

1 STATE OF OKLAHOMA

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

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 1737

By: Stephens, Pederson, and  
Jett of the Senate

6 and

7 Patzkowsky, Hill, and Burns  
8 of the House

9  
10 CONFERENCE COMMITTEE SUBSTITUTE

11 An Act relating to medical marijuana; amending 63  
12 O.S. 2021, Section 422, which relates to medical  
13 marijuana commercial grower licenses; requiring all  
14 medical marijuana commercial grower licensees to  
15 register as an environmentally sensitive crop owner;  
16 directing medical marijuana commercial grower  
17 licensees to provide certain information when  
18 registering; updating statutory language; amending 63  
19 O.S. 2021, Section 427.21, which relates to medical  
20 marijuana business advertising; requiring medical  
21 marijuana commercial grower licensees to display  
22 outdoor signage; stating requirements for signage  
23 postage; providing for immediate revocation of  
24 license; and providing an effective date.

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

SECTION 1. AMENDATORY 63 O.S. 2021, Section 422, is  
amended to read as follows:

Section 422. A. The State Department of Health shall, within  
thirty (30) days of passage of this initiative, make available on

1 its website in an easy-to-find location an application for a  
2 commercial grower license. The application fee shall be Two  
3 Thousand Five Hundred Dollars (\$2,500.00). A method of payment  
4 shall be provided on the website of the Department. The State  
5 Department of Health shall have ninety (90) days to review the  
6 application; approve, reject or deny the application; and mail the  
7 approval, rejection or denial letter stating the reasons for the  
8 rejection or denial to the applicant.

9 B. The State Department of Health shall approve all  
10 applications which meet the following criteria:

11 1. The applicant must be twenty-five (25) years of age or  
12 older;

13 2. The applicant, if applying as an individual, must show  
14 residency in the State of Oklahoma;

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

17 4. An applying entity may show ownership of non-Oklahoma  
18 residents, but that percentage ownership may not exceed twenty-five  
19 percent (25%);

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

22 6. All applicants must disclose all ownership interests in the  
23 commercial grower operation.

24

1 Applicants with a nonviolent felony conviction in the last two  
2 (2) years, any other felony conviction in the last five (5) years,  
3 inmates in the custody of the Department of Corrections or any  
4 person currently incarcerated shall not qualify for a commercial  
5 grower license.

6 C. A licensed commercial grower may sell marijuana to a  
7 licensed dispensary or a licensed processor. Further, sales by a  
8 licensed commercial grower shall be considered wholesale sales and  
9 shall not be subject to taxation. Under no circumstances may a  
10 licensed commercial grower sell marijuana directly to a licensed  
11 medical marijuana patient or licensed caregiver. A licensed  
12 commercial grower may only sell at the wholesale level to a licensed  
13 dispensary, a licensed grower or a licensed processor. If the  
14 federal government lifts restrictions on buying and selling  
15 marijuana between states, then a licensed commercial grower would be  
16 allowed to sell and buy marijuana wholesale from, or to, an out-of-  
17 state wholesale provider. A licensed commercial grower shall be  
18 required to complete a monthly yield and sales report to the State  
19 Department of Health. This report shall be due on the fifteenth of  
20 each month and provide reporting on the previous month. This report  
21 shall detail the amount of marijuana harvested in pounds, the amount  
22 of drying or dried marijuana on hand, the amount of marijuana sold  
23 to licensed processors in pounds, the amount of waste in pounds, and  
24 the amount of marijuana sold to licensed dispensaries in pounds.

1 Additionally, this report shall show total wholesale sales in  
2 dollars. The State Department of Health shall have oversight and  
3 auditing responsibilities to ensure that all marijuana being grown  
4 by licensed commercial growers is accounted for.

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

7 E. Beginning on ~~the effective date of this act~~ November 1,  
8 2021, licensed commercial growers shall be authorized to package and  
9 sell pre-rolled marijuana to licensed medical marijuana  
10 dispensaries. The products described in this subsection shall  
11 contain only the ground parts of the marijuana plant and shall not  
12 include marijuana concentrates or derivatives. The total net weight  
13 of each pre-roll packaged and sold by medical marijuana commercial  
14 growers shall not exceed one (1) gram. These products must be  
15 tested, packaged and labeled in accordance with Oklahoma law and  
16 rules promulgated by the State Commissioner of Health.

17 F. Beginning November 1, 2022, all medical marijuana commercial  
18 grower licensees who operate an outdoor medical marijuana production  
19 facility shall be required to register with the Oklahoma Department  
20 of Agriculture, Food, and Forestry as an environmentally sensitive  
21 crop owner. Registration shall provide notice to commercial and  
22 private pesticide applicators of the locations of medical marijuana  
23 crops and help minimize the potential for damaging pesticide drift.  
24 Medical marijuana commercial grower licensees shall provide their

1 business name, address, Global Positioning System (GPS) coordinates  
2 for all outdoor medical marijuana production facilities, and any  
3 other information required by the Department when registering with  
4 the Environmentally Sensitive Area Registry.

5 SECTION 2. AMENDATORY 63 O.S. 2021, Section 427.21, is  
6 amended to read as follows:

7 Section 427.21. A. A medical marijuana business shall not  
8 engage in advertising that is deceptive, false or misleading.

9 B. Medical marijuana advertising shall not contain any  
10 statement or illustration that:

11 1. Promotes overconsumption;

12 2. Represents that the use of marijuana has curative or  
13 therapeutic effects; or

14 3. Depicts a child or other person under legal age to consume  
15 marijuana, or includes:

16 a. objects such as toys or cartoon or other characters,  
17 which suggest the presence of a child, or any other  
18 depiction designed in any manner to be especially  
19 appealing to children or other persons under legal age  
20 to consume marijuana, or

21 b. any manner or design that would be especially  
22 appealing to children or other persons under eighteen  
23 (18) years of age.

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1        C. Upon the effective date of this act, all medical marijuana  
2 commercial grower licensees shall be required to post signage at the  
3 site of the commercial grow operation. Signage shall be located at  
4 the perimeter of the property with dimensions measuring no less than  
5 eighteen (18) inches by twenty-four (24) inches with a font size of  
6 no less than two (2) inches. Information required to be displayed  
7 on the sign shall be in black standardized font on a white  
8 background. The Oklahoma Medical Marijuana Authority shall  
9 promulgate rules as necessary regarding the size, placement,  
10 issuance and specifications of the required signage. The following  
11 information shall be included on the required signage:

- 12        1. Business name;
- 13        2. Physical address of the licensed business;
- 14        3. Phone number of the licensed business; and
- 15        4. Medical marijuana business license number.

16        The required signage shall also comply with county regulations  
17 and local ordinances related to the real property where the  
18 commercial grow operation is located. Failure to erect the proper  
19 signage within sixty (60) days after the renewal of each application  
20 for a medical marijuana commercial grower license in accordance with  
21 the provisions of this subsection shall result in the immediate  
22 revocation of the medical marijuana commercial grower license. Upon  
23 issuance of a temporary license, all medical marijuana commercial  
24 grower licensees shall be required to comply with the provisions of

1 this subsection prior to the prelicensure inspection conducted by  
2 the Authority.

3 SECTION 3. This act shall become effective November 1, 2022.

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