## SB768 FULLPCS1 Jon Echols-GRS 4/9/2019 11:21:50 am

## **COMMITTEE AMENDMENT**

HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:			
CHAIR:			
I move to amer	nd SB768		0.5
Page	Section	Lines	Of the printed Bill
			Of the Engrossed Bill
	ne Title, the Enactin lieu thereof the foll		re bill, and by
AMEND TITLE TO CO	ONFORM TO AMENDMENTS		
Adopted:		Amendment submi	tted by: Jon Echols

Reading Clerk

1	STATE OF OKLAHOMA			
2	1st Session of the 57th Legislature (2019)			
3	PROPOSED COMMITTEE SUBSTITUTE			
4	FOR ENGROSSED SENATE BILL NO. 768 By: McCortney of the Senate			
5	and			
6	Echols of the House			
7	ECHOIS OF the House			
8				
9				
10	PROPOSED COMMITTEE SUBSTITUTE			
11	An Act relating to medical marijuana; amending Sections 1, 2, 3 and 4, State Question No. 788,			
12	Initiative Petition No. 412 (63 O.S. Supp. 2018, Sections 420, 421, 422 and 423), which relate to			
13	medical marijuana licensing procedures; extending application review periods; clarifying application procedures; amending Sections 3 and 23 of Enrolled House Bill No. 2612 of the 1st Session of the 57th			
14				
15	Oklahoma Legislature, which relate to powers and duties of the State Department of Health and the			
16	promulgation of rules; clarifying duties related to the Oklahoma State Banking Department and State			
17	Treasurer; removing Banking Board from rules promulgation mandate; and declaring an emergency.			
18				
19				
20				
21	BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:			
22	SECTION 1. AMENDATORY Section 1, State Question No. 788,			
23	Initiative Petition No. 412 (63 O.S. Supp. 2018, Section 420), is			
24	amended to read as follows:			

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

1. Consume marijuana legally;

- 2. Legally possess up to three (3) ounces of marijuana on their person;
  - 3. Legally possess six (6) mature marijuana plants;
  - 4. Legally possess six (6) seedling plants;
  - 5. Legally possess one (1) ounce of concentrated marijuana;
- 9 6. Legally possess seventy-two (72) ounces of edible marijuana; 10 and
  - 7. Legally possess up to eight (8) ounces of marijuana in their residence.
    - B. Possession of up to one and one-half (1.5) ounces of marijuana by persons who can state a medical condition, but <u>are</u> not in possession of a state issued medical marijuana license, shall constitute a misdemeanor offense with a fine not to exceed Four Hundred Dollars (\$400.00).
    - C. A regulatory office shall be established under the  $\frac{Oklahoma}{Oklahoma}$  State Department of Health which  $\frac{Vill}{Vill}$  receive applications for medical license recipients, dispensaries, growers, and packagers within sixty (60) days of the passage of this initiative.
    - D. The Oklahoma State Department of Health shall, within thirty (30) days of passage of this initiative, make available, on their the website of the Department, in an easy to find location, an

application for a medical marijuana license. The license will be good shall be valid for two (2) years, and the application fee will shall be One Hundred Dollars (\$100.00), or Twenty Dollars (\$20.00) for individuals on Medicaid, Medicare, or SoonerCare. The methods of payment will shall be provided on the website of the Department.

- E. A temporary license application will shall also be made available on the Oklahoma State Department of Health website. A temporary medical marijuana license will shall be granted to any medical marijuana license holder from other states, provided that the state has a state regulated medical marijuana program, and the applicant can prove they are a member of such program. Temporary licenses will shall be issued for thirty (30) days. The cost for a temporary license shall be One Hundred Dollars (\$100.00). Renewal will shall be granted with resubmission of a new application. No additional criteria will shall be required.
- F. Medical marijuana license applicants will shall submit their application to the Oklahoma State Department of Health for approval and that the applicant must. The applicant shall be an Oklahoma state resident and shall prove residency by a valid driver's driver license, utility bills, or other accepted methods.
- G. The Oklahoma State Department of Health shall review the medical marijuana application, approve/reject approve or reject the application, and mail the applicant's approval or rejection letter (stating reasons for rejection) to the applicant, stating any

- 1 reasons for rejection, within thirty (30) business days of receipt 2 of the application. Beginning April 1, 2021, the Department shall 3 mail the approval or rejection letter to the applicant within 4 fourteen (14) calendar days of receipt of the application. Approved 5 applicants will shall be issued a medical marijuana license which will shall act as proof of their approved status. Applications may 6 7 only be rejected based on the applicant not meeting stated criteria or improper completion of the application. 8
- 9 H. The Oklahoma State Department of Health will shall only keep 10 the following records for each approved medical license:
  - 1. A digital photograph of the license holder;
  - 2. The expiration date of the license;

11

12

13

14

15

16

17

18

19

20

21

- 3. The county where the card was issued; and
- 4. A unique <u>24 character</u> <u>twenty-four-character</u> identification number assigned to the license.
  - I. The <u>State</u> Department of Health <u>will</u> <u>shall</u> make available, both on <u>its</u> <u>the</u> website <u>of the Department</u>, and through a telephone verification system, an easy method to validate a <u>medical license</u> <u>holders</u> <u>the</u> authenticity <u>of the medical marijuana license</u> by the unique <u>24 character identifier</u> <u>twenty-four-character identification</u> number.
- J. The State Department of Health will shall ensure that all application records and information are sealed to protect the privacy of medical marijuana license applicants.

K. A caregiver license will shall be made available for qualified caregivers of a medical marijuana license holder who is homebound. The caregiver license will shall give the caregiver the same rights as the medical marijuana license holder. Applicants for a caregiver license will shall submit proof of the medical marijuana license holder's license status and homebound status of the medical marijuana license holder, proof that the caregiver is the designee of the medical marijuana license holder, must submit proof that the caregiver is age eighteen (18) or older, and must submit proof the caregiver is an Oklahoma resident. This will shall be the only criteria for a caregiver license.

- L. All applicants <u>must shall</u> be eighteen (18) years or older. A special exception <u>will shall</u> be granted to an applicant under the age of eighteen (18), however these applications <u>must shall</u> be signed by two <del>(2)</del> physicians and the <u>applicant's</u> parent or legal guardian <u>of the applicant</u>.
- M. All applications for a medical <u>marijuana</u> license <u>must shall</u> be signed by an Oklahoma Board-certified physician. There are no qualifying conditions. A medical marijuana license <u>must shall</u> be recommended according to the accepted standards a reasonable and prudent physician would follow when recommending or approving any medication. No physician may be unduly stigmatized or harassed for signing a medical marijuana license application.

N. Counties and cities may enact medical marijuana guidelines allowing medical marijuana license holders or caregivers to exceed the state limits set forth in subsection A of this section.

1

2

3

4

5

6

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

SECTION 2. AMENDATORY Section 2, State Question No. 788, Initiative Petition No. 412 (63 O.S. Supp. 2018, Section 421), is amended to read as follows:

Section 421. A. The Oklahoma State Department of Health shall, within thirty (30) days of passage of this initiative, make available, on their the website, of the Department in an easy to find location, an application for a medical marijuana dispensary license. The application fee shall be Two Thousand Five Hundred Dollars (\$2,500.00) and a method of payment will shall be provided on the website of the Department. Retail Dispensary applicants must shall all be Oklahoma state residents. Any entity applying for a retail dispensary license must shall be owned by an Oklahoma state resident and must shall be registered to do business in Oklahoma. The Oklahoma State Department of Health shall have two (2) weeks to review the application, approve or reject the application, and mail the approval/rejection approval or rejection letter (if rejected, stating reasons for rejection), stating any reasons for rejection, to the applicant within ninety (90) business days of receipt of the application. Beginning April 1, 2021, the Department shall mail the approval or rejection letter to the applicant within fourteen (14) calendar days of receipt of the application.

B. The Oklahoma State Department of Health <u>must shall</u> approve all applications which meet the following criteria:

1. Applicant must Applicants shall be age twenty-five (25) years old or older;

- 2. Any applicant, applying as an individual, must shall show residency in the State of Oklahoma;
- 3. All applying entities <u>must shall</u> show that all members, managers, and board members are Oklahoma residents;
- 4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership may shall not exceed twenty-five percent (25%);
- 5. All applying individuals or entities <a href="must shall">must shall</a> be registered to conduct business in the State of Oklahoma;
  - 6. All applicants must shall disclose all ownership;
- 7. Applicant(s) with only nonviolent Applicants shall not have a violent felony conviction(s) conviction in the last two (2) years, prior to applying or any other felony conviction in five 5 (years), the five (5) years prior to applying and shall not be inmates, or any person currently incarcerated may not qualify for a medical marijuana dispensary license.
- C. Retailers will be required to Dispensaries shall complete a monthly sales report to the Oklahoma State Department of Health.

  This The report will shall be due on the 15th of each month and shall provide reporting on the previous month. This The report will

shall detail the weight of marijuana purchased at wholesale and the weight of marijuana sold to card holders, and account for any waste. The report will shall show total sales in dollars, tax collected in dollars, and tax due in dollars. The Oklahoma State Department of Health will shall have oversight and auditing responsibilities to ensure that all marijuana being grown is accounted for. A retailer will dispensary shall only be subject to a penalty if a gross discrepancy exists and cannot be explained. Penalties for fraudulent reporting occurring within any 2 two-year time period will shall be an initial fine of Five Thousand Dollars (\$5,000.00) (first) for the first offense and revocation of licensing (second) licensure for the second offense.

- D. Only a licensed medical marijuana retailer dispensary may conduct retail sales of marijuana, or marijuana derivatives in the form provided by licensed processors, and these such products can shall only be sold to a medical marijuana license holder or their the caregiver of the license holder. Penalties for fraudulent sales occurring within any 2 year two-year time period will shall be an initial fine of Five Thousand Dollars (\$5,000.00) (first) for the first offense and revocation of licensing (second) licensure for the second offense.
- SECTION 3. AMENDATORY Section 3, State Question No. 788,
  Initiative Petition No. 412 (63 O.S. Supp. 2018, Section 422), is
  amended to read as follows:

1 Section 422. A. The Oklahoma State Department of Health will 2 shall, within thirty (30) days of passage of this initiative, make available, on their the website of the Department, in an easy to 3 4 find location, an application for a commercial grower license. 5 application fee will be Two Thousand Five Hundred Dollars 6 (\$2,500.00) and methods of payment will be provided on the website. 7 The Oklahoma State Department of Health has two (2) weeks to shall review the application, approve or reject the application, and mail 8 9 the approval/rejection approval or rejection letter (if rejected, 10 stating reasons for rejection), stating any reasons for rejection, 11 to the applicant within ninety (90) business days of receipt of the 12 application. Beginning April 1, 2021, the Department shall mail the 13 approval or rejection letter to the applicant within fourteen (14) 14 calendar days of receipt of the application.

- B. The Oklahoma State Department of Health <u>must shall</u> approve all applications which meet the following criteria:
- 1. Applicant must Applicants shall be age twenty-five (25) years old or older;

15

16

17

18

19

20

21

22

23

24

- 2. Any applicant, applying as an individual, must shall show residency in the State of Oklahoma;
- 3. All applying entities <u>must shall</u> show that all members, managers, and board members are Oklahoma residents;

4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership  $\frac{may}{may}$  shall not exceed twenty-five percent (25%);

- 5. All applying individuals or entities must shall be
  registered to conduct business in the State of Oklahoma;
  - 6. All applicants must shall disclose all ownership;
- 7. Applicant(s) with only nonviolent Applicants shall not have a violent felony conviction(s) conviction in the last two (2) years, prior to applying or any other felony conviction in 5 (years), the five (5) years prior to applying and shall not be inmates, or any person currently incarcerated may not qualify for a commercial grower license.
- C. A licensed commercial grower may sell marijuana to a licensed retailer, dispensary or a licensed packager processor.

  Further, these sales will shall be considered wholesale sales and shall not be subject to taxation. Under no circumstances may a licensed commercial grower sell marijuana directly to a medical marijuana license holder. A licensed commercial grower may only sell at the wholesale level to a licensed retailer dispensary or a licensed processor. If the federal government lifts restrictions on buying and selling marijuana between states, then a licensed commercial grower would shall be allowed to sell and buy marijuana wholesale from, or to, an out of state wholesale provider. A licensed commercial grower will be required to shall complete a

```
monthly yield and sales report to the Oklahoma State Department of
 1
    Health. This The report will shall be due on the 15th of each month
 3
    and shall provide reporting on the previous month. This The report
 4
    will shall detail the amount of marijuana harvested in pounds, the
 5
    amount of drying or dried marijuana on hand, the amount of marijuana
    sold to processors in pounds, the amount of waste in pounds, and the
 6
 7
    amount of marijuana sold to retailers in 1bs. Additionally, this
    report will show pounds, and total wholesale sales in dollars. The
 9
    Oklahoma State Department of Health will shall have oversight and
10
    auditing responsibilities to ensure that all marijuana being grown
11
    is accounted for. A licensed grower will shall only be subject to a
12
    penalty if a gross discrepancy exists and cannot be explained.
13
    Penalties for fraudulent reporting or sales occurring within any 2
14
    year two-year time period will shall be an initial fine of Five
15
    Thousand Dollars (\$5,000.00) (first) for the first offense and
16
    revocation of licensing (second) licensure for the second offense.
```

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

17

18

- SECTION 4. AMENDATORY Section 4, State Question No. 788,
  Initiative Petition No. 412 (63 O.S. Supp. 2018, Section 423), is
  amended to read as follows:
- Section 423. A. The Oklahoma State Department of Health shall,
  within thirty (30) days of passage of this initiative, make
  available, on their the website, of the Department in an easy to

```
1
    find location, an application for a medical marijuana processing
 2
    processor license. The application fee shall be Two Thousand Five
    Hundred Dollars ($2,500.00) and methods of payment will shall be
 3
    provided on the website of the Department. The Oklahoma State
 4
 5
    Department of Health shall have two (2) weeks to review the
    application, approve or reject the application, and mail the
 6
 7
    approval/rejection approval or rejection letter (if rejected,
    stating reasons for rejection), stating any reason for rejection, to
 8
 9
    the applicant within ninety (90) business days of receipt of the
10
    application. Beginning April 1, 2021, the Department shall mail the
11
    approval or rejection letter to the applicant within fourteen (14)
12
    calendar days of receipt of the application.
```

- B. The Oklahoma State Department of Health must shall approve all applications which meet the following criteria:
- 1. Applicant must Applicants shall be age twenty-five (25) years old or older;

13

14

15

16

17

18

19

20

24

- 2. Any applicant, applying as an individual, must shall show residency in the State of Oklahoma;
- 3. All applying entities <u>must shall</u> show that all members, managers, and board members are Oklahoma residents;
- 4. An applying entity may show ownership of non-Oklahoma residents, but that percentage ownership may shall not exceed twenty-five percent (25%);

5. All applying individuals or entities <a href="must shall">must shall</a> be registered to conduct business in the State of Oklahoma;

- 6. All applicants must shall disclose all ownership;
- 7. Applicant(s) with only nonviolent Applicants shall not have a violent felony conviction(s) conviction in the last two (2) years, prior to applying or any other felony conviction in five 5 (years), the five (5) years prior to applying and shall not be inmates, or any person currently incarcerated may not qualify for a medical marijuana processing license.
- C. A licensed processor may take marijuana plants and distill or process these the plants into concentrates, edibles, and other forms for consumption. As required by subsection D of this section, the Oklahoma State Department of Health will shall, within sixty (60) days of passage of this initiative, make available a set of standards which will shall be used by licensed processors in the preparation of edible marijuana products. This should Such standards shall be in line with current food preparation guidelines and no excessive or punitive rules may be established by the Oklahoma State Department of Health. Once a year, the Oklahoma State Department of Health may inspect a processing operation and determine its compliance with the preparation standards. If deficiencies are found, a written report of deficiency will shall be issued to the processor. The processor will shall have one (1) month to correct the deficiency or be subject to a fine of Five

Hundred Dollars (\$500.00) for each deficiency. A licensed processor may sell marijuana products it creates to a licensed retailer, dispensary or any other licensed processor. Further, these sales will shall be considered wholesale sales and shall not be subject to taxation. Under no circumstances may a licensed processor sell  $marijuana_T$  or any marijuana product<sub>T</sub> directly to a medical marijuanalicense holder. However, a licensed processor may process cannabis marijuana into a concentrated form $_{\mathcal{T}}$  for a medical marijuana license  $holder_{\mathcal{T}}$  for a fee. Processors will shall be required to complete a monthly yield and sales report to the Oklahoma State Department of Health. This The report will shall be due on the 15th of each month and provide reporting on the previous month. This The report will shall detail the amount of marijuana purchased in pounds, the amount of marijuana cooked or processed in pounds, and the amount of waste in pounds. Additionally, this report will show, and total wholesale sales in dollars. The Oklahoma State Department of Health will shall have oversight and auditing responsibilities to ensure that all marijuana being grown is accounted for. A licensed processor will shall only be subject to a penalty if a gross discrepancy exists and cannot be explained. Penalties for fraudulent reporting occurring within any 2 year two-year time period will shall be an initial fine of Five Thousand Dollars (\$5,000.00) (first) for the first offense and revocation of <del>licensing (second)</del> licensure for the second offense.

1

2

3

4

5

6

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

D. The inspection and compliance of processors producing

products with marijuana as an additive. The Oklahoma State

Department of Health will shall be compelled to, within thirty (30)

days of passage of this initiative, appoint a board of twelve (12)

Oklahoma residents, who are marijuana industry experts, to create a

list of food safety standards for processing and handling medical

marijuana in Oklahoma. These The standards will shall be adopted by

the agency and the agency can may enforce these standards for

processors. The agency will may develop a standards review

procedure and these the standards can may be altered by calling

another board of twelve (12) Oklahoma marijuana industry experts. A

signed letter of twenty (20) operating processors would shall

constitute a need for a new board and standards standards review.

- E. If it becomes permissible, under federal law, marijuana may be moved across state lines.
- F. Any device used for the consumption of medical marijuana shall be considered legal to be sold, manufactured, distributed, and possessed. No merchant, wholesaler, manufacturer, or individual may unduly be harassed or prosecuted for selling, manufacturing, or possession of medical marijuana paraphernalia.

SECTION 5. AMENDATORY Section 3 of Enrolled House Bill No. 2612 of the 1st Session of the 57th Oklahoma Legislature, is amended to read as follows:

Section 3. 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 and medical marijuana business 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 Department 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 Department shall not contract with any vendor providing commercial services to medical marijuana businesses either directly, through affiliates, or any joint venture or subsidiary;
- 3. 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;
- 4. Issue subpoenas for the appearance or production of persons, records and things in connection with disciplinary or contested cases considered by the Department;
- 5. Apply for injunctive or declaratory relief to enforce the provisions of this section and any rules promulgated pursuant to this section;
- 6. 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;
- 7. Work Upon action by the federal government by which the production, sale and use of marijuana in Oklahoma does not violate federal law, 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;

- 8. Establish internal control procedures for licenses including accounting procedures, reporting procedures and personnel policies;
- 9. 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; and
- 10. Require verification for sources of finance for medical marijuana businesses.
- SECTION 6. AMENDATORY Section 23 of Enrolled House Bill
  No. 2612 of the 1st Session of the 57th Oklahoma Legislature, is
  amended to read as follows:
  - Section 23. 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 7. It being immediately necessary for the preservation
 1
 2
    of the public peace, health or safety, an emergency is hereby
 3
    declared to exist, by reason whereof this act shall take effect and
    be in full force from and after its passage and approval.
 4
 5
 6
        57-1-8520
                        GRS
                               03/26/19
 7
 8
 9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
```