

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 59th Legislature (2023)

4 ENGROSSED SENATE
5 BILL NO. 264

By: Garvin of the Senate

6 and

7 Marti of the House

8
9 An Act relating to medical marijuana; amending 63
10 O.S. 2021, Sections 421, as last amended by Section
11 1, Chapter 332, O.S.L. 2022, 422, as last amended by
12 Section 2, Chapter 332, O.S.L. 2022, and 423, as last
13 amended by Section 3, Chapter 332, O.S.L. 2022 (63
14 O.S. Supp. 2022, Sections 421, 422, and 423), which
15 relate to licensing requirements for medical
16 marijuana dispensaries, commercial growers, and
17 processors; modifying method of application
18 submission; amending 63 O.S. 2021, Section 427.3, as
19 last amended by Section 1, Chapter 342, O.S.L. 2022
20 (63 O.S. Supp. 2022, Section 427.3), which relates to
21 Oklahoma Medical Marijuana Authority duties and
22 functions; allowing for the purchase of motor
23 vehicles; authorizing the Oklahoma Medical Marijuana
24 Authority to create a petty cash fund for certain
purpose; amending 63 O.S. 2021, Section 427.14, as
last amended by Section 4, Chapter 332, O.S.L. 2022
(63 O.S. Supp. 2022, Section 427.14), which relates
to the medical marijuana business license; modifying
calculation for type of indoor and outdoor growing
operation; requiring remittance of certain fees prior
to licensing approval; modifying method of
application submission; removing provision for fees
for reconsideration; providing for promulgation of
rules for required application materials to the
Authority prior to determination for business
licensing fees; amending 63 O.S. 2021, Sections
427.16, as last amended by Section 16, Chapter 251,
O.S.L. 2022, and 427.17, as last amended by Section
1, Chapter 353, O.S.L. 2022 (63 O.S. Supp. 2022,

1 Sections 427.16 and 427.17), which relate to medical
2 marijuana transport and testing laboratory licenses;
3 clarifying language; amending Section 1, Chapter 352,
4 O.S.L. 2022 (63 O.S. Supp. 2022, Section 427.25),
5 which relates to secret shoppers; allowing for use of
6 certain fund; allowing for secret shoppers to perform
7 certain duties; modifying laboratory testing;
8 exempting licensing requirements for secret shoppers;
9 updating statutory language and reference; providing
10 for codification; and providing an effective date.

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

12 SECTION 1. AMENDATORY 63 O.S. 2021, Section 421, as last
13 amended by Section 1, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
14 Section 421), is amended to read as follows:

15 Section 421. A. The Oklahoma Medical Marijuana Authority shall
16 make available on its website in an easy-to-find location an
17 application for a medical marijuana dispensary license. The
18 application fee to be paid by the applicant shall be in the amounts
19 provided for in Section 427.14 of this title. A method of payment
20 for the application fee shall be provided on the website of the
21 Authority. Dispensary applicants must all be residents of Oklahoma.
22 Any entity applying for a dispensary license must be owned by an
23 Oklahoma resident and must be registered to do business in Oklahoma.
24 The Authority shall have ninety (90) business days to review the
application; approve, reject, or deny the application; and ~~mail~~ send
the approval, rejection, or denial letter stating reasons for the

1 rejection or denial to the applicant in the same method the
2 application was submitted to the Authority.

3 B. The Authority shall approve all applications which meet the
4 following criteria:

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

7 2. The applicant, if applying as an individual, must show
8 residency in ~~the State of Oklahoma~~ this state;

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

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

14 5. All applying individuals or entities must be registered to
15 conduct business in ~~the State of Oklahoma~~ this state; and

16 6. All applicants must disclose all ownership interests in the
17 dispensary.

18 Applicants with a nonviolent felony conviction in the last two
19 (2) years, any other felony conviction in the last five (5) years,
20 inmates in the custody of the Department of Corrections or any
21 person currently incarcerated shall not qualify for a medical
22 marijuana dispensary license.

23 C. Licensed medical marijuana dispensaries shall be required to
24 complete a monthly sales report to the Authority. This report shall

1 be due on the fifteenth of each month and provide reporting on the
2 previous month. This report shall detail the weight of marijuana
3 purchased at wholesale and the weight of marijuana sold to licensed
4 medical marijuana patients and licensed caregivers and account for
5 any waste. The report shall show total sales in dollars, tax
6 collected in dollars, and tax due in dollars. The Authority shall
7 have oversight and auditing responsibilities to ensure that all
8 marijuana being grown is accounted for.

9 D. Only a licensed medical marijuana dispensary may conduct
10 retail sales of marijuana or marijuana derivatives. Beginning on
11 ~~the effective date of this act~~ November 1, 2021, licensed medical
12 marijuana dispensaries shall be authorized to package and sell pre-
13 rolled marijuana to licensed medical marijuana patients and licensed
14 caregivers. The products described in this subsection shall contain
15 only the ground parts of the marijuana plant and shall not include
16 marijuana concentrates or derivatives. The total net weight of each
17 pre-roll packaged and sold by a medical marijuana dispensary shall
18 not exceed one (1) gram. These products shall be tested, packaged
19 and labeled in accordance with Oklahoma law and rules promulgated by
20 the Authority.

21 E. No medical marijuana dispensary shall offer or allow a
22 medical marijuana patient licensee, caregiver licensee or other
23 member of the public to handle or otherwise have physical contact
24 with any medical marijuana not contained in a sealed or separate

1 package. Provided, such prohibition shall not preclude an employee
2 of the medical marijuana dispensary from handling loose or
3 nonpackaged medical marijuana to be placed in packaging consistent
4 with the Oklahoma Medical Marijuana and Patient Protection Act and
5 the rules promulgated by the Authority for the packaging of medical
6 marijuana for retail sale. Provided, further, such prohibition
7 shall not prevent a medical marijuana dispensary from displaying
8 samples of its medical marijuana in separate display cases, jars or
9 other containers and allowing medical marijuana patient licensees
10 and caregiver licensees the ability to handle or smell the various
11 samples as long as the sample medical marijuana is used for display
12 purposes only and is not offered for retail sale.

13 SECTION 2. AMENDATORY 63 O.S. 2021, Section 422, as last
14 amended by Section 2, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
15 Section 422), is amended to read as follows:

16 Section 422. A. The Oklahoma Medical Marijuana Authority shall
17 make available on its website in an easy-to-find location an
18 application for a medical marijuana commercial grower license. The
19 application fee shall be paid by the applicant in the amounts
20 provided for in Section 427.14 of this title. A method of payment
21 for the application fee shall be provided on the website of the
22 Authority. The Authority shall have ninety (90) business days to
23 review the application; approve, reject, or deny the application;
24 and ~~mail~~ send the approval, rejection, or denial letter stating the

1 reasons for the rejection or denial to the applicant in the same
2 method the application was submitted to the Authority.

3 B. The Authority shall approve all applications which meet the
4 following criteria:

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

7 2. The applicant, if applying as an individual, must show
8 residency in ~~the State of Oklahoma~~ this state;

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

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

14 5. All applying individuals or entities must be registered to
15 conduct business in ~~the State of Oklahoma~~ this state; and

16 6. All applicants must disclose all ownership interests in the
17 commercial grower operation.

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

23 C. A licensed medical marijuana commercial grower may sell
24 marijuana to a licensed medical marijuana dispensary or a licensed

1 medical marijuana processor. Further, sales by a licensed medical
2 marijuana commercial grower shall be considered wholesale sales and
3 shall not be subject to taxation. Under no circumstances may a
4 licensed medical marijuana commercial grower sell marijuana directly
5 to a licensed medical marijuana patient or licensed medical
6 marijuana caregiver. A licensed medical marijuana commercial grower
7 may only sell at the wholesale level to a licensed medical marijuana
8 dispensary, a licensed medical marijuana commercial grower or a
9 licensed medical marijuana processor. If the federal government
10 lifts restrictions on buying and selling marijuana between states,
11 then a licensed medical marijuana commercial grower would be allowed
12 to sell and buy marijuana wholesale from, or to, an out-of-state
13 wholesale provider. A licensed medical marijuana commercial grower
14 shall be required to complete a monthly yield and sales report to
15 the Authority. This report shall be due on the fifteenth of each
16 month and provide reporting on the previous month. This report
17 shall detail the amount of marijuana harvested in pounds, the amount
18 of drying or dried marijuana on hand, the amount of marijuana sold
19 to licensed processors in pounds, the amount of waste in pounds, and
20 the amount of marijuana sold to licensed medical marijuana
21 dispensaries in pounds. Additionally, this report shall show total
22 wholesale sales in dollars. The Authority shall have oversight and
23 auditing responsibilities to ensure that all marijuana being grown
24 by licensed medical marijuana commercial growers is accounted for.

1 D. There shall be no limits on how much marijuana a licensed
2 medical marijuana commercial grower can grow.

3 E. Beginning on ~~the effective date of this act~~ June 1, 2023,
4 licensed medical marijuana commercial growers shall be authorized to
5 package and sell pre-rolled marijuana to licensed medical marijuana
6 dispensaries. The products described in this subsection shall
7 contain only the ground parts of the marijuana plant and shall not
8 include marijuana concentrates or derivatives. The total net weight
9 of each pre-roll packaged and sold by licensed medical marijuana
10 commercial growers shall not exceed one (1) gram. These products
11 must be tested, packaged and labeled in accordance with Oklahoma law
12 and rules promulgated by the Authority.

13 SECTION 3. AMENDATORY 63 O.S. 2021, Section 423, as last
14 amended by Section 3, Chapter 332, O.S.L. 2022 (63 O.S. Supp. 2022,
15 Section 423), is amended to read as follows:

16 Section 423. A. The Oklahoma Medical Marijuana Authority shall
17 make available on its website in an easy-to-find location an
18 application for a medical marijuana processing license. The
19 Authority shall be authorized to issue two types of medical
20 marijuana processor licenses based on the level of risk posed by the
21 type of processing conducted:

- 22 1. Nonhazardous medical marijuana processor license; and
- 23 2. Hazardous medical marijuana processor license.

1 The application fee for a nonhazardous or hazardous medical
2 marijuana processor license shall be paid by the applicant in the
3 amounts provided for in Section 427.14 of this title. A method of
4 payment shall be provided on the website of the Authority. The
5 Authority shall have ninety (90) business days to review the
6 application; approve, reject, or deny the application; and ~~mail~~ send
7 the approval, rejection, or denial letter stating the reasons for
8 the rejection or denial to the applicant in the same method the
9 application was submitted to the Authority.

10 B. The Authority shall approve all applications which meet the
11 following criteria:

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

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

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

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

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

23 6. All applicants must disclose all ownership interests in the
24 processing operation.

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 medical
5 marijuana processing license.

6 C. 1. A licensed processor may take marijuana plants and
7 distill or process these plants into concentrates, edibles, and
8 other forms for consumption.

9 2. As required by subsection D of this section, the Authority
10 shall make available a set of standards which shall be used by
11 licensed processors in the preparation of edible marijuana products.
12 The standards should be in line with current food preparation
13 guidelines. No excessive or punitive rules may be established by
14 the Authority.

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

22 4. A licensed processor may sell marijuana products it creates
23 to a licensed dispensary or any other licensed processor. All sales
24

1 by a licensed processor shall be considered wholesale sales and
2 shall not be subject to taxation.

3 5. Under no circumstances may a licensed processor sell
4 marijuana or any marijuana product directly to a licensed medical
5 marijuana patient or licensed caregiver. However, a licensed
6 processor may process cannabis into a concentrated form for a
7 licensed medical marijuana patient for a fee.

8 6. Licensed processors shall be required to complete a monthly
9 yield and sales report to the Authority. This report shall be due
10 on the fifteenth of each month and shall provide reporting on the
11 previous month. This report shall detail the amount of marijuana
12 and medical marijuana products purchased in pounds, the amount of
13 marijuana cooked or processed in pounds, and the amount of waste in
14 pounds. Additionally, this report shall show total wholesale sales
15 in dollars. The Authority shall have oversight and auditing
16 responsibilities to ensure that all marijuana being processed is
17 accounted for.

18 D. The Authority shall oversee the inspection and compliance of
19 licensed processors producing products with marijuana as an
20 additive. The Authority shall be compelled to, within thirty (30)
21 days of passage of this initiative, appoint twelve (12) Oklahoma
22 residents to the Medical Marijuana Advisory Council, who are
23 marijuana industry experts, to create a list of food safety
24 standards for processing and handling medical marijuana in Oklahoma.

1 These standards shall be adopted by the Authority and the Authority
2 may enforce these standards for licensed processors. The Authority
3 shall develop a standards review procedure and these standards can
4 be altered by calling another council of twelve (12) Oklahoma
5 marijuana industry experts. A signed letter of twenty operating,
6 licensed processors shall constitute a need for a new council and
7 standards review.

8 E. If it becomes permissible under federal law, marijuana may
9 be moved across state lines.

10 F. Any device used for the processing or consumption of medical
11 marijuana shall be considered legal to be sold, manufactured,
12 distributed and possessed. No merchant, wholesaler, manufacturer or
13 individual may be unduly harassed or prosecuted for selling,
14 manufacturing or possessing marijuana paraphernalia.

15 SECTION 4. AMENDATORY 63 O.S. 2021, Section 427.3, as
16 last amended by Section 1, Chapter 342, O.S.L. 2022 (63 O.S. Supp.
17 2022, Section 427.3), is amended to read as follows:

18 Section 427.3. A. There is hereby created the Oklahoma Medical
19 Marijuana Authority within the State Department of Health which
20 shall address issues related to the medical marijuana program in
21 Oklahoma including, but not limited to, the issuance of patient
22 licenses and medical marijuana business licenses, and the
23 dispensing, cultivating, processing, testing, transporting, storage,
24

1 research, and the use of and sale of medical marijuana pursuant to
2 the Oklahoma Medical Marijuana and Patient Protection Act.

3 B. The Department shall provide support staff to perform
4 designated duties of the Authority. The Department shall also
5 provide office space for meetings of the Authority.

6 C. The Authority shall implement the provisions of the Oklahoma
7 Medical Marijuana and Patient Protection Act consistently with the
8 voter-approved State Question No. 788, Initiative Petition No. 412,
9 subject to the provisions of the Oklahoma Medical Marijuana and
10 Patient Protection Act.

11 D. The Authority shall exercise its respective powers and
12 perform its respective duties and functions as specified in the
13 Oklahoma Medical Marijuana and Patient Protection Act and this title
14 including, but not limited to, the following:

15 1. Determine steps the state shall take, whether administrative
16 or legislative in nature, to ensure that research on marijuana and
17 marijuana products is being conducted for public purposes, including
18 the advancement of:

- 19 a. public health policy and public safety policy,
- 20 b. agronomic and horticultural best practices, and
- 21 c. medical and pharmacopoeia best practices;

22 2. Contract with third-party vendors and other governmental
23 entities in order to carry out the respective duties and functions

24

1 as specified in the Oklahoma Medical Marijuana and Patient
2 Protection Act;

3 3. Upon complaint or upon its own motion and upon a completed
4 investigation, levy fines as prescribed in applicable laws, rules,
5 and regulations and suspend, revoke, or not renew licenses pursuant
6 to applicable laws, rules, and regulations;

7 4. Issue subpoenas for the appearance or production of persons,
8 records, and things in connection with disciplinary or contested
9 cases considered by the Authority;

10 5. Apply for injunctive or declaratory relief to enforce the
11 provisions of applicable laws, rules, and regulations;

12 6. Inspect and examine all licensed premises of medical
13 marijuana businesses, research facilities, education facilities, and
14 waste disposal facilities in which medical marijuana is cultivated,
15 manufactured, sold, stored, transported, tested, distributed, or
16 disposed of;

17 7. Upon action by the federal government by which the
18 production, sale, and use of marijuana in Oklahoma does not violate
19 federal law, work with the ~~Oklahoma State~~ Banking Department and the
20 State Treasurer to develop good practices and standards for banking
21 and finance for medical marijuana businesses;

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

24

1 9. Establish a fee schedule and collect fees for performing
2 background checks as the Authority deems appropriate. The fees
3 charged pursuant to this paragraph shall not exceed the actual cost
4 incurred for each background check;

5 10. Establish a fee schedule and collect fees for material
6 changes requested by the licensee;

7 11. Establish regulations, which require a medical marijuana
8 business to submit information to the Authority, deemed reasonably
9 necessary to assist the Authority in the prevention of diversion of
10 medical marijuana by a licensed medical marijuana business. Such
11 information required by the Authority may include, but shall not be
12 limited to:

- 13 a. the square footage of the licensed premises,
- 14 b. a diagram of the licensed premises,
- 15 c. the number and type of lights at the licensed medical
16 marijuana commercial grower business,
- 17 d. the number, type, and production capacity of equipment
18 located at the medical marijuana processing facility,
- 19 e. the names, addresses, and telephone numbers of
20 employees or agents of a medical marijuana business,
- 21 f. employment manuals and standard operating procedures
22 for the medical marijuana business, and
- 23 g. any other information as the Authority reasonably
24 deems necessary; ~~and~~

1 12. Declare and establish a moratorium on processing and
2 issuing new medical marijuana business licenses pursuant to Section
3 427.14 of this title for an amount of time the Authority deems
4 necessary; and

5 13. Purchase and maintain motor vehicles for use by the
6 employees of the Authority.

7 SECTION 5. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 427.3b of Title 63, unless there
9 is created a duplication in numbering, reads as follows:

10 The Oklahoma Medical Marijuana Authority is hereby given
11 authority to create a petty cash fund, which may be expended for the
12 purpose of providing for cash purchases for the implementation of
13 the Authority's secret shoppers pursuant to Section 427.25 of Title
14 63 of the Oklahoma Statutes.

15 SECTION 6. AMENDATORY 63 O.S. 2021, Section 427.14, as
16 last amended by Section 4, Chapter 332, O.S.L. 2022 (63 O.S. Supp.
17 2022, Section 427.14), is amended to read as follows:

18 Section 427.14. A. There is hereby created the medical
19 marijuana business license, which shall include the following
20 categories:

- 21 1. Medical marijuana commercial grower;
- 22 2. Medical marijuana processor;
- 23 3. Medical marijuana dispensary;
- 24 4. Medical marijuana transporter; and

1 5. Medical marijuana testing laboratory.

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

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

8 D. 1. The annual, nonrefundable fee for a medical marijuana
9 transporter license shall be Two Thousand Five Hundred Dollars
10 (\$2,500.00).

11 2. The initial, nonrefundable fee for a medical marijuana
12 commercial grower license shall be calculated based upon the total
13 amount of square feet of canopy or acres the grower estimates will
14 be harvested, transferred, or sold for the year. The annual,
15 nonrefundable license fee shall be based upon the total amount of
16 square feet of canopy or acres harvested, transferred, or sold by
17 the grower during the previous twelve (12) months. The amount of
18 the fees shall be determined as follows:

19 a. For an indoor, greenhouse, or light deprivation
20 medical marijuana grow facility:

21 (1) Tier 1: Up to ten thousand (10,000) square feet
22 of canopy, the fee shall be Two Thousand Five
23 Hundred Dollars (\$2,500.00),
24

- 1 (2) Tier 2: Ten thousand one (10,001) square feet of
2 canopy to twenty thousand (20,000) square feet of
3 canopy, the fee shall be Five Thousand Dollars
4 (\$5,000.00),
- 5 (3) Tier 3: Twenty thousand one (20,001) square feet
6 of canopy to forty thousand (40,000) square feet
7 of canopy, the fee shall be Ten Thousand Dollars
8 (\$10,000.00),
- 9 (4) Tier 4: Forty thousand one (40,001) square feet
10 of canopy to sixty thousand (60,000) square feet
11 of canopy, the fee shall be Twenty Thousand
12 Dollars (\$20,000.00),
- 13 (5) Tier 5: Sixty thousand one (60,001) square feet
14 of canopy to eighty thousand (80,000) square feet
15 of canopy, the fee shall be Thirty Thousand
16 Dollars (\$30,000.00),
- 17 (6) Tier 6: Eighty thousand one (80,001) square feet
18 of canopy to ninety-nine thousand nine hundred
19 ninety-nine (99,999) square feet of canopy, the
20 fee shall be Forty Thousand Dollars (\$40,000.00),
21 and
- 22 (7) Tier 7: One hundred thousand (100,000) square
23 feet of canopy and beyond, the fee shall be Fifty
24 Thousand Dollars (\$50,000.00), plus an additional

1 twenty-five cents (\$0.25) per square foot of
2 canopy over one hundred thousand (100,000) square
3 feet.

4 b. For an outdoor medical marijuana grow facility:

- 5 (1) Tier 1: ~~Up to~~ Less than two and one-half (2 1/2)
6 acres, the fee shall be Two Thousand Five Hundred
7 Dollars (\$2,500.00),
- 8 (2) Tier 2: Two and one-half (2 1/2) acres up to
9 five (5) acres, the fee shall be Five Thousand
10 Dollars (\$5,000.00),
- 11 (3) Tier 3: Five (5) acres up to ten (10) acres, the
12 fee shall be Ten Thousand Dollars (\$10,000.00),
- 13 (4) Tier 4: Ten (10) acres up to twenty (20) acres,
14 the fee shall be Twenty Thousand Dollars
15 (\$20,000.00),
- 16 (5) Tier 5: Twenty (20) acres up to thirty (30)
17 acres, the fee shall be Thirty Thousand Dollars
18 (\$30,000.00),
- 19 (6) Tier 6: Thirty (30) acres up to forty (40)
20 acres, the fee shall be Forty Thousand Dollars
21 (\$40,000.00),
- 22 (7) Tier 7: Forty (40) acres up to fifty (50) acres,
23 the fee shall be Fifty Thousand Dollars
24 (\$50,000.00), and

1 (8) Tier 8: If the amount of acreage exceeds fifty
2 (50) acres, the fee shall be Fifty Thousand
3 Dollars (\$50,000.00) plus an additional Two
4 Hundred Fifty Dollars (\$250.00) per acre.

5 c. For a medical marijuana commercial grower that has a
6 combination of both indoor and outdoor growing
7 facilities at one location, the medical marijuana
8 commercial grower shall be required to obtain a
9 separate license from the Authority for each type of
10 grow operation and shall be subject to the licensing
11 fees provided for in subparagraphs a and b of this
12 paragraph.

13 d. As used in this paragraph:

14 (1) "canopy" means the total surface area within a
15 cultivation area that is dedicated to the
16 cultivation of flowering marijuana plants. The
17 surface area of the plant canopy must be
18 calculated in square feet and measured and must
19 include all of the area within the boundaries
20 where the cultivation of the flowering marijuana
21 plants occurs. If the surface of the plant
22 canopy consists of noncontiguous areas, each
23 component area must be separated by identifiable
24 boundaries. If a tiered or shelving system is

1 used in the cultivation area, the surface area of
2 each tier or shelf must be included in
3 calculating the area of the plant canopy.
4 Calculation of the area of the plant canopy may
5 not include the areas within the cultivation area
6 that are used to cultivate immature marijuana
7 plants and seedlings, prior to flowering, and
8 that are not used at any time to cultivate mature
9 marijuana plants. If the flowering plants are
10 vertically grown in cylinders, the square footage
11 of the canopy shall be measured by the
12 circumference of the cylinder multiplied by the
13 total length of the cylinder,

14 (2) "greenhouse" means a structure located outdoors
15 that is completely covered by a material that
16 allows a controlled level of light transmission,
17 and

18 (3) "light deprivation" means a structure that has
19 concrete floors and the ability to manipulate
20 natural light.

21 3. The initial, nonrefundable fee for a medical marijuana
22 processor license shall be Two Thousand Five Hundred Dollars
23 (\$2,500.00). The annual, nonrefundable license fee for a medical
24

1 marijuana processor license shall be determined based on the
2 previous twelve (12) months as follows:

3 a. Tier 1: ~~Zero~~ The transfer or sale of zero (0) to ten
4 thousand (10,000) pounds of biomass or ~~production or~~
5 ~~use~~ the production, transfer, or sale of up to one
6 hundred (100) liters of cannabis concentrate,
7 whichever is greater, the annual fee shall be Two
8 Thousand Five Hundred Dollars (\$2,500.00),

9 b. Tier 2: ~~Ten~~ The transfer or sale of ten thousand one
10 (10,001) pounds to fifty thousand (50,000) pounds of
11 biomass or ~~production or use from~~ the production,
12 transfer, or sale of one hundred one (101) to three
13 hundred fifty (350) liters of cannabis concentrate,
14 whichever is greater, the annual fee shall be Five
15 Thousand Dollars (\$5,000.00),

16 c. Tier 3: ~~Fifty~~ The transfer or sale of fifty thousand
17 one (50,001) pounds to one hundred fifty thousand
18 (150,000) pounds of biomass or ~~production or use from~~
19 the production, transfer, or sale of three hundred
20 fifty-one (351) to six hundred fifty (650) liters of
21 cannabis concentrate, whichever is greater, the annual
22 fee shall be Ten Thousand Dollars (\$10,000.00),

23 d. Tier 4: ~~One~~ The transfer or sale of one hundred fifty
24 thousand one (150,001) pounds to three hundred

1 thousand (300,000) pounds of biomass or ~~production or~~
2 ~~use from~~ the production, transfer, or sale of six
3 hundred fifty-one (651) to one thousand (1,000) liters
4 of cannabis concentrate, whichever is greater, the
5 annual fee shall be Fifteen Thousand Dollars
6 (\$15,000.00), and

7 e. Tier 5: ~~More~~ The transfer or sale of more than three
8 hundred thousand one (300,001) pounds of biomass or
9 ~~production or use~~ the production, transfer, or sale in
10 excess of one thousand one (1,001) liters of cannabis
11 concentrate, the annual fee shall be Twenty Thousand
12 Dollars (\$20,000.00).

13 For purposes of this paragraph only, if the cannabis concentrate
14 is in nonliquid form, every one thousand (1,000) grams of
15 concentrated marijuana shall be calculated as one (1) liter of
16 cannabis concentrate.

17 4. The initial, nonrefundable fee for a medical marijuana
18 dispensary license shall be Two Thousand Five Hundred Dollars
19 (\$2,500.00). The annual, nonrefundable license fee for a medical
20 marijuana dispensary license shall be calculated at ten percent
21 (10%) of the sum of twelve (12) calendar months of the combined
22 annual state sales tax and state excise tax of the dispensary during
23 the previous twelve (12) months. The minimum fee shall be not less
24

1 than Two Thousand Five Hundred Dollars (\$2,500.00) and the maximum
2 fee shall not exceed Ten Thousand Dollars (\$10,000.00).

3 5. The annual, nonrefundable license fee for a medical
4 marijuana testing laboratory shall be Twenty Thousand Dollars
5 (\$20,000.00).

6 E. All applicants seeking licensure or licensure renewal as a
7 medical marijuana business shall comply with the following general
8 requirements:

9 1. All applications for licenses and registrations authorized
10 pursuant to this section shall be made upon forms prescribed by the
11 Authority;

12 2. Each application shall identify the city or county in which
13 the applicant seeks to obtain licensure as a medical marijuana
14 business;

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

17 4. All applications shall be complete and accurate in every
18 detail;

19 5. All applications shall include all attachments or
20 supplemental information required by the forms supplied by the
21 Authority;

22 6. All applications for a transporter license, initial
23 dispensary license, initial processor license, or laboratory license
24 shall be accompanied by a full remittance for the whole amount of

1 ~~the application fees.~~ Application license fee as set forth in
2 subsection D of this section. All submissions of grower
3 applications, renewal processor applications, and renewal dispensary
4 applications shall be accompanied by a remittance of a fee of Two
5 Thousand Five Hundred Dollars (\$2,500.00). The Authority shall
6 invoice license applicants, if applicable, for any additional
7 licensing fees owed pursuant to subsection D of this section prior
8 to approval of a license application. License fees are
9 nonrefundable;

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

- 12 a. twenty-five (25) years of age or older,
- 13 b. if applying as an individual, proof that the applicant
14 is an Oklahoma resident pursuant to paragraph 11 of
15 this subsection,
- 16 c. if applying as an entity, proof that seventy-five
17 percent (75%) of all members, managers, executive
18 officers, partners, board members or any other form of
19 business ownership are Oklahoma residents pursuant to
20 paragraph 11 of this subsection,
- 21 d. if applying as an individual or entity, proof that the
22 individual or entity is registered to conduct business
23 in ~~the State of Oklahoma~~ this state,

24

1 e. disclosure of all ownership interests pursuant to the
2 Oklahoma Medical Marijuana and Patient Protection Act,
3 and

4 f. proof that the medical marijuana business, medical
5 marijuana research facility, medical marijuana
6 education facility and medical marijuana waste
7 disposal facility applicant or licensee has not been
8 convicted of a nonviolent felony in the last two (2)
9 years, or any other felony conviction within the last
10 five (5) years, is not a current inmate in the custody
11 of the Department of Corrections, or currently
12 incarcerated in a jail or corrections facility;

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

21 9. All applicants for a medical marijuana business license,
22 research facility license or education facility license authorized
23 by the Oklahoma Medical Marijuana and Patient Protection Act, or for
24 a renewal of such license, shall undergo an Oklahoma criminal

1 history background check conducted by the Oklahoma State Bureau of
2 Investigation (OSBI) within thirty (30) days prior to the
3 application for the license, including:

- 4 a. individual applicants applying on their own behalf,
- 5 b. individuals applying on behalf of an entity,
- 6 c. all principal officers of an entity, and
- 7 d. all owners of an entity as defined by the Oklahoma
8 Medical Marijuana and Patient Protection Act;

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

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

- 20 a. an unexpired Oklahoma-issued driver license,
- 21 b. an Oklahoma identification card,
- 22 c. a utility bill preceding the date of application,
23 excluding cellular telephone and Internet bills,

24

1 d. a residential property deed to property in ~~the State~~
2 ~~of Oklahoma~~ this state, and

3 e. a rental agreement preceding the date of application
4 for residential property located in ~~the State of~~
5 ~~Oklahoma~~ this state.

6 Applicants that were issued a medical marijuana business license
7 prior to August 30, 2019, are hereby exempt from the two-year or
8 five-year Oklahoma residence requirement mentioned above;

9 12. All license applicants shall be required to submit a
10 registration with the Oklahoma State Bureau of Narcotics and
11 Dangerous Drugs Control as provided in Sections 2-302 through 2-304
12 of this title;

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

- 16 a. front of an Oklahoma driver license,
- 17 b. front of an Oklahoma identification card,
- 18 c. a United States passport or other photo identification
19 issued by the United States government, or
- 20 d. a tribal identification card approved for
21 identification purposes by the ~~Oklahoma~~ Department of
22 Public Safety; and

23 14. All applicants shall submit an applicant photograph.

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

7 G. 1. The Authority shall review the medical marijuana
8 business applications and, conduct all investigations, inspections,
9 and interviews, and collect all license and application fees before
10 approving the application.

11 2. Approved applicants shall be issued a medical marijuana
12 business license for the specific category applied under, which
13 shall act as proof of their approved status. Rejection and denial
14 letters shall provide a reason for the rejection or denial.
15 Applications may only be rejected or denied based on the applicant
16 not meeting the standards set forth in the provisions of the
17 Oklahoma Medical Marijuana and Patient Protection Act and Sections
18 420 through 426.1 of this title, improper completion of the
19 application, unpaid license or application fees, or for a reason
20 provided for in the Oklahoma Medical Marijuana and Patient
21 Protection Act and Sections 420 through 426.1 of this title. If an
22 application is rejected for failure to provide required information,
23 the applicant shall have thirty (30) days to submit the required
24 information for reconsideration. ~~No additional application fee~~

1 ~~shall be charged for such reconsideration.~~ Unless the Authority
2 determines otherwise, an application that has been resubmitted but
3 is still incomplete or contains errors that are not clerical or
4 typographical in nature shall be denied.

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

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

12 H. A license for a medical marijuana business, medical
13 marijuana research facility, medical marijuana education facility or
14 medical marijuana waste disposal facility shall not be issued to or
15 held by:

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

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

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

- 1 4. A person under twenty-five (25) years of age;
- 2 5. A person licensed pursuant to this section who, during a
3 period of licensure, or who, at the time of application, has failed
4 to:
 - 5 a. file taxes, interest or penalties due related to a
6 medical marijuana business, or
 - 7 b. pay taxes, interest or penalties due related to a
8 medical marijuana business;
- 9 6. A sheriff, deputy sheriff, police officer or prosecuting
10 officer, or an officer or employee of the Authority or municipality;
- 11 7. A person whose authority to be a caregiver, as defined in
12 Section 427.2 of this title, has been revoked by the Authority; or
- 13 8. A person who was involved in the management or operations of
14 any medical marijuana business, medical marijuana research facility,
15 medical marijuana education facility or medical marijuana waste
16 disposal facility that, after the initiation of a disciplinary
17 action, has had a medical marijuana license revoked, not renewed, or
18 surrendered during the five (5) years preceding submission of the
19 application and for the following violations:
 - 20 a. unlawful sales or purchases,
 - 21 b. any fraudulent acts, falsification of records or
22 misrepresentation to the Authority, medical marijuana
23 patient licensees, caregiver licensees or medical
24 marijuana business licensees,

- 1 c. any grossly inaccurate or fraudulent reporting,
- 2 d. threatening or harming any medical marijuana patient,
- 3 caregiver, medical practitioner or employee of the
- 4 Authority,
- 5 e. knowingly or intentionally refusing to permit the
- 6 Authority access to premises or records,
- 7 f. using a prohibited, hazardous substance for processing
- 8 in a residential area,
- 9 g. criminal acts relating to the operation of a medical
- 10 marijuana business, or
- 11 h. any violations that endanger public health and safety
- 12 or product safety.

13 I. In investigating the qualifications of an applicant or a
14 licensee, the Authority and municipalities may have access to
15 criminal history record information furnished by a criminal justice
16 agency subject to any restrictions imposed by such an agency.

17 J. The failure of an applicant or licensee to provide the
18 requested information by the Authority deadline may be grounds for
19 denial of the application.

20 K. All applicants and licensees shall submit information to the
21 Authority in a full, faithful, truthful and fair manner. The
22 Authority may recommend denial of an application where the applicant
23 or licensee made misstatements, omissions, misrepresentations or
24 untruths in the application or in connection with the background

1 investigation of the applicant. This type of conduct may be grounds
2 for administrative action against the applicant or licensee. Typos
3 and scrivener errors shall not be grounds for denial.

4 L. A licensed medical marijuana business premises shall be
5 subject to and responsible for compliance with applicable provisions
6 consistent with the zoning where such business is located as
7 described in the most recent versions of the Oklahoma Uniform
8 Building Code, the International Building Code and the International
9 Fire Code, unless granted an exemption by a municipality or
10 appropriate code enforcement entity.

11 M. All medical marijuana business, medical marijuana research
12 facility, medical marijuana education facility and medical marijuana
13 waste disposal facility licensees shall pay the relevant licensure
14 fees prior to receiving licensure to operate.

15 N. A medical marijuana business, medical marijuana research
16 facility, medical marijuana education facility or medical marijuana
17 waste disposal facility that attempts to renew its license after the
18 expiration date of the license shall pay a late renewal fee in an
19 amount to be determined by the Authority to reinstate the license.
20 Late renewal fees are nonrefundable. A license that has been
21 expired for more than ninety (90) days shall not be renewed.

22 O. No medical marijuana business, medical marijuana research
23 facility, medical marijuana education facility or medical marijuana
24 waste disposal facility shall possess, sell or transfer medical

1 marijuana or medical marijuana products without a valid, unexpired
2 license issued by the Authority.

3 P. The Executive Director of the Authority may promulgate rules
4 to implement the provisions of this section including, but not
5 limited to, required application materials to be submitted by the
6 applicant and utilized by the Authority to determine medical
7 marijuana business licensing fees pursuant to this section.

8 SECTION 7. AMENDATORY 63 O.S. 2021, Section 427.16, as
9 last amended by Section 16, Chapter 251, O.S.L. 2022 (63 O.S. Supp.
10 2022, Section 427.16), is amended to read as follows:

11 Section 427.16. A. There is hereby created a medical marijuana
12 transporter license as a category of the medical marijuana business
13 license.

14 B. Pursuant to Section 424 of this title, the Oklahoma Medical
15 Marijuana Authority shall issue a medical marijuana transporter
16 license to licensed medical marijuana commercial growers, processors
17 and dispensaries upon issuance of such licenses and upon each
18 renewal. Medical marijuana transporter licenses shall also be
19 issued to licensed medical marijuana research facilities, medical
20 marijuana education facilities and medical marijuana testing
21 laboratories upon issuance of such licenses and upon each renewal.

22 C. A medical marijuana transporter license may also be issued
23 to qualifying applicants who are registered with the Secretary of
24 State and otherwise meet the requirements for a medical marijuana

1 business license set forth in the Oklahoma Medical Marijuana and
2 Patient Protection Act and the requirements set forth in this
3 section to provide logistics, distribution and storage of medical
4 marijuana, medical marijuana concentrate and medical marijuana
5 products.

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

12 E. A transporter license shall be required for any person or
13 entity to transport or transfer medical marijuana, medical marijuana
14 concentrate or medical marijuana products from a licensed medical
15 marijuana business to another medical marijuana business, or from a
16 medical marijuana business to a medical marijuana research facility
17 or medical marijuana education facility.

18 F. A medical marijuana transporter licensee may contract with
19 multiple licensed medical marijuana businesses.

20 G. A medical marijuana transporter may maintain a licensed
21 premises to temporarily store medical marijuana, medical marijuana
22 concentrate and medical marijuana products and to use as a
23 centralized distribution point. A medical marijuana transporter may
24 store and distribute medical marijuana, medical marijuana

1 concentrate and medical marijuana products from the licensed
2 premises. The licensed premises shall meet all security
3 requirements applicable to a medical marijuana business.

4 H. A medical marijuana transporter licensee shall use the seed-
5 to-sale tracking system developed pursuant to the Oklahoma Medical
6 Marijuana and Patient Protection Act to create shipping manifests
7 documenting the transport of medical marijuana, medical marijuana
8 concentrate and medical marijuana products throughout the state.

9 I. A licensed medical marijuana transporter may maintain and
10 operate one or more warehouses in the state to handle medical
11 marijuana, medical marijuana concentrate and medical marijuana
12 products. Each location shall be registered and inspected by the
13 Authority prior to its use.

14 J. With the exception of a lawful transfer between medical
15 marijuana businesses who are licensed to operate at the same
16 physical address, all medical marijuana, medical marijuana
17 concentrate and medical marijuana products shall be transported:

18 1. In vehicles equipped with Global Positioning System (GPS)
19 trackers;

20 2. In a locked container and clearly labeled "Medical Marijuana
21 or Derivative"; and

22 3. In a secured area of the vehicle that is not accessible by
23 the driver during transit.

24

1 K. A transporter agent may possess marijuana at any location
2 while the transporter agent is transferring marijuana to or from a
3 licensed medical marijuana business, licensed medical marijuana
4 research facility or licensed medical marijuana education facility.
5 The Authority shall administer and enforce the provisions of this
6 section concerning transportation.

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

12 M. The annual fee for a transporter agent license shall be
13 Twenty-five Dollars (\$25.00) and shall be paid by the transporter
14 license holder or the individual applicant. Transporter agent
15 license reprints shall be 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 current state residency;
- 20 3. Proof of identity as required for a medical marijuana
21 business license;
- 22 4. Possession of a valid state-issued driver license;
- 23 5. Verification of employment with a licensed transporter;
- 24 6. The application and affiliated fee; and

1 7. A copy of the criminal background check conducted by the
2 Oklahoma State Bureau of Investigation, paid for by the applicant.

3 O. If the transporter agent application is denied, the
4 Authority shall notify the transporter in writing of the reason for
5 denying the registry identification card.

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

10 Q. The Authority may revoke the registry identification card of
11 a transporter agent who knowingly violates any provision of this
12 section, and the transporter is subject to any other penalties
13 established by law for the violation.

14 R. The Authority may revoke or suspend the transporter license
15 of a transporter that the Authority determines knowingly aided or
16 facilitated a violation of any provision of this section, and the
17 license holder is subject to any other penalties established in law
18 for the violation.

19 S. Vehicles used in the transport of medical marijuana or
20 medical marijuana product shall be:

- 21 1. Insured at or above the legal requirements in this state;
- 22 2. Capable of securing medical marijuana during transport; and
- 23 3. In possession of a shipping container as defined in Section
24 427.2 of this title capable of securing all transported products.

1 T. Prior to the transport of any medical marijuana, medical
2 marijuana concentrate or medical marijuana products, an inventory
3 manifest shall be prepared at the origination point of the medical
4 marijuana. The inventory manifest shall include the following
5 information:

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

- 7 a. the licensee number for the commercial grower,
8 processor or dispensary,
- 9 b. address of origination of transport, and
- 10 c. name and contact information for the originating
11 licensee;

12 2. For the end recipient license holder of the medical
13 marijuana:

- 14 a. the license number for the dispensary, commercial
15 grower, processor, research facility or education
16 facility destination,
- 17 b. address of the destination, and
- 18 c. name and contact information for the destination
19 licensee;

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

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

24 5. The arrival date and estimated time of arrival;

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

3 7. Notation of the transporting licensee.

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

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

10 3. A receiving licensee shall refuse to accept any medical
11 marijuana, medical marijuana concentrate or medical marijuana
12 products that are not accompanied by an inventory manifest.

13 4. Originating and receiving licensees shall maintain copies of
14 inventory manifests and logs of quantities of medical marijuana
15 received for seven (7) years from date of receipt.

16 SECTION 8. AMENDATORY 63 O.S. 2021, Section 427.17, as
17 last amended by Section 1, Chapter 353, O.S.L. 2022 (63 O.S. Supp.
18 2022, Section 427.17), is amended to read as follows:

19 Section 427.17. A. There is hereby created a medical marijuana
20 testing laboratory license as a category of the medical marijuana
21 business license. The Oklahoma Medical Marijuana Authority is
22 hereby enabled to monitor, inspect and audit a licensed testing
23 laboratory under the Oklahoma Medical Marijuana and Patient
24 Protection Act.

1 B. 1. The Authority is hereby authorized to contract with a
2 private laboratory for the purpose of conducting compliance testing
3 of medical marijuana testing laboratories licensed in this state.
4 Any such laboratory under contract for compliance testing shall be
5 prohibited from conducting any other commercial medical marijuana
6 testing in this state. The laboratory the Authority contracts with
7 for compliance testing shall not employ, or be owned by, the
8 following:

- 9 a. any individual that has a direct or indirect interest
10 in a licensed medical marijuana business, or
- 11 b. any individual or his or her spouse, parent, child,
12 spouse of a child, sibling or spouse of a sibling that
13 has an application for a medical marijuana business
14 license pending before the Authority or is a member of
15 the board of directors of a medical marijuana
16 business, or is an individual financially interested
17 in any licensee or medical marijuana business located
18 within this state.

19 2. The private laboratory under contract with the Authority for
20 compliance testing and a board or committee comprised of licensed
21 Oklahoma medical marijuana laboratories currently accredited by the
22 International Organization for Standardization (ISO) shall provide
23 to the Authority its recommendations for all equipment and standards
24 to be utilized by licensed medical marijuana testing laboratories

1 when testing samples of medical marijuana, medical marijuana
2 concentrate, and medical marijuana products as well as standard
3 operating procedures when extracting and testing medical marijuana,
4 medical marijuana concentrate, and medical marijuana products. The
5 recommendations shall be submitted to the Authority no later than
6 June 1, 2023. The Authority shall have ninety (90) days from the
7 date it receives the recommendations to promulgate new rules or
8 modify its current rules for laboratory standards and testing.
9 Beginning June 1, 2024, medical marijuana testing laboratories
10 renewing their medical marijuana business license shall be subject
11 to and comply with any new or modified rules relating to the testing
12 of medical marijuana, medical marijuana concentrate, and medical
13 marijuana products. The refusal or failure of a medical marijuana
14 testing laboratory licensee to comply with new or modified rules
15 relating to laboratory standards and testing procedures promulgated
16 under the provisions of this paragraph shall result in the permanent
17 revocation of the medical marijuana testing laboratory license.

18 C. The Authority shall develop acceptable testing practices
19 including, but not limited to, testing, standards, quality control
20 analysis, equipment certification and calibration, and chemical
21 identification and substances used.

22 D. A person who is a direct beneficial owner of a medical
23 marijuana dispensary, medical marijuana commercial grower or medical
24 marijuana processor shall not be an owner of a laboratory.

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

4 F. A separate license shall be required for each specific
5 laboratory.

6 G. A medical marijuana testing laboratory license may be issued
7 to a person who performs testing on medical marijuana and medical
8 marijuana products for medical marijuana businesses, medical
9 marijuana research facilities, medical marijuana education
10 facilities, and testing on marijuana and marijuana products grown or
11 produced by a patient or caregiver on behalf of a patient, upon
12 verification of registration. A medical marijuana testing
13 laboratory may also conduct research related to the development and
14 improvement of its testing practices and procedures. No state-
15 approved medical marijuana testing facility shall operate unless a
16 medical laboratory director is on site during operational hours.

17 H. Laboratory applicants and licensees shall comply with the
18 application requirements of this section and shall submit such other
19 information as required for a medical marijuana business applicant,
20 in addition to any information the Authority may request for initial
21 approval and periodic evaluations during the approval period.

22 I. A medical marijuana testing laboratory may accept samples of
23 medical marijuana, medical marijuana concentrate or medical
24 marijuana product from a medical marijuana business, medical

1 marijuana research facility or medical marijuana education facility
2 for testing purposes only, which purposes may include the provision
3 of testing services for samples submitted by a medical marijuana
4 business for product development. The Authority may require a
5 medical marijuana business to submit a sample of medical marijuana,
6 medical marijuana concentrate or medical marijuana product to a
7 medical marijuana testing or quality assurance laboratory upon
8 demand.

9 J. A medical marijuana testing laboratory may accept samples of
10 medical marijuana, medical marijuana concentrate or medical
11 marijuana product from an individual person for testing only under
12 the following conditions:

13 1. The individual person is a patient or caregiver pursuant to
14 the Oklahoma Medical Marijuana and Patient Protection Act or is a
15 participant in an approved clinical or observational study conducted
16 by a research facility; and

17 2. The medical marijuana testing laboratory shall require the
18 patient or caregiver to produce a valid patient license and current
19 and valid photo identification.

20 K. A medical marijuana testing laboratory may transfer samples
21 to another medical marijuana testing laboratory for testing. All
22 laboratory reports provided to or by a medical marijuana business or
23 to a patient or caregiver shall identify the medical marijuana
24 testing laboratory that actually conducted the test.

1 L. A medical marijuana testing laboratory may utilize a
2 licensed medical marijuana transporter to transport samples of
3 medical marijuana, medical marijuana concentrate and medical
4 marijuana product for testing, in accordance with the Oklahoma
5 Medical Marijuana and Patient Protection Act and the rules adopted
6 pursuant thereto, between the originating medical marijuana business
7 requesting testing services and the destination laboratory
8 performing testing services.

9 M. The medical marijuana testing laboratory shall establish
10 policies to prevent the existence of or appearance of undue
11 commercial, financial or other influences that may diminish the
12 competency, impartiality and integrity of the testing processes or
13 results of the laboratory, or that may diminish public confidence in
14 the competency, impartiality and integrity of the testing processes
15 or results of the laboratory. At a minimum, employees, owners or
16 agents of a medical marijuana testing laboratory who participate in
17 any aspect of the analysis and results of a sample are prohibited
18 from improperly influencing the testing process, improperly
19 manipulating data or improperly benefiting from any ongoing
20 financial, employment, personal or business relationship with the
21 medical marijuana business that provided the sample. A medical
22 marijuana testing laboratory shall not test samples for any medical
23 marijuana business in which an owner, employee or agent of the

24

1 medical marijuana testing laboratory has any form of ownership or
2 financial interest in the medical marijuana business.

3 N. The Authority, pursuant to rules promulgated by the
4 Executive Director of the Authority, shall develop standards,
5 policies and procedures as necessary for:

6 1. The cleanliness and orderliness of a laboratory premises and
7 the location of the laboratory in a secure location, and inspection,
8 cleaning and maintenance of any equipment or utensils used for the
9 analysis of test samples;

10 2. Testing procedures, testing standards for cannabinoid and
11 terpenoid potency and safe levels of contaminants, and remediation
12 procedures;

13 3. Controlled access areas for storage of medical marijuana and
14 medical marijuana product test samples, waste and reference
15 standards;

16 4. Records to be retained and computer systems to be utilized
17 by the laboratory;

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

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

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

24

1 8. The mandatory use by a laboratory of an inventory tracking
2 system to ensure all harvest and production batches or samples
3 containing medical marijuana, medical marijuana concentrate or
4 medical marijuana products are identified and tracked from the point
5 they are transferred from a medical marijuana business, a patient or
6 a caregiver through the point of transfer, destruction or disposal.
7 The inventory tracking system reporting shall include the results of
8 any tests that are conducted on medical marijuana, medical marijuana
9 concentrate or medical marijuana product;

10 9. Standards of performance;

11 10. The employment of laboratory personnel;

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

14 12. The successful participation in a proficiency testing
15 program approved by the Executive Director for each testing category
16 listed in this section, in order to obtain and maintain
17 certification;

18 13. The establishment of and adherence to a quality assurance
19 and quality control program to ensure sufficient monitoring of
20 laboratory processes and quality of results reported;

21 14. The immediate recall of medical marijuana or medical
22 marijuana products that test above allowable thresholds or are
23 otherwise determined to be unsafe;

24

1 15. The establishment by the laboratory of a system to document
2 the complete chain of custody for samples from receipt through
3 disposal;

4 16. The establishment by the laboratory of a system to retain
5 and maintain all required records, including business records, and
6 processes to ensure results are reported in a timely and accurate
7 manner; and

8 17. Any other aspect of laboratory testing of medical marijuana
9 or medical marijuana product deemed necessary by the Executive
10 Director.

11 O. A medical marijuana testing laboratory shall promptly
12 provide the Authority or designee of the Authority access to a
13 report of a test and any underlying data that is conducted on a
14 sample at the request of a medical marijuana business or qualified
15 patient. A medical marijuana testing laboratory shall also provide
16 access to the Authority or designee of the Authority to laboratory
17 premises and to any material or information requested by the
18 Authority to determine compliance with the requirements of this
19 section.

20 P. A medical marijuana testing laboratory shall retain all
21 results of laboratory tests conducted on marijuana or products for a
22 period of at least seven (7) years and shall make them available to
23 the Authority upon request.

1 Q. A medical marijuana testing laboratory shall test samples
2 from each harvest batch or product batch, as appropriate, of medical
3 marijuana, medical marijuana concentrate and medical marijuana
4 product for each of the following categories of testing, consistent
5 with standards developed by the Executive Director:

- 6 1. Microbials;
- 7 2. Mycotoxins;
- 8 3. Residual solvents;
- 9 4. Pesticides;
- 10 5. Tetrahydrocannabinol (THC) and other cannabinoid potency;
- 11 6. Terpenoid type and concentration; and
- 12 7. Heavy metals.

13 R. A licensed medical marijuana testing laboratory shall test
14 each individual harvest batch. A grower shall separate each harvest
15 ~~lot~~ of usable marijuana into harvest batches containing no more than
16 fifteen (15) pounds, with the exception of any plant material to be
17 sold to a licensed processor for the purposes of turning the plant
18 material into concentrate which may be separated into harvest
19 batches of no more than fifty (50) pounds. A processor shall
20 separate each medical marijuana production lot into production
21 batches containing no more than four (4) liters of concentrate or
22 nine (9) pounds for nonliquid products, and for final products, the
23 Oklahoma Medical Marijuana Authority shall be authorized to
24 promulgate rules on final products as necessary. Provided, however,

1 the Authority shall not require testing of final products less often
2 than every one thousand (1,000) grams of THC. As used in this
3 subsection, "final products" shall include, but not be limited to,
4 cookies, brownies, candies, gummies, beverages and chocolates.

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

9 T. A medical marijuana testing laboratory shall be inspected
10 prior to initial licensure and up to two (2) times per year
11 thereafter by an inspector approved by the Authority. The Authority
12 may enter the licensed premises of a testing laboratory to conduct
13 investigations and additional inspections when the Authority
14 believes an investigation or additional inspection is necessary due
15 to a possible violation of applicable laws, rules or regulations.

16 U. Medical marijuana testing laboratories shall obtain
17 accreditation by an accrediting body approved by the Executive
18 Director within one (1) year of the date the initial license is
19 issued. Renewal of any medical marijuana testing laboratory license
20 shall be contingent upon accreditation in accordance with this
21 subsection. All medical marijuana testing laboratories shall obtain
22 accreditation prior to applying for and receiving a medical
23 marijuana testing laboratory license.

24

1 V. Unless authorized by the provisions of 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 laboratory and passed all
9 contaminant tests required by the Oklahoma Medical Marijuana and
10 Patient Protection Act and applicable laws, rules and regulations.
11 A licensed commercial grower may transfer medical marijuana that has
12 failed testing to a licensed processor only for the purposes of
13 decontamination or remediation and only in accordance with the
14 provisions of the Oklahoma Medical Marijuana and Patient Protection
15 Act and the rules and regulations promulgated by the Executive
16 Director. Remediated and decontaminated medical marijuana may be
17 returned only to the originating licensed commercial grower.

18 W. Kief shall not be transferred or sold except as authorized
19 in the rules and regulations promulgated by the Executive Director.

20 SECTION 9. AMENDATORY Section 1, Chapter 352, O.S.L.
21 2022 (63 O.S. Supp. 2022, Section 427.25), is amended to read as
22 follows:

23 Section 427.25. A. The Oklahoma Medical Marijuana Authority
24 shall implement rules to employ secret shoppers. Secret shoppers

1 shall purchase medical marijuana or marijuana products from licensed
2 medical marijuana dispensaries utilizing cash from the petty cash
3 fund authorized in Section 5 of this act.

4 B. ~~For each purchase, the~~ The secret shopper shall ~~buy be~~
5 authorized to:

6 1. Purchase an amount of medical marijuana or marijuana
7 products sufficient for five complete compliance tests; or

8 2. Attempt to purchase medical marijuana or marijuana products
9 in order to prove compliance with the Oklahoma Medical Marijuana and
10 Patient Protection Act or any rule determined by the Authority.

11 ~~Four samples~~ C. Samples collected pursuant to paragraph 1 of
12 subsection B of this section shall be tested by licensed medical
13 marijuana testing laboratories, one of which shall be the laboratory
14 of origin, if applicable, and one of which shall be the Authority's
15 assurance laboratory. One sample shall be kept in reserve by the
16 Authority in the event of a discrepancy between the testing
17 laboratories, which may require retesting of the medical marijuana
18 or marijuana products. When making purchases from a licensed
19 medical marijuana dispensary, the secret shopper shall ask for the
20 certificate of analysis for each product purchased.

21 ~~C.~~ D. The secret shopper shall deliver the medical marijuana or
22 marijuana products to a quality assurance laboratory, which may be
23 the Authority's assurance laboratory, for homogenization. Once the
24 samples have been homogenized, the samples shall be delivered to

1 ~~four~~ one randomly selected licensed medical marijuana testing
2 ~~laboratories~~ laboratory for compliance testing and the Authority's
3 assurance laboratory, which shall include the testing for
4 pesticides, heavy metals, microbials, residual solvents for
5 extracted products, and potency. One sample shall be kept by the
6 Authority in reserve. If the medical marijuana or marijuana
7 products were previously tested with available results from a
8 licensed medical marijuana testing laboratory, that testing
9 laboratory shall be one of the ~~four~~ two licensed medical marijuana
10 testing laboratories chosen by the Authority. For the avoidance of
11 doubt, neither the licensed medical marijuana dispensary nor the
12 licensed medical marijuana testing laboratory shall be told that the
13 business entity is selling medical marijuana or marijuana products
14 to a secret shopper or testing samples submitted by a secret shopper
15 employed by the Authority and posing as a licensed medical marijuana
16 patient.

17 ~~D.~~ E. The Authority shall inspect, by secret shopper, a minimum
18 of fifty licensed medical marijuana dispensaries annually beginning
19 January 1, 2024. In the year 2025, the Authority shall inspect, by
20 secret shopper, a minimum of ten percent (10%) of randomly selected
21 licensed medical marijuana dispensaries in Oklahoma per year.

22 ~~E.~~ F. 1. When the licensed medical marijuana testing
23 laboratories unanimously confirm test results with safety failures
24 for contaminants, the Authority shall recall the medical marijuana

1 or marijuana product within seven (7) days of obtaining the test
2 results. The name of the licensed medical marijuana dispensary and
3 any other relevant product information shall be made public via a
4 press release issued by the Authority. If there is greater than one
5 but less than four contaminant fails among the licensed medical
6 marijuana testing laboratories, the Authority shall work with a
7 quality assurance laboratory to verify the results of the licensed
8 medical marijuana testing laboratories and take appropriate action.

9 2. When the average of total potency or total terpene results
10 collected from a licensed medical marijuana testing laboratory for a
11 particular product is outside the allowable limits, the Authority
12 shall work with a quality assurance laboratory to verify the results
13 of the testing laboratory. If results are verified to be outside
14 the allowable limits, the Authority shall require relabeling of the
15 medical marijuana or marijuana products.

16 3. All investigative results shall be retained by the Authority
17 for a minimum of three (3) years.

18 4. The Authority shall implement rules to notify any licensed
19 medical marijuana dispensary and licensed medical marijuana grower
20 or licensed medical marijuana processor of any investigative results
21 determined to be noncompliant.

22 5. After the licensed medical marijuana dispensary and licensed
23 medical marijuana grower or licensed medical marijuana processor is
24 notified of the investigative results, such results may be used by

1 the Authority to take action against the licensee, assess fines, or
2 assess other civil penalties available to the Authority.

3 6. The Authority shall implement rules on sharing such
4 investigative results with any other law enforcement agencies or
5 regulatory authorities.

6 7. The Authority may elect to conduct further evaluations of
7 the investigative results at any time for verification or for other
8 purposes reasonably related to sanitation, public health, or public
9 safety.

10 ~~F.~~ G. The failure of any licensed medical marijuana business to
11 cooperate with the provisions of this section may result in the
12 revocation of the license at the discretion of the Authority.

13 ~~G.~~ H. Any secret shopper performing any provision of this
14 section shall not be required to fulfill licensing requirements of
15 Section 420 of this title for a patient license and shall be able to
16 enter a dispensary with appropriate authorization as determined by
17 the Authority.

18 I. The Authority shall implement rules necessary to enforce the
19 provisions of this ~~act~~ section.

20 SECTION 10. This act shall become effective November 1, 2023.

21

22 COMMITTEE REPORT BY: COMMITTEE ON ALCOHOL, TOBACCO AND CONTROLLED
23 SUBSTANCES, dated 04/13/2023 - DO PASS.

24