STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. ____

By:

COMMITTEE SUBSTITUTE

An Act relating to medical marijuana; creating the Oklahoma Medical Marijuana and Patient Protection Act; providing definitions; creating the Oklahoma Medical Marijuana Authority; directing Authority to address certain issues related to medical marijuana; providing for support staff and office space; stating duties of the Authority; authorizing employment of executive director and personnel; providing qualifications for positions; authorizing executive director to delegate powers and duties and suggest rules; granting the Authority and certain personnel specific peace officer powers; providing for confidentiality of records and information; creating the Oklahoma Medical Marijuana Authority Revolving Fund; providing sources of monies; appropriating monies for certain purposes; authorizing State Department of Health to address issues related to the medical marijuana program; allowing the Department to perform on-site assessments; establishing guidelines for conducting on-site assessments; providing disciplinary actions for certain violations; providing for the assessment of monetary penalties; allowing applicants and licensees to contest disciplinary actions; establishing hearing guidelines and procedures; providing for the creation of a medical marijuana use registry; stating requirements of use registry; providing for confidentiality of certain medical marijuana licensee records; clarifying possession rights of licensees; prohibiting counties and municipalities from enacting certain possession guidelines; allowing property owners to prohibit certain medical marijuana use; prohibiting denial of eligibility in government assistance programs solely for status as patient or caregiver; providing exception; prohibiting
restrictions on a licensee's right to own, purchase or possess firearms; prohibiting assessment of criminal or civil penalties to licensees who use medical marijuana in accordance with medical marijuana program; providing that government assistance programs are not required to reimburse certain costs; prohibiting employers from engaging in certain employment practices with applicants or employees that hold medical marijuana licenses; providing exceptions; construing act; stating remedies for aggrieved applicants or employees under certain act; defining terms; establishing restrictions for smoking or vaping medical marijuana under certain act; authorizing Department to contact recommending physicians to verify need; providing reduced fee for certain applicants; stating term of patient license; providing limitations on physicians who may recommend medical marijuana to patients; prohibiting assessment of criminal or civil penalties for physicians who recommend medical marijuana; prohibiting physician from co-locating with dispensary; providing for patient license revocation; stating rights of caregivers; limiting number of patients to be designated for caregivers; limiting term of license; stating guidelines and restrictions for homegrown medical marijuana plants; prohibiting use of certain extraction equipment or processes; requiring certain products to be purchased from Oklahoma-licensed businesses; granting Department oversight and audit responsibilities for medical marijuana program; providing inventory tracking system guidelines; creating medical marijuana business licenses; directing development of website for medical marijuana business applications; requiring Department to make medical marijuana business applications available on website; stating requirements, fee and licensing procedures for medical marijuana business applicants; directing applicants to submit certain information and documentation; exempting applicants from certain registration requirement; providing for approval or rejection of license; providing for investigations, interviews and inspections; providing certain approval and rejection procedures; requiring certain licenses and permits; providing for conditional license; excluding certain applicants; providing certain investigative procedures; providing certain
grounds for denial and disciplinary action; requiring compliance with certain building codes; requiring payment of fee before business begins operating; directing applicants to disclose certain financial information and documents; directing applicants to disclose ownership interests and capitalization amounts for the proposed business; requiring disclosure of certain documents; defining terms; authorizing refusal of incomplete applications; directing applicants to file certain documents with the Department; creating the medical marijuana transporter license; directing Department to receive applications and issue licenses for medical marijuana transporters; defining scope of license; providing procedures and guidelines for obtaining transporter licenses; requiring transporter licensees to maintain certain insurance coverage; directing transporters to use certain tracking system; establishing procedures for transporting medical marijuana or medical marijuana product; authorizing the Department to issue transporter agent licenses; stating fee; providing for the issuance of transporter agent identification card; stating contents of identification card; stating term of license; authorizing Department to revoke or suspend transporter licenses under certain circumstances; specifying vehicle requirements for transporters; requiring preparation of inventory manifests prior to transporting product; requiring certain information on inventory manifest; creating the medical marijuana testing laboratory license; authorizing the Department to develop certain testing and research practices; placing restrictions on who may own a testing laboratory; stating requirements and licensing procedures for medical marijuana testing laboratory applicants; providing for acceptance of samples; authorizing certain transfer; authorizing use of licensed transporters; directing laboratories to establish certain policies related to the integrity of testing processes; directing the Department to develop certain standards, policies and procedures; requiring laboratories to provide the Department with access to test reports and premises; providing for the retention of lab test results for time certain; specifying mandatory testing categories; requiring certain inspection and proficiency testing; providing for laboratory
accreditation; prohibiting sale or transfer of untested medical marijuana and medical marijuana products; prohibiting the sale or distribution of usable marijuana products unless packaged and labeled in certain manner; requiring return of noncompliant product; establishing certain packaging and labeling requirements; providing for development of packaging and labeling standards for medical marijuana; requiring certain information be displayed on the label; authorizing issuance of research license to certain persons; stating fee for license; allowing issuance of license for specific research purposes; stating criteria for obtaining a medical marijuana research license; providing limitations on the transfer of marijuana grown for research purposes; allowing for the revocation of research license under certain circumstances; authorizing research licensees to contract with institution of higher education; providing exemption from civil or criminal liability for licensed researchers who act in accordance with the medical marijuana program; requiring certain review for public institutions; creating the medical marijuana education facility license; stating purpose of license; stating fee for license; establishing purposes for which the license may be issued; directing applicant to submit certain information with application; providing for the revocation of license under certain circumstances; providing limitations on the transfer of marijuana grown for education purposes; authorizing education facility licensees to contract with higher education research institutions or other research licensees; providing exemption from civil or criminal liability; authorizing the Department to establish occupational licenses to certain persons; providing guidelines and procedures for obtaining an occupational license; directing the Department to issue occupational licenses and make the license applications available on its website; providing list of criteria for applicants seeking an occupational license; stating fees for occupational licenses; prohibiting medical marijuana businesses from engaging in deceptive, false or misleading advertising; prohibiting any form of advertising that targets individuals under a certain age; making certain records confidential and exempt from the Oklahoma Open Records Act; defining term; providing for promulgation and recommendation
of rules; providing for codification; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Medical Marijuana and Patient Protection Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.2 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in this act:

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

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

3. "Batch number" means a unique numeric or alphanumeric identifier assigned prior to testing to allow for inventory tracking and traceability;
4. "Cannabinoid" means any of the chemical compounds that are active principles of marijuana;

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

6. "Child-resistant" means special packaging that is:
   a. designed or constructed to be significantly difficult for children under five (5) years of age to open and not difficult for normal adults to use properly as defined by 16 C.F.R. 1700.15 (1995) and 16 C.F.R. 1700.20 (1995),
   b. opaque so that the outermost packaging does not allow the product to be seen without opening the packaging material, and
   c. resealable to maintain its child-resistant effectiveness for multiple openings for any product intended for more than a single use or containing multiple servings;

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

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

9. "Complete application" means a document prepared in accordance with the provisions set forth in this act, rules
promulgated pursuant thereto, and the forms and instructions
provided by the Department, including any supporting documentation
required and the applicable license application fee;

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

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

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

13. "Dispensary" means a medical marijuana dispensary, an
entity that has been licensed by the Department pursuant to this act
to purchase medical marijuana or medical marijuana products from a
licensed medical marijuana commercial grower or medical marijuana
processor, sell medical marijuana or medical marijuana products to
patients and caregivers as defined under this act, or sell or
transfer products to another dispensary;

14. "Edible medical marijuana product" means any medical-
marijuana-infused product for which the intended use is oral
consumption including, but not limited to, any type of food, drink
or pill;
15. "Entity" means an individual, general partnership, limited partnership, limited liability company, trust, estate, association, corporation, cooperative, or any other legal or commercial entity;

16. "Flower" means the reproductive organs of the marijuana or cannabis plant referred to as the bud or parts of the plant that are harvested and used to consume in a variety of medical marijuana products;

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

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

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

   a. the licensee or applicant has violated, does not meet, or has failed to comply with any of the terms, conditions or provisions of the act, any rules promulgated pursuant thereto, or any supplemental relevant state or local law, rule or regulation,
b. the licensee or applicant has failed to comply with any special terms or conditions that were placed upon the license pursuant to an order of the State Department of Health, Oklahoma Medical Marijuana Authority or the municipality, or
c. the licensed premises of a medical marijuana business or applicant have been operated in a manner that adversely affects the public health or welfare or the safety of the immediate vicinity in which the establishment is located;

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

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

22. "Heat/Pressure-based medical marijuana concentrate" means a medical marijuana concentrate that was produced by extracting cannabinoids from medical marijuana through the use of heat or pressure;

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

24. "Inventory tracking system" means the required tracking system that accounts for medical marijuana from either the seed or
immature plant stage until the medical marijuana or medical marijuana product is sold to a patient at a medical marijuana dispensary, transferred to a medical marijuana research facility, destroyed by a medical marijuana business or used in a research project by a medical marijuana research facility;

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

26. "Licensed premises" means the premises specified in an application for a medical marijuana business license, medical marijuana research facility license or medical marijuana education facility license pursuant to this act that are owned or in possession of the licensee and within which the licensee is authorized to cultivate, manufacture, distribute, sell, store, transport, test or research medical marijuana or medical marijuana products in accordance with the provisions of this act and rules promulgated pursuant thereto;

27. "Manufacture" means the production, propagation, compounding or processing of a medical marijuana product, excluding marijuana plants, either directly or indirectly by extraction from substances of natural or synthetic origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis;
28. "Marijuana" shall have the same meaning as such term is defined in Section 2-101 of Title 63 of the Oklahoma Statutes;

29. "Material change" means any change that would require a substantive revision to the standard operating procedures of a licensee for the cultivation or production of medical marijuana, medical marijuana concentrate or medical marijuana products;

30. "Mature plant" means a harvestable female marijuana plant that is flowering;

31. "Medical marijuana business (MMB)" means a licensed medical marijuana dispensary, medical marijuana processor, medical marijuana commercial grower, medical marijuana laboratory, medical marijuana business operator, or a medical marijuana transporter;

32. "Medical marijuana concentrate" or "concentrate" means a specific subset of medical marijuana that was produced by extracting cannabinoids from medical marijuana. Categories of medical marijuana concentrate include water-based medical marijuana concentrate, food-based medical marijuana concentrate, solvent-based medical marijuana concentrate, and heat- or pressure-based medical marijuana concentrate;

33. "Medical marijuana commercial grower" or "commercial grower" means an entity licensed to cultivate, prepare and package medical marijuana and transfer or contract for transfer medical marijuana to a medical marijuana dispensary, medical marijuana processor, any other medical marijuana commercial grower, medical
marijuana research facility, medical marijuana education facility and pesticide manufacturers. A commercial grower may sell seeds and immature plants directly to patients or caregivers pursuant to this act;

34. "Medical marijuana dispensary" or "dispensary" means an entity that is licensed pursuant to this act to operate a business as described in this act, and that sells medical marijuana and medical marijuana products to licensed patients or caregivers as defined in this section, but is not a caregiver;

35. "Medical marijuana education facility" or "education facility" means a person or entity approved pursuant to this act to operate a facility providing training and education to individuals involving the cultivation, growing, harvesting, curing, preparing, packaging or testing of medical marijuana, or the production, manufacture, extraction, processing, packaging or creation of medical-marijuana-infused products or medical marijuana products as described in this act;

36. "Medical-marijuana-infused product" means a product infused with medical marijuana including, but not limited to, edible products, ointments and tinctures. Such products shall not be considered a food or drug for purposes of the Oklahoma Public Health Code;

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

38. "Medical marijuana processor" means a person or entity licensed pursuant to this act to operate a business including the production, manufacture, extraction, processing, packaging or creation of concentrate, medical-marijuana-infused products or medical marijuana products as described in this act;

39. "Medical marijuana research facility" or "research facility" means a person or entity approved pursuant to this act to conduct medical marijuana research. A medical marijuana research facility is not a medical marijuana business;

40. "Medical marijuana testing laboratory" or "laboratory" means a public or private laboratory licensed pursuant to this act, to conduct testing and research on medical marijuana and medical marijuana products;

41. "Medical marijuana transporter" or "transporter" means a person or entity that is licensed pursuant to this act. A medical marijuana transporter does not include a medical marijuana business that transports its own medical marijuana, medical marijuana concentrate or medical marijuana products to a property or facility
adjacent to or connected to the licensed premises if the property is another licensed premises of the same medical marijuana business;

42. "Medical marijuana waste" or "waste" means unused, surplus, returned or out-of-date marijuana, plant debris of the plant of the genus Cannabis, including dead plants and all unused plant parts and roots;

43. "Medical use" means the acquisition, possession, use, delivery, transfer or transportation of medical marijuana, medical marijuana products, medical marijuana devices or paraphernalia relating to the administration of medical marijuana to treat a licensed patient;

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

45. "Occupational license" means a license granted to an owner or employee of a medical marijuana business pursuant to this act;

46. "Oklahoma physician" or "physician" means a physician licensed by and in good standing with the State Board of Medical Licensure and Supervision or the State Board of Osteopathic Examiners;

47. "Oklahoma resident" means an individual who can provide proof of residency as required by this act;
48. "Owner" means, except where the context otherwise requires and as further defined and described in this act, a direct beneficial owner including, but not limited to, all persons or entities as follows:

   a. all shareholders owning an interest of a corporate entity and all officers of a corporate entity,
   b. all partners of a general partnership,
   c. all general partners and all limited partners that own an interest in a limited partnership,
   d. all members that own an interest in a limited liability company,
   e. all beneficiaries that hold a beneficial interest in a trust and all trustees of a trust,
   f. all persons or entities that own interest in a joint venture,
   g. all persons or entities that own an interest in an association,
   h. the owners of any other type of legal entity, and
   i. any other person holding an interest or convertible note in any entity which owns, operates or manages a licensed facility;

49. "Package" or "packaging" means any container or wrapper that may be used by a medical marijuana business to enclose or contain medical marijuana;
50. "Person" means a natural person, partnership, association, business trust, company, corporation, estate, limited liability company, trust or any other legal entity or organization, or a manager, agent, owner, director, servant, officer or employee thereof, except that "person" does not include any governmental organization;

51. "Pesticide" means any substance or mixture of substances intended for preventing, destroying, repelling or mitigating any pest or any substance or mixture of substances intended for use as a plant regulator, defoliant or desiccant, except that the term "pesticide" shall not include any article that is a "new animal drug" as designated by the United States Food and Drug Administration;

52. "Production batch" means:
   a. any amount of medical marijuana concentrate of the same category and produced using the same extraction methods, standard operating procedures and an identical group of harvest batch of medical marijuana, or
   b. any amount of medical marijuana product of the same exact type, produced using the same ingredients, standard operating procedures and the same production batch of medical marijuana concentrate;
53. "Public institution" means any entity established or controlled by the federal government, state government, or a local government or municipality including, but not limited to, institutions of higher education or related research institutions;

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

55. "Recommendation" means a document that is signed or electronically submitted by a physician on behalf of a patient for the use of medical marijuana pursuant to this act;

56. "Registered to conduct business" means a person that has provided proof that the business applicant is in good standing with the Oklahoma Secretary of State and Oklahoma Tax Commission;

57. "Remediation" means the process by which the medical marijuana flower or trim, which has failed microbial testing, is processed into solvent-based medical marijuana concentrate and retested as required by this act;

58. "Research project" means a discrete scientific endeavor to answer a research question or a set of research questions related to medical marijuana and is required for a medical marijuana research license. A research project shall include a description of a defined protocol, clearly articulated goals, defined methods and outputs, and a defined start and end date. The description shall demonstrate that the research project will comply with all
requirements in this act and rules promulgated pursuant thereto.

All research and development conducted by a medical marijuana research facility shall be conducted in furtherance of an approved research project;

59. "Revocation" means the final decision by the Department that any license issued pursuant to this act is rescinded because the individual or entity does not comply with the applicable requirements set forth in this act or rules promulgated pursuant thereto;

60. "School" means a public or private preschool or a public or private elementary or secondary school used for school classes and instruction. A homeschool, daycare or child-care facility shall not be considered a "school" as used in this act;

61. "Shipping container" means a hard-sided container with a lid or other enclosure that can be secured in place. A shipping container is used solely for the transport of medical marijuana, medical marijuana concentrate, or medical marijuana products between medical marijuana businesses, a medical marijuana research facility, or a medical marijuana education facility;

62. "Solvent-based medical marijuana concentrate" means a medical marijuana concentrate that was produced by extracting cannabinoids from medical marijuana through the use of a solvent approved by the Department;
63. "State Question" means Oklahoma State Question No. 788, Initiative Petition No. 412, approved by a majority vote of the citizens of Oklahoma on June 26, 2018;

64. "Strain" means the classification of marijuana or cannabis plants in either pure sativa, indica, afghanica, ruderalis or hybrid varieties;

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

66. "Test batch" means with regard to usable marijuana, a homogenous, identified quantity of usable marijuana by strain that is harvested during a seven-day period from a specified cultivation area, and with regard to oils, vapors and waxes derived from usable marijuana, means an identified quantity that is uniform, that is intended to meet specifications for identity, strength and composition, and that is manufactured, packaged and labeled during a specified time period according to a single manufacturing, packaging and labeling protocol;

67. "Transporter agent" means a person who transports medical marijuana or medical marijuana products for a licensed transporter and holds a transporter agent license pursuant to this act;

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

69. "Usable marijuana" means the dried leaves, flowers, oils, vapors, waxes and other portions of the marijuana plant and any mixture or preparation thereof, excluding seed, roots and stalks; and

70. "Water-based medical marijuana concentrate" means a concentrate that was produced by extracting cannabinoids from medical marijuana through the use of only water, ice, or dry ice.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.3 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Oklahoma Medical Marijuana Authority within the State Department of Health which shall address issues related to the medical marijuana program in Oklahoma including, but not limited to, the issuance of patient licenses, medical marijuana business licenses and occupational licenses, and the dispensing, cultivating, processing, testing, transporting, storage, research, and the use of and sale of medical marijuana pursuant to this act.

B. The Department shall provide support staff to perform designated duties of the Authority. The Department shall also provide office space for meetings of the Authority.
C. The Department shall implement the provisions of this act consistently with the voter-approved State Question No. 788, Initiative Petition No. 412, subject to the provisions of this act.

D. The Authority shall exercise its respective powers and perform its respective duties and functions as specified in this act and Title 63 of the Oklahoma Statutes including, but not limited to, the following:

1. Determine steps the state shall take, whether administrative or legislative in nature, to ensure that research on marijuana and marijuana products is being conducted for public purposes, including the advancement of:
   a. public health policy and public safety policy,
   b. agronomic and horticultural best practices, and
   c. medical and pharmacopoeia best practices;

2. Contract with third-party vendors and other governmental entities in order to carry out the respective duties and functions as specified in this act. The selected vendor shall have experience performing similar functions for a medical marijuana statewide regulatory program. The Authority shall not contract with any vendor providing commercial services to medical marijuana businesses either directly, through affiliates, or any joint venture or subsidiary;

3. Hear and determine at a public hearing any contested license denial and any complaints against a licensee;
4. Administer oaths and issue subpoenas to require the presence of persons and the production of papers, books and records necessary to the determination of any hearing so held, all in accordance with this section, Title 63 of the Oklahoma Statutes, rules promulgated by the State Commissioner of Health and any other statutory and regulatory laws regarding marijuana;

5. Upon complaint or upon its own motion and upon a completed investigation, levy fines as prescribed in this act and suspend or revoke licenses pursuant to this act;

6. Issue subpoenas for the appearance or production of persons, records and things in connection with disciplinary or contested cases considered by the Department;

7. Apply for injunctive or declaratory relief to enforce the provisions of this section and any rules promulgated pursuant to this section;

8. Inspect and examine, with notice provided in accordance with this act, all licensed premises of medical marijuana businesses, research facilities and education facilities in which medical marijuana is cultivated, manufactured, sold, stored, transported, tested or distributed;

9. Work with the Oklahoma State Banking Department and the State Treasurer to develop good practices and standards for banking and finance for medical marijuana businesses;
10. Establish internal control procedures for licenses including accounting procedures, reporting procedures and personnel policies;

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

12. Require verification for sources of finance for medical marijuana businesses; and

13. Prescribe voluntary alternative methods for the making, filing, signing, subscribing, verifying, transmitting, receiving or storing of returns or other documents.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.4 of Title 63, unless there is created a duplication in numbering, reads as follows:

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

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

1. The individual has a direct or indirect interest in a licensed medical marijuana business; or
2. The individual or his or her spouse, parent, child, spouse of a child, sibling, or spouse of a sibling has an application for a medical marijuana business license pending before the Department or is a member of the board of directors of a medical marijuana business, or is an individual financially interested in any licensee or medical marijuana business.

C. All officers and employees of the Authority shall be in the exempt unclassified service as provided for in Section 840-5.5 of Title 74 of the Oklahoma Statutes. Officers and employees of the Authority shall not be terminable except for cause as defined by the State Commissioner of Health.

D. The Executive Director may delegate to any officer or employee of the Authority any of the powers of the Executive Director and may designate any officer or employee of the Authority to perform any of the duties of the Executive Director.

E. The Executive Director shall be authorized to suggest rules governing the oversight and implementation of this act.

F. The Authority is hereby authorized to create employment positions necessary for the implementation of its obligations pursuant to this act, including but not limited to Authority investigators and a senior director of enforcement. The Authority, the senior director of enforcement, the Executive Director, and Department investigators shall have all the powers of any peace officer to:
1. Investigate violations or suspected violations of this act and any rules promulgated pursuant thereto;

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

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

4. Require any business licensee, upon twenty-four (24) hours notice or upon a showing of necessity, to permit an inspection of licensed premises during business hours or at any time of apparent operation, marijuana equipment, and marijuana accessories, or books and records; and to permit the testing of or examination of medical marijuana, concentrate, or product; and

5. Require applicants to submit complete and current applications, information required by this act and fees, and approve material changes made by the applicant or licensee.

G. Authority employees shall maintain the confidentiality of all records and information.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.5 of Title 63, unless there is created a duplication in numbering, reads as follows:
There is hereby created in the State Treasury a revolving fund for the State Department of Health to be designated the "Oklahoma Medical Marijuana Authority Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Department from fees and fines collected pursuant to this act and all monies received by the Oklahoma Tax Commission from tax proceeds collected pursuant to Section 426 of Title 63 of the Oklahoma Statutes. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Department for the purposes set forth in Section 426 of Title 63 of the Oklahoma Statutes. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.6 of Title 63, unless there is created a duplication in numbering, reads as follows:

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

B. 1. The Department or its designee may perform on-site assessments of a licensee or applicant for any medical marijuana
business license issued pursuant to this act to determine compliance
with this act or submissions made pursuant to this section. The
Department may enter the licensed premises of a medical marijuana
business licensee or applicant to assess or monitor compliance.

2. Inspections shall be limited to twice per calendar year and
twenty-four (24) hours of notice shall be provided to a medical
marijuana business applicant or licensee prior to an on-site
assessment. However, additional inspections may occur when the
Department shows that an additional inspection is necessary due to a
violation of this act. Such inspection may be without notice if the
Department believes that such notice will result in the destruction
of evidence.

3. The Department may review relevant records of a licensed
medical marijuana business, licensed medical marijuana research
facility or licensed medical marijuana education facility, and may
require and conduct interviews with such persons or entities and
persons affiliated with such entities, for the purpose of
determining compliance with Department requirements and applicable
laws. However, prior to conducting any interviews with the medical
marijuana business, research facility or education facility, the
licensee shall be afforded sufficient time to secure legal
representation during such questioning if requested by the business
or facility or any of its agents or employees or contractors.
4. The Department shall refer complaints alleging criminal activity that are made against a licensee to appropriate Oklahoma state or local law enforcement authorities.

C. Disciplinary action may be taken against an applicant or licensee under this act for not adhering to the law pursuant to the terms, conditions and guidelines set forth in this act.

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

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

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

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

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

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

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

6. Failure to correct any violation of this section cited as a result of a review or audit of financial records or other materials;
7. Failure to comply with requested access by the Department to
the licensed premises or materials;

8. Failure to pay a required monetary penalty;

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

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

11. Any other basis as identified by the Department.

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

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

H. 1. First offense for intentional and impermissible
diversion of medical marijuana, concentrate, or products by a
patient or caregiver to an unauthorized person shall not be punished
under a criminal statute but may be subject to a fine of Two Hundred
Dollars ($200.00).
2. The second offense for impermissible diversion of medical marijuana, concentrate, or products by a patient or caregiver to an unauthorized person shall not be punished under a criminal statute but may be subject to a fine of not to exceed Five Hundred Dollars ($500.00) and may result in revocation of the license upon a showing that the violation was willful or grossly negligent.

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

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

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

3. An applicant for a license issued under this act whose application is denied for any reason other than failure to submit a completed application or failure to meet a submittal requirement; and

4. A person whose participation with an applicant or licensee is prohibited based on a criminal background check.
K. The appellant shall file the request for hearing within thirty (30) calendar days of the date the action is taken or the notice of contemplated action is received. The request shall:

1. Be properly addressed to the State Department of Health;
2. State the name, address and telephone number of the appellant; and
3. Include a statement of the issue that the appellant considers relevant to the review of the action.

L. All hearings held pursuant to this section shall be:

1. Conducted by a hearing officer appointed by the Department;
2. Conducted in Oklahoma City, Oklahoma, or, with the consent of the parties, in another location;
3. Due to federal and state confidentiality laws, closed to the public. Portions of hearings may further be closed to prevent the disclosure of confidential information;
4. Recorded on audiotape or other means of sound reproduction;

and

5. Held telephonically with the consent of the parties.

M. The Department shall schedule and hold the hearing as soon as practicable, but in no event later than sixty (60) calendar days from the date the Department receives a request for a hearing by an appellant. The hearing examiner shall extend the sixty-day time period upon motion for good cause shown or the parties may extend
the sixty-day time period by mutual agreement. The Department shall issue notice of hearing, which shall include:

1. A statement of the location, date and time of the hearing;

2. A short and plain statement of the legal authority under which the hearing is to be held; and

3. A short and plain statement of the subject of the hearing.

N. All parties shall be given the opportunity to respond and present evidence and argument on all relevant issues.

O. The record of the proceeding shall include the following:

1. All pleadings, motions and intermediate rulings;

2. Evidence and briefs received or considered;

3. A statement of matters officially noticed;

4. Offers of proof, objections and rulings thereon;

5. Proposed findings and conclusions; and

6. Any action recommended by the hearing examiner.

P. A party may request a copy of the audio recording of the proceedings.

Q. A party may be represented by a person licensed to practice law in Oklahoma, a nonlawyer representative, or may represent himself or herself.

R. 1. The rules of evidence as applied in the courts shall not apply in these proceedings. Any relevant evidence shall be admitted. Irrelevant, immaterial or unduly repetitious evidence may be excluded.
2. The experience, technical competence and specialized knowledge of the hearing examiner, the Department or the staff of the Department may be used in the evaluation of evidence.

3. The failure of an appellant to appear at the hearing at the date and time noticed for the hearing shall constitute a default.

S. Unless the hearing examiner determines that a different procedure is appropriate, the hearing shall be conducted in accordance with the procedures set forth in this section. The following procedures shall apply:

1. The appellant shall present an opening statement and the Department may present an opening statement or reserve the statement until presentation of the case of the Department;

2. After the opening statements, if made, the appellant shall present its case;

3. Upon the conclusion of the case of the appellant, the Department shall present its case;

4. Upon conclusion of the case of the Department, the appellant may present rebuttal evidence; and

5. After presentation of the evidence by the parties, the parties may present closing arguments.

T. The appellant shall bear the burden of establishing by a preponderance of the evidence that the decision made or proposed by the Department should be reversed or modified.
U. The hearing examiner may grant a continuance for good cause shown. A motion to continue a hearing shall be made at least ten (10) calendar days before the hearing date, unless emergency circumstances arise.

V. 1. Any party requesting a telephonic hearing shall do so no less than ten (10) business days prior to the date of the hearing. Notice of the telephonic hearing shall be given to all parties and shall include all necessary telephone numbers.

2. The appellant shall be responsible for ensuring the telephone number to the location of the appellant for the telephonic hearing is accurate and the appellant is available at the telephone number at the time the hearing is to commence. Failure to provide the correct telephone number or failure to be available at the commencement of the hearing shall be treated as a failure to appear and shall subject the appellant to a default judgment.

3. The in-person presence of some parties or witnesses at the hearing shall not prevent the participation of other parties or witnesses by telephone with prior approval of the hearing examiner.

W. The parties may submit briefs including findings of fact and conclusions of law for consideration by the hearing examiner.

X. No later than thirty (30) calendar days after the last submission by a party, the hearing examiner shall prepare and submit to the Department or designee of the Department a written recommendation of action to be taken by the Department or designee.
of the Department. The recommendation shall propose sustaining, modifying or reversing the action or proposed action of the Department.

Y. The Department or designee of the Department shall issue a final written decision accepting or rejecting the recommendation of the hearing examiner in whole or in part no later than thirty (30) calendar days after receipt of the recommendation of the hearing examiner. The final decision shall identify the final action taken. Service of the final decision of the Department or designee of the Department shall be made upon the appellant by registered or certified mail.

Z. The final decision or order shall be included in the file of the appellant with the medical marijuana program.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.7 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The State Department of Health shall create a medical marijuana use registry of patients and caregivers as provided under this section. The handling of any records maintained in the registry shall comply with all relevant state and federal laws including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. The medical marijuana use registry shall be accessible to Oklahoma-licensed medical marijuana dispensaries to verify the
license of a patient or caregiver by the twenty-four-character identifier.

C. All other records regarding a medical marijuana licensee shall be maintained by the Department and shall be deemed confidential. The handling of any records maintained by the Department shall comply with all relevant state and federal laws including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Such records shall be marked as confidential, shall not be made available to the public and shall only be made available to the licensee, designee of the licensee, any physician of the licensee or the caregiver of the licensee. No personally identifiable information, as defined under HIPAA, shall be stored at the Department.

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

E. The Department shall ensure that all application records and information are sealed to protect the privacy of medical marijuana patient license applicants.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.8 of Title 63, unless there is created a duplication in numbering, reads as follows:

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

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

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

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

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

F. A medical marijuana patient or caregiver in actual possession of a medical marijuana license shall not be subject to arrest, prosecution or penalty in any manner or denied any right, privilege or public assistance, under state law or municipal or county ordinance or resolution including without limitation a civil penalty or disciplinary action by a business, occupational or professional licensing board or bureau, for the medical use of marijuana in accordance with this act.
G. A government medical assistance program shall not be required to reimburse a person for costs associated with the medical use of marijuana unless federal law requires reimbursement.

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

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

2. No employer may refuse to hire, discipline, discharge or otherwise penalize an applicant or employee solely on the basis of a positive test for marijuana components or metabolites, unless:
   a. the applicant or employee is not in possession of a valid medical marijuana license,
   b. the licensee possesses, consumes or is under the influence of medical marijuana or medical marijuana product while at the place of employment or during the fulfillment of employment obligations, or
   c. the position is one involving safety-sensitive job duties, as such term is defined in subsection T of this section.

I. Nothing in this act or Section 420 et seq. of Title 63 of the Oklahoma Statutes shall:
1. Require an employer to permit or accommodate the use of medical marijuana on the property or premises of any place of employment or during hours of employment;

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

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

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

K. As used in this section:

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

   a. the handling, packaging, processing, storage, disposal or transport of hazardous materials,
b. the operation of a motor vehicle, other vehicle, equipment, machinery or power tools,

c. repairing, maintaining or monitoring the performance or operation of any equipment, machinery or manufacturing process, the malfunction or disruption of which could result in injury or property damage,

d. performing duties in the residential or commercial premises of a customer, supplier or vendor,

e. the operation, maintenance or oversight of critical services and infrastructure, including but not limited to, electric, gas, and water utilities, power generation or distribution,

f. the extraction, compression, processing, manufacturing, handling, packaging, storage, disposal, treatment or transport of potentially volatile, flammable, combustible materials, elements, chemicals or any other highly regulated component,

g. preparing or handling food or medicine,

h. carrying a firearm, or

i. direct patient care or direct child care; and

2. A "positive test for marijuana components or metabolites" means a result that is at or above the cutoff concentration level established by the United States Department of Transportation or
Oklahoma law regarding being under the influence, whichever is lower.

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

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.9 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department may contact the recommending physician of an applicant for a medical marijuana license to verify the need of the applicant for the license.

B. An applicant for a medical marijuana license who can demonstrate his or her status as a one-hundred-percent-disabled veteran as determined by the U.S. Department of Veterans Affairs and codified at 38 C.F.R., Section 3.340(a)(2013) shall pay a reduced application fee of Twenty Dollars ($20.00). The methods of payment, as determined by the Department, shall be provided on the website. However, the Department shall ensure that all applicants have an option to submit the license application and payment by means other than solely by submission of the application and fee online.
C. The patient license shall be valid for up to two (2) years from the date of issuance, unless the recommendation of the physician is terminated pursuant to this act or revoked by the Department.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.10 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Only licensed Oklahoma allopathic and osteopathic physicians may provide a medical marijuana recommendation for a medical marijuana patient license under this act.

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

C. No physician shall be subject to arrest, prosecution or penalty in any manner or denied any right or privilege under Oklahoma state, municipal or county statute, ordinance or resolution, including without limitation a civil penalty or disciplinary action by the State Board of Medical Licensure and Supervision or the State Board of Osteopathic Examiners or by any other business, occupation or professional licensing board or bureau, solely for providing a medical marijuana recommendation for a patient or for monitoring, treating or prescribing scheduled medication to patients who are medical marijuana licensees. The
provisions of this subsection shall not prevent the relevant
professional licensing boards from sanctioning a physician for
failing to properly evaluate the medical condition of a patient or
for otherwise violating the applicable physician-patient standard of
care.

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

E. If, after a physician completes a follow-up examination and
review pursuant to this section, the physician determines the
continued use of medical marijuana by the patient no longer meets
the requirements set forth in this act, the physician shall notify
the Department and the Department shall immediately revoke the
license.

SECTION 11. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 427.11 of Title 63, unless there
is created a duplication in numbering, reads as follows:

A. The caregiver license shall provide the caregiver the same
rights as the medical marijuana patient licensee, including the
ability to possess marijuana, marijuana products, and mature and
immature plants pursuant to this act, but excluding the ability to
use marijuana or marijuana products unless the caregiver has a
medical marijuana patient license. Caregivers shall be authorized
to deliver marijuana and products to their authorized patients.
Caregivers shall be authorized to possess medical marijuana and
medical marijuana products up to the sum of the possession limits for the patients under his or her care pursuant to this act.

   B. An individual caregiver shall be limited to exercising the marijuana cultivation rights of no more than five licensed patients as prescribed by this act.

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

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.12 of Title 63, unless there is created a duplication in numbering, reads as follows:

   A. All medical marijuana grown by medical marijuana patient license holders or caregivers may only be grown on real property owned by the patient license holder or on real property for which the patient license holder has the property owner's written permission to grow marijuana on the property.

   B. All medical marijuana plants grown by a patient or caregiver shall be grown so that the marijuana is not accessible to a member of the general public. No marijuana plants shall be visible from any street adjacent to the property. For purposes of this section, "visible" means viewable by a normal person with 20/20 eyesight without the use of any device to assist in improving viewing distance or vantage point.
C. It is expressly prohibited to operate extraction equipment or utilize extraction processes if the equipment or process utilizes butane, propane, carbon dioxide or any potentially hazardous material in a residential property.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.13 of Title 63, unless there is created a duplication in numbering, reads as follows:

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

B. 1. The State Department of Health shall have oversight and auditing responsibilities to ensure that all marijuana being grown in Oklahoma is accounted for and shall implement an inventory tracking system. Pursuant to these duties, the Department shall require that each medical marijuana business keep records for every transaction with another medical marijuana business, patient or caregiver. Inventory shall be tracked and updated after each individual sale and reported to the Department.

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

   a. notification of when marijuana seeds are planted,
b. notification of when marijuana plants are harvested and destroyed,

c. notification of when marijuana is transported, sold, stolen, diverted or lost,

d. a complete inventory of all marijuana, seeds, plant tissue, clones, plants, usable marijuana or trim, leaves and other plant matter, batches of extract, and marijuana concentrates,

e. all samples sent to a testing laboratory, an unused portion of a sample returned to a licensee, all samples utilized by licensee for purposes of negotiating a sale, and

f. all samples used for quality testing by a licensee.

3. Each medical marijuana business shall use a seed-to-sale tracking system or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Department.

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

   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.

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 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.14 of Title 63, unless there is created a duplication in numbering, reads as follows:

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

1. Medical marijuana commercial grower;
2. Medical marijuana processor;
3. Medical marijuana dispensary;
4. Medical marijuana transporter; and
5. Medical marijuana testing laboratory.
B. The State Department of Health, with the aid of the Office of Management and Enterprise Services, shall develop a website for medical marijuana business applications.

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

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

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

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

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

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

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

5. All applications shall include all attachments or supplemental information required by the forms supplied by the Department;
6. All applications shall be accompanied by a full remittance for the whole amount of the application fees. Application fees are nonrefundable;

7. All applicants shall be approved for licensing review that, at a minimum, meets the following criteria:
   a. all applicants shall be age twenty-five (25) or older,
   b. any applicant applying as an individual shall show proof that the applicant is an Oklahoma resident pursuant to paragraph 11 of this subsection,
   c. any applicant applying as an entity shall show that seventy-five percent (75%) of all members, managers, executive officers, partners, board members, or any other form of business ownership are Oklahoma residents pursuant to paragraph 11 of this subsection,
   d. all applying individuals or entities shall be registered to conduct business in the State of Oklahoma,
   e. all applicants shall disclose all ownership interests pursuant to this act, and
   f. applicants shall not have been convicted of a nonviolent felony in the last two (2) years, and any other felony conviction within the last five (5) years, shall not be current inmates, or currently incarcerated in a jail or corrections facility;
8. There shall be no limit to the number of medical marijuana business licenses or categories that an individual or entity can apply for or receive, although each application and each category shall require a separate application and application fee. A commercial grower, processor and dispensary, or any combination thereof, are authorized to share the same address or physical location, subject to the restrictions set forth in this act;

9. All applicants for a medical marijuana business license, related occupational license, research facility license, or education facility license authorized by this act shall undergo an Oklahoma criminal history background check conducted by the Oklahoma State Bureau of Investigation (OSBI) within thirty (30) days prior to the application for the license, including:
   a. individual applicants applying on their own behalf,
   b. individuals applying on behalf of an entity,
   c. all principal officers of an entity, and
   d. all owners of an entity as defined by this act;

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

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

a. an unexpired Oklahoma-issued driver license,

b. an Oklahoma voter identification card,

c. a utility bill preceding the date of application, excluding cellular telephone and internet bills,

d. a residential property deed to property in the State of Oklahoma, and

e. a rental agreement preceding the date of application for residential property located in the State of Oklahoma;

12. No license applicant shall be required to submit a registration with the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control as provided in Sections 2-202 through 2-204 of Title 63 of the Oklahoma Statutes;

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

a. front and back of an Oklahoma driver license,

b. front and back of an Oklahoma identification card,

c. a United States passport or other photo identification issued by the United States government,
d. certified copy of the applicant's birth certificate for minor applicants who do not possess a document listed in this section, or
e. a tribal identification card approved for identification purposes by the Oklahoma Department of Public Safety; and

14. All applicants shall submit an applicant photograph.

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

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

2. Approved applicants shall be issued a medical marijuana business license for the specific category applied under which shall act as proof of their approved status. Rejection letters shall provide a reason for the rejection. Applications may only be rejected based on the applicant not meeting the standards set forth in the provisions of this section, improper completion of the application, or for a reason provided for in this act. If an application is rejected for failure to provide required information, the applicant shall have thirty (30) days to submit the required
information for reconsideration. No additional application fee shall be charged for such reconsideration.

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

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

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

I. In the event that an applicant has not received the necessary permits, certificates or licenses from a municipality, but the applicant has fulfilled all other obligations required by this act, the Authority shall grant a conditional license. A conditional license shall remain valid for a period of one (1) year or until the applicant obtains the necessary local permits, certificates or licenses. An applicant shall not transfer any medical marijuana, concentrate or products to a medical marijuana business, patient or caregiver until approval is received from the Department.
J. A medical marijuana business license, excluding occupational licenses, shall not be issued to or held by:

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

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

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

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

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

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

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

6. A sheriff, deputy sheriff, police officer or prosecuting officer, or an officer or employee of the Department, Authority or municipality;

7. A person whose authority to be a caregiver as defined in this act has been revoked by the Department; or
8. A publicly traded company.

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

L. The failure of an applicant to provide the requested information by the Department deadline may be grounds for denial of the application.

M. All applicants shall submit information to the Department in a full, faithful, truthful and fair manner. The Department may recommend denial of an application where the applicant made misstatements, omissions, misrepresentations or untruths in the application or in connection with the background investigation of the applicant. This type of conduct may be considered as the basis for additional administrative action against the applicant. Typos and scrivener errors shall not be grounds for denial.
N. A licensed medical marijuana business premises shall be subject to and responsible for compliance with applicable provisions for medical marijuana business facilities as described in the most recent versions of the Oklahoma Uniform Building Code, the International Building Code and the International Fire Code, unless granted an exemption by the Authority or municipality.

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

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.15 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. In recognition of the federal restrictions currently in place regarding lending agreements, financial services and banking relationships with medical marijuana businesses, an applicant shall disclose the sources and total amount of capitalization available to operate and maintain a proposed medical marijuana business.

B. An applicant shall provide proof to the State Department of Health the sources of the capitalization as follows:

1. Liquid assets to include, but not limited to, cash, assets easily convertible to cash, including, but not limited to cash, Certificates of Deposit, 401(k), stocks and bonds;
2. Additional assets including, but not limited to, equity in real property, supplies, equipment, fixtures or any other nonliquid asset;

3. No lien or encumbrance on the asset provided as a source of capitalization; and

4. A disclosure by the applicant that any of the capitalization sources that arise from non-Oklahoma or foreign sources shall be validated by certified-professional-accountant-attested financial statements.

C. All applications shall include all information required by this section related to all owners with financial interests in the project of the applicant including, but not limited to, the proposed direct beneficial interest owners, indirect beneficial interest owners, and qualified limited passive investors of the applicant.

D. The sum of ownership in a medical marijuana business license shall equal one hundred percent (100%). At least seventy-five percent (75%) of the total sum of ownership shall be held by Oklahoma residents. No more than twenty-five percent (25%) of ownership or equity in a medical marijuana business license shall be held by a non-Oklahoma resident.

E. For purposes of this section:

1. "Affiliated interest" means any business interest related to a medical marijuana business that does not rise to the level of a financial interest in a medical marijuana business license. An
affiliated interest may include, but shall not be limited to, an indirect beneficial interest owner that is not a financial interest, an indirect financial interest, a lease agreement, a secured or unsecured loan, or security interest in fixtures or equipment with a direct nexus to the cultivation, manufacture, transfer, transportation or testing of medical marijuana or medical marijuana products. Except as otherwise provided by this act, or rules promulgated pursuant thereto, an affiliated interest holder shall neither exercise control of nor be positioned to enable the exercise of control over the medical marijuana business or its operations. A medical marijuana business shall report each of its affiliated interests to the Department with each application for initial licensure, renewal, change of ownership or change of corporate structure;

2. "Business interest" means any person that holds a financial interest or an affiliated interest in a medical marijuana business;

3. "Closely held business entity" means an entity that has no more than fifteen shareholders, officers, directors, members, partners or owners, each of whom are natural persons, and each of whom is a United States citizen prior to the date of application. There shall be no publicly traded market for interests in the entity. A closely held business entity and each of the natural persons who are its shareholders, officers, directors, members, partners or owners are direct beneficial interest owners. A closely
held business entity is an associated business of the medical marijuana business for which it is a direct beneficial interest owner;

4. "Financial interest" means any direct beneficial interest owner who receives more than twenty-five percent (25%) of the gross revenue or gross profit, a permitted economic interest holder, and any other person who controls or is positioned so as to enable the exercise of control over the medical marijuana business;

5. "Indirect beneficial interest owner" means a holder of a permitted economic interest, a profit-sharing plan employee, a qualified institutional investor, or another similarly situated person as determined by the Department. An indirect beneficial interest owner is not a licensee. The licensee shall obtain Department approval for an indirect beneficial owner that constitutes a financial interest before such indirect beneficial interest owner may exercise any of the privileges of the ownership or interest with respect to the licensee;

6. "Owner" means, except where the context otherwise requires, a direct beneficial interest owner;

7. "Permitted economic interest" means an agreement to obtain ownership interest in a medical marijuana business when the holder of such interest is a natural person who is a lawful United States resident and whose right to convert into an ownership interest is contingent on the holder qualifying and obtaining a license as a
direct beneficial interest owner under this act. A permitted
economic interest holder is an indirect beneficial interest owner;

8. "Profit-sharing plan" means a profit-sharing plan that is
qualified pursuant to Section 401 of Title 26 of the Internal
Revenue Code and subject to the Employee Retirement Income Security
Act, and which provides for employer contributions in the form of
cash, but not in the form of stock or other equity interests in a
medical marijuana business;

9. "Profit-sharing plan employee" means an employee holding an
occupational license who receives a share of the profits of a
medical marijuana business through a profit-sharing plan. A profit-
sharing plan employee is an indirect beneficial interest owner; and

10. "Qualified institutional investor" means:
   a. a bank as defined in Section 3(a)(6) of the Federal
      Securities Exchange Act of 1934, as amended,
   b. an insurance company as defined in Section 2(a)(17) of
      the Investment Company Act of 1940, as amended,
   c. an investment company registered under Section 8 of
      the Investment Company Act of 1940, as amended,
   d. an investment adviser registered under Section 203 of
      the Investment Advisers Act of 1940, as amended,
   e. collective trust funds as defined in Section 3(c)(11)
      of the Investment Company Act of 1940, as amended,
f. an employee benefit plan or pension fund that is subject to the Employee Retirement Income Security Act of 1974, as amended, excluding an employee retirement plan or pension fund sponsored by a licensed or an intermediary or holding company licensee which directly or indirectly owns five percent (5%) or more of a licensee,
g. a state or federal government pension plan, or
h. a group comprised entirely of persons specified in divisions (a) through (g) of this definition, and
i. a "qualified institutional investor" is an indirect beneficial interest owner.

F. At a minimum, each applicant for a new license or registration shall provide, at the time of application, the following information:

1. For each ownership interest, evidence of proof of lawful presence, citizenship, if applicable, residence, if applicable, and a criminal background check as required by the forms prescribed by the Department;

2. For each medical marijuana business applicant, all requested information concerning financial and management associations and interests of other persons in the business;

3. If the applicant for any license pursuant to this act is a closely held business entity it shall submit with the application:
a. the applications for all shareholders, members, partners, officers and directors,
b. if the closely held business entity is a corporation, a copy of its articles of incorporation or articles of organization, evidence of authorization from the Oklahoma Secretary of State to do business within this state, and, for each shareholder, his or her name, mailing address, state of residence and certification of Oklahoma residency for at least one officer and all officers with day-to-day operational control over the business, and
c. if the closely held business entity is a limited liability company, a copy of its articles of organization and its operating agreement, evidence of authorization from the Oklahoma Secretary of State to do business within this state, and, for each member, his or her name, mailing address, state of residence and certification of Oklahoma residency for at least one officer and all officers with day-to-day operational control over the business; and

4. For each medical marijuana business applicant, documentation verifying and confirming the funds used to start or sustain the operation of the medical marijuana business were lawfully earned or obtained.
G. All applications to reinstate a license or registration shall be deemed an application for a new license or registration. Such licenses shall include, but not be limited to, medical marijuana business licenses or registrations that have been expired for more than ninety (90) days, licenses or registrations that have been voluntarily surrendered, and licenses that have been revoked.

H. The Department may refuse to accept an incomplete application.

I. Each financial interest is void and of no effect unless and until approved by the Department. A financial interest shall not exercise any privilege associated with the proposed interest until approved by the Department. Any violation of this requirement may be considered a license or registration violation affecting public safety.

J. 1. The medical marijuana business seeking to obtain financing or otherwise establish any type of relationship with an indirect beneficial interest owner, including a permitted economic interest, a profit-sharing plan employee, or a qualified institutional investor, shall file all required documents with the Department, including any supplemental documents requested by the Department during its review of the application.

2. A medical marijuana business applying for approval of any type of indirect beneficial interest owner shall submit information to the Department in a full, faithful, truthful and fair manner.
The Department may recommend denial of an application where any party made misstatements, omissions, misrepresentations or untruths in the application or in connection with the background investigation of the proposed indirect beneficial interest owner. This type of conduct may be considered as the basis for additional administrative action against the medical marijuana business.

3. The medical marijuana business applicant seeking to obtain financing from a permitted economic interest shall submit a copy of the agreement between the medical marijuana business and the person seeking to hold a permitted economic interest. The following requirements shall apply to all agreements:

a. the agreement shall be complete and shall fully incorporate all terms and conditions,

b. the following provisions shall be included in the agreement:

(1) any interest in a medical marijuana business, whether held by a permitted economic interest or any other person, shall be acquired in accordance with the provisions of this act, as applicable, and the rules promulgated pursuant thereto. The issuance of any agreement or other interest in violation thereof shall be void. The permitted economic interest holder shall not provide funding to the medical marijuana business until
the permitted economic interest is approved by
the Department,

(2) no agreement or other interest issued by the
medical marijuana business and no claim or charge
therein or thereto shall be transferred except in
accordance with the provisions of this act as
applicable, and the rules promulgated pursuant
thereto. Any transfer in violation thereof shall
be void, and

(3) the permitted economic interest holder shall
disclose in writing to the Department and to the
medical marijuana business any and all
disqualifying events, within ten (10) days after
occurrence of the event, that could lead to a
finding that the holder no longer qualifies to
hold the permitted economic interest or that
could lead to a denial of licensure pursuant to
this act and any rules promulgated pursuant
thereto.

4. Before a medical marijuana business may permit a qualified
institutional investor to own any portion of the medical marijuana
business, the medical marijuana business shall submit the following
documentation to the Department in connection with the medical
marijuana business' application:
a. a description of the qualified institutional investor's business,

b. a statement as to why the qualified institutional investor meets the definition of qualified institutional investor, and

c. the names of each person that beneficially owns any of the qualified institutional investor's voting securities or other equivalent.

5. The permitted economic interest holder, profit-sharing plan employee and qualified institutional investor knowingly, freely and voluntarily waive any right or claim to seek any independent review or approval or denial of their interest by the Department, or of an administrative action against the medical marijuana business, that is based upon, or directly related to, the qualifications or actions of the permitted economic interest, and expressly agree that the only administrative or judicial review of such a determination or action will occur through a licensing or enforcement proceeding for the medical marijuana business.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.16 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a medical marijuana transporter license as a category of the medical marijuana business license.
B. Pursuant to Section 424 of Title 63 of the Oklahoma Statutes, the State Department of Health shall issue a medical marijuana transporter license to licensed medical marijuana commercial growers, processors and dispensaries upon issuance of such licenses and upon each renewal.

C. A medical marijuana transporter license may also be issued to qualifying applicants who are registered with the Oklahoma Secretary of State and otherwise meet the requirements for a medical marijuana business license set forth in this act and the requirements set forth in this section to provide logistics, distribution and storage of medical marijuana, medical marijuana concentrate and medical marijuana products.

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

E. A transporter license shall be required for any person or entity to transport or transfer medical marijuana, concentrate or product from a licensed medical marijuana business to another medical marijuana business, or from a medical marijuana business to a medical marijuana research facility or medical marijuana education facility.
F. A medical marijuana transporter licensee may contract with multiple licensed medical marijuana businesses.

G. Each licensed medical marijuana transporter shall maintain a vehicle liability insurance policy of at least One Million Dollars ($1,000,000.00).

H. Each licensed medical marijuana transporter shall maintain an umbrella liability insurance policy of at least Five Million Dollars ($5,000,000.00) if operating more than one delivery vehicle.

I. A medical marijuana transporter may maintain a licensed premises to temporarily store medical marijuana, concentrate and products and to use as a centralized distribution point. A medical marijuana transporter may store and distribute medical marijuana, concentrate and products from the licensed premises. The licensed premises shall meet all security requirements applicable to a medical marijuana business.

J. A medical marijuana transporter licensee shall use the seed-to-sale tracking system developed pursuant to this act to create shipping manifests documenting the transport of medical marijuana, concentrate and products throughout the state.

K. A licensed medical marijuana transporter may maintain and operate one or more warehouses in the state to handle medical marijuana, concentrate and products.

L. All medical marijuana, concentrate and product shall be transported:
1. In vehicles equipped with Global Positioning System (GPS) trackers;

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

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

M. A transporter agent may possess marijuana at any location while the transporter agent is transferring marijuana to or from a licensed medical marijuana business, medical marijuana research facility or medical marijuana education facility. The Department shall administer and enforce the provisions of this section concerning transportation.

N. The Department shall issue a transporter agent license to individual agents, employees, officers or owners of a transporter license in order for the individual to qualify to transport medical marijuana or product.

O. The annual fee for a transporter agent license shall be One Hundred Dollars ($100.00) and shall be paid by the transporter license holder or the individual applicant.

P. The Department shall issue each transporter agent a registry identification card within thirty (30) days of receipt of:

1. The name, address and date of birth of the person;

2. Proof of residency as required for a medical marijuana business license;
3. Proof of identity as required for a medical marijuana business license;

4. Possession of a valid Oklahoma driver license;

5. Verification of employment with a licensed transporter;

6. The application and affiliated fee; and

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

Q. If the transporter agent application is denied, the Department shall notify the transporter in writing of the reason for denying the registry identification card.

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

S. The Department may revoke the registry identification card of a transporter agent who knowingly violates any provision of this section, and the transporter is subject to any other penalties established by law for the violation.

T. The Department may revoke or suspend the transporter license of a transporter that the Department determines knowingly aided or facilitated a violation of any provision of this section, and the licenseholder is subject to any other penalties established in law for the violation.
U. Vehicles used in the transport of medical marijuana or medical marijuana product shall be:

1. Insured at or above the legal requirements in Oklahoma;
2. Capable of securing medical marijuana during transport; and
3. In possession of a shipping container as defined in this act capable of securing all transported product.

V. Prior to the transport of any medical marijuana or products, an inventory manifest shall be prepared at the origination point of the medical marijuana. The inventory manifest shall include the following information:

1. For the origination point of the medical marijuana:
   a. the licensee number for the commercial grower, processor or dispensary,
   b. address of origination of transport, and
   c. name and contact information for the originating licensee;

2. For the end recipient license holder of the medical marijuana:
   a. the license number for the dispensary, commercial grower, processor, research facility or 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.

W. 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.

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

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

5. Originating and receiving licensees shall maintain copies of inventory manifests and logs of quantities of medical marijuana received for three (3) years from date of receipt.
SECTION 17. NEW LAW    A new section of law to be codified in the Oklahoma Statutes as Section 427.17 of Title 63, unless there is created a duplication in numbering, reads as follows:

   A. There is hereby created a medical marijuana testing laboratory license as a category of the medical marijuana business license. The State Department of Health is hereby enabled to monitor, inspect and audit a licensed testing laboratory under this act.

   B. The Department shall have the authority to develop acceptable testing and research practices, including but not limited to testing, standards, quality control analysis, equipment certification and calibration, and chemical identification and substances used in bona fide research methods so long as it complies with this act.

   C. A person who is a direct beneficial owner or an indirect beneficial owner of a medical marijuana dispensary, medical marijuana commercial grower, or medical marijuana processor shall not be an owner of a laboratory.

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

   E. A separate license shall be required for each specific laboratory.
F. A medical marijuana testing laboratory license may be issued to a person who performs testing and research on medical marijuana and medical marijuana products for medical marijuana businesses, medical marijuana research facilities, medical marijuana education facilities, and testing and research on marijuana and marijuana products grown or produced by a patient or caregiver on behalf of a patient, upon verification of registration.

G. A laboratory applicant shall comply with the application requirements of this section and shall submit such other information as required for a medical marijuana business applicant, in addition to any information the Department may request for initial approval and periodic evaluations during the approval period.

H. A medical marijuana testing laboratory may accept samples of medical marijuana, medical marijuana concentrate, or medical marijuana product from a medical marijuana business for testing and research purposes only, which purposes may include the provision of testing services for samples submitted by a medical marijuana business for product development. The Department may require a medical marijuana business to submit a sample of medical marijuana, medical marijuana concentrate, or medical marijuana product to a medical marijuana testing laboratory upon demand.

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

1. The individual person is a patient or caregiver pursuant to
this act or is a participant in an approved clinical or
observational study conducted by a research facility; and

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

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

K. A medical marijuana testing laboratory may utilize a
licensed medical marijuana transporter to transport samples of
medical marijuana, medical marijuana concentrate, and medical
marijuana product for testing, in accordance with this act and the
rules adopted pursuant thereto, between the originating medical
marijuana business requesting testing services and the destination
laboratory performing testing services.

L. The medical marijuana testing laboratory shall establish
policies to prevent the existence of or appearance of undue
commercial, financial or other influences that may diminish the
competency, impartiality and integrity of the testing processes or
results of the laboratory, or that may diminish public confidence in
the competency, impartiality and integrity of the testing processes
or results of the laboratory. At a minimum, employees, owners or
agents of a medical marijuana testing laboratory who participate in
any aspect of the analysis and results of a sample are prohibited
from improperly influencing the testing process, improperly
manipulating data, or improperly benefiting from any ongoing
financial, employment, personal or business relationship with the
medical marijuana business that provided the sample.

M. The Department, pursuant to rules promulgated by the State
Commissioner of Health, shall develop standards, policies and
procedures as necessary for:

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

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

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

4. Records to be retained and computer systems to be utilized
by the laboratory;
5. The possession, storage and use by the laboratory of reagents, solutions and reference standards;

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

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

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

9. Standards of performance;

10. The employment of laboratory personnel;

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

12. The successful participation in a Department-approved proficiency testing program for each testing category listed in this section, in order to obtain and maintain certification;
13. The establishment of and adherence to a quality assurance and quality control program to ensure sufficient monitoring of laboratory processes and quality of results reported;

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

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

16. Any other aspect of laboratory testing of medical marijuana or medical marijuana product deemed necessary by the Department.

N. A medical marijuana testing laboratory shall promptly provide the Department or designee of the Department access to a report of a test and any underlying data that is conducted on a sample at the request of a medical marijuana business or qualified patient. A medical marijuana testing laboratory shall also provide access to the Department or designee of the Department to laboratory premises and to any material or information requested by the Department to determine compliance with the requirements of this section.

O. A medical marijuana testing laboratory shall retain all results of laboratory tests conducted on marijuana or products for a
period of at least two (2) years and shall make them available to
the Department upon request.

P. A medical marijuana testing laboratory shall test samples
from each harvest batch or product batch, as appropriate, of medical
marijuana, medical marijuana concentrate and medical marijuana
product for each of the following categories of testing:

1. Microbials;
2. Mycotoxins;
3. Residual solvents;
4. Pesticides;
5. Tetrahydrocannabinol (THC) and other cannabinoid potency;
and
6. Terpenoid potency.

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

R. A medical marijuana testing laboratory shall be inspected
prior to initial licensure and annually thereafter by an inspector
approved by the Department.

S. Beginning on a date determined by the Commissioner, not
later than January 1, 2020, medical marijuana testing laboratory
licensure shall be contingent upon accreditation by the NELAC
Institute (TNI), ANSI/ASQ National Accreditation Board or another
accrediting body approved by the Commissioner, and any applicable standards as determined by the Department.

T. A commercial grower shall not transfer or sell medical marijuana and a processor shall not transfer, sell or process into a concentrate or product any medical marijuana, medical marijuana concentrate or medical marijuana product unless samples from each harvest batch or production batch from which that medical marijuana, medical marijuana concentrate or medical marijuana product was derived has been tested by a medical marijuana testing facility for contaminants and passed all contaminant tests required by this act.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.18 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An Oklahoma medical marijuana business shall not sell, transfer or otherwise distribute medical marijuana or medical marijuana product that has not been packaged and labeled in accordance with this section and rules promulgated by the State Commissioner of Health.

B. A medical marijuana dispensary shall return medical marijuana and medical marijuana product that does not meet packaging or labeling requirements in this section or rules promulgated pursuant thereto to the entity who transferred it to the dispensary. The medical marijuana dispensary shall document to whom the item was returned, what was returned and the date of the return or dispose of
any usable marijuana that does not meet these requirements in accordance with this act.

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

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

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

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

5. The label on the container shall not make any claims regarding health or physical benefits to the patient.  

6. All medical marijuana, medical marijuana concentrate and medical marijuana products shall be in a child-resistant container at the point of transfer to the patient or caregiver.  

D. The State Department of Health shall develop minimum standards for packaging and labeling of medical marijuana and
medical marijuana products. Such standards shall include, but not be limited to, the required contents of labels to be affixed to all medical marijuana and medical marijuana products prior to transfer to a licensed patient or caregiver, which shall include, at a minimum:

1. A universal symbol indicating that the product contains tetrahydrocannabinol (THC);
2. THC and other cannabinoid potency, and terpenoid potency;
3. A statement indicating that the product has been tested for contaminants;
4. One or more product warnings to be determined by the Department; and
5. Any other information the Department deems necessary.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.19 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A medical marijuana research license may be issued to a person to grow, cultivate, possess and transfer, by sale or donation, marijuana pursuant to this act for the limited research purposes identified in this section.

B. The fee for a medical marijuana research license shall be Five Hundred Dollars ($500.00) and shall be payable by an applicant for a medical marijuana research license upon submission of his or her application to the State Department of Health.
C. A medical marijuana research license may be issued for the following research purposes:

1. To test chemical potency and composition levels;
2. To conduct clinical investigations of marijuana-derived medicinal products;
3. To conduct research on the efficacy and safety of administering marijuana as part of medical treatment;
4. To conduct genomic, horticultural or agricultural research; and
5. To conduct research on marijuana-affiliated products or systems.

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

2. If the research will be conducted with a public institution or public money, the Department shall review the research project of the applicant to determine if it meets the requirements of this section and to assess the following:
a. the quality, study design, value or impact of the project,
b. whether the applicant has the appropriate personnel, expertise, facilities, infrastructure, funding and human, animal or other approvals in place to successfully conduct the project, and
c. whether the amount of marijuana to be grown by the applicant is consistent with the scope and goals of the project.

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

E. A medical marijuana research licensee may only transfer, by sale or donation, marijuana grown within its operation to other medical marijuana research licensees. The Department may revoke a medical marijuana research license for violations of this section and any other violation of this act.

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

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

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

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.20 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a medical marijuana education facility license.

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

C. A medical marijuana education facility license may only be granted to a not-for-profit organization structured under section 501(c)(3) of the Internal Revenue Code, operating as an Oklahoma not-for-profit registered organization with the Office of the Secretary of State.
D. A medical marijuana education facility license may only be granted upon the submission of a fee of Five Hundred Dollars ($500.00) to the State Department of Health.

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

1. To test cultivation techniques, strategies, infrastructure, mediums, lighting and other related technology;
2. To demonstrate cultivation techniques, strategies, infrastructure, mediums, lighting and other related technology;
3. To demonstrate the application and use of product manufacturing technologies;
4. To conduct genomic, horticultural or agricultural research;

and

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

F. As part of the application process for a medical marijuana education facility license, an applicant shall submit to the Department a description of the project and curriculum that the applicant intends to conduct and whether the project and curriculum will be conducted with a public institution or using public money. If the research will not be conducted with a public institution or with public money, the Department shall grant the application. If the research will be conducted with a public institution or public money, the Department shall review the research project of the
applicant to determine if it meets the requirements of this section and to assess the following:

1. The quality, study design, value or impact of the project;
2. Whether the applicant has the appropriate personnel, expertise, facilities, infrastructure, funding, and human, animal or other approvals in place to successfully conduct the project; and
3. Whether the amount of marijuana to be grown by the applicant is consistent with the scope and goals of the project.

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

G. A medical marijuana education facility licensee may only transfer, by sale or donation, marijuana grown within its operation to medical marijuana research licensees. The Department may revoke a medical marijuana education facility license for violations of this section and any other violation of this act.

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

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

SECTION 21. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 427.21 of Title 63, unless there
is created a duplication in numbering, reads as follows:

A. 1. For the purpose of regulating the cultivation,
manufacture, distribution and sale of medical marijuana, the State
Department of Health may issue and grant an occupational license for
owners, managers, operators, employees, contractors and other
support staff employed, working in or having access to restricted
areas of the licensed premises, as determined by the Department.
The Department may take any action with respect to an occupational
license as it may with respect to any medical marijuana business
license, in accordance with the procedures established pursuant to
this act.

2. Any person who possesses, cultivates, manufactures, tests,
dispenses, sells, serves, transports or delivers medical marijuana
or medical marijuana product as permitted by privileges granted
under a medical marijuana business license shall have a valid
occupational license.
3. Any person who has the authority to access or input data into the inventory tracking system or a medical marijuana business point-of-sale system shall have a valid occupational license.

4. Any person within a limited access area in each medical marijuana business facility that does not have a valid occupational license shall be considered a visitor and shall be escorted at all times by a person who holds a valid occupational license. Failure by a medical marijuana business to continuously escort a person who does not have a valid occupational license within a limited access area may be considered a license violation affecting public safety. Nothing in this section alters or eliminates the obligation of a medical marijuana business to comply with the occupational license requirements.

B. Any person required to be licensed pursuant to this section shall obtain all required approvals and obtain a Department-issued identification badge before commencing activities permitted by his or her occupational license.

C. The Department shall prepare an application form for an occupational license.

D. The Department shall create a form on its website for applicants to find and submit the occupational license application.

E. An occupational license applicant shall establish that he or she meets the following criteria before receiving an occupational license:
1. The applicant has paid the annual application and licensing fees;
2. The applicant is at least twenty-one (21) years of age;
3. The applicant is currently a resident of the State of Oklahoma; and
4. The applicant is not a sheriff, deputy sheriff, police officer, prosecutor or an officer or employee of the Department or municipality.

F. The fee for an occupational license shall be Fifty Dollars ($50.00). The fee shall be waived for one-hundred-percent-disabled veterans as determined by the U.S. Department of Veterans Affairs and codified at 38 C.F.R., Section 3.340(a) (2013), and recipients of Medicaid or Medicare.

G. License fees are due at the time applicant submits an application.

H. Renewal fees are due at the time applicant submits an application for renewal on an annual basis and shall be Twenty-five Dollars ($25.00).

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.22 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A medical marijuana business shall not engage in advertising that is deceptive, false or misleading.
B. A medical marijuana business shall not include in any form of advertising or signage any content that specifically targets individuals under the age of eighteen (18), including but not limited to cartoon characters or similar images.

SECTION 23. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.23 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An application or renewal and supporting information submitted by a qualifying patient or designated caregiver under the provisions of this act including, without limitation, information regarding the physician of the qualifying patient shall be considered confidential medical records that are exempt from the Oklahoma Open Records Act.

B. The dispensary records with patient information shall be treated as confidential records that are exempt from the Oklahoma Open Records Act.

C. All financial information provided by an applicant in its application to the State Department of Health shall be treated as confidential records that are exempt from the Oklahoma Open Records Act.

D. All information provided by an applicant that constitutes private business information shall be treated as confidential records that are exempt from the Oklahoma Open Records Act.
E. As used in this section, "private business information" means information that, if disclosed, would give advantage to competitors or bidders including, but not limited to, information related to the planning, site location, operations, strategy, or product development and marketing of an applicant, unless approval for release of those records is granted by the business.

SECTION 24. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 427.24 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The State Commissioner of Health, the Oklahoma Tax Commission, the Banking Board, the State Treasurer, the Secretary of State and the Director of the Office of Management and Enterprise Services shall promulgate rules to implement the provisions of this act.

B. The Food Safety Standards Board, in addition to the powers and duties granted in Section 423 of Title 63 of the Oklahoma Statutes, may recommend to the State Commissioner of Health rules relating to all aspects of the cultivation and manufacture of medical marijuana products.

SECTION 25. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.