

SENATE FLOOR VERSION
February 13, 2025

SENATE BILL NO. 1039 By: Alvord

An Act relating to medical marijuana license; amending 63 O.S. 2021, Section 427.14, as last amended by Section 1, Chapter 342, O.S.L. 2024 (63 O.S. Supp. 2024, Section 427.14), which relates to medical marijuana business license; modifying grounds for certain denials; and providing an effective date.

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

SECTION 1. AMENDATORY 63 O.S. 2021, Section 427.14, as last amended by Section 1, Chapter 342, O.S.L. 2024 (63 O.S. Supp. 2024, Section 427.14), is amended to read as follows:

Section 427.14. 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.

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

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

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

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

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

- 20 (1) Tier 1: Up to ten thousand (10,000) square feet
21 of canopy, the fee shall be Two Thousand Five
22 Hundred Dollars (\$2,500.00),
23 (2) Tier 2: Ten thousand one (10,001) square feet of
24 canopy to twenty thousand (20,000) square feet of

1 canopy, the fee shall be Five Thousand Dollars
2 (\$5,000.00),

3 (3) Tier 3: Twenty thousand one (20,001) square feet
4 of canopy to forty thousand (40,000) square feet
5 of canopy, the fee shall be Ten Thousand Dollars
6 (\$10,000.00),

7 (4) Tier 4: Forty thousand one (40,001) square feet
8 of canopy to sixty thousand (60,000) square feet
9 of canopy, the fee shall be Twenty Thousand
10 Dollars (\$20,000.00),

11 (5) Tier 5: Sixty thousand one (60,001) square feet
12 of canopy to eighty thousand (80,000) square feet
13 of canopy, the fee shall be Thirty Thousand
14 Dollars (\$30,000.00),

15 (6) Tier 6: Eighty thousand one (80,001) square feet
16 of canopy to ninety-nine thousand nine hundred
17 ninety-nine (99,999) square feet of canopy, the
18 fee shall be Forty Thousand Dollars (\$40,000.00),
19 and

20 (7) Tier 7: One hundred thousand (100,000) square
21 feet of canopy and beyond, the fee shall be Fifty
22 Thousand Dollars (\$50,000.00), plus an additional
23 twenty-five cents (\$.25) per square foot of

1 canopy over one hundred thousand (100,000) square
2 feet.

3 b. For an outdoor medical marijuana grow facility:

4 (1) Tier 1: Less than two and one-half (2 1/2)
5 acres, the fee shall be Two Thousand Five Hundred
6 Dollars (\$2,500.00),

7 (2) Tier 2: More than two and one-half (2 1/2) acres
8 up to five (5) acres, the fee shall be Five
9 Thousand Dollars (\$5,000.00),

10 (3) Tier 3: More than five (5) acres up to ten (10)
11 acres, the fee shall be Ten Thousand Dollars
12 (\$10,000.00),

13 (4) Tier 4: More than ten (10) acres up to twenty
14 (20) acres, the fee shall be Twenty Thousand
15 Dollars (\$20,000.00),

16 (5) Tier 5: More than twenty (20) acres up to thirty
17 (30) acres, the fee shall be Thirty Thousand
18 Dollars (\$30,000.00),

19 (6) Tier 6: More than thirty (30) acres up to forty
20 (40) acres, the fee shall be Forty Thousand
21 Dollars (\$40,000.00),

22 (7) Tier 7: More than forty (40) acres up to fifty
23 (50) acres, the fee shall be Fifty Thousand
24 Dollars (\$50,000.00), and

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

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

d. As used in this paragraph:

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

1 used in the cultivation area, the surface area of
2 each tier or shelf must be included in
3 calculating the area of the plant canopy.

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

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

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

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

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

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

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

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

d. Tier 4: The transfer or sale of one hundred fifty thousand one (150,001) pounds to three hundred thousand (300,000) pounds of biomass or the

1 production, transfer, or sale of six hundred fifty-one
2 (651) to one thousand (1,000) liters of cannabis
3 concentrate, whichever is greater, the annual fee
4 shall be Fifteen Thousand Dollars (\$15,000.00), and
5 e. Tier 5: The transfer or sale of more than three
6 hundred thousand one (300,001) pounds of biomass or
7 the production, transfer, or sale in excess of one
8 thousand one (1,001) liters of cannabis concentrate,
9 the annual fee shall be Twenty Thousand Dollars
10 (\$20,000.00).

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

15 4. The initial, nonrefundable fee for a medical marijuana
16 dispensary license shall be Two Thousand Five Hundred Dollars
17 (\$2,500.00). The annual, nonrefundable license fee for a medical
18 marijuana dispensary license shall be calculated at ten percent
19 (10%) of the sum of twelve (12) calendar months of the combined
20 annual state sales tax and state excise tax of the dispensary during
21 the previous twelve (12) months. The minimum fee shall be not less
22 than Two Thousand Five Hundred Dollars (\$2,500.00) and the maximum
23 fee shall not exceed Ten Thousand Dollars (\$10,000.00).

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

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

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

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

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

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

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

20 6. All applications for a transporter license, initial
21 dispensary license, initial processor license, or laboratory license
22 shall be accompanied by a full remittance for the whole amount of
23 the license fee as set forth in subsection D of this section. All
24 submissions of grower applications, renewal processor applications,

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

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

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

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

10 Upon reasonable suspicion that a medical marijuana business licensee
11 is illegally growing, processing, transferring, selling, disposing,
12 or diverting marijuana, the Authority, the Oklahoma State Bureau of
13 Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of
14 Investigation (OSBI), or the Attorney General may subpoena documents
15 necessary to establish the personal identifying information of all
16 owners and individuals with any ownership interest in the business;

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

1 9. No medical marijuana business premises is permitted to have
2 multiple licenses of the same type pursuant to the licensing
3 requirements of this section, excluding the following:

- 4 a. a commercial grower with a combination of an indoor or
5 outdoor growing facility on one parcel of land,
- 6 b. a licensed medical marijuana processor used by
7 multiple licensees, and
- 8 c. a licensed medical marijuana business that has an
9 approved application by the Authority while the new
10 business seeks registration from the Oklahoma State
11 Bureau of Narcotics and Dangerous Drugs Control
12 pursuant to Section 2 of this act;

13 10. All applicants for a medical marijuana business license,
14 research facility license or education facility license authorized
15 by the Oklahoma Medical Marijuana and Patient Protection Act, or for
16 a renewal of such license, shall undergo a national fingerprint-
17 based background check conducted by the Oklahoma State Bureau of
18 Investigation within thirty (30) days prior to the application for
19 the license, including:

- 20 a. individual applicants applying on their own behalf,
- 21 b. individuals applying on behalf of an entity,
- 22 c. all principal officers of an entity, and
- 23 d. all owners of an entity as defined by the Oklahoma
24 Medical Marijuana and Patient Protection Act;

11. All applicable fees charged by the 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;

12. In order to be considered a resident of this state for purposes of a medical marijuana business application, all applicants shall provide proof of state residency for at least two (2) years immediately preceding the date of application or five (5) years of continuous state 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 state-issued driver license,
 - b. a state-issued 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 this state,
and
 - e. a rental agreement preceding the date of application
for residential property located in this state.

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

13. All license applicants shall be required to submit a registration with the Oklahoma State Bureau of Narcotics and

1 | Dangerous Drugs Control as provided in Sections 2-302 through 2-304
2 | of this title;

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

- a. front of a state-issued driver license,
 - b. front of a state-issued identification card,
 - c. a United States passport or other photo identification issued by the United States government, or
 - d. a tribal identification card approved for identification purposes by the Department of Public Safety;

15. All applicants shall submit an applicant photograph; and

16. All applicants for a medical marijuana business license

15 seeking to operate a commercial growing operation shall file along
16 with their application a bond as prescribed in Section 427.26 of
17 this title.

18 F. The Authority shall review the medical marijuana business
19 application; approve, reject, or deny the application; and send the
20 approval, rejection, denial, or status-update letter to the
21 applicant in the same method the application was submitted to the
22 Authority within ninety (90) business days of receipt of the
23 application.

1 G. 1. The Authority shall review the medical marijuana
2 business applications, conduct all investigations, inspections, and
3 interviews, and collect all license and application fees before
4 approving the application.

5 2. Approved applicants shall be issued a medical marijuana
6 business license for the specific category applied under, which
7 shall act as proof of their approved status. Rejection and denial
8 letters shall provide a reason for the rejection or denial.

9 Applications may only be rejected or denied based on the applicant
10 not meeting the standards set forth in the provisions of the
11 Oklahoma Medical Marijuana and Patient Protection Act and Sections
12 420 through 426.1 of this title, improper completion of the
13 application, unpaid license or application fees, or for a reason
14 provided for in the Oklahoma Medical Marijuana and Patient

15 Protection Act and Sections 420 through 426.1 of this title. If an
16 application is rejected for failure to provide required information,
17 the applicant shall have thirty (30) days to submit the required
18 information for reconsideration. Unless the Authority determines
19 otherwise, an application that has been resubmitted but is still
20 incomplete or contains errors that are not clerical or typographical
21 in nature shall be denied. The Authority shall deny any application
that has been resubmitted more than once for a material deficiency
or recurring clerical error that has not been cured on consecutive
submissions.

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

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

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

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

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

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

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

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

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

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

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

7 7. A person whose authority to be a caregiver, as defined in
8 Section 427.2 of this title, has been revoked by the Authority; or

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

16 a. unlawful sales or purchases,

17 b. any fraudulent acts, falsification of records or
18 misrepresentation to the Authority, medical marijuana
19 patient licensees, caregiver licensees or medical
20 marijuana business licensees,

21 c. any grossly inaccurate or fraudulent reporting,

22 d. threatening or harming any medical marijuana patient,
23 caregiver, medical practitioner or employee of the
24 Authority,

- 1 e. knowingly or intentionally refusing to permit the
2 Authority access to premises or records,
3 f. using a prohibited, hazardous substance for processing
4 in a residential area,
5 g. criminal acts relating to the operation of a medical
6 marijuana business, or
7 h. any violations that endanger public health and safety
8 or product safety.

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

13 J. The failure of an applicant or licensee to provide the
14 requested information by the Authority deadline may be grounds for
15 denial of the application.

16 K. All applicants and licensees shall submit information to the
17 Authority in a full, faithful, truthful and fair manner. The
18 Authority may recommend denial of an application where the applicant
19 or licensee made misstatements, omissions, misrepresentations or
20 untruths in the application or in connection with the background
21 investigation of the applicant. This type of conduct may be grounds
22 for administrative action against the applicant or licensee. Typos
23 and scrivener errors shall not be grounds for denial.

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

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

12 N. A medical marijuana business, medical marijuana research
13 facility, medical marijuana education facility or medical marijuana
14 waste disposal facility that attempts to renew its license after the
15 expiration date of the license shall pay a late renewal fee of Five
16 Hundred Dollars (\$500.00) per week that the license is expired.

17 Late renewal fees are nonrefundable. A license that has been
18 expired for more than sixty (60) calendar days shall not be renewed.
19 Only license renewal applications submitted at least sixty (60)
20 calendar days prior to the expiration date shall be considered
21 timely submitted and subject to the provisions of subsection F of
22 this section. A medical marijuana business license shall remain
23 unexpired during the pendency of the application for renewal
24 provided that such application was timely submitted. The Authority

1 shall allow renewal applications to be submitted at least one
2 hundred twenty (120) calendar days prior to the expiration date of a
3 medical marijuana business license.

4 O. Except as provided by this section, immediately upon
5 expiration of a license, any medical marijuana business, medical
6 marijuana research facility, medical marijuana education facility,
7 or medical marijuana waste disposal facility shall cease all
8 possession, transfer, or sale of medical marijuana or medical
9 marijuana products. Any continued possession, sale, or transfer
10 shall subject the business owners and operators to felony
11 prosecution pursuant to the Uniform Controlled Dangerous Substances
12 Act.

13 P. A medical marijuana business license holder shall require
14 all individuals employed under his or her license to be issued a
15 credential pursuant to the provisions of Section 427.14b of this
16 title prior to employment.

17 Q. An original medical marijuana business license issued on or
18 after June 26, 2018, by the Authority, for a medical marijuana
19 commercial grower, a medical marijuana processor or a medical
20 marijuana dispensary shall be deemed to have been grandfathered into
21 the location on the date the original license was first issued for
22 purposes of determining the authority of the business to conduct and
23 continue the same type of business at that location under a license
24 issued by the Authority, except as may be provided in Sections 425

1 and 426.1 of this title. Any change in ownership after the original
2 medical marijuana business license has been issued by the Authority
3 shall be construed by the Authority to be a continuation of the same
4 type of business originally licensed at that location. Nothing
5 shall authorize the Authority to deny issuance or renewal of a
6 license or transfer of license due to a change in ownership for the
7 same business location previously licensed, except when a revocation
8 is otherwise authorized by law or a protest is made under the
9 municipal compliance provisions of Section 426.1 of this title.

10 R. A medical marijuana business license holder shall require
11 all individuals employed under their license to be issued a
12 credential pursuant to the provisions of Section 427.14b of this
13 title prior to employment.

14 S. The Executive Director of the Authority may promulgate rules
15 to implement the provisions of this section including, but not
16 limited to, required application materials to be submitted by the
17 applicant and utilized by the Authority to determine medical
18 marijuana business licensing fees pursuant to this section.

19 SECTION 2. This act shall become effective November 1, 2025.

20 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS AND INSURANCE
February 13, 2025 - DO PASS