Medical Marijuana
12 Authority in an easy-to-find location, an application for a
13 commercial grower license. The application fee ~~will~~ shall be Two
14 Thousand Five Hundred Dollars (\$2,500.00) ~~and methods.~~ A method of
15 payment ~~will~~ shall be provided on the website of the Authority. The
16 ~~Oklahoma State Department of Health has two (2) weeks~~ Authority
17 shall have ninety (90) business days to review the application; and
18 approve or, reject or deny the application; and mail the
19 ~~approval/rejection~~ approval, rejection or denial letter ~~(if~~
20 ~~rejected, stating reasons for rejection)~~ stating the reasons for
21 rejection or denial to the applicant.

22 B. ~~The Oklahoma State Department of Health must~~ Authority shall
23 approve all applications which meet the following criteria:
24

1 1. ~~Applicant~~ The applicant must be ~~age~~ twenty-five (25) years
2 of age or older;

3 2. ~~Any~~ The applicant, if applying as an individual, must show
4 residency in the State of Oklahoma;

5 3. All applying entities must show that all members, managers,
6 and board members are Oklahoma residents;

7 4. An applying entity may show ownership of non-Oklahoma
8 residents, but that percentage ownership may not exceed ~~twenty-five~~
9 ~~percent (25%)~~ forty-nine percent (49%);

10 5. All applying individuals or entities must be registered to
11 conduct business in the State of Oklahoma; and

12 6. All applicants must disclose all ownership ~~interests~~ interests in the
13 commercial grower operation.

14 ~~7. Applicant(s)~~ Applicants with ~~only a~~ only a nonviolent felony
15 ~~conviction(s)~~ conviction in the last two (2) years, any other felony
16 conviction in ~~5 (years)~~ the last five (5) years, inmates in the
17 custody of the Department of Corrections, or any person currently
18 incarcerated ~~may~~ shall not qualify for a commercial grower license.

19 C. 1. A licensed commercial grower may sell marijuana to a
20 licensed ~~retailer~~, commercial grower, licensed dispensary or a
21 licensed ~~packager~~ processor.

22 2. Beginning on the effective date of this act, licensed
23 commercial growers shall be authorized to package and sell pre-
24 rolled marijuana containing only ground parts of the marijuana

1 plant, excluding any concentrates, hash or derivatives, to licensed
2 medical marijuana dispensaries. ~~Further, these~~

3 3. All sales will by a licensed commercial grower shall be
4 considered wholesale sales and shall not be subject to taxation.

5 4. Under no circumstances may a licensed commercial grower sell
6 marijuana directly to a medical marijuana ~~license holder~~ patient
7 licensee or caregiver licensee. A licensed commercial grower may
8 only sell at the wholesale level to a licensed ~~retailer~~ commercial
9 grower, licensed dispensary, or a licensed processor. If the
10 federal government lifts restrictions on buying and selling
11 marijuana between states, then a licensed commercial grower ~~would~~
12 shall be allowed to sell and buy marijuana wholesale from, or to, an
13 out-of-state wholesale provider. ~~A licensed~~ The Authority shall
14 promulgate rules to govern the sale of medical marijuana across
15 state lines within thirty (30) days of becoming federally legal to
16 do so.

17 5. Licensed commercial grower will be required to growers
18 shall, in the manner and form prescribed by the Authority, complete
19 a monthly yield and sales report to the ~~Oklahoma Department of~~
20 ~~Health~~ Authority. This report ~~will~~ shall be due on the ~~15th~~
21 fifteenth of each month and provide reporting on the previous month.
22 ~~This~~ The report ~~will~~ shall, among other items prescribed by the
23 Authority, detail the amount of marijuana harvested ~~in pounds,~~ the
24 amount of drying or dried marijuana on hand, the amount of marijuana

1 sold ~~to processors in pounds,~~ the amount of waste ~~in pounds,~~ and the
2 amount of marijuana sold to retailers in lbs. Additionally, this
3 ~~report will show~~ and total wholesale sales in dollars. The ~~Oklahoma~~
4 ~~State Department of Health will~~ Authority shall have oversight and
5 auditing responsibilities to ensure that all marijuana being grown
6 by the licensed commercial grower is accounted for. ~~A licensed~~
7 ~~grower will only be subject to a penalty if a gross discrepancy~~
8 ~~exists and cannot be explained. Penalties for fraudulent reporting~~
9 ~~or sales occurring within any 2 year time period will be an initial~~
10 ~~fine of Five Thousand Dollars (\$5,000.00) (first) and revocation of~~
11 ~~licensing (second).~~

12 D. There shall be no limits on how much marijuana a licensed
13 commercial grower can grow.

14 SECTION 4. AMENDATORY Section 4, State Question No. 788,
15 Initiative Petition No. 412 (63 O.S. Supp. 2020, Section 423), is
16 amended to read as follows:

17 Section 423. A. The ~~Oklahoma~~ State Department of Health shall,
18 within thirty (30) days of passage of this initiative, make
19 available~~7~~ on ~~their~~ the website~~7~~ of the Oklahoma Medical Marijuana
20 Authority in an easy-to-find location~~7~~ an application for a medical
21 marijuana processing license. The application fee shall be Two
22 Thousand Five Hundred Dollars (\$2,500.00) ~~and methods.~~ A method of
23 payment ~~will~~ shall be provided on the website of the Authority. The
24 ~~Oklahoma State Department of Health~~ Authority shall have ~~two (2)~~

1 ~~weeks~~ ninety (90) business days to review the application~~;~~ approve
2 ~~or,~~ reject or deny the application~~;~~ and mail the ~~approval/rejection~~
3 approval, rejection or denial letter ~~(if rejected,~~ stating the
4 reasons for rejection~~)~~ or denial to the applicant.

5 B. The ~~Oklahoma State Department of Health~~ Authority shall
6 approve all applications which meet the following criteria:

7 1. ~~Applicant~~ The applicant must be ~~age~~ twenty-five (25) years
8 of age or older;

9 2. ~~Any~~ The applicant, if applying as an individual, must show
10 residency in the State of Oklahoma;

11 3. All applying entities must show that all members, managers,
12 and board members are Oklahoma residents;

13 4. An applying entity may show ownership of non-Oklahoma
14 residents, but that percentage ownership may not exceed ~~twenty-five~~
15 ~~percent (25%)~~ forty-nine percent (49%);

16 5. All applying individuals or entities must be registered to
17 conduct business in the State of Oklahoma; and

18 6. All applicants must disclose all ownership~~;~~ interests in the
19 processing operation.

20 7. ~~Applicant(s)~~ Applicants with ~~only~~ a nonviolent felony
21 ~~conviction(s)~~ conviction in the last two (2) years, any other felony
22 conviction in ~~5 (years)~~ the last five (5) years, inmates in the
23 custody of the Department of Corrections, or any person currently
24

1 incarcerated ~~may~~ shall not qualify for a medical marijuana
2 processing license.

3 C. 1. A licensed processor may ~~take marijuana plants and~~
4 distill or process ~~these~~ marijuana plants into concentrates,
5 edibles~~,~~ and other forms for consumption.

6 2. As required by subsection D of this section, the ~~Oklahoma~~
7 ~~State Department of Health will~~ Authority shall, within sixty (60)
8 days of passage of this initiative, make available a set of
9 standards which ~~will~~ shall be used by licensed processors in the
10 preparation of edible marijuana products. This should be in line
11 with current food preparation guidelines ~~and no.~~ No excessive or
12 punitive rules may be established by the ~~Oklahoma State Department~~
13 ~~of Health~~ Authority. ~~Once a~~

14 3. Up to two times per year, the ~~Oklahoma State Department of~~
15 ~~Health~~ Authority may inspect a processing operation and determine
16 its compliance with the preparation standards. If any deficiencies
17 are found, a written report of ~~deficiency will~~ the deficiencies
18 shall be issued to the processor. The processor ~~will~~ shall have ~~one~~
19 ~~(1) month~~ thirty (30) business days to correct the ~~deficiency~~
20 deficiencies or be subject to a fine of Five Hundred Dollars
21 (\$500.00) for each deficiency.

22 4. A licensed medical marijuana processor may sell marijuana
23 products it creates to a licensed ~~retailer,~~ medical marijuana
24 dispensary or any other licensed medical marijuana processor.

1 ~~Further, these~~ All sales will by a licensed medical marijuana
2 processor shall be considered wholesale sales and shall not be
3 subject to taxation. A licensed medical marijuana processor shall
4 not be required to obtain an Oklahoma sales tax permit in order to
5 apply for or renew a medical marijuana processor license.

6 5. Under no circumstances may a licensed medical marijuana
7 processor sell medical marijuana, or any medical marijuana product,
8 directly to a medical marijuana ~~license holder~~ patient licensee or
9 caregiver licensee. However, a licensed processor may process
10 ~~cannabis~~ marijuana into a concentrated form, for a medical ~~license~~
11 ~~holder~~, marijuana patient licensee or caregiver licensee for a fee
12 and such fee shall constitute a service that shall not be subject to
13 any sales tax or excise tax. ~~Processors will be required to~~

14 6. Licensed medical marijuana processors shall, in the manner
15 and form prescribed by the Authority, complete a monthly yield and
16 sales report to the ~~Oklahoma State Department of Health~~ Authority.
17 This report ~~will~~ shall be due on the ~~15th~~ fifteenth of each month
18 and shall provide reporting on the previous month. ~~This~~ The report
19 ~~will~~ shall detail the amount of medical marijuana and medical
20 marijuana products purchased in pounds, the amount of marijuana
21 cooked or processed in pounds, and the amount of waste in pounds.
22 Additionally, this report ~~will~~ shall show total wholesale sales in
23 dollars. ~~The Oklahoma State Department of Health will~~ Authority
24 shall have oversight and auditing responsibilities to ensure that

1 all marijuana being ~~grown~~ processed is accounted for. ~~A licensed~~
2 ~~processor will only be subject to a penalty if a gross discrepancy~~
3 ~~exists and cannot be explained. Penalties for fraudulent reporting~~
4 ~~occurring within any 2 year time period will be an initial fine of~~
5 ~~Five Thousand Dollars (\$5,000.00) (first) and revocation of~~
6 ~~licensing (second).~~

7 D. The Authority shall oversee inspection and compliance of
8 processors producing products with marijuana as an additive. The
9 ~~Oklahoma State Department of Health will~~ Authority shall be
10 compelled to, within thirty (30) days of passage of this initiative,
11 appoint ~~a board of~~ twelve (12) Oklahoma residents to the Medical
12 Marijuana Advisory Council, who are marijuana industry experts, to
13 create a list of food safety standards for processing and handling
14 medical marijuana in Oklahoma. These standards ~~will~~ shall be
15 adopted by the ~~agency~~ Authority and the ~~agency can~~ Authority may
16 enforce these standards for licensed processors. The ~~agency will~~
17 Authority shall develop a standards review procedure and these
18 standards ~~can~~ may be altered by calling another ~~board~~ council of
19 twelve (12) Oklahoma marijuana industry experts. A signed letter of
20 twenty (20) operating, licensed processors ~~would~~ shall constitute a
21 need for a new ~~board~~ council and ~~standard~~ standards review.

22 E. ~~If it becomes permissible, under federal law, marijuana may~~
23 ~~be moved across state lines.~~

24

1 ~~F.~~ Any device used for the processing or consumption of medical
2 marijuana shall be considered legal to be sold, manufactured,
3 distributed, and possessed. No merchant, wholesaler, manufacturer,
4 or individual may ~~unduly~~ be unduly harassed, cited or prosecuted for
5 selling, manufacturing, or ~~possession of medical~~ possessing
6 marijuana paraphernalia.

7 SECTION 5. AMENDATORY Section 6, State Question No. 788,
8 Initiative Petition No. 412, as last amended by Section 46, Chapter
9 161, O.S.L. 2020 (63 O.S. Supp. 2020, Section 425), is amended to
10 read as follows:

11 Section 425. A. No school or landlord may refuse to enroll or
12 lease to and may not otherwise penalize a person solely for his or
13 her status as a medical marijuana ~~license holder~~ patient licensee,
14 unless failing to do so would cause the school or landlord the
15 potential to lose a monetary or licensing-related benefit under
16 federal law or regulations.

17 B. Unless a failure to do so would cause an employer the
18 potential to lose a monetary or licensing-related benefit under
19 federal law or regulations, an employer may not discriminate against
20 a person in hiring, termination or imposing any term or condition of
21 employment or otherwise penalize a person based upon ~~either:~~

22 1. ~~The~~ the status of the person as a medical marijuana ~~license~~
23 ~~holder~~ patient licensee; ~~or~~

24

1 2. ~~Employers~~ provided, however, employers may take action
2 against a ~~holder of a~~ medical marijuana ~~license~~ patient licensee if
3 the ~~holder~~ licensee uses or possesses marijuana while in his or her
4 place of employment or during the hours of employment. Employers
5 may not take action against the ~~holder of a~~ medical marijuana
6 ~~license~~ patient licensee solely based upon the status of an employee
7 as a medical marijuana ~~license holder~~ patient licensee or the
8 results of a drug test showing positive for marijuana or its
9 components.

10 C. For the purposes of medical care, including organ
11 transplants, the authorized use of marijuana by a medical marijuana
12 ~~license holder~~ patient licensee shall be considered the equivalent
13 of the use of any other medication under the direction of a
14 physician and does not constitute the use of an illicit substance or
15 otherwise disqualify a registered qualifying patient from medical
16 care.

17 D. No medical marijuana ~~license holder~~ patient licensee may be
18 denied custody of or visitation or parenting time with a minor
19 child, and there is no presumption of neglect or child endangerment
20 for conduct allowed under this law, unless, by clear and convincing
21 evidence, it is established that the behavior of the ~~person~~ medical
22 marijuana patient licensee creates ~~an unreasonable danger~~ a risk of
23 irreparable harm to the ~~safety of the~~ minor child.

1 E. No person ~~holding~~ who possesses a medical marijuana patient
2 license may ~~unduly be withheld from holding~~ be denied or restricted
3 from holding a state-issued license by virtue of their being a
4 licensed medical marijuana ~~license holder~~ patient including, but not
5 limited to, a concealed carry permit.

6 F. 1. No city or ~~local municipality~~ political subdivision in
7 this state may unduly change or restrict zoning laws to prevent the
8 opening of a ~~retail marijuana establishment~~ medical marijuana
9 business. Any city or political subdivision in this state enacting
10 zoning requirements related to a medical marijuana business shall
11 treat such business as it does other businesses lawfully engaged in
12 similar business activities; provided, however, the city or
13 political subdivision may restrict medical marijuana dispensaries
14 opening after September 1, 2021, from being located within one
15 thousand (1,000) feet of an existing medical marijuana dispensary.

16 2. ~~For purposes of this subsection, an undue change or~~
17 ~~restriction of municipal zoning laws means an act which entirely~~
18 ~~prevents retail marijuana establishments from operating within~~
19 ~~municipal boundaries as a matter of law. Municipalities~~ Except as
20 provided in paragraph 1 of this subsection, cities and political
21 subdivisions may follow their standard planning and zoning
22 procedures to determine if certain zones or districts would be
23 appropriate for locating marijuana-licensed premises, medical
24 marijuana businesses or any other premises where marijuana or its

1 by-products are cultivated, grown, processed, stored or
2 manufactured.

3 ~~3. For purposes of this section, "retail marijuana~~
4 ~~establishment" means an entity licensed by the State Department of~~
5 ~~Health as a medical marijuana dispensary. Retail marijuana~~
6 ~~establishment does not include those other entities licensed by the~~
7 ~~Department as marijuana licensed premises, medical marijuana~~
8 ~~businesses or other facilities or locations where marijuana or any~~
9 ~~product containing marijuana or its by-products are cultivated,~~
10 ~~grown, processed, stored or manufactured.~~

11 G. The location of any ~~retail marijuana establishment~~ medical
12 marijuana dispensary or grower is specifically prohibited within one
13 thousand (1,000) feet of any public or private school ~~entrance~~
14 unless the dispensary or grower was granted a medical marijuana
15 dispensary or grower license by the Oklahoma Medical Marijuana
16 Authority for that location prior to the effective date of this act.
17 Upon the effective date of this act, the distance indicated in this
18 subsection shall be measured from the nearest property line of the
19 public or private school to the nearest property line of the
20 dispensary or grower. If a public or private school is established
21 within one thousand (1,000) feet of a medical marijuana dispensary
22 or grower after such dispensary or grower has been licensed, the
23 provisions of this section shall not be a deterrent to the renewal
24 of such license or warrant revocation of the license.

1 H. Research shall be provided for under this law. A researcher
2 may apply to the ~~State Department of Health~~ Authority for a special
3 research license. The research license shall be granted, provided
4 the applicant meets the criteria ~~listed under subsection B of~~
5 ~~Section 421 of this title~~ provided for in the Oklahoma Medical
6 Marijuana and Patient Protection Act. Research ~~license holders~~
7 licensees shall be required to file monthly consumption reports to
8 the ~~State Department of Health~~ Authority with amounts of marijuana
9 used for research. Biomedical and clinical research which is
10 subject to federal regulations and institutional oversight shall not
11 be subject to ~~State Department of Health~~ oversight by the Authority.

12 SECTION 6. AMENDATORY Section 7, State Question No. 788,
13 Initiative Petition No. 412 (63 O.S. Supp. 2020, Section 426), is
14 amended to read as follows:

15 Section 426. A. 1. The tax on retail medical marijuana sales
16 ~~will~~ shall be established at seven percent (7%) of the gross amount
17 received by the seller.

18 2. All veterans, as defined in Section 2 of Title 72 of the
19 Oklahoma Statutes, with a disability rating of twenty-five percent
20 (25%) or more may apply to the Oklahoma Tax Commission for a medical
21 marijuana excise tax waiver. Upon receipt of the application and
22 verification of the disability status of the veteran, the Oklahoma
23 Tax Commission shall issue an exception authorization to the
24 Oklahoma Medical Marijuana Authority which shall note on the license

1 of the medical marijuana patient that he or she is not required to
2 pay any excise tax on the purchase of medical marijuana. The
3 Oklahoma Tax Commission and Oklahoma Medical Marijuana Authority are
4 hereby authorized to promulgate any rules necessary to implement the
5 provisions of this paragraph.

6 B. ~~This~~ The excise tax ~~will~~ shall be collected at the point of
7 sale. ~~Tax proceeds will be applied primarily to finance the~~
8 ~~regulatory office.~~

9 C. If proceeds from the levy authorized by subsection A of this
10 section exceed the budgeted amount for running the ~~regulatory office~~
11 Oklahoma Medical Marijuana Authority, any surplus shall be
12 apportioned with seventy-five percent (75%) going to the General
13 Revenue Fund ~~and may only be expended for common education. Twenty-~~
14 ~~five percent (25%) shall be apportioned to the Oklahoma State~~
15 ~~Department of Health and earmarked for drug and alcohol~~
16 ~~rehabilitation and prevention.~~

17 SECTION 7. AMENDATORY Section 4, Chapter 509, O.S.L.
18 2019 (63 O.S. Supp. 2020, Section 426.1), is amended to read as
19 follows:

20 Section 426.1 A. ~~Except for revocation hearings concerning~~
21 ~~licensed patients, as defined in Section 2 of Enrolled House Bill~~
22 ~~No. 2612 of the 1st Session of the 57th Oklahoma Legislature, all~~
23 All licensure revocation hearings conducted pursuant to marijuana
24 licenses established in the Oklahoma Statutes shall be recorded. A

1 party may request a copy of the recording of the proceedings.
2 Copies shall be provided to local law enforcement if the revocation
3 was based on alleged criminal activity.

4 B. ~~The State Department of Health~~ Oklahoma Medical Marijuana
5 Authority shall assist any law enforcement officer in the
6 performance of his or her duties upon such request by the law
7 enforcement officer or the request of other local officials having
8 jurisdiction. Except for license information concerning ~~licensed~~
9 medical marijuana patients and caregivers, as defined in Section ~~2~~
10 427.2 of ~~Enrolled House Bill No. 2612 of the 1st Session of the 57th~~
11 ~~Oklahoma Legislature~~ this title, the ~~Department~~ Authority shall
12 share information with law enforcement agencies upon request without
13 a subpoena or search warrant.

14 C. ~~The State Department of Health~~ Authority shall make
15 available all information displayed on a medical marijuana licenses
16 business license and medical marijuana transporter agent license, as
17 well as whether or not the business or transporter agent license is
18 valid, to law enforcement electronically through ~~the Oklahoma Law~~
19 ~~Enforcement Telecommunications System~~ an online verification system.

20 D. The ~~Department~~ Authority shall make available to Oklahoma
21 state agencies and political subdivisions a list of marijuana-
22 licensed premises, medical marijuana businesses or any other
23 premises where marijuana or its by-products are licensed to be
24 cultivated, grown, processed, stored or manufactured by a medical

1 marijuana business to aid ~~county and municipal governments~~ Oklahoma
2 state agencies and political subdivisions in identifying locations
3 within their ~~jurisdiction~~ jurisdictions and ~~ensure~~ ensuring
4 compliance with ~~local~~ applicable laws, rules and regulations.

5 E. All ~~If~~ located within the incorporated boundaries of any
6 municipality, all marijuana-licensed premises, medical marijuana
7 businesses or any other premises where marijuana or its by-products
8 are licensed to be cultivated, grown, processed, stored or
9 manufactured shall submit with ~~their~~ the application or request to
10 change location, after notifying the ~~political subdivision~~
11 municipality of their intent, a certificate of compliance from the
12 ~~political subdivision~~ municipality where the facility of the
13 applicant or ~~use~~ licensee is to be located, and its intended use,
14 certifying compliance with zoning classifications, applicable
15 municipal ordinances and all applicable safety, electrical, fire,
16 plumbing, waste, construction and building specification codes.
17 Once a certificate of compliance has been submitted to the Oklahoma
18 Medical Marijuana Authority showing full compliance as outlined in
19 this section, no additional certificate of compliance shall be
20 required for license renewal unless a change of use or occupancy
21 occurs, or there is any change concerning the facility or location
22 that would by law require additional inspection, licensure or
23 permitting by the state or municipality.

24

1 SECTION 8. AMENDATORY Section 2, Chapter 11, O.S.L.
2 2019, as last amended by Section 48, Chapter 161, O.S.L. 2020 (63
3 O.S. Supp. 2020, Section 427.2), is amended to read as follows:

4 Section 427.2 As used in ~~this act~~ the Oklahoma Medical
5 Marijuana and Patient Protection Act:

6 1. "Advertising" means the act of providing consideration for
7 the publication, dissemination, solicitation, or circulation⁷ of
8 visual, oral, or written communication to induce directly or
9 indirectly any person to patronize a particular medical marijuana
10 business, or to purchase particular medical marijuana or a medical
11 marijuana product. Advertising includes marketing, but does not
12 include packaging and labeling;

13 2. "Authority" means the Oklahoma Medical Marijuana Authority;

14 3. "Batch number" means a unique numeric or alphanumeric
15 identifier assigned prior to testing to allow for inventory tracking
16 and traceability;

17 4. "Cannabinoid" means any of the chemical compounds that are
18 active principles of marijuana;

19 5. "Caregiver" means a family member or assistant who regularly
20 looks after a medical marijuana license holder whom a physician
21 attests needs assistance;

22 6. "Child-resistant" means special packaging that is:

23 a. designed or constructed to be significantly difficult
24 for children under five (5) years of age to open and

1 not difficult for normal adults to use properly as
2 defined by 16 C.F.R. 1700.15 (1995) and 16 C.F.R.
3 1700.20 (1995),

4 b. opaque so that the outermost packaging does not allow
5 the product to be seen without opening the packaging
6 material, and

7 c. resealable to maintain its child-resistant
8 effectiveness for multiple openings for any product
9 intended for more than a single use or containing
10 multiple servings;

11 7. "Clone" means a nonflowering plant cut from a mother plant
12 that is capable of developing into a new plant and has shown no
13 signs of flowering;

14 8. "Commissioner" means the State Commissioner of Health;

15 9. "Complete application" means a document prepared in
16 accordance with the provisions set forth in ~~this act~~ the Oklahoma
17 Medical Marijuana and Patient Protection Act, rules promulgated
18 pursuant thereto, and the forms and instructions provided by the
19 ~~Department~~ Authority, including any supporting documentation
20 required and the applicable license application fee;

21 10. "Department" means the State Department of Health;

22 11. "Director" means the Executive Director of the Oklahoma
23 Medical Marijuana Authority;

1 12. "Dispense" means the selling of medical marijuana or a
2 medical marijuana product to a qualified patient or the designated
3 caregiver of the patient that is packaged in a suitable container
4 appropriately labeled for subsequent administration to or use by a
5 qualifying patient;

6 13. "Dispensary" means a medical marijuana dispensary, an
7 entity that has been licensed by the ~~Department~~ Authority pursuant
8 to ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
9 Act to purchase medical marijuana or medical marijuana products from
10 a licensed medical marijuana commercial grower or licensed medical
11 marijuana processor, to prepare and package pre-rolls, and to sell
12 medical marijuana or medical marijuana products to licensed patients
13 and caregivers as defined ~~under~~ in this ~~act~~ section, or sell or
14 transfer products to another licensed dispensary;

15 14. "Edible medical marijuana product" means any medical-
16 marijuana-infused product for which the intended use is oral
17 consumption including, but not limited to, any type of food, drink
18 or pill;

19 15. "Entity" means an individual, general partnership, limited
20 partnership, limited liability company, trust, estate, association,
21 corporation, cooperative, or any other legal or commercial entity;

22 16. "Flower" means the reproductive organs of the marijuana or
23 cannabis plant referred to as the bud or parts of the plant that are
24

1 harvested and used ~~to consume~~ for consumption in a variety of
2 medical marijuana products;

3 17. "Flowering" means the reproductive state of the marijuana
4 or cannabis plant in which there are physical signs of flower or
5 budding out of the nodes of the stem;

6 18. "Food-based medical marijuana concentrate" means a medical
7 marijuana concentrate that was produced by extracting cannabinoids
8 from medical marijuana through the use of propylene glycol,
9 glycerin, butter, olive oil, coconut oil or other typical food-safe
10 cooking fats;

11 19. ~~"Good cause" for purposes of an initial, renewal or~~
12 ~~reinstatement license application, or for purposes of discipline of~~
13 ~~a licensee, means:~~

- 14 a. ~~the licensee or applicant has violated, does not meet,~~
15 ~~or has failed to comply with any of the terms,~~
16 ~~conditions or provisions of the act, any rules~~
17 ~~promulgated pursuant thereto, or any supplemental~~
18 ~~relevant state or local law, rule or regulation,~~
- 19 b. ~~the licensee or applicant has failed to comply with~~
20 ~~any special terms or conditions that were placed upon~~
21 ~~the license pursuant to an order of the State~~
22 ~~Department of Health, Oklahoma Medical Marijuana~~
23 ~~Authority or the municipality, or~~

24

1 e. ~~the licensed premises of a medical marijuana business~~
2 ~~or applicant have been operated in a manner that~~
3 ~~adversely affects the public health or welfare or the~~
4 ~~safety of the immediate vicinity in which the~~
5 ~~establishment is located;~~

6 20. "Harvest batch" means a specifically identified quantity of
7 medical marijuana that is ~~uniform in strain,~~ cultivated utilizing
8 ~~the same~~ substantially consistent cultivation practices, harvested
9 at the same time from the same location and cured under uniform
10 conditions;

11 ~~21.~~ 20. "Harvested marijuana" means post-flowering medical
12 marijuana not including trim, concentrate or waste;

13 ~~22.~~ 21. "Heat- or pressure-based medical marijuana concentrate"
14 means a medical marijuana concentrate that was produced by
15 extracting cannabinoids from medical marijuana through the use of
16 heat or pressure;

17 ~~23.~~ 22. "Immature plant" means a nonflowering marijuana plant
18 that has not demonstrated signs of flowering;

19 ~~24.~~ 23. "Inventory tracking system" means the required tracking
20 system that accounts for the entire life span of medical marijuana
21 ~~from either the seed or immature plant stage until the medical~~
22 ~~marijuana or~~ and ~~medical marijuana product is sold to a patient at a~~
23 ~~medical marijuana dispensary, transferred to a medical marijuana~~
24 ~~research facility, destroyed by a medical marijuana business or used~~

1 ~~in a research project by a medical marijuana research facility~~
2 products, including any testing samples thereof and medical
3 marijuana waste;

4 ~~25.~~ 24. "Licensed patient" or "patient" means a person who has
5 been issued a medical marijuana patient license by the ~~State~~
6 ~~Department of Health or~~ Oklahoma Medical Marijuana Authority;

7 ~~26.~~ 25. "Licensed premises" means the premises specified in an
8 application for a medical marijuana business license, medical
9 marijuana research facility license or medical marijuana education
10 facility license pursuant to ~~this act~~ the Oklahoma Medical Marijuana
11 and Patient Protection Act that are owned or in possession of the
12 licensee and within which the licensee is authorized to cultivate,
13 manufacture, distribute, sell, store, transport, test or research
14 medical marijuana or medical marijuana products in accordance with
15 the provisions of ~~this act~~ the Oklahoma Medical Marijuana and
16 Patient Protection Act and rules promulgated pursuant thereto;

17 ~~27.~~ 26. "Manufacture" means the production, propagation,
18 compounding or processing of a medical marijuana product, excluding
19 marijuana plants, either directly or indirectly by extraction from
20 substances of natural or synthetic origin, or independently by means
21 of chemical synthesis, or by a combination of extraction and
22 chemical synthesis;

23 ~~28.~~ 27. "Marijuana" shall not include seeds but shall otherwise
24 have the same meaning as such term is defined in Section 2-101 of

1 ~~Title 63 of the Oklahoma Statutes~~ this title and shall also include
2 any plant or material containing delta-8 or delta-10
3 tetrahydrocannabinol which is not grown, processed or sold pursuant
4 to the provisions of the Oklahoma Industrial Hemp Program;

5 ~~29.~~ 28. "Material change" means any change that would ~~require a~~
6 ~~substantive revision to the standard operating procedures of a~~
7 affect the qualifications for licensure of an applicant or licensee
8 ~~for the cultivation or production of medical marijuana, medical~~
9 ~~marijuana concentrate or medical marijuana products;~~

10 ~~30.~~ 29. "Mature plant" means a harvestable female marijuana
11 plant that is flowering;

12 ~~31.~~ 30. "Medical marijuana business (MMB)" means a licensed
13 medical marijuana dispensary, medical marijuana processor, medical
14 marijuana commercial grower, medical marijuana laboratory, medical
15 marijuana business operator, medical marijuana wholesaler or a
16 medical marijuana transporter;

17 ~~32.~~ 31. "Medical marijuana concentrate" or "concentrate" means
18 a specific subset of medical marijuana that was produced by
19 extracting cannabinoids from medical marijuana. Categories of
20 medical marijuana concentrate include water-based medical marijuana
21 concentrate, food-based medical marijuana concentrate, solvent-based
22 medical marijuana concentrate, and heat- or pressure-based medical
23 marijuana concentrate;

24

1 ~~33.~~ 32. "Medical marijuana commercial grower" or "commercial
2 grower" means an entity licensed to cultivate, prepare and package
3 medical marijuana, package pre-rolled marijuana, and transfer or
4 contract for the transfer of medical marijuana and pre-rolled
5 marijuana to a medical marijuana dispensary, medical marijuana
6 processor, any other medical marijuana commercial grower, medical
7 marijuana research facility, or medical marijuana education facility
8 ~~and pesticide manufacturers.~~ A commercial grower may sell seeds,
9 flower or clones to commercial growers pursuant to ~~this act~~ the
10 Oklahoma Medical Marijuana and Patient Protection Act;

11 ~~34.~~ 33. "Medical marijuana education facility" or "education
12 facility" means a person or entity approved pursuant to ~~this act~~ the
13 Oklahoma Medical Marijuana and Patient Protection Act to operate a
14 facility providing training and education to individuals involving
15 the cultivation, growing, harvesting, curing, preparing, packaging
16 or testing of medical marijuana, or the production, manufacture,
17 extraction, processing, packaging or creation of medical-marijuana-
18 infused products or medical marijuana products as described in ~~this~~
19 ~~act~~ the Oklahoma Medical Marijuana and Patient Protection Act;

20 ~~35.~~ 34. "Medical-marijuana-infused product" means a product
21 infused with medical marijuana including, but not limited to, edible
22 products, ointments and tinctures, except pre-rolled marijuana that
23 does not contain medical marijuana concentrate shall not constitute
24 a medical-marijuana-infused product;

1 ~~36.~~ 35. "Medical marijuana product" or "product" means a
2 product that contains cannabinoids that have been extracted from
3 plant material or the resin therefrom by physical or chemical means
4 and is intended for administration to a qualified patient including,
5 but not limited to, oils, tinctures, edibles, pills, topical forms,
6 gels, creams, vapors, patches, liquids, and forms administered by a
7 nebulizer, excluding live plant forms which are considered medical
8 marijuana;

9 ~~37.~~ 36. "Medical marijuana processor" means a person or entity
10 licensed pursuant to ~~this act~~ the Oklahoma Medical Marijuana and
11 Patient Protection Act to operate a business including the
12 production, manufacture, extraction, processing, packaging or
13 creation of concentrate, medical-marijuana-infused products or
14 medical marijuana products as described in ~~this act~~ the Oklahoma
15 Medical Marijuana and Patient Protection Act;

16 ~~38.~~ 37. "Medical marijuana research facility" or "research
17 facility" means a person or entity approved pursuant to ~~this act~~ the
18 Oklahoma Medical Marijuana and Patient Protection Act to conduct
19 medical marijuana research. A medical marijuana research facility
20 is not a medical marijuana business;

21 ~~39.~~ 38. "Medical marijuana testing laboratory" or "laboratory"
22 means a public or private laboratory licensed pursuant to ~~this act~~,
23 the Oklahoma Medical Marijuana and Patient Protection Act to conduct
24

1 testing and research on medical marijuana and medical marijuana
2 products;

3 ~~40.~~ 39. "Medical marijuana transporter" or "transporter" means
4 a person or entity that is licensed pursuant to ~~this act~~ the
5 Oklahoma Medical Marijuana and Patient Protection Act. A medical
6 marijuana transporter does not include a medical marijuana business
7 that transports its own medical marijuana, medical marijuana
8 concentrate or medical marijuana products to a property or facility
9 adjacent to or connected to the licensed premises if the property is
10 another licensed premises of the same medical marijuana business;

11 ~~41.~~ 40. "Medical marijuana waste" or "waste" means unused,
12 surplus, returned or out-of-date marijuana, plant debris of the
13 plant of the genus Cannabis, including dead plants and all unused
14 plant parts and roots, except the term shall not include roots,
15 stems, stalks and fan leaves;

16 41. "Medical marijuana wholesaler" or "wholesaler" means an
17 entity licensed by the Oklahoma Medical Marijuana Authority to
18 acquire, possess, sell and distribute medical marijuana or medical
19 marijuana products on behalf of another licensed medical marijuana
20 business in the State of Oklahoma. A medical marijuana wholesaler
21 does not include a medical marijuana business which grows, produces
22 and sells its own medical marijuana, medical marijuana concentrate
23 or medical marijuana products;

24

1 42. "Medical use" means the acquisition, possession, use,
2 delivery, transfer or transportation of medical marijuana, medical
3 marijuana products, medical marijuana devices or paraphernalia
4 relating to the administration of medical marijuana to treat a
5 licensed patient;

6 43. "Mother plant" means a marijuana plant that is grown or
7 maintained for the purpose of generating clones, and that will not
8 be used to produce plant material for sale to a medical marijuana
9 processor or medical marijuana dispensary;

10 44. "Oklahoma physician" or "physician" means a physician
11 licensed by and in good standing with the State Board of Medical
12 Licensure and Supervision, the State Board of Osteopathic Examiners
13 or the Board of Podiatric Medical Examiners;

14 45. "Oklahoma resident" means an individual who can provide
15 proof of residency as required by ~~this act~~ the Oklahoma Medical
16 Marijuana and Patient Protection Act;

17 46. "Owner" means, except where the context otherwise requires,
18 a direct beneficial owner including, but not limited to, all persons
19 or entities as follows:

- 20 a. all shareholders owning an interest of a corporate
21 entity and all officers of a corporate entity,
- 22 b. all partners of a general partnership,
- 23 c. all general partners and all limited partners that own
24 an interest in a limited partnership,

- 1 d. all members that own an interest in a limited
2 liability company,
- 3 e. all beneficiaries that hold a beneficial interest in a
4 trust and all trustees of a trust,
- 5 f. all persons or entities that own an interest in a
6 joint venture,
- 7 g. all persons or entities that own an interest in an
8 association,
- 9 h. the owners of any other type of legal entity, and
- 10 i. any other person holding an interest or convertible
11 note in any entity which owns, operates or manages a
12 licensed facility;

13 47. "Package" or "packaging" means any container or wrapper
14 that may be used by a medical marijuana business to enclose or
15 contain medical marijuana;

16 48. "Person" means a natural person, partnership, association,
17 business trust, company, corporation, estate, limited liability
18 company, trust or any other legal entity or organization, or a
19 manager, agent, owner, director, servant, officer or employee
20 thereof, except that "person" does not include any governmental
21 organization;

22 49. "Pesticide" means any substance or mixture of substances
23 intended for preventing, destroying, repelling or mitigating any
24 pest or any substance or mixture of substances intended for use as a

1 plant regulator, defoliant or desiccant, except that the term
2 "pesticide" shall not include any article that is a "new animal
3 drug" as designated by the United States Food and Drug
4 Administration;

5 50. "Production batch" means:

6 a. any amount of medical marijuana concentrate of the
7 same category ~~and,~~ produced using the same extraction
8 methods, and standard operating procedures ~~and an~~
9 ~~identical group of harvest batch of medical marijuana,~~

10 or

11 b. any amount of medical marijuana product of the same
12 ~~exact~~ type, produced using the same ingredients,
13 standard operating procedures and the same production
14 batch of medical marijuana concentrate;

15 51. "Public institution" means any entity established or
16 controlled by the federal government, state government, or a local
17 government or municipality including, but not limited to,
18 institutions of higher education or related research institutions;

19 52. "Public money" means any funds or money obtained by the
20 license holder from any governmental entity including, but not
21 limited to, research grants;

22 53. "Recommendation" means a document that is signed or
23 electronically submitted by a physician on behalf of a patient for
24

1 the use of medical marijuana pursuant to ~~this act~~ the Oklahoma
2 Medical Marijuana and Patient Protection Act;

3 54. "Registered to conduct business" means a person that has
4 provided proof that the business applicant or business licensee is
5 in good standing with the Oklahoma Secretary of State, if such
6 registration is required under Oklahoma law and, if the business is
7 a medical marijuana dispensary, proof that the medical marijuana
8 dispensary is in good standing with the Oklahoma Tax Commission. In
9 the event the medical marijuana dispensary is not in good standing
10 with the Oklahoma Tax Commission, the business applicant or business
11 licensee shall provide proof that it has entered into a mutually
12 agreeable payment plan with the Oklahoma Tax Commission;

13 55. "Remediation" means the process by which ~~the medical~~
14 ~~marijuana flower or trim, which has failed microbial testing, is~~
15 ~~processed into solvent-based medical marijuana concentrate and a~~
16 harvest batch, production batch or other medical marijuana or
17 medical marijuana product produced pursuant to the Oklahoma Medical
18 Marijuana and Patient Protection Act undergoes a procedure, prior to
19 laboratory testing or after the medical marijuana or medical
20 marijuana product has failed laboratory testing for any reason, to
21 remedy any deficiencies or failures and is retested as required by
22 ~~this act~~ in accordance with Oklahoma laws, rules and regulations;

23 56. "Research project" means a discrete scientific endeavor to
24 answer a research question or a set of research questions related to

1 medical marijuana and is required for a medical marijuana research
2 license. A research project shall include a description of a
3 defined protocol, clearly articulated goals, defined methods and
4 outputs, and a defined start and end date. The description shall
5 demonstrate that the research project will comply with all
6 requirements in ~~this act~~ the Oklahoma Medical Marijuana and Patient
7 Protection Act and rules promulgated pursuant thereto. All research
8 and development conducted by a medical marijuana research facility
9 shall be conducted in furtherance of an approved research project;

10 57. "Revocation" means the final decision by the ~~Department~~
11 Authority that any license issued pursuant to ~~this act~~ the Oklahoma
12 Medical Marijuana and Patient Protection Act is rescinded because
13 the individual or entity does not comply with the applicable
14 requirements set forth in ~~this act~~ the Oklahoma Medical Marijuana
15 and Patient Protection Act or rules promulgated pursuant thereto;

16 58. "School" means a state-licensed or accredited public or
17 private ~~preschool or a public or private~~ elementary, middle or
18 ~~secondary~~ high school which is primarily used for ~~school classes and~~
19 classroom instruction. ~~A~~ An athletic field, homeschool, daycare or
20 child-care facility shall not be considered a "school" as used in
21 ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection Act;

22 59. "Shipping container" means a hard-sided container with a
23 lid or other enclosure that can be secured in place. A shipping
24 container is used solely for the transport of medical marijuana,

1 medical marijuana concentrate, or medical marijuana products between
2 medical marijuana businesses, a medical marijuana research facility,
3 or a medical marijuana education facility;

4 60. "Solvent-based medical marijuana concentrate" means a
5 medical marijuana concentrate that was produced by extracting
6 cannabinoids from medical marijuana through the use of a solvent
7 approved by the ~~Department~~ Authority;

8 61. "State Question" means Oklahoma State Question No. 788,
9 Initiative Petition No. 412, approved by a majority vote of the
10 citizens of Oklahoma on June 26, 2018;

11 62. "Strain" means the ~~classification~~ name given to a
12 particular variety of medical marijuana or cannabis plants in either
13 pure sativa, indica, afghanica, ruderalis or hybrid varieties that
14 is based on a combination of factors which may include, but are not
15 limited to, botanical lineage, appearance, chemical profile and
16 accompanying effects. An example of a strain of medical marijuana
17 would be "OG Kush" or "Pineapple Express";

18 63. "THC" means tetrahydrocannabinol, which is the primary
19 psychotropic cannabinoid in marijuana formed by decarboxylation of
20 naturally tetrahydrocannabinolic acid, which generally occurs by
21 exposure to heat;

22 64. ~~"Test batch" means with regard to usable marijuana, a~~
23 ~~homogenous, identified quantity of usable marijuana by strain, no~~
24 ~~greater than ten (10) pounds, that is harvested during a seven-day~~

1 ~~period from a specified cultivation area, and with regard to oils,~~
2 ~~vapors and waxes derived from usable marijuana, means an identified~~
3 ~~quantity that is uniform, that is intended to meet specifications~~
4 ~~for identity, strength and composition, and that is manufactured,~~
5 ~~packaged and labeled during a specified time period according to a~~
6 ~~single manufacturing, packaging and labeling protocol;~~

7 ~~65.~~ "Transporter agent" means a person who transports medical
8 marijuana or medical marijuana products ~~for~~ as an employee of a
9 licensed ~~transporter~~ medical marijuana business and holds a
10 transporter agent license specific to that business pursuant to ~~this~~
11 ~~act~~ the Oklahoma Medical Marijuana and Patient Protection Act;

12 ~~66.~~ 65. "Universal symbol" means the image established by the
13 ~~State Department of Health or~~ Oklahoma Medical Marijuana Authority
14 and made available to licensees through its website indicating that
15 the medical marijuana or the medical marijuana product contains THC;

16 ~~67.~~ 66. "Usable marijuana" means the dried leaves, flowers,
17 oils, vapors, waxes and other portions of the marijuana plant and
18 any mixture or preparation thereof, excluding ~~seed~~ seeds, roots,
19 stems, stalks and fan leaves; and

20 ~~68.~~ 67. "Water-based medical marijuana concentrate" means a
21 concentrate that was produced by extracting cannabinoids from
22 medical marijuana through the use of only water, ice, or dry ice.

1 SECTION 9. AMENDATORY Section 3, Chapter 11, O.S.L.
2 2019, as amended by Section 6, Chapter 477, O.S.L. 2019 (63 O.S.
3 Supp. 2020, Section 427.3), is amended to read as follows:
4 Section 427.3 A. There is hereby created the Oklahoma Medical
5 Marijuana Authority within the State Department of Health which
6 shall address issues related to the medical marijuana program in
7 Oklahoma including, but not limited to, the issuance of patient and
8 caregiver licenses and medical marijuana business licenses, and the
9 dispensing, cultivating, processing, testing, transporting, storage,
10 research, and the use of and sale of medical marijuana pursuant to
11 ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection Act.
12 B. The Department shall provide support staff to perform
13 designated duties of the Authority. The Department shall also
14 provide office space for meetings of the Authority.
15 C. The ~~Department~~ Authority shall implement the provisions of
16 ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection Act
17 consistently with the voter-approved State Question No. 788,
18 Initiative Petition No. 412, subject to the provisions of ~~this act~~
19 the Oklahoma Medical Marijuana and Patient Protection Act.
20 D. The ~~Department~~ Authority shall exercise its respective
21 powers and perform its respective duties and functions as specified
22 in ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
23 Act and ~~Title 63 of the Oklahoma Statutes~~ this title including, but
24 not limited to, the following:

- 1 1. Determine steps the state shall take, whether administrative
2 or legislative in nature, to ensure that research on medical
3 marijuana and medical marijuana products is being conducted for
4 public purposes, including the advancement of:
- 5 a. public health policy and public safety policy,
 - 6 b. agronomic and horticultural best practices, and
 - 7 c. medical and pharmacopoeia best practices;
- 8 2. Contract with third-party vendors and other governmental
9 entities in order to carry out the respective duties and functions
10 as specified in ~~this act~~ the Oklahoma Medical Marijuana and Patient
11 Protection Act;
- 12 3. Upon complaint or upon its own motion and upon a completed
13 investigation, levy fines as prescribed in ~~this act~~ applicable laws,
14 rules and regulations and suspend ~~or~~, revoke or not renew licenses
15 pursuant to ~~this act~~ applicable laws, rules and regulations;
- 16 4. Issue subpoenas for the appearance or production of persons,
17 records and things in connection with disciplinary or contested
18 cases considered by the ~~Department~~ Authority;
- 19 5. Apply for injunctive or declaratory relief to enforce the
20 provisions of ~~this section and any~~ applicable laws, rules
21 ~~promulgated pursuant to this section~~ and regulations;
- 22 6. Inspect and examine, ~~with notice provided in accordance with~~
23 ~~this act,~~ all licensed premises of medical marijuana businesses,
24 medical marijuana research facilities ~~and,~~ medical marijuana

1 education facilities and medical marijuana waste disposal facilities
2 in which medical marijuana is cultivated, manufactured, sold,
3 stored, transported, tested ~~or~~, distributed or disposed;

4 7. Upon action by the federal government by which the
5 production, sale and use of marijuana in Oklahoma does not violate
6 federal law, work with the Oklahoma State Banking Department and the
7 State Treasurer to develop good practices and standards for banking
8 and finance for medical marijuana businesses;

9 8. Establish internal control procedures for licenses including
10 accounting procedures, reporting procedures and personnel policies;

11 9. Establish a fee schedule and collect fees for performing
12 background checks as the ~~Commissioner~~ Executive Director deems
13 appropriate. The fees charged pursuant to this paragraph shall not
14 exceed the actual cost incurred for each background check; ~~and~~

15 10. ~~Require verification for sources of finance for medical~~
16 ~~marijuana businesses~~ Establish a fee schedule and collect fees for
17 material changes requested by the licensee; and

18 11. Establish regulations which require a medical marijuana
19 business to submit information to the Oklahoma Medical Marijuana
20 Authority deemed reasonably necessary to assist the Authority in the
21 prevention of diversion of medical marijuana by a licensed medical
22 marijuana business. Such information required by the Authority may
23 include, but is not limited to:

24 a. the square footage of a licensed premises,

- 1 b. a diagram of a licensed premises,
2 c. the number and type of lights at a licensed medical
3 marijuana commercial grower business,
4 d. the number, type, and production capacity of equipment
5 located at a medical marijuana processing facility,
6 e. the names, addresses and telephone numbers of
7 employees or agents of a medical marijuana business,
8 f. employment manuals and standard operating procedures
9 for a medical marijuana business, and
10 g. such other information as the Authority reasonably
11 deems necessary.

12 The disclosure of this information shall not constitute a
13 prerequisite of licensure, and the Authority shall not require
14 disclosure of the financial information of any owner for any purpose
15 related to obtaining or renewing a medical marijuana business
16 license.

17 SECTION 10. AMENDATORY Section 4, Chapter 11, O.S.L.
18 2019 (63 O.S. Supp. 2020, Section 427.4), is amended to read as
19 follows:

20 Section 427.4 A. The Oklahoma Medical Marijuana Authority, in
21 conjunction with the State Department of Health, shall employ an
22 Executive Director and other personnel as necessary to assist the
23 Authority in carrying out its duties.

1 B. The Authority shall not employ an individual if any of the
2 following circumstances exist:

3 1. The individual has a direct or indirect interest in a
4 licensed medical marijuana business; or

5 2. The individual or his or her spouse, parent, child, spouse
6 of a child, sibling, or spouse of a sibling has an application for a
7 medical marijuana business license pending before the ~~Department~~
8 Authority or is a member of the board of directors of a medical
9 marijuana business, or is an individual financially interested in
10 any licensee or medical marijuana business.

11 C. All officers and employees of the Authority shall be in the
12 exempt unclassified service as provided for in Section 840-5.5 of
13 Title 74 of the Oklahoma Statutes.

14 D. The Commissioner may delegate to any officer or employee of
15 the Department any of the powers of the Executive Director and may
16 designate any officer or employee of the Department to perform any
17 of the duties of the Executive Director.

18 E. The Executive Director shall be authorized to suggest rules
19 governing the oversight and implementation of ~~this act~~ the Oklahoma
20 Medical Marijuana and Patient Protection Act.

21 F. The Department is hereby authorized to create employment
22 positions necessary for the implementation of its obligations
23 pursuant to ~~this act~~, the Oklahoma Medical Marijuana and Patient
24 Protection Act including, but not limited to, Authority

1 investigators and a senior director of enforcement. The Department
2 and the Authority, the senior director of enforcement, the Executive
3 Director, and Department investigators shall have all the powers of
4 any peace officer to:

5 1. Investigate violations or suspected violations of ~~this act~~
6 the Oklahoma Medical Marijuana and Patient Protection Act and any
7 rules promulgated pursuant thereto;

8 2. Serve all warrants, summonses, subpoenas, administrative
9 citations, notices or other processes relating to the enforcement of
10 laws regulating medical marijuana, medical marijuana concentrate,
11 and medical marijuana product;

12 3. Assist or aid any law enforcement officer in the performance
13 of his or her duties upon such law enforcement officer's request or
14 the request of other local officials having jurisdiction;

15 4. ~~Require~~ As provided in Section 427.6 of this title, require
16 any business applicant or licensee, ~~upon twenty-four (24) hours~~
17 ~~notice or upon a showing of necessity,~~ to permit an inspection of
18 licensed premises, during business hours or at any time of apparent
19 operation, marijuana equipment, and marijuana accessories, or books
20 and records or any other information required by the Oklahoma
21 Medical Marijuana and Patient Protection Act or regulation of the
22 Authority required to be on-site of the medical marijuana business;
23 and to permit the testing ~~of~~ or examination of medical marijuana,
24 medical marijuana concentrate, or medical marijuana product; ~~and~~

1 5. Require applicants and licensees to submit complete and
2 current applications, submit information and fees required by ~~this~~
3 ~~act and fees,~~ the Oklahoma Medical Marijuana and Patient Protection
4 Act and the Oklahoma Medical Marijuana Waste Management Act, and
5 approve material changes made by the applicant or licensee;

6 6. Require medical marijuana business licensees to submit
7 samples or units of medical marijuana or medical marijuana products
8 to the medical marijuana testing laboratory when the Authority has
9 reason to believe the medical marijuana or medical marijuana
10 products may be unsafe for patient consumption or inhalation or have
11 not been tested in accordance with the provisions of the Oklahoma
12 Medical Marijuana and Patient Protection Act and the rules and
13 regulations of the Authority. The licensee shall provide the
14 samples or units of medical marijuana or medical marijuana products
15 at its own expense but shall not be responsible for the costs of
16 testing; and

17 7. Require medical marijuana business licensees to periodically
18 submit samples or units of medical marijuana or medical marijuana
19 products to the testing laboratory for quality assurance purposes.
20 Licensed medical marijuana commercial growers, medical marijuana
21 processors, medical marijuana dispensaries and medical marijuana
22 transporters shall not be required to submit samples or units of
23 medical marijuana or medical marijuana products more than twice a
24 year. The medical marijuana business licensee shall provide the

1 samples or units of medical marijuana or medical marijuana products
2 at its own expense but shall not be responsible for the costs of
3 testing.

4 SECTION 11. AMENDATORY Section 6, Chapter 11, O.S.L.
5 2019, as amended by Section 7, Chapter 477, O.S.L. 2019 (63 O.S.
6 Supp. 2020, Section 427.6), is amended to read as follows:

7 Section 427.6 A. ~~The State Department of Health~~ Oklahoma
8 Medical Marijuana Authority shall address issues related to the
9 medical marijuana program in Oklahoma including, but not limited to,
10 monitoring and disciplinary actions as they relate to the medical
11 marijuana program.

12 B. 1. ~~The Department~~ Authority or its designee may perform on-
13 site ~~assessments~~ inspections or investigations of a licensee or
14 applicant for any medical marijuana business ~~license issued pursuant~~
15 ~~to this act,~~ medical marijuana research facility, medical marijuana
16 education facility or medical marijuana waste disposal facility to
17 determine compliance with ~~this act~~ applicable laws, rules and
18 regulations or submissions made pursuant to this section. The
19 ~~Department~~ Authority may enter the licensed premises of a medical
20 marijuana business ~~licensee or applicant,~~ medical marijuana research
21 facility, medical marijuana education facility or medical marijuana
22 waste disposal facility to assess or monitor compliance or ensure
23 qualifications for licensure.

24

1 2. ~~Inspections~~ Post-licensure inspections shall be limited to
2 twice per calendar year ~~and twenty-four (24) hours of notice shall~~
3 ~~be provided to a medical marijuana business applicant or licensee~~
4 ~~prior to an on-site assessment.~~ However, investigations and
5 additional inspections may occur when the ~~Department shows that~~
6 Authority believes an investigation or additional inspection is
7 necessary due to a possible violation of this act. ~~Such inspection~~
8 ~~may be without notice if the Department believes that such notice~~
9 ~~will result in the destruction of evidence~~ applicable laws, rules or
10 regulations. The Executive Director of the Authority may adopt
11 rules imposing penalties including, but not limited to, monetary
12 penalties and revocation of license, for failure to allow the
13 Authority reasonable access to the licensed premises for purposes of
14 conducting an inspection. As used in this paragraph, "reasonable
15 access" shall include, but not be limited to, access during normal
16 business hours of operation after twenty-four (24) hours of notice
17 has been provided or, for investigations or additional inspections,
18 access during normal business hours of operation.

19 3. The ~~Department~~ Authority may review relevant records of a
20 licensed medical marijuana business, licensed medical marijuana
21 research facility ~~or~~, licensed medical marijuana education facility
22 or licensed medical marijuana waste disposal facility, and may
23 require and conduct interviews with such persons or entities and
24 persons affiliated with such entities, for the purpose of

1 determining compliance with ~~Department~~ Authority requirements and
2 applicable laws. ~~However, prior to conducting any interviews with~~
3 ~~the medical marijuana business, research facility or education~~
4 ~~facility, the licensee shall be afforded sufficient time to secure~~
5 ~~legal representation during such questioning if requested by the~~
6 ~~business or facility or any of its agents or employees or~~
7 ~~contractors,~~ rules and regulations.

8 4. The ~~Department shall~~ Authority may refer complaints alleging
9 criminal activity that are made against a licensee to appropriate
10 Oklahoma state or local law enforcement authorities.

11 C. Disciplinary action may be taken against an applicant or
12 licensee ~~under this act~~ for not adhering to ~~the law~~ applicable laws,
13 rules and regulations pursuant to the terms, conditions and
14 guidelines set forth in ~~this act~~ the Oklahoma Medical Marijuana and
15 Patient Protection Act.

16 D. Disciplinary actions may include revocation, suspension or
17 denial of an application, license or final authorization and other
18 action deemed appropriate by the ~~Department~~ Authority.

19 E. Disciplinary actions may be imposed upon a medical marijuana
20 business licensee for:

21 1. Failure to comply with or satisfy any provision of ~~this~~
22 ~~section~~ applicable laws, rules or regulations;

23 2. Falsification or misrepresentation of any material or
24 information submitted to the ~~Department~~ Authority;

- 1 3. Failing to allow or impeding a ~~monitoring visit~~ entry by
2 authorized representatives of the ~~Department~~ Authority;
- 3 4. Failure to adhere to any acknowledgement, verification or
4 other representation made to the ~~Department~~ Authority;
- 5 5. Failure to submit or disclose information required by ~~this~~
6 ~~section~~ applicable laws, rules or regulations or as otherwise
7 requested by the ~~Department~~ Authority;
- 8 6. Failure to correct any violation of this section cited as a
9 result of a review or audit of financial records or other materials;
- 10 7. Failure to comply with requested access by the ~~Department~~
11 Authority to the licensed premises or materials;
- 12 8. Failure to pay a required monetary penalty;
- 13 9. Diversion of medical marijuana or any medical marijuana
14 product, as determined by the ~~Department~~ Authority;
- 15 10. Threatening or harming a medical marijuana patient
16 licensee, caregiver licensee, a medical practitioner or an employee
17 of the ~~Department~~ Authority; and
- 18 11. Any other basis indicating a violation of the applicable
19 laws, rules and regulations as identified by the ~~Department~~
20 Authority.

21 F. Disciplinary actions against a licensee may include the
22 imposition of monetary penalties, which may be assessed by the
23 ~~Department~~ Authority. The Authority may suspend or revoke a medical
24 marijuana business license for failure to pay any monetary penalty

1 lawfully assessed by the Authority against a medical marijuana
2 business licensee.

3 G. Penalties for sales or purchases by a medical marijuana
4 business to persons other than those allowed by law occurring within
5 any two-year time period may include an initial fine of up to One
6 Thousand Dollars (\$1,000.00) for a first violation and a fine of up
7 to Five Thousand Dollars (\$5,000.00) for any subsequent violation.
8 Penalties for grossly inaccurate or fraudulent reporting occurring
9 within any two-year time period may include an initial fine of Five
10 Thousand Dollars (\$5,000.00) for a first violation and a fine of Ten
11 Thousand Dollars (\$10,000.00) for any subsequent violation. The
12 medical marijuana business may be subject to a revocation of any
13 license granted pursuant to ~~this act~~ the Oklahoma Medical Marijuana
14 and Patient Protection Act upon a showing that the violation was
15 willful or grossly negligent.

16 H. 1. ~~First~~ The first offense for intentional and
17 impermissible diversion of medical marijuana, medical marijuana
18 concentrate, or medical marijuana products by a patient or caregiver
19 licensee to an unauthorized person shall not be punished under a
20 criminal statute but may be subject to a fine of Two Hundred Dollars
21 (\$200.00).

22 2. The second offense for impermissible diversion of medical
23 marijuana, medical marijuana concentrate, or medical marijuana
24 products by a patient or caregiver licensee to an unauthorized

1 person shall not be punished under a criminal statute but may be
2 subject to a fine of ~~not~~ up to exceed Five Hundred Dollars (\$500.00)
3 and may result in revocation of the license upon a showing that the
4 violation was willful or grossly negligent.

5 I. ~~The following persons or entities may request a hearing~~ In
6 addition to contest an action or proposed action of any other
7 remedies provided by law, the Department: Authority, pursuant to its
8 rules and regulations, may issue a written order to any medical
9 marijuana business licensee the Authority has reason to believe has
10 violated the Oklahoma Medical Marijuana and Patient Protection Act,
11 the Oklahoma Medical Marijuana Waste Management Act, or any rules
12 promulgated by the Executive Director of the Authority and to whom
13 the Authority has served, not less than thirty (30) days previously,
14 a written notice of violation of such statutes or rules.

15 1. ~~A medical marijuana business, research facility or education~~
16 ~~facility licensee whose license has been summarily suspended or who~~
17 ~~has received a notice of contemplated action to suspend or revoke a~~
18 ~~license or take other~~ The written order shall state with specificity
19 the nature of the violation. The Authority may impose any
20 disciplinary action, and authorized under the provisions of this
21 section including, but not limited to, the assessment of monetary
22 penalties.

23 2. ~~A patient or caregiver licensee whose license has been~~
24 ~~summarily suspended or who has received notice of contemplated~~

1 ~~action to suspend or revoke a license or take other disciplinary~~
2 ~~action~~ Any order issued pursuant to the provisions of this section
3 shall become a final order unless, not more than thirty (30) days
4 after the order is served to the medical marijuana business
5 licensee, the licensee requests an administrative hearing in
6 accordance with the rules and regulations of the Authority. Upon
7 such request, the Authority shall promptly initiate administrative
8 proceedings.

9 J. Whenever the Authority finds, upon clear and convincing
10 evidence, that an emergency exists requiring immediate action in
11 order to protect the public health or welfare, the Authority may
12 issue an order, without notice or hearing, stating the existence of
13 the emergency and requiring that action be taken as the Authority
14 deems necessary to meet the emergency. Such action may include, but
15 is not limited to, ordering the licensee to immediately cease and
16 desist operations by the licensee. The order shall be effective
17 immediately upon issuance. Any licensee to whom the order is
18 directed shall comply immediately with the provisions of the order.
19 The Authority may assess a penalty not to exceed Ten Thousand
20 Dollars (\$10,000.00) per day for noncompliance with the order. In
21 assessing such a penalty, the Authority shall consider the
22 seriousness of the violation and any efforts to comply with
23 applicable requirements. Upon application to the Authority, the
24 licensee shall be offered a hearing within ten (10) days of the

1 issuance of the order. No order issued pursuant to this subsection
2 may prohibit a licensed medical marijuana commercial grower from
3 continuing to care for, grow, cure or store medical marijuana plants
4 or medical marijuana until such time as a hearing occurs; provided,
5 however, the licensed medical marijuana grower shall be prohibited
6 from transporting, relocating or selling any medical marijuana
7 plants or medical marijuana that is the subject of the order until
8 such time as the matter is resolved. On the basis of the hearing,
9 the Authority shall continue the order in effect or revoke or modify
10 the order.

11 ~~J. K.~~ All hearings held pursuant to this section shall be in
12 accordance with the Oklahoma Administrative Procedures Act, ~~Section~~
13 ~~250 et seq. of Title 75 of the Oklahoma Statutes.~~

14 SECTION 12. AMENDATORY Section 7, Chapter 11, O.S.L.
15 2019, as amended by Section 5, Chapter 509, O.S.L. 2019 (63 O.S.
16 Supp. 2020, Section 427.7), is amended to read as follows:

17 Section 427.7 A. The Oklahoma Medical Marijuana Authority
18 shall create a medical marijuana use registry of licensed patients
19 and caregivers as provided under this section. The handling of any
20 records maintained in the registry shall comply with all ~~relevant~~
21 applicable state and federal privacy laws ~~including, but not limited~~
22 ~~to, the Health Insurance Portability and Accountability Act of 1996~~
23 ~~(HIPAA).~~

24 B. The medical marijuana use registry shall be accessible to:

1 1. Oklahoma-licensed medical marijuana dispensaries to verify
2 the license of a patient or caregiver by the ten- to twenty-four-
3 character identifier; and

4 2. Any court in this state.

5 C. All other records regarding a medical marijuana patient or
6 caregiver licensee shall be maintained by the Authority and shall be
7 deemed confidential. The handling of any records maintained by the
8 Authority shall comply with all ~~relevant~~ applicable state and
9 federal privacy laws ~~including, but not limited to, the Health~~
10 ~~Insurance Portability and Accountability Act of 1996 (HIPAA)~~. Such
11 records shall be marked as confidential, shall not be made available
12 to the public, and shall only be made available to the licensee,
13 designee of the licensee, any physician of the licensee or the
14 caregiver of the licensee.

15 D. A log shall be kept with the file of the licensee to record
16 any event in which the records of the licensee were made available
17 and to whom the records were provided.

18 E. The ~~Department~~ Authority shall ensure that all ~~application~~
19 medical marijuana patient and caregiver records and information are
20 sealed to protect the privacy of medical marijuana patient and
21 caregiver license applicants and licensees.

22 SECTION 13. AMENDATORY Section 8, Chapter 11, O.S.L.
23 2019 (63 O.S. Supp. 2020, Section 427.8), is amended to read as
24 follows:

1 Section 427.8 A. The rights to possess the marijuana products
2 set forth in Section 420 of ~~Title 63 of the Oklahoma Statutes~~ this
3 title are cumulative and a duly licensed individual may possess at
4 any one time the totality of the items listed therein and not be in
5 violation of this act so long as the individual holds a valid
6 patient license or caregiver license.

7 B. Municipal and county governing bodies may not enact medical
8 marijuana guidelines which restrict or interfere with the rights of
9 a licensed patient or caregiver to possess, purchase, cultivate or
10 transport medical marijuana within the legal limits set forth in
11 this act or Section 420 et seq. of ~~Title 63 of the Oklahoma Statutes~~
12 this title or require patients or caregivers to obtain permits or
13 licenses in addition to the state-required licenses provided herein.

14 C. Nothing in this act or Section 420 et seq. of ~~Title 63 of~~
15 ~~the Oklahoma Statutes~~ this title shall prohibit a residential or
16 commercial property or business owner from prohibiting the
17 consumption of medical marijuana or medical marijuana product by
18 smoke or vaporization on the premises, within the structures of the
19 premises or within ten (10) feet of the entryway to the premises.
20 However, a medical marijuana patient shall not be denied the right
21 to consume or use other medical marijuana products which are
22 otherwise legal and do not involve the smoking or vaporization of
23 cannabis when lawfully recommended pursuant to Section 420 of ~~Title~~
24 ~~63 of the Oklahoma Statutes~~ this title.

1 D. A medical marijuana patient or caregiver licensee shall not
2 be denied eligibility in public assistance programs including, but
3 not limited to, Medicaid, Supplemental Nutrition Assistance Program
4 (SNAP), Women, Infants, and Children Nutrition Program (WIC),
5 Temporary Assistance for Needy Families (TANF) or other such public
6 assistance programs based solely on his or her status as a medical
7 marijuana patient or caregiver licensee, unless required by federal
8 law.

9 E. A medical marijuana patient or caregiver licensee shall not
10 be denied the right to own, purchase or possess a firearm,
11 ammunition, or firearm accessories based solely on his or her status
12 as a medical marijuana patient or caregiver licensee. No state or
13 local agency, municipal or county governing authority shall
14 restrict, revoke, suspend or otherwise infringe upon the right of a
15 person to own, purchase or possess a firearm, ammunition, or firearm
16 accessories or any related firearms license or certification based
17 solely on their status as a medical marijuana patient or caregiver
18 licensee.

19 F. A medical marijuana patient or caregiver in actual
20 possession of a medical marijuana license shall not be subject to
21 arrest, prosecution or penalty in any manner or denied any right,
22 privilege or public assistance, under state law or municipal or
23 county ordinance or resolution including without limitation a civil
24 penalty or disciplinary action by a business, occupational or

1 professional licensing board or bureau, for the medical use of
2 marijuana in accordance with this act.

3 G. A government medical assistance program shall not be
4 required to reimburse a person for costs associated with the medical
5 use of marijuana unless federal law requires reimbursement.

6 H. Unless otherwise required by federal law or required to
7 obtain federal funding:

8 1. No employer may refuse to hire, discipline, discharge or
9 otherwise penalize an applicant or employee solely on the basis of
10 such applicant's or employee's status as a medical marijuana
11 licensee; and

12 2. No employer may refuse to hire, discipline, discharge or
13 otherwise penalize an applicant or employee solely on the basis of a
14 positive test for marijuana components or metabolites, unless:

15 a. the applicant or employee is not in possession of a
16 valid medical marijuana license,

17 b. the licensee possesses, consumes or is under the
18 influence of medical marijuana or medical marijuana
19 product while at the place of employment or during the
20 fulfillment of employment obligations, or

21 c. the position is one involving safety-sensitive job
22 duties, as such term is defined in subsection K of
23 this section.

24

1 I. Nothing in this act or Section 420 et seq. of ~~Title 63 of~~
2 ~~the Oklahoma Statutes~~ this title shall:

3 1. Require an employer to permit or accommodate the use of
4 medical marijuana on the property or premises of any place of
5 employment or during hours of employment;

6 2. Require an employer, a government medical assistance
7 program, private health insurer, worker's compensation carrier or
8 self-insured employer providing worker's compensation benefits to
9 reimburse a person for costs associated with the use of medical
10 marijuana; or

11 3. Prevent an employer from having written policies regarding
12 drug testing and impairment in accordance with the Oklahoma
13 Standards for Workplace Drug and Alcohol Testing Act, Section 551 et
14 seq. of Title 40 of the Oklahoma Statutes.

15 J. Any applicant or employee aggrieved by a willful violation
16 of this section shall have, as his or her exclusive remedy, the same
17 remedies as provided for in the Oklahoma Standards for Workplace
18 Drug and Alcohol Testing Act set forth in Section 563 of Title 40 of
19 the Oklahoma Statutes.

20 K. As used in this section:

21 1. "Safety-sensitive" means any job that includes tasks or
22 duties that the employer reasonably believes could affect the safety
23 and health of the employee performing the task or others including,
24 but not limited to, any of the following:

- 1 a. the handling, packaging, processing, storage, disposal
- 2 or transport of hazardous materials,
- 3 b. the operation of a motor vehicle, other vehicle,
- 4 equipment, machinery or power tools,
- 5 c. repairing, maintaining or monitoring the performance
- 6 or operation of any equipment, machinery or
- 7 manufacturing process, the malfunction or disruption
- 8 of which could result in injury or property damage,
- 9 ~~d. performing firefighting duties,~~
- 10 ~~e.~~ the operation, maintenance or oversight of critical
- 11 services and infrastructure including, but not limited
- 12 to, electric, gas, and water utilities, power
- 13 generation or distribution,
- 14 ~~f.~~ e. the extraction, compression, processing,
- 15 manufacturing, handling, packaging, storage, disposal,
- 16 treatment or transport of potentially volatile,
- 17 flammable, combustible materials, elements, chemicals
- 18 or any other highly regulated component,
- 19 ~~g.~~ f. dispensing pharmaceuticals,
- 20 ~~h.~~ g. carrying a firearm, or
- 21 ~~i.~~ h. direct patient care or direct child care; and

22 2. A "positive test for marijuana components or metabolites"

23 means a result that is at or above the cutoff concentration level

24 established by the United States Department of Transportation or

1 Oklahoma law regarding being under the influence, whichever is
2 lower.

3 L. All smokable, vaporized, vapable and e-cigarette medical
4 marijuana product inhaled through vaporization or smoked by a
5 medical marijuana licensee are subject to the same restrictions for
6 tobacco under Section 1-1521 of ~~Title 63 of the Oklahoma Statutes~~
7 this title, commonly referred to as the "Smoking in Public Places
8 and Indoor Workplaces Act".

9 SECTION 14. AMENDATORY Section 9, Chapter 11, O.S.L.
10 2019 (63 O.S. Supp. 2020, Section 427.9), is amended to read as
11 follows:

12 Section 427.9 A. The Oklahoma Medical Marijuana Authority may
13 contact the recommending physician of an applicant for a medical
14 marijuana patient license or current medical marijuana patient
15 licensee to verify the need of the applicant or licensee for the
16 license and the information submitted with the application.

17 B. An applicant for a medical marijuana patient license who can
18 demonstrate his or her status as a ~~one-hundred-percent-disabled~~
19 fifty-percent-disabled veteran as determined by the U.S. Department
20 of Veterans Affairs and codified at 38 C.F.R., Section
21 3.340(a) (2013) shall pay a reduced biannual application fee of
22 Twenty Dollars (\$20.00). The methods of payment, as determined by
23 the Authority, shall be provided on the website. However, the
24 Authority shall ensure that all applicants have an option to submit

1 the license application and payment by means other than solely by
2 submission of the application and fee online.

3 C. The medical marijuana patient license shall be valid for up
4 to two (2) years from the date of issuance, unless the
5 recommendation of the physician is terminated pursuant to ~~this act~~
6 Section 427.10 of this title or revoked by the ~~Department~~ Authority.

7 SECTION 15. AMENDATORY Section 10, Chapter 11, O.S.L.
8 2019, as amended by Section 2, Chapter 390, O.S.L. 2019 (63 O.S.
9 Supp. 2020, Section 427.10), is amended to read as follows:

10 Section 427.10 A. Only licensed Oklahoma allopathic,
11 osteopathic and podiatric physicians may provide a medical marijuana
12 recommendation for a medical marijuana patient license under ~~this~~
13 ~~act~~ the Oklahoma Medical Marijuana and Patient Protection Act.

14 B. A physician who has not completed his or her first residency
15 shall not meet the definition of "physician" under this section and
16 any recommendation for a medical marijuana patient license shall not
17 be processed by the Authority.

18 C. No physician shall be subject to arrest, prosecution or
19 penalty in any manner or denied any right or privilege under
20 Oklahoma state, municipal or county statute, ordinance or
21 resolution, including without limitation a civil penalty or
22 disciplinary action by the State Board of Medical Licensure and
23 Supervision ~~or~~, the State Board of Osteopathic Examiners or the
24 Board of Podiatric Medical Examiners or by any other business,

1 occupation or professional licensing board or bureau, solely for
2 providing a medical marijuana recommendation for a patient or for
3 monitoring, treating or prescribing scheduled medication to patients
4 who are medical marijuana patient licensees. The provisions of this
5 subsection shall not prevent the relevant professional licensing
6 boards from sanctioning a physician for failing to properly evaluate
7 the medical condition of a patient or for otherwise violating the
8 applicable physician-patient standard of care.

9 D. A physician who recommends use of medical marijuana shall
10 not be located at the same physical address as a medical marijuana
11 dispensary.

12 E. If the physician determines the continued use of medical
13 marijuana by the patient no longer meets the requirements set forth
14 in ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
15 Act, the physician shall notify the ~~Department~~ Authority and the
16 Authority shall ~~immediately~~ revoke the license, notify the patient
17 of the revocation and provide the patient thirty (30) days to submit
18 a new recommendation. If the patient fails to supply the Authority
19 with a new physician recommendation within thirty (30) days, the
20 patient license shall be immediately voided without a right to an
21 individual hearing.

22 SECTION 16. AMENDATORY Section 11, Chapter 11, O.S.L.
23 2019 (63 O.S. Supp. 2020, Section 427.11), is amended to read as
24 follows:

1 Section 427.11 A. The caregiver license shall provide the
2 caregiver licensee the same rights as the medical marijuana patient
3 licensee, including the ability to possess medical marijuana,
4 medical marijuana products, and mature and immature plants pursuant
5 to ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
6 Act, but excluding the ability to use medical marijuana or medical
7 marijuana products unless the caregiver licensee has a medical
8 marijuana patient license. ~~Caregivers~~ Licensed caregivers shall be
9 authorized to deliver medical marijuana and medical marijuana
10 products to their authorized patients. ~~Caregivers~~ Licensed
11 caregivers shall be authorized to possess medical marijuana and
12 medical marijuana products up to the sum of the possession limits
13 for the patients under ~~his or her~~ their care pursuant to ~~this act~~
14 the Oklahoma Medical Marijuana and Patient Protection Act.

15 B. An individual caregiver licensee shall be limited to
16 exercising the marijuana cultivation rights of no more than five
17 licensed medical marijuana patients as prescribed by ~~this act~~ the
18 Oklahoma Medical Marijuana and Patient Protection Act.

19 C. The license of a caregiver shall not extend beyond the
20 expiration date of the underlying patient license regardless of the
21 issue date.

22 D. A medical marijuana patient licensee may request, at any
23 time, to withdraw the license of his or her caregiver. In the event
24 that such a request is made or upon the expiration of the license of

1 the patient, the caregiver license shall be immediately withdrawn by
2 the Authority without a right to a hearing.

3 SECTION 17. AMENDATORY Section 13, Chapter 11, O.S.L.
4 2019 (63 O.S. Supp. 2020, Section 427.13), is amended to read as
5 follows:

6 Section 427.13 A. All medical marijuana and medical marijuana
7 products shall be purchased solely from an Oklahoma-licensed medical
8 marijuana business, and shall not be purchased from any out-of-state
9 providers.

10 B. 1. The Oklahoma Medical Marijuana Authority shall have
11 oversight and auditing responsibilities to ensure that all marijuana
12 being grown in Oklahoma is accounted for and shall implement an
13 inventory tracking system. Pursuant to these duties, the Authority
14 shall require that each licensed medical marijuana business, medical
15 marijuana research facility, medical marijuana education facility
16 and medical marijuana waste disposal facility keep records for every
17 transaction with another licensed medical marijuana business,
18 medical marijuana patient or medical marijuana caregiver licensee.
19 Inventory shall be tracked and updated after each individual sale
20 and reported to the Authority.

21 2. The inventory tracking system licensees use shall allow for
22 integration of other seed-to-sale systems and, at a minimum, shall
23 include the following:

24 a. notification of when marijuana seeds are planted,

- 1 b. notification of when marijuana plants are harvested
2 and destroyed,
3 c. notification of when marijuana is transported, sold,
4 stolen, diverted or lost,
5 d. a complete inventory of all marijuana, ~~seeds, plant~~
6 ~~tissue, clones, marijuana~~ plants, ~~usable marijuana or~~
7 ~~trim, leaves and other plant matter, batches of~~
8 ~~extract,~~ products and marijuana concentrates,
9 e. all samples of marijuana or marijuana products sent to
10 a testing laboratory, an unused portion of a sample
11 returned to a licensee, all samples utilized by
12 licensee for purposes of negotiating a sale, and
13 f. all samples used for quality testing by a licensee.

14 3. Each medical marijuana business, medical marijuana research
15 facility, medical marijuana education facility and medical marijuana
16 waste disposal facility shall develop written standard operating
17 procedures outlining the manner in which they operate as prescribed
18 by the Authority and shall use a seed-to-sale tracking system or
19 integrate its own seed-to-sale tracking system with the seed-to-sale
20 tracking system established by the Authority in accordance with the
21 limitations set forth herein.

22 4. These records shall include, but not be limited to, the
23 following:
24

- a. the name and license number of the medical marijuana business that cultivated, manufactured or sold the medical marijuana or medical marijuana product,
- b. the address and phone number of the medical marijuana business that cultivated, manufactured or sold the medical marijuana or medical marijuana product,
- c. the type of product received during the transaction,
- d. the batch number of the marijuana plant used,
- e. the date of the transaction,
- f. the total spent in dollars,
- g. all point-of-sale records,
- h. marijuana excise tax records, and
- i. any additional information as may be reasonably required by the ~~Department~~ Authority.

~~5. All inventory tracking records containing patient information shall comply with all relevant state and federal laws including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and shall not be retained by any medical marijuana business for more than sixty (60) days.~~

SECTION 18. AMENDATORY Section 14, Chapter 11, O.S.L. 2019, as last amended by Section 51, Chapter 161, O.S.L. 2020 (63 O.S. Supp. 2020, Section 427.14), 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; and
- 9 6. Medical marijuana wholesaler.

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

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

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

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

- 22 1. All applications for licenses and registrations authorized
23 pursuant to this section shall be made upon forms prescribed by the
24 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 ~~Department~~ Authority before the application may be accepted or
6 considered;

7 4. All applications shall be complete and accurate in every
8 detail;

9 5. All applications shall include all attachments or
10 supplemental information required by the forms supplied by the
11 Authority;

12 6. All applications shall be accompanied by a full remittance
13 for the whole amount of the application fees. Application fees,
14 unless otherwise prescribed by the Authority, are nonrefundable;

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

17 a. ~~all applicants shall be~~ age twenty-five (25) years of
18 age or older,

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

22 c. ~~any applicant~~ if applying as an entity ~~shall show,~~
23 proof that seventy-five percent (75%) of all members,
24 managers, executive officers, partners, board members

- 1 or any other form of business ownership are Oklahoma
2 residents pursuant to paragraph 11 of this subsection,
- 3 d. ~~all if~~ applying ~~individuals or entities shall be~~ as an
4 individual or entity, proof that the individual or
5 entity is registered to conduct business in the State
6 of Oklahoma,
- 7 e. ~~all applicants shall disclose~~ disclosure of all
8 ownership interests pursuant to ~~this act~~ the Oklahoma
9 Medical Marijuana and Patient Protection Act, and
- 10 f. ~~applicants shall~~ proof that the medical marijuana
11 business, medical marijuana research facility, medical
12 marijuana education facility and medical marijuana
13 waste disposal facility applicant or licensee has not
14 ~~have~~ been convicted of a nonviolent felony in the last
15 two (2) years, ~~and~~ or any other felony conviction
16 within the last five (5) years, ~~shall~~ is not be a
17 current inmates inmate in the custody of the
18 Department of Corrections, or currently incarcerated
19 in a jail or corrections facility;

20 8. There shall be no limit to the number of medical marijuana
21 business licenses or categories that an individual or entity can
22 apply for or receive, although each application and each category
23 shall require a separate application and application fee. A
24 licensed medical marijuana commercial grower, processor and

1 dispensary, or any combination thereof, are authorized to share the
2 same address or physical location, subject to the restrictions set
3 forth in ~~this act~~ the Oklahoma Medical Marijuana and Patient
4 Protection Act;

5 9. All applicants for a medical marijuana business license,
6 medical marijuana research facility license or medical marijuana
7 education facility license ~~authorized by this act~~ or the renewal of
8 such license shall undergo an Oklahoma criminal history background
9 check conducted by the Oklahoma State Bureau of Investigation (OSBI)
10 within thirty (30) days prior to the application for the license or
11 renewal of such license, including:

- 12 a. individual applicants applying on their own behalf,
- 13 b. individuals applying on behalf of an entity,
- 14 c. all principal officers of an entity, and
- 15 d. all owners of an entity as defined by ~~this act~~ the
16 Oklahoma Medical Marijuana and Patient Protection Act;

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

20 11. In order to be considered an Oklahoma resident for purposes
21 of a medical marijuana business license application, all applicants
22 shall provide proof of Oklahoma residency for at least two (2) years
23 immediately preceding the date of application or five (5) years of
24 continuous Oklahoma residency during the preceding twenty-five (25)

1 years immediately preceding the date of application. Sufficient
2 documentation of proof of residency shall include a combination of
3 the following:

- 4 a. an unexpired Oklahoma-issued driver license,
- 5 ~~b. an Oklahoma voter identification card,~~
- 6 ~~c.~~ a utility bill preceding the date of application,
7 excluding cellular telephone and Internet bills,
- 8 ~~d.~~
- 9 c. a residential property deed to property in the State
10 of Oklahoma, and
- 11 ~~e.~~
- 12 d. a rental agreement preceding the date of application
13 for residential property located in the State of
14 Oklahoma.

15 Applicants that were issued a medical marijuana business license
16 prior to ~~the enactment of the Oklahoma Medical Marijuana and Patient~~
17 ~~Protection Act~~ August 30, 2019; applicants who submitted a complete
18 medical marijuana business license application to the Authority
19 prior to August 30, 2019, and were granted a medical marijuana
20 business license after August 30, 2019; and medical marijuana
21 testing laboratories that were licensed by the Oklahoma State Bureau
22 of Narcotics and Dangerous Drugs Control prior to August 30, 2019,
23 are hereby exempt from the two-year or five-year Oklahoma ~~residence~~
24 residency requirement mentioned above provided by this paragraph.

1 Upon the effective date of this act, an applicant for a medical
2 marijuana transporter agent license shall be exempt from the two-
3 year or five-year Oklahoma residency requirement provided by this
4 paragraph;

5 12. All license applicants shall be required to submit a
6 registration with the Oklahoma State Bureau of Narcotics and
7 Dangerous Drugs Control as provided in Sections 2-302 through 2-304
8 of ~~Title 63 of the Oklahoma Statutes~~ this title;

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

- 12 a. ~~front and back of an Oklahoma~~ a state-issued driver
13 license,
- 14 b. ~~front and back of an Oklahoma~~ a state-issued
15 identification card,
- 16 c. a United States passport or other photo identification
17 issued by the United States government, or
- 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. All applicants shall submit an applicant photograph.

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

5 G. 1. The Authority shall review the medical marijuana
6 business ~~applications~~ application and conduct all investigations,
7 inspections 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 and denial letters
11 shall provide a reason for the rejection or denial. Applications
12 may only be rejected or denied based on the applicant not meeting
13 the standards set forth in the provisions of ~~this section~~ the
14 Oklahoma Medical Marijuana and Patient Protection Act and Sections
15 420 through 426.1 of this title, improper completion of the
16 application, or for a reason provided for in ~~this act~~ the Oklahoma
17 Medical Marijuana and Patient Protection Act and Sections 420
18 through 426.1 of this title. If an application is rejected or
19 denied for failure to provide required information, the applicant
20 shall have thirty (30) days to submit the required information for
21 reconsideration. No additional application fee shall be charged for
22 such reconsideration. Unless the Authority determines otherwise, an
23 application that has been resubmitted but is still incomplete or
24

1 contains errors that are not clerical or typographical in nature
2 shall be denied and the application fee refunded.

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

7 4. Approval, rejection, denial or status-update letters shall
8 be sent to the applicant in the same method the application was
9 submitted to the ~~Department~~ Authority.

10 H. A medical marijuana business, medical marijuana research
11 facility, medical marijuana education facility or medical marijuana
12 waste disposal facility license shall not be issued to or held by:

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

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

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

23

24

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

4 a. file taxes, interest or penalties due related to a
5 medical marijuana business, or

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

8 6. A sheriff, deputy sheriff, police officer or prosecuting
9 officer, or an officer or employee of the Authority ~~or municipality;~~
10 ~~or~~

11 7. A person whose authority to be a caregiver, as defined in
12 ~~this act~~ Section 427.2 of this title, has been revoked by the
13 ~~Department~~ Authority; or

14 8. A person who was involved in the management or operations of
15 any medical marijuana business, medical marijuana research facility,
16 medical marijuana education facility or medical marijuana waste
17 disposal facility that, after the initiation of a disciplinary
18 action, has had a medical marijuana business license revoked, not
19 renewed or surrendered, during the five (5) years preceding
20 submission of the application and for the following violations:

21 a. unlawful sales or purchases,

22 b. any fraudulent acts, falsification of records or
23 misrepresentation to the Authority, medical marijuana
24

1 patient or caregiver licensees or medical marijuana
2 business licensees,

3 c. any grossly inaccurate or fraudulent reporting,

4 d. threatening or harming any medical marijuana patient
5 licensee, caregiver licensee, medical practitioner or
6 employee of the Authority,

7 e. knowingly or intentionally refusing to permit the
8 Authority access to the premises or records,

9 f. using a prohibited, hazardous substance for processing
10 in a residential area,

11 g. criminal acts relating to the operation of a medical
12 marijuana business, or

13 h. any violations that endanger public health and safety
14 or product safety.

15 I. In investigating the qualifications of an applicant or a
16 licensee, the ~~Department,~~ Authority and municipalities may have
17 access to criminal history record information furnished by a
18 criminal justice agency subject to any restrictions imposed by such
19 an agency. ~~In the event the Department considers the criminal~~
20 ~~history record of the applicant, the Department shall also consider~~
21 ~~any information provided by the applicant regarding such criminal~~
22 ~~history record, including but not limited to evidence of~~
23 ~~rehabilitation, character references and educational achievements,~~
24 ~~especially those items pertaining to the period of time between the~~

1 ~~last criminal conviction of the applicant and the consideration of~~
2 ~~the application for a state license.~~

3 J. The failure of an applicant or licensee to provide the
4 requested information by the Authority deadline may be grounds for
5 denial of the application.

6 K. All applicants and licensees shall submit information to the
7 ~~Department and~~ Authority in a full, faithful, truthful and fair
8 manner. The ~~Department and~~ Authority may recommend denial of an
9 application where the applicant or licensee made material
10 misstatements, omissions, misrepresentations or untruths in the
11 application or in connection with the background investigation of
12 the applicant. This type of conduct may be ~~considered as the basis~~
13 grounds for ~~additional~~ administrative action against the applicant
14 or licensee. Typos and scrivener errors shall not be grounds for
15 denial.

16 L. A licensed medical marijuana business premises shall be
17 subject to and responsible for compliance with applicable provisions
18 for medical marijuana business facilities as described in the most
19 recent versions of the Oklahoma Uniform Building Code, the
20 International Building Code and the International Fire Code, unless
21 granted an exemption by the ~~Authority or municipality~~ entity
22 responsible for enforcement of the applicable code.

23 M. All medical marijuana business, medical marijuana research
24 facility, medical marijuana education facility and medical marijuana

1 waste disposal facility licensees shall pay the relevant licensure
2 fees prior to receiving licensure to operate a ~~medical marijuana~~
3 ~~business, as defined in this act for each class of license.~~

4 N. A medical marijuana business, medical marijuana research
5 facility, medical marijuana education facility or medical marijuana
6 waste disposal facility that attempts to renew its license more than
7 thirty (30) days after expiration of the license shall pay a late
8 renewal fee in an amount to be determined by the Authority to
9 reinstate the license. Late renewal fees are nonrefundable. A
10 license that has been expired for more than ninety (90) days shall
11 not be reinstated.

12 O. No medical marijuana business, medical marijuana research
13 facility, medical marijuana education facility or medical marijuana
14 waste disposal facility shall possess, sell or transfer medical
15 marijuana, medical marijuana concentrate or medical marijuana
16 products without a valid, unexpired license issued by the Authority,
17 unless a renewal application has been submitted to the Authority.

18 SECTION 19. AMENDATORY Section 16, Chapter 11, O.S.L.
19 2019 (63 O.S. Supp. 2020, Section 427.16), is amended to read as
20 follows:

21 Section 427.16 A. There is hereby created a medical marijuana
22 transporter license as a category of the medical marijuana business
23 license.

24

1 B. Pursuant to Section 424 of ~~Title 63 of the Oklahoma Statutes~~
2 this title, the Oklahoma Medical Marijuana Authority shall issue a
3 medical marijuana transporter license to licensed medical marijuana
4 commercial growers, processors and dispensaries upon issuance of
5 such licenses and upon each renewal. Transporter licenses shall
6 also be issued to licensed medical marijuana research facilities,
7 medical marijuana education facilities and medical marijuana testing
8 laboratories upon issuance of such licenses and upon each renewal.
9 Nothing in this section shall be construed as prohibiting or
10 otherwise limiting a medical marijuana business from selling,
11 storing, marketing or otherwise engaging in the transportation of
12 any medical marijuana, medical marijuana concentrate or medical
13 marijuana products it produces pursuant to any valid license issued
14 by the Authority.

15 C. ~~A~~ Aside from the medical marijuana transporter license
16 issued to a licensed medical marijuana dispensary, medical marijuana
17 commercial grower, medical marijuana processor, medical marijuana
18 research facility or medical marijuana education facility in
19 conjunction with its business license, a medical marijuana
20 transporter license may also be issued to qualifying applicants who
21 are registered with the Oklahoma Secretary of State and otherwise
22 meet the requirements for a medical marijuana business license set
23 forth in ~~this act~~ the Oklahoma Medical Marijuana and Patient
24 Protection Act and the requirements set forth in this section to

1 provide logistics, distribution and storage of medical marijuana,
2 medical marijuana concentrate and medical marijuana products. The
3 license, when not issued in conjunction with a medical marijuana
4 dispensary, medical marijuana commercial grower, medical marijuana
5 processor, medical marijuana research facility or medical marijuana
6 education facility license, shall be known as a "medical marijuana
7 wholesaler license" or "wholesaler license".

8 D. A medical marijuana transporter license or wholesaler
9 license shall be valid for one (1) year and shall not be transferred
10 with a change of ownership. A licensed medical marijuana
11 transporter or wholesaler shall be responsible for all medical
12 marijuana, medical marijuana concentrate and medical marijuana
13 products once the transporter or wholesaler takes control of the
14 product.

15 E. A transporter or wholesaler license shall be required for
16 any person or entity to transport or transfer medical marijuana,
17 medical marijuana concentrate or medical marijuana product from a
18 ~~licensed medical marijuana business to another medical marijuana~~
19 ~~business, or from a medical marijuana business to a medical~~
20 ~~marijuana research facility or medical marijuana education facility:~~

21 1. A licensed medical marijuana business to another licensed
22 medical marijuana business; or

23
24

1 2. A licensed medical marijuana business to a licensed medical
2 marijuana research facility or licensed medical marijuana education
3 facility.

4 F. A Only a medical marijuana transporter wholesaler licensee
5 may contract with multiple licensed medical marijuana businesses to
6 package, store and transport medical marijuana, medical marijuana
7 concentrate and medical marijuana products on its behalf in the
8 State of Oklahoma.

9 G. A medical marijuana ~~transporter~~ wholesaler may maintain a
10 licensed premises to ~~temporarily~~ store medical marijuana, medical
11 marijuana concentrate and medical marijuana products and to use as a
12 centralized packaging and distribution point. A Except for a
13 medical marijuana business using its own owners or employees, only a
14 medical marijuana transporter wholesaler and its employees may
15 broker, package, store, market and distribute medical marijuana,
16 medical marijuana concentrate and medical marijuana products from
17 the licensed premises in the State of Oklahoma on behalf of another
18 medical marijuana business licensee. The licensed wholesaler
19 premises shall meet all security requirements applicable to a
20 medical marijuana business.

21 H. A medical marijuana ~~transporter~~ wholesaler licensee shall
22 use the seed-to-sale tracking system developed pursuant to ~~this act~~
23 the Oklahoma Medical Marijuana and Patient Protection Act to track
24 all medical marijuana, medical marijuana concentrate and medical

1 marijuana products received, packaged, stored and distributed by a
2 wholesaler and to create shipping manifests documenting the
3 transport of medical marijuana, medical marijuana concentrate and
4 medical marijuana products throughout the state.

5 I. A licensed medical marijuana ~~transporter~~ wholesaler may
6 maintain and operate one or more warehouses in the state to handle
7 medical marijuana, medical marijuana concentrate and medical
8 marijuana products. Each location shall be registered and inspected
9 by the Authority prior to its use.

10 J. All medical marijuana, medical marijuana concentrate and
11 ~~product~~ medical marijuana products shall be transported:

12 ~~1. In vehicles equipped with Global Positioning System (GPS)~~
13 ~~trackers;~~

14 ~~2. In a locked container and clearly labeled "Medical Marijuana~~
15 ~~or Derivative"; and~~

16 ~~3. In a secured area of the vehicle that is not accessible by~~
17 ~~the driver during transit in a manner prescribed by the Authority.~~

18 K. 1. A transporter agent may possess marijuana at any
19 location while the transporter agent is transferring marijuana to or
20 from a licensed medical marijuana business, licensed medical
21 marijuana research facility or licensed medical marijuana education
22 facility.

23 2. The delivery of medical marijuana, medical marijuana
24 concentrate or medical marijuana products to a public or private

1 elementary, middle or high school, the campus of any institution of
2 higher education or any other public property is hereby prohibited.

3 The ~~Department~~ Authority shall administer and enforce the
4 provisions of this section concerning transportation.

5 L. The Authority shall issue a transporter agent license to
6 individual ~~agents,~~ employees, officers or owners of a transporter or
7 wholesaler license in order for the ~~individual~~ employees, officers
8 or owners to qualify to transport medical marijuana, medical
9 marijuana concentrate, or ~~product~~ medical marijuana products.

10 M. The annual fee for a transporter agent license shall be ~~One~~
11 ~~Hundred Dollars (\$100.00)~~ Twenty-five Dollars (\$25.00) and shall be
12 paid by the transporter ~~license holder~~ or wholesaler licensee or the
13 individual applicant. One license reprint within the licensure
14 period shall be granted free of charge. All subsequent license
15 reprints shall incur a fee of Twenty Dollars (\$20.00).

16 N. The Authority shall issue each transporter agent a registry
17 identification card within thirty (30) days of receipt of:

18 1. The name, address and date of birth of the person;
19 2. ~~Proof of residency as required for a medical marijuana~~
20 ~~business license;~~

21 ~~3.~~ Proof of identity as required for a medical marijuana
22 business license;

23 ~~4.~~ 3. Possession of a valid ~~Oklahoma~~ state-issued driver
24 license;

1 ~~5.~~ 4. Verification of employment with a licensed transporter;
2 and

3 ~~6.~~ 5. The application and affiliated fee; ~~and~~

4 ~~7.~~ ~~A criminal background check conducted by the Oklahoma State~~
5 ~~Bureau of Investigation, paid for by the applicant.~~

6 O. If the transporter agent application is denied, the
7 ~~Department~~ Authority shall notify the transporter or wholesaler in
8 writing of the reason for denying the registry identification card.

9 P. A registry identification card for a transporter agent shall
10 expire one (1) year after the date of issuance or upon notification
11 from the holder of the transporter or wholesaler license that the
12 transporter agent ceases to work as a transporter.

13 Q. The ~~Department~~ Authority may revoke the registry
14 identification card of a transporter agent who knowingly violates
15 any provision of this section, and the transporter or wholesaler is
16 subject to any other penalties established by law for the violation.

17 R. The ~~Department~~ Authority may revoke or suspend the
18 transporter license of a transporter or wholesaler that the
19 ~~Department~~ Authority determines knowingly aided or facilitated a
20 violation of any provision of this section, and the license holder
21 is subject to any other penalties established in law for the
22 violation.

23

24

1 S. Vehicles used in the transport of medical marijuana, medical
2 marijuana concentrate or medical marijuana ~~product~~ products shall
3 be:

4 1. Insured at or above the legal requirements in Oklahoma;

5 2. Capable of securing medical marijuana, medical marijuana
6 concentrate or medical marijuana products during transport; and

7 3. In possession of a shipping container, as defined in ~~this~~
8 act Section 427.2 of this title, capable of securing all transported
9 ~~product~~ products. However, for purposes of this subsection,
10 products shall not include plants or clones.

11 T. Prior to the transport of any medical marijuana, medical
12 marijuana concentrate or medical marijuana products, an inventory
13 manifest shall be prepared at the origination point of the medical
14 marijuana. The inventory manifest shall include the following
15 information:

16 1. For the origination point of the medical marijuana:

17 a. the ~~licensee~~ license number for the medical marijuana
18 commercial grower, medical marijuana processor or
19 medical marijuana dispensary,

20 b. address of origination of transport, and

21 c. name and contact information for the originating
22 licensee;

23 2. For the end recipient license holder of the medical
24 marijuana:

- a. the license number for the medical marijuana dispensary, medical marijuana commercial grower, medical marijuana processor, medical marijuana research facility or medical marijuana education facility destination,
- b. address of the destination, and
- c. name and contact information for the destination licensee;

3. Quantities by weight or unit of each type of medical marijuana product contained in transport;

4. The date of the transport and the approximate time of departure;

5. The arrival date and estimated time of arrival;

6. Printed names and signatures of the personnel accompanying the transport; and

7. Notation of the transporting licensee.

U. 1. A separate inventory manifest shall be prepared for each licensee receiving the medical marijuana.

2. The transporter agent shall provide the other medical marijuana business with a copy of the inventory manifest at the time the product changes hands and after the other licensee prints his or her name and signs the inventory manifest.

1 3. ~~An inventory manifest shall not be altered after departing~~
2 ~~the originating premises other than in cases where the printed name~~
3 ~~and signature of receipt by the receiving licensee is necessary.~~

4 4. A receiving licensee shall refuse to accept any medical
5 marijuana, medical marijuana concentrate or medical marijuana
6 product that is not accompanied by an inventory manifest.

7 ~~5.~~ 4. Originating and receiving licensees shall maintain copies
8 of inventory manifests and logs of quantities of medical marijuana
9 received for ~~three (3)~~ seven (7) years from date of receipt.

10 SECTION 20. AMENDATORY Section 17, Chapter 11, O.S.L.
11 2019, as amended by Section 4, Chapter 312, O.S.L. 2019 (63 O.S.
12 Supp. 2020, Section 427.17), is amended to read as follows:

13 Section 427.17 A. There is hereby created a medical marijuana
14 testing laboratory license as a category of the medical marijuana
15 business license. The Oklahoma Medical Marijuana Authority is
16 hereby enabled to monitor, inspect and audit a licensed testing
17 laboratory under ~~this act~~ the Oklahoma Medical Marijuana and Patient
18 Protection Act.

19 B. The Authority is hereby authorized to contract with a
20 private laboratory for the purpose of conducting compliance testing
21 of medical marijuana testing laboratories licensed in this state.
22 Any such laboratory under contract for compliance testing shall be
23 prohibited from conducting any other commercial medical marijuana
24 testing in this state.

1 C. The Authority shall ~~have the authority~~ be authorized to
2 develop acceptable testing ~~and research~~ practices, including, but
3 not limited to, testing, standards, quality control analysis,
4 equipment certification and calibration, and chemical and substance
5 identification and substances used in bona fide research methods so
6 long as it complies with this act.

7 D. A person who is a direct beneficial owner ~~or an indirect~~
8 ~~beneficial owner~~ of a medical marijuana dispensary, medical
9 marijuana commercial grower, or medical marijuana processor shall
10 not be an owner of a laboratory.

11 E. A laboratory and a laboratory applicant shall comply with
12 all applicable local ordinances, including but not limited to
13 zoning, occupancy, licensing and building codes.

14 F. A separate license shall be required for each specific
15 laboratory.

16 G. A medical marijuana testing laboratory license may be issued
17 to a person who performs testing ~~and research~~ on medical marijuana
18 and medical marijuana products for medical marijuana businesses,
19 medical marijuana research facilities, medical marijuana education
20 facilities, and testing ~~and research~~ on marijuana and marijuana
21 products grown or produced by a patient or caregiver on behalf of a
22 patient, upon verification of registration. A medical marijuana
23 testing laboratory may also conduct research related to the
24 development and improvement of its testing practices and procedures.

1 No state-approved medical marijuana testing facility shall operate
2 unless a medical laboratory director is on site during operational
3 hours.

4 H. ~~A laboratory applicant~~ Laboratory applicants and licensees
5 shall comply with the application requirements of this section and
6 shall submit such other information as required for a medical
7 marijuana business applicant, in addition to any information the
8 Authority may request for initial approval and periodic evaluations
9 during the approval period.

10 I. A medical marijuana testing laboratory may accept samples of
11 medical marijuana, medical marijuana concentrate or medical
12 marijuana product from a medical marijuana business, medical
13 marijuana research facility or medical marijuana education facility
14 for testing ~~and research~~ purposes only, which purposes may include
15 the provision of testing services for samples submitted by a medical
16 marijuana business for product development. The ~~Department~~
17 Authority may require a medical marijuana business to submit a
18 sample of medical marijuana, medical marijuana concentrate or
19 medical marijuana product to a medical marijuana testing laboratory
20 upon demand.

21 J. A medical marijuana testing laboratory may accept samples of
22 medical marijuana, medical marijuana concentrate or medical
23 marijuana product from an individual person for testing only under
24 the following conditions:

1 1. The individual person is a medical marijuana patient
2 licensee or caregiver licensee pursuant to ~~this act~~ the Oklahoma
3 Medical Marijuana and Patient Protection Act or is a participant in
4 an approved clinical or observational study conducted by a research
5 facility; and

6 2. The medical marijuana testing laboratory shall require the
7 medical marijuana patient licensee or caregiver licensee to produce
8 a valid patient or caregiver license and current and valid photo
9 identification.

10 K. A medical marijuana testing laboratory may transfer samples
11 to another medical marijuana testing laboratory for testing. All
12 laboratory reports provided to or by a medical marijuana business or
13 to a patient or caregiver shall identify the medical marijuana
14 testing laboratory that actually conducted the test.

15 L. A medical marijuana testing laboratory may utilize a
16 licensed medical marijuana transporter or wholesaler to transport
17 samples of medical marijuana, medical marijuana concentrate and
18 medical marijuana product for testing, in accordance with ~~this act~~
19 the Oklahoma Medical Marijuana and Patient Protection Act and the
20 rules adopted pursuant thereto, between the originating medical
21 marijuana business requesting testing services and the destination
22 laboratory performing testing services.

23 M. The medical marijuana testing laboratory shall establish
24 policies to prevent the existence of or appearance of undue

1 commercial, financial or other influences that may diminish the
2 competency, impartiality and integrity of the testing processes or
3 results of the laboratory, or that may diminish public confidence in
4 the competency, impartiality and integrity of the testing processes
5 or results of the laboratory. At a minimum, employees, owners or
6 agents of a medical marijuana testing laboratory who participate in
7 any aspect of the analysis and results of a sample are prohibited
8 from improperly influencing the testing process, improperly
9 manipulating data, or improperly benefiting from any ongoing
10 financial, employment, personal or business relationship with the
11 medical marijuana business that provided the sample.

12 N. The ~~Department~~ Authority, pursuant to rules promulgated by
13 the ~~State Commissioner of Health~~ Executive Director, shall develop
14 standards, policies and procedures as necessary for:

15 1. The cleanliness and orderliness of a laboratory premises and
16 the location of the laboratory in a secure location, and inspection,
17 cleaning and maintenance of any equipment or utensils used for the
18 analysis of test samples;

19 2. Testing procedures, testing standards for cannabinoid and
20 terpenoid potency and safe levels of contaminants, ~~and~~ remediation
21 procedures and validation procedures;

22 3. Controlled access areas for storage of medical marijuana and
23 medical marijuana product test samples, waste and reference
24 standards;

1 4. Records to be retained and computer systems to be utilized
2 by the laboratory;

3 5. The possession, storage and use by the laboratory of
4 reagents, solutions and reference standards;

5 6. A certificate of analysis (COA) for each lot of reference
6 standard;

7 7. The transport and disposal of unused marijuana, marijuana
8 products and waste;

9 8. The mandatory use by a laboratory of an inventory tracking
10 system to ensure all ~~test~~ harvest and production batches or samples
11 containing medical marijuana, medical marijuana concentrate or
12 medical marijuana products are identified and tracked from the point
13 they are transferred from a medical marijuana business, a patient or
14 a caregiver through the point of transfer, destruction or disposal.
15 The inventory tracking system reporting shall include the results of
16 any tests that are conducted on medical marijuana, medical marijuana
17 concentrate or medical marijuana product;

18 9. Standards of performance;

19 10. The employment of laboratory personnel;

20 11. A written standard operating procedure manual to be
21 maintained and updated by the laboratory;

22 12. The successful participation in a ~~Department-approved~~ an
23 Authority-approved proficiency testing program for each testing
24

1 category listed in this section, in order to obtain and maintain
2 certification;

3 13. The establishment of and adherence to a quality assurance
4 and quality control program to ensure sufficient monitoring of
5 laboratory processes and quality of results reported;

6 14. The establishment by the laboratory of a system to document
7 the complete chain of custody for samples from receipt through
8 disposal;

9 15. The establishment by the laboratory of a system to retain
10 and maintain all required records, including business records, and
11 processes to ensure results are reported in a timely and accurate
12 manner; ~~and~~

13 16. Any other aspect of laboratory testing of medical marijuana
14 or medical marijuana product deemed necessary by the ~~Department~~
15 Authority; and

16 17. The immediate recall of medical marijuana or medical
17 marijuana products that test above allowable thresholds or are
18 otherwise determined to be unsafe.

19 O. A medical marijuana testing laboratory shall promptly
20 provide the ~~Department~~ Authority or designee of the ~~Department~~
21 Authority access to a report of a test and any underlying data that
22 is conducted on a sample at the request of a medical marijuana
23 business or qualified patient. A medical marijuana testing
24 laboratory shall also provide access to the ~~Department~~ Authority or

1 designee of the ~~Department~~ Authority to laboratory premises and to
2 any material or information requested by the ~~Department~~ Authority to
3 determine compliance with the requirements of this section.

4 P. A medical marijuana testing laboratory shall retain all
5 results of laboratory tests conducted on marijuana or products for a
6 period of at least ~~two (2)~~ seven (7) years and shall make them
7 available to the ~~Department~~ Authority upon request.

8 Q. A medical marijuana testing laboratory shall test samples
9 from each harvest batch or product batch, as appropriate, of medical
10 marijuana, medical marijuana concentrate and medical marijuana
11 product for each of the following categories of testing, consistent
12 with standards developed by the ~~Commissioner~~ Authority:

- 13 1. Microbials;
- 14 2. Mycotoxins;
- 15 3. Residual solvents;
- 16 4. Pesticides;
- 17 5. Tetrahydrocannabinol (THC) and other cannabinoid potency;
- 18 6. Terpenoid potency; and
- 19 7. Heavy metals.

20 R. ~~A test batch shall not exceed ten (10) pounds of usable~~
21 ~~marijuana or medical marijuana product, as appropriate. A grower~~
22 ~~shall separate each harvest lot of usable marijuana into harvest~~
23 ~~batches containing no more than ten (10) pounds. A processor shall~~
24 ~~separate each medical marijuana production lot into production~~

1 ~~batches containing no more than ten (10) pounds~~ The Authority shall
2 establish reasonable regulations, after consultation with and input
3 from medical marijuana businesses, specifying what shall constitute
4 a batch size for testing purposes for all types of medical
5 marijuana, medical marijuana concentrate and medical marijuana
6 products.

7 S. Medical marijuana testing laboratory licensure shall be
8 contingent upon successful on-site inspection, successful
9 participation in proficiency testing and ongoing compliance with the
10 applicable requirements in this section.

11 T. A medical marijuana testing laboratory shall be inspected
12 prior to initial licensure and ~~annually~~ up to two times per year
13 thereafter by an inspector approved by the Authority. The Authority
14 may enter the licensed premises of a testing laboratory to conduct
15 investigations and additional inspections when the Authority
16 believes an investigation or additional inspection is necessary due
17 to a possible violation of applicable laws, rules or regulations.

18 U. Beginning on a date determined by the ~~Commissioner~~ Executive
19 Director, not later than January 1, ~~2020~~ 2022, medical marijuana
20 testing laboratory licensure shall be contingent upon accreditation
21 by the NELAC Institute (TNI), ~~ANSI/ASQ~~ ANSI National Accreditation
22 Board (ANAB) or another accrediting body approved by the
23 ~~Commissioner~~ Executive Director, and any applicable standards as
24 determined by the ~~Department~~ Authority.

1 V. A 1. Unless otherwise authorized by this section, a
2 commercial grower shall not transfer or sell medical marijuana and a
3 processor shall not transfer, sell or process into a concentrate or
4 product any medical marijuana, medical marijuana concentrate or
5 medical marijuana product unless samples from each harvest batch or
6 production batch from which that medical marijuana, medical
7 marijuana concentrate or medical marijuana product was derived has
8 been tested by a medical marijuana testing facility ~~for contaminants~~
9 and passed all ~~contaminant~~ tests required by ~~this act~~ the Oklahoma
10 Medical Marijuana and Patient Protection Act and applicable laws,
11 rules and regulations.

12 2. A licensed medical marijuana commercial grower may transfer
13 medical marijuana that has failed testing to a licensed medical
14 marijuana processor only for the purposes of remediation and only in
15 accordance with the Oklahoma Medical Marijuana and Patient
16 Protection Act and the rules and regulations of the Authority.

17 3. The Authority shall establish process validation
18 requirements related to testing, and all growers and processors who
19 achieve process validation under the rules and regulations set forth
20 by the Authority may transfer, sell or process medical marijuana,
21 medical marijuana concentrate and medical marijuana products in
22 accordance with those rules and regulations related to batch
23 testing.

24

1 SECTION 21. AMENDATORY Section 18, Chapter 11, O.S.L.
2 2019 (63 O.S. Supp. 2020, Section 427.18), is amended to read as
3 follows:

4 Section 427.18 A. An Oklahoma medical marijuana business shall
5 not sell, transfer or otherwise distribute medical marijuana,
6 medical marijuana concentrate or medical marijuana product that has
7 not been packaged and labeled in accordance with this section and
8 rules promulgated by the ~~State Commissioner of Health~~ Oklahoma
9 Medical Marijuana Authority.

10 B. A medical marijuana dispensary shall return medical
11 marijuana, medical marijuana concentrate and medical marijuana
12 ~~product~~ products that ~~does~~ do not meet packaging or labeling
13 requirements in this section or rules promulgated pursuant thereto
14 to the entity who transferred it to the dispensary. The medical
15 marijuana dispensary shall document to whom the item was returned,
16 what was returned and the date of the return or dispose of any
17 usable marijuana that does not meet these requirements in accordance
18 with ~~this act~~ the Oklahoma Medical Marijuana and Patient Protection
19 Act.

20 C. 1. Medical marijuana packaging shall be packaged to
21 minimize its appeal to children and shall not depict images other
22 than the business name logo of the medical marijuana producer and
23 image of the product.

24

1 2. A medical marijuana business shall not place any content on
2 a container in a manner that reasonably appears to target
3 individuals under the age of twenty-one (21), including but not
4 limited to cartoon characters or similar images.

5 3. Labels on a container shall not include any false or
6 misleading statements.

7 4. No container shall be intentionally or knowingly labeled so
8 as to cause a reasonable patient confusion as to whether the medical
9 marijuana, medical marijuana concentrate or medical marijuana
10 product is a trademarked product or labeled in a manner that
11 violates any federal trademark law or regulation.

12 5. The label on the container shall not make any claims
13 regarding health or physical benefits to the medical marijuana
14 patient licensee.

15 6. All medical marijuana, medical marijuana concentrate and
16 medical marijuana products sold at a licensed medical marijuana
17 dispensary shall be packaged in a child-resistant container ~~at the~~
18 ~~point of transfer to the patient or caregiver~~.

19 D. ~~The State Department of Health~~ Oklahoma Medical Marijuana
20 Authority shall develop minimum standards for packaging and labeling
21 of medical marijuana, medical marijuana concentrate and medical
22 marijuana products. Such standards shall include, but not be
23 limited to, the required contents of labels to be affixed to all
24 medical marijuana, medical marijuana concentrate and medical

1 marijuana products prior to transfer to a ~~licensed~~ medical marijuana
2 patient licensee or caregiver licensee, which shall include, at a
3 minimum:

4 1. ~~A universal symbol indicating that the product contains~~
5 ~~tetrahydrocannabinol (THC);~~

6 ~~2.~~ THC and other cannabinoid potency, and terpenoid potency;

7 ~~3.~~ 2. A statement indicating that the product has been tested
8 for contaminants;

9 ~~4.~~ 3. One or more product warnings to be determined by the
10 ~~Department~~ Authority; and

11 ~~5.~~ 4. Any other information the ~~Department~~ Authority deems
12 necessary.

13 SECTION 22. AMENDATORY Section 19, Chapter 11, O.S.L.
14 2019 (63 O.S. Supp. 2020, Section 427.19), is amended to read as
15 follows:

16 Section 427.19 A. A medical marijuana research license may be
17 issued to a person to grow, cultivate, possess and transfer, by sale
18 or donation, marijuana pursuant to ~~this act~~ the Oklahoma Medical
19 Marijuana and Patient Protection Act for the limited research
20 purposes identified in this section.

21 B. The annual fee for a medical marijuana research license
22 shall be Five Hundred Dollars (\$500.00) and shall be payable by an
23 applicant for a medical marijuana research license upon submission
24

1 of ~~his or her~~ their application to the Oklahoma Medical Marijuana
2 Authority.

3 C. A medical marijuana research license may be issued for the
4 following research purposes:

5 1. To test chemical potency and composition levels;

6 2. To conduct clinical investigations of marijuana-derived
7 medicinal products;

8 3. To conduct research on the efficacy and safety of
9 administering marijuana as part of medical treatment;

10 4. To conduct genomic, horticultural or agricultural research;

11 and

12 5. To conduct research on marijuana-affiliated products or
13 systems.

14 D. 1. As part of the application process for a medical
15 marijuana research license, an applicant shall submit to the
16 Authority a description of the research that the applicant intends
17 to conduct and whether the research will be conducted with a public
18 institution or using public money. If the research will not be
19 conducted with a public institution or with public money, the
20 Authority shall grant the application if it determines that the
21 applicant meets the criteria in this section.

22 2. If the research will be conducted with a public institution
23 or public money, the ~~Department~~ Authority shall review the research
24

1 project of the applicant to determine if it meets the requirements
2 of this section and to assess the following:

- 3 a. the quality, study design, value or impact of the
4 project,
- 5 b. whether the applicant has the appropriate personnel,
6 expertise, facilities, infrastructure, funding and
7 human, animal or other approvals in place to
8 successfully conduct the project, and
- 9 c. whether the amount of marijuana to be grown by the
10 applicant is consistent with the scope and goals of
11 the project.

12 3. If the Authority determines that the research project does
13 not meet the requirements of this section or assesses the criteria
14 to be inadequate, the application shall be denied.

15 E. A medical marijuana research licensee may only transfer, by
16 sale or donation, marijuana grown within its operation to other
17 medical marijuana research licensees. The ~~Department~~ Authority may
18 revoke a medical marijuana research license for violations of this
19 section and any other violation of ~~this act~~ the Oklahoma Medical
20 Marijuana and Patient Protection Act.

21 F. A medical marijuana research licensee may contract to
22 perform research in conjunction with a public higher education
23 research institution or another medical marijuana research licensee.

24

1 G. The growing, cultivating, possessing or transferring, by
2 sale or donation, of marijuana in accordance with this section and
3 the rules promulgated pursuant thereto, by a medical marijuana
4 research licensee shall not be a criminal or civil offense under
5 state law. A medical marijuana research license shall be issued in
6 the name of the applicant and shall specify the location in Oklahoma
7 at which the medical marijuana research licensee intends to operate.
8 A medical marijuana research licensee shall not allow any other
9 person to exercise the privilege of the license.

10 H. If the research conducted includes a public institution or
11 public money, the Authority shall review any reports made by medical
12 marijuana research licensees under state licensing authority rule
13 and provide the Authority with its determination on whether the
14 research project continues to meet research qualifications pursuant
15 to this section.

16 SECTION 23. AMENDATORY Section 20, Chapter 11, O.S.L.
17 2019 (63 O.S. Supp. 2020, Section 427.20), is amended to read as
18 follows:

19 Section 427.20 A. There is hereby created a medical marijuana
20 education facility license.

21 B. A medical marijuana education facility license may be issued
22 to a person to possess or cultivate marijuana for the limited
23 education and research purposes identified in this section.

24

1 C. A medical marijuana education facility license may only be
2 granted to a not-for-profit organization structured under Section
3 501(c)(3) of the Internal Revenue Code, operating as an Oklahoma
4 not-for-profit registered organization with the Office of the
5 Secretary of State.

6 D. A medical marijuana education facility license may only be
7 granted upon the submission of a an annual fee of Five Hundred
8 Dollars (\$500.00) to the Oklahoma Medical Marijuana Authority.

9 E. A medical marijuana education facility license may be issued
10 for the following education and research purposes:

11 1. To test cultivation techniques, strategies, infrastructure,
12 mediums, lighting and other related technology;

13 2. To demonstrate cultivation techniques, strategies,
14 infrastructure, mediums, lighting and other related technology;

15 3. To demonstrate the application and use of product
16 manufacturing technologies;

17 4. To conduct genomic, horticultural or agricultural research;
18 and

19 5. To conduct research on marijuana-affiliated products or
20 systems.

21 F. As part of the application process for a medical marijuana
22 education facility license, an applicant shall submit to the
23 Authority a description of the project and curriculum that the
24 applicant intends to conduct and whether the project and curriculum

1 will be conducted with a public institution or using public money.

2 If the ~~research~~ project and curriculum will not be conducted with a
3 public institution or with public money, the Authority shall grant
4 the application. If the research will be conducted with a public
5 institution or public money, the Authority shall review the research
6 project of the applicant to determine if it meets the requirements
7 of this section and to assess the following:

8 1. The quality, study design, value or impact of the project;

9 2. Whether the applicant has the appropriate personnel,
10 expertise, facilities, infrastructure, funding, and human, animal or
11 other approvals in place to successfully conduct the project; and

12 3. Whether the amount of marijuana to be grown by the applicant
13 is consistent with the scope and goals of the project.

14 If the Authority determines that the education project does not meet
15 the requirements of this section or assesses the criteria to be
16 inadequate, the application shall be denied.

17 G. A medical marijuana education facility licensee may only
18 transfer, by sale or donation, marijuana grown within its operation
19 to medical marijuana research licensees. The ~~Department~~ Authority
20 may revoke a medical marijuana education facility license for
21 violations of this section and any other violation of ~~this act~~
22 applicable laws, rules and regulations.

23

24

1 H. A medical marijuana education facility licensee may contract
2 to perform research in conjunction with a public higher education
3 research institution or another research licensee.

4 I. The growing, cultivating, possessing or transferring, by
5 sale or donation, of marijuana in accordance with this section and
6 the rules and regulations promulgated pursuant thereto, by a medical
7 marijuana education facility licensee shall not be a criminal or
8 civil offense under state law. A medical marijuana education
9 facility license shall be issued in the name of the applicant and
10 shall specify the location in Oklahoma at which the medical
11 marijuana education facility licensee intends to operate. A medical
12 marijuana education facility licensee shall not allow any other
13 person to exercise the privilege of the license.

14 SECTION 24. AMENDATORY Section 22, Chapter 11, O.S.L.
15 2019 (63 O.S. Supp. 2020, Section 427.22), is amended to read as
16 follows:

17 Section 427.22 A. ~~An~~ All medical marijuana patient and
18 caregiver licensee records and information, including, without
19 limitation, an application or renewal and supporting information
20 submitted by a qualifying patient or designated caregiver under the
21 provisions of ~~this act including, without limitation,~~ the Oklahoma
22 Medical Marijuana and Patient Protection Act and information
23 regarding the physician of the qualifying patient, shall be
24

1 considered confidential medical records that are exempt from the
2 Oklahoma Open Records Act.

3 B. The licensed medical marijuana dispensary records with
4 patient information shall be treated as confidential records that
5 are exempt from the Oklahoma Open Records Act.

6 C. All financial information provided by an applicant or
7 licensee in its application to the Authority shall be treated as
8 confidential records that are exempt from the Oklahoma Open Records
9 Act.

10 D. All information provided by an applicant or licensee that
11 constitutes private business information shall be treated as
12 confidential records that are exempt from the Oklahoma Open Records
13 Act.

14 E. As used in this section, "private business information"
15 means information that, if disclosed, would give advantage to
16 competitors or bidders including, but not limited to, information
17 related to the planning, ~~site location,~~ operations, strategy, or
18 product development and marketing of an applicant or licensee,
19 unless approval for release of those records is granted by the
20 business.

21 F. All monthly reports, inventory tracking and seed-to-sale
22 information, data and records submitted to the Oklahoma Medical
23 Marijuana Authority shall be treated as confidential and are exempt
24 from the Oklahoma Open Records Act.

1 G. Except for license information concerning licensed medical
2 marijuana patients or licensed caregivers, the Authority may share
3 confidential information with the Oklahoma Tax Commission to assist
4 the Oklahoma Tax Commission in ensuring compliance with applicable
5 laws, rules and regulations.

6 SECTION 25. AMENDATORY Section 23, Chapter 11, O.S.L.
7 2019, as amended by Section 11, Chapter 477, O.S.L. 2019 (63 O.S.
8 Supp. 2020, Section 427.23), is amended to read as follows:

9 Section 427.23 A. ~~The State Commissioner of Health~~ Executive
10 Director of the Oklahoma Medical Marijuana Authority, the Oklahoma
11 Tax Commission, the State Treasurer, the Secretary of State and the
12 Director of the Office of Management and Enterprise Services shall
13 promulgate rules to implement the provisions of ~~this act~~ the
14 Oklahoma Medical Marijuana and Patient Protection Act.

15 B. ~~The Food Safety Standards Board~~ Medical Marijuana Advisory
16 Council, in addition to the powers and duties granted in Section 423
17 of ~~Title 63 of the Oklahoma Statutes~~ this title, may recommend to
18 the ~~State Commissioner of Health~~ Executive Director of the Authority
19 rules relating to all aspects of the safe cultivation and
20 ~~manufacture~~ manufacturing of medical marijuana products. In
21 addition to the twelve members required in Section 423 of this
22 title, the Authority may appoint up to eight additional members.
23 The makeup of the Medical Marijuana Advisory Council shall include
24 medical marijuana industry representation.

1 SECTION 26. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 427.24 of Title 63, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Whenever an authorized agent of the Oklahoma Medical
5 Marijuana Authority finds, in whole or in part, that:

6 1. Any medical marijuana, medical marijuana concentrate or
7 medical marijuana product fails to meet the requirements of Sections
8 420 through 426.1 of Title 63 of the Oklahoma Statutes and the
9 Oklahoma Medical Marijuana and Patient Protection Act, as it relates
10 to health and safety;

11 2. The medical marijuana, medical marijuana concentrate or
12 medical marijuana product is handled in violation of applicable laws
13 or rules and regulations of the Authority; or

14 3. The medical marijuana, medical marijuana concentrate or
15 medical marijuana product may be poisonous, deleterious to health or
16 is otherwise unsafe,

17 a tag or other appropriate marking shall be affixed to the medical
18 marijuana, medical marijuana concentrate or medical marijuana
19 product. The tag or other appropriate marking shall give notice
20 that the medical marijuana, medical marijuana concentrate or medical
21 marijuana product is or is suspected of being manufactured,
22 produced, transferred, sold or offered for sale in violation of
23 applicable laws or rules and regulations of the Authority. The tag
24 or other appropriate marking shall also give notice that the medical

1 marijuana, medical marijuana concentrate or medical marijuana
2 product is embargoed and shall provide a warning that all persons
3 shall be prohibited from removing or disposing of the medical
4 marijuana, medical marijuana concentrate or medical marijuana
5 product until permission for removal or disposal is given by the
6 Executive Director of the Authority. It shall be unlawful for any
7 person to remove or dispose of the embargoed medical marijuana,
8 medical marijuana concentrate or medical marijuana product without
9 permission.

10 B. 1. If the Executive Director finds that the medical
11 marijuana, medical marijuana concentrate or medical marijuana
12 product embargoed pursuant to subsection A of this section does not
13 meet the requirements of applicable laws or rules and regulations of
14 the Authority, or is poisonous, deleterious to health or otherwise
15 unsafe, the Executive Director may institute an action in the
16 district court, in whose jurisdiction the medical marijuana, medical
17 marijuana concentrate or medical marijuana product is embargoed, for
18 the condemnation and destruction of the medical marijuana, medical
19 marijuana concentrate or medical marijuana product.

20 2. If the Executive Director later finds that the embargoed
21 medical marijuana, medical marijuana concentrate or medical
22 marijuana product does meet the requirements of applicable laws or
23 rules and regulations of the Authority and is not poisonous,
24

1 deleterious to health or otherwise unsafe, the Executive Director
2 shall remove the embargo.

3 3. In any court proceeding regarding an embargo, the State
4 Department of Health, the Oklahoma Medical Marijuana Authority, the
5 State Commissioner of Health and the Executive Director of the
6 Authority shall not be held liable if the court finds reasonable
7 belief for the embargo.

8 C. If the court finds that the embargoed medical marijuana,
9 medical marijuana concentrate or medical marijuana product, in whole
10 or in part, is in violation of any applicable laws or rules and
11 regulations of the Authority or is poisonous, deleterious to health,
12 or otherwise unsafe, the medical marijuana, medical marijuana
13 concentrate or medical marijuana product shall be destroyed under
14 the supervision of the Executive Director and at the expense of the
15 owner or defendant. All court costs, fees, cost of storage and
16 other proper expenses shall be paid by the owner or defendant of the
17 medical marijuana, medical marijuana concentrate or medical
18 marijuana product. The court may order that the medical marijuana,
19 medical marijuana concentrate or medical marijuana product be
20 delivered to the owner or defendant for appropriate labeling or
21 processing under the supervision of the Executive Director if:

22 1. The violation can be corrected by proper processing of the
23 medical marijuana, medical marijuana concentrate or medical
24 marijuana product;

1 2. All costs, fees and expenses have been paid; and

2 3. A sufficient bond is executed and conditioned for
3 appropriate labeling or processing as the court may require.

4 The expense of supervision shall be paid to the Authority by the
5 person obtaining release of the medical marijuana, medical marijuana
6 concentrate or medical marijuana product under bond.

7 SECTION 27. AMENDATORY Section 2, Chapter 337, O.S.L.
8 2019 (63 O.S. Supp. 2020, Section 428.1), is amended to read as
9 follows:

10 Section 428.1 As used in ~~this act~~ the Oklahoma Medical
11 Marijuana Waste Management Act:

12 1. "Authority" shall mean the Oklahoma Medical Marijuana
13 Authority, or successor agency;

14 2. "Commercial licensee" shall mean any person or entity issued
15 a license by the Oklahoma Medical Marijuana Authority, or successor
16 agency, to conduct commercial business in this state;

17 3. "Disposal" shall mean the ~~final~~ disposition of medical
18 marijuana waste by ~~either~~ a process which renders the waste unusable
19 and unrecognizable through physical destruction or a recycling
20 process;

21 4. "Facility" shall mean ~~a location~~ the licensed or permitted
22 premises where the disposal of medical marijuana waste takes place
23 by a licensee;

1 5. "License" shall mean a medical marijuana waste disposal
2 license;

3 6. "Licensee" shall mean the holder of a medical marijuana
4 waste disposal license;

5 7. "Medical marijuana waste" shall mean:

6 a. unused, surplus, returned or out-of-date marijuana and
7 plant debris of the plant of the genus Cannabis,
8 including dead plants and all unused plant parts,
9 except the term shall not include seeds, roots, stems,
10 stalks and fan leaves,

11 b. all product which is deemed to fail laboratory testing
12 and cannot be remediated, and

13 c. all product and inventory from commercial licensees,
14 medical marijuana research facilities and medical
15 marijuana education facilities that have gone out of
16 business and are not subject to the provisions of
17 Section 1560 of Title 12 of the Oklahoma Statutes; and

18 8. "Medical marijuana waste disposal license" shall mean a
19 license issued by the Oklahoma Medical Marijuana Authority, or
20 successor agency.

21 SECTION 28. AMENDATORY Section 3, Chapter 337, O.S.L.
22 2019 (63 O.S. Supp. 2020, Section 429), is amended to read as
23 follows:
24

1 Section 429. A. Medical marijuana waste shall be subject to
2 the provisions of ~~this act~~ the Oklahoma Medical Marijuana Waste
3 Management Act and shall not be subject to the provisions of the
4 Uniform Controlled Dangerous Substances Act. Nothing in ~~this act~~
5 the Oklahoma Medical Marijuana Waste Management Act shall alter or
6 affect the jurisdictional areas of environmental responsibility of
7 the Department of Environmental Quality as provided for in Title 27A
8 of the Oklahoma Statutes.

9 B. Commercial licensees, medical marijuana research facilities
10 and medical marijuana education facilities shall be authorized to
11 destroy the following marijuana plant parts without being required
12 to utilize the services of a medical marijuana waste disposal
13 facility:

- 14 1. ~~Root balls~~ Roots;
- 15 2. Stems;
- 16 3. Fan leaves; ~~and~~
- 17 4. Seeds; and
- 18 5. Stalks.

19 Unless restricted by local ordinance, commercial licensees,
20 medical marijuana research facilities and medical marijuana
21 education facilities shall be authorized to destroy the above-listed
22 marijuana plant parts on-site by open burning, incineration,
23 burying, mulching, composting or any other technique approved by the
24 Department of Environmental Quality.

1 ~~C. Commercial licensees, medical marijuana research facilities~~
2 ~~and medical marijuana education facilities engaged in the disposal~~
3 ~~of medical marijuana waste shall create and maintain documentation~~
4 ~~on a form prescribed by the Oklahoma Medical Marijuana Authority~~
5 ~~that includes precise weights or counts of medical marijuana waste~~
6 ~~and the manner in which the medical marijuana waste is disposed.~~
7 ~~Such documentation shall contain a witness affidavit and signature~~
8 ~~attesting to the lawful disposal of the medical marijuana waste~~
9 ~~under penalty of perjury. All disposal records shall be maintained~~
10 ~~by commercial licensees, medical marijuana research facilities and~~
11 ~~medical marijuana educational facilities for a period of five (5)~~
12 ~~years and shall be subject to inspection and auditing by the~~
13 ~~Authority.~~

14 SECTION 29. AMENDATORY Section 4, Chapter 337, O.S.L.
15 2019 (63 O.S. Supp. 2020, Section 430), is amended to read as
16 follows:

17 Section 430. A. There is hereby created and authorized a
18 medical marijuana waste disposal license. A person or entity in
19 possession of a medical marijuana waste disposal license shall be
20 entitled to possess, transport and dispose of medical marijuana
21 waste. No person or entity shall possess, transport or dispose of
22 medical marijuana waste without a valid medical marijuana waste
23 disposal license. The Oklahoma Medical Marijuana Authority shall
24 issue licenses upon proper application by a licensee and

1 determination by the Authority that the proposed site and facility
2 are physically and technically suitable. Upon a finding that a
3 proposed medical marijuana waste disposal facility is not physically
4 or technically suitable, the Authority shall deny the license. The
5 Authority may, upon determining that public health or safety
6 requires emergency action, issue a temporary license for treatment
7 or storage of medical marijuana waste for a period not to exceed
8 ninety (90) days. The Authority shall not, ~~for the first year of~~
9 ~~the licensure program~~ until November 1, 2021, issue more than ten
10 licenses. ~~Upon the conclusion of the first year, the Authority~~
11 ~~shall assess the need for additional licenses and shall, if~~
12 ~~demonstrated, increase~~ Beginning November 1, 2021, there shall be no
13 limit to the number of medical marijuana waste disposal licenses as
14 ~~deemed necessary~~ issued by the Authority.

15 B. Entities applying for a medical marijuana waste disposal
16 license shall undergo the following screening process:

17 1. Complete an application form, as prescribed by the
18 Authority, which shall include:

- 19 a. an attestation that the applicant is authorized to
20 make application on behalf of the entity,
- 21 b. full name of the organization,
- 22 c. trade name, if applicable,
- 23 d. type of business organization,
- 24 e. complete mailing address,

- 1 f. an attestation that the commercial entity will not be
- 2 located on tribal land,
- 3 g. telephone number and email address of the entity, and
- 4 h. name, residential address and date of birth of each
- 5 owner and each member, manager and board member, if
- 6 applicable;

7 2. The application for a medical marijuana waste disposal
8 license made by an individual on his or her own behalf shall be on
9 the form prescribed by the Authority and shall include, but not be
10 limited to:

- 11 a. the first, middle and last name of the applicant and
- 12 suffix, if applicable,
- 13 b. the residence address and mailing address of the
- 14 applicant,
- 15 c. the date of birth of the applicant,
- 16 d. the preferred telephone number and email address of
- 17 the applicant,
- 18 e. an attestation that the information provided by the
- 19 applicant is true and correct, and
- 20 f. a statement signed by the applicant pledging not to
- 21 divert marijuana to any individual or entity that is
- 22 not lawfully entitled to possess marijuana; and

23 3. Each application shall be accompanied by the following
24 documentation:

- 1 a. a list of all persons or entities that have an
2 ownership interest in the entity,
- 3 b. a certificate of good standing from the Oklahoma
4 Secretary of State, if applicable,
- 5 c. an Affidavit of Lawful Presence for each owner,
- 6 d. proof that the proposed location of the disposal
7 facility is at least one thousand (1,000) feet from a
8 public or private elementary, middle or high school.
9 The distance indicated in this subparagraph shall be
10 measured from ~~any entrance~~ the nearest property line
11 of the public or private elementary, middle or high
12 school to the ~~nearest property line point front~~
13 entrance of the disposal facility. If any public or
14 private elementary, middle or high school is
15 established within one thousand (1,000) feet of any
16 disposal facility after such disposal facility has
17 been licensed, the provisions of this subparagraph
18 shall not be a deterrent to the renewal of such
19 license or warrant revocation of the license, and
- 20 e. documents establishing the applicant, the members,
21 managers and board members, if applicable, and
22 seventy-five percent (75%) of the ownership interests
23 are Oklahoma residents as established in Section 420
24

1 ~~et seq. of Title 63 of the Oklahoma Statutes~~ of this
2 title, as it relates to proof of residency.

3 C. No license shall be issued except upon proof of sufficient
4 liability insurance and financial responsibility. Liability
5 insurance shall be provided by the applicant and shall apply to
6 sudden and nonsudden bodily injury or property damage on, below or
7 above the surface, as required by the rules of the Authority. Such
8 insurance shall be maintained for the period of operation of the
9 facility and shall provide coverage for damages resulting from
10 operation of the facility during operation and after closing.—~~In~~
11 ~~lieu of liability insurance required by this subsection, an~~
12 ~~equivalent amount of cash, securities, bond or alternate financial~~
13 ~~assurance, of a type and in an amount acceptable to the Authority,~~
14 ~~may be substituted; provided, that such deposit shall be maintained~~
15 ~~for a period of five (5) years after the date of last operation of~~
16 ~~the facility.~~

17 D. Submission of an application for a medical marijuana waste
18 disposal license shall constitute permission for entry to and
19 inspection of the facility of the licensee during hours of operation
20 and other reasonable times. Refusal to permit such entry of
21 inspection shall constitute grounds for the nonrenewal, suspension
22 or revocation of a license. The Authority may perform an annual
23 unannounced on-site inspection of the operations and any facility of
24 the licensee. If the Authority receives a complaint concerning

1 noncompliance by a licensee with the provisions of ~~this act~~ the
2 Oklahoma Medical Marijuana Waste Management Act, the Authority may
3 conduct additional unannounced, on-site inspections beyond an annual
4 inspection. The Authority shall refer all complaints alleging
5 criminal activity that are made against a licensed facility to
6 appropriate state or local law enforcement authorities.

7 E. The Authority shall issue ~~a~~ an annual permit for each
8 medical marijuana waste disposal facility operated by a licensee. A
9 permit shall be issued only upon proper application by a licensee
10 and determination by the Authority that the proposed site and
11 facility are physically and technically suitable. Upon a finding
12 that a proposed medical marijuana waste disposal facility is not
13 physically or technically suitable, the Authority shall deny the
14 permit. The Authority shall have the authority to revoke a permit
15 upon a finding that the site and facility are not physically and
16 technically suitable for processing. The Authority may, upon
17 determining that public health or safety requires emergency action,
18 issue a temporary permit for treatment or storage of medical
19 marijuana waste for a period not to exceed ninety (90) days.

20 F. The cost of a medical marijuana waste disposal license shall
21 be Five Thousand Dollars (\$5,000.00) for the initial license. The
22 cost of a medical marijuana waste disposal facility permit shall be
23 Five Hundred Dollars (\$500.00). A medical marijuana waste disposal
24 facility permit that has been revoked shall be reinstated upon

1 remittance of a reinstatement fee of Five Hundred Dollars (\$500.00)
2 to restore the facility permit. All license and permit fees shall
3 be deposited into the ~~Public Health Special Fund~~ Oklahoma Medical
4 Marijuana Authority Revolving Fund as provided in Section ~~1-107~~
5 427.5 of ~~Title 63 of the Oklahoma Statutes~~ this title.

6 G. The holder of a medical marijuana waste disposal license
7 shall not be required to obtain a medical marijuana transporter
8 license provided for in the Oklahoma Medical Marijuana and Patient
9 Protection Act for purposes of transporting medical marijuana waste.

10 H. All commercial licensees, as defined in Section ~~2~~ 428.1 of
11 ~~this act~~ this title, shall utilize a licensed medical marijuana waste
12 disposal service to process all medical marijuana waste generated by
13 the licensee.

14 I. The ~~State Commissioner of Health~~ Oklahoma Medical Marijuana
15 Authority shall promulgate rules for the implementation of ~~this act~~
16 the Oklahoma Medical Marijuana Waste Management Act. Promulgated
17 rules shall address disposal process standards, site security and
18 any other subject matter deemed necessary by the Authority.

19 SECTION 30. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 255.2 of Title 68, unless there
21 is created a duplication in numbering, reads as follows:

22 The State Department of Health and the Oklahoma Tax Commission
23 shall enter into a contract whereby the Tax Commission shall have
24 authority to assess, collect and enforce the seven percent (7%) tax

1 on retail medical marijuana sales and any penalties and interest
2 thereon. Such assessment, collection and enforcement authority
3 shall apply to any tax and any penalty or interest liability on
4 retail medical marijuana sales existing at the time of contracting.
5 The contract shall provide for the assessment, collection and
6 enforcement of the tax on retail medical marijuana sales in the same
7 manner as the administration, collection and enforcement of any tax
8 payable by any taxpayer subject to taxation under any state tax law.
9 For providing such collection assistance, the Tax Commission shall
10 charge the State Department of Health a fee of one and five-tenths
11 percent (1.5%) of the gross collection proceeds. All funds retained
12 by the Tax Commission for the collection services shall be deposited
13 in the Tax Commission Reimbursement Fund in the State Treasury.

14 SECTION 31. AMENDATORY 68 O.S. 2011, Section 2358, as
15 last amended by Section 5, Chapter 201, O.S.L. 2019 (68 O.S. Supp.
16 2020, Section 2358), is amended to read as follows:

17 Section 2358. For all tax years beginning after December 31,
18 1981, taxable income and adjusted gross income shall be adjusted to
19 arrive at Oklahoma taxable income and Oklahoma adjusted gross income
20 as required by this section.

21 A. The taxable income of any taxpayer shall be adjusted to
22 arrive at Oklahoma taxable income for corporations and Oklahoma
23 adjusted gross income for individuals, as follows:

24

1 1. There shall be added interest income on obligations of any
2 state or political subdivision thereto which is not otherwise
3 exempted pursuant to other laws of this state, to the extent that
4 such interest is not included in taxable income and adjusted gross
5 income.

6 2. There shall be deducted amounts included in such income that
7 the state is prohibited from taxing because of the provisions of the
8 Federal Constitution, the State Constitution, federal laws or laws
9 of Oklahoma.

10 3. The amount of any federal net operating loss deduction shall
11 be adjusted as follows:

12 a. For carryovers and carrybacks to taxable years
13 beginning before January 1, 1981, the amount of any
14 net operating loss deduction allowed to a taxpayer for
15 federal income tax purposes shall be reduced to an
16 amount which is the same portion thereof as the loss
17 from sources within this state, as determined pursuant
18 to this section and Section 2362 of this title, for
19 the taxable year in which such loss is sustained is of
20 the total loss for such year;

21 b. For carryovers and carrybacks to taxable years
22 beginning after December 31, 1980, the amount of any
23 net operating loss deduction allowed for the taxable
24 year shall be an amount equal to the aggregate of the

1 Oklahoma net operating loss carryovers and carrybacks
2 to such year. Oklahoma net operating losses shall be
3 separately determined by reference to Section 172 of
4 the Internal Revenue Code, 26 U.S.C., Section 172, as
5 modified by the Oklahoma Income Tax Act, Section 2351
6 et seq. of this title, and shall be allowed without
7 regard to the existence of a federal net operating
8 loss. For tax years beginning after December 31,
9 2000, and ending before January 1, 2008, the years to
10 which such losses may be carried shall be determined
11 solely by reference to Section 172 of the Internal
12 Revenue Code, 26 U.S.C., Section 172, with the
13 exception that the terms "net operating loss" and
14 "taxable income" shall be replaced with "Oklahoma net
15 operating loss" and "Oklahoma taxable income". For
16 tax years beginning after December 31, 2007, and
17 ending before January 1, 2009, years to which such
18 losses may be carried back shall be limited to two (2)
19 years. For tax years beginning after December 31,
20 2008, the years to which such losses may be carried
21 back shall be determined solely by reference to
22 Section 172 of the Internal Revenue Code, 26 U.S.C.,
23 Section 172, with the exception that the terms "net
24 operating loss" and "taxable income" shall be replaced

1 with "Oklahoma net operating loss" and "Oklahoma
2 taxable income".

3 4. Items of the following nature shall be allocated as
4 indicated. Allowable deductions attributable to items separately
5 allocable in subparagraphs a, b and c of this paragraph, whether or
6 not such items of income were actually received, shall be allocated
7 on the same basis as those items:

8 a. Income from real and tangible personal property, such
9 as rents, oil and mining production or royalties, and
10 gains or losses from sales of such property, shall be
11 allocated in accordance with the situs of such
12 property;

13 b. Income from intangible personal property, such as
14 interest, dividends, patent or copyright royalties,
15 and gains or losses from sales of such property, shall
16 be allocated in accordance with the domiciliary situs
17 of the taxpayer, except that:

18 (1) where such property has acquired a nonunitary
19 business or commercial situs apart from the
20 domicile of the taxpayer such income shall be
21 allocated in accordance with such business or
22 commercial situs; interest income from
23 investments held to generate working capital for
24 a unitary business enterprise shall be included

1 in apportionable income; a resident trust or
2 resident estate shall be treated as having a
3 separate commercial or business situs insofar as
4 undistributed income is concerned, but shall not
5 be treated as having a separate commercial or
6 business situs insofar as distributed income is
7 concerned,

8 (2) for taxable years beginning after December 31,
9 2003, capital or ordinary gains or losses from
10 the sale of an ownership interest in a publicly
11 traded partnership, as defined by Section 7704(b)
12 of the Internal Revenue Code, shall be allocated
13 to this state in the ratio of the original cost
14 of such partnership's tangible property in this
15 state to the original cost of such partnership's
16 tangible property everywhere, as determined at
17 the time of the sale; if more than fifty percent
18 (50%) of the value of the partnership's assets
19 consists of intangible assets, capital or
20 ordinary gains or losses from the sale of an
21 ownership interest in the partnership shall be
22 allocated to this state in accordance with the
23 sales factor of the partnership for its first
24 full tax period immediately preceding its tax

1 period during which the ownership interest in the
2 partnership was sold; the provisions of this
3 division shall only apply if the capital or
4 ordinary gains or losses from the sale of an
5 ownership interest in a partnership do not
6 constitute qualifying gain receiving capital
7 treatment as defined in subparagraph a of
8 paragraph 2 of subsection F of this section,

9 (3) income from such property which is required to be
10 allocated pursuant to the provisions of paragraph
11 5 of this subsection shall be allocated as herein
12 provided;

13 c. Net income or loss from a business activity which is
14 not a part of business carried on within or without
15 the state of a unitary character shall be separately
16 allocated to the state in which such activity is
17 conducted;

18 d. In the case of a manufacturing or processing
19 enterprise the business of which in Oklahoma consists
20 solely of marketing its products by:

21 (1) sales having a situs without this state, shipped
22 directly to a point from without the state to a
23 purchaser within the state, commonly known as
24 interstate sales,

1 (2) sales of the product stored in public warehouses
2 within the state pursuant to "in transit"
3 tariffs, as prescribed and allowed by the
4 Interstate Commerce Commission, to a purchaser
5 within the state,

6 (3) sales of the product stored in public warehouses
7 within the state where the shipment to such
8 warehouses is not covered by "in transit"
9 tariffs, as prescribed and allowed by the
10 Interstate Commerce Commission, to a purchaser
11 within or without the state,

12 the Oklahoma net income shall, at the option of the
13 taxpayer, be that portion of the total net income of
14 the taxpayer for federal income tax purposes derived
15 from the manufacture and/or processing and sales
16 everywhere as determined by the ratio of the sales
17 defined in this section made to the purchaser within
18 the state to the total sales everywhere. The term
19 "public warehouse" as used in this subparagraph means
20 a licensed public warehouse, the principal business of
21 which is warehousing merchandise for the public;

22 e. In the case of insurance companies, Oklahoma taxable
23 income shall be taxable income of the taxpayer for
24 federal tax purposes, as adjusted for the adjustments

1 provided pursuant to the provisions of paragraphs 1
2 and 2 of this subsection, apportioned as follows:

3 (1) except as otherwise provided by division (2) of
4 this subparagraph, taxable income of an insurance
5 company for a taxable year shall be apportioned
6 to this state by multiplying such income by a
7 fraction, the numerator of which is the direct
8 premiums written for insurance on property or
9 risks in this state, and the denominator of which
10 is the direct premiums written for insurance on
11 property or risks everywhere. For purposes of
12 this subsection, the term "direct premiums
13 written" means the total amount of direct
14 premiums written, assessments and annuity
15 considerations as reported for the taxable year
16 on the annual statement filed by the company with
17 the Insurance Commissioner in the form approved
18 by the National Association of Insurance
19 Commissioners, or such other form as may be
20 prescribed in lieu thereof,

21 (2) if the principal source of premiums written by an
22 insurance company consists of premiums for
23 reinsurance accepted by it, the taxable income of
24 such company shall be apportioned to this state

1 by multiplying such income by a fraction, the
2 numerator of which is the sum of (a) direct
3 premiums written for insurance on property or
4 risks in this state, plus (b) premiums written
5 for reinsurance accepted in respect of property
6 or risks in this state, and the denominator of
7 which is the sum of (c) direct premiums written
8 for insurance on property or risks everywhere,
9 plus (d) premiums written for reinsurance
10 accepted in respect of property or risks
11 everywhere. For purposes of this paragraph,
12 premiums written for reinsurance accepted in
13 respect of property or risks in this state,
14 whether or not otherwise determinable, may at the
15 election of the company be determined on the
16 basis of the proportion which premiums written
17 for insurance accepted from companies
18 commercially domiciled in Oklahoma bears to
19 premiums written for reinsurance accepted from
20 all sources, or alternatively in the proportion
21 which the sum of the direct premiums written for
22 insurance on property or risks in this state by
23 each ceding company from which reinsurance is
24 accepted bears to the sum of the total direct

1 premiums written by each such ceding company for
2 the taxable year.

3 5. The net income or loss remaining after the separate
4 allocation in paragraph 4 of this subsection, being that which is
5 derived from a unitary business enterprise, shall be apportioned to
6 this state on the basis of the arithmetical average of three factors
7 consisting of property, payroll and sales or gross revenue
8 enumerated as subparagraphs a, b and c of this paragraph. Net
9 income or loss as used in this paragraph includes that derived from
10 patent or copyright royalties, purchase discounts, and interest on
11 accounts receivable relating to or arising from a business activity,
12 the income from which is apportioned pursuant to this subsection,
13 including the sale or other disposition of such property and any
14 other property used in the unitary enterprise. Deductions used in
15 computing such net income or loss shall not include taxes based on
16 or measured by income. Provided, for corporations whose property
17 for purposes of the tax imposed by Section 2355 of this title has an
18 initial investment cost equaling or exceeding Two Hundred Million
19 Dollars (\$200,000,000.00) and such investment is made on or after
20 July 1, 1997, or for corporations which expand their property or
21 facilities in this state and such expansion has an investment cost
22 equaling or exceeding Two Hundred Million Dollars (\$200,000,000.00)
23 over a period not to exceed three (3) years, and such expansion is
24 commenced on or after January 1, 2000, the three factors shall be

1 apporportioned with property and payroll, each comprising twenty-five
2 percent (25%) of the apporportionment factor and sales comprising fifty
3 percent (50%) of the apporportionment factor. The apporportionment
4 factors shall be computed as follows:

5 a. The property factor is a fraction, the numerator of
6 which is the average value of the taxpayer's real and
7 tangible personal property owned or rented and used in
8 this state during the tax period and the denominator
9 of which is the average value of all the taxpayer's
10 real and tangible personal property everywhere owned
11 or rented and used during the tax period.

12 (1) Property, the income from which is separately
13 allocated in paragraph 4 of this subsection,
14 shall not be included in determining this
15 fraction. The numerator of the fraction shall
16 include a portion of the investment in
17 transportation and other equipment having no
18 fixed situs, such as rolling stock, buses, trucks
19 and trailers, including machinery and equipment
20 carried thereon, airplanes, salespersons'
21 automobiles and other similar equipment, in the
22 proportion that miles traveled in Oklahoma by
23 such equipment bears to total miles traveled,
24

1 (2) Property owned by the taxpayer is valued at its
2 original cost. Property rented by the taxpayer
3 is valued at eight times the net annual rental
4 rate. Net annual rental rate is the annual
5 rental rate paid by the taxpayer, less any annual
6 rental rate received by the taxpayer from
7 subrentals,

8 (3) The average value of property shall be determined
9 by averaging the values at the beginning and
10 ending of the tax period but the Oklahoma Tax
11 Commission may require the averaging of monthly
12 values during the tax period if reasonably
13 required to reflect properly the average value of
14 the taxpayer's property;

15 b. The payroll factor is a fraction, the numerator of
16 which is the total compensation for services rendered
17 in the state during the tax period, and the
18 denominator of which is the total compensation for
19 services rendered everywhere during the tax period.
20 "Compensation", as used in this subsection means those
21 paid-for services to the extent related to the unitary
22 business but does not include officers' salaries,
23 wages and other compensation.
24

1 (1) In the case of a transportation enterprise, the
2 numerator of the fraction shall include a portion
3 of such expenditure in connection with employees
4 operating equipment over a fixed route, such as
5 railroad employees, airline pilots, or bus
6 drivers, in this state only a part of the time,
7 in the proportion that mileage traveled in
8 Oklahoma bears to total mileage traveled by such
9 employees,

10 (2) In any case the numerator of the fraction shall
11 include a portion of such expenditures in
12 connection with itinerant employees, such as
13 traveling salespersons, in this state only a part
14 of the time, in the proportion that time spent in
15 Oklahoma bears to total time spent in furtherance
16 of the enterprise by such employees;

17 c. The sales factor is a fraction, the numerator of which
18 is the total sales or gross revenue of the taxpayer in
19 this state during the tax period, and the denominator
20 of which is the total sales or gross revenue of the
21 taxpayer everywhere during the tax period. "Sales",
22 as used in this subsection does not include sales or
23 gross revenue which are separately allocated in
24 paragraph 4 of this subsection.

1 (1) Sales of tangible personal property have a situs
2 in this state if the property is delivered or
3 shipped to a purchaser other than the United
4 States government, within this state regardless
5 of the FOB point or other conditions of the sale;
6 or the property is shipped from an office, store,
7 warehouse, factory or other place of storage in
8 this state and (a) the purchaser is the United
9 States government or (b) the taxpayer is not
10 doing business in the state of the destination of
11 the shipment.

12 (2) In the case of a railroad or interurban railway
13 enterprise, the numerator of the fraction shall
14 not be less than the allocation of revenues to
15 this state as shown in its annual report to the
16 Corporation Commission.

17 (3) In the case of an airline, truck or bus
18 enterprise or freight car, tank car, refrigerator
19 car or other railroad equipment enterprise, the
20 numerator of the fraction shall include a portion
21 of revenue from interstate transportation in the
22 proportion that interstate mileage traveled in
23 Oklahoma bears to total interstate mileage
24 traveled.

1 (4) In the case of an oil, gasoline or gas pipeline
2 enterprise, the numerator of the fraction shall
3 be either the total of traffic units of the
4 enterprise within Oklahoma or the revenue
5 allocated to Oklahoma based upon miles moved, at
6 the option of the taxpayer, and the denominator
7 of which shall be the total of traffic units of
8 the enterprise or the revenue of the enterprise
9 everywhere as appropriate to the numerator. A
10 "traffic unit" is hereby defined as the
11 transportation for a distance of one (1) mile of
12 one (1) barrel of oil, one (1) gallon of gasoline
13 or one thousand (1,000) cubic feet of natural or
14 casinghead gas, as the case may be.

15 (5) In the case of a telephone or telegraph or other
16 communication enterprise, the numerator of the
17 fraction shall include that portion of the
18 interstate revenue as is allocated pursuant to
19 the accounting procedures prescribed by the
20 Federal Communications Commission; provided that
21 in respect to each corporation or business entity
22 required by the Federal Communications Commission
23 to keep its books and records in accordance with
24 a uniform system of accounts prescribed by such

1 Commission, the intrastate net income shall be
2 determined separately in the manner provided by
3 such uniform system of accounts and only the
4 interstate income shall be subject to allocation
5 pursuant to the provisions of this subsection.
6 Provided further, that the gross revenue factors
7 shall be those as are determined pursuant to the
8 accounting procedures prescribed by the Federal
9 Communications Commission.

10 In any case where the apportionment of the three factors
11 prescribed in this paragraph attributes to Oklahoma a portion of net
12 income of the enterprise out of all appropriate proportion to the
13 property owned and/or business transacted within this state, because
14 of the fact that one or more of the factors so prescribed are not
15 employed to any appreciable extent in furtherance of the enterprise;
16 or because one or more factors not so prescribed are employed to a
17 considerable extent in furtherance of the enterprise; or because of
18 other reasons, the Tax Commission is empowered to permit, after a
19 showing by taxpayer that an excessive portion of net income has been
20 attributed to Oklahoma, or require, when in its judgment an
21 insufficient portion of net income has been attributed to Oklahoma,
22 the elimination, substitution, or use of additional factors, or
23 reduction or increase in the weight of such prescribed factors.
24 Provided, however, that any such variance from such prescribed

1 factors which has the effect of increasing the portion of net income
2 attributable to Oklahoma must not be inherently arbitrary, and
3 application of the recomputed final apportionment to the net income
4 of the enterprise must attribute to Oklahoma only a reasonable
5 portion thereof.

6 6. For calendar years 1997 and 1998, the owner of a new or
7 expanded agricultural commodity processing facility in this state
8 may exclude from Oklahoma taxable income, or in the case of an
9 individual, the Oklahoma adjusted gross income, fifteen percent
10 (15%) of the investment by the owner in the new or expanded
11 agricultural commodity processing facility. For calendar year 1999,
12 and all subsequent years, the percentage, not to exceed fifteen
13 percent (15%), available to the owner of a new or expanded
14 agricultural commodity processing facility in this state claiming
15 the exemption shall be adjusted annually so that the total estimated
16 reduction in tax liability does not exceed One Million Dollars
17 (\$1,000,000.00) annually. The Tax Commission shall promulgate rules
18 for determining the percentage of the investment which each eligible
19 taxpayer may exclude. The exclusion provided by this paragraph
20 shall be taken in the taxable year when the investment is made. In
21 the event the total reduction in tax liability authorized by this
22 paragraph exceeds One Million Dollars (\$1,000,000.00) in any
23 calendar year, the Tax Commission shall permit any excess over One
24 Million Dollars (\$1,000,000.00) and shall factor such excess into

1 the percentage for subsequent years. Any amount of the exemption
2 permitted to be excluded pursuant to the provisions of this
3 paragraph but not used in any year may be carried forward as an
4 exemption from income pursuant to the provisions of this paragraph
5 for a period not exceeding six (6) years following the year in which
6 the investment was originally made.

7 For purposes of this paragraph:

- 8 a. "Agricultural commodity processing facility" means
9 building, structures, fixtures and improvements used
10 or operated primarily for the processing or production
11 of marketable products from agricultural commodities.
12 The term shall also mean a dairy operation that
13 requires a depreciable investment of at least Two
14 Hundred Fifty Thousand Dollars (\$250,000.00) and which
15 produces milk from dairy cows. The term does not
16 include a facility that provides only, and nothing
17 more than, storage, cleaning, drying or transportation
18 of agricultural commodities, and
- 19 b. "Facility" means each part of the facility which is
20 used in a process primarily for:
- 21 (1) the processing of agricultural commodities,
22 including receiving or storing agricultural
23 commodities, or the production of milk at a dairy
24 operation,

1 (2) transporting the agricultural commodities or
2 product before, during or after the processing,
3 or

4 (3) packaging or otherwise preparing the product for
5 sale or shipment.

6 7. Despite any provision to the contrary in paragraph 3 of this
7 subsection, for taxable years beginning after December 31, 1999, in
8 the case of a taxpayer which has a farming loss, such farming loss
9 shall be considered a net operating loss carryback in accordance
10 with and to the extent of the Internal Revenue Code, 26 U.S.C.,
11 Section 172(b)(G). However, the amount of the net operating loss
12 carryback shall not exceed the lesser of:

- 13 a. Sixty Thousand Dollars (\$60,000.00), or
- 14 b. the loss properly shown on Schedule F of the Internal
15 Revenue Service Form 1040 reduced by one-half (1/2) of
16 the income from all other sources other than reflected
17 on Schedule F.

18 8. In taxable years beginning after December 31, 1995, all
19 qualified wages equal to the federal income tax credit set forth in
20 26 U.S.C.A., Section 45A, shall be deducted from taxable income.
21 The deduction allowed pursuant to this paragraph shall only be
22 permitted for the tax years in which the federal tax credit pursuant
23 to 26 U.S.C.A., Section 45A, is allowed. For purposes of this
24

1 paragraph, "qualified wages" means those wages used to calculate the
2 federal credit pursuant to 26 U.S.C.A., Section 45A.

3 9. In taxable years beginning after December 31, 2005, an
4 employer that is eligible for and utilizes the Safety Pays OSHA
5 Consultation Service provided by the Oklahoma Department of Labor
6 shall receive an exemption from taxable income in the amount of One
7 Thousand Dollars (\$1,000.00) for the tax year that the service is
8 utilized.

9 10. For taxable years beginning on or after January 1, 2010,
10 there shall be added to Oklahoma taxable income an amount equal to
11 the amount of deferred income not included in such taxable income
12 pursuant to Section 108(i)(1) of the Internal Revenue Code of 1986
13 as amended by Section 1231 of the American Recovery and Reinvestment
14 Act of 2009 (P.L. No. 111-5). There shall be subtracted from
15 Oklahoma taxable income an amount equal to the amount of deferred
16 income included in such taxable income pursuant to Section 108(i)(1)
17 of the Internal Revenue Code by Section 1231 of the American
18 Recovery and Reinvestment Act of 2009 (P.L. No. 111-5).

19 11. For taxable years beginning on or after January 1, 2019,
20 there shall be subtracted from Oklahoma taxable income or adjusted
21 gross income any item of income or gain, and there shall be added to
22 Oklahoma taxable income or adjusted gross income any item of loss or
23 deduction that in the absence of an election pursuant to the
24 provisions of the Pass-Through Entity Tax Equity Act of 2019 would

1 be allocated to a member or to an indirect member of an electing
2 pass-through entity pursuant to Section 2351 et seq. of this title,
3 if (i) the electing pass-through entity has accounted for such item
4 in computing its Oklahoma net entity income or loss pursuant to the
5 provisions of the Pass-Through Entity Tax Equity Act of 2019, and
6 (ii) the total amount of tax attributable to any resulting Oklahoma
7 net entity income has been paid. The Oklahoma Tax Commission shall
8 promulgate rules for the reporting of such exclusion to direct and
9 indirect members of the electing pass-through entity. As used in
10 this paragraph, "electing pass-through entity", "indirect member",
11 and "member" shall be defined in the same manner as prescribed by
12 Section ~~2~~ 2355.1P-2 of this ~~act~~ title. Notwithstanding the
13 application of this paragraph, the adjusted tax basis of any
14 ownership interest in a pass-through entity for purposes of Section
15 2351 et seq. of this title shall be equal to its adjusted tax basis
16 for federal income tax purposes.

17 B. 1. The taxable income of any corporation shall be further
18 adjusted to arrive at Oklahoma taxable income, except those
19 corporations electing treatment as provided in subchapter S of the
20 Internal Revenue Code, 26 U.S.C., Section 1361 et seq., and Section
21 2365 of this title, deductions pursuant to the provisions of the
22 Accelerated Cost Recovery System as defined and allowed in the
23 Economic Recovery Tax Act of 1981, Public Law 97-34, 26 U.S.C.,
24 Section 168, for depreciation of assets placed into service after

1 December 31, 1981, shall not be allowed in calculating Oklahoma
2 taxable income. Such corporations shall be allowed a deduction for
3 depreciation of assets placed into service after December 31, 1981,
4 in accordance with provisions of the Internal Revenue Code, 26
5 U.S.C., Section 1 et seq., in effect immediately prior to the
6 enactment of the Accelerated Cost Recovery System. The Oklahoma tax
7 basis for all such assets placed into service after December 31,
8 1981, calculated in this section shall be retained and utilized for
9 all Oklahoma income tax purposes through the final disposition of
10 such assets.

11 Notwithstanding any other provisions of the Oklahoma Income Tax
12 Act, Section 2351 et seq. of this title, or of the Internal Revenue
13 Code to the contrary, this subsection shall control calculation of
14 depreciation of assets placed into service after December 31, 1981,
15 and before January 1, 1983.

16 For assets placed in service and held by a corporation in which
17 accelerated cost recovery system was previously disallowed, an
18 adjustment to taxable income is required in the first taxable year
19 beginning after December 31, 1982, to reconcile the basis of such
20 assets to the basis allowed in the Internal Revenue Code. The
21 purpose of this adjustment is to equalize the basis and allowance
22 for depreciation accounts between that reported to the Internal
23 Revenue Service and that reported to Oklahoma.

24

1 2. For tax years beginning on or after January 1, 2009, and
2 ending on or before December 31, 2009, there shall be added to
3 Oklahoma taxable income any amount in excess of One Hundred Seventy-
4 five Thousand Dollars (\$175,000.00) which has been deducted as a
5 small business expense under Internal Revenue Code, Section 179 as
6 provided in the American Recovery and Reinvestment Act of 2009.

7 C. 1. For taxable years beginning after December 31, 1987, the
8 taxable income of any corporation shall be further adjusted to
9 arrive at Oklahoma taxable income for transfers of technology to
10 qualified small businesses located in Oklahoma. Such transferor
11 corporation shall be allowed an exemption from taxable income of an
12 amount equal to the amount of royalty payment received as a result
13 of such transfer; provided, however, such amount shall not exceed
14 ten percent (10%) of the amount of gross proceeds received by such
15 transferor corporation as a result of the technology transfer. Such
16 exemption shall be allowed for a period not to exceed ten (10) years
17 from the date of receipt of the first royalty payment accruing from
18 such transfer. No exemption may be claimed for transfers of
19 technology to qualified small businesses made prior to January 1,
20 1988.

21 2. For purposes of this subsection:

22 a. "Qualified small business" means an entity, whether
23 organized as a corporation, partnership, or
24 proprietorship, organized for profit with its

1 principal place of business located within this state
2 and which meets the following criteria:

- 3 (1) Capitalization of not more than Two Hundred Fifty
4 Thousand Dollars (\$250,000.00),
5 (2) Having at least fifty percent (50%) of its
6 employees and assets located in Oklahoma at the
7 time of the transfer, and
8 (3) Not a subsidiary or affiliate of the transferor
9 corporation;

10 b. "Technology" means a proprietary process, formula,
11 pattern, device or compilation of scientific or
12 technical information which is not in the public
13 domain;

14 c. "Transferor corporation" means a corporation which is
15 the exclusive and undisputed owner of the technology
16 at the time the transfer is made; and

17 d. "Gross proceeds" means the total amount of
18 consideration for the transfer of technology, whether
19 the consideration is in money or otherwise.

20 D. 1. For taxable years beginning after December 31, 2005, the
21 taxable income of any corporation, estate or trust, shall be further
22 adjusted for qualifying gains receiving capital treatment. Such
23 corporations, estates or trusts shall be allowed a deduction from
24 Oklahoma taxable income for the amount of qualifying gains receiving

1 capital treatment earned by the corporation, estate or trust during
2 the taxable year and included in the federal taxable income of such
3 corporation, estate or trust.

4 2. As used in this subsection:

5 a. "qualifying gains receiving capital treatment" means
6 the amount of net capital gains, as defined in Section
7 1222(11) of the Internal Revenue Code, included in the
8 federal income tax return of the corporation, estate
9 or trust that result from:

10 (1) the sale of real property or tangible personal
11 property located within Oklahoma that has been
12 directly or indirectly owned by the corporation,
13 estate or trust for a holding period of at least
14 five (5) years prior to the date of the
15 transaction from which such net capital gains
16 arise,

17 (2) the sale of stock or on the sale of an ownership
18 interest in an Oklahoma company, limited
19 liability company, or partnership where such
20 stock or ownership interest has been directly or
21 indirectly owned by the corporation, estate or
22 trust for a holding period of at least three (3)
23 years prior to the date of the transaction from
24 which the net capital gains arise, or

1 (3) the sale of real property, tangible personal
2 property or intangible personal property located
3 within Oklahoma as part of the sale of all or
4 substantially all of the assets of an Oklahoma
5 company, limited liability company, or
6 partnership where such property has been directly
7 or indirectly owned by such entity owned by the
8 owners of such entity, and used in or derived
9 from such entity for a period of at least three
10 (3) years prior to the date of the transaction
11 from which the net capital gains arise,

12 b. "holding period" means an uninterrupted period of
13 time. The holding period shall include any additional
14 period when the property was held by another
15 individual or entity, if such additional period is
16 included in the taxpayer's holding period for the
17 asset pursuant to the Internal Revenue Code,

18 c. "Oklahoma company", "limited liability company", or
19 "partnership" means an entity whose primary
20 headquarters have been located in Oklahoma for at
21 least three (3) uninterrupted years prior to the date
22 of the transaction from which the net capital gains
23 arise,
24

1 d. "direct" means the taxpayer directly owns the asset,
2 and

3 e. "indirect" means the taxpayer owns an interest in a
4 pass-through entity (or chain of pass-through
5 entities) that sells the asset that gives rise to the
6 qualifying gains receiving capital treatment.

7 (1) With respect to sales of real property or
8 tangible personal property located within
9 Oklahoma, the deduction described in this
10 subsection shall not apply unless the pass-
11 through entity that makes the sale has held the
12 property for not less than five (5) uninterrupted
13 years prior to the date of the transaction that
14 created the capital gain, and each pass-through
15 entity included in the chain of ownership has
16 been a member, partner, or shareholder of the
17 pass-through entity in the tier immediately below
18 it for an uninterrupted period of not less than
19 five (5) years.

20 (2) With respect to sales of stock or ownership
21 interest in or sales of all or substantially all
22 of the assets of an Oklahoma company, limited
23 liability company, or partnership, the deduction
24 described in this subsection shall not apply

1 unless the pass-through entity that makes the
2 sale has held the stock or ownership interest or
3 the assets for not less than three (3)
4 uninterrupted years prior to the date of the
5 transaction that created the capital gain, and
6 each pass-through entity included in the chain of
7 ownership has been a member, partner or
8 shareholder of the pass-through entity in the
9 tier immediately below it for an uninterrupted
10 period of not less than three (3) years.

11 E. The Oklahoma adjusted gross income of any individual
12 taxpayer shall be further adjusted as follows to arrive at Oklahoma
13 taxable income:

14 1. a. In the case of individuals, there shall be added or
15 deducted, as the case may be, the difference necessary
16 to allow personal exemptions of One Thousand Dollars
17 (\$1,000.00) in lieu of the personal exemptions allowed
18 by the Internal Revenue Code.

19 b. There shall be allowed an additional exemption of One
20 Thousand Dollars (\$1,000.00) for each taxpayer or
21 spouse who is blind at the close of the tax year. For
22 purposes of this subparagraph, an individual is blind
23 only if the central visual acuity of the individual
24 does not exceed 20/200 in the better eye with

1 correcting lenses, or if the visual acuity of the
2 individual is greater than 20/200, but is accompanied
3 by a limitation in the fields of vision such that the
4 widest diameter of the visual field subtends an angle
5 no greater than twenty (20) degrees.

6 c. There shall be allowed an additional exemption of One
7 Thousand Dollars (\$1,000.00) for each taxpayer or
8 spouse who is sixty-five (65) years of age or older at
9 the close of the tax year based upon the filing status
10 and federal adjusted gross income of the taxpayer.
11 Taxpayers with the following filing status may claim
12 this exemption if the federal adjusted gross income
13 does not exceed:

- 14 (1) Twenty-five Thousand Dollars (\$25,000.00) if
15 married and filing jointly;
- 16 (2) Twelve Thousand Five Hundred Dollars (\$12,500.00)
17 if married and filing separately;
- 18 (3) Fifteen Thousand Dollars (\$15,000.00) if single;
19 and
- 20 (4) Nineteen Thousand Dollars (\$19,000.00) if a
21 qualifying head of household.

22 Provided, for taxable years beginning after December
23 31, 1999, amounts included in the calculation of
24 federal adjusted gross income pursuant to the

1 conversion of a traditional individual retirement
2 account to a Roth individual retirement account shall
3 be excluded from federal adjusted gross income for
4 purposes of the income thresholds provided in this
5 subparagraph.

6 2. a. For taxable years beginning on or before December 31,
7 2005, in the case of individuals who use the standard
8 deduction in determining taxable income, there shall
9 be added or deducted, as the case may be, the
10 difference necessary to allow a standard deduction in
11 lieu of the standard deduction allowed by the Internal
12 Revenue Code, in an amount equal to the larger of
13 fifteen percent (15%) of the Oklahoma adjusted gross
14 income or One Thousand Dollars (\$1,000.00), but not to
15 exceed Two Thousand Dollars (\$2,000.00), except that
16 in the case of a married individual filing a separate
17 return such deduction shall be the larger of fifteen
18 percent (15%) of such Oklahoma adjusted gross income
19 or Five Hundred Dollars (\$500.00), but not to exceed
20 the maximum amount of One Thousand Dollars
21 (\$1,000.00).

22 b. For taxable years beginning on or after January 1,
23 2006, and before January 1, 2007, in the case of
24 individuals who use the standard deduction in

1 determining taxable income, there shall be added or
2 deducted, as the case may be, the difference necessary
3 to allow a standard deduction in lieu of the standard
4 deduction allowed by the Internal Revenue Code, in an
5 amount equal to:

6 (1) Three Thousand Dollars (\$3,000.00), if the filing
7 status is married filing joint, head of household
8 or qualifying widow; or

9 (2) Two Thousand Dollars (\$2,000.00), if the filing
10 status is single or married filing separate.

11 c. For the taxable year beginning on January 1, 2007, and
12 ending December 31, 2007, in the case of individuals
13 who use the standard deduction in determining taxable
14 income, there shall be added or deducted, as the case
15 may be, the difference necessary to allow a standard
16 deduction in lieu of the standard deduction allowed by
17 the Internal Revenue Code, in an amount equal to:

18 (1) Five Thousand Five Hundred Dollars (\$5,500.00),
19 if the filing status is married filing joint or
20 qualifying widow; or

21 (2) Four Thousand One Hundred Twenty-five Dollars
22 (\$4,125.00) for a head of household; or
23
24

1 (3) Two Thousand Seven Hundred Fifty Dollars
2 (\$2,750.00), if the filing status is single or
3 married filing separate.

4 d. For the taxable year beginning on January 1, 2008, and
5 ending December 31, 2008, in the case of individuals
6 who use the standard deduction in determining taxable
7 income, there shall be added or deducted, as the case
8 may be, the difference necessary to allow a standard
9 deduction in lieu of the standard deduction allowed by
10 the Internal Revenue Code, in an amount equal to:

11 (1) Six Thousand Five Hundred Dollars (\$6,500.00), if
12 the filing status is married filing joint or
13 qualifying widow, or

14 (2) Four Thousand Eight Hundred Seventy-five Dollars
15 (\$4,875.00) for a head of household, or

16 (3) Three Thousand Two Hundred Fifty Dollars
17 (\$3,250.00), if the filing status is single or
18 married filing separate.

19 e. For the taxable year beginning on January 1, 2009, and
20 ending December 31, 2009, in the case of individuals
21 who use the standard deduction in determining taxable
22 income, there shall be added or deducted, as the case
23 may be, the difference necessary to allow a standard
24

1 deduction in lieu of the standard deduction allowed by
2 the Internal Revenue Code, in an amount equal to:

- 3 (1) Eight Thousand Five Hundred Dollars (\$8,500.00),
4 if the filing status is married filing joint or
5 qualifying widow, or
6 (2) Six Thousand Three Hundred Seventy-five Dollars
7 (\$6,375.00) for a head of household, or
8 (3) Four Thousand Two Hundred Fifty Dollars
9 (\$4,250.00), if the filing status is single or
10 married filing separate.

11 Oklahoma adjusted gross income shall be increased by
12 any amounts paid for motor vehicle excise taxes which
13 were deducted as allowed by the Internal Revenue Code.

- 14 f. For taxable years beginning on or after January 1,
15 2010, and ending on December 31, 2016, in the case of
16 individuals who use the standard deduction in
17 determining taxable income, there shall be added or
18 deducted, as the case may be, the difference necessary
19 to allow a standard deduction equal to the standard
20 deduction allowed by the Internal Revenue Code, based
21 upon the amount and filing status prescribed by such
22 Code for purposes of filing federal individual income
23 tax returns.

1 g. For taxable years beginning on or after January 1,
2 2017, in the case of individuals who use the standard
3 deduction in determining taxable income, there shall
4 be added or deducted, as the case may be, the
5 difference necessary to allow a standard deduction in
6 lieu of the standard deduction allowed by the Internal
7 Revenue Code, as follows:

8 (1) Six Thousand Three Hundred Fifty Dollars
9 (\$6,350.00) for single or married filing
10 separately,

11 (2) Twelve Thousand Seven Hundred Dollars
12 (\$12,700.00) for married filing jointly or
13 qualifying widower with dependent child, and

14 (3) Nine Thousand Three Hundred Fifty Dollars
15 (\$9,350.00) for head of household.

16 3. a. In the case of resident and part-year resident
17 individuals having adjusted gross income from sources
18 both within and without the state, the itemized or
19 standard deductions and personal exemptions shall be
20 reduced to an amount which is the same portion of the
21 total thereof as Oklahoma adjusted gross income is of
22 adjusted gross income. To the extent itemized
23 deductions include allowable moving expense, proration
24 of moving expense shall not be required or permitted

1 but allowable moving expense shall be fully deductible
2 for those taxpayers moving within or into Oklahoma and
3 no part of moving expense shall be deductible for
4 those taxpayers moving without or out of Oklahoma.
5 All other itemized or standard deductions and personal
6 exemptions shall be subject to proration as provided
7 by law.

8 b. For taxable years beginning on or after January 1,
9 2018, the net amount of itemized deductions allowable
10 on an Oklahoma income tax return, subject to the
11 provisions of paragraph 24 of this subsection, shall
12 not exceed Seventeen Thousand Dollars (\$17,000.00).
13 For purposes of this subparagraph, charitable
14 contributions and medical expenses deductible for
15 federal income tax purposes shall be excluded from the
16 amount of Seventeen Thousand Dollars (\$17,000.00) as
17 specified by this subparagraph.

18 4. A resident individual with a physical disability
19 constituting a substantial handicap to employment may deduct from
20 Oklahoma adjusted gross income such expenditures to modify a motor
21 vehicle, home or workplace as are necessary to compensate for his or
22 her handicap. A veteran certified by the Department of Veterans
23 Affairs of the federal government as having a service-connected
24 disability shall be conclusively presumed to be an individual with a

1 physical disability constituting a substantial handicap to
2 employment. The Tax Commission shall promulgate rules containing a
3 list of combinations of common disabilities and modifications which
4 may be presumed to qualify for this deduction. The Tax Commission
5 shall prescribe necessary requirements for verification.

6 5. a. Before July 1, 2010, the first One Thousand Five
7 Hundred Dollars (\$1,500.00) received by any person
8 from the United States as salary or compensation in
9 any form, other than retirement benefits, as a member
10 of any component of the Armed Forces of the United
11 States shall be deducted from taxable income.

12 b. On or after July 1, 2010, one hundred percent (100%)
13 of the income received by any person from the United
14 States as salary or compensation in any form, other
15 than retirement benefits, as a member of any component
16 of the Armed Forces of the United States shall be
17 deducted from taxable income.

18 c. Whenever the filing of a timely income tax return by a
19 member of the Armed Forces of the United States is
20 made impracticable or impossible of accomplishment by
21 reason of:

22 (1) absence from the United States, which term
23 includes only the states and the District of
24 Columbia;

1 (2) absence from the State of Oklahoma while on
2 active duty; or

3 (3) confinement in a hospital within the United
4 States for treatment of wounds, injuries or
5 disease,

6 the time for filing a return and paying an income tax
7 shall be and is hereby extended without incurring
8 liability for interest or penalties, to the fifteenth
9 day of the third month following the month in which:

10 (a) Such individual shall return to the United
11 States if the extension is granted pursuant
12 to subparagraph a of this paragraph, return
13 to the State of Oklahoma if the extension is
14 granted pursuant to subparagraph b of this
15 paragraph or be discharged from such
16 hospital if the extension is granted
17 pursuant to subparagraph c of this
18 paragraph; or

19 (b) An executor, administrator, or conservator
20 of the estate of the taxpayer is appointed,
21 whichever event occurs the earliest.

22 Provided, that the Tax Commission may, in its discretion, grant
23 any member of the Armed Forces of the United States an extension of
24 time for filing of income tax returns and payment of income tax

1 without incurring liabilities for interest or penalties. Such
2 extension may be granted only when in the judgment of the Tax
3 Commission a good cause exists therefor and may be for a period in
4 excess of six (6) months. A record of every such extension granted,
5 and the reason therefor, shall be kept.

6 6. Before July 1, 2010, the salary or any other form of
7 compensation, received from the United States by a member of any
8 component of the Armed Forces of the United States, shall be
9 deducted from taxable income during the time in which the person is
10 detained by the enemy in a conflict, is a prisoner of war or is
11 missing in action and not deceased; provided, after July 1, 2010,
12 all such salary or compensation shall be subject to the deduction as
13 provided pursuant to paragraph 5 of this subsection.

14 7. a. An individual taxpayer, whether resident or
15 nonresident, may deduct an amount equal to the federal
16 income taxes paid by the taxpayer during the taxable
17 year.

18 b. Federal taxes as described in subparagraph a of this
19 paragraph shall be deductible by any individual
20 taxpayer, whether resident or nonresident, only to the
21 extent they relate to income subject to taxation
22 pursuant to the provisions of the Oklahoma Income Tax
23 Act. The maximum amount allowable in the preceding
24 paragraph shall be prorated on the ratio of the

1 Oklahoma adjusted gross income to federal adjusted
2 gross income.

3 c. For the purpose of this paragraph, "federal income
4 taxes paid" shall mean federal income taxes, surtaxes
5 imposed on incomes or excess profits taxes, as though
6 the taxpayer was on the accrual basis. In determining
7 the amount of deduction for federal income taxes for
8 tax year 2001, the amount of the deduction shall not
9 be adjusted by the amount of any accelerated ten
10 percent (10%) tax rate bracket credit or advanced
11 refund of the credit received during the tax year
12 provided pursuant to the federal Economic Growth and
13 Tax Relief Reconciliation Act of 2001, P.L. No. 107-
14 16, and the advanced refund of such credit shall not
15 be subject to taxation.

16 d. The provisions of this paragraph shall apply to all
17 taxable years ending after December 31, 1978, and
18 beginning before January 1, 2006.

19 8. Retirement benefits not to exceed Five Thousand Five Hundred
20 Dollars (\$5,500.00) for the 2004 tax year, Seven Thousand Five
21 Hundred Dollars (\$7,500.00) for the 2005 tax year and Ten Thousand
22 Dollars (\$10,000.00) for the 2006 tax year and all subsequent tax
23 years, which are received by an individual from the civil service of
24 the United States, the Oklahoma Public Employees Retirement System,

1 the Teachers' Retirement System of Oklahoma, the Oklahoma Law
2 Enforcement Retirement System, the Oklahoma Firefighters Pension and
3 Retirement System, the Oklahoma Police Pension and Retirement
4 System, the employee retirement systems created by counties pursuant
5 to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the
6 Uniform Retirement System for Justices and Judges, the Oklahoma
7 Wildlife Conservation Department Retirement Fund, the Oklahoma
8 Employment Security Commission Retirement Plan, or the employee
9 retirement systems created by municipalities pursuant to Section 48-
10 101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt
11 from taxable income.

12 9. In taxable years beginning after December 31, 1984, Social
13 Security benefits received by an individual shall be exempt from
14 taxable income, to the extent such benefits are included in the
15 federal adjusted gross income pursuant to the provisions of Section
16 86 of the Internal Revenue Code, 26 U.S.C., Section 86.

17 10. For taxable years beginning after December 31, 1994, lump-
18 sum distributions from employer plans of deferred compensation,
19 which are not qualified plans within the meaning of Section 401(a)
20 of the Internal Revenue Code, 26 U.S.C., Section 401(a), and which
21 are deposited in and accounted for within a separate bank account or
22 brokerage account in a financial institution within this state,
23 shall be excluded from taxable income in the same manner as a
24 qualifying rollover contribution to an individual retirement account

1 within the meaning of Section 408 of the Internal Revenue Code, 26
2 U.S.C., Section 408. Amounts withdrawn from such bank or brokerage
3 account, including any earnings thereon, shall be included in
4 taxable income when withdrawn in the same manner as withdrawals from
5 individual retirement accounts within the meaning of Section 408 of
6 the Internal Revenue Code.

7 11. In taxable years beginning after December 31, 1995,
8 contributions made to and interest received from a medical savings
9 account established pursuant to Sections 2621 through 2623 of Title
10 63 of the Oklahoma Statutes shall be exempt from taxable income.

11 12. For taxable years beginning after December 31, 1996, the
12 Oklahoma adjusted gross income of any individual taxpayer who is a
13 swine or poultry producer may be further adjusted for the deduction
14 for depreciation allowed for new construction or expansion costs
15 which may be computed using the same depreciation method elected for
16 federal income tax purposes except that the useful life shall be
17 seven (7) years for purposes of this paragraph. If depreciation is
18 allowed as a deduction in determining the adjusted gross income of
19 an individual, any depreciation calculated and claimed pursuant to
20 this section shall in no event be a duplication of any depreciation
21 allowed or permitted on the federal income tax return of the
22 individual.

23
24

1 13. a. In taxable years beginning after December 31, 2002,
2 nonrecurring adoption expenses paid by a resident
3 individual taxpayer in connection with:

4 (1) the adoption of a minor, or

5 (2) a proposed adoption of a minor which did not
6 result in a decreed adoption,

7 may be deducted from the Oklahoma adjusted gross
8 income.

9 b. The deductions for adoptions and proposed adoptions
10 authorized by this paragraph shall not exceed Twenty
11 Thousand Dollars (\$20,000.00) per calendar year.

12 c. The Tax Commission shall promulgate rules to implement
13 the provisions of this paragraph which shall contain a
14 specific list of nonrecurring adoption expenses which
15 may be presumed to qualify for the deduction. The Tax
16 Commission shall prescribe necessary requirements for
17 verification.

18 d. "Nonrecurring adoption expenses" means adoption fees,
19 court costs, medical expenses, attorney fees and
20 expenses which are directly related to the legal
21 process of adoption of a child including, but not
22 limited to, costs relating to the adoption study,
23 health and psychological examinations, transportation
24 and reasonable costs of lodging and food for the child

1 or adoptive parents which are incurred to complete the
2 adoption process and are not reimbursed by other
3 sources. The term "nonrecurring adoption expenses"
4 shall not include attorney fees incurred for the
5 purpose of litigating a contested adoption, from and
6 after the point of the initiation of the contest,
7 costs associated with physical remodeling, renovation
8 and alteration of the adoptive parents' home or
9 property, except for a special needs child as
10 authorized by the court.

- 11 14. a. In taxable years beginning before January 1, 2005,
12 retirement benefits not to exceed the amounts
13 specified in this paragraph, which are received by an
14 individual sixty-five (65) years of age or older and
15 whose Oklahoma adjusted gross income is Twenty-five
16 Thousand Dollars (\$25,000.00) or less if the filing
17 status is single, head of household, or married filing
18 separate, or Fifty Thousand Dollars (\$50,000.00) or
19 less if the filing status is married filing joint or
20 qualifying widow, shall be exempt from taxable income.
21 In taxable years beginning after December 31, 2004,
22 retirement benefits not to exceed the amounts
23 specified in this paragraph, which are received by an
24 individual whose Oklahoma adjusted gross income is

1 less than the qualifying amount specified in this
2 paragraph, shall be exempt from taxable income.

3 b. For purposes of this paragraph, the qualifying amount
4 shall be as follows:

5 (1) in taxable years beginning after December 31,
6 2004, and prior to January 1, 2007, the
7 qualifying amount shall be Thirty-seven Thousand
8 Five Hundred Dollars (\$37,500.00) or less if the
9 filing status is single, head of household, or
10 married filing separate, or Seventy-five Thousand
11 Dollars (\$75,000.00) or less if the filing status
12 is married filing jointly or qualifying widow,

13 (2) in the taxable year beginning January 1, 2007,
14 the qualifying amount shall be Fifty Thousand
15 Dollars (\$50,000.00) or less if the filing status
16 is single, head of household, or married filing
17 separate, or One Hundred Thousand Dollars
18 (\$100,000.00) or less if the filing status is
19 married filing jointly or qualifying widow,

20 (3) in the taxable year beginning January 1, 2008,
21 the qualifying amount shall be Sixty-two Thousand
22 Five Hundred Dollars (\$62,500.00) or less if the
23 filing status is single, head of household, or
24 married filing separate, or One Hundred Twenty-

1 five Thousand Dollars (\$125,000.00) or less if
2 the filing status is married filing jointly or
3 qualifying widow,

4 (4) in the taxable year beginning January 1, 2009,
5 the qualifying amount shall be One Hundred
6 Thousand Dollars (\$100,000.00) or less if the
7 filing status is single, head of household, or
8 married filing separate, or Two Hundred Thousand
9 Dollars (\$200,000.00) or less if the filing
10 status is married filing jointly or qualifying
11 widow, and

12 (5) in the taxable year beginning January 1, 2010,
13 and subsequent taxable years, there shall be no
14 limitation upon the qualifying amount.

15 c. For purposes of this paragraph, "retirement benefits"
16 means the total distributions or withdrawals from the
17 following:

18 (1) an employee pension benefit plan which satisfies
19 the requirements of Section 401 of the Internal
20 Revenue Code, 26 U.S.C., Section 401,

21 (2) an eligible deferred compensation plan that
22 satisfies the requirements of Section 457 of the
23 Internal Revenue Code, 26 U.S.C., Section 457,
24

- 1 (3) an individual retirement account, annuity or
2 trust or simplified employee pension that
3 satisfies the requirements of Section 408 of the
4 Internal Revenue Code, 26 U.S.C., Section 408,
5 (4) an employee annuity subject to the provisions of
6 Section 403(a) or (b) of the Internal Revenue
7 Code, 26 U.S.C., Section 403(a) or (b),
8 (5) United States Retirement Bonds which satisfy the
9 requirements of Section 86 of the Internal
10 Revenue Code, 26 U.S.C., Section 86, or
11 (6) lump-sum distributions from a retirement plan
12 which satisfies the requirements of Section
13 402(e) of the Internal Revenue Code, 26 U.S.C.,
14 Section 402(e).

15 d. The amount of the exemption provided by this paragraph
16 shall be limited to Five Thousand Five Hundred Dollars
17 (\$5,500.00) for the 2004 tax year, Seven Thousand Five
18 Hundred Dollars (\$7,500.00) for the 2005 tax year and
19 Ten Thousand Dollars (\$10,000.00) for the tax year
20 2006 and for all subsequent tax years. Any individual
21 who claims the exemption provided for in paragraph 8
22 of this subsection shall not be permitted to claim a
23 combined total exemption pursuant to this paragraph
24 and paragraph 8 of this subsection in an amount

1 exceeding Five Thousand Five Hundred Dollars
2 (\$5,500.00) for the 2004 tax year, Seven Thousand Five
3 Hundred Dollars (\$7,500.00) for the 2005 tax year and
4 Ten Thousand Dollars (\$10,000.00) for the 2006 tax
5 year and all subsequent tax years.

6 15. In taxable years beginning after December 31, 1999, for an
7 individual engaged in production agriculture who has filed a
8 Schedule F form with the taxpayer's federal income tax return for
9 such taxable year, there shall be excluded from taxable income any
10 amount which was included as federal taxable income or federal
11 adjusted gross income and which consists of the discharge of an
12 obligation by a creditor of the taxpayer incurred to finance the
13 production of agricultural products.

14 16. In taxable years beginning December 31, 2000, an amount
15 equal to one hundred percent (100%) of the amount of any scholarship
16 or stipend received from participation in the Oklahoma Police Corps
17 Program, as established in Section 2-140.3 of Title 47 of the
18 Oklahoma Statutes shall be exempt from taxable income.

19 17. a. In taxable years beginning after December 31, 2001,
20 and before January 1, 2005, there shall be allowed a
21 deduction in the amount of contributions to accounts
22 established pursuant to the Oklahoma College Savings
23 Plan Act. The deduction shall equal the amount of
24 contributions to accounts, but in no event shall the

1 deduction for each contributor exceed Two Thousand
2 Five Hundred Dollars (\$2,500.00) each taxable year for
3 each account.

4 b. In taxable years beginning after December 31, 2004,
5 each taxpayer shall be allowed a deduction for
6 contributions to accounts established pursuant to the
7 Oklahoma College Savings Plan Act. The maximum annual
8 deduction shall equal the amount of contributions to
9 all such accounts plus any contributions to such
10 accounts by the taxpayer for prior taxable years after
11 December 31, 2004, which were not deducted, but in no
12 event shall the deduction for each tax year exceed Ten
13 Thousand Dollars (\$10,000.00) for each individual
14 taxpayer or Twenty Thousand Dollars (\$20,000.00) for
15 taxpayers filing a joint return. Any amount of a
16 contribution that is not deducted by the taxpayer in
17 the year for which the contribution is made may be
18 carried forward as a deduction from income for the
19 succeeding five (5) years. For taxable years
20 beginning after December 31, 2005, deductions may be
21 taken for contributions and rollovers made during a
22 taxable year and up to April 15 of the succeeding
23 year, or the due date of a taxpayer's state income tax
24 return, excluding extensions, whichever is later.

1 Provided, a deduction for the same contribution may
2 not be taken for two (2) different taxable years.

3 c. In taxable years beginning after December 31, 2006,
4 deductions for contributions made pursuant to
5 subparagraph b of this paragraph shall be limited as
6 follows:

7 (1) for a taxpayer who qualified for the five-year
8 carryforward election and who takes a rollover or
9 nonqualified withdrawal during that period, the
10 tax deduction otherwise available pursuant to
11 subparagraph b of this paragraph shall be reduced
12 by the amount which is equal to the rollover or
13 nonqualified withdrawal, and

14 (2) for a taxpayer who elects to take a rollover or
15 nonqualified withdrawal within the same tax year
16 in which a contribution was made to the
17 taxpayer's account, the tax deduction otherwise
18 available pursuant to subparagraph b of this
19 paragraph shall be reduced by the amount of the
20 contribution which is equal to the rollover or
21 nonqualified withdrawal.

22 d. If a taxpayer elects to take a rollover on a
23 contribution for which a deduction has been taken
24 pursuant to subparagraph b of this paragraph within

1 one (1) year of the date of contribution, the amount
2 of such rollover shall be included in the adjusted
3 gross income of the taxpayer in the taxable year of
4 the rollover.

5 e. If a taxpayer makes a nonqualified withdrawal of
6 contributions for which a deduction was taken pursuant
7 to subparagraph b of this paragraph, such nonqualified
8 withdrawal and any earnings thereon shall be included
9 in the adjusted gross income of the taxpayer in the
10 taxable year of the nonqualified withdrawal.

11 f. As used in this paragraph:

12 (1) "non-qualified withdrawal" means a withdrawal
13 from an Oklahoma College Savings Plan account
14 other than one of the following:

15 (a) a qualified withdrawal,

16 (b) a withdrawal made as a result of the death
17 or disability of the designated beneficiary
18 of an account,

19 (c) a withdrawal that is made on the account of
20 a scholarship or the allowance or payment
21 described in Section 135(d)(1)(B) or (C) or
22 by the Internal Revenue Code, received by
23 the designated beneficiary to the extent the
24 amount of the refund does not exceed the

1 amount of the scholarship, allowance, or
2 payment, or

3 (d) a rollover or change of designated
4 beneficiary as permitted by subsection F of
5 Section 3970.7 of Title 70 of Oklahoma
6 Statutes, and

7 (2) "rollover" means the transfer of funds from the
8 Oklahoma College Savings Plan to any other plan
9 under Section 529 of the Internal Revenue Code.

10 18. For taxable years beginning after December 31, 2005,
11 retirement benefits received by an individual from any component of
12 the Armed Forces of the United States in an amount not to exceed the
13 greater of seventy-five percent (75%) of such benefits or Ten
14 Thousand Dollars (\$10,000.00) shall be exempt from taxable income
15 but in no case less than the amount of the exemption provided by
16 paragraph 14 of this subsection.

17 19. For taxable years beginning after December 31, 2006,
18 retirement benefits received by federal civil service retirees,
19 including survivor annuities, paid in lieu of Social Security
20 benefits shall be exempt from taxable income to the extent such
21 benefits are included in the federal adjusted gross income pursuant
22 to the provisions of Section 86 of the Internal Revenue Code, 26
23 U.S.C., Section 86, according to the following schedule:
24

- 1 a. in the taxable year beginning January 1, 2007, twenty
2 percent (20%) of such benefits shall be exempt,
3 b. in the taxable year beginning January 1, 2008, forty
4 percent (40%) of such benefits shall be exempt,
5 c. in the taxable year beginning January 1, 2009, sixty
6 percent (60%) of such benefits shall be exempt,
7 d. in the taxable year beginning January 1, 2010, eighty
8 percent (80%) of such benefits shall be exempt, and
9 e. in the taxable year beginning January 1, 2011, and
10 subsequent taxable years, one hundred percent (100%)
11 of such benefits shall be exempt.

- 12 20. a. For taxable years beginning after December 31, 2007, a
13 resident individual may deduct up to Ten Thousand
14 Dollars (\$10,000.00) from Oklahoma adjusted gross
15 income if the individual, or the dependent of the
16 individual, while living, donates one or more human
17 organs of the individual to another human being for
18 human organ transplantation. As used in this
19 paragraph, "human organ" means all or part of a liver,
20 pancreas, kidney, intestine, lung, or bone marrow. A
21 deduction that is claimed under this paragraph may be
22 claimed in the taxable year in which the human organ
23 transplantation occurs.
24

1 b. An individual may claim this deduction only once, and
2 the deduction may be claimed only for unreimbursed
3 expenses that are incurred by the individual and
4 related to the organ donation of the individual.

5 c. The Oklahoma Tax Commission shall promulgate rules to
6 implement the provisions of this paragraph which shall
7 contain a specific list of expenses which may be
8 presumed to qualify for the deduction. The Tax
9 Commission shall prescribe necessary requirements for
10 verification.

11 21. For taxable years beginning after December 31, 2009, there
12 shall be exempt from taxable income any amount received by the
13 beneficiary of the death benefit for an emergency medical technician
14 or a registered emergency medical responder provided by Section 1-
15 2505.1 of Title 63 of the Oklahoma Statutes.

16 22. For taxable years beginning after December 31, 2008,
17 taxable income shall be increased by any unemployment compensation
18 exempted under Section 85(c) of the Internal Revenue Code, 26
19 U.S.C., Section 85(c) (2009).

20 23. For taxable years beginning after December 31, 2008, there
21 shall be exempt from taxable income any payment in an amount less
22 than Six Hundred Dollars (\$600.00) received by a person as an award
23 for participation in a competitive livestock show event. For
24 purposes of this paragraph, the payment shall be treated as a

1 scholarship amount paid by the entity sponsoring the event and the
2 sponsoring entity shall cause the payment to be categorized as a
3 scholarship in its books and records.

4 24. For taxable years beginning on or after January 1, 2016,
5 taxable income shall be increased by any amount of state and local
6 sales or income taxes deducted under 26 U.S.C., Section 164 of the
7 Internal Revenue Code. If the amount of state and local taxes
8 deducted on the federal return is limited, taxable income on the
9 state return shall be increased only by the amount actually deducted
10 after any such limitations are applied.

11 F. 1. For taxable years beginning after December 31, 2004, a
12 deduction from the Oklahoma adjusted gross income of any individual
13 taxpayer shall be allowed for qualifying gains receiving capital
14 treatment that are included in the federal adjusted gross income of
15 such individual taxpayer during the taxable year.

16 2. As used in this subsection:

17 a. "qualifying gains receiving capital treatment" means
18 the amount of net capital gains, as defined in Section
19 1222(11) of the Internal Revenue Code, included in an
20 individual taxpayer's federal income tax return that
21 result from:

22 (1) the sale of real property or tangible personal
23 property located within Oklahoma that has been
24 directly or indirectly owned by the individual

1 taxpayer for a holding period of at least five
2 (5) years prior to the date of the transaction
3 from which such net capital gains arise,

4 (2) the sale of stock or the sale of a direct or
5 indirect ownership interest in an Oklahoma
6 company, limited liability company, or
7 partnership where such stock or ownership
8 interest has been directly or indirectly owned by
9 the individual taxpayer for a holding period of
10 at least two (2) years prior to the date of the
11 transaction from which the net capital gains
12 arise, or

13 (3) the sale of real property, tangible personal
14 property or intangible personal property located
15 within Oklahoma as part of the sale of all or
16 substantially all of the assets of an Oklahoma
17 company, limited liability company, or
18 partnership or an Oklahoma proprietorship
19 business enterprise where such property has been
20 directly or indirectly owned by such entity or
21 business enterprise or owned by the owners of
22 such entity or business enterprise for a period
23 of at least two (2) years prior to the date of
24

1 the transaction from which the net capital gains
2 arise,

3 b. "holding period" means an uninterrupted period of
4 time. The holding period shall include any additional
5 period when the property was held by another
6 individual or entity, if such additional period is
7 included in the taxpayer's holding period for the
8 asset pursuant to the Internal Revenue Code,

9 c. "Oklahoma company," "limited liability company," or
10 "partnership" means an entity whose primary
11 headquarters have been located in Oklahoma for at
12 least three (3) uninterrupted years prior to the date
13 of the transaction from which the net capital gains
14 arise,

15 d. "direct" means the individual taxpayer directly owns
16 the asset,

17 e. "indirect" means the individual taxpayer owns an
18 interest in a pass-through entity (or chain of pass-
19 through entities) that sells the asset that gives rise
20 to the qualifying gains receiving capital treatment.

21 (1) With respect to sales of real property or
22 tangible personal property located within
23 Oklahoma, the deduction described in this
24 subsection shall not apply unless the pass-

1 through entity that makes the sale has held the
2 property for not less than five (5) uninterrupted
3 years prior to the date of the transaction that
4 created the capital gain, and each pass-through
5 entity included in the chain of ownership has
6 been a member, partner, or shareholder of the
7 pass-through entity in the tier immediately below
8 it for an uninterrupted period of not less than
9 five (5) years.

10 (2) With respect to sales of stock or ownership
11 interest in or sales of all or substantially all
12 of the assets of an Oklahoma company, limited
13 liability company, partnership or Oklahoma
14 proprietorship business enterprise, the deduction
15 described in this subsection shall not apply
16 unless the pass-through entity that makes the
17 sale has held the stock or ownership interest for
18 not less than two (2) uninterrupted years prior
19 to the date of the transaction that created the
20 capital gain, and each pass-through entity
21 included in the chain of ownership has been a
22 member, partner or shareholder of the pass-
23 through entity in the tier immediately below it
24 for an uninterrupted period of not less than two

1 (2) years. For purposes of this division,
2 uninterrupted ownership prior to July 1, 2007,
3 shall be included in the determination of the
4 required holding period prescribed by this
5 division, and

6 f. "Oklahoma proprietorship business enterprise" means a
7 business enterprise whose income and expenses have
8 been reported on Schedule C or F of an individual
9 taxpayer's federal income tax return, or any similar
10 successor schedule published by the Internal Revenue
11 Service and whose primary headquarters have been
12 located in Oklahoma for at least three (3)
13 uninterrupted years prior to the date of the
14 transaction from which the net capital gains arise.

15 G. 1. For purposes of computing its Oklahoma taxable income
16 under this section, the dividends-paid deduction otherwise allowed
17 by federal law in computing net income of a real estate investment
18 trust that is subject to federal income tax shall be added back in
19 computing the tax imposed by this state under this title if the real
20 estate investment trust is a captive real estate investment trust.

21 2. For purposes of computing its Oklahoma taxable income under
22 this section, a taxpayer shall add back otherwise deductible rents
23 and interest expenses paid to a captive real estate investment trust
24

1 that is not subject to the provisions of paragraph 1 of this
2 subsection. As used in this subsection:

3 a. the term "real estate investment trust" or "REIT"
4 means the meaning ascribed to such term in Section 856
5 of the Internal Revenue Code,

6 b. the term "captive real estate investment trust" means
7 a real estate investment trust, the shares or
8 beneficial interests of which are not regularly traded
9 on an established securities market and more than
10 fifty percent (50%) of the voting power or value of
11 the beneficial interests or shares of which are owned
12 or controlled, directly or indirectly, or
13 constructively, by a single entity that is:

- 14 (1) treated as an association taxable as a
15 corporation under the Internal Revenue Code, and
16 (2) not exempt from federal income tax pursuant to
17 the provisions of Section 501(a) of the Internal
18 Revenue Code.

19 The term shall not include a real estate investment
20 trust that is intended to be regularly traded on an
21 established securities market, and that satisfies the
22 requirements of Section 856(a)(5) and (6) of the U.S.
23 Internal Revenue Code by reason of Section 856(h)(2)
24 of the Internal Revenue Code,

1 c. the term "association taxable as a corporation" shall
2 not include the following entities:

3 (1) any real estate investment trust as defined in
4 paragraph a of this subsection other than a
5 "captive real estate investment trust", or

6 (2) any qualified real estate investment trust
7 subsidiary under Section 856(i) of the Internal
8 Revenue Code, other than a qualified REIT
9 subsidiary of a "captive real estate investment
10 trust", or

11 (3) any Listed Australian Property Trust (meaning an
12 Australian unit trust registered as a "Managed
13 Investment Scheme" under the Australian
14 Corporations Act in which the principal class of
15 units is listed on a recognized stock exchange in
16 Australia and is regularly traded on an
17 established securities market), or an entity
18 organized as a trust, provided that a Listed
19 Australian Property Trust owns or controls,
20 directly or indirectly, seventy-five percent
21 (75%) or more of the voting power or value of the
22 beneficial interests or shares of such trust, or

23 (4) any Qualified Foreign Entity, meaning a
24 corporation, trust, association or partnership

1 organized outside the laws of the United States
2 and which satisfies the following criteria:

3 (a) at least seventy-five percent (75%) of the
4 entity's total asset value at the close of
5 its taxable year is represented by real
6 estate assets, as defined in Section
7 856(c) (5) (B) of the Internal Revenue Code,
8 thereby including shares or certificates of
9 beneficial interest in any real estate
10 investment trust, cash and cash equivalents,
11 and U.S. Government securities,

12 (b) the entity receives a dividend-paid
13 deduction comparable to Section 561 of the
14 Internal Revenue Code, or is exempt from
15 entity level tax,

16 (c) the entity is required to distribute at
17 least eighty-five percent (85%) of its
18 taxable income, as computed in the
19 jurisdiction in which it is organized, to
20 the holders of its shares or certificates of
21 beneficial interest on an annual basis,

22 (d) not more than ten percent (10%) of the
23 voting power or value in such entity is held
24 directly or indirectly or constructively by

1 a single entity or individual, or the shares
2 or beneficial interests of such entity are
3 regularly traded on an established
4 securities market, and

5 (e) the entity is organized in a country which
6 has a tax treaty with the United States.

7 3. For purposes of this subsection, the constructive ownership
8 rules of Section 318(a) of the Internal Revenue Code, as modified by
9 Section 856(d)(5) of the Internal Revenue Code, shall apply in
10 determining the ownership of stock, assets, or net profits of any
11 person.

12 4. A real estate investment trust that does not become
13 regularly traded on an established securities market within one (1)
14 year of the date on which it first becomes a real estate investment
15 trust shall be deemed not to have been regularly traded on an
16 established securities market, retroactive to the date it first
17 became a real estate investment trust, and shall file an amended
18 return reflecting such retroactive designation for any tax year or
19 part year occurring during its initial year of status as a real
20 estate investment trust. For purposes of this subsection, a real
21 estate investment trust becomes a real estate investment trust on
22 the first day it has both met the requirements of Section 856 of the
23 Internal Revenue Code and has elected to be treated as a real estate
24

1 investment trust pursuant to Section 856(c)(1) of the Internal
2 Revenue Code.

3 H. For purposes of computing Oklahoma taxable income pursuant
4 to the provisions of this section, any limitations imposed pursuant
5 to Section 280E of the Internal Revenue Code of 1986, as amended,
6 shall not apply to entities holding a valid business license or
7 licenses in the categories provided pursuant to Section 427.14 of
8 Title 63 of the Oklahoma Statutes and any business expense
9 disallowed because of the restrictions of Section 280E that would
10 otherwise be deductible by other provisions of the Internal Revenue
11 Code of 1986, as amended, as ordinary and necessary business
12 expenses shall be fully deductible for purposes of the Oklahoma
13 income tax return.

14 SECTION 32. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

18
19 58-1-2007 NP 3/24/2021 3:42:05 PM
20
21
22
23
24